

SCHEDULE A

ANNUAL BUDGET AND SUPPORTING DOCUMENTATION

OF

CITY OF MATLOSANA MUNICIPALITY (NW403)

2023/24 – 2025/26 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

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PART 1 – ANNUAL BUDGET

1.1 MAYOR'S REPORT

**STATE OF THE CITY ADDRESS DELIEVERED BY EXECUTIVE MAYOR, COUNCILLOR NJ
TSOLELA**

1.2 COUNCIL RESOLUTION

- a) That the Proposed MTREF Budget as set-out in the document for the financial year 2023/2024 and indicative allocations for the two outer years 2024/2025 and 2025/2026 be **tabled** in accordance with section 16(1)(2) of the Municipal Finance Management Act 56 of 2003:
National Treasury tables, schedule A indicating operating revenue by source and operating expenditure by vote and capital funding by source document for the 2023/2024 and two outer years 2024/2025 and 2025/2026.

- b) The Executive Mayor acting in terms of Section 75A of the Local Government Systems Act (Act 32 of 2000, as amended) tables for public participation the following tariffs:
- The proposed tariffs for electricity;
 - the proposed tariffs for the supply of water;
 - the proposed tariffs for sanitation services;
 - the proposed tariffs for property rates;
 - the proposed tariffs for solid waste removal.

The increase in electricity tariffs is subject NERSA approval.
The increase in water tariffs is subject to Midvaal increases

- c) The Executive Mayor acting in terms of Section 75A of the Local Government Systems Act (Act 32 of 2000, as amended) tables for public participation the tariffs for other services, as set out in the document:
- d) That the following proposed revised budget related policies for 2023/2024 be tabled for public participation:
- CUSTOMER CARE, CREDIT CONTROL & DEBT COLLECTION POLICY
 - PROVISION FOR DEBT IMPAIRMENT POLICY
 - IRRECOVERABLE BAD DEBT POLICY
 - PROPERTY RATES POLICY
 - TARIFF POLICY
 - INDIGENT RELIEF POLICY
 - SUPPLY CHAIN MANAGEMENT POLICY
 - ASSET MANAGEMENT POLICY
 - COST CONTAINMENT POLICY
- e) That the following budget related policies be noted as were approved during previous financial years and remain in force for the 2023/2024 financial year.
- GRANT POLICY
 - BUDGET POLICY
 - INVENTORY POLICY
 - UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE POLICY
 - BORROWINGS POLICY

- VIREMENT POLICY
- FUNDING & RESERVE POLICY
- EXPENDITURE MANAGEMENT POLICY

- f) That Council take note of the Financial Plan to address the unfunded budgeted position.
- g) That Council take note MFMA Circular No 122 & 123 on which the 2023/2024 – 2025/2026 Medium Term Revenue and Expenditure Framework was compiled
- h) That Council approves the revised Financial Plan to address the unfunded budgeted position.
- i) That the Accounting Officer of the municipality submit the approved annual budget to the National and relevant Provincial Treasuries in terms of section, 24(3) of the MFMA.
- j) That the National Treasury Schedule A tables be aligned to the mSCOA data strings for the 2023/2024 – 2025/2026 MTREF budget.

3 EXECUTIVE SUMMARY

The state of the economy in South Africa as a whole has recorded a decline in economic output since the COVID-19 pandemic that have negatively affected the economy over last three years. There is signs of slow recovery in the economy, however South Africa are faced with a big challenge namely the supply of electricity that results in load shedding that have an enormous impact on the country's economy.

The state of the economy will continue to have an adverse effect on the consumers of the City of Matlosana in the 2023/24 financial year. As a result, the municipal revenue and cash flow will remain under pressure. Therefore, the application of sound financial management principles for the City of Matlosana's financial plan is 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 City will continue with efforts to enhance revenue. However, more needs to be done to ensure the sustainability of the municipality as the Auditor General has expressed itself over the going concern matter of the municipality.

In South Africa, economic growth has continued to be under pressure. The outlook remains highly uncertain, and the economic effects of load shedding are far-reaching. South Africa's biggest economic risk is Eskom. Ongoing problems with the utility's operations continue to disrupt the supply of electricity to households and businesses. Government has allocated significant resources to assist Eskom.

Rising unemployment and income losses have affected the debt collection rate of the City of Matlosana. The collection rate has shown signs of slow recovery.

South Africa's public finances deteriorated over the past decade; a trend that accelerated in recent years as low growth led to large revenue shortfalls. For 10 years, the country has run large budget deficits. This has put the country deeply in debt, to the point where interest payments on the government external debt have begun to escalate at an alarming above the norm of 65% of the country's GDP.

National Treasury's MFMA circulars 122 and 123 were used to guide with the compilation of the 2022/23 – 2024/25 MTREF.

The main challenges experienced during the compilation of the 203/24 – 2025/26 MTREF can be summarized as follows:

- The declining economic growth, which was impacted further by COVID-19 and the disruption in power supply.
- High unemployment rate and the impact on household ability to pay for municipal services.
- The real economic growth is projected to be 0.9% in 2023. The recovery in South Africa will be slower than many of its developing-country peers.
- CPI inflation estimates over 2023/24 medium term are 5.3%, 4.9% and 4.7% respectively.
- The economic challenges will continue to exert pressure on municipal revenue generation capacity, and collection levels.
- Securing the health of the asset base (especially the revenue generating assets) by increasing spending on repairs and maintenance and renewal of assets. One of the fundamental challenges that the municipality faces are the aged fleet and infrastructure, which result in ever escalating repairs and maintenance costs. This anomaly puts more pressure on the municipality to come up with a turn-around strategy, with the main focus

on the replacement of its old fleet, plant and equipment, with the aim of reducing high maintenance costs and the hiring of fleet (yellow fleet), plant and equipment in the provision of services to the communities of the municipality.

- The increased cost of bulk water and electricity (due to tariff increases from Midvaal 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.
- A growing debtor's book as well as the remaining outstanding creditors, especially for bulk services.
- A growing debtor's book as well as the remaining outstanding creditors, especially for bulk services is a major concern, and contributing factors to the municipality's unfunded budget, and going concern – financial sustainability.
- Wage increases for municipal staff that continues to exceed consumer inflation, as well as the need to fill critical vacancies with limited resources;
- The declining liquidity ratio due to budgeted deficit of financial performance
- The impact of the current COVID 19 epidemic on the consumer base of the municipality and the sustainability of the municipality's service delivery objectives and financial viability.

The following budget principles and guidelines directly informed the compilation of the 2023/24 MTREF:

- Price increases in the inputs of services that are beyond the control of the municipality are for instance the cost of bulk water and electricity. Furthermore, tariffs need to remain or move towards being cost reflective; and should take into account the need to address infrastructure backlogs.
- The cost containment measures that are being implemented to eliminate wasteful expenditure, reprioritise spending and ensure savings on six focus areas, namely;
 - Consultancy fees;
 - No credit cards;
 - Travel and related costs;
 - Advertising;
 - Catering and events;
 - As well as the costs for accommodation.

The Municipality did take note of the cost containment measures as per Municipal Cost Containment Regulation – Circular 97. The municipality also developed a Cost Containment policy that was approved on 21 October 2019 and is currently up for review.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2023/24 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2023/24 to 2025/26 MTREF

	Budget Year 2022/2023 (Adjusted)	Budget Year 2023/2024	Budget Year +1 2024/2025	Budget Year+2 2025/2026
	R '000	R '000	R '000	R '000
Total Operating Revenue	(3 994 393)	(4 286 033)	(4 531 329)	(4 783 889)
Total Operating Expenditure	4 335 663	4 389 042	4 489 490	4 598 411
Total Capital	(169 918)	(191 469)	(189 116)	(188 925)
Surplus/(Deficit) for the year after Capital contribution	(171 353)	88 460	230 955	374 462

The two outer years, operational revenue will increase by 5.7% and 5.5% respectively, and the financial performance will start to show surpluses, since most of the measures contained in the Financial Plan will be implemented in the coming year of 2023/2024, with the effects showing the results in the second half of the year.

Total operating expenditure for the 2023/24 financial year has been appropriated at R 4.38 billion.

The bulk of the capital programs will be funded from Government grants and transfers. Provision is made for Council funded capital in the coming financial year. Council funded capital must be cash backed.

1.4 OPERATING REVENUE FRAMEWORK

For the City of Matlosana to continue improving the quality of services to its citizens, it needs to generate the required revenue. In these tough economic conditions, strong revenue management is fundamental to the financial sustainability of any municipality. The reality is that we are faced with development backlogs, unemployment, and poverty and ageing infrastructure. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices 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:

- National Treasury's guidelines and macro-economic policy;
- Growth in the City and continued economic development;
- Efficient revenue management which aims to ensure maximum annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act; 2004 (Act 6 of 2004) (MPRA) as amended;
- Increased ability to extend new services and recover costs through increased revenue generation;
- The municipality's Indigent Policy and rendering of free basic services;
- Enforcement of the Credit Control and Debt Collection Policy.

To achieve the above, the municipality needs to investigate the implementation of Smart metering technology that will assist with accurate billing, water and electricity theft, and reduce the cost of meter readings and overtime to process it. The municipality is in the process of implementing Smart Metering.

Table 2 Summary of revenue classified by main revenue source.

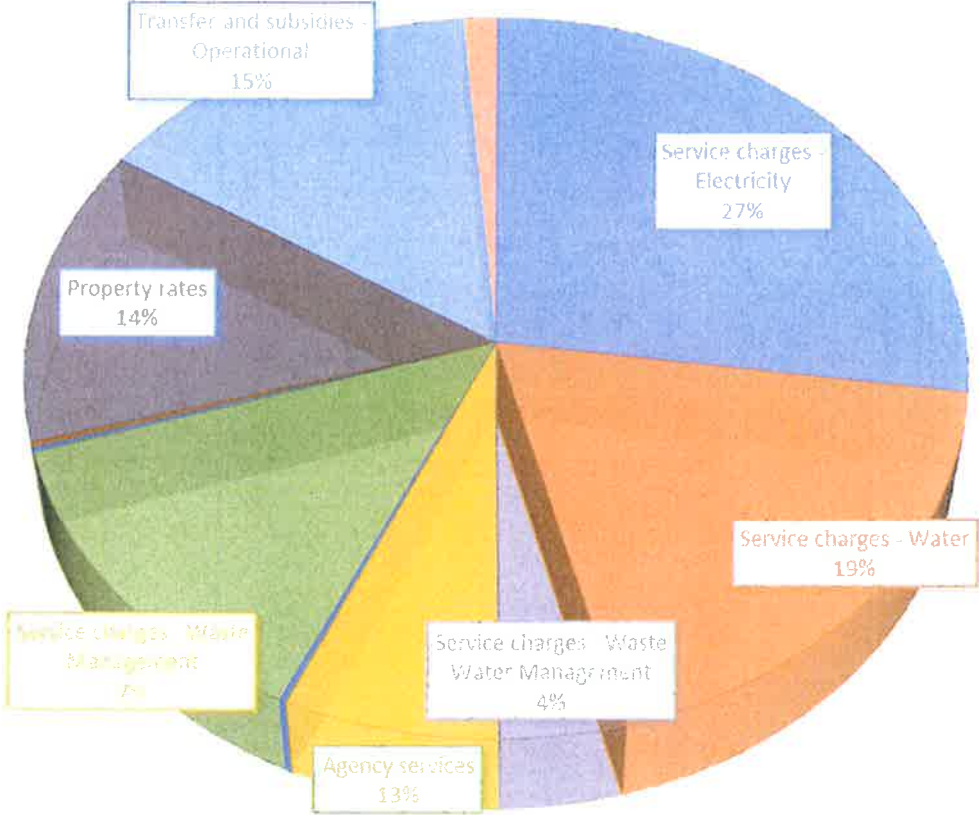


Table 3 Percentage growth in revenue by main revenue source

NW403 City Of Matlosana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue											
Exchange Revenue											
Service charges - Electricity	2	782 325	854 446	957 447	1 127 210	1 084 563	1 084 563	605 011	1 142 045	1 202 573	1 266 309
Service charges - Water	2	603 946	653 812	650 602	783 676	743 676	743 676	497 310	787 552	834 018	883 225
Service charges - Waste Water Management	2	112 787	118 205	125 356	173 864	153 673	153 673	94 826	162 319	171 453	181 103
Service charges - Waste Management	2	137 040	140 063	167 812	223 421	223 421	223 421	131 475	284 856	299 953	315 851
Sale of Goods and Rendering of Services		5 458	7 246	6 384	8 360	8 610	8 610	4 866	9 021	9 463	9 463
Agency services		-	-	-	-	-	-	-	-	-	-
Interest											
Interest earned from Receivables		322 034	383 189	461 282	467 848	530 914	530 914	358 963	559 052	586 446	614 009
Interest earned from Current and Non Current As		16 545	8 060	10 685	9 270	9 270	9 270	9 810	9 761	10 239	10 720
Dividends											
Rent on Land											
Rental from Fixed Assets		13 747	365 557	251 709	8 105	8 833	8 833	5 868	9 300	9 756	10 215
Licence and permits		6 146	8 749	7 871	9 965	8 899	8 899	5 518	8 909	9 346	9 785
Operational Revenue		32 743	46 412	42 360	87 769	70 669	70 669	27 285	77 620	79 609	81 611
Non-Exchange Revenue											
Property rates	2	334 343	425 503	451 441	507 345	532 836	532 836	315 341	561 076	588 569	616 232
Surcharges and Taxes		-	-	-	229	229	229	-	241	253	264
Fines, penalties and forfeits		8 099	24 737	7 356	4 523	4 523	4 523	2 351	3 104	3 189	3 278
Licences or permits		203	479	152	419	300	300	221	50	150	150
Transfer and subsidies - Operational		443 368	530 448	511 231	561 824	561 978	561 978	543 742	616 921	668 873	721 536
Interest		30 442	40 881	43 424	46 027	52 000	52 000	23 912	54 756	57 439	60 139
Fuel Levy											
Operational Revenue											
Gains on disposal of Assets		-	(9 489)	(2 164)	-	-	-	-	-	-	-
Other Gains		180	1 967	2 865	-	-	-	9	-	-	-
Discontinued Operations											
Total Revenue (excluding capital transfers and		2 849 406	3 600 265	3 695 815	4 019 854	3 994 393	3 994 393	2 626 510	4 286 582	4 531 329	4 783 889

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.

Revenue generated from rates and service charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charges revenue comprise 70.5% of the total revenue mix in 2023/24. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

The third largest source (besides other service charges) is transfer recognised-operational Grants and transfers totaled R 616.9 million in the 2023/24 financial year.

Property rates is the fourth largest revenue source totaling 14% and will increase to R 561 million.

Find below explanations for increases in excess of 6%:

- Electricity is currently increased by 5.3% of basic charges and 7.47% of consumption. These percentages may increase further based on NERSA final increases.
- Water revenue will increase by 6% from Midvaal.
- Interest of outstanding debtors will increase in line with the 2021/22 audited outcome.
- Fines and penalties will increase as the municipality increase its debt collection and fines for illegal connections.

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

Table 4 Supporting Table SA18 Operating Transfers and Grant Receipts.

NW403 City Of Matlosana - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		442 416	529 969	509 661	560 590	560 590	560 590	614 953	603 540	720 118
Local Government Equitable Share		429 953	466 536	484 096	545 300	545 300	545 300	599 104	588 793	703 647
Energy Efficiency and Demand Side Management Grant		2 894	5 974	-	5 000	5 000	5 000	4 000	4 000	4 000
Expanded Public Works Programme Integrated Grant		1 386	2 452	1 756	2 181	2 181	2 181	3 512	2 181	3 512
Local Government Financial Management Grant		2 511	2 929	3 123	3 100	3 100	3 100	3 100	3 100	3 228
Municipal Disaster Relief Grant		1 013	47 222	15 897	-	-	-	-	-	-
Municipal Infrastructure Grant		4 660	4 857	4 789	5 009	5 009	5 009	5 237	5 466	5 731
Provincial Government:		952	478	1 570	1 234	1 388	1 388	1 418	1 418	1 418
Capacity Building and Other Grants		952	478	1 570	1 234	1 388	1 388	1 418	1 418	1 418
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	443 368	530 448	511 231	561 824	561 978	561 978	616 371	604 958	721 536
Capital Transfers and Grants										
National Government:		123 785	189 551	156 811	169 918	169 918	169 918	191 469	189 116	188 925
Integrated National Electrification Programme Grant		3 869	21 022	-	29 064	29 064	29 064	1 732	10 000	27 458
Municipal Infrastructure Grant		81 769	100 789	92 568	95 178	95 178	95 178	109 945	104 116	99 509
Neighbourhood Development Partnership Grant		38 147	49 063	55 743	30 000	30 000	30 000	31 162	25 000	43 932
Water Services Infrastructure Grant		-	18 678	8 500	15 676	15 676	15 676	48 630	50 000	18 026
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Developers Contribution		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	123 785	189 551	156 811	169 918	169 918	169 918	191 469	189 116	188 925
TOTAL RECEIPTS OF TRANSFERS & GRANTS		567 154	719 998	668 042	731 742	731 896	731 896	807 841	794 074	910 460

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, salary and wage increases, other input costs of services provided by the municipality, and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

The municipality is still awaiting the increase from Midvaal Water's for the bulk tariff, the increase is expected to bridge the 6% inflation for 2023/24. Bulk electricity tariff increases are determined by external agencies such as the National Electricity Regulator of South Africa. The impact it has on the municipality's electricity tariffs is largely beyond 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.

The consumer price index 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 like food, petrol, and medical services, whereas items such as the cost of remuneration, bulk purchases of electricity and water, and fuel inform the cost drivers of municipalities. 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 gains or service level reductions.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. Property rates will increase with 6%. The municipality implemented the new valuation roll during the 2023/24 financial year.

The following stipulations in the Property Rates Policy are highlighted:

- Residential - The first R 15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll is statutorily exempted from the levying of rates as per the provisions of section 17 (1) (h) of the MPRA).
- Retired or disabled persons on residential property only who earn less than or equals two government pensions can qualify for (100%) discount, the property must be categorized as residential.

Table 5: Comparison of rates to be levied for the 2023/24 financial year

Category	Current Tariff (1 July 2022)	Proposed Tariff (from 1 July 2023)
	R	R
Residential properties	0.01510	0.01590
State owned properties	0.03602	0.03793
Business & Commercial	0.03602	0.03793
Agricultural	0.01510	0.01590
Vacant land	0.03602	0.03793
Industrial	0.03602	0.03793
Public benefit organization properties	0.01510	0.01590

1.4.2 Sale of Water and Impact on Tariff Increases

South Africa faces similar challenges with regards to water supply as it did with electricity since demand growth outstrips supply. The City of Matlosana is facing the similar dilemma as any municipality in the Country. Consequently, National Treasury urges municipalities to review the level and structure of their water tariffs carefully, with a view to ensure:

- That water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, and water networks; and the cost associated with reticulation expansion.
- That water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor(indigent); and
- That water tariffs are designed to encourage efficient and sustainable consumption (e.g., through increasing block tariffs).

One of the focus areas in the 2023/24 MTREF, once again, needs to be the curbing of water distribution losses. In this regard, the municipality has developed a plan for water distribution losses.

- The tariff structure is designed to charge higher levels of consumption at a higher rate.
- The basic charge for water will increase with 5.9% and consumption on a sliding scale up to 8%.
- All registered indigents will again be granted 6 kl water free of charge see Table 6 Water Tariffs.

Table SA14 shows the impact of the increases in water tariffs on the water charges for a single dwelling house:

Table 6

CATEGORY	CURRENT TARIFFS 2022/23	PROPOSED TARIFFS 2023/24
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
For the first 6kl, per kl: 1-6	R 26.25	R 27.80
For the following 14 kl, per kl: 7 - 20	R 32.16	R 34.06
For the following 30 kl, per kl: 21 - 50	R 33.18	R 35.14
For the following 50 kl, per kl: 51 - 100	R 34.32	R 36.34
For the following 100 kl, per kl: 101 - 200	R 36.20	R 38.34
For the following 100 kl, per kl: 201 - 300	R 38.36	R 40.62
For the following 100 kl, per kl: 301 -	R 48.31	R 51.16

1.4.3 Sale of Electricity and Impact on Tariff Increases

The municipality has budgeted for an electricity tariff increase of 18.63 percent on electricity consumption as approved by NERSA. Basic charges with effect from 1 July 2023 will increase with 6%. Increases on consumption will be implemented on a sliding scale in accordance with the block tariffs for consumption. The municipality still awaits the latest available draft tariff increases from the National Electricity Regulator of South Africa (NERSA).

The inadequate electricity bulk capacity and the impact of distribution losses remains a challenge for the municipality.

All registered indigents consumers will be granted 50 Kwh of electricity per month free of charge.

The following table shows the impact of the increases in electricity tariffs on the electricity charges for domestic customers:

Table 7 Comparison between current electricity charges and increases (Domestic)

Table SA14 will shows the impact of the increases in electricity tariffs on the electricity charges for a single dwelling house:

Monthly consumption kWh	Current amount Payable 2022/23 R	Proposed Amount Payable 2023/24 R
1-50	1.3603	1.4324
51-350	1.7389	1.8311
351-600	2.3384	2.4623
601-1500	2.6860	2.8264
>1500	2.8280	2.9779

1.4.4 Sanitation and Impact on Tariff Increases

The increase in sanitation tariffs is capped at 5.3% for 2023/24 financial year as per guideline from National Treasury. The impact of higher electricity cost impacts on the operation cost of sewer plants and profitability on sewer services.

Table 9 MBRR Table SA14 – Household bills will show the impact of the increases in sanitation tariffs on the sanitation charges

1.4.5 Waste Removal and Impact on Tariff Increase

Waste removal tariffs will increase with inflation from 1 July 2023 to keep the service sustainable. The municipality is busy with an exercise to make the trading services cost reflective that might have an impact on the tariff increases. Any increase higher than 6 per cent may result in affordability challenges for individual rates payers, thereby raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2023:

Table 8 Solid Waste Removal Tariffs

CATEGORY	CURRENT TARIFFS 2022/23	PROPOSED TARIFFS 2023/24
	Rand per ℓ	Rand per ℓ
RESIDENTIAL		
Per 85 and 240L container once a week	R 189.54	R 198.45
Per 85 and 240L container twice a week	R 245.44	R 256.98

Table SA14 will shows the impact of the proposed increases in waste removal tariffs.

1.4.6 Overall impact of tariff increases on households.

The table SA14 in Schedule A shows the overall expected impact of the tariff increases on a large and small household, as well as indigent household receiving free basic services.

Table 9 MBRR Table SA14 – Household bills

NW403 City Of Matlosana - Supporting Table SA14 Household bills

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24 % incr.	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		711.26	849.35	-	943.52	943.52	943.52	4.8%	949.18	991.90	1 039.00
Electricity: Basic levy		-	140.07	-	175.34	175.34	175.34	18.1%	229.45	272.10	238.00
Electricity: Consumption		-	1 825.99	-	2 248.67	2 248.67	2 248.67	7.5%	2 942.61	3 489.64	3 653.65
Water: Basic levy		-	149.59	-	166.18	166.18	166.18	2.9%	172.17	179.92	188.37
Water: Consumption		-	797.81	-	939.54	939.54	939.54	23.7%	995.87	1 055.62	1 105.23
Sanitation		78.87	82.42	-	91.56	91.56	91.56	4.8%	94.86	99.13	103.78
Refuse removal		-	150.72	-	189.54	189.54	189.54	4.8%	196.37	205.21	214.85
Other		-	84.61	-	94.00	94.00	94.00	4.8%	97.38	101.76	106.54
sub-total		790.13	4 080.56	-	4 848.35	4 848.35	4 848.35	17.1%	5 677.89	6 395.28	6 649.42
VAT on Services		18.18	-	-	585.72	585.72	585.72	20.8%	709.31	810.51	848.60
Total large household bill:		808.31	4 080.56	-	5 434.07	5 434.07	5 434.07	17.5%	6 387.20	7 205.79	7 498.02
% increase/-decrease			404.8%	(100.0%)	-	-	-	17.5%	12.8%	4.1%	
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		5.00	622.85	-	691.91	691.91	691.91	4.8%	677.98	708.49	741.78
Electricity: Basic levy		134.04	140.07	-	175.34	175.34	175.34	18.1%	229.45	272.10	284.88
Electricity: Consumption		718.53	763.47	-	940.44	940.44	940.44	7.5%	1 230.65	1 459.43	1 528.14
Water: Basic levy		-	149.59	-	166.18	166.18	166.18	2.9%	172.17	179.92	188.38
Water: Consumption		625.67	656.95	-	773.64	773.64	773.64	9.0%	819.97	869.17	910.02
Sanitation		78.87	82.42	-	91.56	91.56	91.56	4.8%	94.86	99.13	103.76
Refuse removal		-	150.72	-	189.54	189.54	189.54	4.8%	196.37	205.21	214.85
Other		80.97	84.61	-	94.00	94.00	94.00	4.8%	97.38	101.76	106.54
sub-total		1 643.08	2 650.68	-	3 122.61	3 122.61	3 122.61	12.7%	3 518.83	3 895.21	4 078.35
VAT on Services		-	-	-	364.60	364.60	364.60	(30.9%)	426.13	478.01	500.48
Total small household bill:		1 643.08	2 650.68	-	3 487.21	3 487.21	3 487.21	13.1%	3 944.96	4 373.22	4 578.83
% increase/-decrease			61.3%	(100.0%)	-	-	-	13.1%	10.9%	4.7%	
Monthly Account for Household - 'Indigent'	3										
Household receiving free basic services											
Rates and services charges:											
Property rates		-	-	-	-	-	-	-	-	-	-
Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-
Electricity: Consumption		-	398.79	-	551.64	551.64	551.64	28.1%	682.65	809.55	533.49
Water: Basic levy		-	-	-	-	-	-	-	-	-	-
Water: Consumption		-	364.14	-	450.24	450.24	450.24	14.5%	450.22	477.23	499.75
Sanitation		-	-	-	-	-	-	-	-	-	-
Refuse removal		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
sub-total		-	762.93	-	1 001.88	1 001.88	1 001.88	13.1%	1 132.87	1 286.78	1 033.24
VAT on Services		-	144.44	-	150.28	150.28	150.28	21.6%	145.42	193.02	202.09
Total small household bill:		-	907.37	-	1 152.16	1 152.16	1 152.16	10.9%	1 278.29	1 479.80	1 235.33
% increase/-decrease			-	(100.0%)	-	-	-	10.9%	15.8%	(16.5%)	

1.5 Operating Expenditure Framework

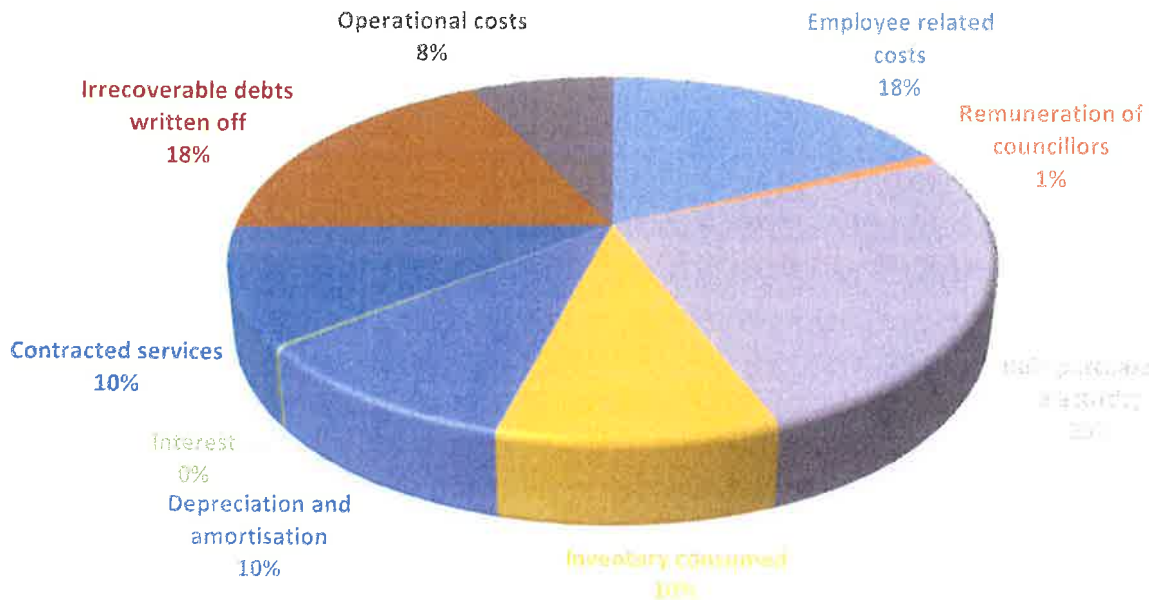
The Municipality's expenditure framework for the 2023/24 MTREF budget is informed by the following factors:

- The repairs and maintenance backlogs.
- Funding of the budget over the medium-term as informed by section 18 and 19 of MFMA.
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.

The following table is a high-level summary of the 2023/24 budget and MTREF (classified per main type of operating expenditure):

Table 10 Summary of operating expenditure by standard classification item

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Expenditure											
Employee related costs	2	642 949	711 929	666 188	744 037	742 907	742 907	524 163	783 171	824 354	867 936
Remuneration of councillors		34 575	36 496	34 189	39 456	39 456	39 456	27 845	41 586	43 832	46 199
Bulk purchases - electricity	2	691 073	746 597	874 375	1 088 924	1 088 924	1 088 924	277 176	1 109 287	1 130 030	1 151 162
Inventory consumed	8	32 436	42 048	38 391	484 125	484 125	484 125	33 976	440 738	440 738	445 146
Debt impairment	3	11 573	(4 252)	18 030	-	-	-	-	-	-	-
Depreciation and amortisation		411 946	417 553	383 480	440 000	440 000	440 000	272 329	440 000	440 000	440 000
Interest		79 009	74 477	117 080	10 123	10 123	10 123	952	10 711	11 235	11 764
Contracted services		234 969	250 964	335 867	435 466	463 857	463 857	202 025	449 843	470 759	493 070
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		835 012	1 149 480	1 284 786	788 344	788 344	788 344	375 947	788 344	788 344	788 344
Operational costs		143 700	211 237	216 986	225 054	277 926	277 926	168 715	325 462	340 197	354 790
Losses on disposal of Assets		16 111	12 257	19 270	-	-	-	-	-	-	-
Other Losses		300	7 440	2 575	-	-	-	-	-	-	-
Total Expenditure		3 133 651	3 656 226	4 011 218	4 255 531	4 335 663	4 335 663	1 883 129	4 389 142	4 489 490	4 598 411



The budget allocation for **employee related costs** (including remuneration of councillors) for the 2023/24 financial year totals R 824.76 million, which is 18 % of the total operating expenditure. Employee Salaries and Allowances will increase in line with the 3 year Bargaining Council agreement. The remuneration of Councilors will increase.

The cost associated with **the remuneration of councilors** 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). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an expected collection rate of **70%** and the writing off of interest on outstanding debtors. Adherence to the debt collection policy is monitored continuously through the year. The collection of outstanding debt and increasing the payment rate of consumers will again be one of the main priorities for the 2023/24 budget year. While this expenditure is considered a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard totals R 440 million for the 2023/24 financial year and equates to 10% of the total operating expenditure. The Municipality has fully implemented GRAP 17. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges amounts to R 10.71 million and decreases as loans is settled.

Bulk purchases are directly informed by the purchases of electricity from Eskom and water from Midvaal. The cost incurred to provide those services have been factored into the budget appropriations and directly inform the revenue provisions.

Contracted Services will increase to R 449.84 million from the increased base set after the 2022/23 adjustment budget. As part of the compilation of the 2023/24 MTREF, management critically evaluated this group of expenditure. The municipality had tabled a Cost Containment Policy to enforce operational efficiencies.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Departments were requested to submit zero based budgets with the necessary proof of evidence. Increases that were not supported by the necessary proof of evidence were also limited.

Find below explanations for increases in excess of 6%.

Water Bulk Purchases increases with 5.9% subject to the increase of Midvaal.

Provision for the urgent challenges that the water and sewer sections faced with maintenance of infrastructure. Provision is also made for the repair and maintenance of the road infrastructure as well.

The provision for Debt Impairment has been increased compared to the previous year's budget and in line with the 2023/24 mid-year assessment. The debt impairment is calculated at a 70% collection rate.

1.5.1 Priority given to Repairs and Maintenance.

According to the Budget and Reporting Regulations, operational repairs, and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration; purchases of materials and contracted services.

Repair and Maintenance at less than 4% of the operational budget is below the national norm of 8%. One must note that it only includes material, outsourced services, and exclude the salaries and vehicle charges associated with Repair and Maintenance. Considering these cost drivers, the following table (Table 11) is a consolidation of all the expenditures associated with repairs and maintenance:

During the compilation of the 2022/23 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the City's infrastructure and historic deferred maintenance.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 11 Repairs and maintenance per asset class

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		66 413	45 791	92 816	156 185	186 094	186 094	196 887	206 891	216 643
Roads Infrastructure		24 973	6 017	14 286	48 376	63 326	63 326	66 998	70 638	73 986
Roads		24 878	5 833	14 034	47 744	62 444	62 444	66 065	69 303	72 560
Road Structures										
Road Furniture		95	185	251	632	882	882	933	1 335	1 426
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		29 346	35 985	45 970	69 691	86 691	86 691	91 719	96 213	100 736
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations		335	217	330	278	778	778	823	864	904
MV Switching Stations		1 636	1 139	3	115	115	115	122	128	134
MV Networks										
LV Networks		27 374	34 629	45 637	69 298	85 798	85 798	90 774	95 222	99 697
Capital Spares										

Water Supply Infrastructure	9 985	2 292	25 146	17 565	15 765	15 765	16 679	17 496	18 319
Dams and Weirs									
Boreholes									
Reservoirs	1 169	13	945	3 494	3 494	3 494	3 697	3 878	4 060
Pump Stations									
Water Treatment Works									
Bulk Mains									
Distribution	8 816	2 279	24 201	14 070	12 270	12 270	12 982	13 618	14 258
Distribution Points									
PRV Stations									
Capital Spares									
Sanitation Infrastructure	2 110	1 496	7 415	20 553	20 312	20 312	21 490	22 543	23 603
Pump Station									
Reclamation	1 790	1 432	5 540	10 903	10 662	10 662	11 281	11 833	12 390
Waste Water Treatment Works	320	64	1 875	9 650	9 650	9 650	10 210	10 710	11 213
Outfall Sewers									
Toilet Facilities									
Capital Spares									
Community Assets	9 124	1 768	2 500	13 208	13 928	13 928	17 175	17 981	18 831
Community Facilities	5 602	649	415	6 181	6 901	6 901	9 056	9 465	9 914
Halls									
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations									
Museums	34	39	28	104	119	119	1 012	1 062	1 111
Galleries									
Theatres									
Libraries	857	208	417	980	985	985	1 911	1 969	2 066
Cemeteries/Crematoria	3 696	175	(209)	3 916	4 616	4 616	4 884	5 123	5 364
Police									
Parks									
Public Open Space	-	-	-	4	4	4	5	5	5
Nature Reserves	28	-	90	505	505	505	535	561	587
Public Ablution Facilities									
Markets	986	226	89	672	672	672	711	746	781
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals									
Capital Spares									
Sport and Recreation Facilities	3 522	1 120	2 085	7 026	7 026	7 026	8 119	8 517	8 917
Indoor Facilities	737	147	670	2 330	2 330	2 330	2 505	2 627	2 751
Outdoor Facilities	2 785	973	1 415	4 696	4 696	4 696	5 614	5 889	6 166
Capital Spares									
Heritage assets	173	163	79	168	188	188	199	208	218
Monuments									
Historic Buildings									
Works of Art	-	-	-	-	-	-	-	-	-
Conservation Areas	173	163	79	168	188	188	199	208	218
Other Heritage									
Other assets	1 635	1 075	1 131	5 127	7 505	7 505	9 930	11 667	12 313
Operational Buildings	1 635	1 075	1 131	5 127	7 505	7 505	9 930	11 667	12 313
Municipal Offices	1 613	1 042	1 102	5 070	7 448	7 448	9 870	11 604	12 247
Pay/Enquiry Points									
Building Plan Offices									
Workshops	19	26	26	48	48	48	51	53	56
Yards									
Stores	3	8	2	9	9	9	10	10	11
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									

Intangible Assets		13 937	17 063	1 337	3 931	4 171	4 171	4 413	4 629	4 846
Servitudes										
Licences and Rights		13 937	17 063	1 337	3 931	4 171	4 171	4 413	4 629	4 846
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications		13 937	17 063	1 337	3 931	4 171	4 171	4 413	4 629	4 846
Load Settlement Software Applications										
Unspecified										
Computer Equipment		(2 589)	1 835	3 389	4 065	4 065	4 065	4 300	4 511	4 723
Computer Equipment		(2 589)	1 835	3 389	4 065	4 065	4 065	4 300	4 511	4 723
Furniture and Office Equipment		413	243	427	1 199	2 216	2 216	2 702	2 834	2 963
Furniture and Office Equipment		413	243	427	1 199	2 216	2 216	2 702	2 834	2 963
Machinery and Equipment		16 942	7 212	11 385	24 213	24 233	24 233	25 639	26 942	28 212
Machinery and Equipment		16 942	7 212	11 385	24 213	24 233	24 233	25 639	26 942	28 212
Transport Assets		35 174	50 418	2 557	15 894	15 814	15 814	15 022	15 713	16 017
Transport Assets		35 174	50 418	2 557	15 894	15 814	15 814	15 022	15 713	16 017
Living resources		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Policing and Protection										
Zoological plants and animals										
Immature		-	-	-	-	-	-	-	-	-
Policing and Protection										
Zoological plants and animals										
Total Repairs and Maintenance Expenditure	1	141 223	125 569	115 619	223 989	258 213	258 213	276 266	291 378	304 765
R&M as a % of PPE		2.9%	-22.1%	-18.7%	2253.1%	2597.4%	2597.4%	-44.7%	2931.0%	3065.7%
R&M as % Operating Expenditure		4.5%	3.4%	2.9%	5.3%	6.0%	6.0%	14.7%	6.6%	6.8%

1.5.2 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 the free services, the households are required to register in terms of the City's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in MBRR A10 (Basic Service Delivery Measurement)

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

1.6 Capital Expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 12 2023/24 Medium-term capital budget per vote

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 01 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 02 - Health Services		-	-	-	-	-	-	-	-	-	-
Vote 03 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 04 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 05 - Sport Arts And Culture		8 994	12 193	25 390	10 431	10 431	10 431	3 283	-	-	10 431
Vote 06 - Council General		-	-	-	-	-	-	-	-	-	-
Vote 07 - Civil Engineering		18 494	49 600	50 195	57 182	61 004	61 004	15 766	124 937	109 596	61 004
Vote 08 - Water Section		40 876	18 037	22 577	28 715	32 680	32 680	4 094	48 630	50 000	32 680
Vote 09 - City Electrical Engineering		15 906	43 537	13 093	33 544	33 544	33 544	13 322	1 732	-	33 544
Vote 10 - Corporate Governane		-	-	-	-	-	-	-	-	-	-
Vote 11 - Budget And Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 12 - Cleansing		-	-	-	10 447	12 626	12 626	-	-	-	12 626
Vote 13 - Sewerage		5 563	35 389	10 500	21 535	11 569	11 569	406	16 170	25 000	11 569
Vote 14 - Market		2 888	6 126	13 678	8 064	8 064	8 064	1 546	-	-	8 064
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	92 721	164 882	135 433	169 918	169 918	169 918	38 417	191 469	184 596	169 918
Single-year expenditure to be appropriated	2										
Vote 01 - Public Safety		-	-	-	3 000	3 000	3 000	1 132	-	-	-
Vote 02 - Health Services		-	-	-	-	-	-	-	-	-	-
Vote 03 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 04 - Housing		-	-	-	6 000	6 000	6 000	-	-	-	-
Vote 05 - Sport Arts And Culture		-	-	-	-	-	-	-	-	-	-
Vote 06 - Council General		(0)	-	-	11 300	24 889	24 889	3 900	30 000	-	-
Vote 07 - Civil Engineering		-	-	-	-	-	-	-	-	-	-
Vote 08 - Water Section		-	8 672	1 750	-	-	-	-	-	-	-
Vote 09 - City Electrical Engineering		297	14 604	11 516	22 000	22 000	22 000	3 960	-	-	-
Vote 10 - Corporate Governane		-	-	-	520	520	520	-	-	-	-
Vote 11 - Budget And Treasury Office		4 863	-	-	3 000	3 025	3 025	2 876	-	-	-
Vote 12 - Cleansing		-	-	-	-	-	-	-	-	-	-
Vote 13 - Sewerage		-	3 314	3 841	-	-	-	-	-	-	-
Vote 14 - Market		-	-	-	1 300	1 300	1 300	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		5 160	26 590	17 107	47 120	60 734	60 734	11 868	30 000	-	-
Total Capital Expenditure - Vote		97 881	191 473	152 541	217 038	230 651	230 651	50 285	221 469	184 596	169 918

For 2023/24, an amount of R191 million is being appropriated for the development of infrastructure.

New assets represent 100 per cent or R 191million of the total capital budget while no provision was made for asset renewal. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital program relating to new asset construction, as well as operational repairs and maintenance by asset class

1.7 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 2023/24 MTREF budget for approval by the Council. Explanatory notes accompany each table on the facing page.

Table 13 MBRR Table A1 - Budget Summary

NW403 City Of Matlosana - Table A1 Budget Summary

Description	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousands										
Financial Performance										
Property rates	334 343	425 503	451 441	507 345	532 836	532 836	315 341	561 076	588 569	616 232
Service charges	1 636 099	1 766 526	1 901 216	2 308 170	2 205 332	2 205 332	1 328 623	2 376 772	2 507 997	2 646 488
Investment revenue	16 545	8 060	10 685	9 270	9 270	9 270	9 810	9 761	10 239	10 720
Transfer and subsidies - Operational	443 368	530 448	511 231	561 824	561 978	561 978	543 742	616 921	668 873	721 536
Other own revenue	419 051	869 728	821 241	633 244	684 977	684 977	428 993	722 053	755 650	788 913
Total Revenue (excluding capital transfers and contributions)	2 849 406	3 600 265	3 695 815	4 019 854	3 994 393	3 994 393	2 626 510	4 286 582	4 531 329	4 783 889
Employee costs	642 949	711 929	686 188	744 037	742 907	742 907	524 163	783 171	824 354	867 936
Remuneration of councillors	34 575	36 496	34 189	39 456	39 456	39 456	27 845	41 586	43 832	46 199
Depreciation and amortisation	411 946	417 553	383 480	440 000	440 000	440 000	272 329	440 000	440 000	440 000
Finance charges	79 009	74 477	117 080	10 123	10 123	10 123	952	10 711	11 235	11 764
Inventory consumed and bulk purchases	723 508	788 646	912 766	1 573 049	1 573 049	1 573 049	311 152	1 550 025	1 570 769	1 596 308
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-
Other expenditure	1 241 664	1 627 125	1 877 514	1 448 865	1 530 128	1 530 128	746 687	1 563 649	1 599 300	1 636 205
Total Expenditure	3 133 651	3 656 226	4 011 218	4 255 531	4 335 663	4 335 663	1 883 129	4 389 142	4 489 490	4 598 411
Surplus/(Deficit)	(284 245)	(55 960)	(315 403)	(235 677)	(341 271)	(341 271)	743 381	(102 560)	41 836	185 478
Transfers and subsidies - capital (monetary allocations)	123 785	189 551	156 811	169 918	169 918	169 918	44 686	191 469	189 116	188 925
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(160 460)	133 590	(158 592)	(65 759)	(171 353)	(171 353)	788 067	88 910	230 955	374 402
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(160 460)	133 590	(158 592)	(65 759)	(171 353)	(171 353)	788 067	88 910	230 955	374 402
Capital expenditure & funds sources										
Capital expenditure	97 881	191 473	152 541	217 038	230 651	230 651	56 932	221 469	184 596	169 918
Transfers recognised - capital	92 721	184 304	145 097	169 918	169 918	169 918	45 064	191 469	184 596	169 918
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	5 160	7 169	7 444	47 120	60 734	60 734	11 868	30 000	-	-
Total sources of capital funds	97 881	191 473	152 541	217 038	230 651	230 651	56 932	221 469	184 596	169 918
Financial position										
Total current assets	894 372	2 061 897	1 866 240	1 314 681	1 377 234	1 377 234	2 877 979	494 202	1 371 283	1 213 014
Total non current assets	4 958 906	5 390 070	5 565 160	5 066 938	5 080 552	5 080 552	5 349 543	4 109 658	3 797 751	3 819 204
Total current liabilities	2 259 045	4 678 189	4 033 788	1 831 731	2 358 633	2 358 633	4 474 986	390 006	845 003	547 973
Total non current liabilities	-	-	-	-	-	-	-	-	-	-
Community wealth/Equity	4 091 272	4 103 042	3 686 458	4 167 993	4 062 399	4 062 399	4 011 542	4 251 778	4 393 823	4 578 899
Cash flows										
Net cash from (used) operating	1 706 919	1 094 533	2 152 140	59 754	59 754	59 754	1 459 107	88 274	538 732	1 951 178
Net cash from (used) investing	-	(140 342)	(152 541)	(217 005)	(217 038)	(217 038)	(49 739)	(221 469)	(184 596)	(0)
Net cash from (used) financing	(2 839)	-	-	1 500	-	-	-	-	-	(15)
Cash/cash equivalents at the year end	1 651 660	817 804	1 804 197	155 104	153 572	153 572	1 409 368	(108 957)	245 180	2 196 342
Cash backing/surplus reconciliation										
Cash and investments available	5 035 881	7 102 563	5 152 362	5 698 293	5 726 706	5 726 706	5 909 102	4 038 013	4 477 671	4 342 858
Application of cash and investments	957 813	3 440 786	997 238	959 592	1 470 396	1 470 396	897 673	(420 025)	(67 667)	(389 982)
Balance - surplus (shortfall)	4 078 068	3 661 777	4 155 124	4 738 700	4 256 310	4 256 310	5 011 429	4 458 037	4 545 338	4 732 839
Asset management										
Asset register summary (WDV)	4 958 906	5 390 070	5 565 160	5 066 906	5 080 519	5 080 519	4 109 625	3 797 718	3 819 171	-
Depreciation	411 946	417 553	383 480	440 000	440 000	440 000	440 000	440 000	440 000	-
Renewal and Upgrading of Existing Assets	6 253	22 368	19 161	16 130	15 664	15 664	-	-	9 664	-
Repairs and Maintenance	141 223	125 569	115 619	223 989	258 213	258 213	276 266	291 378	304 765	-
Free services										
Cost of Free Basic Services provided	129 407	123 888	174 701	204 237	204 237	204 237	166 182	175 756	185 882	-
Revenue cost of free services provided	93 314	131 391	142 242	93 004	93 004	93 004	97 933	102 732	107 560	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	5	5	-	5	5	5	5	5	5	-
Energy:	168	180	-	20	20	20	20	20	21	-
Refuse:	-	8	-	9	9	9	12	16	14	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 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).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasize the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is negative due to non-cash item – (provision for bad debts and depreciation).
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognized is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from our investments. The amount is incorporated in the Net cash from investing on the Cash Flow Budget.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services provide by the municipality continues to increase, even though the revenue cost of free services provided by the municipality continues to decrease.

