

## AGENDA: SPECIAL COUNCIL: 31 MARCH 2023

### 96. TABLING OF THE 2023/24 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)

(Directorate: Budget and Treasury)

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#### 1. STRATEGIC THRUST

The Rustenburg Local Municipality has adopted amongst others, the following, as its strategic thrust, *“To ensure sustainable municipal financial viability and management including good governance and public participation”*.

#### 2. PURPOSE OF THE REPORT

The requirements for the compilation and submission of the Budget are contained in Chapter 4 of the MFMA and Municipal Budget and Reporting Regulations.

The purpose of this report is to table the draft 2023/24 MTREF to Council for approval in accordance with section 24 of the Municipal Financial Management Act 56 of 2003 (MFMA) and Municipal Budget and Reporting Regulations (MBRR).

#### 3. EXECUTIVE SUMMARY

The Budget is the most important document in enforcing accountability of Administration in relation to the strategic planning and deliverables as determined by Council. The budget guides and determines the day-to-day actions necessary for the delivery of municipal services to the community.

The application of sound financial management principles for the compilation of the municipality’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 Municipality’s business and service delivery priorities were reviewed as part of this year’s planning and budget process. Where appropriate, funds were transferred from low- to high- priority programmes so as to maintain sound financial stewardship.

The Budget has been compiled within the framework of the Municipal Financial Management Act (MFMA), Municipal Budget and Reporting Regulations (MBRR), MFMA Circulars No 51, 54, 55, 59, 66, 67, 70, 74, 75, 78,79 ,86, 89, 91, 93, 94, 98, 99, 107, 108, 112, 115, 122 and 123.

In terms of the Municipal Finance Management Regulations, Regulation 17:

- (1) A municipal council must consider the full implications, financial or otherwise, of the annual budget and supporting documentation before approving the annual budget.
- (2) When approving an annual budget, a municipal council must in terms of section 24(2)(c) of the Act, consider and adopt separate resolutions dealing with each of the matters contemplated in that section.

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The Budget book has been compiled in accordance with 2023/24 Medium Term Revenue and Expenditure Framework.

- Annexure A – Budget Book
- Annexure B - Tariff Book
- Annexure C - A Schedule
- Annexure D – Budget policies
- Annexure E – RWST budget
- Annexure F – Circular 122
- Annexure G – Circular 123
- Annexure H – Budget per Directorate

Although the A1 schedule tables and supporting schedules have been incorporated into the 2023/24 MTREF budget book, they have also been attached as Annexure C.

The proposed operating revenue budget (inclusive of transfers and subsidies) is R8,344 billion and the operating expenditure budget approximately R7,435 billion for the 2023/24 financial year. The 2023/24 revenue projection is anticipated to be above by R788 million (10%) from the adjustment budget revenue of 2022/23 whilst the expenditure will be above by R920 million (14%) from the anticipated adjustment budget expenditure of 2022/23. Average revenue increase of 10% is considered reliable as COVID 19 is not expected to have an impact on the municipal revenue generation. Surplus generated over the MTREF will be used to fund historical creditors and commitments.

Description	Current Year 2022/23	Changes	% Change	2023/24 Medium Term Revenue & Expenditure Framework		
				Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	Adjusted Budget	Changes	% Change	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Total Revenue (including capital transfers and contributions)	7 555 337	788 360	10%	8 343 697	8 786 661	8 078 201
Total Expenditure	6 514 217	920 880	14%	7 435 098	7 743 765	7 966 141
<b>Surplus/(Deficit)</b>	<b>1 041 120</b>	<b>(132 520)</b>	<b>-13%</b>	<b>908 600</b>	<b>1 042 896</b>	<b>112 060</b>
<b>Total Capital Funding</b>				<b>599 998</b>	<b>623 235</b>	<b>601 674</b>
<b>Total Budget (OPEX and CAPEX)</b>				<b>8 035 095</b>	<b>8 367 000</b>	<b>8 567 815</b>

Rustenburg Local Municipality is budgeting for a surplus before capital transfers and contributions of R412 million and R909 million after capital transfers and contributions which will be utilised towards funding portion of capital investments and historic debts.

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By the time the agenda was prepared, the recommendations from the Joint Portfolio Committee: IDP and BTO were not yet available. The Chairpersons to table the recommendations at Council.