Table 14 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

NW403 City Of Matlosana - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
		1								
Revenue - Functional										
<i>Governance and administration</i>		888 340	1 031 368	1 103 392	1 220 631	1 268 994	1 268 994	1 360 784	1 450 130	1 539 703
Executive and council		2 215	(5 518)	952	2 829	2 729	2 729	2 661	2 692	2 724
Finance and administration		886 126	1 036 886	1 102 440	1 217 802	1 266 266	1 266 266	1 358 123	1 447 438	1 536 979
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		49 089	473 455	325 340	99 627	81 846	81 846	72 218	75 998	91 457
Community and social services		10 393	408 869	263 727	4 350	4 529	4 529	4 729	4 892	4 893
Sport and recreation		11 904	14 670	29 670	14 872	14 872	14 872	710	2 745	16 802
Public safety		26 793	49 916	28 136	33 404	32 444	32 444	31 778	33 361	34 761
Housing		-	-	3 808	47 000	30 000	30 000	35 000	35 000	35 000
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		31 775	67 003	70 959	57 038	57 038	57 038	38 015	41 046	71 225
Planning and development		8 789	9 354	9 993	10 763	10 763	10 763	11 846	11 822	12 365
Road transport		22 806	57 432	60 814	46 065	46 065	46 065	25 948	28 992	58 628
Environmental protection		180	216	152	210	210	210	221	232	232
<i>Trading services</i>		1 979 517	2 188 481	2 316 072	2 785 219	2 728 446	2 728 446	2 984 087	3 127 199	3 239 035
Energy sources		852 666	953 143	1 017 620	1 209 703	1 178 456	1 178 456	1 209 534	1 279 902	1 366 474
Water management		789 206	851 987	879 796	1 018 229	998 532	998 532	1 052 461	1 093 857	1 177 634
Waste water management		122 421	157 705	143 840	207 797	187 605	187 605	253 267	252 240	218 601
Waste management		215 225	225 646	274 817	349 489	363 853	363 853	468 826	501 201	476 326
<i>Other</i>	4	24 470	29 510	36 863	27 258	27 986	27 986	28 947	26 072	31 394
Total Revenue - Functional	2	2 973 191	3 789 816	3 852 626	4 189 772	4 164 310	4 164 310	4 478 052	4 720 445	4 972 814
Expenditure - Functional										
<i>Governance and administration</i>		846 953	830 185	1 206 014	746 226	727 018	727 018	756 711	783 681	812 059
Executive and council		266 471	364 934	279 619	431 089	401 261	401 261	421 020	438 341	456 281
Finance and administration		575 752	460 849	922 698	309 136	319 756	319 756	329 366	338 675	348 757
Internal audit		4 729	4 401	3 697	6 001	6 001	6 001	6 326	6 665	7 022
<i>Community and public safety</i>		281 747	292 433	296 946	383 563	395 854	395 854	428 327	454 269	479 905
Community and social services		69 295	77 826	63 816	116 557	119 289	119 289	125 845	130 525	135 435
Sport and recreation		90 757	80 865	90 892	100 852	101 952	101 952	113 249	121 906	131 462
Public safety		120 913	119 336	138 930	159 088	161 298	161 298	170 883	182 581	192 834
Housing		642	4 777	3 206	6 903	13 153	13 153	18 179	19 077	19 985
Health		140	9 629	101	162	162	162	171	180	188
<i>Economic and environmental services</i>		220 630	238 232	246 223	284 751	293 197	293 197	300 139	311 765	321 137
Planning and development		50 475	51 817	84 720	69 467	69 412	69 412	74 293	78 246	82 396
Road transport		168 949	122 989	161 979	213 300	221 801	221 801	223 759	231 322	236 432
Environmental protection		1 206	63 427	(476)	1 984	1 984	1 984	2 088	2 197	2 310
<i>Trading services</i>		2 120 152	2 654 534	2 700 663	2 501 039	2 924 742	2 924 742	2 982 230	3 048 247	3 118 605
Energy sources		918 134	1 307 545	1 148 407	1 629 984	1 695 472	1 695 472	1 743 840	1 768 333	1 795 166
Water management		814 353	956 130	1 046 263	417 355	750 150	750 150	775 329	801 408	828 774
Waste water management		172 300	200 452	218 936	200 674	224 594	224 594	232 902	239 857	247 292
Waste management		215 366	190 406	287 057	253 026	254 526	254 526	230 159	238 649	247 374
<i>Other</i>	4	44 800	34 664	24 043	25 948	25 990	25 990	27 550	29 212	31 026
Total Expenditure - Functional	3	3 514 282	4 050 048	4 473 890	3 941 528	4 366 801	4 366 801	4 494 958	4 627 174	4 762 733
Surplus/(Deficit) for the year		(541 091)	(260 232)	(621 264)	248 244	(202 491)	(202 491)	(16 906)	93 271	210 081

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

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification.
- Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital).

Table 15 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

NW403 City Of Matlosana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue by Vote	1									
Vote 01 - Public Safety		27 806	97 138	44 033	33 404	32 444	32 444	31 778	33 361	34 761
Vote 02 - Health Services		-	-	-	-	-	-	-	-	-
Vote 03 - Community Services		1 879	3 137	2 586	3 485	3 485	3 485	3 669	3 849	3 866
Vote 04 - Housing		4 129	4 497	9 011	52 753	35 753	35 753	41 058	41 355	41 633
Vote 05 - Sport Arts And Culture		19 584	373 396	275 066	15 947	16 126	16 126	1 992	4 020	18 062
Vote 06 - Council General		2 053	(7 501)	(338)	400	400	400	421	442	463
Vote 07 - Civil Engineering		27 466	62 289	65 603	51 074	51 074	51 074	31 735	34 458	64 358
Vote 08 - Water Section		789 206	851 987	879 796	1 018 229	998 532	998 532	1 052 461	1 093 857	1 177 634
Vote 09 - City Electrical Engineering		852 666	953 143	1 017 620	1 209 703	1 178 456	1 178 456	1 209 534	1 279 902	1 366 474
Vote 10 - Corporate Governane		162	1 983	1 290	2 429	2 329	2 329	2 240	2 250	2 261
Vote 11 - Budget And Treasury Office		886 126	1 036 886	1 102 440	1 217 802	1 266 266	1 266 266	1 358 123	1 447 438	1 536 979
Vote 12 - Cleansing		215 225	225 646	274 817	349 489	363 853	363 853	468 826	501 201	476 326
Vote 13 - Sewerage		122 421	157 705	143 840	207 797	187 605	187 605	253 267	252 240	218 601
Vote 14 - Market		24 470	29 510	36 863	27 258	27 986	27 986	22 947	26 072	31 394
Vote 15 - Other		1	1	1	1	1	1	1	1	1
Total Revenue by Vote	2	2 973 191	3 789 816	3 852 626	4 189 772	4 164 310	4 164 310	4 478 052	4 720 445	4 972 814
Expenditure by Vote to be appropriated	1									
Vote 01 - Public Safety		169 987	242 473	218 020	257 081	259 159	259 159	272 783	288 344	302 373
Vote 02 - Health Services		9 088	32 343	8 360	10 356	10 356	10 356	10 899	11 426	11 969
Vote 03 - Community Services		100 069	124 751	79 256	109 146	112 491	112 491	114 399	118 565	122 906
Vote 04 - Housing		15 399	17 593	17 487	32 445	38 445	38 445	46 065	48 363	50 729
Vote 05 - Sport Arts And Culture		76 839	79 489	53 658	89 131	92 587	92 587	102 085	105 997	110 122
Vote 06 - Council General		136 779	173 056	151 963	271 610	234 853	234 853	247 884	258 318	269 048
Vote 07 - Civil Engineering		191 383	146 533	219 092	241 648	250 343	250 343	253 720	262 868	269 636
Vote 08 - Water Section		820 257	961 313	1 050 747	422 781	755 577	755 577	781 075	807 494	835 219
Vote 09 - City Electrical Engineering		941 766	1 334 458	1 174 884	1 662 842	1 728 329	1 728 329	1 782 851	1 814 647	1 850 150
Vote 10 - Corporate Governane		53 460	55 114	56 549	63 375	73 466	73 466	79 146	83 168	87 445
Vote 11 - Budget And Treasury Office		562 739	452 125	911 048	295 216	299 836	299 836	308 321	316 555	325 535
Vote 12 - Cleansing		216 921	192 003	288 952	255 064	256 564	256 564	232 304	240 907	249 751
Vote 13 - Sewerage		168 479	196 135	214 452	195 252	219 172	219 172	226 131	231 467	236 962
Vote 14 - Market		42 508	32 021	21 364	22 852	22 894	22 894	23 939	24 994	26 090
Vote 15 - Other		8 608	10 641	8 059	12 730	12 730	12 730	13 357	14 062	14 798
Total Expenditure by Vote	2	3 514 282	4 050 048	4 473 890	3 941 528	4 366 801	4 366 801	4 494 958	4 627 174	4 762 733
Surplus/(Deficit) for the year	2	(541 091)	(260 232)	(621 264)	248 244	(202 491)	(202 491)	(16 906)	93 271	210 081

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

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality.

Table 16 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

NW403 City Of Matlosana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue											
Exchange Revenue											
Service charges - Electricity	2	782 325	854 446	957 447	1 127 210	1 084 563	1 084 563	605 011	1 142 045	1 202 573	1 266 309
Service charges - Water	2	603 946	653 812	650 602	783 676	743 676	743 676	497 310	787 552	834 018	883 225
Service charges - Waste Water Management	2	112 787	118 205	125 356	173 864	153 673	153 673	94 826	162 319	171 453	181 103
Service charges - Waste Management	2	137 040	140 063	167 812	223 421	223 421	223 421	131 475	284 856	299 953	315 851
Sale of Goods and Rendering of Services		5 458	7 246	6 384	8 360	8 610	8 610	4 866	9 021	9 463	9 463
Agency services		-	-	-	-	-	-	-	-	-	-
Interest											
Interest earned from Receivables		322 034	383 189	461 282	467 848	530 914	530 914	358 963	559 052	586 446	614 009
Interest earned from Current and Non Current As		16 545	8 060	10 685	9 270	9 270	9 270	9 810	9 761	10 239	10 720
Dividends											
Rent on Land											
Rental from Fixed Assets		13 747	365 557	251 709	8 105	8 833	8 833	5 868	9 300	9 756	10 215
Licence and permits		6 146	8 749	7 871	9 965	8 899	8 899	5 518	8 909	9 346	9 785
Operational Revenue		32 743	46 412	42 360	87 769	70 669	70 669	27 285	77 620	79 609	81 611
Non-Exchange Revenue											
Property rates	2	334 343	425 503	451 441	507 345	532 836	532 836	315 341	561 076	588 569	616 232
Surcharges and Taxes		-	-	-	229	229	229	-	241	253	264
Fines, penalties and forfeits		8 099	24 737	7 356	4 523	4 523	4 523	2 351	3 104	3 189	3 278
Licences or permits		203	479	152	419	300	300	221	50	150	150
Transfer and subsidies - Operational		443 368	530 448	511 231	561 824	561 978	561 978	543 742	616 921	668 873	721 536
Interest		30 442	40 881	43 424	46 027	52 000	52 000	23 912	54 756	57 439	60 139
Fuel Levy											
Operational Revenue											
Gains on disposal of Assets		-	(9 489)	(2 164)	-	-	-	-	-	-	-
Other Gains		180	1 967	2 865	-	-	-	9	-	-	-
Discontinued Operations											
Total Revenue (excluding capital transfers and		2 849 406	3 600 265	3 695 815	4 019 854	3 994 393	3 994 393	2 626 510	4 286 582	4 531 329	4 783 889
Expenditure											
Employee related costs	2	642 949	711 929	686 188	744 037	742 907	742 907	524 163	783 171	824 354	867 936
Remuneration of councillors		34 575	36 496	34 189	39 456	39 456	39 456	27 845	41 586	43 832	46 199
Bulk purchases - electricity	2	691 073	746 597	874 375	1 088 924	1 088 924	1 088 924	277 176	1 109 287	1 130 030	1 151 162
Inventory consumed	8	32 436	42 048	38 391	484 125	484 125	484 125	33 976	440 738	440 738	445 146
Debt impairment	3	11 573	(4 252)	18 030	-	-	-	-	-	-	-
Depreciation and amortisation		411 946	417 553	383 480	440 000	440 000	440 000	272 329	440 000	440 000	440 000
Interest		79 009	74 477	117 080	10 123	10 123	10 123	952	10 711	11 235	11 764
Contracted services		234 969	250 964	335 867	435 466	463 857	463 857	202 025	449 843	470 759	493 070
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
irrecoverable debts written off		835 012	1 149 480	1 284 786	788 344	788 344	788 344	375 947	788 344	788 344	788 344
Operational costs		143 700	211 237	216 986	225 054	277 926	277 926	168 715	325 462	340 197	354 790
Losses on disposal of Assets		16 111	12 257	19 270	-	-	-	-	-	-	-
Other Losses		300	7 440	2 575	-	-	-	-	-	-	-
Total Expenditure		3 133 651	3 656 226	4 011 218	4 255 531	4 335 663	4 335 663	1 883 129	4 389 142	4 489 490	4 598 411
Surplus/(Deficit)		(284 245)	(55 960)	(315 403)	(235 677)	(341 271)	(341 271)	743 381	(102 560)	41 838	185 478
Transfers and subsidies - capital (monetary	6	123 785	189 551	156 811	169 918	169 918	169 918	44 686	191 469	189 116	188 925
Transfers and subsidies - capital (in-kind)	6										
Surplus/(Deficit) after capital transfers & contributions		(160 460)	133 590	(158 592)	(65 759)	(171 353)	(171 353)	788 067	88 910	230 955	374 402
Income Tax											
Surplus/(Deficit) after income tax		(160 460)	133 590	(158 592)	(65 759)	(171 353)	(171 353)	788 067	88 910	230 955	374 402
Share of Surplus/Deficit attributable to Joint Venture											
Share of Surplus/Deficit attributable to Minorities											
Surplus/(Deficit) attributable to municipality		(160 460)	133 590	(158 592)	(65 759)	(171 353)	(171 353)	788 067	88 910	230 955	374 402
Share of Surplus/Deficit attributable to Associate	7										
Intercompany/Parent subsidiary transactions											
Surplus/(Deficit) for the year	1	(160 460)	133 590	(158 592)	(65 759)	(171 353)	(171 353)	788 067	88 910	230 955	374 402

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

1. Total revenue is R 4.26 billion in 2023/24 and escalates to R 4.78 billion by 2025/26.
2. Revenue to be generated from property rates is R 561 million in the 2023/24 financial year and increases to R 616 million by 2025/26.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totaling R 2.37 billion for the 2023/24 financial year and increasing to R 2.64 billion by 2025/26.

Expenditure by major type

4. Bulk purchases have significantly increased over the 2013/14 to 2023/24 period escalating from R 1.10 billion to R 1.15 billion. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Midvaal Water.
5. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains.
6. Other expenditure is broken down on Table SA 1 for financial transparency.

Narrations A4

REVENUE

Description	2023/24 Medium Term Revenue & Expenditure Framework	Narration
R thousand	Budget Year 2023/24	
Revenue		
Exchange Revenue		
Service charges - Electricity	1 142 045	Eskom increase of 5.9%, waiting for Nersa approval
Service charges - Water	787 552	Water increase with Midvaal, 5.9%, waiting for final increase confirmation
Service charges - Waste Water Management	162 319	Increase with 5.3% as per MFMA circular 123 inflation expectations
Service charges - Waste Management	284 856	Increase with 5.3% as per MFMA circular 123 inflation expectations
Sale of Goods and Rendering of Services	9 021	Increase with 5.3% as per MFMA circular 123 inflation expectations
Interest earned from Receivables	559 052	Based on 2021/22 adjustment budget
Interest earned from Current and Non Current Assets	9 761	Based on 2021/22 adjustment budget
Rental from Fixed Assets	9 300	Increase with 5.3% as per MFMA circular 123 inflation expectations
Licence and permits	8 909	Increase with 5.3% as per MFMA circular 123 inflation expectations
Operational Revenue	77 620	Increase with 5.3% as per MFMA circular 123 inflation expectations
Non-Exchange Revenue		
Property rates	561 076	Increase with inflation and based on adjustment budget increase of new residential developments
Surcharges and Taxes	241	Increase with 5.3% as per MFMA circular 123 inflation expectations
Fines, penalties and forfeits	3 104	Increase with 5.3% as per MFMA circular 123 inflation expectations
Licences or permits	50	Increase with 5.3% as per MFMA circular 123 inflation expectations
Transfer and subsidies - Operational	616 921	As per the DORA
Interest	54 756	Increase with 5.3% as per MFMA circular 123 inflation expectations
Fuel Levy		
Operational Revenue		
Gains on disposal of Assets	-	
Other Gains	-	
Discontinued Operations		
Total Revenue (excluding capital transfers and contributions)	4 286 582	

EXPENDITURE

Description	2023/24 Medium Term Revenue & Expenditure Framework	Narration
R thousand	Budget Year 2023/24	
Expenditure		
Employee related costs	783 171	Based on a 6% increase as per SALGB agreement.
Remuneration of councillors	41 586	Based in 6% increase subject to upper limits.
Bulk purchases - electricity	1 109 287	Increase with 18.7% as approved by NERSA
Inventory consumed	440 738	Adjusted with inflation and as per Midvaal Water increase.
Debt impairment	-	N/A
Depreciation and amortisation	440 000	Based on the 2021/22 audit outcome.
Interest	10 711	Based on the 2021/22 audit outcome.
Contracted services	449 843	Increased based on the outcome of the 2021/22 adjustment budget.
Transfers and subsidies	-	N/A
Irrecoverable debts written off	788 344	Increased based on 70% collection rate
Operational costs	325 462	
Total Expenditure	4 389 142	

Table 17 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 01 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 02 - Health Services		-	-	-	-	-	-	-	-	-	-
Vote 03 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 04 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 05 - Sport Arts And Culture		8 994	12 193	25 390	10 431	10 431	10 431	3 283	-	-	10 431
Vote 06 - Council General		-	-	-	-	-	-	-	-	-	-
Vote 07 - Civil Engineering		18 494	49 600	50 195	57 182	61 004	61 004	15 766	124 937	109 596	61 004
Vote 08 - Water Section		40 876	18 037	22 577	28 715	32 680	32 680	4 094	48 630	50 000	32 680
Vote 09 - City Electrical Engineering		15 906	43 537	13 093	33 544	33 544	33 544	13 322	1 732	-	33 544
Vote 10 - Corporate Governane		-	-	-	-	-	-	-	-	-	-
Vote 11 - Budget And Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 12 - Cleansing		-	-	-	10 447	12 626	12 626	-	-	-	12 626
Vote 13 - Sewerage		5 563	35 389	10 500	21 535	11 569	11 569	406	16 170	25 000	11 569
Vote 14 - Market		2 888	6 126	13 678	8 064	8 064	8 064	1 546	-	-	8 064
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	92 721	164 882	135 433	169 918	169 918	169 918	38 417	191 469	184 596	169 918
Single-year expenditure to be appropriated	2										
Vote 01 - Public Safety		-	-	-	3 000	3 000	3 000	1 132	-	-	-
Vote 02 - Health Services		-	-	-	-	-	-	-	-	-	-
Vote 03 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 04 - Housing		-	-	-	6 000	6 000	6 000	-	-	-	-
Vote 05 - Sport Arts And Culture		-	-	-	-	-	-	-	-	-	-
Vote 06 - Council General		(0)	-	-	11 300	24 889	24 889	3 900	30 000	-	-
Vote 07 - Civil Engineering		-	-	-	-	-	-	-	-	-	-
Vote 08 - Water Section		-	8 672	1 750	-	-	-	-	-	-	-
Vote 09 - City Electrical Engineering		297	14 604	11 516	22 000	22 000	22 000	3 960	-	-	-
Vote 10 - Corporate Governane		-	-	-	520	520	520	-	-	-	-
Vote 11 - Budget And Treasury Office		4 863	-	-	3 000	3 025	3 025	2 876	-	-	-
Vote 12 - Cleansing		-	-	-	-	-	-	-	-	-	-
Vote 13 - Sewerage		-	3 314	3 841	-	-	-	-	-	-	-
Vote 14 - Market		-	-	-	1 300	1 300	1 300	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		5 160	26 590	17 107	47 120	60 734	60 734	11 868	30 000	-	-
Total Capital Expenditure - Vote		97 881	191 473	152 541	217 038	230 651	230 651	50 285	221 469	184 596	169 918
Capital Expenditure - Functional											
Governance and administration		4 863	-	-	14 820	28 434	28 434	6 776	30 000	-	-
Executive and council		(0)	-	-	11 820	25 409	25 409	3 900	30 000	-	-
Finance and administration		4 863	-	-	3 000	3 025	3 025	2 876	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		8 994	12 193	25 390	19 431	19 431	19 431	4 415	-	-	10 431
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		8 994	12 193	25 390	10 431	10 431	10 431	3 283	-	-	10 431
Public safety		-	-	-	3 000	3 000	3 000	1 132	-	-	-
Housing		-	-	-	6 000	6 000	6 000	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		18 494	49 600	50 195	57 182	61 004	61 004	15 766	124 937	109 596	61 004
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		18 494	49 600	50 195	57 182	61 004	61 004	15 766	124 937	109 596	61 004
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		62 641	123 554	63 277	116 241	112 419	112 419	28 430	66 532	75 000	90 419
Energy sources		16 202	58 141	24 609	55 544	55 544	55 544	17 283	1 732	-	33 544
Water management		40 876	26 709	24 327	28 715	32 680	32 680	4 094	48 630	50 000	32 680
Waste waler management		5 563	38 703	14 342	21 535	11 569	11 569	406	16 170	25 000	11 569
Waste management		-	-	-	10 447	12 626	12 626	6 648	-	-	12 626
Other		2 888	6 126	13 678	9 364	9 364	9 364	1 546	-	-	8 064
Total Capital Expenditure - Functional	3	97 881	191 473	152 541	217 038	230 651	230 651	56 932	221 469	184 596	169 918
Funded by:											
National Government		92 721	184 304	145 097	169 918	169 918	169 918	45 064	191 469	184 596	169 918
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	92 721	184 304	145 097	169 918	169 918	169 918	45 064	191 469	184 596	169 918
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		5 160	7 169	7 444	47 120	60 734	60 734	11 868	30 000	-	-
Total Capital Funding	7	97 881	191 473	152 541	217 038	230 651	230 651	56 932	221 469	184 596	169 918

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (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 departments.
2. Single-year capital expenditure has been appropriated at R 221 million for the 2023/24 financial year and remains relatively constant over the MTREF at levels of R 184 million and R 169 million respectively for the two outer years.

Table 18 MBRR Table A6 - Budgeted Financial Position

NW403 City Of Matlosana - Table A6 Budgeted Financial Position

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
ASSETS											
Current assets											
Cash and cash equivalents		(136 386)	732 562	224 921	398 392	398 392	398 392	598 768	179 999	658 288	344 972
Trade and other receivables from exchange transactions	1	371 371	670 755	(904 783)	501 854	516 654	516 654	(306 272)	16 727	290 004	449 737
Receivables from non-exchange transactions	1	21 348	(147 674)	1 520 913	142 057	189 809	189 809	1 442 626	23 632	147 635	139 047
Current portion of non-current receivables		62	35	7	29	29	29	(12)	29	29	30
Inventory	2	45 765	33 479	38 725	40 233	40 233	40 233	59 722	41 747	43 261	44 790
VAT		555 029	734 896	947 974	195 040	195 040	195 040	1 044 596	195 040	195 040	196 991
Other current assets		37 185	37 842	38 482	37 076	37 076	37 076	38 551	37 026	37 026	37 447
Total current assets		894 372	2 061 897	1 866 240	1 314 681	1 377 234	1 377 234	2 877 979	494 202	1 371 283	1 213 014
Non current assets											
Investments											
Investment property		257 100	256 971	#####	257 100	257 100	257 100	349 865	257 100	257 100	259 671
Property, plant and equipment	3	4 800 897	5 699 245	5 832 224	4 798 047	4 811 660	4 811 660	5 616 607	3 841 286	3 529 379	3 548 149
Biological assets											
Living and non-living resources											
Heritage assets		(100 389)	(567 444)	(618 226)	9 941	9 941	9 941	(618 226)	9 941	9 941	10 041
Intangible assets		1 297	1 297	1 297	1 817	1 817	1 817	1 297	1 297	1 297	1 310
Trade and other receivables from exchange transactions		-	-	-	33	33	33	-	33	33	33
Non-current receivables from non-exchange transactions											
Other non-current assets											
Total non current assets		4 958 906	5 390 070	5 565 160	5 066 938	5 080 552	5 080 552	5 349 543	4 109 658	3 797 751	3 819 204
TOTAL ASSETS		5 853 278	7 451 967	7 431 400	6 381 620	6 457 786	6 457 786	8 227 522	4 603 860	5 169 034	5 032 218
LIABILITIES											
Current liabilities											
Bank overdraft											
Finance leases		1 614	(1 539)	(5 042)	2 000	2 000	2 000	(5 042)	2 000	2 000	2 020
Consumer deposits		59 930	61 754	64 143	94 930	94 930	94 930	65 589	97 430	99 930	100 929
Trade and other payables from exchange transactions	4	1 298 095	3 490 001	2 646 802	1 135 478	1 662 380	1 662 380	2 812 581	(308 101)	110 140	(192 290)
Trade and other payables from non-exchange transactions	5	43 668	42 709	23 273	41 953	41 953	41 953	97 660	26 306	45 563	44 069
Provision		236 605	243 710	260 321	261 605	261 605	261 605	260 321	265 605	269 605	272 301
VAT		360 368	552 242	741 130	-	-	-	940 573	-	-	-
Other current liabilities		258 766	289 311	303 160	295 766	295 766	295 766	303 304	306 766	317 766	320 943
Total current liabilities		2 259 045	4 678 189	4 033 788	1 831 731	2 358 633	2 358 633	4 474 986	390 006	845 003	547 973
Non current liabilities											
Financial liabilities	6	83 274	48 848	42 018	81 274	81 274	81 274	35 040	81 274	81 274	82 087
Provision	7	-	-	-	-	-	-	-	-	-	-
Long term portion of trade payables											
Other non-current liabilities											
Total non current liabilities		83 274	48 848	42 018	81 274	81 274	81 274	35 040	81 274	81 274	82 087
TOTAL LIABILITIES		2 259 045	4 678 189	4 033 788	1 831 731	2 358 633	2 358 633	4 474 986	390 006	845 003	547 973
NET ASSETS		3 594 233	2 773 778	3 397 612	4 549 889	4 099 153	4 099 153	3 752 536	4 213 854	4 324 031	4 484 245
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	4 091 272	4 103 042	3 686 458	4 167 993	4 062 399	4 062 399	4 011 542	4 251 778	4 393 823	4 578 899
Reserves and funds	9	-	-	-	-	-	-	-	-	-	-
Other											
TOTAL COMMUNITY WEALTH/EQUITY	10	4 091 272	4 103 042	3 686 458	4 167 993	4 062 399	4 062 399	4 011 542	4 251 778	4 393 823	4 578 899

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. 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.
3. Table 53 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. 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.

Narration A6

NW403 City Of Matlosana - Table A6 Budgeted Financial Position

Description	2023/24 Medium Term Revenue & Expenditure Framework	Narration
R thousand	Budget Year 2023/24	
ASSETS		
Current assets		
Cash and cash equivalents	179 999	Inline with the 2021/22 audited outcome and the current year forecast
Trade and other receivables from exchange transactions	16 727	Inline with the 2021/22 audited outcome and the current year forecast
Receivables from non-exchange transactions	23 632	Increase in debtors based on 72% collection rate and old debt that needed to be written off.
Current portion of non-current receivables	29	Inline with the 2021/22 audited outcome and the current year forecast
Inventory	41 747	Inline with the 2021/22 audited outcome and the current year forecast
VAT	195 040	Inline with the 2021/22 audited outcome and the current year forecast
Other current assets	37 026	inline with the 2021/22 audited outcome and the current year forecast
Total current assets	494 202	
Non current assets		
Investments		N/A
Investment property	257 100	Inline with the 2021/22 audited outcome and the current year forecast
Property, plant and equipment	3 841 286	Reduce as it depreciated and inline with
Biological assets		
Living and non-living resources		
Heritage assets	9 941	
Intangible assets	1 297	
Trade and other receivables from exchange transactions	33	Inline with the 2021/22 audited outcome and the current year forecast
Non-current receivables from non-exchange transactions		Inline with the 2021/22 audited outcome and the current year forecast
Other non-current assets		
Total non current assets	4 109 658	
TOTAL ASSETS	4 603 860	
LIABILITIES		
Current liabilities		
Bank overdraft	N/A	
Financial liabilities	2 000	Inline with the 2021/22 audited outcome and the current year forecast
Consumer deposits	97 430	Inline with the 2021/22 audited outcome and the current year forecast
Trade and other payables from exchange transactions	(308 101)	Inline with the 2021/22 audited outcome and the current year forecast
Trade and other payables from non-exchange transactions	26 306	Inline with the 2021/22 audited outcome and the current year forecast
Provision	265 605	
VAT	-	N/A
Other current liabilities	306 766	Inline with the 2021/22 audited outcome and the current year forecast
Total current liabilities	390 006	
Non current liabilities		
Financial liabilities	81 274	Inline with the 2021/22 audited outcome and the current year forecast
Provision	-	N/A
Long term portion of trade payables		N/A
Other non-current liabilities		N/A
Total non current liabilities	-	
TOTAL LIABILITIES	390 006	
NET ASSETS	4 213 854	Inline with the 2021/22 audited outcome and the current year forecast
COMMUNITY WEALTH/EQUITY		
Accumulated surplus/(deficit)	4 251 778	
Reserves and funds	-	N/A
Other		N/A
TOTAL COMMUNITY WEALTH/EQUITY	4 251 777 678	

Table 19 MBRR Table A7 - Budgeted Cash Flow Statement

SYSTEM GENERATED CASH FLOW (Data strings not aligned)

NW403 City Of Matlosana - Table A7 Budgeted Cash Flows

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		4 158 960	-	419 718	365 289	365 289	365 289	515 434	392 753	420 430	3 030 000
Service charges		-	908 957	1 351 237	1 685 932	1 685 932	1 685 932	669 661	1 764 862	1 937 326	-
Other revenue		-	1 475 216	3 785 551	237 037	237 037	237 037	2 350 305	(20 698)	211 583	-
Transfers and Subsidies - Operational	1	-	-	479 886	561 824	561 824	561 824	394 520	611 134	662 076	-
Transfers and Subsidies - Capital	1	-	-	170 551	169 918	169 918	169 918	115 133	173 965	194 582	-
Interest		-	4 448	21	108 337	108 337	108 337	17	97 947	102 256	-
Dividends											
Payments											
Suppliers and employees		(2 452 041)	(1 294 088)	(4 054 823)	(3 068 583)	(3 068 583)	(3 068 583)	(2 585 964)	(2 931 689)	(2 989 520)	(1 078 822)
Finance charges											
Transfers and Subsidies	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		1 706 919	1 094 533	2 152 140	59 754	59 754	59 754	1 459 107	88 274	538 732	1 951 178
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE											
Decrease (increase) in non-current receivables		-	-	-	33	-	-	-	-	-	(0)
Decrease (increase) in non-current investments											
Payments											
Capital assets		-	(140 342)	(152 541)	(217 038)	(217 038)	(217 038)	(49 739)	(221 469)	(184 596)	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(140 342)	(152 541)	(217 005)	(217 038)	(217 038)	(49 739)	(221 469)	(184 596)	(0)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits		-	-	-	1 500	-	-	-	-	-	(15)
Payments											
Repayment of borrowing		(2 839)	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(2 839)	-	-	1 500	-	-	-	-	-	(15)
NET INCREASE/ (DECREASE) IN CASH HELD		1 704 080	954 191	1 999 599	(155 751)	(157 284)	(157 284)	1 409 368	(133 195)	354 136	1 951 163
Cash/cash equivalents at the year begin:	2	(52 420)	(136 386)	(195 402)	310 855	310 855	310 855	-	24 238	(108 957)	245 180
Cash/cash equivalents at the year end:	2	1 651 660	817 804	1 804 197	155 104	153 572	153 572	1 409 368	(108 957)	245 180	2 196 342

MANUAL CASH FLOW TO WHICH SHEDULES AND DATA STRINGS SHOULD BE ALIGNED

NW403 City Of Matlosana - Table A7 Budgeted Cash Flows

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		4 158 960	-	4 19 718	365 289	365 289	365 289	352 734	392 753	429 655	462 174
Service charges		-	908 957	1 351 237	1 685 932	1 685 932	1 685 932	669 661	1 663 740	1 830 838	1 984 866
Other revenue		-	1 475 216	3 785 551	237 037	237 037	237 037	2 350 305	108 245	111 765	105 039
Transfers and Subsidies - Operational	1	-	-	479 886	561 824	561 824	561 824	394 520	816 921	668 887	721 546
Transfers and Subsidies - Capital	1	-	-	170 551	169 918	169 918	169 918	115 133	191 469	189 116	190 216
Interest		-	4 448	21	108 337	108 337	108 337	17	132 523	133 537	134 559
Dividends									-	-	-
Payments											
Suppliers and employees		(2 452 041)	(1 294 088)	(4 054 823)	(3 068 583)	(3 068 583)	(3 068 583)	(2 497 513)	(3 399 987)	(3 479 910)	(3 133 158)
Finance charges								(10 711)	(11 235)	(11 764)	
Transfers and Subsidies									-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		1 706 919	1 094 533	2 152 140	59 754	59 754	59 754	1 384 858	(305 047)	(127 347)	453 477
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									-	-	-
Decrease (increase) in non-current receivables		-	-	-	33	-	-	-	33	33	33
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		-	(140 342)	(152 541)	(217 038)	(217 038)	(217 038)	(49 739)	(221 469)	(189 116)	(190 216)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(140 342)	(152 541)	(217 005)	(217 038)	(217 038)	(49 739)	(221 436)	(189 083)	(190 183)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits		-	-	-	1 500	-	-	-	1 500	1 500	1 500
Payments											
Repayment of borrowing		(2 839)	-	-	-	-	-	-	(4 697)	(4 697)	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(2 839)	-	-	1 500	-	-	-	(3 197)	(3 197)	1 500
NET INCREASE/ (DECREASE) IN CASH HELD		1 704 080	954 191	1 999 599	(155 751)	(157 284)	(157 284)	1 335 119	(529 680)	(319 627)	264 794
Cash/cash equivalents at the year begin:	2	(52 420)	(136 386)	(195 402)	310 855	310 855	310 855	-	200 000	(329 680)	(649 307)
Cash/cash equivalents at the year end:	2	1 651 660	817 804	1 804 197	155 104	153 572	153 572	1 335 119	(329 680)	(649 307)	(384 513)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. ***The municipality still provided for the Eskom payment arrangement under trade creditors, as there is not yet clarity on the writing off Eskom debt as per MFMA circular 123, section 5.6. This will have a big impact to determine if the budget is cash funded or not.***

Narrations A7

Description	2023/24 Medium Term Revenue & Expenditure Framework	Narration
R thousand	Budget Year 2023/24	
CASH FLOW FROM OPERATING ACTIVITIES		
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts		
Property rates	392 753	Increase with inflation and based on adjustment budget increase of new residential developments
Service charges	1 663 740	Increase based on bulk increases and inflation
Other revenue	108 245	Increase based on 2021/22 audit outcome, the 2022/23 adjustment budget and inflation
Transfers and Subsidies - Operational	616 921	As per 2023/24 DORA
Transfers and Subsidies - Capital	191 469	Based on the outcome of the 2021/22 AFS
Interest	132 523	Based on the outcome of the 2021/22 AFS
Dividends	-	N/A
Payments		N/A
Suppliers and employees	(3 399 987)	Increased in outstanding creditors, taken into account the payment agreements with bulk service providers of expenditure
Finance charges	(10 711)	
Transfers and Subsidies	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	(305 047)	
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts		
Proceeds on disposal of PPE	-	N/A
Decrease (increase) in non-current receivables	33	Based on the outcome of the 2021/22 AFS
Decrease (increase) in non-current investments	-	
Payments		
Capital assets	(221 469)	Based on the outcome of the 2021/22 AFS
NET CASH FROM/(USED) INVESTING ACTIVITIES	(221 436)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts		
Short term loans	-	N/A
Borrowing long term/refinancing	-	N/A
Increase (decrease) in consumer deposits	1 500	Based on the outcome of the 2021/22 AFS
Payments		
Repayment of borrowing	(4 697)	Based on the outcome of the 2021/22 AFS
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 197)	
NET INCREASE/ (DECREASE) IN CASH HELD	(529 680)	
Cash/cash equivalents at the year begin:	200 000	Based on the outcome of the 2021/22 AFS
Cash/cash equivalents at the year end:	(329 680)	

Table 20 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NW403 City Of Matlosana - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Cash and investments available											
Cash/cash equivalents at the year end	1	1 651 660	817 804	1 804 197	155 104	153 572	153 572	1 409 368	(108 957)	245 180	2 196 342
Other current investments > 90 days		(1 416 676)	585 513	(2 484 059)	745 141	761 474	761 474	(1 116 873)	305 683	703 112	(1 401 633)
Investments - Property, plant and equipment	1	4 800 897	5 699 245	5 832 224	4 798 047	4 811 660	4 811 660	5 616 607	3 841 286	3 529 379	3 548 149
Cash and investments available:		5 035 881	7 102 563	5 152 362	5 698 293	5 726 706	5 726 706	5 909 102	4 038 013	4 477 671	4 342 858
Application of cash and investments											
Trade payables from Non-exchange transactions: Of		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	957 813	3 440 786	997 238	959 592	1 470 396	1 470 396	897 673	(420 025)	(67 667)	(389 982)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		957 813	3 440 786	997 238	959 592	1 470 396	1 470 396	897 673	(420 025)	(67 667)	(389 982)
Surplus(shortfall)		4 078 068	3 661 777	4 155 124	4 738 700	4 256 310	4 256 310	5 011 429	4 458 037	4 545 338	4 732 839

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 2021/22
6. MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 21 MBRR Table A9 - Asset Management

NW403 City Of Matlosana - Table A9 Asset Management

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	91 628	169 105	133 379	200 908	214 987	214 987	221 469	184 596	160 254
<i>Roads Infrastructure</i>		18 494	49 600	50 195	57 182	61 004	61 004	124 937	109 596	61 004
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		12 541	50 705	20 538	53 944	53 944	53 944	1 732	-	31 944
<i>Water Supply Infrastructure</i>		40 876	34 145	28 398	28 715	32 680	32 680	48 630	50 000	32 680
<i>Sanitation Infrastructure</i>		5 563	22 462	8 858	21 069	11 569	11 569	16 170	25 000	11 569
<i>Solid Waste Infrastructure</i>		-	-	-	10 447	12 626	12 626	-	-	12 626
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		77 474	156 912	107 989	171 357	171 823	171 823	191 469	184 596	149 823
<i>Community Facilities</i>		-	-	-	5 000	5 000	5 000	-	-	-
<i>Sport and Recreation Facilities</i>		8 994	12 193	25 390	10 431	10 431	10 431	-	-	10 431
Community Assets		8 994	12 193	25 390	15 431	15 431	15 431	-	-	10 431
Heritage Assets		-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>		-	-	-	-	-	-	-	-	-
<i>Housing</i>		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
<i>Servitudes</i>		-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>		-	-	-	520	520	520	-	-	-
Intangible Assets		-	-	-	520	520	520	-	-	-
<i>Computer Equipment</i>		4 863	-	-	-	25	25	-	-	-
<i>Furniture and Office Equipment</i>		-	-	-	2 000	2 000	2 000	-	-	-
<i>Machinery and Equipment</i>		297	-	-	4 600	4 600	4 600	30 000	-	-
Transport Assets		-	-	-	7 000	20 589	20 589	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<i>Mature</i>		-	-	-	-	-	-	-	-	-
<i>Immature</i>		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	3 365	16 242	5 483	2 066	1 600	1 600	-	-	1 600
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		3 365	-	-	1 600	1 600	1 600	-	-	1 600
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	16 242	5 483	466	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		3 365	16 242	5 483	2 066	1 600	1 600	-	-	1 600
<i>Community Facilities</i>		-	-	-	-	-	-	-	-	-
<i>Sport and Recreation Facilities</i>		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	2 888	6 126	13 678	14 064	14 064	14 064	-	-	8 064
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	(0)	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-

Infrastructure	-	(0)	-	-	-	-	-	-	-
Community Facilities	2 888	6 126	13 678	11 064	11 064	11 064	-	-	8 064
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	2 888	6 126	13 678	11 064	11 064	11 064	-	-	8 064
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	3 000	3 000	3 000	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	3 000	3 000	3 000	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Maure	-	-	-	-	-	-	-	-	-
Immature	-	-	-	-	-	-	-	-	-
Living Resources	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4 97 881	191 473	152 541	217 038	230 651	230 651	221 469	184 596	169 918
Roads Infrastructure	18 494	49 600	50 195	57 182	61 004	61 004	124 937	109 596	61 004
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	15 906	50 705	20 538	55 544	55 544	55 544	1 732	-	33 544
Water Supply Infrastructure	40 876	34 145	28 398	28 715	32 680	32 680	48 630	50 000	32 680
Sanitation Infrastructure	5 563	38 703	14 342	21 535	11 569	11 569	16 170	25 000	11 569
Solid Waste Infrastructure	-	-	-	10 447	12 626	12 626	-	-	12 626
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	80 839	173 153	113 472	173 423	173 423	173 423	191 469	184 596	151 423
Community Facilities	2 888	6 126	13 678	16 064	16 064	16 064	-	-	8 064
Sport and Recreation Facilities	8 994	12 193	25 390	10 431	10 431	10 431	-	-	10 431
Community Assets	11 882	18 319	39 068	26 495	26 495	26 495	-	-	18 495
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	3 000	3 000	3 000	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	3 000	3 000	3 000	-	-	-

Biological or Cultivated Assets										
Servitudes										
Licences and Rights				520	520	520				
Intangible Assets				520	520	520				
Computer Equipment	4 863				25	25				
Furniture and Office Equipment				2 000	2 000	2 000				
Machinery and Equipment	297				4 600	4 600	30 000			
Transport Assets				7 000	20 589	20 589				
Land										
Zoo's, Marine and Non-biological Animals										
Mature										
Immature										
Living Resources										
TOTAL CAPITAL EXPENDITURE - Asset class	97 881	191 473	152 541	217 038	230 651	230 651	221 469	184 596	169 918	
ASSET REGISTER SUMMARY - PPE (WDV)	5	4 958 906	5 390 070	5 565 160	5 066 906	5 080 519	5 080 519	4 109 625	3 797 718	3 819 171
Roads Infrastructure		4 099 878	4 058 715	4 018 137	1 366 816	1 370 638	1 370 638	1 491 547	1 513 598	1 479 046
Storm water Infrastructure					82 376	82 376	82 376	55 937	29 499	29 794
Electrical Infrastructure		(56 499)	(49 387)	(81 494)	803 950	803 950	803 950	676 322	608 575	648 204
Water Supply Infrastructure		(156 753)	350 776	482 958	559 260	563 225	563 225	510 792	423 226	409 638
Sanitation Infrastructure		(32 738)	6 024	21 446	547 763	537 797	537 797	465 778	397 895	388 193
Solid Waste Infrastructure					28 943	31 121	31 121	14 289	32 083	45 030
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure				3 989	3 989	3 989	3 268	2 547	2 572	
Infrastructure	3 853 887	4 366 128	4 421 045	3 393 096	3 393 096	3 393 096	3 217 934	3 007 422	3 002 477	
Community Assets		872 892	1 259 727	1 321 982	1 355 936	1 355 936	1 355 936	567 908	503 483	527 013
Heritage Assets		(100 389)	(567 444)	(618 226)	9 941	9 941	9 941	9 941	9 941	10 041
Investment properties		257 100	256 971	349 865	257 100	257 100	257 100	257 100	257 100	259 671
Other Assets		1 803	7 129	5 501	31 684	31 684	31 684	24 838	20 992	21 202
Biological or Cultivated Assets										
Intangible Assets		1 297	1 297	1 297	1 817	1 817	1 817	1 297	1 297	1 310
Computer Equipment		13 224	12 899	14 336		25	25			
Furniture and Office Equipment		4 629	3 491	2 377	2 949	2 949	2 949	(1 455)	(3 858)	(3 897)
Machinery and Equipment		4 367	3 267	2 706	5 387	5 387	5 387	30 066	(655)	(662)
Transport Assets		48 100	44 872	62 247	7 000	20 589	20 589			
Land										
Zoo's, Marine and Non-biological Animals		1 995	1 731	2 032	1 995	1 995	1 995	1 995	1 995	2 015
Living Resources										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	4 958 906	5 390 070	5 565 160	5 066 906	5 080 519	5 080 519	4 109 625	3 797 718	3 819 171
EXPENDITURE OTHER ITEMS		553 169	543 122	499 100	663 989	698 213	698 213	716 268	731 378	744 765
Depreciation	7	411 946	417 553	383 480	440 000	440 000	440 000	440 000	440 000	440 000
Repairs and Maintenance by Asset Class	3	141 223	125 569	115 619	223 989	258 213	258 213	276 266	291 378	304 765
Roads Infrastructure		24 973	6 017	14 286	48 376	63 326	63 326	66 998	70 638	73 986
Storm water Infrastructure										
Electrical Infrastructure		29 346	35 985	45 970	69 691	86 691	86 691	91 719	96 213	100 736
Water Supply Infrastructure		9 985	2 292	25 146	17 565	15 765	15 765	16 679	17 496	18 319
Sanitation Infrastructure		2 110	1 496	7 415	20 553	20 312	20 312	21 490	22 543	23 603
Solid Waste Infrastructure										
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		66 413	45 791	92 816	156 185	186 094	186 094	196 887	208 891	216 643
Community Facilities		5 602	649	415	6 181	6 901	6 901	9 056	9 465	9 914
Sport and Recreation Facilities		3 522	1 120	2 085	7 026	7 026	7 026	8 119	8 517	8 917
Community Assets		9 124	1 768	2 500	13 208	13 928	13 928	17 175	17 981	18 831
Heritage Assets		173	163	79	168	188	188	199	208	218
Revenue Generating										
Non-revenue Generating										
Investment properties										
Operational Buildings		1 635	1 075	1 131	5 127	7 505	7 505	9 930	11 667	12 313
Housing										
Other Assets		1 635	1 075	1 131	5 127	7 505	7 505	9 930	11 667	12 313
Biological or Cultivated Assets										
Servitudes										
Licences and Rights		13 937	17 063	1 337	3 931	4 171	4 171	4 413	4 629	4 846
Intangible Assets		13 937	17 063	1 337	3 931	4 171	4 171	4 413	4 629	4 846
Computer Equipment		(2 589)	1 835	3 389	4 065	4 065	4 065	4 300	4 511	4 723
Furniture and Office Equipment		413	243	427	1 199	2 216	2 216	2 702	2 834	2 963
Machinery and Equipment		16 942	7 212	11 385	24 213	24 233	24 233	25 639	26 942	28 212
Transport Assets		35 174	50 418	2 557	15 894	15 814	15 814	15 022	15 713	16 017
Land										
Zoo's, Marine and Non-biological Animals										
Mature										
Immature										
Living Resources										
TOTAL EXPENDITURE OTHER ITEMS		553 169	543 122	499 100	663 989	698 213	698 213	716 266	731 378	744 765
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		6.4%	11.7%	12.6%	7.4%	6.8%	6.8%	0.0%	0.0%	5.7%
<i>Renewal and upgrading of Existing Assets as % of deprec R&M as a % of PPE</i>		1.5%	5.4%	5.0%	3.7%	3.6%	3.6%	0.0%	0.0%	2.2%
<i>Renewal and upgrading and R&M as a % of PPE</i>		2.9%	2.2%	2.0%	4.7%	5.4%	5.4%	4.9%	7.6%	8.6%
<i>Renewal and upgrading and R&M as a % of PPE</i>		3.0%	3.0%	2.0%	5.0%	5.0%	5.0%	7.0%	8.0%	8.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. **National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.**

Table 2 MBRR Table A10 - Basic Service Delivery Measurement

NW403 City Of Matlosana - Table A10 Basic service delivery measurement

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Household service targets	1									
Water:										
Piped water inside dwelling		146 398	156 939	—	158 587	158 587	158 587	172 670	174 518	176 385
Piped water inside yard (but not in dwelling)		30 897	33 122	—	33 470	33 470	33 470	—	—	—
Using public tap (at least min service level)	2	2 111	2 263	—	2 287	2 287	2 287	13 495	13 639	13 785
Other water supply (at least min service level)	4	2 111	2 263	—	2 263	2 263	2 263	1 031	1 042	1 053
Minimum Service Level and Above sub-total		181 517	194 567	—	196 607	196 607	196 607	187 196	189 199	191 223
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	181 517	194 567	—	196 607	196 607	196 607	187 196	189 199	191 223
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		127 253	136 416	—	165 936	165 936	165 936	171 322	171 322	171 322
Flush toilet (with septic tank)		218	234	—	251	251	251	288	288	288
Chemical toilet		622	667	—	715	715	715	745	745	745
Pit toilet (ventilated)		2 807	3 009	—	4 002	4 002	4 002	4 066	4 066	4 066
Other toilet provisions (> min service level)		1 161	1 244	—	23 631	23 631	23 631	23 660	23 660	23 660
Minimum Service Level and Above sub-total		132 051	141 570	—	194 535	194 535	194 535	200 081	200 081	200 081
Bucket toilet		1 010	1 083	—	1 033	1 033	1 033	1 070	1 070	1 070
Other toilet provisions (< min service level)		—	—	—	—	—	—	—	—	—
No toilet provisions		3 617	3 877	—	3 877	3 877	3 877	3 900	3 900	3 900
<i>Below Minimum Service Level sub-total</i>		4 627	4 960	—	4 910	4 910	4 910	4 970	4 970	4 970
Total number of households	5	136 688	146 530	—	199 445	199 445	199 445	205 051	205 051	205 051
Energy:										
Electricity (at least min service level)		144 247	154 633	—	121 795	121 795	121 795	123 207	123 707	126 407
Electricity - prepaid (min service level)		23 654	25 357	—	51 655	51 655	51 655	53 067	55 767	56 267
Minimum Service Level and Above sub-total		167 901	179 990	—	173 450	173 450	173 450	176 274	179 474	182 674
Electricity (< min service level)		144 247	154 633	—	4 389	4 389	4 389	4 491	4 601	4 715
Electricity - prepaid (< min service level)		23 654	25 357	—	15 595	15 595	15 595	15 703	15 850	15 955
Other energy sources		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		167 901	179 990	—	19 984	19 984	19 984	20 194	20 451	20 670
Total number of households	5	335 802	359 980	—	193 434	193 434	193 434	196 468	199 925	203 344
Refuse:										
Removed at least once a week		—	—	—	164 644	164 644	164 644	170 047	170 181	170 798
Minimum Service Level and Above sub-total		—	—	—	164 644	164 644	164 644	170 047	170 181	170 798
Removed less frequently than once a week		—	—	—	—	—	—	—	—	—
Using communal refuse dump		—	5 716	—	6 378	6 378	6 378	8 518	8 518	8 518
Using own refuse dump		—	2 430	—	2 430	2 430	2 430	3 564	6 985	5 538
Other rubbish disposal		—	—	—	—	—	—	—	—	—
No rubbish disposal		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	8 146	—	8 808	8 808	8 808	12 082	15 503	14 056
Total number of households	5	—	8 146	—	173 452	173 452	173 452	182 129	185 684	184 654
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		50 135 245	54 223 019	74 795 138	—	—	—	101 826 153	107 935 722	112 900 765
Sanitation (free minimum level service)		18 987 071	20 907 551	23 605 098	—	—	—	25 632 960	26 786 444	28 018 620
Electricity/other energy (50kwh per household per month)		25 753 674	10 975 506	28 789 472	—	—	—	48 767 333	57 881 947	60 544 517
Refuse (removed at least once a week in formal Settlements)		34 401 910	37 569 968	47 511 112	—	—	—	49 179 946	51 393 044	53 757 124
Cost of Free Basic Services provided - Formal Settlements (R'000)										
Water (6 kilolitres per indigent household per month)		50 135	54 223	74 795	96 062	96 062	96 062	101 730	107 732	114 088
Sanitation (free sanitation service to indigent households)		18 987	20 908	23 605	24 553	24 553	24 553	26 001	27 535	29 160
Electricity/other energy (50kwh per indigent household per month)		25 754	10 976	28 789	36 515	36 515	36 515	38 450	40 488	42 634
Refuse (removed once a week for indigent households)		34 402	37 570	47 511	47 107	47 107	47 107	—	—	—
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
		129	212	—	—	—	—	—	—	—
Total cost of FBS provided	8	129 407	123 888	174 701	204 237	204 237	204 237	166 182	175 756	185 882
Highest level of free service provided per household										
Property rates (R value threshold)		4 020	4 020	4 020	—	—	—	4 020	4 020	4 020
Water (kilolitres per household per month)		6	6	6	—	—	—	6	6	6
Sanitation (kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (Rand per household per month)		—	—	—	—	—	—	—	—	—
Electricity (kwh per household per month)		50	50	50	—	—	—	50	50	50
Refuse (average litres per week)		240	240	240	—	—	—	240	240	240
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		93	78	—	—	—	—	—	—	—
Property rates - exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		93 220	131 313	142 242	93 004	93 004	93 004	97 933	102 732	107 560
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	15	93 314	131 391	142 242	93 004	93 004	93 004	97 933	102 732	107 560

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

Section 53 of the MFMA requires the Executive Mayor to provide general political guidance in the budget process and 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 must establish a Budget Steering Committee to provide technical assistance to the Mayor, in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee of the City of Matlosana consists of the Executive Mayor, MMC's, Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Executive Mayor.

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

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

2.1.1 Budget Process Review

In terms of section, 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year, August 2022, a time schedule that sets out the process to revise the IDP and prepare the budget.

The required IDP and budget time schedule was tabled on 31 August 2022.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework rolled out into objectives, key performance indicators and targets for implementation, which directly inform the Service Delivery and Budget Implementation Plan.

The process plan included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the draft SDBIP; and
- The review of the performance management and monitoring processes.

2.1.3 Financial Modelling and Key Planning Drivers

The following key factors and planning strategies have informed the compilation of the 2022/23 MTREF:

- Growth of the City.
- National and Provincial priorities;
- Policy priorities and strategic objectives.
- Asset maintenance.
- Economic climate and trends.
- Performance trends.
- Cash Flow Management Strategy.
- Debtor Payment Levels and collection.
- Loan and Investment possibilities.
- The need for tariff increases versus the ability of the community to pay for services.
- Improved and sustainable service delivery.

2.1.4 Community Consultation.

After the tabling of the 2023/24 to 2025/26 MTREF the Executive Mayor of the city will undertake various public consultation meetings with the community of Matlosana.

All documents in the appropriate format (electronic and printed) will be made available to National and Provincial Treasury, and other national and provincial departments in accordance with section 23 of the MFMA. The 2022/23 MTREF budget will also be placed on the municipal website www.matlosana.gov.za

2.1.5 Engagements with NT, PT & other stakeholders

The engagements and the assessments of the tabled 2023/24 MTREF will be done during the first week of May 2023. National and Provincial Treasuries will evaluate the municipalities budgets for completeness and for being funded.

2.2 Overview of Alignment of Annual Budget with IDP

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

The IDP provides a five-year strategic programme of action aimed at setting short; medium- and long-term strategic 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 Council 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 the municipality to make the best use of scarce resources and speed up service delivery.

IDP is an approach to planning aimed at involving the municipality and the community to find the best solutions towards sustainable development.

The IDP developed by Council must correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in the area. Applied to the City, 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 national and provincial priorities; policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009.
- Government Programme of Action.
- Development Facilitation Act of 1995.
- Provincial Growth and Development Strategy (GGDS).
- National and Provincial spatial development perspectives.
- Relevant sector plans such as transportation; legislation and policy.
- National Key Performance Indicators (NKPIs)
- The National and Provincial Priority Outcome.

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. 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.

2.3 Measurable Performance Objectives and Indicators

Performance Management is a system intended to manage and monitor service delivery progress against identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by National Framework for Managing Programme Performance Information, the City has developed and implemented a performance management system, which is constantly refined as the integrated planning process unfolds. The municipality targets, monitors, assesses, and reviews organisational performance, which is currently not directly linked to individual employees' performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation, and reporting stages. The planning, budgeting, and reporting cycle can be graphically illustrated as follows:

The 2022/23 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure, and capital expenditure.

Table 23 MBRR Table SA4 – Reconciliation between the IDP strategic objectives and budgeted revenue

NW403 City Of Matlosana - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	
				R thousand									
GOOD GOVERNANCE AND PUBLIC PARTICIPATION				251 024	681 768	564 465	367 308	380 890	380 890	448 196	471 253	494 947	
MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT				888 179	1 029 385	1 102 102	1 218 202	1 266 666	1 266 666	1 358 545	1 447 880	1 537 441	
LOCAL ECONOMIC DEVELOPMENT				21 149	22 465	21 134	21 065	21 793	21 793	22 948	24 073	25 202	
MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION				2 040	5 120	3 875	5 914	5 814	5 814	5 908	6 099	6 127	
SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT				1 687 014	1 861 527	2 004 239	2 407 366	2 319 230	2 319 230	2 450 985	2 582 024	2 720 171	
Allocations to other priorities			2										
Total Revenue (excluding capital transfers and contributions)				1	2 849 406	3 600 265	3 695 815	4 019 854	3 994 393	3 994 393	4 286 582	4 531 329	4 783 889

Table 24 MBRR Table SA5 – Reconciliation between the IDP strategic objectives and budgeted operating expenditure

NW403 City Of Matlosana - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	
				R thousand									
GOOD GOVERNANCE AND PUBLIC PARTICIPATION				493 165	549 234	562 785	639 266	647 800	647 800	644 615	672 824	699 988	
MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT				699 518	625 181	1 063 011	566 826	534 688	534 688	556 204	574 673	594 582	
LOCAL ECONOMIC DEVELOPMENT				51 116	42 662	29 423	35 582	35 625	35 625	37 296	39 056	40 888	
MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION				117 427	174 201	129 531	128 685	140 622	140 622	149 874	157 612	165 756	
SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT				2 153 066	2 658 770	2 689 140	2 571 168	3 008 067	3 008 067	3 106 968	3 182 809	3 261 518	
Allocations to other priorities													
Total Expenditure				1	3 514 282	4 050 048	4 473 890	3 941 528	4 366 801	4 366 801	4 494 958	4 627 174	4 762 733

Table 25 MBRR Table SA6 – Reconciliation between the IDP strategic objectives and budgeted operating expenditure

NW403 City Of Matlosana - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
GOOD GOVERNANCE AND PUBLIC PARTICIPATION				8 994	12 193	25 390	23 878	26 057	26 057	-	-	23 057
MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT				4 863	-	-	14 300	27 914	27 914	30 000	-	-
LOCAL ECONOMIC DEVELOPMENT				2 888	6 126	13 678	9 364	9 364	9 364	-	-	8 064
MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION				-	-	-	520	520	520	-	-	-
SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT				81 135	173 153	113 472	168 975	166 797	166 797	191 469	184 596	138 797
Allocations to other priorities			3									
Total Capital Expenditure			1	97 881	191 473	152 541	217 038	230 651	230 651	221 469	184 596	169 918

2.3 Measurable performance objective and indicators

Performance Management is an intended to manage and monitor service delivery against the identified strategic objective and priorities. In accordance, the legislative requirements and good business practices as informed by the National Framework for managing programme performance information.

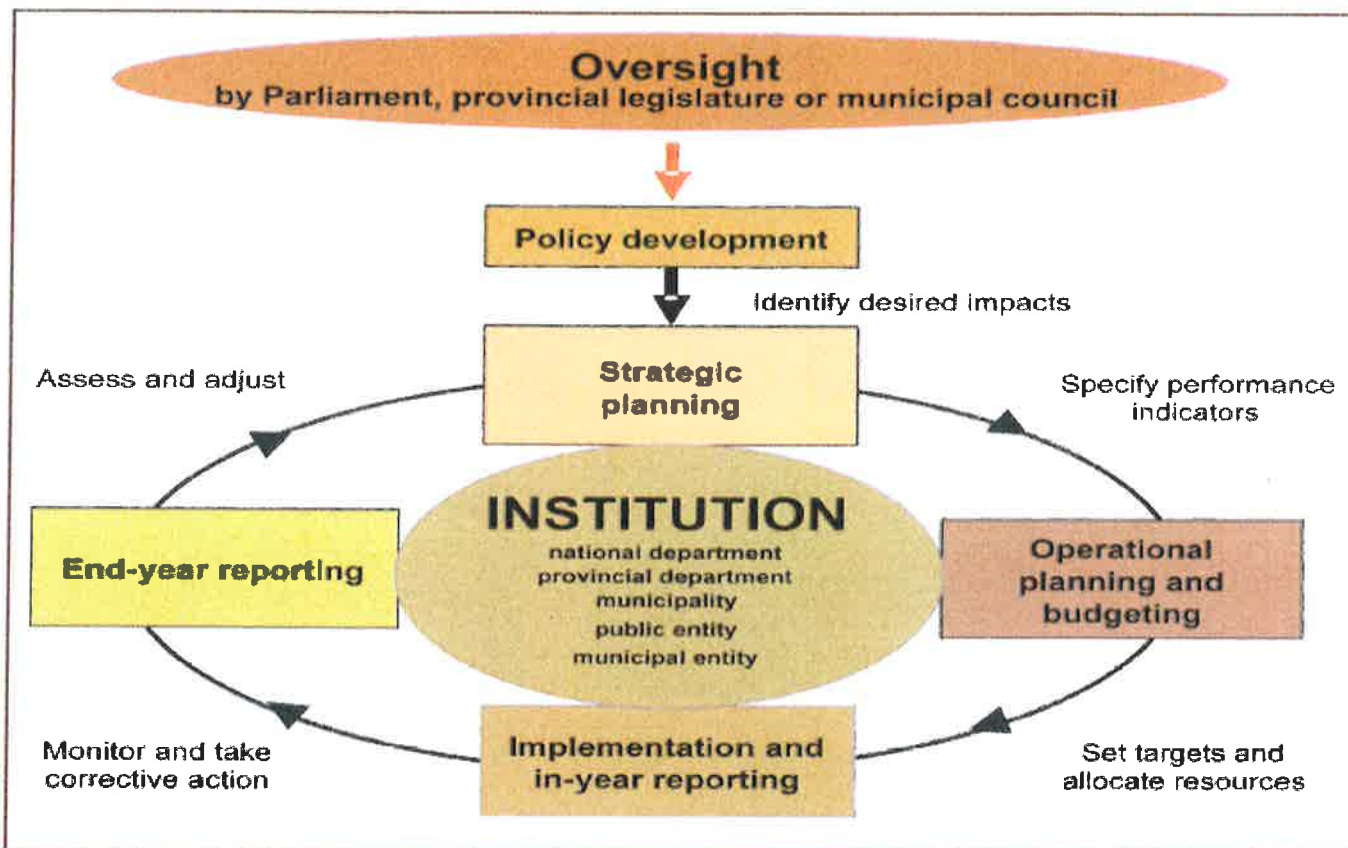


Figure 1 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 26 MBRR Table SA7 - Measurable performance objectives

NW403 City Of Matlosana - Supporting Table SA7 Measurable performance objectives

Description	Unit of measurement	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
		01 - Public Safety								
Public Safety										
Licensing And Control Of Animals										
Electricity (Kwh Per Household Per Month)	Kwh Per Household Per	50	50	50	-	-	-	50	50	50
Property Rates (R000 Value Threshold)	Rand Value Threshold	4 020	4 020	4 020	-	-	-	4 020	4 020	4 020
Property Rates (Tariff)	Rand Value	93 220	78 339	-	-	-	-	-	-	-
Refuse (Average Litres Per Week)	Average Litres Per Week	240	240	240	-	-	-	240	240	240
Water (Kilolitres Per Household Per	Kilolitres Per Household	6	6	6	-	-	-	6	6	6
07 - Civil Engineering										
Waste Management										
Solid Waste Disposal (Landfill Sites)										
Formal Settlement Households -	Households	34401 910	37569 968	47511 112	-	-	-	49179 946	51393 044	53757 124
Informal Settlements (R000)	Rand Value	34 402	45 700	-	-	-	-	-	-	-
Removed At Least Once A Week	Households	-	-	-	164 644	164 644	164 644	170 047	170 181	170 798
Using Communal Refuse Dump	Households	-	5 716	-	6 378	6 378	6 378	8 518	8 518	8 518
Using Own Refuse Dump	Households	-	2 430	-	2 430	2 430	2 430	3 564	6 985	5 538
08 - Water Section										
Water Management										
Water Distribution										
Formal Settlement Households	Households	50135 245	54223 019	74795 138	-	-	-	101826 153	107935 722	112900 765
Informal Settlements (R000)	Rand Value	50 135	85 719	-	-	-	-	-	-	-
Other Water Supply (At Least	Households	2 111	2 263	-	2 263	2 263	2 263	1 031	1 042	1 053
Piped Water Inside Dwelling	Households	146 398	156 939	-	158 587	158 587	158 587	172 670	174 518	176 385
Piped Water Inside Yard (But Not In	Households	30 897	33 122	-	33 470	33 470	33 470	-	-	-
Using Public Tap (< Min. Service Level)	Households	-	-	-	-	-	-	-	-	-
Using Public Tap (At Least Min. Service	Households	2 111	2 263	-	2 287	2 287	2 287	13 495	13 639	13 785
09 - City Electrical Engineering										
Energy Sources										
Electricity										
Electricity (< Min. Service Level)	Households	144 247	154 633	-	4 389	4 389	4 389	4 491	4 601	4 715
Electricity (At Least Min. Service Level)	Households	144 247	154 633	-	121 795	121 795	121 795	123 207	123 707	126 407
Electricity - Prepaid (< Min. Service	Households	23 654	25 357	-	15 595	15 595	15 595	15 703	15 850	15 955
Electricity - Prepaid (Min. Service	Households	23 654	25 357	-	51 655	51 655	51 655	53 067	55 767	56 267
Formal Settlement Households	Households	25753 674	10975 506	28789 472	-	-	-	48767 333	57881 947	60544 517
Informal Settlements (R000)	Rand Value	25 748	57 748	-	-	-	-	-	-	-
12 - Cleansing										
Waste Water Management										
Sewerage										
Bucket Toilet	Households	1 010	1 083	-	1 033	1 033	1 033	1 070	1 070	1 070
Chemical Toilet	Households	622	667	-	715	715	715	745	745	745
Flush Toilet (Connected To Sewerage)	Households	127 253	136 416	-	165 936	165 936	165 936	171 322	171 322	171 322
Flush Toilet (With Septic Tank)	Households	218	234	-	251	251	251	288	288	288
Formal Settlement Households	Households	18987 071	20907 551	23605 098	-	-	-	25632 960	26796 444	28018 620
Informal Settlements (R000)	Rand Value	18 987	22 646	-	-	-	-	-	-	-
No Toilet Provisions	Households	3 617	3 877	-	3 877	3 877	3 877	3 900	3 900	3 900
Other Toilet Provisions (> Min. Service	Households	1 161	1 244	-	23 631	23 631	23 631	23 660	23 660	23 660
Pit Toilet (Ventilated)	Households	2 807	3 009	-	4 002	4 002	4 002	4 066	4 066	4 066

The following table sets out the municipality's main performance objectives and benchmarks for the 2023/24 MTREF.

Table 27 MBRR Table SA8 - Performance indicators and benchmarks

NW403 City Of Matlosana - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.6%	2.0%	2.9%	0.2%	0.2%	0.2%	0.1%	0.2%	0.3%	0.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.9%	2.1%	3.2%	0.3%	0.3%	0.3%	0.0%	0.2%	0.2%	0.2%
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	0.4	0.4	0.5	0.7	0.6	0.6	0.6	1.3	1.6	2.2
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.4	0.4	0.5	0.7	0.6	0.6	0.6	1.3	1.6	2.2
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.3	(0.2)	0.5	0.4	0.4	0.1	0.5	1.1	1.5
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		253.4%	51.2%	92.8%	88.5%	92.7%	92.7%	88.9%	90.4%	93.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		253.4%	51.2%	92.8%	88.5%	92.7%	92.7%	88.9%	90.4%	93.7%	114.1%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	30.8%	24.4%	77.3%	15.8%	17.1%	17.1%	110.3%	12.1%	14.2%	13.4%
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		78.6%	426.8%	146.7%	732.1%	1082.5%	1082.5%	199.6%	282.8%	44.9%	-8.8%
Other Indicators											
		173025441	200802291	0	200500000	200500000	200500000	0	165000000	145000000	0
Electricity Distribution Losses (2)	Total Volume Losses (kW) non technical Total Cost of Losses (Rand '000)	203 713	247 036	-	200 500	200 500	200 500	-	165 000	131 000	-
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	3400.0%	0.0%	2500.0%	2500.0%	2500.0%	0.0%	1800.0%	1500.0%	0.0%
Water Volumes System input	Bulk Purchase Water treatment works Natural sources										
Water Distribution Losses (2)	Total Volume Losses (kℓ) Total Cost of Losses (Rand '000)	11 550	14 777	-	8 000	8 000	8 000	-	6 500	4 500	-
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	4200.0%	0.0%	2300.0%	2300.0%	2300.0%	0.0%	1500.0%	1000.0%	0.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	22.6%	19.8%	18.6%	18.5%	18.6%	18.6%	20.0%	18.3%	18.2%	18.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	23.8%	20.8%	19.5%	19.5%	19.6%	19.6%		19.2%	19.2%	19.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.0%	3.5%	3.1%	5.6%	6.5%	6.5%		6.4%	6.4%	6.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	17.2%	13.7%	13.5%	11.2%	11.3%	11.3%	10.4%	10.5%	10.0%	9.4%
IDP regulation financial viability indicators											
i Debt coverage	(Total Operating Revenue - Operating Grants)/(Debt service payments due within financial year)	640.6	174 217.5	34.1	37.1	37.1	37.1	26.8	41.9	-	-
ii O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	37.9%	35.0%	131.5%	16.3%	19.2%	19.2%	191.0%	10.9%	15.3%	14.3%
iii Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	11.3	5.1	10.0	0.7	0.7	0.7	15.2	(0.5)	1.1	9.1

Performance indicators and benchmarks

Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue, and long-term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. The following financial performance indicators have formed part of the compilation of the 2023/24 MTREF:

- Capital charges to operating expenditure measures what portion of total operating expenditure is used to service the existing loans. The municipality do not have a large dependency on loans and therefore this ratio is acceptable. This also indicate the possible under usage of loans to deliver on projects or to renew its asset base.
- Capital charges to operating revenue is due to the nature of the municipalities business in line with the previous ratio.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality has identified the need to utilize loans as to ensure that it can fulfill its service delivery commitments in the future and will do so prudently.

Analysing the municipalities debt profile thus clearly shows the underutilization of financing infrastructure. Notwithstanding this fact the municipality will diligently evaluate the feasibility of financing to ensure that while service delivery is ensured the municipality will also be able to service the future financing cost as well as repayment. In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

- *Current ratio* is a measure of the current assets divided by the current liabilities. The goal of the municipality is to achieve a ratio of more than 1:1 as would be the norm. The generation of net cash inflows is of high importance and plans already put in place as well of further focus on expenditure control, revenue enhancement and loss control should have the desired effect to improve the current ratio.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. As indicated in the previous paragraph the municipality believe that it is on track to achieve this ratio with the current plans in place.
- Due to cash flow constraints the municipality has to manage the payment of its creditors. Special arrangements were made with ESKOM and MIDVAAL. All other creditors are serviced in an equitable manner in order to create a stable environment for the municipality to acquire services and goods. The municipality will strive to pay all creditors within 30 days but do acknowledge that this will only be achieved over a period.

Other Indicators

- The electricity distribution losses remain a challenge as it is higher than the norm. The municipality need to urgently address the matter in the 2023/24 budget as it impacts on the municipality's ability to have a funded sustainable budget

- The water distribution losses for the 2021/22 year at over 40% is too high. Continued focus on leaks and illegal connections and other proposed actions should bear fruit and this should have a positive impact on the future cash flows of the municipality.
- Employee costs as a percentage of revenue is constant over the MTREF. This can be attributed to mainly to inflation linked drivers on both sides of the equation.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also stable.

2.4 Overview of Budget related-policies.

The Municipality's budgeting process is guided and governed by relevant legislation; frameworks; strategies and related policies.

2.4.1 Review of Customer Care; Credit Control and Debt Collection Policies.

This policy is up for review; among others; in order to achieve a higher collection rate.

2.4.2 Review of Indigent Relief Policy.

The indigent relief policy will be reviewed and amendments were made to the indigent qualifying threshold.

2.4.3 Review of Rates Policy

The policy will also be reviewed in line with the proposed tariffs.

2.4.4 Supply Chain Management Policy

The policy was reviewed and adopted by Council recently as per the new legislated regulations.

2.4.5 Expenditure Management Policy

This policy will remain in place.

2.4.5 Irrecoverable Bad Debt Policy

This policy is up for review.

2.4.6 Tariff Policy

This policy will be aligned to the new proposed tariffs.

2.4.7 Investment & Cash Management Policy

The policy will remain intact.

2.4.8 Budget Policy

The policy will remain in place.

2.4.9 Asset Management Policy

The policy was reviewed as recommended by the AG in their 2020/21 audit report.

2.4.10 Borrowing Management Policy

The policy will remain in place.

2.4.11 Funding & Reserve Policy

The policy will remain in place.

2.4.12 Cost Containment Policy

The policy reviewed and updated.

2.4.13 Unauthorised, Irregular, Fruitless & Wasteful Expenditure Policy

This policy will remain in place.

2.4.14 Inventory Policy

The policy will remain in place.

2.4.15 Virement Policy

The policy is amended and recommended for approval.

2.4.16 Grants & Reserves Policy

This policy will remain in place.

2.4.17 Resellers Policy

This is a policy to address renewable energy.

2.4.18 ESSG Policy

This is a policy to address renewable energy.

All the above policies will be available on the City's website, www.matlosana.gov.za.

2.5 Overview of Budget Assumptions.

2.5.1 External Factors.

Owing to the economic slowdown impact by the closure of mines in the region due to the low gold price, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General Inflation Outlook and its impact on the municipal activities.

Four key factors have been taken into consideration in the compilation of the 2023/24 – 2025/26 MTREF.

- National Government macro-economic targets.
- The general inflationary outlook and the impact on City's residents and businesses.
- The impact of municipal cost drivers.
- The increase in prices for bulk electricity and water.
- The unfunded cash budget position.

2.5.3 Interest Rates for Borrowing and Investment of Funds.

MFMA specifies that borrowing can only be utilized to fund capital or refinancing borrowing in certain conditions. For simplicity, the 2023/24 – 2025/26 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments.

2.5.4 Collection Rate for Revenue Services.

The base assumption is that tariff and rates increase will increase at a rate slightly higher than CPI over long term. It is assumed that current economic conditions and relatively controlled

inflationary conditions will continue for the forecasted term. For the medium term, inflation is expected not to bridge the 6% band set by the Reserve Bank.

2.5.5 Growth or Decline in Tax Base of the Municipality.

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth of the City, household formation growth rate and the poor household change rate. It is expected that the number of indigent consumers will increase.

2.5.6 Salary Increases

The municipality made a provision for a 6% increase in salaries. The bargaining council approved 4.9%. Provision of R 20 million was also made for critical vacant posts.

2.5.7 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 form the basis of all integration initiatives:

- Creating Jobs.
- Enhancing Education and Skills Development.
- Improving Health Services.
- Rural Development and Agriculture.
- Fighting Crime and Corruption.
- Infrastructure development.

The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial, and local objectives.

2.5.8 Ability of the Municipality to Spend and Deliver on Programmes

Due to cash flow constraints it is estimated that the spending rate will be lower on operational expenditure. All grant-funded capital must be spent by the end of the financial year to avoid any fund being withheld by the National Treasury.

2.6 Overview of Budget Funding

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges like building plan fees, licenses and permits etc.

The revenue strategy is a function of key components such as:

- Growth in the City and economic development.
- Revenue Management and Enhancement.
- Achievement of a higher annual collection rate for consumer revenue.
- National Treasury guidelines.
- Electricity tariff increases within the NERSA approval.
- Achievement of full cost recovery of specific user charges.

- Determining tariff escalation rate by establishing/calculating revenue requirements.
- The Property Rates Policy in terms of the MPRA.
- Ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers, aligned to the economic forecasts.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R 10.2 million for the financial years of the 2022/23 MTREF.

The tables below provide detail investment information and investment particulars by maturity.

Table 28 MBRR SA15 – Detail Investment Information

NW403 City Of Matlosana - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		290 992	(1 188 683)	(1 617 062)	220 192	220 192	220 192	288 119	262 427	162 602
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits		10 281	10 281	10 776	113 056	113 056	113 056	10 281	10 281	122 692
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	301 273	(1 178 403)	(1 606 285)	333 248	333 248	333 248	298 400	272 708	285 294
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		301 273	(1 178 403)	(1 606 285)	333 248	333 248	333 248	298 400	272 708	285 294

Table 29 MBRR SA16 – Investment particulars by maturity

NW403 City Of Matlosana - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of investment	Type of Investment	Capital Guarantee (Yes/No)	Variable or Fixed interest rate	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														
Municipality sub-total										RREF?		RREF?	RREF?	RREF?
Entities														
N/A														
Entities sub-total														
TOTAL INVESTMENTS AND INTEREST										RREF?		RREF?	RREF?	RREF?

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2023/24 medium-term capital programme:

Table 30 Sources of capital revenue over the MTREF

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital Transfers and Grants										
National Government:		123 785	189 551	156 811	169 918	169 918	169 918	191 469	189 116	188 925
Integrated National Electrification Programme Grant		3 869	21 022	-	29 064	29 064	29 064	1 732	10 000	27 458
Municipal Infrastructure Grant		81 769	100 789	92 568	95 178	95 178	95 178	109 945	104 116	99 509
Neighbourhood Development Partnership Grant		38 147	49 063	55 743	30 000	30 000	30 000	31 162	25 000	43 932
Water Services Infrastructure Grant		-	18 678	8 500	15 676	15 676	15 676	48 630	50 000	18 026
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Developers Contribution		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	123 785	189 551	156 811	169 918	169 918	169 918	191 469	189 116	188 925

Capital grants and receipts equates to R 191 million for the 2023/24 financial year and increase to R 189 million and R188.9 million in 2024/25 and 2025/26 respectively.

The following table is a detailed analysis of the Municipality's borrowing liability.

Table 31 MBRR Table SA 17 - Detail of borrowings

NW403 City Of Matlosana - Supporting Table SA17 Borrowing

Borrowing - Categorized by type R thousand	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Parent municipality										
Annuity and Bullet Loans		83 274	48 848	42 018	81 274	81 274	81 274	81 274	81 274	82 087
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	83 274	48 848	42 018	81 274	81 274	81 274	81 274	81 274	82 087
Entities										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	83 274	48 848	42 018	81 274	81 274	81 274	81 274	81 274	82 087

Table 32 MBRR Table SA 18 - Capital transfers and grant receipts

NW403 City Of Matlosana - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		442 416	529 969	509 661	560 590	560 590	560 590	615 503	667 455	720 118
Local Government Equitable Share		429 953	466 536	484 096	545 300	545 300	545 300	599 104	651 377	703 647
Energy Efficiency and Demand Side Management		2 894	5 974	-	5 000	5 000	5 000	4 000	4 000	4 000
Expanded Public Works Programme Integrated		1 386	2 452	1 756	2 181	2 181	2 181	3 512	3 512	3 512
Local Government Financial Management Grant		2 511	2 929	3 123	3 100	3 100	3 100	3 100	3 100	3 228
Municipal Disaster Relief Grant		1 013	47 222	15 897	-	-	-	-	-	-
Municipal Infrastructure Grant		4 660	4 857	4 789	5 009	5 009	5 009	5 787	5 466	5 731
Provincial Government:		952	478	1 570	1 234	1 388	1 388	1 418	1 418	1 418
Capacity Building and Other Grants		952	478	1 570	1 234	1 388	1 388	1 418	1 418	1 418
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	443 368	530 448	511 231	561 824	561 978	561 978	616 921	668 873	721 536
Capital Transfers and Grants										
National Government:		123 785	189 551	156 811	169 918	169 918	169 918	191 469	189 116	188 925
Integrated National Electrification Programme Grant		3 869	21 022	-	29 064	29 064	29 064	1 732	10 000	27 458
Municipal Infrastructure Grant		81 769	100 789	92 568	95 178	95 178	95 178	109 945	104 116	99 509
Neighbourhood Development Partnership Grant		38 147	49 063	55 743	30 000	30 000	30 000	31 162	25 000	43 932
Water Services Infrastructure Grant		-	18 678	8 500	15 676	15 676	15 676	48 630	50 000	18 026
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Developers Contribution		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	123 785	189 551	156 811	169 918	169 918	169 918	191 469	189 116	188 925
TOTAL RECEIPTS OF TRANSFERS & GRANTS		567 154	719 998	668 042	731 742	731 896	731 896	808 390	857 989	910 460

Capital transfers and reserve as per the Division of Revenue Act.

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words, the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long-term borrowing (debt).

Table 33 MBRR Table A7 - Budget cash flow statement

NW403 City Of Matlosana - Table A7 Budgeted Cash Flows

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		4 159 960	-	419 718	365 289	365 289	365 289	515 434	392 753	420 430	3 030 000
Service charges		-	908 957	1 351 237	1 685 932	1 685 932	1 685 932	669 661	1 764 862	1 937 326	-
Other revenue		-	1 475 216	3 785 551	237 037	237 037	237 037	2 350 305	(20 698)	211 583	-
Transfers and Subsidies - Operational	1	-	-	479 886	561 824	561 824	561 824	394 520	611 134	662 076	-
Transfers and Subsidies - Capital	1	-	-	170 551	169 918	169 918	169 918	115 133	173 965	194 582	-
Interest		-	4 448	21	108 337	108 337	108 337	17	97 947	102 256	-
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(2 452 041)	(1 294 088)	(4 054 823)	(3 068 583)	(3 068 583)	(3 068 583)	(2 585 964)	(2 931 689)	(2 989 520)	(1 078 822)
Finance charges		-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		1 706 919	1 094 533	2 152 140	59 754	59 754	59 754	1 459 107	88 274	538 732	1 951 178
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	33	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	(0)
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		-	(140 342)	(152 541)	(217 038)	(217 038)	(217 038)	(49 739)	(221 469)	(184 596)	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(140 342)	(152 541)	(217 005)	(217 038)	(217 038)	(49 739)	(221 469)	(184 596)	(0)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	1 500	-	-	-	-	-	(15)
Payments											
Repayment of borrowing		(2 839)	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(2 839)	-	-	1 500	-	-	-	-	-	(15)
NET INCREASE/ (DECREASE) IN CASH HELD		1 704 080	954 191	1 999 599	(155 751)	(157 284)	(157 284)	1 409 368	(133 195)	354 136	1 951 163
Cash/cash equivalents at the year begin:	2	(52 420)	(136 386)	(195 402)	310 855	310 855	310 855	-	24 238	(108 957)	245 180
Cash/cash equivalents at the year end:	2	1 651 660	817 804	1 804 197	155 104	153 572	153 572	1 409 368	(108 957)	245 180	2 196 342

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:

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

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > 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

NW403 City Of Matlosana - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
		R thousand									
Cash and investments available											
Cash/cash equivalents at the year end	1	1 651 660	817 804	1 804 197	155 104	153 572	153 572	1 409 368	(108 957)	245 180	2 196 342
Other current investments > 90 days		(1 416 676)	585 513	(2 484 059)	745 141	761 474	761 474	(1 116 873)	305 683	703 112	(1 401 633)
Investments - Property, plant and equipment	1	4 800 897	5 699 245	5 832 224	4 798 047	4 811 660	4 811 660	5 616 607	3 841 286	3 529 379	3 548 149
Cash and investments available:		5 035 881	7 102 563	5 152 362	5 698 293	5 726 706	5 726 706	5 909 102	4 038 013	4 477 671	4 342 858
Application of cash and investments											
Trade payables from Non-exchange transactions: Of		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	957 813	3 440 786	997 238	959 592	1 470 396	1 470 396	897 673	(420 025)	(67 667)	(389 982)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		957 813	3 440 786	997 238	959 592	1 470 396	1 470 396	897 673	(420 025)	(67 667)	(389 982)
Surplus(shortfall)		4 078 068	3 661 777	4 155 124	4 738 700	4 256 310	4 256 310	5 011 429	4 458 037	4 545 338	4 732 839

Cash and cash equivalents / Cash backed reserves and accumulated funds

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 SA10 – Funding compliance measurement

NW403 City Of Matlosana Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
			Funding measures									
Cash/cash equivalents at the year end - R'000	18(1)b	1	1 651 660	817 804	1 804 197	155 104	153 572	153 572	1 409 368	(108 957)	245 180	2 196 342
Cash + investments at the yr end less applications - R'000	18(1)b	2	4 078 068	3 661 777	4 155 124	4 738 700	4 256 310	4 256 310	5 011 429	4 458 037	4 545 338	4 732 839
Cash year end/monthly employee/supplier payments	18(1)b	3	11.3	5.1	10.0	0.7	0.7	0.7	15.2	(0.5)	1.1	9.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(160 460)	133 590	(158 592)	(65 759)	(171 353)	(171 353)	788 067	88 910	230 955	374 402
Service charge rev % change - macro CPIX target exclusive	18(1)a(2)	5	N.A.	5.2%	1.3%	13.7%	(8.7%)	(6.0%)	(46.0%)	1.3%	(0.6%)	(0.6%)
Cash receipts % of Ratepayer & Other revenue	18(1)a(2)	6	105.0%	34.5%	86.4%	40.0%	39.4%	39.4%	103.4%	34.7%	39.7%	44.6%
Debt impairment expense as a % of total billable revenue	18(1)a(2)	7		(0.2%)	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c(19)	8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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.	33.2%	17.8%	4.5%	9.7%	0.0%	60.8%	(96.4%)	983.6%	34.5%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	(100.0%)	0.0%	0.0%	1.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2.9%	2.2%	2.0%	4.7%	5.4%	5.4%	4.9%	7.6%	8.6%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	3.4%	8.5%	3.6%	1.0%	0.7%	0.7%	0.0%	0.0%	0.0%	0.9%

Supporting indicators											
% incr total service charges (incl prop rates)	18(1)a		11.2%	7.3%	19.7%	(2.7%)	0.0%	(40.0%)	7.3%	5.4%	5.4%
% incr Property Tax	18(1)a		27.3%	6.1%	12.4%	5.0%	0.0%	(40.8%)	5.3%	4.9%	4.7%
% incr Service charges - Electricity	18(1)a		9.2%	12.1%	17.7%	(3.8%)	0.0%	(44.2%)	5.3%	5.3%	5.3%
% incr Service charges - Water	18(1)a		8.3%	(0.5%)	20.5%	(5.1%)	0.0%	(33.1%)	5.9%	5.9%	5.9%
% incr Service charges - Waste Water Management	18(1)a		4.8%	6.0%	38.7%	(11.6%)	0.0%	(36.3%)	5.6%	5.6%	5.6%
% incr Service charges - Waste Management	18(1)a		2.2%	19.8%	33.1%	0.0%	0.0%	(41.2%)	27.5%	5.3%	5.3%
% incr in Sale of Goods and Rendering of Services	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a	1 970 442	2 192 030	2 352 657	2 815 516	2 738 167	2 738 167	1 643 964	2 937 848	3 096 566	3 262 720
Service charges		1 970 442	2 192 030	2 352 657	2 815 516	2 738 167	2 738 167	1 643 964	2 937 848	3 096 566	3 262 720
Property rates		334 343	425 503	451 441	507 345	532 836	532 836	315 341	561 076	588 569	616 232
Service charges - electricity revenue		782 325	854 446	957 447	1 127 210	1 084 563	1 084 563	605 011	1 142 045	1 202 573	1 266 309
Service charges - water revenue		603 946	653 812	650 602	783 676	743 676	743 676	497 310	787 552	834 018	883 225
Service charges - sanitation revenue		112 787	118 205	125 356	173 864	153 673	153 673	94 826	162 319	171 453	181 103
Service charges - refuse removal		137 040	140 063	167 812	223 421	223 421	223 421	131 475	284 856	299 953	315 851
Agency services		-	-	-	-	-	-	-	-	-	-
Capital expenditure excluding capital grant funding		5 160	7 169	7 444	47 120	60 734	60 734	11 868	30 000	-	-
Cash receipts from ratepayers	18(1)a	4 158 960	2 384 173	5 556 506	2 288 258	2 288 258	2 288 258	3 535 400	2 136 918	2 569 338	3 030 000
Ratepayer & Other revenue	18(1)a	3 962 556	6 916 720	6 432 101	5 716 420	5 806 266	5 806 266	3 419 651	6 156 955	6 473 592	6 797 617
Change in consumer debtors (current and non-current)		N/A	130 336	93 020	27 835	62 552	-	429 817	(1 095 920)	397 279	151 146
Operating and Capital Grant Revenue	18(1)a	567 154	719 998	668 042	731 742	731 896	731 896	588 428	808 390	857 989	910 460
Capital expenditure - total	20(1)(vi)	97 881	191 473	152 541	217 038	230 651	230 651	56 932	221 469	184 596	169 918
Capital expenditure - renewal	20(1)(vi)	3 365	16 242	5 483	2 066	1 600	1 600	-	-	-	1 600
Supporting benchmarks											
Growth guideline maximum		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline		4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY											
DoRA capital grants total MFY											
Provincial operating grants											
Provincial capital grants											
District Municipality grants											
Total gazetted/adviced national, provincial and district grants									-	-	-
Average annual collection rate (arrear inclusive)											
DoRA operating											
									-	-	-
									-	-	-

Total Operating Revenue		2 849 406	3 600 265	3 695 815	4 019 854	3 994 393	3 994 393	2 626 510	4 286 582	4 531 329	4 783 889
Total Operating Expenditure		3 133 651	3 656 226	4 011 218	4 255 531	4 335 663	4 335 663	1 883 129	4 369 142	4 489 400	4 598 411
Operating Performance Surplus/(Deficit)		(284 245)	(55 960)	(315 403)	(235 677)	(341 271)	(341 271)	743 381	(102 560)	41 838	185 478
Cash and Cash Equivalents (30 June 2012)									(108 957)		
Revenue											
% Increase in Total Operating Revenue			26.4%	2.7%	8.8%	(0.6%)	0.0%	(34.2%)	7.3%	5.7%	5.6%
% Increase in Property Rates Revenue			27.3%	6.1%	12.4%	5.0%	0.0%	(40.8%)	77.9%	4.9%	4.7%
% Increase in Electricity Revenue			9.2%	12.1%	17.7%	(3.8%)	0.0%	(44.2%)	5.3%	5.3%	5.3%
% Increase in Property Rates & Services Charges			11.2%	7.3%	19.7%	(2.7%)	0.0%	(40.0%)	7.3%	5.4%	5.4%
Expenditure											
% Increase in Total Operating Expenditure			16.7%	9.7%	6.1%	1.9%	0.0%	(56.6%)	1.2%	2.3%	2.4%
% Increase in Employee Costs			10.7%	(3.6%)	8.4%	(0.2%)	0.0%	(29.4%)	5.4%	5.3%	5.3%
% Increase in Electricity Bulk Purchases			8.0%	17.1%	24.5%	0.0%	0.0%	(74.5%)	1.9%	1.9%	1.9%
Average Cost Per Budgeted Employee Position (Remuneration)			271327.958	290526.1183					306284.9335		
Average Cost Per Councillor (Remuneration)			444017.3065	512413.6753					540083.987		
R&M % of PPE		2.9%	2.2%	2.0%	4.7%	5.4%	5.4%		4.9%	7.6%	8.6%
Asset Renewal and R&M as a % of PPE		3.0%	3.0%	2.0%	5.0%	5.0%	5.0%		7.0%	8.0%	8.0%
Debt Impairment % of Total Billable Revenue		0.0%	(0.2%)	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Revenue											
Internally Funded & Other (R'000)		5 160	7 169	7 444	47 120	60 734	60 734	11 868	30 000	-	-
Borrowing (R'000)		-	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)		92 721	184 304	145 097	169 918	169 918	169 918	45 064	191 469	184 596	169 918
Internally Generated funds % of Non Grant Funding		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%
Borrowing % of Non Grant Funding		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding		94.7%	96.3%	95.1%	78.3%	73.7%	73.7%	79.2%	86.5%	100.0%	100.0%
Capital Expenditure											
Total Capital Programme (R'000)		97 881	191 473	152 541	217 038	230 651	230 651	56 932	221 469	184 596	169 918
Asset Renewal		6 253	22 368	19 161	16 130	15 664	15 664	-	-	9 664	-
Asset Renewal % of Total Capital Expenditure		6.4%	11.7%	12.6%	7.4%	6.8%	6.8%	0.0%	0.0%	5.2%	0.0%
Cash											
Cash Receipts % of Rate Payer & Other		105.0%	34.5%	86.4%	40.0%	39.4%	39.4%	103.4%	34.7%	39.7%	44.6%
Cash Coverage Ratio		0	0	0	0	0	0	0	(0)	0	0
Borrowing											
Most recent Credit Rating									0		
Capital Charges to Operating		2.6%	2.0%	2.9%	0.2%	0.2%	0.2%	0.1%	0.2%	0.3%	0.3%
Borrowing Receipts % of Capital Expenditure		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves											
Uncommitted reserves after application of cash and investments		4 078 068	3 661 777	4 155 124	4 738 700	4 256 310	4 256 310	5 011 429	4 458 037	4 545 338	4 732 839
Free Services											
Free Basic Services as a % of Equitable Share		30.1%	26.6%	36.1%	37.5%	37.5%	37.5%		27.7%	27.0%	26.4%
Free Services as a % of Operating Revenue (excl operational transfers)		3.9%	4.3%	4.5%	2.7%	2.7%	2.7%		2.7%	2.7%	2.6%

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.

Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget.

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.

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. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

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 percent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

Table 36 MBRR SA19 - Expenditure on transfers and grant programs

NW403 City Of Matlosana - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:		69 874	131 735	109 339	102 079	104 277	104 277	109 687	114 794	121 030
Local Government Equitable Share		58 968	65 087	71 877	86 606	88 906	88 906	93 855	98 662	103 606
Energy Efficiency and Demand Side Management		2 516	5 162	22	4 549	5 000	5 000	5 290	4 000	5 810
Expanded Public Works Programme Integrated Grant		1 386	1 920	1 968	2 701	2 201	2 201	2 203	3 512	2 205
Local Government Financial Management Grant		2 220	35 277	21 708	3 100	3 100	3 100	3 100	3 100	3 595
Municipal Disaster Relief Grant		-	19 400	8 661	-	-	-	-	-	-
Municipal Infrastructure Grant		4 784	4 889	5 103	5 124	5 069	5 069	5 239	5 520	5 815
Provincial Government:		952	372	755	1 256	2 038	2 038	2 068	2 123	2 238
Capacity Building and Other Grants		952	372	755	1 256	2 038	2 038	2 068	2 123	2 238
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		70 826	132 107	110 095	103 335	106 315	106 315	111 755	116 917	123 269
Capital expenditure of Transfers and Grants										
National Government:		92 721	184 304	145 097	169 918	169 918	169 918	191 469	184 596	169 918
Integrated National Electrification Programme Grant		3 365	18 316	-	29 064	29 064	29 064	1 732	-	29 064
Municipal Disaster Relief Grant		-	19 422	9 663	-	-	-	-	-	-
Municipal Infrastructure Grant		70 285	86 086	79 512	95 178	95 178	95 178	109 945	109 596	95 178
Neighbourhood Development Partnership Grant		19 071	44 238	48 530	30 000	30 000	30 000	31 162	25 000	30 000
Water Services Infrastructure Grant		-	16 242	7 391	15 676	15 676	15 676	48 630	50 000	15 676
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>Developers Contribution</i>		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		92 721	184 304	145 097	169 918	169 918	169 918	191 469	184 596	169 918
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		163 547	316 410	255 191	273 253	276 232	276 232	303 224	301 513	293 186

Transfers and grants as per the Division of Revenue Act.