### RECOMMENDED:

### ACTION

1. That the Council approves the multi-year annual capital and operating budget for the 2023/24 financial year of R8 billion and the two outer years of R8.4 billion, R8.6 billion (2024/25 and 2025/26) as set out in A1 Schedule as Annexure A: -  
1.1 Table A1 – Budget Summary;  
1.2 Table A2 – Budgeted Financial Performance;  
1.3 (Revenue and expenditure by standard classification);  
1.4 Table A3 – Budgeted Financial Performance;  
1.5 (Revenue and expenditure by municipal vote);  
1.6 Table A4 – Budgeted Financial Performance;  
1.7 (Revenue and Expenditure);  
1.8 Table A5 – Budgeted Capital Expenditure by Vote;  
1.9 (Standard classification and funding);  
1.10 Table A6 – Budgeted Financial Position;  
1.11 Table A 7 – Budgeted Cash Flows;  
1.12 Table A8- Cash backed reserves / accumulated Surplus reconciliation;  
1.13 Table 9 – Asset Management;  
1.14 Table 10 – Basic Delivery measurement.
2. That the budget as proposed include the budget for the Rustenburg Water Services Trust, in Annexure “E – RWST budget”;
3. That Council take note that for the 2023/24 MTREF financial year the Revenue and expenditure budget proposed has a surplus of R909 million, R1,043 billion and R112 million respectively.
4. That in terms of section 74 of the Local Government Municipal System Act, all consumptive tariffs, Rates, basic charges as proposed be approved for implementation on the 01 July 2023, and are attached as Annexure “B – TARIFF BOOK”;
5. That the unspent conditional grant at end of 2022/23 not be committed to expenditure until approval has been obtained from National, Provincial in accordance with directives from National Treasury Circulars;

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6. That the following proposed budget related policies with amendments be approved for implementation on the 01 July 2023. Policies are attached as Annexure “D”; CC
- 6.1 Budget Related Policies with Amendments;
- Assets Management Policy;
  - Supply Chain Management Policy;
  - Tariffs Policy;
  - Property rates Policy;
  - Indigent Policy;
  - Travelling and Subsistence Policy
- 6.2 Budget Related Policies with no Amendments;
- Accelerate Economic Empowerment and Transformation Policy;
  - Bereavement Policy for Serving and Former Councillors Policy;
  - Borrowing Policy;
  - Budget Policy;
  - Cash Management and Investment Policy;
  - Cost Containment Policy;
  - Commitment Policy;
  - Contract Management Policy;
  - Credit Control and Debt Collection Policy;
  - Electrical Engineering Contributions Policy;
  - Expenditure Management Policy;
  - Funds and Reserves Policy;
  - Insurance Claims Policy and Procedure;
  - Insurance Claims and Loss Control Committee Policy;
  - Inventory Policy;
  - Investment Incentives Policy
  - Petty Cash Management Policy;
  - Rewards, Gifts and Favor Policy;
  - Study Aid Policy;
  - Unauthorized, Irregular and Fruitless and Wasteful Policy
- 6.3 Budget Related Policies New
- Preferential Procurement Policy
7. That MFMA budget circulars from National Treasury be considered as Annexure “F” and “G”; CC
8. That the 2023/24 Medium Term Revenue and Expenditure (MTREF) Forecasts electronic formats be submitted to National Treasury and Provincial Treasury; BTO

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- 9. That the MTREF Budget together with the tariffs, budget Related policies be placed on the municipal website and be published in terms of Section 21A and B of the Municipal Systems Act as well as the MFMA and applicable regulations; BTO
- 10. That the budget be subjected to public participation CC
- 11. That the budget per municipal directorate according to our internal municipal structure be considered as Annexure “H”. CC

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**RUSTENBURG LOCAL  
MUNICIPALITY**



**“ AN ENVIRONMENTALLY FRIENDLY CITY WHERE ALL COMMUNITIES  
ENJOY A HIGH QUALITY OF LIFE AND DIVERSITY”**

***2023/24 TO 2025/26***

**MEDIUM-TERM REVENUE & EXPENDITURE FRAMEWORK**

**31<sup>st</sup> MARCH 2023**

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*Compiled in terms of Section 16 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) and Schedule A (In-Year Reports of Municipalities) of the Municipal Budget and Reporting Regulations.*

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### Abbreviations and Acronyms

Acronym	Description
BSC	Budget Steering Committee
Budget Lekgotla	A planning forum aimed at identifying key spending priorities for the City for a specific planning cycle.
BPDM	Bojanala Platinum District Municipality
BRT	Bus rapid transport
CAPEX	Capital expenditure, spending on municipal assets such as land, buildings, roads, etc.
CATA	Culture, Arts and Traditional Affairs Grant
CBD	Central business district
CFO	Chief Financial Officer
CPI	Consumer Price Index
CRR	Capital Replacement Reserves
DoRA	Division of Revenue Act
EM	Executive Mayor
FBE	Free basic electricity
FBS	Free basic services
FBW	Free basic water
GRAP	Generally Recognised Accounting Practice
HDA	Housing Development Agency
HSDG	Human Settlements Development Grant
IBT	Inclining Block Tariff
ICC	International Convention Centre
IDP	Integrated Development Plan, a strategic document detailing the Municipality's medium-term plan for development.
INEP	Integrated National Electrification Program
Kl	Kilolitre
Km	Kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local economic development
MBRR	Municipal Budgeting and Reporting Regulations
MFMA	Municipal Finance Management Act, Act 56 of 2003, legislation providing a framework for financial management in local government
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of the Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act, Act 32 of 2000
mSCOA	Municipal Standard Chart of Accounts
MTREF	Medium- term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non- governmental organisations

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NT	National Treasury of South Africa
OPEX	Operating expenditure, spending on the day-to-day operational activities such as salaries and wages, repairs and maintenance, general expenses
PBO	Public benefit organisations
PIC	Public Investment Corporation
PMS	Performance Management System
PPE	Property, plant and equipment
PPP	Public- Private Partnerships
PTNG	Public Transport Network Grant
RLM	Rustenburg Local Municipality
RWST	Rustenburg Water Services Trust
SA	South Africa
SALGA	South African Local Government Association
SALGBC	South African Local Government Bargaining Council
SDBIP	Service Delivery and Budget Implementation Plan, a detailed plan containing quarterly performance targets and monthly budget estimates
SHRA	Social Housing Regulatory Authority
SMME	Small, Micro and Medium Enterprises
VOTE	Segments (Departments/Municipal Entities/Programmes) into which a budget is divided for the appropriation of funds
WSIG	Water Services Infrastructure Grant

List of Votes according to our internal municipal structure

<b>VOTE</b>	<b>DESCRIPTION</b>
Vote 1	EXECUTIVE MAYOR
Vote 2	MUNICIPAL MANAGER
Vote 3	CORPORATE SUPPORT SERVICES
Vote 4	BUDGET AND TREASURY
Vote 5	PUBLIC SAFETY
Vote 6	PLANNING AND HUMAN SETTLEMENT
Vote 7	LOCAL ECONOMIC DEVELOPMENT
Vote 8	COMMUNITY DEVELOPMENT
Vote 9	TECHNICAL AND INFRASTRUCTURE
Vote 10	ROADS AND TRANSPORT
Vote 11	MUNICIPAL ENTITY

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## 1. PURPOSE

1.1 The purpose of this document is to present to Council the 2023/2024 Medium-Term Revenue and Expenditure Framework (MTREF) in line with both section 16, 17 and 23 of the Municipal Finance Management Act 56 of 2003 which states as follows:

### Section 16:

- (1) *The municipal Council of the municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.*
- (2) *In order for a municipality to comply with subsection (1), the Mayor of the municipality must table the annual budget at a Council meeting at least 90 days before the start of the budget year.*