Table 37 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

NW403 City Of Matlosana - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Operating transfers and grants:										
National Government:	1,3	(5 346)	(5 883)	(3 683)	(11 589)	(11 589)	(11 589)	(6 764)	(6 735)	(11 090)
Balance unspent at beginning of the year		(0)	(703)	(24 149)	(344)	(344)	(344)	(344)	(344)	(348)
Current year receipts		(378 076)	(546 950)	(478 652)	(10 281)	(10 281)	(10 281)	(10 612)	(9 281)	(10 740)
Conditions met - transferred to revenue		377 203	522 463	494 509	7 100	7 100	7 100	3 100	3 100	3 131
Conditions still to be met - transferred to liabilities		(873)	(25 189)	(8 293)	(3 525)	(3 525)	(3 525)	(7 856)	(6 525)	(7 957)
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		377 203	522 463	494 509	7 100	7 100	7 100	3 100	3 100	3 131
Total operating transfers and grants - CTBM	2	(873)	(25 189)	(8 293)	(3 525)	(3 525)	(3 525)	(7 856)	(6 525)	(7 957)
Capital transfers and grants:										
National Government:	1,3	(33 646)	(34 970)	(2 346)	(37 361)	(37 361)	(37 361)	(37 361)	(37 361)	(37 734)
Balance unspent at beginning of the year		(132 249)	(171 074)	(170 551)	(169 918)	(169 918)	(169 918)	(173 965)	(194 582)	(188 925)
Current year receipts		128 446	194 408	161 600	180 440	180 440	180 440	199 640	199 640	201 636
Conditions met - transferred to revenue		(37 450)	(11 637)	(11 297)	(26 838)	(26 838)	(26 838)	(11 686)	(32 303)	(25 022)
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		128 446	194 408	161 600	180 440	180 440	180 440	199 640	199 640	201 636
Total capital transfers and grants - CTBM	2	(37 450)	(11 637)	(11 297)	(26 838)	(26 838)	(26 838)	(11 686)	(32 303)	(25 022)
TOTAL TRANSFERS AND GRANTS REVENUE		505 649	716 871	656 109	187 540	187 540	187 540	202 740	202 740	204 767
TOTAL TRANSFERS AND GRANTS - CTBM		(38 323)	(36 826)	(19 590)	(30 363)	(30 363)	(30 363)	(19 542)	(38 828)	(32 979)

2.7 Councilor and employee benefits

Table 38 MBRR SA22 - Summary of councilor and staff benefits

NW403 City Of Matlosana - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		21 035	22 682	21 698	24 558	24 558	24 558	25 884	27 281	28 755
Pension and UIF Contributions		2 373	2 112	1 394	2 246	2 246	2 246	2 368	2 495	2 630
Medical Aid Contributions		17	17	6	18	18	18	19	20	21
Motor Vehicle Allowance										
Cellphone Allowance		3 419	3 393	3 390	2 858	2 858	2 858	3 013	3 175	3 347
Housing Allowances										
Other benefits and allowances		7 731	8 291	7 701	9 775	9 775	9 775	10 303	10 860	11 446
Sub Total - Councillors		34 575	36 496	34 189	39 456	39 456	39 456	41 586	43 832	46 199
% increase	4		5.6%	(6.3%)	15.4%	-	-	5.4%	5.4%	5.4%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		5 521	5 688	5 333	10 803	10 803	10 803	11 387	12 001	12 650
Pension and UIF Contributions		9	9	10	16	16	16	17	17	18
Medical Aid Contributions		38	46	57	50	50	50	53	56	59
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	560	596	659	1 364	1 364	1 364	1 438	1 515	1 597
Cellphone Allowance	3	24	24	20	211	211	211	222	234	247
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	8	8	8	8	9	9
Payments in lieu of leave		-	-	100	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		6 151	6 363	6 179	12 452	12 452	12 452	13 124	13 833	14 580
% increase	4		3.4%	(2.9%)	101.5%	-	-	5.4%	5.4%	5.4%
Other Municipal Staff										
Basic Salaries and Wages		398 088	423 593	424 493	476 456	460 844	460 844	486 850	512 033	538 764
Pension and UIF Contributions		83 994	87 079	87 036	95 974	95 974	95 974	101 155	106 617	112 376
Medical Aid Contributions		37 548	39 093	38 294	44 045	44 045	44 045	46 423	48 930	51 572
Overtime		53 207	55 991	61 810	25 944	30 224	30 224	30 224	31 856	33 577
Performance Bonus		31 478	33 169	33 145	38 047	38 047	38 047	40 102	42 267	44 550
Motor Vehicle Allowance	3									
Cellphone Allowance	3	1 003	984	996	1 410	1 410	1 410	1 486	1 566	1 651
Housing Allowances	3	6 697	6 858	6 549	7 861	7 861	7 861	8 285	8 732	9 204
Other benefits and allowances	3	18 117	16 577	15 497	27 666	37 868	37 868	40 556	42 747	45 055
Payments in lieu of leave		22 659	12 747	3 902	14 184	14 184	14 184	14 964	15 772	16 608
Long service awards		(566)	(2 189)	(501)	-	-	-	-	-	-
Post-retirement benefit obligations	6	(15 428)	31 664	8 790	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		636 798	705 566	680 010	731 586	730 456	730 456	770 046	810 521	853 357
% increase	4		10.8%	(3.6%)	7.6%	(0.2%)	-	5.4%	5.3%	5.3%
Total Parent Municipality		677 524	748 425	720 378	783 493	782 363	782 363	824 757	868 186	914 135
			10.5%	(3.7%)	8.8%	(0.1%)	-	5.4%	5.3%	5.3%
TOTAL SALARY, ALLOWANCES & BENEFITS		677 524	748 425	720 378	783 493	782 363	782 363	824 757	868 186	914 135
% increase	4		10.5%	(3.7%)	8.8%	(0.1%)	-	5.4%	5.3%	5.3%
TOTAL MANAGERS AND STAFF	5,7	642 949	711 929	686 188	744 037	742 907	742 907	783 171	824 354	867 936

A 6% increase is use in the calculation of councilor and staff benefits.

Table 40 MBRR SA24 – Summary of personnel numbers

NW403 City Of Matlosana - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2021/22			Current Year 2022/23			Budget Year 2023/24			
		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities											
Councillors (Political Office Bearers plus Other Councillors)			77	-	77	77	-	77	77	-	77
Board Members of municipal entities	4										
Municipal employees	5										
Municipal Manager and Senior Managers	3		8	-	8	8	-	8	8	6	2
Other Managers	7		45	45	-	46	42	4	46	42	4
Professionals			53	53	-	53	53	-	52	52	-
Finance			7	7	-	7	7	-	7	7	-
Spatial/town planning			2	2	-	2	2	-	1	1	-
Information Technology			-	-	-	-	-	-	-	-	-
Roads			-	-	-	-	-	-	-	-	-
Electricity			-	-	-	-	-	-	-	-	-
Water			-	-	-	-	-	-	-	-	-
Sanitation			-	-	-	-	-	-	-	-	-
Refuse			2	2	-	2	2	-	2	2	-
Other			42	42	-	42	42	-	42	42	-
Technicians			237	237	-	246	239	7	246	239	7
Finance			22	22	-	22	22	-	22	22	-
Spatial/town planning			19	19	-	19	19	-	19	19	-
Information Technology			1	1	-	1	1	-	1	1	-
Roads			5	5	-	5	5	-	5	5	-
Electricity			20	20	-	20	20	-	20	20	-
Water			8	8	-	8	8	-	8	8	-
Sanitation			10	10	-	10	10	-	10	10	-
Refuse			4	4	-	4	4	-	4	4	-
Other			148	148	-	157	150	7	157	150	7
Clerks (Clerical and administrative)			506	506	-	515	494	21	515	494	21
Service and sales workers			162	162	-	175	175	-	175	175	-
Skilled agricultural and fishery workers			10	10	-	10	10	-	10	10	-
Craft and related trades			142	142	-	142	142	-	142	142	-
Plant and Machine Operators			172	172	-	172	172	-	169	169	-
Elementary Occupations			1 194	1 194	-	1 194	1 194	-	1 194	1 194	-
TOTAL PERSONNEL NUMBERS	9		2 606	2 521	85	2 638	2 521	117	2 634	2 523	111
% increase						1.2%	-	37.6%	(0.2%)	0.1%	(5.1%)
Total municipal employees headcount	6, 10		2 606	2 521	85	2 891	2 774	117	2 887	2 776	111
Finance personnel headcount	8, 10		-	-	-	222	222	-	222	222	-
Human Resources personnel headcount	8, 10		-	-	-	31	31	-	31	31	-

At 18% expenditure to the total budget, it indicates that the municipality have a high vacancy rate.

2.8 Monthly targets for revenue, expenditure and cash flow

Table 41 MBRR SA25 - Budgeted monthly revenue and expenditure

NW403 City Of Matlosana - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	
Revenue																	
Exchange Revenue																	
Service charges - Electricity		95 170	95 170	95 170	95 170	95 170	95 170	95 170	95 170	95 170	95 170	95 170	95 170	95 170	1 142 045	1 202 573	1 266 309
Service charges - Water		65 629	65 629	65 629	65 629	65 629	65 629	65 629	65 629	65 629	65 629	65 629	65 629	65 629	787 552	834 018	883 225
Service charges - Waste Water Management		13 527	13 527	13 527	13 527	13 527	13 527	13 527	13 527	13 527	13 527	13 527	13 527	13 527	162 319	171 453	181 103
Service charges - Waste Management		23 738	23 738	23 738	23 738	23 738	23 738	23 738	23 738	23 738	23 738	23 738	23 738	23 738	284 856	299 953	315 851
Sale of Goods and Rendering of Services		752	752	752	752	752	752	752	752	752	752	752	752	752	9 021	9 463	9 463
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest																	
Interest earned from Receivables		46 588	46 588	46 588	46 588	46 588	46 588	46 588	46 588	46 588	46 588	46 588	46 588	46 588	569 052	586 446	614 009
Interest earned from Current and Non Current As		813	813	813	813	813	813	813	813	813	813	813	813	813	9 761	10 239	10 720
Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		775	775	775	775	775	775	775	775	775	775	775	775	775	9 300	9 756	10 215
Licence and permits		742	742	742	742	742	742	742	742	742	742	742	742	742	8 908	9 346	9 785
Operational Revenue		6 468	6 468	6 468	6 468	6 468	6 468	6 468	6 468	6 468	6 468	6 468	6 468	6 468	77 620	79 609	81 611
Non-Exchange Revenue																	
Property rates		46 756	46 756	46 756	46 756	46 756	46 756	46 756	46 756	46 756	46 756	46 756	46 756	46 756	561 076	588 569	616 232
Surcharges and Taxes		20	20	20	20	20	20	20	20	20	20	20	20	20	241	253	264
Fines, penalties and forfeits		259	259	259	259	259	259	259	259	259	259	259	259	259	3 104	3 189	3 278
Licences or permits		4	4	4	4	4	4	4	4	4	4	4	4	4	50	150	150
Transfer and subsidies - Operational		51 410	51 410	51 410	51 410	51 410	51 410	51 410	51 410	51 410	51 410	51 410	51 410	51 410	616 921	668 873	721 536
Interest		4 563	4 563	4 563	4 563	4 563	4 563	4 563	4 563	4 563	4 563	4 563	4 563	4 563	54 756	57 439	60 139
Fuel Levy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and		357 215	357 215	357 215	357 215	357 215	357 215	357 215	357 215	357 215	357 215	357 215	357 215	357 215	4 286 582	4 531 329	4 783 889
Expenditure																	
Employee related costs		65 265	65 265	65 265	65 265	65 265	65 265	65 265	65 265	65 265	65 265	65 265	65 265	65 265	783 171	824 354	867 936
Remuneration of councillors		3 466	3 466	3 466	3 466	3 466	3 466	3 466	3 466	3 466	3 466	3 466	3 466	3 466	41 586	43 832	46 199
Bulk purchases - electricity		92 441	92 441	92 441	92 441	92 441	92 441	92 441	92 441	92 441	92 441	92 441	92 441	92 441	1 109 287	1 130 030	1 151 162
Inventory consumed		45 546	45 546	45 546	45 546	45 546	45 546	45 546	45 546	45 546	45 546	45 546	45 546	45 546	440 738	440 738	445 146
Debt impairment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation		36 667	36 667	36 667	36 667	36 667	36 667	36 667	36 667	36 667	36 667	36 667	36 667	36 667	440 000	440 000	440 000
Interest		893	893	893	893	893	893	893	893	893	893	893	893	893	10 711	11 235	11 764
Contracted services		37 487	37 487	37 487	37 487	37 487	37 487	37 487	37 487	37 487	37 487	37 487	37 487	37 487	449 843	470 759	493 070
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		65 695	65 695	65 695	65 695	65 695	65 695	65 695	65 695	65 695	65 695	65 695	65 695	65 695	788 344	788 344	788 344
Operational costs		27 122	27 122	27 122	27 122	27 122	27 122	27 122	27 122	27 122	27 122	27 122	27 122	27 122	325 462	340 197	354 750
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		374 581	374 581	374 581	374 581	374 581	374 581	374 581	374 581	374 581	374 581	374 581	374 581	374 581	268 756	4 389 142	4 489 490
Surplus/(Deficit)		(17 365)	(17 365)	(17 365)	(17 365)	(17 365)	(17 365)	(17 365)	(17 365)	(17 365)	(17 365)	(17 365)	(17 365)	(17 365)	88 460	(102 560)	41 838
Transfers and subsidies - capital (monetary allocations)		15 955	15 955	15 955	15 955	15 955	15 955	15 955	15 955	15 955	15 955	15 955	15 955	15 955	191 469	189 116	188 925
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	104 415	88 910	230 955
Income Tax		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	104 415	88 910	230 955
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	104 415	88 910	230 955
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	104 415	88 910	230 955

Table 42 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

NW403 City Of Matlosana - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue by Vote																
Vote 01 - Public Safety		2 648	2 648	2 648	2 648	2 648	2 648	2 648	2 648	2 648	2 648	2 648	2 648	31 778	33 361	34 761
Vote 02 - Health Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Community Services		306	306	306	306	306	306	306	306	306	306	306	306	3 659	3 849	3 866
Vote 04 - Housing		3 422	3 422	3 422	3 422	3 422	3 422	3 422	3 422	3 422	3 422	3 422	3 422	41 058	41 355	41 633
Vote 05 - Sport Arts And Culture		166	166	166	166	166	166	166	166	166	166	166	166	1 992	4 020	18 062
Vote 06 - Council General		35	35	35	35	35	35	35	35	35	35	35	35	421	442	463
Vote 07 - Civil Engineering		2 645	2 645	2 645	2 645	2 645	2 645	2 645	2 645	2 645	2 645	2 645	2 645	31 735	34 458	64 358
Vote 08 - Water Section		87 705	87 705	87 705	87 705	87 705	87 705	87 705	87 705	87 705	87 705	87 705	87 705	1 052 461	1 083 857	1 177 634
Vote 09 - City Electrical Engineering		100 794	100 794	100 794	100 794	100 794	100 794	100 794	100 794	100 794	100 794	100 794	100 794	1 209 534	1 279 902	1 366 474
Vote 10 - Corporate Governance		187	187	187	187	187	187	187	187	187	187	187	187	2 240	2 250	2 261
Vote 11 - Budget And Treasury Office		113 177	113 177	113 177	113 177	113 177	113 177	113 177	113 177	113 177	113 177	113 177	113 177	1 358 123	1 447 438	1 536 979
Vote 12 - Cleansing		39 069	39 069	39 069	39 069	39 069	39 069	39 069	39 069	39 069	39 069	39 069	39 069	468 826	501 201	476 326
Vote 13 - Sewerage		21 106	21 106	21 106	21 106	21 106	21 106	21 106	21 106	21 106	21 106	21 106	21 106	253 267	252 240	218 601
Vote 14 - Market		1 912	1 912	1 912	1 912	1 912	1 912	1 912	1 912	1 912	1 912	1 912	1 912	22 947	26 072	31 394
Vote 15 - Other		0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
Total Revenue by Vote		373 171	373 171	373 171	373 171	373 171	373 171	373 171	373 171	373 171	373 171	373 171	373 172	4 478 052	4 720 445	4 972 814
Expenditure by Vote to be appropriated																
Vote 01 - Public Safety		22 732	22 732	22 732	22 732	22 732	22 732	22 732	22 732	22 732	22 732	22 732	22 731	272 783	288 344	302 373
Vote 02 - Health Services		908	908	908	908	908	908	908	908	908	908	908	908	10 899	11 426	11 969
Vote 03 - Community Services		9 533	9 533	9 533	9 533	9 533	9 533	9 533	9 533	9 533	9 533	9 533	9 533	114 399	118 565	122 906
Vote 04 - Housing		3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 838	46 065	48 363	50 729
Vote 05 - Sport Arts And Culture		8 507	8 507	8 507	8 507	8 507	8 507	8 507	8 507	8 507	8 507	8 506	8 506	102 085	105 997	110 122
Vote 06 - Council General		20 657	20 657	20 657	20 657	20 657	20 657	20 657	20 657	20 657	20 657	20 656	20 656	247 884	258 318	269 048
Vote 07 - Civil Engineering		21 143	21 143	21 143	21 143	21 143	21 143	21 143	21 143	21 143	21 143	21 143	21 143	253 720	262 868	269 636
Vote 08 - Water Section		65 090	65 090	65 090	65 090	65 090	65 090	65 090	65 090	65 090	65 090	65 089	65 089	781 075	807 494	835 219
Vote 09 - City Electrical Engineering		148 571	148 571	148 571	148 571	148 571	148 571	148 571	148 571	148 571	148 571	148 570	148 570	1 782 861	1 814 647	1 850 150
Vote 10 - Corporate Governance		6 596	6 596	6 596	6 596	6 596	6 596	6 596	6 596	6 596	6 596	6 595	6 595	79 146	83 168	87 445
Vote 11 - Budget And Treasury Office		25 693	25 693	25 693	25 693	25 693	25 693	25 693	25 693	25 693	25 693	25 693	25 693	308 321	316 555	325 535
Vote 12 - Cleansing		19 359	19 359	19 359	19 359	19 359	19 359	19 359	19 359	19 359	19 359	19 358	19 358	232 304	240 507	249 751
Vote 13 - Sewerage		18 844	18 844	18 844	18 844	18 844	18 844	18 844	18 844	18 844	18 844	18 844	18 844	226 131	231 467	236 982
Vote 14 - Market		1 995	1 995	1 995	1 995	1 995	1 995	1 995	1 995	1 995	1 995	1 995	1 995	23 939	24 994	26 090
Vote 15 - Other		1 113	1 113	1 113	1 113	1 113	1 113	1 113	1 113	1 113	1 113	1 113	1 113	13 357	14 062	14 798
Total Expenditure by Vote		374 581	374 581	374 581	374 581	374 581	374 581	374 581	374 581	374 581	374 581	374 572	374 572	4 494 958	4 627 174	4 762 733
Surplus/(Deficit) before assoc.		(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 400)	(16 906)	93 271	210 081
Income Tax		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 400)	(16 906)	93 271	210 081

Table 43 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

NW403 City Of Matlosana - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue - Functional																
<i>Governance and administration</i>		113 399	113 399	113 399	113 399	113 399	113 399	113 399	113 399	113 399	113 399	113 399	113 399	1 360 784	1 450 130	1 539 703
Executive and council		222	222	222	222	222	222	222	222	222	222	222	222	2 661	2 662	2 724
Finance and administration		113 177	113 177	113 177	113 177	113 177	113 177	113 177	113 177	113 177	113 177	113 177	113 177	1 358 123	1 447 438	1 536 979
Internal audit														-	-	-
<i>Community and public safety</i>		6 018	6 018	6 018	6 018	6 018	6 018	6 018	6 018	6 018	6 018	6 018	6 018	72 218	75 998	91 457
Community and social services		394	394	394	394	394	394	394	394	394	394	394	394	4 729	4 892	4 893
Sport and recreation		59	59	59	59	59	59	59	59	59	59	59	59	710	2 745	16 802
Public safety		2 648	2 648	2 648	2 648	2 648	2 648	2 648	2 648	2 648	2 648	2 648	2 648	31 778	33 361	34 761
Housing		2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	35 000	35 000	35 000
Health														-	-	-
<i>Economic and environmental services</i>		3 168	3 168	3 168	3 168	3 168	3 168	3 168	3 168	3 168	3 168	3 168	3 168	38 015	41 046	71 225
Planning and development		987	987	987	987	987	987	987	987	987	987	987	987	11 846	11 822	12 385
Road transport		2 162	2 162	2 162	2 162	2 162	2 162	2 162	2 162	2 162	2 162	2 162	2 162	25 948	28 992	58 628
Environmental protection		18	18	18	18	18	18	18	18	18	18	18	18	221	232	232
<i>Trading services</i>		248 674	248 674	248 674	248 674	248 674	248 674	248 674	248 674	248 674	248 674	248 674	248 674	2 984 087	3 127 199	3 239 035
Energy sources		100 794	100 794	100 794	100 794	100 794	100 794	100 794	100 794	100 794	100 794	100 794	100 794	1 209 534	1 279 902	1 365 474
Water management		87 705	87 705	87 705	87 705	87 705	87 705	87 705	87 705	87 705	87 705	87 705	87 705	1 052 461	1 093 857	1 177 634
Waste water management		21 106	21 106	21 106	21 106	21 106	21 106	21 106	21 106	21 106	21 106	21 106	21 106	253 267	252 240	218 601
Waste management		39 069	39 069	39 069	39 069	39 069	39 069	39 069	39 069	39 069	39 069	39 069	39 069	468 826	501 201	476 326
Other		1 912	1 912	1 912	1 912	1 912	1 912	1 912	1 912	1 912	1 912	1 912	1 912	22 947	26 072	31 394
Total Revenue - Functional		373 171	373 171	373 171	373 171	373 171	373 171	373 171	373 171	373 171	373 171	373 171	373 171	4 478 052	4 720 445	4 972 814
Expenditure - Functional																
<i>Governance and administration</i>		63 059	63 059	63 059	63 059	63 059	63 059	63 059	63 059	63 059	63 059	63 059	63 057	766 711	783 681	812 059
Executive and council		35 085	35 085	35 085	35 085	35 085	35 085	35 085	35 085	35 085	35 085	35 085	35 083	421 020	438 341	456 281
Finance and administration		27 447	27 447	27 447	27 447	27 447	27 447	27 447	27 447	27 447	27 447	27 447	27 446	329 366	338 675	348 757
Internal audit		527	527	527	527	527	527	527	527	527	527	527	527	6 326	6 665	7 022
<i>Community and public safety</i>		35 694	35 694	35 694	35 694	35 694	35 694	35 694	35 694	35 694	35 694	35 694	35 692	428 327	454 259	479 906
Community and social services		10 487	10 487	10 487	10 487	10 487	10 487	10 487	10 487	10 487	10 487	10 487	10 487	125 845	130 525	135 435
Sport and recreation		9 437	9 437	9 437	9 437	9 437	9 437	9 437	9 437	9 437	9 437	9 437	9 437	113 249	121 906	131 462
Public safety		14 240	14 240	14 240	14 240	14 240	14 240	14 240	14 240	14 240	14 240	14 240	14 240	170 883	182 561	192 834
Housing		1 515	1 515	1 515	1 515	1 515	1 515	1 515	1 515	1 515	1 515	1 515	1 515	18 179	19 077	19 985
Health		14	14	14	14	14	14	14	14	14	14	14	14	171	180	188
<i>Economic and environmental services</i>		25 012	25 012	25 012	25 012	25 012	25 012	25 012	25 012	25 012	25 012	25 012	25 010	300 139	311 765	321 137
Planning and development		6 191	6 191	6 191	6 191	6 191	6 191	6 191	6 191	6 191	6 191	6 191	6 190	74 293	78 245	82 356
Road transport		18 647	18 647	18 647	18 647	18 647	18 647	18 647	18 647	18 647	18 647	18 647	18 646	223 759	231 322	236 432
Environmental protection		174	174	174	174	174	174	174	174	174	174	174	174	2 088	2 197	2 310
<i>Trading services</i>		248 519	248 519	248 519	248 519	248 519	248 519	248 519	248 519	248 519	248 519	248 517	248 517	2 982 230	3 048 247	3 118 605
Energy sources		145 320	145 320	145 320	145 320	145 320	145 320	145 320	145 320	145 320	145 320	145 319	145 319	1 743 840	1 788 333	1 795 166
Water management		64 611	64 611	64 611	64 611	64 611	64 611	64 611	64 611	64 611	64 611	64 611	64 610	775 329	801 408	828 774
Waste water management		19 409	19 409	19 409	19 409	19 409	19 409	19 409	19 409	19 409	19 409	19 409	19 408	232 902	239 857	247 292
Waste management		19 180	19 180	19 180	19 180	19 180	19 180	19 180	19 180	19 180	19 180	19 179	19 179	230 159	238 649	247 374
Other		2 296	2 296	2 296	2 296	2 296	2 296	2 296	2 296	2 296	2 296	2 296	2 296	27 550	29 212	31 026
Total Expenditure - Functional		374 581	374 581	374 581	374 581	374 581	374 581	374 581	374 581	374 581	374 581	374 571	374 571	4 494 958	4 627 174	4 762 733
Surplus/(Deficit) before assoc.		(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 400)	(1 400)	(16 906)	93 271	210 081
Intracompany/Parent subsidiary transactions														-	-	-
Surplus/(Deficit)		(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 410)	(1 400)	(1 400)	(16 906)	93 271	210 081

Table 44 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

NW403 City Of Matlosana - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	
Multi-year expenditure to be appropriated	1																
Vote 01 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Health Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Sport Arts And Culture		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10 431
Vote 06 - Council General		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Civil Engineering		10 411	10 411	10 411	10 411	10 411	10 411	10 411	10 411	10 411	10 411	10 411	10 411	124 937	109 596	61 904	
Vote 08 - Water Section		4 053	4 053	4 053	4 053	4 053	4 053	4 053	4 053	4 053	4 053	4 053	4 053	48 630	50 000	32 680	
Vote 09 - City Electrical Engineering		144	144	144	144	144	144	144	144	144	144	144	144	1 732	-	33 544	
Vote 10 - Corporate Governance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Budget And Treasury Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Cleansing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12 626
Vote 13 - Sewerage		1 348	1 348	1 348	1 348	1 348	1 348	1 348	1 348	1 348	1 348	1 348	1 348	16 170	25 000	11 569	
Vote 14 - Market		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8 064
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	15 956	15 956	15 956	15 956	15 956	15 956	15 956	15 956	15 956	15 956	15 956	15 956	191 469	184 596	169 918	
Single-year expenditure to be appropriated																	
Vote 01 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Health Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Sport Arts And Culture		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Council General		2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	30 000	-	-	
Vote 07 - Civil Engineering		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Water Section		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 09 - City Electrical Engineering		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Corporate Governance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Budget And Treasury Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Cleansing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Sewerage		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Market		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	30 000	-	-	
Total Capital Expenditure	2	18 456	18 456	18 456	18 456	18 456	18 456	18 456	18 456	18 456	18 456	18 456	18 456	221 469	184 596	169 918	

Table 45 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

NW403 City Of Matlosana - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	
Capital Expenditure - Functional	1																
<i>Governance and administration</i>		2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	30 000	-	-	
Executive and council		2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	30 000	-	-	
Finance and administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	10 431	
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	10 431	
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>		10 411	10 411	10 411	10 411	10 411	10 411	10 411	10 411	10 411	10 411	10 411	10 411	124 937	109 596	61 004	
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Road transport		10 411	10 411	10 411	10 411	10 411	10 411	10 411	10 411	10 411	10 411	10 411	10 411	124 937	109 596	61 004	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Trading services</i>		5 544	5 544	5 544	5 544	5 544	5 544	5 544	5 544	5 544	5 544	5 544	5 544	66 532	75 000	90 419	
Energy sources		144	144	144	144	144	144	144	144	144	144	144	144	1 732	-	33 544	
Water management		4 053	4 053	4 053	4 053	4 053	4 053	4 053	4 053	4 053	4 053	4 053	4 053	48 630	50 000	32 680	
Waste water management		1 348	1 348	1 348	1 348	1 348	1 348	1 348	1 348	1 348	1 348	1 348	1 348	16 170	25 000	11 569	
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	12 626	
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	8 064	
Total Capital Expenditure - Functional	2	18 456	18 456	18 456	18 456	18 456	18 456	18 456	18 456	18 456	18 456	18 456	18 456	221 469	184 596	169 918	
Funded by:																	
National Government		15 956	15 956	15 956	15 956	15 956	15 956	15 956	15 956	15 956	15 956	15 956	15 956	191 469	184 596	169 918	
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers recognised - capital		15 956	15 956	15 956	15 956	15 956	15 956	15 956	15 956	15 956	15 956	15 956	15 956	191 469	184 596	169 918	
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Internally generated funds		2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	30 000	-	-	
Total Capital Funding		18 456	18 456	18 456	18 456	18 456	18 456	18 456	18 456	18 456	18 456	18 456	18 456	221 469	184 596	169 918	

Table 46 MBRR SA30 - Budgeted monthly cash flow

NW403 City Of Matlosana - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand															
Cash Receipts By Source													1		
Property rates	32 075	32 075	32 075	32 075	32 075	32 075	32 075	32 075	32 075	32 075	32 075	39 924	392 753	429 655	462 174
Service charges - electricity revenue	66 519	66 519	66 519	66 519	66 519	66 519	66 519	66 519	66 519	66 519	66 519	67 719	799 431	877 878	949 732
Service charges - water revenue	45 941	45 941	45 941	45 941	45 941	45 941	45 941	45 941	45 941	45 941	45 941	45 941	551 287	608 633	662 419
Service charges - sanitation revenue	9 197	9 197	9 197	9 197	9 197	9 197	9 197	9 197	9 197	9 197	9 197	12 461	113 623	125 161	135 827
Service charges - refuse revenue	15 885	15 885	15 885	15 885	15 885	15 885	15 885	15 885	15 885	15 885	15 885	24 667	199 399	218 966	236 888
Rental of facilities and equipment	511	511	511	511	511	511	511	511	511	511	511	12 567	18 210	19 102	20 000
Interest earned - external investments	677	677	677	677	677	677	677	677	677	677	677	2 310	9 761	10 239	10 720
Interest earned - outstanding debtors	45 000	45 000	45 000	45 000	45 000	45 000	45 000	45 000	45 000	45 000	45 000	(372 242)	122 762	123 298	123 838
Dividends received															
Fines, penalties and forfeits	120	120	120	120	120	120	120	120	120	120	120	1 781	3 104	3 189	3 278
Licences and permits	4	4	4	4	4	4	4	4	4	4	4	6	50	150	150
Agency services															
Transfers and Subsidies - Operational	50 184	50 184	50 184	50 184	50 184	50 184	50 184	50 184	50 184	50 184	50 184	64 900	616 921	668 867	721 546
Other revenue	23	23	23	23	23	23	23	23	23	23	23	86 634	86 681	89 325	91 611
Cash Receipts by Source	266 136	266 136	266 136	266 136	266 136	266 136	266 136	266 136	266 136	266 136	266 136	(13 317)	2 914 181	3 174 683	3 408 182
Other Cash Flows by Source															
Transfers and subsidies - Capital (municipality treasury transfer)															
Provincial and District	16 637	16 637	16 637	16 637	16 637	16 637	16 637	16 637	16 637	16 637	16 637	8 466	191 469	189 116	190 216
Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions															
Proceeds on Disposal of Fixed and Intangible Assets															
Short term loans															
Borrowing long term/refinancing															
Increase (decrease) in consumer deposits												1 500	1 500	1 500	1 500
Decrease (increase) in non-current receivables												33	33	33	33
Decrease (increase) in non-current investments															
Total Cash Receipts by Source	282 772	282 772	282 772	282 772	282 772	282 772	282 772	282 772	282 772	282 772	282 772	(5 313)	3 107 184	3 365 332	3 599 531
Cash Payments by Type															
Employee related costs	69 817	69 817	69 817	69 817	69 817	69 817	69 817	69 817	69 817	69 817	69 817	15 178	783 171	824 354	867 936
Remuneration of councillors													41 586	43 832	46 199
Finance charges													10 711	11 235	11 764
Bulk purchases - electricity	92 210	92 210	92 210	92 210	92 210	92 210	92 210	92 210	92 210	92 210	92 210	94 974	1 109 287	1 130 030	1 151 162
Acquisitions - water & other inventory	26 854	26 854	26 854	26 854	26 854	26 854	26 854	26 854	26 854	26 854	26 854	145 339	440 738	440 738	
Contracted services													449 843	449 843	470 759
Transfers and subsidies - other municipalities															
Transfers and subsidies - other															
Other expenditure	19 153	19 153	19 153	19 153	19 153	19 153	19 153	19 153	19 153	19 153	19 153	114 678	325 362	340 197	354 790
Cash Payments by Type	208 035	208 035	208 035	208 035	208 035	208 035	208 035	208 035	208 035	208 035	208 035	872 310	3 160 698	3 261 146	2 924 921
Other Cash Flows/Payments by Type															
Capital assets	17 849	17 849	17 849	17 849	17 849	17 849	17 849	17 849	17 849	17 849	17 849	25 133	221 469	189 116	190 216
Repayment of borrowing												4 697	4 697	4 697	
Other Cash Flows/Payments	42	42	42	42	42	42	42	42	42	42	42	249 542	250 000	250 000	220 000
Total Cash Payments by Type	225 926	225 926	225 926	225 926	225 926	225 926	225 926	225 926	225 926	225 926	225 926	1 151 681	3 636 864	3 684 959	3 335 137
NET INCREASE/(DECREASE) IN CASH HELD	56 847	56 847	56 847	56 847	56 847	56 847	56 847	56 847	56 847	56 847	56 847	(1 154 994)	(529 680)	(319 627)	264 794
Cash/cash equivalents at the monthly year begin:	200 000	256 847	313 693	370 540	427 387	484 234	541 080	597 927	654 774	711 621	768 467	825 314	200 000	(329 680)	(649 307)
Cash/cash equivalents at the monthly year end:	256 847	313 693	370 540	427 387	484 234	541 080	597 927	654 774	711 621	768 467	825 314	(329 680)	(329 680)	(649 307)	(384 513)

2.9 Capital expenditure details

The following two tables present details of the Municipal's capital expenditure programs, firstly on new assets, and the repair and maintenance of assets.

Table 47 MBRR SA 34a - Capital expenditure on new assets by asset class

NW403 City Of Matlosana - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		77 474	156 912	107 989	171 357	171 823	171 823	191 469	184 596	149 823
Roads Infrastructure		18 494	49 600	50 195	57 182	61 004	61 004	124 937	109 596	61 004
Roads		18 494	49 600	50 195	57 182	61 004	61 004	124 937	109 596	61 004
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		12 541	50 705	20 538	53 944	53 944	53 944	1 732	-	31 944
Power Plants										
HV Substations		-	12 103	7 444	22 000	22 000	22 000	-	-	-
HV Switching Station										
HV Transmission Conductors										
MV Substations		-	2 674	-	-	-	-	-	-	-
MV Switching Stations										
MV Networks		6 285	14 820	13 093	29 064	29 064	29 064	1 732	-	29 064
LV Networks		6 256	21 108	-	2 880	2 880	2 880	-	-	2 880
Capital Spares										
Water Supply Infrastructure		40 876	34 145	28 398	28 715	32 680	32 680	48 630	50 000	32 680
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations		-	7 436	4 071	-	-	-	-	-	-
Water Treatment Works										
Bulk Mains		4 232	8 896	20 668	13 504	17 004	17 004	-	-	17 004
Distribution		36 643	17 813	3 659	15 210	15 676	15 676	48 630	50 000	15 676
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		5 563	22 462	8 858	21 069	11 569	11 569	16 170	25 000	11 569
Pump Station		455	6 261	3 659	-	5 569	5 569	-	-	5 569
Reticulation		5 108	16 201	5 199	21 069	6 000	6 000	16 170	25 000	6 000
Waste Water Treatment Works										
Outfall Sewers		-	-	-	-	-	-	-	-	-
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		-	-	-	10 447	12 626	12 626	-	-	12 626
Landfill Sites										
Waste Transfer Stations		-	-	-	10 447	12 626	12 626	-	-	12 626
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										

Community Assets		8 994	12 193	25 390	15 431	15 431	15 431	-	-	10 431
Community Facilities		-	-	-	5 000	5 000	5 000	-	-	-
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space					5 000	5 000	5 000			
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		8 994	12 193	25 390	10 431	10 431	10 431	-	-	10 431
Indoor Facilities		-	-	-	-	-	-	-	-	-
Outdoor Facilities		8 994	12 193	25 390	10 431	10 431	10 431	-	-	10 431
Capital Spares										
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets										
Intangible Assets		-	-	-	520	520	520	-	-	-
Servitudes										
Licences and Rights					520	520	520	-	-	-
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications					520	520	520	-	-	-
Load Settlement Software Applications										
Unspecified										
Computer Equipment		4 863	-	-	-	25	25	-	-	-
Computer Equipment		4 863	-	-	-	25	25	-	-	-
Furniture and Office Equipment		-	-	-	2 000	2 000	2 000	-	-	-
Furniture and Office Equipment		-	-	-	2 000	2 000	2 000	-	-	-
Machinery and Equipment		297	-	-	4 600	4 600	4 600	30 000	-	-
Machinery and Equipment		297	-	-	4 600	4 600	4 600	30 000	-	-
Transport Assets		-	-	-	7 000	20 589	20 589	-	-	-
Transport Assets		-	-	-	7 000	20 589	20 589	-	-	-
Land		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Living resources		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Policing and Protection										
Zoological plants and animals										
Immature		-	-	-	-	-	-	-	-	-
Policing and Protection										
Zoological plants and animals										
Total Capital Expenditure on new assets	1	91 628	169 105	133 379	200 908	214 987	214 987	221 469	184 596	160 254

Table 48BRR SA34b - Repairs and maintenance expenditure by asset class

NW403 City Of Matlosana - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		3 365	16 242	5 483	2 066	1 600	1 600	-	-	1 600
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Roads		-	-	-	-	-	-	-	-	-
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		3 365	-	-	1 600	1 600	1 600	-	-	1 600
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations		3 365	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	1 600	1 600	1 600	-	-	1 600
Capital Spares		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	16 242	5 483	466	-	-	-	-	-
Pump Station		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Waste Water Treatment Works		-	16 242	5 483	466	-	-	-	-	-
Outfall Sewers		-	-	-	-	-	-	-	-	-
Toilet Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Living resources		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Policing and Protection		-	-	-	-	-	-	-	-	-
Zoological plants and animals		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Policing and Protection		-	-	-	-	-	-	-	-	-
Zoological plants and animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing	1	3 365	16 242	5 483	2 066	1 600	1 600	-	-	1 600
Renewal of Existing Assets as % of total capex		3.4%	8.5%	3.6%	1.0%	0.7%	0.7%	0.0%	0.0%	0.9%
Renewal of Existing Assets as % of deprecn"		0.8%	3.9%	1.4%	0.5%	0.4%	0.4%	0.0%	0.0%	0.4%

Table 48BRR SA34c - Repairs and maintenance expenditure by asset class

NW403 City Of Matlosana - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		66 413	45 791	92 816	156 185	186 094	186 094	196 887	206 891	216 643
Roads Infrastructure		24 973	6 017	14 286	48 376	63 326	63 326	66 998	70 638	73 986
Roads		24 878	5 833	14 034	47 744	62 444	62 444	66 065	69 303	72 560
Road Structures										
Road Furniture		95	185	251	632	882	882	933	1 335	1 426
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		29 346	35 985	45 970	69 691	86 691	86 691	91 719	96 213	100 736
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations		335	217	330	278	778	778	823	864	904
MV Switching Stations		1 636	1 139	3	115	115	115	122	128	134
MV Networks										
LV Networks		27 374	34 629	45 637	69 298	85 798	85 798	90 774	95 222	99 697
Capital Spares										
Water Supply Infrastructure		9 985	2 292	25 146	17 585	15 765	15 765	16 679	17 496	18 319
Dams and Weirs										
Boreholes										
Reservoirs		1 169	13	945	3 494	3 494	3 494	3 697	3 878	4 060
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution		8 816	2 279	24 201	14 070	12 270	12 270	12 982	13 618	14 258
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		2 110	1 496	7 415	20 553	20 312	20 312	21 490	22 543	23 603
Pump Station										
Reticulation		1 790	1 432	5 540	10 903	10 662	10 662	11 281	11 833	12 390
Waste Water Treatment Works		320	64	1 875	9 650	9 650	9 650	10 210	10 710	11 213
Outfall Sewers										
Toilet Facilities										
Capital Spares										

Community Assets	9 124	1 768	2 500	13 208	13 928	13 928	17 175	17 981	18 831
Community Facilities	5 602	649	415	6 181	6 901	6 901	9 056	9 465	9 914
Halls									
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations									
Museums	34	39	28	104	119	119	1 012	1 062	1 111
Galleries									
Theatres									
Libraries	857	208	417	980	985	985	1 911	1 969	2 066
Cemeteries/Crematoria	3 696	175	(209)	3 916	4 616	4 616	4 884	5 123	5 364
Police									
Parks									
Public Open Space	-	-	-	4	4	4	5	5	5
Nature Reserves	28	-	90	505	505	505	535	561	587
Public Ablution Facilities									
Markets	986	226	89	672	672	672	711	746	781
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals									
Capital Spares									
Sport and Recreation Facilities	3 522	1 120	2 085	7 026	7 026	7 026	8 119	8 517	8 917
Indoor Facilities	737	147	670	2 330	2 330	2 330	2 505	2 627	2 751
Outdoor Facilities	2 785	973	1 415	4 696	4 696	4 696	5 614	5 889	6 166
Capital Spares									
Heritage assets	173	163	79	168	188	188	199	208	218
Monuments									
Historic Buildings									
Works of Art	-	-	-	-	-	-	-	-	-
Conservation Areas	173	163	79	168	188	188	199	208	218
Other Heritage									

Other assets	1 635	1 075	1 131	5 127	7 505	7 505	9 930	11 667	12 313
Operational Buildings	1 635	1 075	1 131	5 127	7 505	7 505	9 930	11 667	12 313
Municipal Offices	1 613	1 042	1 102	5 070	7 448	7 448	9 870	11 604	12 247
Pay/Enquiry Points									
Building Plan Offices									
Workshops	19	26	26	48	48	48	51	53	56
Yards									
Stores	3	8	2	9	9	9	10	10	11
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									

Intangible Assets		13 937	17 063	1 337	3 931	4 171	4 171	4 413	4 629	4 846
Servitudes										
Licences and Rights		13 937	17 063	1 337	3 931	4 171	4 171	4 413	4 629	4 846
<i>Water Rights</i>										
<i>Effluent Licenses</i>										
<i>Solid Waste Licenses</i>										
<i>Computer Software and Applications</i>		13 937	17 063	1 337	3 931	4 171	4 171	4 413	4 629	4 846
<i>Load Settlement Software Applications</i>										
<i>Unspecified</i>										
Computer Equipment		(2 589)	1 835	3 389	4 065	4 065	4 065	4 300	4 511	4 723
Computer Equipment		(2 589)	1 835	3 389	4 065	4 065	4 065	4 300	4 511	4 723
Furniture and Office Equipment		413	243	427	1 199	2 216	2 216	2 702	2 834	2 963
Furniture and Office Equipment		413	243	427	1 199	2 216	2 216	2 702	2 834	2 963
Machinery and Equipment		16 942	7 212	11 385	24 213	24 233	24 233	25 639	26 942	28 212
Machinery and Equipment		16 942	7 212	11 385	24 213	24 233	24 233	25 639	26 942	28 212
Transport Assets		35 174	50 418	2 557	15 894	15 814	15 814	15 022	15 713	16 017
Transport Assets		35 174	50 418	2 557	15 894	15 814	15 814	15 022	15 713	16 017
Living resources		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
<i>Policing and Protection</i>										
<i>Zoological plants and animals</i>										
Immature		-	-	-	-	-	-	-	-	-
<i>Policing and Protection</i>										
<i>Zoological plants and animals</i>										
Total Repairs and Maintenance Expenditure	1	141 223	125 569	115 619	223 989	258 213	258 213	276 266	291 378	304 765

R&M as a % of PPE		2.9%	-22.1%	-18.7%	2253.1%	2597.4%	2597.4%	-44.7%	2931.0%	3065.7%
R&M as % Operating Expenditure		4.5%	3.4%	2.9%	5.3%	6.0%	6.0%	14.7%	6.6%	6.8%

Table 48BRR SA34d Depreciation – by asset class

NW403 City Of Matlosana - Supporting Table SA34d Depreciation by asset class

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1									
Depreciation by Asset Class/Sub-class										
Infrastructure		332 147	264 259	281 187	287 692	322 692	322 692	322 692	322 692	322 692
Roads Infrastructure		92 642	25 314	92 856	96 260	96 260	96 260	96 260	96 260	96 260
Roads		92 642	25 314	92 856	96 260	96 260	96 260	96 260	96 260	96 260
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		55 541	55 562	56 338	49 997	59 997	59 997	59 997	59 997	59 997
Power Plants		-	-	567	-	-	-	-	-	-
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks		55 541	55 562	55 771	49 997	59 997	59 997	59 997	59 997	59 997
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares										
Water Supply Infrastructure		119 269	108 329	130 774	93 480	93 480	93 480	93 480	93 480	93 480
Dams and Weirs		-	-	84	-	-	-	-	-	-
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works		-	(58 176)	-	-	-	-	-	-	-
Bulk Mains		-	-	-	-	-	-	-	-	-
Distribution		119 269	166 505	130 690	93 480	93 480	93 480	93 480	93 480	93 480
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		64 695	75 041	1 219	47 956	72 956	72 956	72 956	72 956	72 956
Pump Station										
Reticulation		41 662	49 423	232	47 956	72 956	72 956	72 956	72 956	72 956
Waste Water Treatment Works		23 033	25 618	987	-	-	-	-	-	-
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		-	12	0	-	-	-	-	-	-
Landfill Sites		-	12	0	-	-	-	-	-	-
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										

Community Assets	1 518	4 148	213	-	-	-	-	-	-
Community Facilities	-	4 148	213	-	-	-	-	-	-
Halls	-	4 148	213	-	-	-	-	-	-
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations									
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria									
Police									
Parks									
Public Open Space									
Nature Reserves									
Public Ablution Facilities									
Markets									
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals									
Capital Spares									
Sport and Recreation Facilities	1 518	-	-	-	-	-	-	-	-
Indoor Facilities									
Outdoor Facilities	1 518	-	-	-	-	-	-	-	-
Capital Spares									

Other assets	73 521	22 112	78 177	77 763	79 263	79 263	79 263	79 263	79 263
Operational Buildings	73 521	22 112	78 177	77 763	79 263	79 263	79 263	79 263	79 263
Municipal Offices	73 521	22 112	78 177	77 763	79 263	79 263	79 263	79 263	79 263
Pay/Enquiry Points									
Building Plan Offices									
Workshops									
Yards									
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									
Computer Equipment	1 876	21 532	716	963	1 763	1 763	1 763	1 763	1 763
Computer Equipment	1 876	21 532	716	963	1 763	1 763	1 763	1 763	1 763
Furniture and Office Equipment	1 761	36 226	22 139	1 117	2 617	2 617	2 617	2 617	2 617
Furniture and Office Equipment	1 761	36 226	22 139	1 117	2 617	2 617	2 617	2 617	2 617
Machinery and Equipment	-	657	954	-	-	-	-	-	-
Machinery and Equipment	-	657	954	-	-	-	-	-	-
Transport Assets	1 123	68 619	94	72 466	33 666	33 666	33 666	33 666	33 666
Transport Assets	1 123	68 619	94	72 466	33 666	33 666	33 666	33 666	33 666

Living resources	-	-	-	-	-	-	-	-	-
Mature	-	-	-	-	-	-	-	-	-
Policing and Protection									
Zoological plants and animals									
Immature	-	-	-	-	-	-	-	-	-
Policing and Protection									
Zoological plants and animals									
Total Depreciation	1	411 946	417 553	383 480	440 000	440 000	440 000	440 000	440 000

Table 48BRR SA34e Capital expenditure on the upgrading of existing assets by - asset class

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		-	(0)	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Roads										
Road Structures										
Road Furniture										
Capital Spares										
Community Assets		2 888	6 126	13 678	11 064	11 064	11 064	-	-	8 064
Community Facilities		2 888	6 126	13 678	11 064	11 064	11 064	-	-	8 064
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations					3 000	3 000	3 000	-	-	-
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets		2 888	6 126	13 678	8 064	8 064	8 064	-	-	8 064
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Other assets		-	-	-	3 000	3 000	3 000	-	-	-
Operational Buildings		-	-	-	3 000	3 000	3 000	-	-	-
Municipal Offices		-	-	-	3 000	3 000	3 000	-	-	-
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										

<u>Living resources</u>		-	-	-	-	-	-	-	-	
Mature		-	-	-	-	-	-	-	-	
Policing and Protection										
Zoological plants and animals										
Immature		-	-	-	-	-	-	-	-	
Policing and Protection										
Zoological plants and animals										
Total Capital Expenditure on upgrading of existing a	1	2 888	6 126	13 678	14 064	14 064	14 064	-	-	8 064
<i>Upgrading of Existing Assets as % of total capex</i>		3.0%	3.2%	9.0%	6.5%	6.1%	6.1%	0.0%	0.0%	4.7%
<i>Upgrading of Existing Assets as % of deprecn"</i>		0.7%	1.5%	3.6%	3.2%	3.2%	3.2%	0.0%	0.0%	1.8%

Table 49 MBRR SA35 - Future financial implications of the capital budget

NW403 City Of Matlosana - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2023/24 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Present value
R thousand								
Capital expenditure	1							
Vote 01 - Public Safety		-	-	-	-	-	-	-
Vote 02 - Health Services		-	-	-	-	-	-	-
Vote 03 - Community Services		-	-	-	-	-	-	-
Vote 04 - Housing		-	-	-	-	-	-	-
Vote 05 - Sport Arts And Culture		-	-	10 431	-	-	-	-
Vote 06 - Council General		30 000	-	-	-	-	-	-
Vote 07 - Civil Engineering		124 937	109 596	61 004	-	-	-	-
Vote 08 - Water Section		48 630	50 000	32 680	-	-	-	-
Vote 09 - City Electrical Engineering		1 732	-	33 544	-	-	-	-
Vote 10 - Corporate Governane		-	-	-	-	-	-	-
Vote 11 - Budget And Treasury Office		-	-	-	-	-	-	-
Vote 12 - Cleansing		-	-	12 626	-	-	-	-
Vote 13 - Sewerage		16 170	25 000	11 569	-	-	-	-
Vote 14 - Market		-	-	8 064	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-
<i>List entity summary if applicable</i>								
Total Capital Expenditure		221 469	184 596	169 918	-	-	-	-
Future operational costs by vote	2							
Vote 01 - Public Safety								
Vote 02 - Health Services								
Vote 03 - Community Services								
Vote 04 - Housing								
Vote 05 - Sport Arts And Culture								
Vote 06 - Council General								
Vote 07 - Civil Engineering								
Vote 08 - Water Section								
Vote 09 - City Electrical Engineering								
Vote 10 - Corporate Governane								
Vote 11 - Budget And Treasury Office								
Vote 12 - Cleansing								
Vote 13 - Sewerage								
Vote 14 - Market								
Vote 15 - Other								
<i>List entity summary if applicable</i>								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Exchange Revenue		673 663	704 859	735 803				
Service charges - Electricity								
Service charges - Water		1 142 045	1 202 573	1 266 309				
Service charges - Waste Water Management		787 552	834 018	883 225				
Service charges - Waste Management		162 319	171 453	181 103				
Agency services		-	-	-				
<i>List other revenues sources if applicable</i>		1 427 616	1 507 588	1 590 523				
<i>List entity summary if applicable</i>								
Total future revenue		4 193 196	4 420 492	4 656 963	-	-	-	-
Net Financial Implications		(3 971 727)	(4 235 896)	(4 487 046)	-	-	-	-

Table 50 MBRR SA36 - Detailed capital budget per municipal vote

NW403 City Of Matlosana - Supporting Table SA36 Detailed capital budget												2024 Medium Term Revenue & Expenditure Framework						
Function	Project Description	Project Number	Type	NTSF Service Outcome	IUOF	Own Strategic Objective	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Latitude	Actual	Current Year	Budget Year	Budget Year	Budget Year		
												2021/22	2022/23	2023/24	2024/25	2025/26		
Parent municipality:																		
List of capital projects grouped by function																		
Electricity	Installation New 23 Mva Sub Station	2022/00000000	NEW	responsive and responsive economic infra	Growth		Electrical Infrastructure	Tr Substations	R WARD OF MUNICIPALITY			7 844	22 000					
Electricity	Electrical Networks Grids And	2022/00000000	NEW	responsive and responsive economic infra	Growth		Electrical Infrastructure	Ww Networks	R WARD OF MUNICIPALITY				29 994				29 994	
Electricity	Installation Networks Powerlines And	2022/00000000	NEW	responsive and responsive economic infra	Growth		Electrical Infrastructure	Ww Networks	R WARD OF MUNICIPALITY			10 250						
Electricity	Jobb Hospital Areas For Lights And	2022/00000000	NEW	responsive and responsive economic infra	Growth		Electrical Infrastructure	Tr Networks	R WARD OF MUNICIPALITY				2 380				2 380	
Electricity	Construction Public Buildings Equip	2022/00000000	NEW	responsive and responsive economic infra	Growth		Water Supply Infrastructure	Pump Stations	R WARD OF MUNICIPALITY			8 871						
Electricity	Area High Voltage Lines And	2022/00000000	REDEVELOP	responsive and responsive economic infra	Inclusion and Access		Electrical Infrastructure	Tr Networks	R WARD OF MUNICIPALITY				1 500				1 500	
Electricity	Area High Voltage Lines (Phase 2)	2022/00000000	REDEVELOP	responsive and responsive economic infra	Inclusion and Access		Electrical Infrastructure	Tr Networks	R WARD OF MUNICIPALITY									
Finance	Upgrade Building - Finance	2022/00000000	REDEVELOP	effective and development oriented gov	Governance		Operational Buildings	Meeting Offices	R WARD OF MUNICIPALITY				3 000					
Housing	Upgrade Farm Buildings	2022/00000000	NEW	effective and development oriented gov	Growth		Furniture And Office Equipment	Furniture And Office Equipment	R WARD OF MUNICIPALITY				1 000					
Housing	R4 Town Development	2022/00000000	NEW	effective and development oriented gov	Growth		Community Facilities	Public Open Space	R WARD OF MUNICIPALITY				5 000					
Information Technology	Computer Equipment	2022/00000000	NEW	effective and development oriented gov	Growth		Computer Equipment	Computer Equipment	R WARD OF MUNICIPALITY				25					
Learning And Control Of Animals	Animal Control Station	2022/00000000	REDEVELOP	effective and development oriented gov	Inclusion and Access		Community Facilities	Trading Stalls	R WARD OF MUNICIPALITY				3 000					
Markets	Upgrading Of Markets Facilities	2022/00000000	REDEVELOP	effective and development oriented gov	Inclusion and Access		Community Facilities	Markets	R WARD OF MUNICIPALITY			10 870	8 058				1 800	
Markets	Equipment	2022/00000000	NEW		Growth		Machinery And Equipment	Machinery And Equipment	R WARD OF MUNICIPALITY				1 359					
Mayor And Council	Furniture	2022/00000000	NEW	effective and development oriented gov	Growth		Furniture And Office Equipment	Furniture And Office Equipment	R WARD OF MUNICIPALITY				1 000					
Mayor And Council	Equipment	2022/00000000	NEW		Growth		Machinery And Equipment	Machinery And Equipment	R WARD OF MUNICIPALITY				1 500	20 000				
Mayor And Council	LED Wall Lighting	2022/00000000	NEW		Growth		Machinery And Equipment	Machinery And Equipment	R WARD OF MUNICIPALITY				1 300					
Mayor And Council	Staircase	2022/00000000	NEW		Growth		Transport Assets	Transport Assets	R WARD OF MUNICIPALITY				20 389					
Municipal Manager Team Secretary To Matlosana Council		2022/00000000	NEW	effective and development oriented gov	Growth		Leases And Rights	Computer Software And Applications	R WARD OF MUNICIPALITY				539					
Roads	Installation Networks Power Lines	2022/00000000	NEW	responsive and responsive economic infra	Growth		Roads Infrastructure	Roads	WARD 02			8 244						
Roads	Installation New Road	2022/00000000	NEW	responsive and responsive economic infra	Growth		Roads Infrastructure	Roads	WARD 11			14 522	28 101	14 500			28 602	
Roads	Area For Road 3 Construction	2022/00000000	NEW	responsive and responsive economic infra	Growth		Roads Infrastructure	Roads	R WARD OF MUNICIPALITY									
Roads	Area For Road 4 Construction	2022/00000000	NEW	responsive and responsive economic infra	Growth		Roads Infrastructure	Roads	R WARD OF MUNICIPALITY				24 050				24 050	
Roads	Area For Road 5 Construction	2022/00000000	NEW	responsive and responsive economic infra	Growth		Roads Infrastructure	Roads	R WARD OF MUNICIPALITY			11 700	1 127	639 345	109 526		1 127	
Roads	Area For Road 6 Construction	2022/00000000	NEW	responsive and responsive economic infra	Growth		Roads Infrastructure	Roads	R WARD OF MUNICIPALITY			14 510	5 303				5 303	
Sanitation	Upgrading Of Sewer Lines	2022/00000000	REDEVELOP	responsive and responsive economic infra	Inclusion and Access		Sanitation Infrastructure	Waste Water Treatment Works	R WARD OF MUNICIPALITY			5 483						
Sanitation	Upgrade Network Of Sewerage Pipes	2022/00000000	NEW	responsive and responsive economic infra	Growth		Sanitation Infrastructure	Pump Station	R WARD OF MUNICIPALITY			3 659	5 589				5 589	
Sanitation	Construction Of Sewerage Pumping	2022/00000000	NEW	responsive and responsive economic infra	Growth		Sanitation Infrastructure	Pump Station	R WARD OF MUNICIPALITY			3 341						
Sanitation	Installation Sewerage Pipes	2022/00000000	NEW	responsive and responsive economic infra	Growth		Sanitation Infrastructure	Pipes/Lines	R WARD OF MUNICIPALITY				1 000	18 000	25 000		1 000	
Sanitation	Installation Sewerage Pipes	2022/00000000	NEW	responsive and responsive economic infra	Growth		Sanitation Infrastructure	Pipes/Lines	R WARD OF MUNICIPALITY			1 351						
Sanitation	Installation Sewerage Pipes	2022/00000000	NEW	responsive and responsive economic infra	Growth		Sanitation Infrastructure	Pipes/Lines	WARD 05				5 300				5 300	
Solid Waste Disposal Landfill Sites	Development Call Centre	2022/00000000	NEW	responsive and responsive economic infra	Growth		Solid Waste Infrastructure	Waste Transfer Station	R WARD OF MUNICIPALITY				5 000					
Solid Waste Removal	Solid Waste Collection	2022/00000000	NEW	responsive and responsive economic infra	Growth		Solid Waste Infrastructure	Waste Transfer Station	R WARD OF MUNICIPALITY				7 826				7 826	
Sports Grounds And Clubs	New Sports Complex In Aunsa	2022/00000000	NEW	long and really fit for all South Africa	Growth		Sport And Recreation Facilities	Outdoor Facilities	WARD 05			25 399	10 438				10 438	
Water Distribution	Installation Networks Power Lines	2022/00000000	NEW	responsive and responsive economic infra	Growth		Water Supply Infrastructure	Bulk Works	R WARD OF MUNICIPALITY			10 317	878				878	
Water Distribution	Installation Networks Power Lines	2022/00000000	NEW	responsive and responsive economic infra	Growth		Water Supply Infrastructure	Bulk Works	R WARD OF MUNICIPALITY				1 500				1 500	
Water Distribution	Installation Networks Power Lines	2022/00000000	NEW	responsive and responsive economic infra	Growth		Water Supply Infrastructure	Bulk Works	R WARD OF MUNICIPALITY			19 256	63 521				63 521	
Water Distribution	Construction Installation Treatment	2022/00000000	NEW	responsive and responsive economic infra	Growth		Water Supply Infrastructure	Distribution	R WARD OF MUNICIPALITY			1 808	15 669	48 000	50 000		15 669	
Water Distribution	Construction Installation Treatment	2022/00000000	NEW	responsive and responsive economic infra	Growth		Water Supply Infrastructure	Distribution	R WARD OF MUNICIPALITY			1 265						
Water Distribution	Construction Installation Treatment	2022/00000000	NEW	responsive and responsive economic infra	Growth		Water Supply Infrastructure	Distribution	R WARD OF MUNICIPALITY			568						
Water Distribution	Construction Installation Treatment	2022/00000000	NEW	responsive and responsive economic infra	Growth		Water Supply Infrastructure	Distribution	R WARD OF MUNICIPALITY									
Parent Capital expenditure												110 541	220 651	120 468	104 455	119 910		
Entity:																		
List of capital projects grouped by Entity																		
Entity A																		
Water project A																		
Entity B																		
Electricity project B																		
Entity Capital expenditure																		
Total Capital expenditure												110 541	220 651	120 468	104 455	119 910		

2.10 Legislation Compliance Status

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

2.10.1 In Year Reporting

Reporting to National Treasury in electronic format was complied with on a monthly basis. Section 71 reporting to the Executive Mayor, NT & PT has been complied with, as well as the section 72 & 52 reporting.

2.10.2 Internship Programme

The City of Matlosana is participating in the Municipal Financial Management Internship programme and has currently employed four interns that still undergoes training in various divisions of Finance and Internal Audit.

13 of the previous interns engaged since the inception of the programme have been permanently employed by the City of Matlosana.

2.10.3 Budget and Treasury Office

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

2.10.4 Audit Committee

An Audit Committee have been established and is fully functional.

2.10.5 Municipal Public Accounts Committee

The Municipal Public Accounts Committee have been established and is fully functional.

2.10.6 Service Delivery and Implementation Plan

The detailed SDBIP document is at a draft stage and will be finalised and approved.

2.10.7 Annual Report

The Annual Report has been compiled in terms of the MFMA and National Treasury requirements.

Table 51 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	403 609	429 281	429 826	487 259	471 647	471 647	326 355	498 236	524 034	551 414
Pension and UIF Contributions		84 003	87 088	87 046	95 990	95 990	95 990	67 246	101 172	106 635	112 395
Medical Aid Contributions		37 586	39 139	38 351	44 095	44 095	44 095	29 341	46 476	48 986	51 631
Overtime		53 207	55 991	61 810	25 944	30 224	30 224	49 989	30 224	31 856	33 577
Performance Bonus		31 478	33 169	33 145	38 047	38 047	38 047	26 939	40 102	42 267	44 550
Motor Vehicle Allowance		560	596	659	1 364	1 364	1 364	192	1 438	1 515	1 597
Cellphone Allowance		1 027	1 008	1 016	1 621	1 621	1 621	1 021	1 709	1 801	1 898
Housing Allowances		6 697	6 858	6 549	7 861	7 861	7 861	4 754	8 285	8 732	9 204
Other benefits and allowances		18 117	16 577	15 497	27 674	37 876	37 876	13 393	40 565	42 755	45 064
Payments in lieu of leave		22 659	12 747	4 001	14 184	14 184	14 184	4 933	14 964	15 772	16 608
Long service awards		(566)	(2 189)	(501)	-	-	-	-	-	-	-
Post-retirement benefit obligations	4	(15 428)	31 664	8 790	-	-	-	-	-	-	-
Edutainment											
Scarcity											
Acting and post-related allowance in kind benefits											
sub-total	5	642 949	711 929	686 188	744 037	742 907	742 907	524 163	783 171	824 354	867 936
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	642 949	711 929	686 188	744 037	742 907	742 907	524 163	783 171	824 354	867 936
Depreciation and amortisation											
Depreciation of Property, Plant & Equipment		388 913	391 923	363 151	440 000	440 000	440 000	272 329	440 000	440 000	440 000
Lease amortisation		-	-	-	-	-	-	-	-	-	-
Capital asset impairment		23 033	25 630	20 330	-	-	-	-	-	-	-
Total Depreciation and amortisation	1	411 946	417 553	383 480	440 000	440 000	440 000	272 329	440 000	440 000	440 000
Bulk purchases - electricity											
Electricity bulk purchases		691 073	746 597	874 375	1 088 924	1 088 924	1 088 924	277 176	1 109 287	1 130 030	1 151 162
Total bulk purchases	1	691 073	746 597	874 375	1 088 924	1 088 924	1 088 924	277 176	1 109 287	1 130 030	1 151 162
Transfers and grants											
Cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Total transfers and grants	1	-	-	-	-	-	-	-	-	-	-
Contracted Services											
Outsourced Services		85 762	84 683	136 771	141 658	164 170	164 170	86 573	174 101	182 131	191 001
Consultants and Professional Services		26 649	58 725	43 565	42 943	50 343	50 343	32 346	54 205	56 812	59 597
Contractors		122 556	107 556	155 531	250 865	249 344	249 344	83 105	221 537	231 816	242 472
Total contracted services		234 969	250 964	335 867	435 466	463 857	463 857	202 025	449 843	470 759	493 070
Operational Costs											
Collection costs		1 062	2 738	11 776	-	-	-	-	-	-	-
Contributions to 'other' provisions		7 388	8 377	6 380	4 795	4 795	4 795	4 052	5 073	5 322	5 572
Audit fees		135 251	200 122	198 830	220 259	273 131	273 131	164 663	320 389	334 875	349 218
Total Operational Costs	1	143 700	211 237	216 986	225 054	277 926	277 926	168 715	325 462	340 197	354 790
Repairs and Maintenance by Expenditure Item											
Employee related costs											
Inventory Consumed (Project Maintenance)		59 291	46 919	94 181	136 473	169 453	169 453	104 008	179 643	190 547	199 666
Contracted Services		81 933	78 650	19 843	84 896	87 939	87 939	30 204	95 756	99 921	104 146
Other Expenditure		-	-	1 595	2 620	820	820	-	868	910	953
Total Repairs and Maintenance Expenditure	9	141 223	125 569	115 619	223 989	258 213	258 213	134 211	276 266	291 378	304 765
Inventory Consumed											
Inventory Consumed - Water		-	-	-	314 003	314 003	314 003	-	322 252	322 252	325 475
Inventory Consumed - Other		32 436	42 048	36 391	170 122	170 122	170 122	33 976	118 486	118 486	119 671
Total Inventory Consumed & Other Material		32 436	42 048	36 391	484 125	484 125	484 125	33 976	440 738	440 738	445 146

Table 52 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

NW403 City Of Matlosana - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 01 - Public Safety	Vote 02 - Health Services	Vote 03 - Community Services	Vote 04 - Housing	Vote 05 - Sport Arts And Culture	Vote 06 - Council General	Vote 07 - Civil Engineering	Vote 08 - Water Section	Vote 09 - City Electrical Engineering	Vote 10 - Corporate Governance	Vote 11 - Budget And Treasury Office	Vote 12 - Cleansing	Vote 13 - Sewerage	Vote 14 - Market	Vote 15 - Other	Total
R thousand																	
Revenue																	
Exchange Revenue																	
Service charges - Electricity										(1 142 045)							(1 142 045)
Service charges - Water								(787 552)									(787 552)
Service charges - Waste Water Management														(162 319)			(162 319)
Service charges - Waste Management													(284 656)				(284 656)
Sale of Goods and Rendering of Services		(1 866)		(3 312)	(414)	(363)	-					(2 599)	(404)		(43)		(8 021)
Agency services																	-
Interest																	-
Interest earned from Receivables					(0)				(242 190)	(57 915)		(125 950)	(129 520)	(3 429)			(559 052)
Interest earned from Current and Non Current Assets												(9 725)			(36)		(9 761)
Dividends																	-
Rent on Land																	-
Rental from Fixed Assets		(1 326)		(357)	(4 188)	(209)	-				(220)	-			(3 001)	(1)	(8 300)
Licence and permits		(8 909)															(8 909)
Operational Revenue		(17 649)			(36 216)		(421)				(2 020)	(1 447)			(19 867)		(77 620)
Non-Exchange Revenue																	
Property rates												(561 076)					(561 076)
Surcharges and Taxes					(241)												(241)
Fines, penalties and forfeits		(1 559)				(2)		(456)		(368)		(319)					(3 104)
Licences or permits		(50)															(50)
Transfer and subsidies - Operational						(1 418)		(9 299)		(4 000)		(602 204)					(616 921)
Interest												(54 750)					(54 750)
Fuel Levy																	-
Operational Revenue																	-
Gains on disposal of Assets																	-
Other Gains																	-
Discontinued Operations																	
Total Revenue (excluding capital transfers and contributions)		(31 778)	-	(3 669)	(41 058)	(1 992)	(421)	(9 754)	(1 029 742)	(1 204 327)	(2 240)	(1 358 123)	(414 780)	(165 746)	(22 947)	(1)	(4 266 562)
Expenditure																	
Employee related costs		139 930	5 044	57 905	20 932	50 161	58 797	73 237	41 594	55 075	49 857	85 336	72 813	48 658	13 682	10 149	783 171
Remuneration of councillors							41 586										41 586
Bulk purchases - electricity										1 109 287							1 109 287
Inventory consumed									322 252			118 466					440 738
Debt impairment																	-
Depreciation and amortisation		5 553	661	35 285	1 303	26 420	12 866	99 029	94 607	81 379		3 966	1 608	73 508	3 815		440 000
Interest		127	23	65	14	949	641	197	124	168	8 232	29	126	12	6		10 711
Contracted services		70 288	1 250	16 728	1 992	14 860	42 741	19 680	74 098	46 098	16 096	38 019	86 037	17 484	3 993	499	448 843
Transfers and subsidies																	-
Irrecoverable debts written off									219 429	315 619		142 067	62 558	48 682			788 344
Operational costs		32 950	3 877	3 318	21 659	5 335	85 846	3 345	5 020	111 032	12 261	28 373	3 161	4 830	1 994	2 460	325 462
Losses on disposal of Assets																	-
Other Losses																	-
Total Expenditure		248 828	10 855	113 301	45 900	96 777	242 784	195 931	757 198	1 719 614	78 383	424 470	226 204	193 288	23 495	13 115	4 389 142
Surplus/(Deficit)																	
Transfers and subsidies - capital (monetary allocations)		(280 606)	(10 855)	(116 970)	(86 958)	(98 768)	(243 205)	(205 685)	(1 786 940)	(2 922 942)	(80 623)	(1 782 593)	(640 984)	(359 036)	(46 442)	(13 116)	(8 675 724)
Transfers and subsidies - capital (in-kind)								(21 980)	(22 718)			(54 046)	(87 519)				(166 263)
Surplus/(Deficit) after capital transfers & contributions		(280 606)	(10 855)	(116 970)	(86 958)	(98 768)	(243 205)	(227 666)	(1 809 659)	(2 922 942)	(80 623)	(1 782 593)	(695 030)	(446 555)	(46 442)	(13 116)	(8 861 987)

Table 53 MBRR Table SA3 – Supporting detail to Statement of Financial Position

NW403 City Of Matlosana - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
ASSETS											
<u>Trade and other receivables from exchange transactions</u>											
Electricity		539 291	567 800	630 282	1 509 064	1 516 864	1 516 864	720 153	1 826 777	2 070 158	2 126 064
Water		2 382 804	2 345 010	2 762 005	2 872 132	2 880 132	2 880 132	3 250 365	2 924 580	3 353 128	3 388 317
Waste		662 533	606 852	716 940	832 411	830 411	830 411	842 404	755 110	950 376	953 903
Waste Water		346 023	313 401	397 246	472 060	478 060	478 060	455 612	502 039	532 078	535 556
Other trade receivables from exchange transactions		253 092	1 418 998	314 794	222 891	217 891	217 891	348 328	40 208	41 533	169 739
Gross: Trade and other receivables from exchange transactions		4 183 744	5 252 060	4 821 266	5 908 558	5 923 358	5 923 358	5 616 863	6 048 714	6 947 274	7 173 579
Less: Impairment for debt		(3 812 373)	(4 581 305)	(5 726 049)	(5 406 704)	(5 406 704)	(5 406 704)	(5 923 135)	(6 031 987)	(6 657 269)	(6 723 842)
Impairment for Electricity		(2 154 443)	(420 258)	(481 505)	(1 394 331)	(1 394 331)	(1 394 331)	(560 410)	(1 679 331)	(1 964 331)	(1 983 974)
Impairment for Water		(1 104 308)	(1 666 346)	(2 025 332)	(2 680 243)	(2 680 243)	(2 680 243)	(2 080 189)	(2 910 526)	(3 140 808)	(3 172 216)
Impairment for Waste		78 128	(428 299)	(522 537)	(708 426)	(708 426)	(708 426)	(538 177)	(773 426)	(838 426)	(846 810)
Impairment for Waste Water		(43 574)	(222 192)	(296 505)	(434 719)	(434 719)	(434 719)	(308 675)	(479 719)	(524 719)	(529 965)
Impairment for other trade receivables from exchange transactions		(588 176)	(1 844 209)	(2 400 170)	(188 985)	(188 985)	(188 985)	(2 435 684)	(188 985)	(188 985)	(190 875)
Total net Trade and other receivables from Exchange Transactions		371 371	670 755	(904 783)	501 854	516 654	516 654	(306 272)	16 727	290 004	449 737
<u>Receivables from non-exchange transactions</u>											
Property rates		76 286	(10 104)	1 583 762	142 057	189 809	189 809	2 013 652	25 589	149 591	139 047
Less: Impairment of Property rates		(54 938)	(137 570)	(62 849)	-	-	-	(571 026)	-	-	-
Net Property rates		21 348	(147 674)	1 520 913	142 057	189 809	189 809	1 442 626	25 589	149 591	139 047
Other receivables from non-exchange transactions		31 847	68 536	70 961	123 734	123 734	123 734	70 961	163 259	204 740	208 763
Impairment for other receivables from non-exchange transactions		(31 847)	(68 536)	(70 961)	(123 734)	(123 734)	(123 734)	(70 961)	(165 215)	(206 696)	(208 763)
Net other receivables from non-exchange transactions		-	-	-	-	-	-	(1 957)	(1 957)	-	-
Total net Receivables from non-exchange transactions		21 348	(147 674)	1 520 913	142 057	189 809	189 809	1 442 626	23 632	147 635	139 047
Inventory											
Water											
Opening Balance		2 763	2 841	3 383	3 087	3 087	3 087	3 087	3 087	3 087	3 087
System Input Volume		78	542	(296)	314 003	314 003	314 003	-	322 252	322 252	325 475
Water Treatment Works		-	-	-	-	-	-	-	-	-	-
Bulk Purchases		78	542	(296)	314 003	314 003	314 003	-	322 252	322 252	325 475
Natural Sources		-	-	-	-	-	-	-	-	-	-
Authorised Consumption	6	-	-	-	(314 003)	(314 003)	(314 003)	-	(322 252)	(322 252)	(325 475)
Billed Authorised Consumption		-	-	-	(314 003)	(314 003)	(314 003)	-	(322 252)	(322 252)	(325 475)
Billed Metered Consumption		-	-	-	(314 003)	(314 003)	(314 003)	-	(322 252)	(322 252)	(325 475)
Free Basic Water		-	-	-	-	-	-	-	-	-	-
Subsidised Water		-	-	-	-	-	-	-	-	-	-
Revenue Water		-	-	-	(314 003)	(314 003)	(314 003)	-	(322 252)	(322 252)	(325 475)
Non-revenue Water											
Closing Balance Water		2 841	3 383	3 087	3 087	3 087	3 087	3 087	3 087	3 087	3 087
Consumables											
Standard Rated											
Opening Balance		47 325	42 737	29 910	35 452	35 452	35 452	35 452	36 960	38 474	39 988
Acquisitions		127 982	43 829	46 359	171 630	171 630	171 630	54 974	120 000	120 000	121 200
Issues	7	(32 436)	(42 048)	(38 391)	(170 122)	(170 122)	(170 122)	(33 975)	(118 486)	(118 486)	(119 671)
Adjustments	8	(20)	(13 463)	(57)	-	-	-	(0)	-	-	-
Write-offs	9	(100 114)	(1 144)	(2 359)	-	-	-	-	-	-	-
Closing balance - Consumables Standard Rated		42 737	29 910	35 452	36 960	36 960	36 960	56 449	38 474	39 988	41 517

Land										
Opening Balance		192	186	186	186	186	186	186	186	186
Acquisitions		-	-	-	-	-	-	-	-	-
Sales		(6)	-	-	-	-	-	-	-	-
Adjustments										
Correction of Prior period errors										
Closing Balance - Land		186	186	186	186	186	186	186	186	186
Closing Balance - Inventory & Consumables		45 765	33 479	38 725	40 233	40 233	40 233	59 722	41 747	43 261
Property, plant and equipment (PPE)										
PPE at cost/valuation (excl. finance leases)		12 376 207	12 573 520	12 853 344	13 804 015	13 817 629	13 817 629	12 910 276	13 286 827	13 414 463
Leases recognised as PPE	3									
Less: Accumulated depreciation		7 575 310	6 874 275	7 021 120	9 005 968	9 005 968	9 005 968	7 293 670	9 445 541	9 885 083
Total Property, plant and equipment (PPE)	2	4 800 897	5 699 245	5 832 224	4 798 047	4 811 660	4 811 660	5 616 607	3 841 286	3 529 379
LIABILITIES										
Current liabilities - Financial liabilities										
Short term loans (other than bank overdraft)										
Current portion of long-term liabilities		1 614	(1 539)	(5 042)	2 000	2 000	2 000	(5 042)	2 000	2 000
Total Current liabilities - Financial liabilities		1 614	(1 539)	(5 042)	2 000	2 000	2 000	(5 042)	2 000	2 000
Trade and other payables from exchange transactions										
Trade and other payables from exchange transactions	5	1 298 095	3 490 001	2 646 802	1 135 478	1 662 380	1 662 380	2 812 581	(308 101)	110 140
Other trade payables from exchange transactions										
Trade payables from Non-exchange transactions - Unspent donations		43 668	42 709	23 273	41 953	41 953	41 953	97 660	26 306	45 563
Trade payables from Non-exchange transactions - Other										
VAT		360 368	552 242	741 130	-	-	-	940 573	-	-
Total Trade and other payables from exchange transactions	2	1 702 131	4 084 953	3 411 205	1 177 431	1 704 332	1 704 332	3 850 813	(281 795)	155 703
Non-current liabilities - Financial liabilities										
Borrowing	4	83 274	48 848	42 018	81 274	81 274	81 274	35 040	81 274	81 274
Other financial liabilities										
Total Non-current liabilities - Financial liabilities		83 274	48 848	42 018	81 274	81 274	81 274	35 040	81 274	81 274
Provisions										
Retirement benefits		-	-	-	-	-	-	-	-	-
Refuse landfill site rehabilitation		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Provisions		-	-	-	-	-	-	-	-	-
CHANGES IN NET ASSETS										
Accumulated surplus/(deficit)										
Accumulated surplus/(deficit) - opening balance		4 266 728	3 710 641	3 709 220	4 233 752	4 233 752	4 233 752	3 223 786	4 162 868	4 162 868
GRAP adjustments		-	-	-	-	-	-	-	-	-
Restated balance		4 266 728	3 710 641	3 709 220	4 233 752	4 233 752	4 233 752	3 223 786	4 162 868	4 162 868
Surplus/(Deficit)		(160 460)	133 580	(158 592)	(65 759)	(171 353)	(171 353)	788 067	88 910	230 955
Transfers to/from Reserves		-	-	-	-	-	-	-	-	-
Depreciation offsets		-	-	-	-	-	-	-	-	-
Other adjustments		(14 996)	258 810	135 830	-	-	-	(311)	-	-
Accumulated Surplus/(Deficit)	1	4 091 272	4 103 042	3 686 458	4 167 993	4 062 399	4 062 399	4 011 542	4 251 778	4 393 823
Reserves										
Housing Development Fund										
Capital replacement										
Self-insurance										
Other reserves										
Revaluation										
Total Reserves	2	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	4 091 272	4 103 042	3 686 458	4 167 993	4 062 399	4 062 399	4 011 542	4 251 778	4 393 823

Table 54 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

NW403 City Of Matlosana - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2019/20	2020/21	2021/22	Current Year 2022/23	2023/24 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population			--	--	--	380	380	--	380	380	380	380
Females aged 5 - 14			--	--	--	63	63	--	63	63	63	63
Males aged 5 - 14			--	--	--	32	32	--	32	32	32	32
Females aged 15 - 34			--	--	--	41	41	--	41	41	41	41
Males aged 15 - 34			--	--	--	81	81	--	81	81	81	81
Unemployment			--	--	--	--	153	--	153	153	153	153
Monthly household income (no. of households)												
No income	1.		--	--	--	80 579	80 579	--	84 289	80 579	80 579	80 579
R1 - R1 600			--	--	--	--	--	--	--	--	--	--
R1 601 - R3 200			--	--	--	12 893	12 893	--	13 422	13 966	13 966	13 966
R3 201 - R6 400			--	--	--	13 966	13 966	--	14 539	19 860	19 860	19 860
R6 401 - R12 800			--	--	--	19 660	19 860	--	20 575	22 632	22 632	22 932
R12 801 - R25 600			--	--	--	22 632	22 632	--	23 561	23 584	23 584	23 584
R25 601 - R51 200			--	--	--	19 749	19 749	--	20 559	19 749	19 749	19 749
R52 201 - R102 400			--	--	--	12 893	12 893	--	13 214	12 893	12 693	12 893
R102 401 - R204 800			--	--	--	8 620	8 620	--	8 974	8 620	8 620	8 620
R204 801 - R409 600			--	--	--	8 620	4 203	--	4 375	4 380	4 380	4 380
R409 601 - R819 200			--	--	--	1 023	1 023	--	1 065	1 066	1 066	1 066
> R819 200			--	--	--	657	657	--	684	657	657	657
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household demographics (000)												
Number of people in municipal area			--	--	--	217	0	--	0	0	0	0
Number of poor people in municipal area			--	--	--	120	0	--	0	0	0	0
Number of households in municipal area			--	--	--	136	0	--	0	0	0	0
Number of poor households in municipal area			--	--	--			--				
Definition of poor household (R per month)												
Housing statistics												
Formal	3		--	--	--	120 488	120 488	--	120 850	120 971	120 971	120 971
Informal			--	--	--	127	127	--	127	127	127	127
Total number of households			--	--	--	120 615	120 615	--	120 977	121 098	121 098	121 098
Dwellings provided by municipality	4											
Dwellings provided by province/s	5											
Dwellings provided by private sector												
Total new housing dwellings												
Economic												
Inflation/inflation outlook (CPIX)	6					6.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates												
Property tax/service charges	7											
Rental of facilities & equipment												
Interest - external investments												
Interest - debts												
Revenue from agency services												

Detail on the provision of municipal services for A10

Total municipal services	Ref.		2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	146 398	156 939	--	158 587	158 587	158 587	172 670	174 518	176 365
		Piped water inside yard (but not in dwelling)	30 897	33 122	--	33 470	33 470	33 470	--	--	--
	8	Using public tap (at least min service level)	2 111	2 263	--	2 267	2 287	2 287	13 495	13 639	13 785
	10	Other water supply (at least min service level)	2 111	2 263	--	2 263	2 263	2 263	1 031	1 042	1 053
		<i>Minimum Service Level and Above sub-total</i>	161 517	164 587	--	166 607	166 607	166 607	187 195	188 199	191 223
	9	Using public tap (< min service level)	--	--	--	--	--	--	--	--	--
	10	Other water supply (< min service level)	--	--	--	--	--	--	--	--	--
		No water supply	--	--	--	--	--	--	--	--	--
		<i>Below Minimum Service Level sub-total</i>	--	--	--	--	--	--	--	--	--
		Total number of households	161 517	164 587	--	166 607	166 607	166 607	187 195	188 199	191 223
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	127 253	136 416	--	165 936	165 936	165 936	171 322	171 322	171 322
		Flush toilet (with septic tank)	218	234	--	251	251	251	288	288	288
		Chemical toilet	622	667	--	715	715	715	745	745	745
		Pit toilet (ventilated)	2 807	3 009	--	4 002	4 002	4 002	4 066	4 066	4 066
		Other toilet provisions (> min service level)	1 161	1 244	--	23 631	23 631	23 631	23 660	23 660	23 660
		<i>Minimum Service Level and Above sub-total</i>	132 061	141 570	--	194 535	194 535	194 535	200 081	200 081	200 081
		Bucket toilet	1 010	1 083	--	1 033	1 033	1 033	1 070	1 070	1 070
		Other toilet provisions (< min service level)	--	--	--	--	--	--	--	--	--
		No toilet provisions	3 617	3 877	--	3 877	3 877	3 877	3 900	3 900	3 900
		<i>Below Minimum Service Level sub-total</i>	4 627	4 960	--	4 910	4 910	4 910	4 970	4 970	4 970
		Total number of households	136 688	146 530	--	199 445	199 445	199 445	205 051	205 051	205 051
		Energy:									
		Electricity (at least min service level)	144 247	154 633	--	121 795	121 795	121 795	123 207	123 707	126 407
		Electricity - prepaid (min service level)	23 654	25 357	--	51 655	51 655	51 655	53 067	55 767	56 267
		<i>Minimum Service Level and Above sub-total</i>	167 901	179 990	--	173 450	173 450	173 450	176 274	179 474	182 674
		Electricity (< min service level)	144 247	154 633	--	4 389	4 389	4 389	4 491	4 601	4 715
		Electricity - prepaid (< min service level)	23 654	25 357	--	15 595	15 595	15 595	15 703	15 850	15 955
		Other energy sources	--	--	--	--	--	--	--	--	--
		<i>Below Minimum Service Level sub-total</i>	167 901	179 990	--	19 984	19 984	19 984	20 194	20 451	20 670
		Total number of households	335 802	359 980	--	193 434	193 434	193 434	196 468	199 925	203 344
		Refuse:									
		Removed at least once a week	--	--	--	164 644	164 644	164 644	170 047	170 181	170 798
		<i>Minimum Service Level and Above sub-total</i>	--	--	--	164 644	164 644	164 644	170 047	170 181	170 798
		Removed less frequently than once a week	--	--	--	--	--	--	--	--	--
		Using communal refuse dump	--	5 716	--	6 378	6 378	6 378	8 518	8 518	8 518
		Using own refuse dump	--	2 430	--	2 430	2 430	2 430	3 564	6 985	5 538
		Other rubbish disposal	--	--	--	--	--	--	--	--	--
		No rubbish disposal	--	--	--	--	--	--	--	--	--
		<i>Below Minimum Service Level sub-total</i>	--	8 146	--	8 808	8 808	8 808	12 082	15 503	14 055
		Total number of households	--	8 146	--	173 452	173 452	173 452	182 129	185 684	184 854

Municipal in-house services	Ref.		2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	146 398	156 939	--	158 587	158 587	158 587	172 670	174 518	176 365
		Piped water inside yard (but not in dwelling)	30 897	33 122	--	33 470	33 470	33 470	--	--	--
	8	Using public tap (at least min service level)	2 111	2 263	--	2 267	2 287	2 287	13 495	13 639	13 785
	10	Other water supply (at least min service level)	2 111	2 263	--	2 263	2 263	2 263	1 031	1 042	1 053
		<i>Minimum Service Level and Above sub-total</i>	161 517	164 587	--	166 607	166 607	166 607	187 195	188 199	191 223
	9	Using public tap (< min service level)	--	--	--	--	--	--	--	--	--
	10	Other water supply (< min service level)	--	--	--	--	--	--	--	--	--
		No water supply	--	--	--	--	--	--	--	--	--
		<i>Below Minimum Service Level sub-total</i>	--	--	--	--	--	--	--	--	--
		Total number of households	161 517	164 587	--	166 607	166 607	166 607	187 195	188 199	191 223
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	127 253	136 416	--	165 936	165 936	165 936	171 322	171 322	171 322
		Flush toilet (with septic tank)	218	234	--	251	251	251	288	288	288
		Chemical toilet	622	667	--	715	715	715	745	745	745
		Pit toilet (ventilated)	2 807	3 009	--	4 002	4 002	4 002	4 066	4 066	4 066
		Other toilet provisions (> min service level)	1 161	1 244	--	23 631	23 631	23 631	23 660	23 660	23 660
		<i>Minimum Service Level and Above sub-total</i>	132 061	141 570	--	194 535	194 535	194 535	200 081	200 081	200 081
		Bucket toilet	1 010	1 083	--	1 033	1 033	1 033	1 070	1 070	1 070
		Other toilet provisions (< min service level)	--	--	--	--	--	--	--	--	--
		No toilet provisions	3 617	3 877	--	3 877	3 877	3 877	3 900	3 900	3 900
		<i>Below Minimum Service Level sub-total</i>	4 627	4 960	--	4 910	4 910	4 910	4 970	4 970	4 970
		Total number of households	136 688	146 530	--	199 445	199 445	199 445	205 051	205 051	205 051
		Energy:									
		Electricity (at least min service level)	144 247	154 633	--	121 795	121 795	121 795	123 207	123 707	126 407
		Electricity - prepaid (min service level)	23 654	25 357	--	51 655	51 655	51 655	53 067	55 767	56 267
		<i>Minimum Service Level and Above sub-total</i>	167 901	179 990	--	173 450	173 450	173 450	176 274	179 474	182 674
		Electricity (< min service level)	144 247	154 633	--	4 389	4 389	4 389	4 491	4 601	4 715
		Electricity - prepaid (< min service level)	23 654	25 357	--	15 595	15 595	15 595	15 703	15 850	15 955
		Other energy sources	--	--	--	--	--	--	--	--	--
		<i>Below Minimum Service Level sub-total</i>	167 901	179 990	--	19 984	19 984	19 984	20 194	20 451	20 670
		Total number of households	335 802	359 980	--	193 434	193 434	193 434	196 468	199 925	203 344
		Refuse:									
		Removed at least once a week	--	--	--	164 644	164 644	164 644	170 047	170 181	170 798
		<i>Minimum Service Level and Above sub-total</i>	--	--	--	164 644	164 644	164 644	170 047	170 181	170 798
		Removed less frequently than once a week	--	--	--	--	--	--	--	--	--
		Using communal refuse dump	--	5 716	--	6 378	6 378	6 378	8 518	8 518	8 518
		Using own refuse dump	--	2 430	--	2 430	2 430	2 430	3 564	6 985	5 538
		Other rubbish disposal	--	--	--	--	--	--	--	--	--
		No rubbish disposal	--	--	--	--	--	--	--	--	--
		<i>Below Minimum Service Level sub-total</i>	--	8 146	--	8 808	8 808	8 808	12 082	15 503	14 055
		Total number of households	--	8 146	--	173 452	173 452	173 452	182 129	185 684	184 854

Detail of Free Basic Services (FBS) provided		Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Electricity											
List type of FBS service	Ref	<u>Location of households for each type of FBS</u>									
		Formal settlements - (50 kwh per indigent household per month Rands)	25 753 674	10 975 506	26 789 472	36 514 895	36 514 895	36 514 895	38 450 185	40 488 044	42 633 911
		Number of HH receiving this type of FBS	25 753 674	10 975 506	26 789 472	-	-	-	48 767 333	57 881 947	60 544 517
		Informal settlements (Rands)	25 748	57 748	-	-	-	-	-	-	-
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Electricity for informal settlements	25 748	57 748	-	-	-	-	-	-	-
Water											
List type of FBS service	Ref	<u>Location of households for each type of FBS</u>									
		Formal settlements - (6 kilolitre per indigent household per month Rands)	50 135 245	54 223 019	74 795 138	96 062 408	96 062 408	96 062 408	101 730 090	107 732 165	114 088 363
		Number of HH receiving this type of FBS	50 135 245	54 223 019	74 795 138	-	-	-	101 826 153	107 935 722	112 900 785
		Informal settlements (Rands)	50 135	85 719	-	-	-	-	-	-	-
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Water for informal settlements	50 135	85 719	-	-	-	-	-	-	-
Sanitation											
List type of FBS service	Ref	<u>Location of households for each type of FBS</u>									
		Formal settlements - (free sanitation service to indigent households)	18 987 071	20 907 551	23 605 098	24 552 644	24 552 644	24 552 644	26 001 250	27 535 324	29 159 908
		Number of HH receiving this type of FBS	18 987 071	20 907 551	23 605 098	-	-	-	25 832 960	26 786 444	28 018 620
		Informal settlements (Rands)	18 987	22 646	-	-	-	-	-	-	-
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Sanitation for informal settlements	18 987	22 646	-	-	-	-	-	-	-
Refuse Removal											
List type of FBS service	Ref	<u>Location of households for each type of FBS</u>									
		Formal settlements - (removed once a week to indigent households)	34 401 910	37 569 968	47 511 112	47 107 228	47 107 228	47 107 228	-	-	-
		Number of HH receiving this type of FBS	34 401 910	37 569 968	47 511 112	-	-	-	49 179 946	51 393 044	53 757 124
		Informal settlements (Rands)	34 402	45 700	-	-	-	-	-	-	-
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Refuse Removal for informal settlements	34 402	45 700	-	-	-	-	-	-	-

Table 55 MBRR SA32 – List of external mechanisms

NW403 City Of Matlosana - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
Name of organisation					

Table 56 MBRR SA11 PROPERTY RATES SUMMARY

NW403 City Of Matlosana - Supporting Table SA11 Property rates summary

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Valuation:										
Date of valuation:	1	2019/01/29	2019/01/09	2020/07/01	2000/01/01					
Financial year valuation used		0	0	0	0			0		
Municipal by-laws s6 in place? (Y/N)	2	Yes	Yes		Yes					
Municipal/assistant valuer appointed? (Y/N)		Yes	Yes		Yes					
Municipal partnership s38 used? (Y/N)		No	No	No	No	No	No	No	No	No
No. of assistant valuers (FTE)	3	-	-	-	-	-	-	-	-	-
No. of data collectors (FTE)	3	-	-	-	-	-	-	-	-	-
No. of internal valuers (FTE)	3	-	-	-	-	-	-	-	-	-
No. of external valuers (FTE)	3	-	-	-	-	-	-	-	-	-
No. of additional valuers (FTE)	4	-	-	-	-	-	-	-	-	-
Valuation appeal board established? (Y/N)		Yes	Yes	No	Yes			Yes		
Implementation time of new valuation roll (mths)		12	12	-	12			-		
No. of properties	5	-	102 646	-	107 944	107 944	107 944	110 951	110 951	110 951
No. of sectional title values	5	-	3 315	-	3 654	3 654	3 654	3 612	3 612	3 612
No. of unreasonably difficult properties s7(2)		-	3	-	-	-	-	-	-	-
No. of supplementary valuations		-	-	-	5 000	5 000	5 000	3 928	3 928	3 928
No. of valuation roll amendments		-	-	-	-	-	-	-	-	-
No. of objections by rate payers		-	-	-	-	-	-	-	-	-
No. of appeals by rate payers		-	-	-	-	-	-	-	-	-
No. of successful objections	8	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	8	-	-	-	-	-	-	-	-	-
Supplementary valuation		-	-	-	-	-	-	-	-	-
Public service infrastructure v value (Rm)	5	-	0	-	0	0	0	0	0	-
Municipality owned property v value (Rm)		-	0	-	0	0	0	1	1	1
Valuation reductions:										
Valuation reductions-public infrastructure (Rm)		-	0	-	7	7	7	1	1	2
Valuation reductions-nature reserves/park (Rm)		-	-	-	-	-	-	-	-	-
Valuation reductions-mineral rights (Rm)		-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)		-	-	-	-	-	-	-	-	-
Valuation reductions-public worship (Rm)		-	-	-	13	13	13	14	15	16
Valuation reductions-other (Rm)		-	-	-	-	-	-	-	-	-
Total valuation reductions:		-	0	-	20	20	20	16	17	17
Total value used for rating (Rm)	5	-	-	-	-	-	-	-	-	-
Total land value (Rm)	5	-	-	-	-	-	-	-	-	-
Total value of improvements (Rm)	5	-	-	-	-	-	-	-	-	-
Total market value (Rm)	5	-	-	-	-	-	-	-	-	-
Rating:										
Residential rate used to determine rate for other categories? (Y/N)		Yes	Yes	No	Yes			Yes		
Differential rates used? (Y/N)	5	Yes	Yes	No	Yes			Yes		
Limit on annual rate increase (s20)? (Y/N)			No		No	No	No	No	No	
Special rating area used? (Y/N)		No	No	No	No			No		
Phasing-in properties s21 (number)		0	0	0	0	0	0	0	0	0
Rates policy accompanying budget? (Y/N)		Yes	Yes	No	Yes			Yes		
Fixed amount minimum value (R'000)										
Non-residential prescribed ratio s19? (%)										
Rate revenue:										
Rate revenue budget (R'000)	6	-	-	-	479	479	479	500	629	659
Rate revenue expected to collect (R'000)	6	-	-	-	-	-	-	-	-	-
Expected cash collection rate (%)		-	-	-	-	-	-	-	-	-
Special rating areas (R'000)	7	-	-	-	-	-	-	-	-	-
Rebates, exemptions - indigent (R'000)		-	-	-	15	15	15	24 278	25 468	26 665
Rebates, exemptions - pensioners (R'000)		-	-	-	0	0	0	0	0	-
Rebates, exemptions - bona fide farm. (R'000)		-	-	-	1	1	1	1	1	1
Rebates, exemptions - other (R'000)		-	-	-	-	-	-	-	-	-
Phase-in reductions/discounts (R'000)		-	-	-	-	-	-	-	-	-
Total rebates, exemptns, reductns, discs (R'000)		-	-	-	16	16	16	24 279	25 469	26 665