### Section 17:

- (1) *An annual budget of a municipality must be a schedule in the prescribed format –*
  - (a) *Setting out realistically anticipated revenue for the budget year from each revenue source.*
  - (b) *Appropriating expenditure for the budget year under the different votes of the municipality.*
  - (c) *Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year.*
  - (d) *Setting out –*
    - (i) *Estimated revenues and expenditure by vote for the current year; and*
    - (ii) *Actual revenue and expenditure by vote for the financial year preceding the current year; and*
  - (e) *A statement containing any other information required section 215 (3) of the Constitution or as may be prescribed.*
- (2) *An annual budget must generally be divided into capital and an operating budget in accordance with international best practice, as may be prescribed.*
- (3) *When an annual budget is tabled in terms of section 16(2), it must be accompanied by the following documents:*
  - (a) *Draft resolutions-*
    - (i) *approving the budget of the municipality.*
    - (ii) *imposing any municipal tax and setting any required municipal tariffs for the budget year; and*
    - (iii) *approving any other matter that may be prescribed.*

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- (b) measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's integrated development plan;*
- (c) projection of cash flow for the budget year by revenue source, broken down per month.*
- (d) any proposed amendments to the municipality's integrated development plan following the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act.*
- (e) any proposed amendments to the budget-related policies of the municipality.*
- (f) particulars of the municipality's investments.*
- (g) any prescribed budget information on municipal entities under the sole or shared control of the municipality.*
- (h) particulars of all proposed new municipal entities which the municipality intends to establish or in which the municipality intends to participate.*
- (i) particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements.*
- (j) particulars of any proposed allocations or grants by the municipality to-*
  - (i) other municipal entities.*
  - (ii) any municipal entities and other external mechanisms assisting the municipality in the exercise of its function or powers;*
  - (iii) any other organ of state.*
  - (iv) any organisations or bodies referred to in section 67 (1).*
- (k) the proposed cost to the municipality for the budget year of the salary, allowances, and benefits of-*
  - (i) each political office-bearer of the municipality.*
  - (ii) councillors of the municipality; and*
  - (iii) the municipal manager, the chief financial officer, each senior manager of the municipality and any other official of the municipality having a remuneration package greater than or equal to that of a senior manager.*
- (l) the proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary, allowances and benefits of-*
  - (i) each member of the entity's board of directors; and*
  - (ii) the chief executive officer and each senior manager of the entity; and*

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*(m) any other supporting documentation as may be prescribed.*

### Section 23:

- (1) When the annual budget has been tabled, the municipal council must consider any views of-
  - (a) the local community; and*
  - (b) the National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the budget.**
- (2) After considering all budget submissions, the council must give the mayor an opportunity -
  - (i) to respond to the submissions; and*
  - (ii) if necessary, to revise the budget and table amendments for consideration by the council.**
- (3) The National Treasury may issue guidelines on the manner in which municipal councils should process their annual budgets, including guidelines on the formation of a committee of the council to consider the budget and to hold public hearings.*
- (4) No guidelines issued in terms of subsection (3) are binding on a municipal council unless adopted by the council.*

The Budget has been compiled within the framework of the MFMA, Municipal Budget and Reporting Regulations (MBRR), MFMA Circulars No 122 and 123.

## PART 1 – ANNUAL BUDGET

### 2. EXECUTIVE SUMMARY

- 2.1** A consolidated budget of **R8 billion** has been proposed for the 2023/24 Medium-Term Revenue and Expenditure Framework (MTREF) with **R8,4 billion** and **R8,6 billion** respectively for the two outer years.
- 2.2** The 2023/24 MTREF is the second budget being undertaken under the current Council. The MTREF is a representation of the overall planning framework and includes both capital and operating projects together with programmes aimed at ensuring that the strategic objectives, as set out in the 5-year Integrated Development Plan (IDP), of the municipality are met.

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**2.3** The 2023/24 MTREF was compiled with a key focus on affordability and sustainability. National Treasury's MFMA Circulars were adhered to, and the budget format and content incorporates the requirements of the MBRRR. Budget (A – Schedule) was required to be extracted from the financial system in terms of MFMA Circular 123. This was complied with, however certain sheets required data input after extraction from the financial system.

**2.4** In line with Chapter four (4) of the MFMA the following **PRINCIPLES** were applied in formulating the 2022/23 MTREF:

- (i) Realistic and achievable revenue streams and collection rates.
- (ii) Sustainable, affordable, realistic, and credible budget.
- (iii) Budget that contributes to achieving strategic objectives set out in the IDP.
- (iv) Income/ revenue driven budget: affordability i.e., if funds do not materialise, reduce expenditure.