Table 57 MBRR SA12a PROPERTY BY CATEGORY (CURRENT YEAR)

NW403 City Of Matlosana - Supporting Table SA12a Property rates by category (current year)

Description	Ref	Business and commercial properties	Industrial properties	Mining properties	Residential properties	Agricultural properties	Public benefit organisations	Public service purpose properties	Public service infrastructure properties	Vacant land	Sport Clubs and Fields (Bitou only)	Sectional Title Garages (Drakenstein only)
Current Year 2022/23												
Valuation:												
No. of properties		5 730	521	490	86 156	-	48	-	192	-	-	-
No. of sectional title property values		-	-	-	3 654	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)		-	-	-	3	-	-	-	-	-	-	-
No. of supplementary valuations		-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)		-	-	-	-	-	-	-	-	-	-	-
No. of valuation roll amendments		-	-	-	-	-	-	-	-	-	-	-
No. of objections by rate-payers		-	-	-	50	-	-	-	-	-	-	-
No. of appeals by rate-payers		-	-	-	5	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised		-	-	-	5	-	-	-	-	-	-	-
No. of successful objections	5	-	-	-	45	-	-	-	-	-	-	-
No. of successful objections > 10%	5	-	-	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued		-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)		<1	<1	<1	<1	-	<1	-	<1	-	-	-
Frequency of valuation (select)		<4	<4	<4	<4	-	<4	-	<4	-	-	-
Method of valuation used (select)		Market	Market	Market	Market	-	Market	-	Market	-	-	-
Base of valuation (select)		Land & Impr.	Land & Impr.	Land & Impr.	Land & Impr.	-	Land & Impr.	-	Land & Impr.	-	-	-
Phasing-in properties s21 (number)		-	-	-	-	-	-	-	-	-	-	-
Combination of rating types used? (Y/N)		Yes	Yes	Yes	Yes	-	Yes	-	Yes	-	-	-
Flat rate used? (Y/N)		No	No	No	No	-	No	-	No	-	-	-
Is balance rated by uniform rate/variable rate?		Variable	Variable	Variable	Variable	-	Variable	-	Variable	-	-	-
Valuation reductions:												
Valuation reductions-public infrastructure (Rm)		-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-nature reserves/park (Rm)		-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-mineral rights (Rm)		-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)		-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-public worship (Rm)		-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-other (Rm)	2	-	-	-	-	-	-	-	-	-	-	-
Total valuation reductions:		-	-	-	-	-	-	-	-	-	-	-
Total value used for rating (Rm)	6	-	-	-	-	-	-	-	-	-	-	-
Total land value (Rm)	6	-	-	-	-	-	-	-	-	-	-	-
Total value of improvements (Rm)	6	-	-	-	-	-	-	-	-	-	-	-
Total market value (Rm)	6	-	-	-	-	-	-	-	-	-	-	-
Rating:												
Average rate	3	-	-	-	-	-	-	-	-	-	-	-
Rate revenue budget (R'000)		-	-	-	-	-	-	-	-	-	-	-
Rate revenue expected to collect (R'000)		-	-	-	-	-	-	-	-	-	-	-
Expected cash collection rate (%)	4	-	-	-	-	-	-	-	-	-	-	-
Special rating areas (R'000)		-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - indigent (R'000)		-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - pensioners (R'000)		-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - bona fide farm. (R'000)		-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - other (R'000)		-	-	-	-	-	-	-	-	-	-	-
Phase-in reductions/discounts (R'000)		-	-	-	-	-	-	-	-	-	-	-
Total rebates, exemptions, reductions, discounts (R'000)		-	-	-	-	-	-	-	-	-	-	-

Table 58 MBRR SA12b PROPERTY BY CATEGORY (BUDGET YEAR)

NW403 City Of Matlosana - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Business and commercial properties	Industrial properties	Mining properties	Residential properties	Agricultural properties	Public benefit organisations	Public service purpose properties	Public service infrastructure properties	Vacant land	Sport Clubs and Fields (Bitou only)	Sectional Title Garages (Drakenstein only)
Budget Year 2023/24												
Valuation:												
No. of properties		5 730	521	490	86 156	-	48	-	192	-	-	-
No. of sectional title property values		-	-	-	3 654	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)		-	-	-	3	-	-	-	-	-	-	-
No. of supplementary valuations		-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)		-	-	-	-	-	-	-	-	-	-	-
No. of valuation roll amendments		-	-	-	-	-	-	-	-	-	-	-
No. of objections by rate-payers		-	-	-	50	-	-	-	-	-	-	-
No. of appeals by rate-payers		-	-	-	5	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised		-	-	-	5	-	-	-	-	-	-	-
No. of successful objections	5	-	-	-	45	-	-	-	-	-	-	-
No. of successful objections > 10%	5	-	-	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued		-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)		<1	<1	<1	<1	-	<1	-	<1	-	-	-
Frequency of valuation (select)		<4	<4	<4	<4	-	<4	-	<4	-	-	-
Method of valuation used (select)		Market	Market	Market	Market	-	Market	-	Market	-	-	-
Base of valuation (select)		Land & Impr.	Land & Impr.	Land & Impr.	Land & Impr.	-	Land & Impr.	-	Land & Impr.	-	-	-
Phasing-in properties s21 (number)		-	-	-	-	-	-	-	-	-	-	-
Combination of rating types used? (Y/N)		Yes	Yes	Yes	Yes	-	Yes	-	Yes	-	-	-
Flat rate used? (Y/N)		No	No	No	No	-	No	-	No	-	-	-
Is balance rated by uniform rate/variable rate?		Variable	Variable	Variable	Variable	-	Variable	-	Variable	-	-	-
Total rebates, exemptions, reductions, discs (R'000)												

Table 59 MBRR SA13a SERVICE TARIFFS BY CATEGORY

NW403 City Of Matlosana - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2019/20	2020/21	2021/22	Current Year 2022/23	2023/24 Medium Term Revenue & Expenditure Framework		
							Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
							Property rates (rate in the Rand)	1	
Residential properties			0.0124	0.0131	-	0.0144	0.0151	0.0159	0.0163
Residential properties - vacant land		390	0.0313	0.0313	-	0.0344	0.0379	0.0390	0.0390
Formal/informal settlements			0.0131	0.0131	-	0.0144	0.0159	0.0163	0.0163
Small holdings			0.0124	0.0131	-	0.0144	0.0159	0.0163	0.0163
Farm properties - used			0.0033	0.0033	-	0.0036	0.0039	0.0041	0.0041
Farm properties - not used			-	0.0131	-	0.0144	0.0159	0.0163	0.0163
Industrial properties			0.0296	0.0313	-	0.0344	0.0379	0.0390	0.0390
Business and commercial properties			0.0296	0.0313	-	0.0344	0.0379	0.0390	0.0390
Communal land - residential			-	-	-	-	-	-	-
Communal land - small holdings			-	-	-	-	-	-	-
Communal land - farm property			-	-	-	-	-	-	-
Communal land - business and commercial			-	-	-	-	-	-	-
Communal land - other			-	-	-	-	-	-	-
State-owned properties			0.0296	0.0313	-	0.0344	0.0379	0.0390	0.0390
Municipal properties			-	-	-	-	-	-	-
Public service infrastructure			0.0124	0.0131	-	0.0144	0.0159	0.0163	0.0163
Privately owned towns serviced by the State trust land			-	-	-	-	-	-	-
Restitution and redistribution properties			-	-	-	-	-	-	-
Protected areas			-	-	-	-	-	-	-
National monuments properties			-	-	-	-	-	-	-

Exemptions, reductions and rebates (Rands)								
Residential properties								
R15 000 threshold rebate								
General residential rebate		50 000	50 000	-	50 000	50 000	50 000	50 000
Indigent rebate or exemption		50 000	50 000	-	50 000	50 000	50 000	50 000
Pensioners/social grants rebate or exemption		50 000	50 000	-	50 000	50 000	50 000	50 000
Temporary relief rebate or exemption								
Bona fide farmers rebate or exemption		-	-	-	-	-	-	-
Other rebates or exemptions								
Water tariffs								
Domestic								
Basic charge/ fixed fee (Rands/month)		136	150	-	159	175	180	180
Service point - vacant land (Rands/month)		136	150	-	159	175	180	180
Water usage - flat rate tariff (c/kl)		-	150	-	159	175	180	180
Water usage - life line tariff	1-6 Kl	-	23	-	25	28	29	29
Water usage - Block 1 (c/kl)	7-20 Kl	24	28	-	30	34	36	36
Water usage - Block 2 (c/kl)	21-50 Kl	-	29	-	31	35	37	37
Water usage - Block 3 (c/kl)	51-100 Kl	26	30	-	32	36	39	39
Water usage - Block 4 (c/kl)	(fill in thresholds)							
Water usage - Block 5 (c/kl)	(fill in thresholds)							
Water usage - Block 6 (c/kl)	(fill in thresholds)							
Other								
Waste water tariffs								
Domestic								
Basic charge/ fixed fee (Rands/month)		75	82	-	87	97	99	99
Service point - vacant land (Rands/month)		75	82	-	87	97	99	99
Waste water - flat rate tariff (c/kl)								
Volumetric charge - Block 1 (c/kl)	(fill in structure)							
Volumetric charge - Block 2 (c/kl)	(fill in structure)							
Volumetric charge - Block 3 (c/kl)	(fill in structure)							
Volumetric charge - Block 4 (c/kl)	(fill in structure)							
Other								
Electricity tariffs								
Domestic								
Basic charge/ fixed fee (Rands/month)			142	-	163	185	272	272
Service point - vacant land (Rands/month)		127	142	-	163	185	272	272
FBE	(how is this targeted?)							
Life-line tariff - meter	(describe structure)							
Life-line tariff - prepaid	(describe structure)							
Flat rate tariff - meter (c/kwh)								
Flat rate tariff - prepaid (c/kwh)								
Meter - IBT Block 1 (c/kwh)			1	-	1	1	2	2
Meter - IBT Block 2 (c/kwh)		118	1	-	2	2	3	3
Meter - IBT Block 3 (c/kwh)			2	-	2	2	4	4
Meter - IBT Block 4 (c/kwh)			2	-	2	3	4	4
Meter - IBT Block 5 (c/kwh)		191	2	-	3	3	4	4
Prepaid - IBT Block 1 (c/kwh)		91	1	-	1	1	2	2
Prepaid - IBT Block 2 (c/kwh)		118	1	-	2	2	3	3
Prepaid - IBT Block 3 (c/kwh)		158	2	-	2	2	4	4
Prepaid - IBT Block 4 (c/kwh)			2	-	2	3	4	4
Prepaid - IBT Block 5 (c/kwh)		191	2	-	3	3	4	4
Other								
Waste management tariffs								
Domestic								
Street cleaning charge			151	-	181	200	205	205
Basic charge/ fixed fee								
80l bin - once a week								
250l bin - once a week								

Table 60 MBRR SA13b SERVICE TATIIFS BY CATEGORY - EPLANATORY

NW403 City Of Matlosana - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2017/18	2018/19	2019/20	Current Year 2020/21	2021/22 Medium Term Revenue & Expenditure Framework		
							Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Exemptions, reductions and rebates (Rands)									
			50 000	50 000		50 000	50 000	50 000	50 000
<i>[Insert lines as applicable]</i>				50 000		50 000	50 000	50 000	50 000
				50 000		50 000	50 000	50 000	50 000
Water tariffs									
	0		115	129	136	143	159	165	173
<i>[Insert blocks as applicable]</i>		1-6 kilolitre							
		7-20 kilolitre	115	129	136	143	159	165	173
		21-50 kilolitre	115	129	136	143	159	165	173
		51-100 kilolitre		18					
		101-200 kilolitre							
		201-300 kilolitre			20	21	25	27	29
		301-	19	22	24	26	30	33	35
		(fill in thresholds)	20	23	25	27	31	34	37
		(fill in thresholds)	20	25	26	28	32	35	38
		(fill in thresholds)							
Waste water tariffs									
	0								
<i>[Insert blocks as applicable]</i>		Houses	63	71	75	79	82	86	90
		Houses	63	71	75	79	82	86	90
		Houses	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		Houses	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		Houses	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		Hostels	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		(fill in structure)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		(fill in structure)							
Electricity tariffs									
	0		112	121	127	134	163	170	177
<i>[Insert blocks as applicable]</i>		1-50 kWh	112	121	127	134	163	170	177
		51-350 kWh	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		351-600 kWh	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		601-1500 kWh	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		>1501 kWh	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		(fill in thresholds)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		(fill in thresholds)	80	87	91	1	1	1	2
		(fill in thresholds)	101	111	118	1	2	2	2
		(fill in thresholds)	158	148	158	2	2	2	3
		(fill in thresholds)	154	170	182	2	2	3	3
		(fill in thresholds)	163	179	191	2	3	3	3
		(fill in thresholds)							
		(fill in thresholds)							

Table 61 MBRR SA 37

NW403 City Of Mellesville - Supporting Table SA37 Projects delayed from previous financial years

#	Function	Project Name	Project number	Type	NISP Service Outcome	DOF	Core Strategic Objective	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Latitude	Previous Budget year to complete	Current Year 2023/24		2023/24 Actual Time Remaining		
														Original Budget	Full Year Forecast	Budget Year 2023/24	Budget Year 11/2023/24	Budget Year 12/2023/24
Present municipality																		
List all capital projects grouped by function:																		
	Electricity	Covid-19 Water ElectroMech Equip PM&M	PC0110070000	NEW	Asset Class	Growth		Water Supply Infrastructure	Pump Stations	WHOLE OF MUNICIPALITY	0	0	2021	100%	-	-	-	
	Sanitary	Upgrd. Mechan & Elect Equip Pump Sta	PC0110080000	NEW	Asset Class	Growth		Sanitary Infrastructure	Pump Station	W-WHOLE OF MUNICIPALITY	0	0	2021	100%	150	150	150	
List all capital projects grouped by City																		
City Name																		
Project name																		

2.12 Municipal Manager's Quality Certificate



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CITY OF
MATLOSANA

QUALITY CERTIFICATE

I Lesego Seametso, Municipal Manager of City of Matlosana Municipality, hereby certify that the 2023/2024 Draft Budget (MTREF) and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Draft Budget (MTREF) and supporting documentation are consistent with the Integrated Development Plan of the Municipality.

Lesego Seametso

Municipal Manager of City of Matlosana - NW403

Signature

Date 29-03-2023





Municipal Budget Circular for the 2023/24 MTREF

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Introduction

This budget circular provides guidance to municipalities with their compilation of the 2023/24 Medium Term Revenue and Expenditure Framework (MTREF). It is linked to the Municipal Budget and Reporting Regulations (MBRR) and the Municipal Standard Chart of Accounts (mSCOA), and strives to support municipalities' budget preparation processes so that the minimum requirements are achieved.

Among the objectives of this budget circular is to demonstrate how municipalities should undertake annual budget preparation in accordance with the budget and financial management reform agenda by focussing on key "game changers". These game-changers include ensuring that municipal budgets are funded, revenue management is optimised, assets are managed efficiently, supply chain management processes are adhered to, mSCOA is implemented correctly and that audit findings are addressed.

Municipalities are reminded to refer to the annual budget circulars of the previous years for guidance in areas of the budget preparation that is not covered in this circular.

1. The South African economy and inflation targets

The National Treasury forecasts real economic growth of 1.9 per cent in 2022, compared with 2.1 per cent projected in the 2022 Budget Review, in response to global and domestic shocks. Growth is projected to average 1.6 per cent from 2023 to 2025. Implementing structural reforms, especially in the energy sector, remains crucial to improve the economy's productive capacity and competitiveness.

The recovery in economic activity that began in 2021 was driven by a strong rebound in global economic activity, high commodity prices and easing COVID-19 restrictions. The scarring impact of the pandemic on employment and investment decisions will likely weigh on the recovery over the medium term. Investment remains well below pre-pandemic levels.

The economy grew by 1.4 per cent in the first half of 2022 compared with the first half of 2021. Real GDP grew more than expected in the first quarter of 2022, with output returning to pre-pandemic levels. However, a deteriorating global environment, flooding in KwaZulu-Natal and the Eastern Cape, industrial action in the electricity and mining sectors, and prolonged and intense power cuts resulted in a broad-based contraction across most sectors during the second quarter. The third quarter was marked by frequent and prolonged power cuts, which significantly disrupted economic activity.

The following macro-economic forecasts must be considered when preparing the 2023/24 MTREF municipal budgets.

Table 1: Macroeconomic performance and projections, 2021 - 2026

Fiscal year	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Estimate	Forecast		
CPI Inflation	5.2%	6.8%	4.7%	4.6%	4.6%

Source: Medium Term Budget Policy Statement 2022.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

It is noted that variations in regional specifics are possible, however, any variation of assumptions must be explicitly set out and well explained in the budget narratives, in the absence of which the Treasuries will refer the budget back to council for alignment to the macroeconomic performance projections.

2. Key focus areas for the 2023/24 budget process

2.1 Local government conditional grants allocations

Over the 2023 MTEF period, conditional grant allocations to municipalities will grow below inflation. This is due to a higher 2022/23 baseline (R3.8 billion) added to local government conditional grants in the 2022 Division of Revenue Amendment Act. Over the next three years, total local government resources, including the equitable share and indirect conditional grants increase at an annual average rate of 6 per cent.

The local government equitable share increases at an annual average rate of 7.8 per cent and municipal conditional grants increase by 3.6 per cent over the 2023 MTEF period. The local government equitable share formula has been updated to account for projected household growth, inflation and estimated increases in bulk water and electricity costs over the 2023 MTEF period.

The annual Division of Revenue Bill will be published in February 2023 after the Minister of Finance's budget speech. The Bill will specify grant allocations and municipalities must reconcile their budgets to the numbers published herein.

Municipalities are advised to use the indicative numbers presented in the 2022 Division of Revenue Act to compile their 2023/24 MTREF. In terms of the outer year allocations (2025/26 financial year), it is proposed that municipalities conservatively limit funding allocations to the indicative numbers as presented in the 2022 Division of Revenue Act for 2022/23. The DoRA is available at:

<http://www.treasury.gov.za/documents/national%20budget/2022/default.aspx>

2.2 Re-enforcing the 2023 Division of Revenue Bill, (DoRB) to facilitate improved intergovernmental relations

Towards enforcing a system of good intergovernmental relations as envisaged in the Chapter 3 of the Constitution and subsequent related legislation, the National Treasury would like to remind municipalities of Section 31 of DoRA that articulates the facilitation of personal liability for unnecessary litigation. Going forward, a municipality may therefore only institute litigation against any organ of state, state-owned enterprise, public-and/ or municipal entity after exhausting all dispute resolution mechanisms required and/ or available to the municipality in terms of existing intergovernmental relations processes, policy and/ or any related contract with the municipality, including in terms of the Municipal Finance Management Act, 2003, the Intergovernmental Relations Framework Act, 2005, and/ or the Electricity Regulation Act, 2006 (dispute processes administered by NERSA).

The 2023 DoRB will facilitate the personal liability of and refund of any expenditure related to such litigation to the national revenue fund (NRF) by any person responsible for the institution of litigation by a municipality without having exhausted all the available dispute resolution mechanisms. This will be done through the equitable share off-setting processes. Municipalities, parallel to instituting any litigation against any organ of state, must report such litigation to the Auditor-General, the National Treasury and to the relevant provincial treasury. The report must provide the details of all the dispute resolution processes that were attempted, supported by information explaining the failure of these attempts.

Division of Revenue Amendment Bill, 2022 (DoRAB)

Disaster response funding

Conversion of disaster response grants – To allow for adequate response to the April 2022 floods, funding was shifted between the disaster relief grants in August 2022. R145 million

was shifted from the Provincial Disaster Response Grant to the Municipal Disaster Response Grant and R120 million was shifted from the Municipal Emergency Housing Grant to the Provincial Emergency Housing Grant.

Additional funding for disaster response grants – In response to disasters that have occurred, most of the disaster funding for 2022/23 had been depleted by the time of the tabling of the DoRAB. To enable for response should a disaster(s) occur in the remaining months of the current financial year, R248 million is added to the Municipal Disaster Response Grant to enable immediate response by municipalities.

Additional funding for disaster reconstruction and rehabilitation¹ – For the reconstruction and rehabilitation of municipal infrastructure damaged by flash floods in the Western Cape (Overberg District Municipality, Cape Winelands District Municipality and Garden Route District Municipality) in December 2021 and the April 2022 floods in the Eastern Cape (Winnie Madikizela-Mandela Local Municipality) and KwaZulu-Natal (eThekweni Metropolitan Municipality, uMhlathuze Local Municipality, uThukela District Municipality, uMgungundlovu District Municipality and iLembe District Municipality), R3.3 billion is added to the Municipal Disaster Recovery Grant.

Purchasing of land for relocation of flood victims – R92 million is added to the Informal Settlements Upgrading Partnership Grant: Municipalities for eThekweni Metropolitan Municipality for the purchase of land identified for the relocation of displaced flood victims.

Changes to local government allocations

Roll-over of funds in the Integrated National Electrification Programme (municipal) Grant – R1 million is rolled over in the Integrated National Electrification Programme (municipal) Grant to fund 50 electrification connections in Swellendam in Dikgatlong Local Municipality.

Roll-over of funds in the indirect Regional Bulk Infrastructure Grant – R15 million is rolled over in the indirect Regional Bulk Infrastructure Grant to fund operational payments for the Vaal River pollution remediation project in Emfuleni Local Municipality.

Reprioritisation in the Neighbourhood Development Partnership Grant – R100 million of the Neighbourhood Development Partnership Grant is shifted from Schedule 5, Part B (direct) to Schedule 6, Part B (indirect) to fund project preparation, planning and implementation for municipalities that are having administrative and financial challenges that are affecting project implementation. These funds will be used for projects they were allocated for in the direct component. Affected municipalities are Mogale City Local Municipality, KwaDukuza Local Municipality and Emfuleni Local Municipality.

Changes to gazetted frameworks and allocations

Municipal Disaster Response Grant – The grant framework for the Municipal Disaster Response Grant is amended to allow for spending to respond to the disasters that occurred in December 2021 and April 2022.

Informal Settlements Upgrading Partnership Grant: Municipalities – The grant framework for the Informal Settlements Upgrading Partnership Grant is amended to ring-fence funds for

¹ There was an oversight in the allocations to Western Cape and KwaZulu-Natal, wherein the allocations or parts thereof allocated to the district municipalities in the DoRAB ought to have been allocated to the respective local municipalities in these districts. This is explained in detail in the section "Correction of errors in the Municipal Disaster Recovery Grant framework and allocations to municipalities" below.

the purchase of identified land for the relocation of flood victims who were previously residing in informal settlements that were washed away by April 2022 floods in eThekweni Metropolitan Municipality.

Municipal annexures – Changes to previously gazetted municipal allocations include a change of the name of a municipality. The name of Engcobo Local Municipality in the Eastern Cape is updated to Dr A.B. Xuma Local Municipality as per the Gazette published in terms of section 12 of the Local Government: Municipal Structures Act, on 30 May 2022.

Correction of errors in the Municipal Disaster Recovery Grant framework and allocations to municipalities

The National Disaster Management Centre (NDMC) has requested changes to the in-year allocations for the Municipal Disaster Recovery Grant in the DoRAB tabled in Parliament. Part of the funding allocated to uThukela and iLembe district municipalities in KwaZulu Natal (page 36 of the DoRAB), should have been allocated to Alfred Duma and KwaDukuza local municipalities, respectively. The allocations made to the Cape Winelands, Overberg, and Garden Route district municipalities in the Western Cape (page 39 of the DoRAB), should have been made to Breede Valley; Theewaterskloof and Swellendam; and Oudtshoorn and George local municipalities, respectively. These corrections also affect the ring-fencing in the grant framework (page 28 of the DoRAB).

Parliament has approved that the National Treasury correct the allocations and effect the required changes to the MDRG framework, as part of section 15(1) of the 2022 DoRA to ensure that MDRG allocations are correctly allocated to the municipalities assigned for the functions.

3. Pension fund defaults

There has been a growing trend where municipalities are deducting pension from the employees but are not paying it over to their pension fund. This in our view is inconsistent with the intent and spirit of the MFMA and constitute an act of financial misconduct in terms of section 171 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings and potentially also a criminal offence in terms of section 173 of the MFMA read with other applicable legislation. Municipal Councils should refer these actions to the Disciplinary Boards for further investigation and should also consider laying criminal charges against the accounting officer and other responsible officials that has failed to perform the responsibility outlined in terms of section 65(2)(f) of the MFMA which states that “the accounting officer of a municipality must take all reasonable steps to ensure that the municipality complies with its tax, levy, duty, pension, medical aid, audit fees and other statutory commitments”. Municipal Councils should also consider further measures and actions in terms of the Pension Funds Administration Act, as may be applicable.

4. Municipal Standard Chart of Accounts (*mSCOA*)

4.1 Release of Version 6.7 of the Chart

On an annual basis, the *mSCOA* chart is reviewed to address implementation challenges and correct chart related errors. Towards this end, Version 6.7 is released with this circular.

Version 6.7 of the chart will be effective from 2023/24 and must be used to compile the 2023/24 MTREF and will be available from 20 December on the link below:

<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

Kindly note that, in accordance with section 8(2)(j) of the Municipal Property Rates Act (MPRA) as amended in 2014, municipalities may apply for categories other than the categories in 8(2)(a) to (i). Towards this end the Minister of Cooperative Governance and Traditional Affairs approved the following categories:

- Sports Clubs and Fields for Bitou Municipality and
- Residential sectional title garages for Drakenstein Municipality.

These categories were only approved for use by municipalities indicated above. System vendors must therefore block the use of these categories for all other municipalities. The Project Summary Document (PSD) on the National Treasury webpage will be aligned to the chart changes in version 6.7 where applicable. The PSD is also available on the above link.

For the National Treasury to consider a new chart change in version 6.8 of the chart, the issue must be logged with all relevant background and details on the *m*SCOA FAQ portal by 31 August 2023. The *m*SCOA FAQ portal can be accessed by all registered GoMuni users on the following link. https://lq.treasury.gov.za/ibi_apps/signin

4.2 Amendments to the regulated A1 schedules

The following tables of the A1 Schedule that was regulated in terms of the Municipal Budget and Reporting Regulations (MBRR), have been aligned to the *m*SCOA and Generally Recognised Accounting Standards (GRAP):

- A4: Statement of Financial Performance; and
- A6: Statement of Financial Position

In addition, tables A8 and A10 have been linked to the *m*SCOA data strings and will be included in the 2023/24 budget reports available on the GoMuni portal from 01 July 2023.

The amended and protected version of the A1 schedule will be available from 20 December on the link below:

<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

System vendors and municipalities that are managing their own in-house systems must programme the amended schedules on their financial systems. Input fields for supporting tables that are not part of the non-financial data string must be created to ensure that a complete A schedule is generated from the core municipal financial system.

The *m*SCOA Regulations require that municipalities budget, transact and report on legislated *m*SCOA segments and directly on the core financial system and submit the required data strings directly from this system to the GoMuni Upload portal. To ensure that the data strings submitted are credible, municipalities must:

- Lock the budget adopted by Council on the core municipal financial system before submitting the budget (ORGB) data string to the GoMuni Upload portal;
- Close the core financial system at month-end as required in terms of the MFMA before submitting the monthly data string to the GoMuni Upload portal; and
- Generate the regulated MBRR Schedules (A, B and C) directly from the core municipal financial system.

The preparation of budgets on excel spreadsheets that is captured in the system at a later stage and manual correction of data strings by municipal officials or system providers are not allowed in terms of the *mSCOA* Regulations. Where a municipality makes use of a stand-alone 3rd party sub-system or a system provider has entered into an agreement or consortium for the provision of certain functionality with a 3rd party sub-system provider, such a 3rd party sub-system should host the relevant part of the *mSCOA* chart to seamlessly integrate with the core financial system without manual intervention.

4.3 Credibility of *mSCOA* data strings

The credibility and accuracy of the data strings must be verified by municipalities before submission as the data strings submitted will be used as the single source for all analysis and publications in the 2023/24 municipal financial year.

Municipalities have been given access to the GoMuni portal in April 2022 and should use the reports on GoMuni to verify the credibility of their submissions. It should be emphasized that errors in the data can only be corrected in the next open period. e.g., errors in the tabled budget (TABB) data string can only be corrected in the adopted budget data string (ORGB). Municipalities are not allowed to open closed periods to make corrections.

Municipalities are reminded that incorrect or incomplete data string submissions is considered as non-submission.

The credibility of the *mSCOA* data strings remains a concern in the following areas:

The inclusion of opening balances in data strings

Municipalities and system vendors must ensure that opening balances are included in the budget and in-year data strings. The opening balances at year end (month 12 – M12) of the previous financial year must be rolled over to the first month (M01) and updated with pre-audited (PAUD) and audit (AUDA) adjustments in the current financial year in the *applicable open period*. In other words, if the audit is completed on 31 October, then the changes in the opening balances must be reflected in the in-year submission for November 2022 (M05 submission). If opening balances and changes thereto are not included in the budget and in-year data strings, the C schedules will not populate correctly. This means that the movement of the balance sheet items will not have a starting point and the Statement of Financial Position (balance sheet) will be incorrect.

Accounting for Water Inventory

As per the guidance in MFMA Budget Circular No.115 (dated 04 March 2022), municipalities must budget and account for bulk water purchases as **inventory** under current assets in the Statement of Financial Position as per GRAP 12 (paragraph. 07).

In terms of GRAP 12:

Inventories are assets:

- a. *In the form of materials or supplies to be consumed in the production process;*
- b. *In the form of materials or supplies to be consumed or distributed in the rendering of services; and*
- c. *Held for sale or distribution in the ordinary course of operations, or*
- d. *In the process of production for sale or distribution.*

Inventory acquired through non-exchange transactions should be recorded at its fair value as at the date it is acquired. The cost of inventory, except for non-purified water, will be determined or recognised in accordance with paragraph 25 and 26, which is the primary and secondary costs in getting the water either to the treatment works or to the users of the water.

It is important to note that water cannot be issued if it was not purchased or brought into the inventory through system input transactions. Therefore, the total input volume of water related to water purified and water from natural sources should include both primary and secondary cost components. The allocation of secondary cost to the input volume of water will necessitate the utilisation of the Costing Segment in the *mSCOA*. This is crucial in determining cost reflective tariffs for water.

The fair value of water from natural resources such as boreholes, springs and fountains may be determined by the primary and secondary cost components. Secondary costs include:

- Labour
- Extraction cost
- Distribution cost
- Chemicals/ Treatment
- Maintenance
- Infrastructure
- Depreciation charges

The municipality must account for water from natural resources as follows:

Debit: System Input Volume: Natural Resources

Credit: Gains and Losses: Water at fair value

Water inventory must be budgeted to be acquired and recorded in the Current Assets: Inventory: Water as indicated below. The movement accounts in the *mSCOA* structure makes provision for the different methods of acquiring and the consumption/ issuing of Water inventory.

Current assets:

- Inventory: Water Opening balance: Non-Funding Transactions
- Inventory: Water: System Input volume: Bulk Purchases: Water Treatment/Natural Resources
- Water Authorised Consumption:
 - a) Billed Unmetered Consumption
 - b) Un-Billed Authorised Consumption
 - c) Billed Metered Consumption
- Inventory: Water Losses (Apparent and Real Losses)

Water that is issued to Consumers must be issued from the inventory and expensed in the **Expenditure:** Inventory: Consumed -Water.

Water losses will reduce the Water inventory in current assets and the corresponding amounts should be captured in **Gains and Losses:** Inventory: Water: Fair value

It is important to note that the change in accounting for water through the inventory purchased process and the change of using a methodology to report the balance of water as at year-end may impact on the Annual Financial Statements (AFS). Municipalities must ensure that they update their accounting policy, document this process, and provide comparative figures when assessing and reporting their water balance to ensure that the GRAP guidelines of changes in reporting and materiality is applied correctly.

The Local Government Municipal Property Rates (MPRA) Amendment Act, 2014

Municipalities are reminded that section 8 of the MPRA on the determination of categories of rateable properties has been revised through the Local Government Municipal Property Rates Amendment Act, 2014 ("the Amendment Act").

Municipalities were required to implement the new property categorisation framework by not later than 01 July 2021. The *mSCOA* chart Version 6.7 will only make provision for the new framework. The old framework has been retired and municipalities must prepare their 2023/24 MTREF Budgets accordingly.

Fixed Asset Register

Municipal financials systems must comply with the minimum business processes and system requirements on fixed asset registers as articulated for the asset management module in MFMA Circular No 80. The asset management module should be embedded in the core financial system or seamlessly integrate from a third-party sub-system to the core financial system. This will enable the regular and seamless updating of the fixed asset register. The register must contain the following information as a minimum requirement:

- Description of the asset
- Date of acquisition or brought into use
- Purchase cost
- Location of the asset
- Function responsible for the asset
- Current value
- Depreciation and method utilised
- Remaining life of the asset
- Maintenance information
- Insurance Coverage

Municipalities will be required to upload their updated fixed asset register in a PDF format on the GoMuni Upload portal as part of their 2023/24 MTREF tabled and adopted budget submission and thereafter on a quarterly basis as part of their in-year reporting.

Recording of Schedule 6B Grants in *mSCOA*

Grants allocated in terms of Schedule 6B of DoRA should be recorded in terms of *mSCOA* as an allocation-in-kind. This means that the municipality will only record the transaction once they received a completed asset.

Importantly, a Schedule 6B grant may not be transferred to the end-user of the asset to construct the asset as this is in contravention with the conditional grant framework. If a transferring officer of a Schedule 6B grant consider the municipality capable of constructing its own asset, the grant should be re-gazetted and reclassified as a Schedule 5B grant. The grant will then be transferred directly to the municipality to construct the asset and the receipt and expenditure of the grant must be in accordance with GRAP 17. An adjustments budget in terms of Section 28(2)(b) of the MFMA and Regulation 23(3) of the MBRR must be adopted to include the grant funding and project in the MTREF budget.

In the case where a municipality is constructing an asset for a national department but will not be the end-user of the asset being constructed, the accounting must be done in terms of GRAP 11. There will be VAT implications as the municipality will be a contractor and act as an agent. It is important to ensure that the contract between the municipality and the department outlines the responsibilities of all parties.

Municipalities must ensure that they are making provision for VAT in accordance with the VAT Act, 1991 (Act No. 89 of 1991) and the VAT 419 guide issued by SARS. The National Treasury issued *mSCOA* Circular No.12 (dated 01 October 2021) that provides guidance on the recording of VAT in the *mSCOA*.

Impact of Balance Sheet Budgeting and Movement Accounting on Cash Flow Tables

From the analysis of the *mSCOA* data strings it is evident that the cash flow tables (A7, B7 and C7) are still not populating correctly or completely. This can be contributed to the fact that a number of municipalities still do not use balance sheet budgeting and movement accounting. Guidance on the use of balance sheet budgeting and movement accounting to populate tables A7, B7 and C7 correctly was provided in MFMA Budget Circular No. 107 (dated 04 December 2020) and *mSCOA* Circular No. 11 (dated 04 December 2020).

4.4 Regulation of Minimum Business Processes and System Specifications

National Treasury will review and regulate minimum business processes and system specifications for *mSCOA* by the end of 2024/25. In preparation for the regulation of the minimum requirements, municipalities should ensure that they comply fully with the current minimum business processes and system specifications articulated in MFMA Circular No. 80 (dated 08 March 2016).

Where a municipality is not fully compliant with the *mSCOA* requirements, a *mSCOA* Road Map must be in place to drive and fast track the *mSCOA* implementation in the municipality. The *mSCOA* Steering Committee, chaired by the Accounting Officer or his/ her delegate, must use the *mSCOA* Road Map to track progress and take correction actions where required.

Road Maps must be reviewed and updated annually as part of the budget process is updated and submitted to Council for approval together with their 2023/24 MTREF budget. Municipalities will be required to upload their updated *mSCOA* Road Maps in a PDF format on the GoMuni Upload portal as part of their 2023/24 MTREF tabled and adopted budget submission and thereafter on a quarterly basis as part of their in-year reporting.

Municipalities should ensure that they budget sufficiently to become and remain *mSCOA* compliant.

Guidance on the content of the *mSCOA* Road Map was provided in MFMA Budget Circular No. 115 (dated 04 March 2022).

4.5 *mSCOA* Training Initiatives

Training to municipalities and municipal system vendors

The National Treasury, in conjunction with CIGFARO, will conduct monthly training sessions aimed at municipalities, municipal system vendors and other relevant role-players. The training will focus on technical aspects of budgeting, transacting and reporting in the *mSCOA* and is aimed at improving the quality of *mSCOA* data strings. The draft programme is attached as **Annexure A**.

***mSCOA* eLearning Course**

The National School of Government is hosting the *mSCOA* eLearning Course that was developed by the National Treasury. The *mSCOA* eLearning Course provides government officials with the basic knowledge on the reform and how to record transactions using the *mSCOA*.

Government institutions can enrol their employees for this course by sending a request for training to the NSG at contactcentre@thensg.gov.za. If your institution has not attended any training with the NSG previously, then you will also be required to register on the NSG database. The mSCOA eLearning Course will be offered as no cost until 31 March 2023. Thereafter, delegates will have to pay to attend the course.

Any queries in this regard must be directed to the NSG at contactcentre@thensg.gov.za or tel number: 086 100 8326.

5. The revenue budget

Similar to the rest of government, municipalities face a difficult fiscal environment. The weak economic growth has put pressure on consumers' ability to pay for services, while transfers from national government are growing more slowly than in the past. Some municipalities have managed these challenges well, but others have fallen into financial distress and face liquidity problems. These include municipalities that are unable to meet their payment obligations to Eskom, Water Boards and other creditors. There is a need for municipalities to focus on collecting revenues owed to them and eliminate wasteful and non-core spending.

Municipalities must ensure that they render basic services, maintain their assets and clean environment. Furthermore, there must be continuous communication with the community and other stakeholders to improve the municipality's reputation. This will assist in attracting investment in the local economy which may result in reduced unemployment. Some municipalities are experiencing serious liquidity challenges. Therefore, the new leadership is advised to:

- Decisively address unfunded budgets by reducing non-priority spending and improving revenue management processes to enable collection; and
- Address service delivery failures by ensuring adequate maintenance, upgrading and renewal of existing assets to enable reliable service delivery.

5.1 Maximising the revenue generation of the municipal revenue base

Reference is made to MFMA Circulars No. 93, paragraph 3.1 and No. 98, paragraph 4.1. The emphasis is on municipalities to comply with Section 18 of the MFMA and ensure that they fund their MTREF budgets from realistically anticipated revenues to be collected. Municipalities are cautioned against assuming collection rates that are unrealistic and unattainable as this is a fundamental reason for municipalities not attaining their desired collection rates.

The purpose of the above mentioned MFMA Circulars is to ensure that the municipalities are using their entire revenue base as the basis for the revenue budget. It is essential that municipalities reconcile their most recent consolidated valuation roll data to that of the current billing system data to ensure that revenue anticipated from property rates is realistic. The municipalities should implement a data management strategy and develop internal capacity to perform these reconciliations and investigations to improve completeness of billing.

One of the aims of the reconciliation process is to identify exceptions, i.e. records on the roll and not on the billing system and records on the billing system and not on the roll. In addition, the reconciliation must identify duplicated records, missing data, and data errors. These exceptions should then be investigated, and remedial action strategies developed for data cleansing and other corrective actions. The Debtors Ageing data should also form part of the reconciliation process so that "debtors" can be tracked and assessed at a property record level and prioritised for verification of rates liability measured against a MPRA property and owner.

To facilitate reconciliation of the separate databases (Roll and Billing), a unique property identifier (common primary unique link code) must be created and populated for each rateable property on the roll system and on the rates billing system. This property identifier must be unique, without duplicates, and remain constant for the life of the property. The standards adopted by the South African Council for the Property Valuers Profession (SACPVP), namely South African Standard: Municipal Valuations for Property Rating, specifies that the Surveyor General Code SG 21-digit Code, derived, and created from the property description, be applied for all registered full title property defined in terms of part (a) of the definition of property.

For all other MPRA defined property, Part (a) Sectional Title, Part (b) Registered Rights, Part (c) Land Tenure Rights and Part (d) PSI, and apportioned multiple use property in terms of sections 8(2)(i) and 9(2), an added suffixed 5 digits to the SG 21-digit code must be assigned by the designated municipal valuer, thereby creating a unique 26-digit code. The municipality must ensure that the SG21 digit code and 26-digit coding system is applied in their valuation roll management system and billing system and engage with their designated municipal valuer and systems service providers to implement the unique property identifier.

Further it is important that municipalities who are performing a general valuation (GV) to implement a new valuation roll on 1 July 2023, must also as best practice compare the current consolidated roll to the new valuation roll. This can identify any anomalies and errors of category of property and market values for review and investigation and the option of lodging an objection by the municipality, where applicable. This process should also identify outliers and shifts in market values by category and area so that tariffs on the new roll can be modelled and determined in an equitable manner to avoid rates shocks.

Municipalities should undertake this exercise as a routine practice during the budget process so that supplementary adjustments to the valuation roll are kept up to date. In order to ensure that the most updated information is used for the reconciliations, municipalities are reminded to adhere and comply with s23(1)(2) of the MPRA and therefore use the Part A register as the basis for performing the reconciliations going forward.

Furthermore, municipalities are also advised and expected to comply with s8(1) of the MPRA in terms of the billing methodology that needs to be specified within their policies to ensure that the correct categories (based on the selection made by the municipality) are used in the reconciliation process.

The list of exceptions derived from this reconciliation will indicate where the municipality may be compromising its revenue generation in respect of property rates or whether the municipality is overstating its revenue budget.

A further test would be to reconcile this information with the Deeds Office registry. In accordance with the MFMA Circular No. 93, municipalities are once more requested to submit their reconciliation of the Valuation roll/Part A register to the billing system to the National Treasury on a quarterly basis by no later than the 10th working day. A detailed action plan must accompany the reconciliation where variances are noted.

The above information must be uploaded by the municipality's approved registered user(s) using the GoMuni Upload Portal at: https://lg.treasury.gov.za/ibi_apps/signin. If the municipality experience any challenge uploading the information, a request for an alternative arrangement may be emailed to linda.kruger@treasury.gov.za.

No operation can be sustainable if it does not collect its revenue. A municipality is no different. There is a misconception that a municipality may not interrupt or restrict the supply of water services of a defaulting consumer. The National Treasury confirms that neither the

Water Services Act, 1997 (Act No. 108 of 1997) or any other legislation prevents a municipality from cutting the supply of water to a defaulting consumer unless the consumer is an indigent in which case the water services to that household must be restricted to the national free basic water limit of 6 kilolitre water monthly (or 50 kilowatt hours in the case of free basic electricity monthly). This was confirmed by the Constitutional Court in the matter of Mazibuko and Others v City of Johannesburg and Others (CCT 39/09) [2009] ZACC 28; 2010 (3) BCLR 239 (CC); 2010 (4) SA 1 (CC) (8 October 2009).

Municipalities are urged to use the restriction/ interruption of supply of both water and electricity services as a collection tool. Effective from the tabling and adoption of the 2023/24 MTREF, municipalities' By-laws and policies must facilitate this and clearly stipulate the order in which any partial payment of the consolidated municipal bill (including property rates) will be applied as well as the process before the supply of water and electricity services will be cut. The National Treasury recommended that any partial payment firstly be applied to property rates, wastewater, waste management, water and lastly to electricity. When interrupting or restricting the supply of water it is important that such is undertaken together with the municipal engineer(s) to ensure a continued minimum supply of waste water.

5.2 Setting cost-reflective tariffs

Reference is made to MFMA Circular No. 98, paragraph 4.2. The setting of cost-reflective tariffs is a requirement of Section 74(2) of the Municipal Systems Act which is meant to ensure that municipalities set tariffs that enable them to recover the full cost of rendering the service. This forms the basis of compiling a credible budget. A credible budget is one that ensures the funding of all approved items and is anchored in sound, timely and reliable information on expenditure and service delivery (Financial and Fiscal Commission (FFC), 2011). Credible budgets are critical for local government to fulfil its mandate and ensure financial sustainability.

A credible expenditure budget reflects the costs necessary to provide a service efficiently and effectively, namely:

- A budget adequate to deliver a service of the necessary quality on a sustainable basis; and
- A budget that delivers services at the lowest possible cost.

The National Treasury issued a tariff setting tool and guide as part of MFMA Budget Circular No. 98 (refer item 4.2) on 6 December 2019 and since 2019, encouraged municipalities to utilise the tool. **With effect, the 2023/24 MTREF, all municipalities (except metropolitan cities and district municipalities that do not provide any services) as part of both the tabled and adopted MTREF submissions must submit the completed National Treasury tariff tool (in excel format)** illustrating that the revenue component of the budget is credible and funded and that the municipality's tariffs are cost reflective. If the municipality's initial calculation results in high increases to facilitate cost-reflectiveness, it is recommended that such are phased in over 3 to 5 years. The municipality's strategy in this regard should be included as part of the budget narratives.

This tool will assist in setting tariffs that are cost-reflective and enable a municipality to recover costs to fulfil its mandate. Going forward it is also imperative that every municipality fully embrace the Municipal Standard Chart of Accounts (*mSCOA*): costing component. Considering, *mSCOA* implementation is entering its sixth year of implementation, all municipalities must fully embrace and report also utilising the costing segment correctly. The National Treasury Municipal Costing Guide is available on the link below on the National Treasury website.

<http://mfma.treasury.gov.za/Guidelines/Documents/Forms/AllItems.aspx?RootFolder=%2fGuidelines%2fDocuments%2fMunicipal%20Costing%20Guide&FolderCTID=0x0120004720FD2D0551AE409361D6CB3E122A08>.

5.3 Tariffs – achieving a balance between cost-reflectiveness and affordability

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other consumers while ensuring the financial sustainability of the municipality.

When setting tariffs, it is therefore critical to understand the economic environment specific to the municipality and consideration should include at least –

- *The socio-economic profile undertaken for the municipality* available on the National Treasury GoMuni portal – municipalities are encouraged to annually update their own socio-economic profile using the template model available on GoMuni;
- *The most recent average monthly household income in the municipality* as per Statistics South Africa (Stats SA) available on [Statistics South Africa | Improving Lives Through Data Ecosystems \(statssa.gov.za\)](https://www.statssa.gov.za);
- *The average property value in the municipality* per its most recent approved general valuation roll and/ or supplementary general valuation roll;
- *The number of indigent households in the municipality*, including any variation in the number of indigent households included in the Equitable Share: free basic services component for the municipality vs the municipality's own indigency level discretion; and
- *The economic drivers and activities specific to the municipal area²; etc.*

The municipality's tariff-setting or other committee tasked with this role must understand and deliberately reflect on this context during the tariff-setting process. Considering the average monthly household income, the median affordable municipal bill would ideally not exceed proportionally the average monthly household income. This median affordable bill, in combination with the median average property value should inform the basis to determine any rebates to households with income below the median.

It is also important when setting particularly water and electricity tariffs that municipalities consider setting two-tier tariffs, that include a basic availability charge to recover the fixed (direct and indirect) cost associated with the service in conjunction with consumption-based tariff bands. For example, in a drought, such tariffs will facilitate the ability to pay for infrastructure and maintenance, treating chemicals and salaries, etc. while parallel facilitating water restriction based on inclining tariffs as consumption increase. Furthermore, it is important to link the municipality's water tariffs to dam levels, also approved as part of the budget process. For example, if the dam levels drop to 60 per cent the first tier of restriction tariffs should become applicable in terms of the municipality's approved tariff policy.

It is also noted that NERSA approves seasonal tariffs for Eskom but not necessarily for the municipality. It is important that the municipality clearly factor this in its tariff application to NERSA, illustrating the cashflow crunch if the municipality is not similarly allowed a seasonal tariff to recover the higher Eskom bulk cost during winter months.

Lastly, municipalities are cautioned against setting tariffs that include operating inefficiencies. This could lead to tariffs falling into the unaffordable range.

The Consumer Price Index (CPI) inflation is forecasted to be within the 3 to 6 per cent target band; therefore, municipalities are required to **justify all increases in excess of the projected inflation target for 2023/24** in their budget narratives and pay careful attention to

² The spatialised tax data is now available through National Treasury for all municipalities that provides an up to date information on economic activity within a municipal boundary.

tariff increases across all consumer groups. In addition, municipalities should include a detail of their revenue growth assumptions for the different service charges in the budget narrative.

5.4 Bulk Account Payments and Concessions

During 2018/19, intense work was undertaken to resolve systemic and structural issues pertaining to the electricity function in municipalities. Core to this work was addressing the escalating Eskom debt that threatened the sustainability of Eskom as well as that of municipalities.

During the process, Eskom agreed to provide relieve in certain areas. Municipalities are reminded of the following concessions that remain in place:

- The interest rate charged on overdue municipal bulk accounts were reduced from prime plus 5 per cent to prime plus 2.5 per cent;
- Payment terms were extended from 15 days to 30 days for municipal bulk accounts; and
- Eskom allocation of municipality payments to capital first and then to interest.

These concessions align to the MFMA and are meant to curb municipal growing debt levels by allowing a more conducive payment regime than what was previously employed. In addition, municipalities are urged to budget for and ring-fence their payment of bulk services. Bulk current account payments must be honoured religiously to avoid stringent application of the bulk suppliers' credit control policy.

Municipalities are also urged to enforce a culture of payment for services through their normal credit control processes. In this regard it should be noted that municipalities are only compensated for free basic services based on an indigent user component calculation through the equitable share. As such, a municipality's allocation of free basic services to all of the municipality's consumers is not funded in the equitable share. Every municipality, during the budget process, must consider the affordability to the municipality when allocating free basic services above the national norm and to consumers other than indigent consumers. **If a municipality has any arrears on any of its bulk supplier's accounts, it must limit its provision of free basic services to registered indigent consumers only.**

5.5 Critical Notice Affecting STS Meters

As highlighted in previous MFMA Circular No. 115 (dated 06 December 2022) municipalities are once again alerted that there is still a pending business risk to the prepayment metering industry that requires urgency of action. The token identifiers (TID) used to identify each credit token will run out of available numbers in November 2024, at which point all STS meters will stop accepting credit tokens.

The remedy is to visit each meter and enter a special set of key change tokens in order to reset the meter memory. Municipalities are advised that the National Treasury, through the Office of the Chief Procurement Officer (OCPO), will soon facilitate a transversal contract for the provision of auditing, re-calibration and re-configuration services for standard transfer specification compliant prepayment meters that align to minimum and critical technical specifications for local government. In this respect the development of the transversal contract for smart prepaid meters as per NRS 049 (per latest approved version) is at an advanced stage and should be issued shortly by National Treasury.

If your municipality or municipality entity is currently in the process of procuring for a solution or is planning to, you are cautioned:

- Against proceeding prior to the OCPO having issued and awarded the transversal contract for the provision of inter alia auditing, re-calibration and re-configuration services for standard transfer specification compliant prepayment meters Terms of Reference (ToR); and

- That, with immediate effect, you must obtain the National Treasury's input prior to proceeding with any current procurement or proposed procurement for this purpose or any related solution or similar. This is to prevent unnecessary and wasteful expenditure on such solutions. Any request for National Treasury's input on the current or planned procurement of any related solution or similar or component thereof, must be directed to the National Treasury for the attention of the Local Government Budget Analysis Unit (Mr. Sadesh Ramjathan) Sadesh.Ramjathan@treasury.gov.za.

In this regard, municipalities will have two options to choose from:

- Firstly, to pursue the route of auditing, re-calibrating and re-configuring services for standard transfer specification compliant prepayment meters; and/ or
- Secondly, to replace the old meter with a new smart prepaid meter.

For both options, the municipality will have to budget accordingly as no additional funding will be available through the national fiscus.

Your assistance in proactively ensuring that the municipality and/ or its entities are not adversely affected by these processes will be appreciated.

5.6 Completeness and credibility of revenue related information in the Budget

The MBRR regulates the minimum level of information required from municipalities when compiling, implementing, monitoring, and evaluating the municipality's financial management situation. Failure to include the minimum required information hampers the municipal council, the public and stakeholders' ability to make informed decisions and engage on the matter. It also limits research, studies, and benchmarking undertaken for local, provincial, and national purposes.

The National Treasury would like to take this opportunity to caution municipalities that the MBRR prescribe the minimum level of information municipalities must include as part of their legal reporting obligations.

Going forward the Treasuries will place increased attention and focus on the adequacy of municipalities' submissions. The National Treasury regards this non-compliance to include the minimum level of information as serious and if persistent will consider applying the available legal sanctions, including recourse in terms of section 216(2) of the Constitution. In this context, National Treasury will particularly focus on the completeness of asset management related information as well as the statistical information required in the A, B and C schedules during the 2023/24 MTREF.

5.7 Eskom Bulk Tariff increases

The National Energy Regulator of South Africa (NERSA) is responsible for the price determination of the bulk costs of electricity. In the municipal financial year 2022/23, bulk electricity costs increased moderately at 9.61 per cent, compared to 17.8 per cent in the 2021/22 municipal financial year. Due to Eskom's funding needs, they are seeking higher tariff increases and have applied to NERSA for a 32 per cent hike from 1 April 2023/24. NERSA will make a final decision on the tariff application by 24 December.

In addition, a High Court hearing is still pending on the Multi-Year Price Determination (MYPD 5) application. The urgent High Court review requires NERSA to urgently process the Eskom revenue application for at least one year, as required by law. The timeframes for the review allow for a decision to be made in time for implementation by 1 April 2023.

5.8 Updated Municipal Borrowing Policy Framework

Cabinet approved the Update to the Policy Framework for Municipal Borrowing and Financial Emergencies on the 17th of August, 2022. The purpose of the Update is to re-examine the original Policy Framework, along with the legislation (i.e. Municipal Finance Management Act – MFMA) that was adopted to implement it, considering the experience with municipal borrowing that has accumulated since 2000.

The following key reforms have been introduced through the Update to the Policy Framework for Municipal Borrowing:

- The Policy Framework for Municipal Borrowing has been updated to introduce the necessary reforms that will expand the scope of responsible municipal borrowing and create an environment that attracts more players (e.g. insurers, pension funds, institutional investors and fund managers, and international Development Finance Institutions) in the municipal debt market space. The original core principles underlying municipal borrowing are maintained (i.e. creditworthy municipalities should borrow prudently to finance capital investment, and that there will be no bail-outs by the provincial or national government);
- The updated policy framework clarifies the role of Development Finance Institutions (DFIs), as it was not clearly articulated in the original policy. DFIs are required to pursue clear and agreed developmental goals, as outlined in the policy. The objective of this approach is to ensure that a DFI lending does not crowd out the private sector. Public-sector lenders, both domestic and foreign, should be guided by a social and developmental investment approach in which demonstrable social outcomes are considered alongside potential financial returns;
- The updated policy framework permits and clarifies innovative infrastructure financing mechanisms (such as pooled financing mechanisms, project finance, tax increment financing, revenue bonds, and pledging of conditional grants) that municipalities can use to leverage municipal borrowing. Municipalities are encouraged to explore these alternatives, and innovative infrastructure financing mechanisms permitted subject to the requirements contained in the Municipal Finance Management Act (MFMA) and
- The participation of both private and public sector market participants in the development of a liquid secondary market for municipal debt securities is also encouraged. The policy proposes options that can be explored to support the development and growth of an efficient and liquid market for municipal debt obligations.

The Updated Municipal Borrowing Policy Framework can be accessed at the MFMA website at the following link <http://mfma.treasury.gov.za/Guidelines/Pages/default.aspx>.

5.9 Tariff Policies

Municipalities must comply with the provisions of Section 74 of the Municipal Systems Act (MSA) which requires that a municipal council must adopt and implement tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements, and which complies with the provisions of this Act and with any other applicable legislation. Municipalities should also ensure that the tariff policies adhere to all the principles outlined in section 74(2) of the MSA. A municipality's tariff policies must also take into consideration variable factors such as water shortages and electricity feedback excess into the municipal system from new generation capacity. Municipalities must adopt by-laws to give effect to the implementation and enforcement of their tariff policies.

5.10 Non-Revenue Electricity and Non-Revenue Water/ Revenue Losses:

Water Service Authority municipalities and electricity licensed municipalities are urged to align both their non-revenue water and non-revenue electricity indicators and their set targets in the 2023/24 SDBIPs with identifiable infrastructure or operational projects and/ or programmes. Municipalities should improve on the baseline information included in the SDBIPs by indicating the volume of water losses (i.e., kilolitres/ mega-litres) and the amount of electricity losses (KwH or MWs) for the previous year. This approach will help to determine the progress of municipalities in curbing losses, which impact on municipal revenues, in both non-revenue water and non-revenue electricity.

6. Burial of Councillors

Salaries, allowances and benefits for political office-bearers and members is managed through Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils notice issued by the Minister of Cooperative Governance and Traditional Affairs.

Section 167 of the MFMA provides that a municipality may remunerate its Councillors within the framework of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998), setting the upper limits of the salaries, allowances and benefits for those political office-bearers and members. Any benefit which is not included in the above-mentioned notice will be deemed irregular expenditure and recovery thereof from the Councillor concerned is mandatory.

Municipalities may also refer to relevant Councillor Pension Scheme or personal funeral policies in existence for any funeral benefits relating to such Councillor

7. Funding choices and management issues

Municipalities are under pressure to generate revenue. The ability of customers to pay for services is declining and this means that less revenue will be collected. Therefore, municipalities must consider the following when compiling their 2023/24 MTREF budgets:

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

Accounting officers are reminded of their responsibility in terms of section 62(1)(a) of the MFMA to use the resources of the municipality effectively, efficiently and economically. Failure to do this will result in the accounting officer committing an act of financial misconduct which will trigger the application of chapter 15 of the MFMA, read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

7.1 Employee related costs

The Salary and Wage Collective Agreement for the period 01 July 2021 to 30 June 2024 dated 15 September 2021 through the agreement that was approved by the Bargaining Committee of the Central Council in terms of Clause 17.3 of the Constitution should be used when budgeting for employee related costs for the 2023/24 MTREF. In terms of the agreement, all employees covered by this agreement shall receive with effect from 01 July 2023 and 01 July 2024 an increase based on the projected average CPI percentages for 2023 and 2024. The forecasts of the Reserve Bank, in terms of the January 2023 and January 2024, shall be used to determine the projected average CPI. Municipalities are encouraged to perform an annual head count and payroll verification process by undertaking a once-a-year manual salary disbursement, in order to root out ghost employees.

According to the 2021 State of Local Government Finance Report, there are about 165 municipalities that are in financial distress. These municipalities need to ensure that they seek an early exemption from this dispensation of this salary agreement. Municipalities should also avoid paying out leave in cash while having major financial challenges.

7.2 Remuneration of Councillors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. It is anticipated that this salary determination will also take into account the fiscal constraints. Municipalities should also consider guidance provided above on salary increases for municipal officials during this process. Any overpayment to councillors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of Section 167 of the MFMA and must be recovered from the councillor(s) concerned.

8. Transfers to municipalities

8.1 Criteria for the release of the Equitable Share

Section 216(2) of the Constitution of South Africa requires that the National Treasury must enforce compliance with the measures established to ensure both transparency and expenditure control in each sphere of government and may stop the transfer of funds to an organ of state if that organ of state commits a serious or persistent material breach of those measures.

The criteria for the release of the Equitable Share Instalments for the 2023/24 municipal financial year are as follows:

- The 2023/24 adopted budget must be funded and adopted by Council as per the legal framework, as required in terms of section 18 of the MFMA and consistent with the Budget Council and Budget Forum resolutions;
 - a. The adopted budget must include budget allocations for bulk suppliers current account payments;
 - b. Should the adopted budget still be unfunded, then a credible funding plan will be required to show how the municipality intends moving progressively out of this position into a funded state, if this plan has been adopted in the past, then a progress report must be submitted on the framework previously shared to guide municipalities which is aligned to the rescue phase of the new approach to Municipal Financial Recovery Service (MFRS);

- c. Those municipalities that adopted an unfunded budget must work with their respective Provincial Treasuries to rectify this position in the lead up to the main adjustments budget process in February 2023; and
- d. A council resolution showing commitment to address the unfunded position must be submitted by these municipalities to the National Treasury by 01 July 2023.
- Credible mSCOA data strings and source documents for the 2023/24 MTREF and 2022/23 audits must be generated directly from the core municipal financial system and successfully uploaded to the Local Government GoMuni Portal. Source documents must be submitted in PDF and no excel based spreadsheet/ templates will be accepted;
 - The report submitted by bulk suppliers in terms of section 41 of the MFMA must indicate that the current account has been paid timeously in terms of section 65(2)(e) of the MFMA. In addition, where the municipality has a repayment plan with Eskom and/ or the water boards, proof that the current accounts have been paid and a copy of the agreed upon payment plan (or evidence of negotiations underway with creditors) must be submitted to the National and provincial treasuries;
 - Municipalities must provide evidence that SARS, pension and other staff benefits deducted from municipal officials have been paid over the appropriate Funds and/ or institutions;
 - The information requested in MFMA Circulars No. 93, 98 and 107 on the reconciliation of the valuation roll have been submitted to the National Treasury as per the required timeframes;
 - The Competency Regulations reporting requirements have been complied with;
 - Provide a copy of the Unauthorised, Irregular, Fruitless and Wasteful (UIF&W) expenditure register, the latest copy of the Municipal Public Accounts Committee (MPAC) recommendations, Council Resolution on UIFW as well as a copy of the council approved UIFW Reduction Strategy/ Plan, proof of establishment of the Disciplinary Board (or evidence of progress towards their establishment) including evidentiary evidence demonstrating functionality of the Disciplinary Board and updated audit action plan (where the audit has been completed);
 - Those municipalities that received an adverse or disclaimed opinions for the 2020/21 financial year will not receive their funding allocation unless there is a council resolution committing to address these opinions with an implementable plan. The resolution must be signed by each member of the Council and submitted to National Treasury by 1 October 2023;
 - The Municipal Financial Recovery Service progress reporting framework for financial recovery plans must be complied with by municipalities under intervention in terms of S139 of the Constitution;
 - Additionally, those municipalities that have outstanding audits for both the 2020/21 and 2021/22 financial years as well as municipalities with outstanding 2021/22 audit opinions that also received an adverse or disclaimer opinion in 2020/21, will also not receive their allocation; and
 - Any other outstanding documents as per the legal framework have been submitted including the AFS submission (municipality only and consolidated AFS).

Failure to comply with the above criteria will result in National Treasury invoking section 38 of the MFMA which empowers National Treasury to withhold a municipality's equitable share if the municipality commits a serious or persistent breach of the measures established in terms of Section 216(2) of the Constitution which includes reporting obligations set out in the MFMA and National Treasury requests for information in terms of Section 74 of the MFMA.

9. The Municipal Budget and Reporting Regulations

9.1 Schedule A – version to be used for the 2023/24 MTREF

National Treasury has released Version 6.7 of the Schedule A1 (the Excel Formats) which is aligned to Version 6.7 of the *m*SCOA classification framework and must be used when compiling the 2023/24 MTREF budget.

All municipalities must prepare their 2023/24 MTREF budgets in their financial systems and produce the Schedule A1 directly from their financial system.

Municipalities must start early enough to capture their tabled budget (and later the adopted budget) in the budget module in the financial system and must ensure that they produce their Schedule A1 directly out of the budget module. **Manual capturing on the A1 schedule version 6.7 is not allowed** in terms of the *m*SCOA Regulations.

National Treasury has protected the A1 schedule version 6.7 in order to ensure that the Schedule A1 generated directly from the financial system and not populated manually.

The budget, adjustments budget and Section 71 monthly reporting Schedules that have been regulated in terms of the MBRR have also been aligned to the *m*SCOA chart version 6.7. The revised MBRR Schedules for the 2023/24 MTREF and its linkages to the financial and non-financial data string are available on the link below:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>

9.2 Assistance with the compilation of budgets

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury officials:

Province	Responsible NT officials	Tel. No.	Email
Eastern Cape	Matjatji Mashoeshoe	012-315 5553	Matjatji.Mashoeshoe@treasury.gov.za
	Pitso Zwane	012-315 5171	Pitso.Zwane@Treasury.gov.za
	Oreal Tshidino		Ophulusa.Tshidino@Treasury.gov.za
Buffalo City	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
Free State	Sifiso Mabaso	012-315 5952	Sifiso.mabaso@treasury.gov.za
	Cethekile Moshane	012-315 5079	Cethekile.moshane@treasury.gov.za
Gauteng	Matjatji Mashoeshoe	012-315 5553	Matjatji.Mashoeshoe@treasury.gov.za
	Abigail Maila	012-395 6737	Abigail.Maila@Treasury.gov.za
	Willem Voigt	012-315 5830	WillemCordes.Voigt@treasury.gov.za
	City of Tshwane and City of Johannesburg		
Ekurhuleni	Makgabo Mabotja	012-315 5156	Makgabo.Mabotja@treasury.gov.za
	Kgomotso Baloyi	012-315 5866	Kgomotso.Baloyi@treasury.gov.za
KwaZulu-Natal	Kgomotso Baloyi	012-315 5866	Kgomotso.Baloyi@treasury.gov.za
	Kevin Bell	012-315 5725	Kevin.Bell@treasury.gov.za
eThekweni	Sifiso Mabaso	012-315 5952	Sifiso.mabaso@treasury.gov.za
Limpopo	Sifiso Mabaso	012-315 5952	Sifiso.Mabaso@treasury.gov.za
Mpumalanga	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
	Lesego Leqasa		Lesego.Leqasa@treasury.gov.za

Northern Cape	Mandla Gilimani Sibusisiwe Mchani	012-315 5807 012-315 5539	Mandla.Gilimani@treasury.gov.za Sibusisiwe.Mchani@treasury.gov.za
North West	Willem Voigt Makgabo Mabotja	012-315 5830 012-315 5156	WillemCordes.Voigt@treasury.gov.za Makgabo.Mabotja@treasury.gov.za
Western Cape	Willem Voigt Enock Ndlovu	012-315 5830 012-315 5385	WillemCordes.Voigt@treasury.gov.za Enock.Ndlovu@treasury.gov.za
Cape Town George	Kgomotso Baloyi Mandla Gilimani	012-315 5866 012-315 5807	Kgomotso.Baloyi@treasury.gov.za Mandla.Gilimani@treasury.gov.za
Technical issues with Excel formats	Sephiri Tlhomeli	012-406 9064	lqdataqueries@treasury.gov.za

National and provincial treasuries will analyse the credibility of the data string submissions.

9.3 Assessing the 2023/24 MTREF budget

National and provincial treasuries will assess the 2023/24 MTREF budgets to determine if it is complete, funded and complies with the *m*SCOA requirements. The *m*SCOA data strings for the tabled (TABB) and adopted (ORGB) budgets will be used for this assessment.

Municipalities should note that the MFMA legislated timeframes for submission of the tabled and adopted budgets are outer timeframes. In this context, different to previous MTREF's, going forward, if the municipality's budget is unfunded, council in terms of MFMA section 74 is requested to table and/ or adopt a budget funding plan together with the budget at the same time.

The Treasuries' **assessment period** of municipal budgets will be from **01 April to 30 June 2023 for both the tabled and adopted budgets**. However, (in a context of some municipalities persisting with unfunded budgeting practices), **if the municipality tabled and/ or adopted an unfunded budget in the 2022/23 MTREF**, the municipality must adjust its schedule of key budget deadlines to facilitate an earlier Treasuries' assessment thereof between 1 April to 15 May 2023 for both tabled and adopted budgets. In this period the national and provincial treasuries will evaluate all municipal budgets for completeness and for being fully funded. Any adjustment that needs to be made must be done before the start of the municipal financial year on 30 June 2023.

Importantly, in order to generate an adopted budget (ORGB) data string, the budget must be locked immediately on the financial system at the start of the new municipal financial year on 1 July. Therefore, once the ORGB data string has been generated, errors in the ORGB can only be corrected via an adjustments budget in February of each year. In terms of the design principles of *m*SCOA, municipalities are not allowed to open the budget on the system for corrections after it has been locked. This means that the tabled budget data string (TABB) should in fact be verified and errors in the TABB should be corrected in the ORGB **before the adopted budget is locked on the financial system and the ORGB data string is generated**.

Amending an unfunded, incomplete and erroneous budget through an adjusted budget is also not encouraged as the National Treasury only considers an adjusted budget in the third and fourth quarter of the financial year for analysis and publication purposes. This will result in overspending and unauthorised expenditure not been monitored in the first six months of the financial year.

The National Treasury would like to emphasise that ***where municipalities have adopted an unfunded budget together with a funding plan that lacks credibility, they will be required to correct the funding plan and ensure that it is credible. The credible funding plan must be immediately adopted by the Municipal Council, and the changes to the***

budget must be effected in the mid-year adjustments budget to ensure compliance with Section 18 of the MFMA.

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year monitoring reports for both the parent municipality and its entity or entities. The following must be compiled:

- An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats;
- An annual budget, adjustments budget and monthly financial reports for the entity in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats.

The budget and data strings that the municipality submits to National Treasury must be a consolidated budget for the municipality (including entities). The budget of each entity must be submitted on the D Schedule in pdf format.

In the past it was noted that municipalities have challenges to align the audited outcomes on the financial system to A1 Schedule. Municipalities must ensure that the audited figures and adjusted budget figures captured on the A1 Schedule aligns to the annual financial statements and Schedule B respectively.

10. Submitting budget documentation and A1 schedules for 2023/24 MTREF

To facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(i) of the MFMA requires that, **immediately** after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in electronic formats. If the annual budget is tabled to council on **31 March 2023**, the final date of submission of the electronic budget documents and corresponding *m*SCOA data strings is **Monday, 03 April 2023**; and
- Section 24(3) of the MFMA, read together with regulation 20(1) of the MBRR, requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury within ten working days after the council has approved the annual budget. However, given that municipalities are generating the annual budgets directly from the financial system as required by the *m*SCOA Regulations and that the budgets must be verified before it is locked on the financial system and transacted against, municipalities must submit the approved budget to the National Treasury and the relevant provincial treasury in electronic formats **immediately** after approval by the municipal council. Therefore, if the annual budget is tabled to council **on 31 May 2023**, the final date of submission of the electronic budget documents and corresponding *m*SCOA data strings is **Thursday, 01 June 2023**.

Since the 2020/21 MTREF, municipalities are no longer required to submit hard copies of all required documents including budget related, Annual Financial Statements and Annual Reports to National Treasury via post or courier services. Electronic copies must be submitted in PDF format to the GoMuni Upload portal.

10.1 Expected submissions for 2023/24 MTREF

The following information should be submitted for the 2023/24 MTREF:

- The budget documentation as set out in the MBRR. The budget document must include the main A1 Schedule Tables (A1 - A10);
- The non-financial supporting tables (A10, SA9, SA11, SA12, SA13, SA22, SA23, SA24 etc. and any other information not contained in the financial data string) in the A1 schedule must be submitted in the prescribed *mSCOA* data string in the format published with Version 6.7 of the A1 schedule;
- The draft and final service delivery and budget implementation plan (SDBIP) in electronic PDF format;
- The draft and final IDP;
- The council resolution for the tabled and adopted budgets;
- Signed Quality Certificate as prescribed in the MBRR for the tabled and adopted budgets;
- D Schedules specific for the entities;
- A budget locking certificate immediately at the start of the new municipal financial year on 1 July;
- The National or Provincial treasury input to the tabled budget must be included as an Annexure to the adopted budget together with the municipality's explanation of how such was addressed in the adopted budget. If not, the explanation should provide reasons; and
- The bulk water-and electricity invoices for the 3 months immediately preceding respectively the tabled and adopted budgets, must be included as an annexure to the tabled and adopted budgets as part of supporting the municipalities provision for and calculations of payments to bulk suppliers over the 2023/24 MTREF.

10.2 Portals for the submission of information

Municipalities must ensure that the documents are submitted to the correct portals/ mailboxes. These portals/ mailboxes are:

https://lg.treasury.gov.za/ibi_apps/signin (GoMuni Upload Portal) – All documents required in terms of legislation, including:

- *mSCOA* Data Strings by approved registered users;
- Budget-related and in-year documents and schedules (A, B and C) by approved registered users; and
- Reconciliation of the valuation roll to the financial system (as per MFMA Circular No. 93).

Budget related documents and schedules must be uploaded by approved registered users using the GoMuni Upload Portal at: https://lg.treasury.gov.za/ibi_apps/signin. The GoMuni Upload Portal does not have the same size restrictions encountered with lgdocuments@treasury.gov.za, but requires all documents to:

- Be in PDF format only; and
- Each PDF file must NOT contain multiple document e.g. council resolution and quality certificate within the budget document. Each document type must be identified clearly and uploaded separately.

Municipalities may **only** send electronic versions of the above documents to lgdocuments@treasury.gov.za when experiencing problems with the GoMuni Upload Portal.

lgdataqueries@treasury.gov.za – Database related and submission queries and the grant rollover templates.

lgdocuments@treasury.gov.za – Any additional information required by National Treasury that is not listed under the GoMuni Upload portal such as the documents meeting the criteria to release Equitable Share and the contact list information.

FMCMM and Audit Action plans – using the web-enabled systems and as articulated in MFMA Circulars No. 113 and 114.

Please do not submit the same document to ALL the platforms listed above as it means that our Database Team must register the same documents three times which slows down the process. **Any document/ queries that are submitted to the incorrect portal/ mailbox will be deleted and not processed.**

10.3 Publication of budgets on municipal websites

In terms of section 75 of the MFMA, all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, <http://mfma.treasury.gov.za/Pages/Default.aspx>. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

10.4 Communication by municipal entities to National Treasury

Municipal entities should not request meetings directly from National Treasury. National Treasury will only engage the entities through the parent municipalities. This includes all communications apart from the legislative reporting requirements.

Contact



national treasury

Department
National Treasury
REPUBLIC OF SOUTH AFRICA

Post Private Bag X115, Pretoria 0001
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JH Hattingh
Chief Director: Local Government Budget Analysis
09 December 2022

Virtual mSCOA Training Programme 2023

Month	TOPIC
Jan	Getting a green submission <ul style="list-style-type: none"> • Overview of mSCOA chart structure • Submission deadlines • Uploading to the GoMuni Upload portal • Correction of validation errors • Using GoMuni to verify receipt and credibility of submission
Feb	Preparing the Budget in mSCOA (1) <ul style="list-style-type: none"> • Preparing the project file (PROR) • Projects Typical Workstreams • Budgeting for disaster/special projects • Infrastructure Management and asset life cycle • The funding matrix <ul style="list-style-type: none"> ○ Allocation of correct funding sources and alignment to the correct segments ○ Funding capital expenditure
March	Preparing the Budget in mSCOA (2) <ul style="list-style-type: none"> • Opening balances & Balance sheet budgeting • Budgeting for cash flow • Budgeting for conditional grants
April	Common Errors in 2023/24 Tabled Budget Data Strings (to be corrected in adopted budget (ORGB submission)) <ul style="list-style-type: none"> • Water Inventory
May	Common Budgeting Errors <ul style="list-style-type: none"> • Operating Expenditure – Depreciation • Bad debts written off • Impairment loss for consumer debtors • Travel and Subsistence
June	Last change to get the ORGB right <ul style="list-style-type: none"> • Functional allocation • Use of Regional segment • Alignment of A1 schedules
July	Common Transacting and Reporting Errors <ul style="list-style-type: none"> • Opening balances • Populating the cash flow • Reporting on conditional grants • Transacting without budget
Aug	Preparing the pre-audit AFS Data Strings (PAUD)
Sept	Common Transacting and Reporting Errors
Oct	Preparing the AFS Data Strings (AUDA)
Nov	Chart changes for version 6.8
Dec	Preparing for the Adjustment Budget



Municipal Budget Circular for the 2023/24 MTREF

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Introduction

This budget circular is a follow-up to MFMA Circular No. 122 that was issued on 09 December 2022. It aims to provide further guidance to municipalities with the preparation of their 2023/24 Medium Term Revenue and Expenditure Framework (MTREF) budgets and should be read together with the budget circulars that have been issued previously.

The grant allocations as per the 2023 Budget Review and the 2023 Division of Revenue Bill are also key focus areas in this circular. Municipalities are reminded to refer to the annual budget circulars of the previous years for guidance in areas of the budget preparation that is not covered in this circular.

1. The South African economy and inflation targets

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

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

Government is taking urgent measures to reduce load-shedding in the short term and transform the sector through market reforms to achieve long-term energy security. Several reforms are under way to improve the performance of the transport sector, specifically freight rail and to improve the capability of the state.

The following macro-economic forecasts must be considered when preparing the 2023/24 MTREF municipal budgets.

Table 1: Macroeconomic performance and projections, 2021 - 2026

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

Source: Budget Review 2023.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

2. Key focus areas for the 2023/24 budget process

2.1 Local government conditional and unconditional grants allocations

Over the 2023 MTEF period, local government allocations will increase by a total of R14.3 billion, made up of R8.1 billion in the local government equitable share and R6.2 billion in direct conditional grants. This takes the total direct allocation to R521.7 billion over the same period. These allocations alleviate some of the financial pressures, particularly in basic services, where the costs of providing services are rising.

The *local government equitable share* and related allocations increases at an annual average rate of 7.8 per cent and municipal conditional grants increase by 3.5 per cent over the 2023 MTEF period.

The *local government equitable share* formula has been updated to account for projected household growth, inflation and estimated increases in bulk water and electricity costs over the 2023 MTEF period. It also includes allocations for the operational and maintenance costs associated with the provision of free basic services.

The 2023 Budget has ensured that sufficient provision has been made to ensure that all municipalities are fully subsidised to support indigent households. Following this, R1.35 billion has been left unallocated in the LGES formula for 2023/24 to serve as a precautionary measure should municipal electricity tariffs exceed the 20.7 per cent provided for in the formula (see section 5.7 on why this is above the 18.7 per cent approved by the Energy Regulator). If the actual increase in municipal bulk tariffs exceeds the provision made in the formula, it will be the first call on those unallocated funds. We will consider funding broader cost relief measures for municipalities if funds remain available after that.

The R6.2 billion in direct conditional grants is funded from the Budget Facility for Infrastructure (BFI) and is broken down as follows:

- **R2.2 billion** added to the Urban Settlements Development Grant to fund the implementation of projects in the eThekweni Metropolitan Municipality and the City of Johannesburg;
- **R461 million** added to the Public Transport Network Grant to align funding with the revised implementation plan and cash flow projections for the City of Cape Town's MyCiTi public transport network project; and
- **R3.4 billion** added to the Regional Bulk Infrastructure Grant to fund 3 water projects in Sol Plaatje Local Municipality, Drakenstein Local Municipality and Nelson Mandela Bay Metropolitan Municipality.

Notable changes to the conditional grants system

Housing emergency grants

Changes to conditional grants in the 2023 Budget include the discontinuation of the conditional emergency housing grants for provinces and municipalities. The baselines of these two grants are shifted to the Department of Human Settlements. This will allow the department to respond quickly in the event of an emergency housing need.

Changes to the INEP conditional grant frameworks

As part of government's efforts to accelerate access to electricity thereby addressing the energy crisis, Eskom and municipal INEP grants will begin funding alternative energy technologies such as rooftop solar and energy-saving devices. Due process must be followed to access funding for these new technologies. As a result, both Eskom and municipalities will need to conform to the set requirements by submitting business plans by 31 October 2023. These business plans, will need to be approved by the Department of Mineral Resources and Energy (DMRE) before they can be implemented. Priority should be given to new connections, i.e., non-grid technology should be targeted at households that do not have access to electricity.

The annual Division of Revenue Bill was published on 22 February 2023. The Bill specifies the grant allocations and municipalities must reconcile their budgets to the numbers published therein in compiling their 2023/24 MTREF.

The Division of Revenue Bill, 2023, which includes the annexures outlining allocations to each municipality is available at:
<http://www.treasury.gov.za/documents/national%20budget/2023/default.aspx>

2.2 Re-enforcing improved intergovernmental relations in the 2023 Division of Revenue Bill, (DoRB)

In order to strengthen the system of good intergovernmental relations as envisaged in the Chapter 3 of the Constitution and subsequent related legislation, municipalities are reminded of Section 31(3) of DoRA that provides for the facilitation of personal liability for unnecessary litigation. As required by subsection (1)(a) of this clause, read together with section 41(3) of the Constitution, a municipality may only institute litigation against any organ of state, state-owned enterprise, public- and/ or municipal entity after exhausting all dispute resolution mechanisms required and/ or available to the municipality in terms of existing intergovernmental relations processes, policy and/ or any related contract with the municipality, including in terms of the Municipal Finance Management Act, 2003, the Intergovernmental Relations Framework Act, 2005, and/ or the Electricity Regulation Act, 2006 (dispute processes administered by National Energy Regular of South Africa (NERSA)).

Section 31 is amended to include a clause that requires that where an organ of state decides to institute judicial proceedings against another organ of state, it must, within 10 working days of its decision, notify the National Treasury, the relevant provincial treasury, the Department of Cooperative Governance and the Auditor-General, of the details of compliance with Chapter 4 of the Intergovernmental Relations Framework Act, 2005, including an explanation of the failure to resolve the dispute.

2.3 Conditional grants usage

Conditional grant funds may only be used for the purposes, and subject to the conditions specified in the framework for each conditional grant. These conditions are binding in terms of sections 11 and 12 of the annual Division of Revenue Act. Any instruction by a municipal, provincial, or national official or politician that is inconsistent with the framework of a conditional grant is invalid. Municipalities are reminded that in terms of section 32 of DoRA, spending of a grant that is inconsistent with DoRA is considered irregular or unauthorised expenditure.

3. Pension and medical aid fund defaults

There has been a growing trend where municipalities are deducting pension and/ or medical aid contributions from officials but are not paying it over to their pension- and/ or medical aid fund. This is inconsistent with the intent and spirit of the MFMA and constitutes an act of financial misconduct in terms of section 171 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014 and also a financial offence in terms of section 173 of the MFMA read together with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings. Municipal Councils should refer these actions to the Disciplinary Boards for further investigation and should also lay criminal charges against the accounting officer or any other responsible or delegated official who has failed to perform the responsibility outlined in terms of section 65(2)(f) of the MFMA which states that "the accounting officer of a municipality must take all reasonable steps to ensure that the municipality complies with its tax, levy, duty, pension, medical aid, audit fees and other statutory commitments". Municipal Councils should also consider further measures and actions in terms of the Pension Funds Act, as may be applicable.

4. Municipal Standard Chart of Accounts (mSCOA)

4.1 Version 6.7 of the mSCOA Chart Go Live

Version 6.7 of the mSCOA chart will go live on 13 March 2023, whereafter tabled budget data strings can be uploaded on the GoMuni portal.

For new mSCOA chart changes to be considered for version 6.8 of the chart, a Frequently Asked Questions (FAQ) must be logged by 31 August 2023 on the mSCOA FAQ database on GoMuni. FAQ queries can be logged at:

https://lg.treasury.gov.za/ibi_apps/portal/mSCOA_FAQ

It is important that the issue logged is described clearly and that sufficient supporting evidence is provided to ensure that all aspects of the issue are considered. After investigating the query logged, the following actions will be taken:

- If the query does not require a chart change, the FAQ will be closed, and feedback will be provided to the logger.
- If the query warrants a chart change, it will be submitted for consideration and approval by the relevant committees within the National Treasury.

Chart changes are communicated in October of each year to allow sufficient time for municipalities and vendors to effect such changes. Chart changes are officially published in the MFMA Budget Circular in December of each year.

4.2 Additional requirements to change municipal financial systems

The cost and risk associated with procuring and implementing a new Enterprise Resource Planning (ERP) financial system necessitate careful consideration and extensive planning to ensure a smooth operational transition. Such a transition takes at least 18 months to conclude and does not come without challenges and disruptions in operations.

The National Treasury will regulate the minimum business processes and system specifications for mSCOA by the end of 2024/25. A new transversal tender for the provision of ERP financial systems that complies with these regulations will be put in place once the regulations have been issued. Municipalities should therefore exercise extreme caution when changing their financial systems at this stage to eliminate fruitless and wasteful expenditure by procuring financial systems that might not comply with the said regulations.

Municipalities are reminded to follow the due diligence processes set out in MFMA Budget Circulars No. 93, 98 and mSCOA Circulars No 5 and 6 prior to procuring new financial systems to protect them from making incorrect decisions in this regard.

In addition, and **with immediate effect**, municipalities must inform the National and relevant Provincial Treasury of any intention to replace the financial system currently operating at the municipality prior to inviting proposals from system providers. This is a requirement in terms of section 74 of the MFMA. The submission should include:

- A comprehensive motivation with specific reasons for why it is deemed necessary to replace the existing financial system;
- A copy of the service level agreement with minutes of the meetings between the municipality and the current service provider (financial system vendor) during the previous twelve months;
- An assessment to determine which modules of the existing financial system are being utilised by the municipality. Reasons must be provided for modules not in operation. Details and reasons must be provided on the use of third-party systems to provide functionality required in terms of MFMA Circular No. 80;

- An assessment to detail the proficiency of municipal users to utilise the current financial system properly. Reasons must be provided if users are not proficient in the use of the system and the details must be provided on how the system is being operated and transactions are being captured on the system in such cases;
- The date on which the existing financial system was implemented, the procurement and implementation costs and the current operational costs thereof must be disclosed;
- The organisational structure, specifically for the IT department/ function, clearly indicating management capacity and responsibility for operating the financial system;
- A technical assessment should be submitted indicating how the existing ICT infrastructure, server and network comply with the requirements of the current financial system; and
- Copies of all IT strategies, policies and procedural documents including the IT disaster recovery plan must be made available.

The above submissions and all enquiries must be forwarded to lgdocuments@treasury.gov.za. A working committee comprising representatives from the National and Provincial Treasuries, the Office of the Auditor-General and other relevant stakeholders will assess the submissions and respond with its findings. These findings must be tabled in Council and a council resolution must be submitted to lgdocuments@treasury.gov.za within 14 working days after the Council meeting has taken place.

It must be emphasized that the combination of both credible data inputs and an effective financial system is fundamental to ensure the quality and timeliness of financial reporting. If the data input into the financial system is incorrect then any management information generated by the system will lack credibility and reliability for decision making. Furthermore, a municipality with poorly designed business processes will not resolve the problem by implementing a new financial system. Processes must firstly be redesigned with the necessary data validation rules if the municipality is to improve its data integrity. This foundation is integral to ensuring that software applications generate credible information and can be used effectively by municipalities.

5. The revenue budget

Similar to the rest of government, municipalities face a difficult fiscal environment. The weak economic growth has put pressure on consumers' ability to pay for services, while transfers from national government are growing more slowly than in the past. Some municipalities have managed these challenges well, but others have fallen into financial distress and face liquidity problems. These include municipalities that are unable to meet their payment obligations to Eskom, Water Boards and other creditors. There is a need for municipalities to focus on collecting revenues owed to them and eliminate wasteful and non-core spending. It is important to note that the municipal equitable share as a policy instrument is meant to subsidise services to the poorest of the poor and not to pay municipal creditors. This bad practice by municipalities will have to be addressed as a matter of urgency. Municipal creditors should be advised that municipalities cannot use funds allocated for basic service provision to pay creditors.

Municipalities must ensure that they render basic services, maintain their assets and a clean environment. Furthermore, there must be continuous communication with the community and other stakeholders to strengthen awareness and participation and to improve the municipality's reputation. This will assist in attracting investment in the local economy which may result in increased employment.

Some municipalities are experiencing serious liquidity challenges. Therefore, the new leadership is advised to:

- Decisively address unfunded budgets by reducing non-priority spending and improving revenue management processes to enable collection; and
- Address service delivery failures by ensuring adequate maintenance, upgrading and renewal of existing assets to enable reliable service delivery.

5.1 Maximising the revenue generation of the municipal revenue base

Reference is made to MFMA Circulars No. 93, paragraph 3.1 and No. 98, paragraph 4.1. The emphasis is on municipalities to comply with Section 18 of the MFMA and ensure that they fund their MTREF budgets from realistically anticipated revenues to be collected. Municipalities are cautioned against assuming collection rates that are unrealistic and unattainable as this is a fundamental reason for municipalities not attaining their desired collection rates.

The purpose of the above mentioned MFMA Circulars is to ensure that the municipalities are using their entire revenue base as the basis for the revenue budget. It is essential that municipalities reconcile their most recent consolidated valuation roll data to that of the current billing system data to ensure that revenue anticipated from property rates is realistic. The municipalities should implement a data management strategy and develop internal capacity to perform these reconciliations and investigations to improve completeness of billing.

One of the aims of the reconciliation process is to identify exceptions, i.e. records on the general valuation roll that are not on the billing system and records on the billing system and vice versa. In addition, the reconciliation must identify duplicated records, missing data, and data errors. These exceptions should then be investigated, and remedial action strategies developed for data cleansing and other corrective actions. The Debtors Ageing data should also form part of the reconciliation process so that "debtors" can be tracked and assessed at a property record level and prioritised for verification of rates liability measured against a MPRA property and owner.

To facilitate reconciliation of the separate databases (General Valuation Roll and Billing), a unique property identifier (common primary unique link code) must be created and populated for each rateable property on the general valuation roll system and on the rates billing system. This property identifier must be unique, without duplicates, and must remain constant for the life of the property. The standards adopted by the South African Council for the Property Valuers Profession (SACPVP), namely South African Standard: Municipal Valuations for Property Rating, specifies that the Surveyor General Code SG 21-digit Code, derived, and created from the property description, be applied for all registered full title properties defined in terms of part (a) of the definition of property.

For all other MPRA defined property, Part (a) Sectional Title, Part (b) Registered Rights, Part (c) Land Tenure Rights and Part (d) PSI and, apportioned multiple use property in terms of sections 8(2)(i) and 9(2), an added suffixed 5 digits to the SG 21-digit code must be assigned by the designated municipal valuer, thereby creating a unique 26-digit code. The municipality must ensure that the SG21 digit code and 26-digit coding system is applied in their valuation roll management system and billing system and engage with their designated municipal valuer and systems service providers to implement the unique property identifier.

Further it is important that municipalities who are performing a general valuation (GV) to implement a new valuation roll on 1 July 2023, must also as best practice compare the current consolidated roll to the new valuation roll. This will identify any anomalies and errors of category of property and market values for review and investigation and the option of lodging an objection by the municipality, where applicable. This process should also identify outliers and shifts in market values by category and area so that tariffs on the new roll can be modelled and determined in an equitable manner to avoid rates shocks.

Municipalities should undertake this exercise as a routine practice during the budget process so that supplementary adjustments to the valuation roll are kept up to date. In order to ensure that the most updated information is used for the reconciliations, municipalities are reminded to adhere and comply with Section 23(1)(2) of the MPRA and therefore use the Part A register as the basis for performing the reconciliations going forward.

Furthermore, municipalities are also advised and expected to comply with Section 8(1) of the MPRA in terms of the billing methodology that should be specified within their policies to ensure that the correct categories (based on the selection made by the municipality) are used in the reconciliation process.

The list of exceptions derived from this reconciliation will indicate where the municipality may be compromising its revenue generation in respect of property rates or whether the municipality is overstating its revenue budget.

A further test would be to reconcile this information with the Deeds Office registry. In accordance with the MFMA Circular No. 93, municipalities are once more requested to submit their reconciliation of the Valuation roll/ Part A register to the billing system to the National Treasury on a quarterly basis by no later than the 10th working day after the end of the quarter. A detailed action plan must accompany the reconciliation where variances are noted.

The above information must be uploaded by the municipality's approved registered user(s) using the GoMuni Upload Portal at: <https://lg.treasury.gov.za/libi/apps/signin>. If the municipality experience any challenge uploading the information, a request for an alternative arrangement may be emailed to linda.kruger@treasury.gov.za.

Municipalities are reminded of the need to clearly communicate the GV appeals and objection process to residents to ensure that any disputes are timeously resolved.

Revenue Collection – No operation can be sustainable if it does not collect its revenue. A municipality is no different. There is a misconception that a municipality may not interrupt or restrict the supply of water services of a defaulting consumer. The National Treasury confirms that neither the Water Services Act, 1997 (Act No. 108 of 1997) or any other legislation prevents a municipality from cutting the supply of water to a defaulting consumer unless the consumer is an indigent in which case the water services to that household must be restricted to the national free basic water limit of 6 kilolitre water monthly (or 50 kilowatt hours in the case of free basic electricity monthly). This was confirmed by the Constitutional Court in the matter of Mazibuko and Others v City of Johannesburg and Others (CCT 39/09) [2009] ZACC 28; 2010 (3) BCLR 239 (CC); 2010 (4) SA 1 (CC) (8 October 2009).

Municipalities are urged to use the restriction/ interruption of supply of both water and electricity services as a collection tool. Effective from the tabling and adoption of the 2023/24 MTREF, municipalities' By-laws and policies must facilitate this and clearly stipulate the order in which any partial payment of the consolidated municipal bill (including property rates) will be applied as well as the process before the supply of water and electricity services will be cut. The National Treasury recommended that any partial payment firstly be applied to property rates, wastewater, waste management, water and lastly to electricity. When interrupting or restricting the supply of water it is important that such is undertaken together with the municipal engineer(s) to ensure a continued minimum supply of waste-water.

Municipalities should develop a Wheeling Framework to allow for the transmission of energy across their networks. These wheeling frameworks provide an opportunity for municipalities to generate revenue from their distribution networks. Provincial Treasuries or National Treasury can be approached for support to develop these frameworks.

5.2 Funding Depreciation

The information shared in Circular 115 regarding the funding of the depreciation refers. It is important to note that depreciation represents the cost of using assets in service delivery and forms part of the total cost of providing the municipal service. Accordingly, it should be included in the setting of cost reflective tariffs to recover the full cost of rendering the service, failing which the depreciation will not be cash backed on Table A7 and will remain a journal entry with no value as mentioned in MFMA Circular No. 115.

5.3 Tariff-setting – the impact of loadshedding

Loadshedding not only affects the electricity service but also some municipalities' ability to pump water, thereby negatively impacting the stability of water supplies and the related functioning of the wastewater reticulation network. The loadshedding crisis has been declared a state of disaster and will require tough budgeting choices for municipalities to make sure that basic municipal services are sustained. The regulations published in the Government Gazette No. 48152 on 27 February 2023 in terms of the Disaster Management Act, 2002 (Act 57 of 2002) require municipalities to "ensure continuous operation of water infrastructure and other specified essential infrastructure, including by installing alternative energy sources or other measures to provide an uninterrupted power supply." Municipalities are also required to "mobilise available resources" and "provide funds for this purpose, subject to affordability." As an immediate interim solution back-up electricity to pump water should be prioritised while being mindful of its affordability within the municipality's available funding sources and other critical priorities. The municipality need to adequately plan and prioritise funding in its 2023/24 MTREF for this purpose, including:

- When planning to pump water/ maintain the wastewater service by way of any alternative solution(s), it is important that the municipality properly plan and budget for the associated capital and operational costs to operate and maintain the solution(s) over the 2023/24 MTREF and longer-term;
- Any additional cost the municipality already incurred in this regard during the period of elevated loadshedding since December 2022 should be projected to continue in 2023/24 i.e. diesel to operate a generator;
- Although a state of emergency has been declared to deal with the continual loadshedding challenges in the country, it is likely that loadshedding will continue during the 2023/24 municipal financial year. It is proposed that municipalities factor in the impact of loadshedding on their electricity revenue projections, taking into account current experience in terms of loadshedding practices by Eskom;
- The additional costs of prolonged loadshedding should be considered;
- Municipalities are always asked to try to balance full cost recovery on services with affordability for their residents. In practice, this means that where the full increase in the cost of a service is not passed on to consumers, municipalities must offset the increased costs through savings identified elsewhere in their operations. Therefore, **reducing/ limiting overall expenditure** is a key part of budgeting for the response to loadshedding. The municipality should stick to its core mandate and functions and carefully review overall expenditure to manage the net effect. Measures should include aggressively cutting costs, frills, and vanity projects, dealing with bloated administrations and structures possibly duplicated across Municipal Manager and Mayoral offices, and applying for exemptions from the annual salary increases if these are not affordable;
- While municipalities are urged to maximise efficiency in their operations, tariff setting efforts should consider the need to make additional provision for repairs and maintenance associated with infrastructure breakdowns during loadshedding;
- **Reducing/ limiting overall expenditure** – the municipality should stick to its core mandate and functions – it is necessary to carefully look at the overall expenditure side to manage the net effect, including aggressively cutting costs, fancy, frills, vanity

projects, deal with bloated admin- and structures possibly duplicated across Municipal Manager and Mayoral offices, and apply for exemptions from the annual salary increases; and

- The cost should be considered and included when setting the tariffs of the service(s) to which it relates.