**2.5** The main **CHALLENGES** noted during the compilation of the 2023/2024 MTREF are as follows:

- (i) National directive to table funded budget, which then direct reduction in expenditure commitments and have sufficient surplus to fund creditors.
- (ii) Economic slowdown and increase in unemployment rate that impacts negatively on collection rates and municipal ability to service bulk services (water and electricity) and maintain infrastructure.
- (iii) The continued impact of COVID 19 pandemic in the economy of Rustenburg, revenue generation and collection rate.
- (iv) Deteriorating infrastructure with minimum surplus cash to fund the overall replacement.
- (v) Continued power cuts that impacts businesses to level of close down.
- (vi) Widespread criminal activity on municipal electrical infrastructure.
- (vii) Increase in informal settlements and the related pressure on the provision of free basic services.
- (viii) National Treasury released MFMA Circular 123 and the latest version of the mSCOA chart which provides guidance on compilation of municipal budgets during March 2023 when the draft budget was already at an advanced stage. The full effects of this circular will be reviewed during the public participation process.

### 3. OPERATING BUDGET

**3.1** The proposed operating budget has the following.

- Operating revenue budget (inclusive of capital transfers) is **R8,344 billion** reflecting an increase of **R788 million** (10%) from the 2022/23 adjustments budget.

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- Operating expenditure budget is **R7,435 billion** reflecting an increase of **R920 million** (14%) from the 2022/23 adjustments budget.
- Capital expenditure budget is **R600 million**, reflecting a decrease of **R25 million** from the 2022/23 adjustments budget.

**3.2** The main cost drivers of the operating budget are as follows:

- Cost of bulk purchases - water and electricity
- Provision for non-cash items – depreciation and impairment of receivables
- Remuneration of Councillors and Employee Cost
- Operating costs and contracted services.

**3.3** The table below sets out the Medium –Term Revenue and Expenditure Budget for the 2023/24 – 2025/26 financial years, within the available limited resources:

Description	Current Year 2022/23	Changes	% Change	2023/24 Medium Term Revenue & Expenditure Framework		
				Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	Adjusted Budget					
Total Revenue (including capital transfers and contributions)	7 555 337	788 360	10%	8 343 697	8 786 661	8 078 201
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<b>Surplus/(Deficit)</b>	<b>1 041 120</b>	<b>(132 520)</b>	<b>-13%</b>	<b>908 600</b>	<b>1 042 896</b>	<b>112 060</b>
Total Capital Funding				599 998	623 235	601 674
Total Budget (OPEX and CAPEX)				8 035 095	8 367 000	8 567 815

Rustenburg Local Municipality is budgeting for a surplus before capital transfers and contributions of R412 million and R909 million after capital transfers and contributions which will be utilised towards funding the capital investments and historic debts.

### **3.4 Operation Revenue Analysis**

3.4.1 The increase of 10% in anticipated revenue (excluding capital transfers and contributions) is mainly due to increase in tariff costs for electricity and water supply in line with the projected tariff increases for Water boards and Eskom, while the other tariff increases were aligned with proposed CPI increase by National treasury taking into account affordability of consumers.