Municipalities should also budget for reduced bulk purchases and sales to municipal customers based on the same loadshedding assumptions cited above.

Municipalities should carefully monitor their Eskom accounts for any penalties that result from increased demand immediately after a period of loadshedding is ended. Eskom has indicated that they will reverse any penalties for exceeding notified maximum demand that results from the implementation of loadshedding. This should be factored into the tariff calculation to ensure that consumers are not overcharged.

Lastly, it is important to note that a municipality may only introduce a load-shedding levy or surcharge with the approval of the Minister of Finance and in terms of the legislated processes set-out in the MFMA and Municipal Fiscal Powers and Functions Act, 2007.

5.4 Setting cost-reflective tariffs

Reference is made to MFMA Circular No. 98, paragraph 4.2. The setting of cost-reflective tariffs is a requirement of Section 74(2) of the Municipal Systems Act which is meant to ensure that municipalities set tariffs that enable them to recover the full cost of rendering the service. This forms the basis of compiling a credible budget. A credible budget is one that ensures the funding of all approved items and is anchored in sound, timely and reliable information on expenditure and service delivery (Financial and Fiscal Commission (FFC), 2011). Credible budgets are critical for local government to fulfil its mandate and ensure financial sustainability.

A credible expenditure budget reflects the costs necessary to provide a service efficiently and effectively, namely:

- A budget adequate to deliver a service of the necessary quality on a sustainable basis; and
- A budget that delivers services at the lowest possible cost.

The National Treasury issued a tariff setting tool and guide as part of MFMA Budget Circular No. 98 (refer item 4.2) on 6 December 2019 and since 2019, has encouraged municipalities to utilise the tool. **With effect, from the 2023/24 MTREF, all municipalities (except metropolitan cities and district municipalities that do not provide any services) as part of both the tabled and adopted MTREF submissions must submit the completed National Treasury tariff tool (in excel format)** illustrating that the revenue component of the budget is credible and funded and that the municipality's tariffs are cost reflective. If the municipality's initial calculation results in high increases to facilitate cost-reflectiveness, it is recommended that such are phased in over 3 to 5 years. The municipality's strategy in this regard should be included as part of the budget narratives.

This tool will assist in setting tariffs that are cost-reflective and enable a municipality to recover costs to fulfil its mandate. Going forward it is also imperative that every municipality fully embrace the Municipal Standard Chart of Accounts (*mSCOA*): costing component. Considering, *mSCOA* implementation is entering its sixth year of implementation, all municipalities must fully embrace and report also utilising the costing segment correctly. The National Treasury Municipal Costing Guide is available on the link below on the National Treasury website.

<http://mfma.treasury.gov.za/Guidelines/Documents/Forms/AllItems.aspx?RootFolder=%2fGuidelines%2fDocuments%2fMunicipal%20Costing%20Guide&FolderCTID=0x0120004720FD2D0551AE409361D6CB3E122A08>.

5.5 Tariffs – achieving a balance between cost-reflectiveness and affordability

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other consumers while ensuring the financial sustainability of the municipality.

When setting tariffs, it is therefore critical to understand the economic environment specific to the municipality and consideration should include at least –

- *The socio-economic profile undertaken for the municipality* available on the National Treasury GoMuni portal – municipalities are encouraged to annually update their own socio-economic profile using the template model available on GoMuni;
- *The most recent average monthly household income in the municipality* as per Statistics South Africa (Stats SA) available on [Statistics South Africa | Improving Lives Through Data Ecosystems \(statssa.gov.za\)](http://Statistics South Africa | Improving Lives Through Data Ecosystems (statssa.gov.za));
- *The average property value in the municipality* per its most recent approved general valuation roll and/ or supplementary general valuation roll;
- *The number of indigent households in the municipality*, including any variation in the number of indigent households included in the Equitable Share: free basic services component for the municipality vs the municipality's own indigency level discretion; and
- *The economic drivers and activities specific to the municipal area¹; etc.*

The municipality's tariff-setting or other committee tasked with this role must understand and deliberately reflect on this context during the tariff-setting process. Considering the average monthly household income, the median affordable municipal bill would ideally not exceed proportionally approximately 10 to 15 per cent the average monthly household income. This median affordable bill, in combination with the median average property value should inform the basis to determine any rebates to households with income below the median. Furthermore, municipalities contemplating to increase free basic electricity allocations as an indigent relief measure, should do so only after careful consideration of the long-term financial impact that such a decision might have.

It is also important when setting particularly water and electricity tariffs that municipalities are encouraged to set two-tier tariffs, that include a basic availability charge to recover the fixed (direct and indirect) cost associated with the service in conjunction with consumption-based tariff bands. For example, in a drought, such tariffs will facilitate the ability to pay for infrastructure and maintenance, treating chemicals and salaries, etc. while parallel facilitating water restriction based on inclining tariffs as consumption increase. Furthermore, it is important to link the municipality's water tariffs to dam levels, also approved as part of the budget process. For example, if the dam levels drop to 60 per cent the first tier of restriction tariffs should become applicable in terms of the municipality's approved tariff policy.

It is also noted that NERSA approves seasonal tariffs for Eskom but not necessarily for the municipality. It is important that the municipality clearly factors this in its tariff application to NERSA, illustrating the cash flow crunch if the municipality is not similarly allowed a seasonal tariff to recover the higher Eskom bulk cost during winter months.

Lastly, municipalities are cautioned against setting tariffs that include operating inefficiencies. This could lead to tariffs falling into the unaffordable range.

¹ The spatialised tax data is now available through National Treasury for all municipalities that provides an up to date information on economic activity within a municipal boundary.

The Consumer Price Index (CPI) inflation is forecasted to be within the 3 to 6 per cent target band; therefore, municipalities are required to **justify all increases in excess of the projected inflation target for 2023/24** in their budget narratives and pay careful attention to tariff increases across all consumer groups. In addition, municipalities should include a detailed account of their revenue growth assumptions for the different service charges in the budget narrative.

Additional loadshedding considerations when calculating anticipated revenue collection rates include:

- Consumption patterns amongst pre-paid users who work more sparingly with electricity units. This can have a lagging effect on revenue estimations i.e. although units are paid for up front, it is not necessarily used in high-demand periods; and
- A decline in average consumption patterns for post-paid customers.

As part of its debtor management strategy municipalities should clearly communicate the impact of loadshedding on municipal tariff setting, including through education campaigns. Consumers will expect a decrease in their electricity bills as consumption drops due to loadshedding. Not understanding the impact of tariff structures (fixed and demand-driven components) can create distrust and reduce willingness to pay municipal accounts.

5.6 Municipal Debt Relief

An optimally designed debt solution for Eskom can leverage the structural reform of the electricity sector that is needed both on the Eskom side and the municipal side, however, the municipal debt owed to Eskom pose a material risk to any Eskom debt relief package. In parallel the challenge of defaulting municipalities cannot be separated from a consumer culture to not pay for services.

Municipal Debt Relief that is **conditional and application based**, has therefore been sanctioned. The relief is aimed to correct the underlying behaviour and operational practices in defaulting municipalities and Eskom while in parallel, progressively introducing a smart metering solution to change consumer behaviour by instilling a culture of payment for services consumed. The proposal consists of 4 elements:

- i. **Eskom will write-off all debt municipalities owe** as on 31 March 2023 (excluding the March 2023 current account). This will be done over three national financial years and require as a critical qualification that municipalities monthly honour their current (monthly consumption) Eskom and water accounts going forward and maintain a minimum average quarterly collection, etc;
- ii. Secondly, **new mechanisms are explored to resolve non-payment** – this to include a dispute ombud mechanism and re-assigning the license of persistent defaulters;
- iii. Thirdly, Eskom will continue to **implement a regime of installation of pre-paid meters** in Eskom supplied areas to improve Eskom collection. Municipalities are additionally encouraged to adopt a similar operating regime; and
- iv. Lastly, the National Treasury will continue to implement municipal revenue enhancement initiatives, including a transversal tender for a smart pre-paid meter solution to change to a forward looking culture of payment of the consolidated municipal bill.

More details on the application process and related conditions for municipalities will soon be outlined and published through a separate MFMA Circular.

5.7 Bulk Account Payments and Concessions

Since 2018/19, intense work was undertaken to resolve systemic and structural issues pertaining to the electricity function in municipalities. Core to this work was addressing the

escalating Eskom debt that threatened the sustainability of Eskom as well as that of municipalities.

During the process, Eskom agreed to provide relieve in certain areas. Municipalities are reminded of the following concessions that remain in place:

- The interest rate charged on overdue municipal bulk accounts were reduced from prime plus 5 per cent to prime plus 2.5 per cent;
- Payment terms were extended from 15 days to 30 days for municipal bulk accounts; and
- Eskom allocation of municipality payments to capital first and then to interest.

These concessions align to the MFMA and are meant to curb municipal growing debt levels by allowing a more conducive payment regime than what was previously employed. In addition, municipalities are urged to budget for and ring-fence their payment of bulk services. Bulk current account payments must be honoured religiously to avoid stringent application of the bulk suppliers' credit control policy.

Municipalities are also urged to enforce a culture of payment for services through their normal credit control processes. In this regard it should be noted that municipalities are only compensated for free basic services based on an indigent user component calculation through the equitable share. As such, a municipality's allocation of free basic services to all of the municipality's consumers is not funded in the equitable share. Every municipality, during the budget process, must consider the affordability to the municipality when allocating free basic services above the national norm and to consumers other than indigent consumers. **If a municipality has any arrears on any of its bulk supplier's accounts, it must limit its provision of free basic services to registered indigent consumers only.**

5.8 Critical Notice Affecting STS Meters

As highlighted in previous MFMA Circular No. 115 (dated 04 March 2022) municipalities are once again alerted that there is still a pending business risk to the prepayment metering industry that requires urgency of action. The token identifiers (TID) used to identify each credit token will run out of available numbers in November 2024, at which point all STS meters will stop accepting credit tokens.

The remedy is to visit each meter and enter a special set of key change tokens in order to reset the meter memory. Municipalities are advised that the National Treasury, through the Office of the Chief Procurement Officer (OCPO), will soon facilitate a transversal contract for the provision of auditing, re-calibration and re-configuration services for standard transfer specification compliant prepayment meters that align to minimum and critical technical specifications for local government. In this respect the development of the transversal contract for smart prepaid meters as per NRS 049 (per latest approved version) is at an advanced stage and should be issued shortly by National Treasury.

If your municipality or municipality entity is currently in the process of procuring for a solution or is planning to, you are cautioned:

- Against proceeding prior to the OCPO having issued and awarded the transversal contract for the provision of inter alia auditing, re-calibration and re-configuration services for standard transfer specification compliant prepayment meters Terms of Reference (ToR); and
- That, with immediate effect, you must inform and obtain the National Treasury's input prior to proceeding with any current procurement or proposed procurement for this purpose or any related solution or similar. This is to prevent unnecessary and wasteful expenditure on such solutions. Any request for National Treasury's input on the current or planned procurement of any related solution or similar or component thereof, must be

directed to the National Treasury for the attention of the Local Government Budget Analysis Unit (Mr. Sadesh Ramjathan) at Sadesh.Ramjathan@treasury.gov.za.

In this regard, municipalities will have two options to choose from:

- Firstly, to pursue the route of auditing, re-calibrating and re-configuring services for standard transfer specification compliant prepayment meters; and/ or
- Secondly, to replace the old meter with a new smart prepaid meter.

For both options, the municipality will have to budget accordingly as no additional funding will be available through the national fiscus.

Your assistance in proactively ensuring that the municipality and/ or its entities are not adversely affected by these processes will be appreciated.

5.9 Completeness and credibility of revenue related information in the Budget

The MBRR regulates the minimum level of information required from municipalities when compiling, implementing, monitoring, and evaluating the municipality's financial management situation. Failure to include the minimum required information hampers the municipal council, the public and stakeholders' ability to make informed decisions and engage on the matter. It also limits research, studies, and benchmarking undertaken for local, provincial, and national purposes.

The National Treasury would like to take this opportunity to caution municipalities that the MBRR prescribe the minimum level of information municipalities must include as part of their legal reporting obligations.

Going forward the Treasuries will place increased attention and focus on the adequacy of municipalities' submissions. The National Treasury regards this non-compliance to include the minimum level of information as serious and if persistent will consider applying the available legal sanctions, including recourse in terms of section 216(2) of the Constitution. In this context, National Treasury will particularly focus on the completeness of asset management related information as well as the statistical information required in the A, B and C schedules during the 2023/24 MTREF.

5.10 Eskom Bulk Tariff increases

The National Energy Regulator of South Africa (NERSA) is responsible for the price determination of the bulk costs of electricity. In January 2023, NERSA approved tariff increases of 18.7 per cent in 2023/24 and 12.7 per cent increase in 2024/25. For purposes of calculating the free basic energy subsidy in the local government equitable share formula, the National Treasury has added 2 per cent to these increases. This is in anticipation of higher increases than those published in January, for municipalities, due to the difference in the financial years of Eskom customers and municipalities meaning that Eskom only has nine months to collect the allowable revenue from municipalities. R1.1 billion is added to the free basic energy subcomponent of the free basic services component of the local government equitable share formula to fund these higher tariff increases. To this end, the free basic electricity subsidy in the local government equitable share is calculated based on a 20.7 per cent tariff increase in 2023/24 and a 14.7 per cent increase in 2024/25. In the absence of an approved tariff increase in the outer year of the MTEF period, the formula assumes an increase of 17.7 per cent in 2025/26. This is the average of the estimated increases for the first two years of the MTEF period.

5.11 Updated Municipal Borrowing Policy Framework

Cabinet approved the Update to the Policy Framework for Municipal Borrowing and Financial Emergencies on the 17th of August, 2022. The purpose of the update was to re-examine the original Policy Framework, along with the legislation (i.e. Municipal Finance Management Act – MFMA) that was adopted to implement it, considering the experience with municipal borrowing that has accumulated since 2000.

The following key reforms have been introduced through the Update to the Policy Framework for Municipal Borrowing:

- The Policy Framework for Municipal Borrowing has been updated to introduce the necessary reforms that will expand the scope of responsible municipal borrowing and create an environment that attracts more players (e.g. insurers, pension funds, institutional investors and fund managers, and international Development Finance Institutions) in the municipal debt market space. The original core principles underlying municipal borrowing are maintained (i.e. creditworthy municipalities should borrow prudently to finance capital investment, and that there will be no bail-outs by the provincial or national government);
- The updated policy framework clarifies the role of Development Finance Institutions (DFIs), as it was not clearly articulated in the original policy. DFIs are required to pursue clear and agreed developmental goals, as outlined in the policy. The objective of this approach is to ensure that a DFI lending does not crowd out the private sector. Public-sector lenders, both domestic and foreign, should be guided by a social and developmental investment approach in which demonstrable social outcomes are considered alongside potential financial returns;
- The updated policy framework permits and clarifies innovative infrastructure financing mechanisms (such as pooled financing mechanisms, project finance, tax increment financing, revenue bonds, and pledging of conditional grants) that municipalities can use to leverage municipal borrowing. Municipalities are encouraged to explore these alternatives, and innovative infrastructure financing mechanisms permitted subject to the requirements contained in the Municipal Finance Management Act (MFMA); and
- The participation of both private and public sector market participants in the development of a liquid secondary market for municipal debt securities is also encouraged. The policy proposes options that can be explored to support the development and growth of an efficient and liquid market for municipal debt obligations.

The Updated Municipal Borrowing Policy Framework can be accessed at the MFMA website at the following link <http://mfma.treasury.gov.za/Guidelines/Pages/default.aspx>.

5.12 Tariff Policies

Municipalities must comply with the provisions of Section 74 of the Municipal Systems Act (MSA) which requires that a municipal council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements, and which complies with the provisions of this Act and with any other applicable legislation. Municipalities should also ensure that the tariff policies adhere to all the principles outlined in section 74(2) of the MSA. A municipality's tariff policies must also take into consideration variable factors such as water shortages and electricity feedback excess into the municipal system from new generation capacity. Municipalities are urged to develop wheeling and Small-Scale Embedded Generation (SSEG) frameworks to guide the

development of associated tariffs. Municipalities must adopt by-laws to give effect to the implementation and enforcement of their tariff policies.

5.13 Non-Revenue Electricity and Non-Revenue Water/ Revenue Losses

Water Service Authority municipalities and electricity licensed municipalities are urged to align both their non-revenue water and non-revenue electricity indicators and their set targets in the 2023/24 SDBIPs with identifiable infrastructure or operational projects and/ or programmes. Municipalities should track improvements on the baseline information included in the SDBIPs by indicating the volume of water losses (i.e., kilolitres/ mega-litres) and the amount of electricity losses (KwH or MWs) for the previous year. This approach will help to determine the progress of municipalities in curbing losses, which impact on municipal revenues, in both non-revenue water and non-revenue electricity.

6. Burial of Councillors

Salaries, allowances and benefits for political office-bearers and members is managed through Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils notice issued by the Minister of Cooperative Governance and Traditional Affairs.

Section 167 of the MFMA provides that a municipality may remunerate its Councillors within the framework of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998), setting the upper limits of the salaries, allowances and benefits for those political office-bearers and members. Any benefit which is not included in the above-mentioned notice constitutes irregular expenditure and recovery thereof from the Councillor concerned is mandatory.

Municipalities may also refer to relevant Councillor Pension Scheme or personal funeral policies in existence for any funeral benefits relating to such Councillor.

7. Funding choices and management issues

Municipalities are under pressure to generate and collect revenue for service delivered. The ability of customers to pay for services is declining and this means that less revenue will be collected. Therefore, municipalities must consider the following when compiling their 2023/24 MTREF budgets:

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

Accounting officers are reminded of their responsibility in terms of section 62(1)(a) of the MFMA to use the resources of the municipality effectively, efficiently and economically. Failure to do this will result in the accounting officer committing an act of financial misconduct which will trigger the application of chapter 15 of the MFMA, read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014.

7.1 Employee related costs

The Salary and Wage Collective Agreement for the period 01 July 2021 to 30 June 2024 dated 15 September 2021 through the agreement that was approved by the Bargaining Committee of the Central Council in terms of Clause 17.3 of the Constitution should be used when budgeting for employee related costs for the 2023/24 MTREF. In terms of the agreement, all employees covered by this agreement shall receive with effect from 01 July 2023 and 01 July 2024 an increase based on the projected average CPI percentages for 2023 (5.4 per cent according to the Reserve Bank's Monetary Committee Statement for January 2023) and 2024 (4.8 per cent according to the Reserve Bank's Monetary Committee Statement for January 2023). The forecasts of the Reserve Bank, in terms of the January 2023 and January 2024, shall be used to determine the projected average CPI. Municipalities are encouraged to perform an annual head count and payroll verification process by undertaking a once-a-year manual salary disbursement, to root out ghost employees.

According to the 2021 State of Local Government Finance Report, there are about 165 municipalities that are in financial distress. These municipalities need to ensure that they seek an early exemption from this dispensation of this salary agreement. Municipalities should also avoid paying out leave in cash while having major financial challenges.

7.2 Remuneration of Councillors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. It is anticipated that this salary determination will also take into account the fiscal constraints. Municipalities should also consider guidance provided above on salary increases for municipal officials during this process. Any overpayment to councilors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of Section 167 of the MFMA and must be recovered from councilor(s) concerned.

8. Conditional Grant Transfers to Municipalities

8.1 Criteria for the release of the Equitable Share

The equitable share release criteria for 2023/24 were set out in MFMA Circular No. 122. To assist with managing this process, a guiding checklist has been developed (attached hereto as Annexure A) which municipalities can follow throughout the course of the year to ensure that the required documents are timeously uploaded to the GoMuni platform in line with the prescribed deadlines.

Going forward, municipalities will be required to submit the completed checklist as part of the quarterly performance reporting process for quarter 1 of the municipal financial year. According to section 52(d) of the MFMA, the mayor of a municipality must within 30 days of the end of each quarter, submit a report to council on the implementation of the budget and the financial state of affairs of the municipality. The report must then be submitted to National

and Provincial Treasury within 5 days of being tabled in council as per section 32 of the MBRR. The report for quarter 1 of 2023/24 must therefore be submitted to council by the end of October 2023 and submitted to National and Provincial Treasury by no later than 5 November 2023. By including the completed checklist in this report, municipalities confirm their adherence to the equitable share release criteria, including that all supplementary information (as defined in the checklist) was successfully uploaded to the GoMuni platform.

Please note that most of the information required for the release of the equitable share, is already uploaded/ submitted by municipalities as part of existing reporting requirements throughout the year. There are however a few items (clearly marked in the checklist) that does not have a dedicated storage location (for example, payments of employee benefits) on GoMuni. A dedicated Equitable Share Verification Folder will be created on GoMuni for this purpose.

8.2 Criteria for the rollover of conditional grant funds

In terms of Section 21 of the Division of Revenue Act, 2022 (Act No.5 of 2022) (DoRA) in conjunction with the Division of Revenue Amendment Act, 2022 (Act No. 15 of 2022) (DoRAA), the Act requires that any conditional allocation or a portion thereof that is not spent at the end of the 2022/23 financial year reverts to the National Revenue Fund (NRF), unless the rollover of the allocation is approved in terms of subsection (2). Furthermore, the receiving officer, provincial treasury and national transferring officer is required to prove to National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.

When requesting a rollover in terms of section 21(2) of the 2022 DoRA, municipalities must include the following information with their submission to National Treasury:

1. A formal letter, signed by the accounting officer addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of section 21(2) of the 2022 DoRA;
2. A list of all the projects that are linked to the unspent conditional grants and a breakdown of how much was allocated, spent and the balance per project;
3. The following evidence indicating that work on each of the projects has commenced, as applicable to the specific rollover(s):
 - a) Proof that a contractor or service provider was appointed for delivery of the project before 31 March; or
 - b) Proof of project tender and tender submissions published and closed before 31 March or with the appointment of contractor or service provider for delivery of service before 30 June in cases where additional funding was allocated during the course of the financial year of the project;
 - c) Incorporation of the Appropriation Statement;
 - d) Evidence that all projects linked to an allocation will be fully utilised by 30 June 2024 (attach cash flow projection for the applicable grant).
4. A progress report (also in percentages) on the status of each project's implementation that includes an attached **legible implementation plan**);
5. The value of the committed project funding and the conditional allocation from the funding source;
6. Reasons why the grants were not fully spent during the year on the original allocation per the DoRA;
7. Rollover of rollovers will not be considered. Municipalities must therefore not include previous year's unspent conditional grants as rollover request;
8. An indication of the time period within which the funds are to be spent if the rollover is approved; and

9. Proof that the Municipal Manager and Chief Financial Officer are permanently appointed.

No rollover requests will be considered for municipalities with vacant or acting Chief Financial Officers and Municipal Managers for a period exceeding 6 months from the date of vacancy; this also includes acting appointments because of suspensions of either MM or CFO that are more than 12 months.

If any of the above information is not provided or the application is received by National Treasury (Intergovernmental Relations Division) after 31 August 2023, the application will be declined.

In addition, National Treasury will also consider the following information when assessing rollover applications; and reserves the right to decline an application should there be non-performance by the municipality in any of these areas:

1. Compliance with the in-year reporting requirements in terms of sections 71 and 72 of the MFMA and section 12 of the 2022 DoRA, **including the Municipal Manager and Chief Financial Officer signing-off on the information** sent to National Treasury;
2. Submission of the pre-audited Annual Financial Statements to National Treasury by 31 August 2023;
3. Accurate disclosure of grant performance in the 2022/23 pre-audited Annual Financial Statements, (i.e. correct disclosure of grant receipts and spending in the notes to the AFS);
4. Despite the fact that local government is required to comply with to different norms and standards prescribed by different legislations, municipalities are expected to fully comply with the provisions of DoRA that relate to rollover processes and disclose conditional grant performance in the 2022/23 pre-audited Annual Financial Statements (i.e Cash coverage and unspent conditional grants in the Statement of Financial Position) in order to verify grant expenditure; and
5. Cash available reflected in the Statement of Financial Position and Cash Flow Statements and the bank (net position including short term investments) as at 30 June 2023 is equivalent to the unspent amount at the end of the financial year. If the amount that is requested for rollover **is not entirely cash-backed**, such a rollover will not be approved. National Treasury will also not approve portions of rollover requests.

It should be noted that under no circumstances will the National Treasury consider requests to rollover:

1. The entire 2022/23 allocation to the municipality, in cases whereby the rollover request is more than 50 per cent of the total allocation, National Treasury will approve the rollover amount up to 50 per cent of the 2022/23 allocation;
2. Rollover request of the same grant for the third consecutive time. In a case where a municipality is applying for rollover as a result of additional funding, the application will be given a careful consideration;
3. Funding for projects procured through Regulation 32 of the Municipal Supply Chain Management Regulations (Gazette No.27636) – Projects linked to additional funding and disasters are exempted; and
4. A portion of an allocation where the proof of commitment for the rollover application is linked to invoices that were issued before or on 31 May 2023.

8.3 Unspent conditional grant funds for 2022/23

The process to ensure the return of unspent conditional grants for the 2022/23 financial year will be managed in accordance with section 22 of the DoRA. In addition to the previous MFMA Circulars, the following practical arrangements will apply:

- Step 1: Municipalities must submit their June 2023 conditional grant expenditure reports according to section 71 of the MFMA reflecting all accrued expenditure on conditional grants and further ensure that expenditure reported to both National Treasury and national transferring officers reconciles;
- Step 2: When preparing the Annual Financial Statements, a municipality must determine the portion of each national conditional grant allocation that remained unspent as at 30 June 2023. The unspent grant values must be determined based on the guidance that was provided in *mSCOA* Circular No. 13 in as far as VAT, retention and interest is concerned; and
- Step 3: If the receiving officer wants to motivate in terms of section 22(2) of the 2020 DoRA that the unspent funds are committed to identifiable projects, the rollover application pack must be submitted to National Treasury by no later than 31 August 2023.

National Treasury will not consider any rollover requests that are incomplete or received after this deadline.

- Step 4: National Treasury will confirm in writing whether or not the municipality may retain any of the unspent funds as a rollover based on criteria outlined above by 20 October 2023;
- Step 5: National Treasury will communicate the unspent conditional grants amount by 08 November 2023. A municipality must return the remaining unspent conditional grant funds that are not subject to a specific repayment arrangement to the National Revenue Fund by 17 November 2023; and
- Step 6: Any unspent conditional grant funds that should have but has not been repaid to the National Revenue Fund by 17 November 2023, and for which a municipality has not requested a repayment arrangement, will be offset against the municipality's 06 December 2023 equitable share allocation.

All other issues pertaining to Appropriation Statement and reporting on approved rollovers are addressed in the Annexure to MFMA Circular No. 86.

9. The Municipal Budget and Reporting Regulations

9.1 Alignment of Municipal Budget and Reporting Regulations (MBRR) Schedules

The revised Regulated MBRR Schedules (A1, B, C, D, E and F), as aligned to the *mSCOA* chart and GRAP are published on the National Treasury web page and can be accessed using the following link.

<http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Documents/Forms/AllItems.aspx?RootFolder=%2fRegulationsandGazettes%2fMunicipal%20Budget%20and%20Reporting%20Regulations%2fDocuments%2f2023%2d24&FolderCTID=0x0120001860D4A2BD7AD042BF8427FC3BB59F67>

The alignment of the A1 Schedules required substantial changes to the reporting formats used for budgeting and reporting purposes which required the creation of new A1 Schedule codes to ensure that the data strings populate the new reporting formats. The relevant changes were also made in the reporting formats relating to versions 6.1 to 6.7 of the *mSCOA* chart to ensure that the historical data are populating when reports are drawn from GoMuni.

To ensure that ERP systems generate the A1 Schedule aligned to version 6.7 of the *mSCOA* chart, municipalities and system vendors should refer to the linkages provided on GoMuni. The following reports on GoMuni should be used for this purpose:

- List *m*SCOA account linkages to A1 Schedule based on 6.7 under menu option *m*SCOA Reporting; and
- List *m*SCOA A1 schedule codes WIP (i.e. new A1 Schedule codes) under menu option *m*SCOA Administration.

Both reports can be located under:

[https://lg.treasury.gov.za/ibi_apps/portal/Local Government Database](https://lg.treasury.gov.za/ibi_apps/portal/Local_Government_Database)

The new format for the non-financial data strings A1D and A1F is available on the link below:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Documents/Forms/AllItems.aspx?RootFolder=%2fRegulationsandGazettes%2fMunicipal%20Budget%20and%20Reporting%20Regulations%2fDocuments%2f2023%2d24&FolderCTID=0x0120001860D4A2BD7AD042BF8427FC3BB59F67>

The A1D is the data string which populates information which we do not extract from the TABB while the A1F populates the budget information which we do not extract from the ORGB. Municipalities should ensure that they use the new format when submitting the non-financial data strings.

10. Submitting budget documentation and A1 schedules for 2023/24 MTREF

The MFMA and its Regulations require the submission of *m*SCOA data strings for budgets, in-year reporting, and annual financial statements in a specific format and by a required timeframe. The credibility and accuracy of the *m*SCOA data strings must be verified by municipalities prior to submission to the GoMuni Upload portal. Since the financial system must be locked at the end of the month in order to generate a *m*SCOA data string, municipalities may not open closed periods to correct errors. Errors must be corrected in the next open period. Providers of municipal financial systems must ensure that the necessary internal controls are built into the system to prevent the opening of closed periods on the financial system and the bypassing of such controls. This also applies to the correction of information in closed periods for 3rd party systems that should be integrating with the main financial system in terms of the requirements of the *m*SCOA Regulations.

From 1 July 2023, Municipal Managers and Chief Financial Officers will be required to sign off on the financial and non-financial data strings submitted to the GoMuni Upload portal when they submit their data strings. The schedules prescribed in terms of the Municipal Budget and Reporting Regulations (MBRR) populated from the *m*SCOA data strings on National Treasury's Local Government and Reporting System (LGDRS) must also be signed off monthly. These sign-offs are for audit purposes and serves as a confirmation by the municipality that the data strings submitted are accurate. Details on the submission of the signed-off figures will be communicated in due course.

In terms of Section 171 of the MFMA, financial misconduct by municipal officials includes the provision of incorrect or misleading information in any document which must be submitted to the National Treasury.

From 1 July 2023, the GoMuni Upload portal for the monthly in-year data strings will be closed at 16h00 on the 10th working day of each month. All publications by the National and Provincial Treasuries are now solely sourced from the *m*SCOA data strings submitted by

municipalities and several stakeholders including Statistics South Africa (STATSSA), Auditor General South Africa (AGSA), the Reserve Bank, and NERSA are in the process of streamlining some of their reporting to the information contained on the National Treasury Local Government Database and Reporting System (LGDRS). The resubmission of data strings after the legislated timeframes is not only illegal but also causing challenges in data sets used by various stakeholders for analysis and reporting purposes. **No data string submissions will therefore be accepted by the National Treasury after the 10th working day of the respective month.**

Contact



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JH Hattingh

Chief Director: Local Government Budget Analysis

03 March 2023

ANNEXURE A: Equitable Share Verification Checklist:

General Requirements

Criteria	Verification Requirement	Yes/No
2023/24 Adopted Budget	Council resolution, adopted mSCOA budget data strings (ORGB), PDF version of adopted MTREF budget uploaded to GoMuni Upload portal immediately after approval.	
<ul style="list-style-type: none"> Is the municipality's completed tariff tool (National Treasury format) included as part of its budget submission (MFMA Budget Circular No. 98 (refer item 4.2). 	The completed National Treasury EXCEL tariff tool uploaded to GoMuni with the adopted budget by start of budget year i.e. 1 July 2023 .	
<ul style="list-style-type: none"> Are allocations made for bulk suppliers current account payments? 	Allocations reflected in mSCOA budget data strings (ORGB) and budget schedules/ document.	
If unfunded budget position--	-	
<ul style="list-style-type: none"> Is a Budget Funding Plan (BFP) adopted with the budget? 	Copy of the adopted Budget Funding Plan uploaded to GoMuni with the adopted budget by start of budget year i.e. 1 July 2023 .	
	PDF version of BFP/progress report uploaded to GoMuni Upload portal by start of budget year i.e. 1 July 2023 .	
	Is the BFP credible and show how the municipality intends moving progressively out of this position into a funded state?	
	In the case of the latest progress report being submitted, is it aligned to the rescue phase of the new approach to Municipal Financial Recovery Service (MFRS)?	
<ul style="list-style-type: none"> Council resolution reflecting commitment to address unfunded position. 	PDF copy of resolution uploaded to GoMuni Upload portal by start of budget year i.e. 1 July 2023 .	
mSCOA		
<ul style="list-style-type: none"> Submission of Data Strings 	Successful submission of all financial and non-financial mSCOA data strings to the GoMuni Upload portal	
	Timeous submission of all financial and non-financial mSCOA data strings to the GoMuni Upload portal	
	Data strings submitted are credible as per the analysis done by NT/PTs	
	Data strings are generated directly from the main municipal financial system	
	The regulated MBRR Schedules are generated directly from the core municipal financial system	
	Successful submission of all financial and non-financial mSCOA data strings to the GoMuni Upload portal	
<ul style="list-style-type: none"> Submission of documents 	Municipal documents required in terms of legislation and MFMA Circulars have been submitted timeously and in the required format to the GoMuni Upload portal.	
<ul style="list-style-type: none"> Financial System Changes 	Municipality has followed the processes in Circulars No. 93, 98, 123 and mSCOA Circulars No 5 and 6 to change their financial system.	
UIF & W		
<ul style="list-style-type: none"> UIF&W Register 	Documents need to be uploaded to NTs eMonitoring Webpage	
<ul style="list-style-type: none"> MPAC recommendation on UIF&W 		
<ul style="list-style-type: none"> Council Resolution on UIF&W 		
<ul style="list-style-type: none"> UIF&W Reduction Strategy 		
Disciplinary Board		
<ul style="list-style-type: none"> Does the municipality have a functional disciplinary board? 	Proof of establishment (or efforts to establish DC Board) uploaded to NTs eMonitoring Webpage NTs eMonitoring Website.	
Competency Regulations		
<ul style="list-style-type: none"> Has the minimum municipal competency regulations reporting requirements been adhered to? 	In line with the Competency Regulations, consolidated reporting information must be uploaded to GoMuni by 30 January 2023 and 30 July 2023 .	
Audit Process		
<ul style="list-style-type: none"> Opinion Received 	Did the municipality receive an adverse or disclaimed audit opinion or had outstanding audits for two consecutive financial years?	
<ul style="list-style-type: none"> Adverse or disclaimed audit opinion 	Council resolution signed by each member of the Council was uploaded to NT's eMonitoring Webpage within 1 month after conclusion of the audit process reflecting council's commitment to address the opinion.	
<ul style="list-style-type: none"> Is a council approved audit action plan in place? 	Audit action plan, together with council resolution, to be uploaded to NT's eMonitoring Webpage within 60 days from audit report issuance.	
Interventions (where applicable)		
<ul style="list-style-type: none"> In the event of a discretionary or mandatory intervention in terms of section 139 of the Constitution, is a Financial Recovery Plan (FRP) in place? 	The FRP and monthly progress reports submitted in terms of sections 145 and 146 of the MFMA must be uploaded to GoMuni Upload portal for each month since the inception of the FRP.	

Quarterly Requirements

Criteria	Verification Requirement	Quarter 3 (Jan – March)	Quarter 4 (April – June)	Quarter 1 (July – Sept)	Quarter 2 (Oct – Dec)
Bulk Supplier Payments					
<ul style="list-style-type: none"> Were current account payments to bulk suppliers (Eskom and Water Boards) timeously made? 	PT/NT to verify status according to MFMA S41 Report. No action required from municipality if account in good standing.	-	-	-	-
<ul style="list-style-type: none"> <u>If current account in arrears, are payment agreements in place?</u> 	Copy of payment agreement or evidence of discussions are uploaded to on GoMuni Upload portal.				
Staff benefit Deductions					
<ul style="list-style-type: none"> Were a) SARS, b) pension and c) other staff benefits timeously paid over to the relevant funds/institutions? 	Proof of payment for each category, for each month of the quarter uploaded to on GoMuni Upload portal.				
Reconciliation of Valuation Roll					
<ul style="list-style-type: none"> Has the valuation role been reconciled to the financial system? 	In line with MFMA Circulars No. 93, 98 and 107, proof of the verification for each quarter should be uploaded on GoMuni Upload portal.				



**PROPOSED
FINANCIAL PLAN 2023/24
CITY OF MATLOSANA**

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1. MAYORS OVERVIEW

City of Matlosana has for the past seven (8) financial years' (2015/16 to 2022/23) experience financial difficulties resulted from unfunded budget for number of reasons. Municipality was put under section 139 administration by North West Provincial administration as a result management experience challenges in preparation of credible and funded budget. Municipality 's exposure on unrealistic anticipated revenue and unsustainable expenditure commitment were some of the reasons why the municipality did not have funded budgets.

To this end, Municipality current leadership have carefully considered all factors that unadorned the institution to sustainably operate and optimally provides uninterrupted services to its communities in exchange for constant payment of services. Though little has been achieved in galvanizing the communities to pay services, it is worth noting that slight improvement on revenue collection has been realized.

In terms of section 64 (1) of the Municipal Finance Management Act No 56 of 2003 amongst others requires the Accounting Officer must take all reasonable steps to ensure effective revenue collection systems. Therefore, Municipality reported low Revenue and Debt collection rate respectively particularly in 2021/2022. These unpleasant states of affairs necessitated Accounting Officer to establish Multi-Disciplinary Committee to develop, advice and implement revenue management strategy in an endeavor to improve financial situation of the Municipality for service delivery provision. This was also prompted by difficulties on payment of bulk services such as Eskom and Midvaal.

2. EXECUTIVE SUMMARY

City of Matlosana Municipal Management after careful consideration of a municipality financial situation over the last five financial years realized municipality have been tabling unfunded budget. It is for this reason that management provided an honest overview and observation on the status of the budget as to whether how municipal financial position can be changed and repositioned for a positive budget trajectory in an endeavor to financially improve liquidity position of the institution.

Therefore, management through its internal institutional checks and balances mechanisms took conscious decision to analyze the key contributing factors as well as the recovery and redress measures that will be implemented to get the budget gradually funded. To this end, management further elaborate on the roles that will be played by both political and administrative leadership in engaging all the relevant key stakeholders and ensuring that all the deliverables are executed.

The relevant key stakeholders include, but are not limited to;

- ❖ Residents (Households)
- ❖ Business community
- ❖ Farmers community
- ❖ Organs of state
- ❖ Creditors
- ❖ Labour component

It is for these reason that during 2022/2023 Budget engagement processes Municipality participated in an inclusive public and stakeholder's engagement in an endeavor to encourage our

consumers about the importance of paying for municipal services. In conclusion the City of Matlosana's Management has detailed the supervisory and monitoring process mechanisms that will be played by the middle management with regards to the implementation of the Financial Plan.

3. THE FINANCIAL PLAN

The Financial Plan is NOT a Financial Recovery Plan in terms of the MFMA. A Financial Plan is a detailed plan which is developed by the Municipality in response to the identified material budget deficits (**Unfunded budget**), and the focus and essence of the Financial Plan is for the Municipality to develop and monitor implementation of realistic measures which will ensure that, if successfully implemented, the Municipality will be able to generate and collect sufficient revenue as well as realize savings through implementation of cost containment measures.

3.1. PURPOSE OF THE FINANCIAL PLAN

The purpose of the Financial Plan is to guide the Municipality in preparing the necessary remedial and redress measures aimed at ensuring that revenue is generated and collected, and as such revenue is appropriated to key essential expenditure items, thereby enabling Municipalities to execute their constitutional mandate.

3.2. KEY FOCUS AREAS OF THE FINANCIAL PLAN

Section 17(2) of the Municipal Finance Management Act states that an annual budget of a Municipality must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed.

The focus of the Financial Plan will be on the operating and capital budgets of the Municipality as in compliance with Section 17(2) of the Municipal Finance Management Act. The Municipality will be expected to demonstrate how it will effectively and efficiently conduct its operations in order to realize surpluses, and to ultimately re-invest the surpluses towards eradication of long outstanding creditors as well as to start building financial reserves.

3.2.1 OPERATIONAL BUDGET

Revenue generation and debt collection by management as well as retention of cash are critical measures in ensuring improved municipal financial management and maturity, with sufficient surpluses, the municipality will be in a position to settle expenditure commitments for the budget year as well as being able to reduce previous year's creditors.

In order to achieve the above, the Municipality is therefore expected to develop and monitor implementation of credible and realistic revenue raising measures in order to fund the anticipated key operational expenditure items. The crux and focus on revenue raising measures should be on addressing those factors that impedes the Municipality from achieving its revenue raising targets, factors such as the state and conditions of revenue raising assets like water and electricity meters, electricity and water distribution channels, etc. The state of the latter infrastructure assets as well as other revenue raising assets must be considered prior to the Municipality deciding and/or an estimation of possible revenue it could raise.

Revenue generation in this context is the ability by the Municipality to collect readings for services provided by the Municipality, in order to eventually issue a bill to the affected consumers. The most critical process in the Financial Plan is the ability of the Municipality to convert the revenue

generation (billing) process to actual cash that the Municipality can utilize to fund the budget and provide services to the communities. It is for these reason that municipality has appointed the service provider (Mosekate Group) for Billing. These efforts will assist municipality to improve its promptness and eliminates unnecessarily inefficiencies in meter reading and billing.

Therefore, Municipality will deliver services to their respective communities and it is recognized that community members have different and sometimes, unrealistic demands that Municipality is expected to budget for. While being cognizant of the latter conundrum that Municipality find themselves in, City of Matlosana management expected to base their operational budget on what they can afford. The latter implies that operating expenditure budget of Municipality must be based on the realistically anticipated operating revenue even. Municipal Budget Reporting Regulation requires Municipality to adopt unfunded budgets, based on the fact and material condition in Matlosana the 2022/2023 budgeted operating expenditure was high and unaffordable as compared with our realistic anticipated budget operating revenue.

3.2.2. CAPITAL BUDGET

City of Matlosana Capital spending is essential for the Municipality's advancement in its legislative mandate, and it is therefore critical for the City to develop their capital asset base. In the past three financial years Matlosana has observed a consistent destruction of municipal infrastructure which have drastically increase insurance claims and increase burden on repairs and maintenance budget.

As already stated above, Municipality does not have sufficient capital asset base to deliver basic services to the communities, despite the fact that all Municipalities are tasked with functions of delivering services to communities are allocated government grants to execute such a legislative mandate. The most contributing factor to the latter is that most Municipality have struggled to complete their infrastructure projects due to unnecessarily delays by members of the communities.

4. Outstanding Creditors and Current Provisions

Section 65(2)(e) of the MFMA states that all money owing by the municipality must be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure. The ever - increasing creditors book balance is a clear indication that Municipalities fail to honour the latter section of the MFMA. Key to this unfortunate situation is slow and poor collection of municipal revenue which is currently at averaging 64 % per month.

Financial Plans of Municipality are therefore expected to demonstrate how the creditors' book balance will eventually be eradicated through implementation of the recovery measures as well as a demonstration on how Municipalities will ensure availability of sufficient cash reserves to fund Provisions which are due and payable at a certain point in the financial year. In this case the Municipality is currently reporting Trade and other payables to an mounting of R 3 Billion, of which R1,683 Billion and R1,230 Billion are owed to Eskom and Midvaal respectively.

5. Operational Budget
Revenue enhancement

PRIORITY ARE	FOCUS AREA	ACTIVITY	TIME FRAME (start & end)	RESPONSIBLE PERSON	COSTS (& Source of funding)	OUTCOME	EXPECTED INFLOW
Revenue Enhancement	Billing	<ul style="list-style-type: none"> To provide amnesty to 4500 additional customers in the entire Kosh area. 	01/07/2023-30/06/2024	CFO	No cost	Increased Revenue	R 12 Million
		Proclamation of additional 13 020 stands and to be billed Kanana Extension 5 Kanana Extension 16 Jouberton Extension 31 Jouberton Extension 34 Sunny Side Tigane Extension 7 Tigane Extension 8 (Income expected only from Basic	01/07/2022-30/06/2024	Director Choche	No cost	Increased Revenue	R63,277,200

			Tampering boxes. 2022/23 FY 714	30/06/2024								
			2023/24 FY 1500	01/07/2024 – 30/06/2025								
Electricity	Electricity losses (In Jouberton and Alabama	<ul style="list-style-type: none"> Audits on all bypassed meters Energy Efficiency Revenue improvement of Medium voltage Network <p>Expected inflow due to implementation of credit control on those in arrears.</p>	01/07/2023–30/06/2024	Director Technical Services	R500 000 DBSA Grant	Reduction of Electricity losses by 50 %	R 15 Million					
	Debt collection and Recovery	Utilize internal debt collectors	01/07/2023–30/06/2024	CFO	No cost	Reduced debtors book and improved collection	R400 million					
Market	Rentals	Collect all outstanding rentals from storages, office spaces.	01/07/2023 – 30/06/2024	Director: LED	No cost	Increased Revenue	R500 000					

	Outdoor advertising (Billboards)	Revenue Improvement	01/07/2023 30/06/2024	Director: LED	No cost	Increased Revenue	R1000 000
TOTAL INFLOW	R611 638 662		-				
TOTAL COSTS	R -27 310 000						
NET TOTAL	R584 328 662						

6. Operating Expenditure

PRIORITY ARE	FOCUS AREA	ACTIVITY	TIME FRAME (start & end)	RESPONSIBLE PERSON	COSTS (& Source of funding)	OUTCOME	EXPECTED INFLOW
Cost measures	Wet fuel	Outsource wet fuel instead of using our own depos. This is transferring the risk of misuse and theft to external service provider.	01/07/2023–30/06/2024	CFO	No Cost	Reduced expenditure	R3 million
	Repairs and maintenance	Reduce spending on Repairs and maintenance on fleet procurement of new fleet, plant and equipment. BTO has provided funds to the amount of R15 million to commence with the Turn-around Strategy for the Fleet Repairs & Maintenance Programme. The programme entails the re-organisation of the municipal garage, and implementation of systems of control. This will be a short to medium-term initiative.	01/07/2023–30/06/2024	CFO and Director Technical	R15million	Reduced Expenditure	R 30 million

	Travelling and subsistence	Cutting unnecessarily and accommodation (Office of the CFO and Municipal Manager have jointly issued moratorium to suspend all non-essential travelling and accommodation for the whole financial year).	01/07/2023-30/06/2024	All Managers agreement	No Cost	Reduced expenditure	R600 thousand
	Contracted Services	To review operational contract to scale down their services and support on the following expenditure items: <ul style="list-style-type: none"> • Hire charges - reduce printing and photocopy machine from 101 to 58 number of stand-alone high-volume devices and replace 34 desktop devices machines in order to decrease copy production and costs. 	01/07/2023-30/06/2024	Director Corporate Support	No cost	Reducing almost excessive spending on printing/copy	R289 494 pm on R2 605 446 p.a
	TOTAL SAVING						R36 205 446
	TOTAL COST						R-15 000 000
	NETT TOTAL						R21 205 446

7. CONCLUSION

In the midst of the difficult business environment City of Matlosana had to Development of a credible and realistic Financial Plan is a critical step towards alleviating the financial challenges that Municipalities are facing, but it is the implementation of the Financial Plan that will yield the actual expected results and demonstrate if a Municipality is on the correct path towards financial recovery.

As indicated above, the crux and the critical success factor is the monitored implementation of the Financial Plan, cognizance must be borne to the fact that the Financial Plan is a Municipality wide document which will need intense contribution and support from all units within the Municipality for it to be successfully implemented and realize the anticipated outcomes. It is on the basis on the latter that all the components Council and Administration of the Municipality must contribute towards implementation of the Financial Plan.

In order to achieve the above, the Administration must prepare a credible and realistic Financial Plan, the Financial Plan must be submitted to Provincial Treasury for review. Subsequent to review of the Financial Plan, the Administration must present the Financial Plan to the Council of the Municipality for adoption.

The Municipality must on a monthly basis, consider the status with regards to implementation of the Financial Plan. The Accounting Officer must on a monthly basis, present to a Mayor/Executive Mayor, a status with regards to implementation of the Financial Plan. The Executive Mayor must report the status with regards to implementation of the Financial Plan to Council.

The Accounting Officer must on a monthly basis, when reporting on the Section 71, report also on the status with regards to implementation of the Financial Plan.