**Table below indicates projected revenue by Sources in comparison with adjustments budget for 2022/23:**

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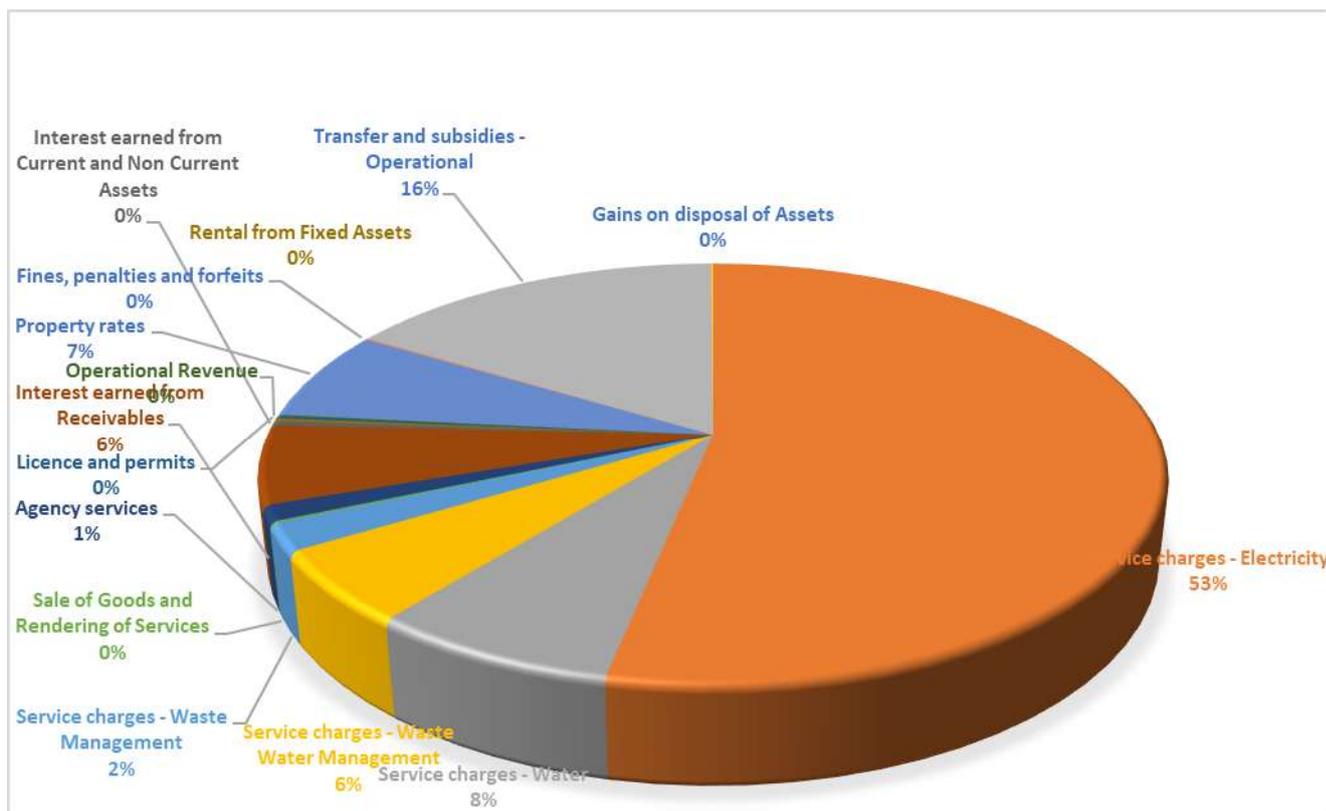
Description	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	% Change	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>						
<b>Revenue</b>						
<b>Exchange Revenue</b>						
Service charges - Electricity	3 691 715	3 673 724	14%	4 173 259	4 342 230	3 809 849
Service charges - Water	553 596	553 596	8%	595 954	622 540	650 349
Service charges - Waste Water Management	405 800	405 800	7%	432 405	451 928	472 348
Service charges - Waste Management	154 931	161 428	1%	163 148	170 956	179 123
Sale of Goods and Rendering of Services	8 189	9 834	0%	9 809	10 520	11 233
Agency services	110 424	90 424	4%	94 282	99 584	105 130
Interest earned from Receivables	428 086	458 086	4%	477 919	498 477	254 681
Interest earned from Current and Non Current Assets	26 217	26 217	4%	27 383	28 643	29 961
Rental from Fixed Assets	14 080	12 580	26%	15 859	16 589	17 352
Licence and permits	11 288	11 795	3%	12 130	12 681	13 265
Operational Revenue	10 448	10 418	4%	10 793	11 258	11 743
<b>Non-Exchange Revenue</b>						
Property rates	516 902	526 902	4%	549 646	574 351	600 311
Fines, penalties and forfeits	9 399	9 399	2%	9 587	10 028	10 490
Transfer and subsidies - Operational	1 127 277	1 166 737	9%	1 268 370	1 401 257	1 392 605
Gains on disposal of Assets	6 448	6 448	10%	7 088	7 414	7 755
<b>Total Revenue (excluding capital transfers and contrib</b>	<b>7 074 800</b>	<b>7 123 388</b>	<b>10%</b>	<b>7 847 633</b>	<b>8 258 456</b>	<b>7 566 194</b>

3.4.2 The Revenue chart below depicts the percentages per revenue category of the total revenue of Rustenburg Local Municipality:

The 2023/24 budget projects revenue from own source as constitutes majority of revenue of the municipality. Service charges (electricity, water, sanitation and refuse) represents approximately **69%** of the total budgeted revenue of **R7,847 billion**, while property rates approximate **7%** and transfers and subsidies **16%**.

### REVENUE CHART

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**Property Rates:** The property rates revenue is projected to increase by **4%** from the 2022/23 adjustments budget. The nett increase is within the inflation forecast guidelines by National Treasury. The nett increase is below the tariff increase due to adjustment for rebates, indigent support and reversal of billing on municipal accounts in line with prior year audit findings.

The rebates offered by the municipality include amongst others, the rebate on the first 100 000 on residential properties, additional 25% for privately owned towns, 25% for private schools, 25% off for pensioners as well as first 30% of the Public Service Infrastructure as per the requirements of the Municipal Property Rates Act 6 of 2004.

**Service Charges - Electricity** revenue is at R4,173 billion in the 2023/24 financial year with an increase of 14% when compared to the 2022/23 adjustments budget. The increase is due to proposed tariff increase to fund the Eskom tariff increase on bulk purchases. We also expect businesses to be fully open and not experience any further downtime due to COVID. 19.

The persistent loadshedding has a negative effect on the municipality generating additional revenue. Long term energy security is required whilst we also explore alternative energy sources. **The tariffs are subject to NERSA approval.** The increase also addresses issues related to completeness of billing.

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**Service charges - water** charges are estimated at R596 million or, approximately 8% increase from the 2022/23 adjustments budget. The increase is mainly driven by the tariff increase from our bulk supplier and the cost of maintenance of infrastructure. The increase also addresses issues related to completeness of billing adjusted for reversal of billing on municipal accounts in line with prior year audit findings.

**Sewerage:** Projected sewerage charges are estimated at R432 million, approximately 7% increase from the 2022/23 adjustments budget. The sanitation revenue also includes anticipated revenue from the Rustenburg Water Services Trust which makes up the bulk of the revenue, including cost related to water usage. The increase also addresses issues related to completeness of billing adjusted for reversal of billing on municipal accounts in line with prior year audit findings.

**Service charges – refuse:** The projected revenue for waste management is at R163 million which reflect a 1% increase from the 2022/23 adjustments budget in line with proposed tariff increases aligned with actual performance and adjusted for reversal of billing on municipal accounts in line with prior year audit findings.

**Rental of facilities:** An anticipated increase in rental charges by approximately 26% increase from the 2022/23 adjustments budget mainly aligned to the 2022/23 performance on rental charges. The alignment of tariffs and contracts to market related rentals also contributes to the increase.

**Interest earned on external investment:** An anticipated increase of 4% from the 2022/23 adjusted budgeted. The municipality will be embarking on effective investment strategy (short term investment proposals from banks through asset managers in line with the regulations) to invest excess monthly cash from unspent grants and equitable share.

**Interest on outstanding debtors:** An anticipated increase of 4% in line with the projected revenue collection rate.

**Income from fines, penalties and forfeits** is anticipated to increase by 2% from the 2022/23 adjusted budget. The increase is in line with current actual revenue performance for 2022/23. Also noting that the municipality is in a process of acquiring proper equipment for traffic management.

**Licences and Permits:** The proposed revenue on licences and permits increases by 3% when compared to the 2022/23 adjustment budget, which is mainly due to new trade licences for development planning.

The **income for Agency Services** is for Vehicle Testing and Licenses which is a function done by the municipality on behalf of the Provincial Government. It is important to note that a portion of this revenue is payable to Provincial Government

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under the 80/20 agreement and the municipality retains 20% before VAT of the revenue on vehicle testing and licenses. Income is projected to increase by 4% when compared to the 2022/23 adjustment budget.

**Transfers and subsidies - operational**, the anticipated allocations from grants is R1,268 billion which is 9% increase from 2022/23 adjusted budget. The allocations are in line with the DORA.

**Operational revenue** has been increased by 4% when compared to the 2022/23 adjustment budget.

**Gains on Disposal of assets** has increased by 10% which is attributable to sale of stands that are earmarked for disposal.

The tariffs for minor services will mainly increase within the estimated inflation rate of 5.3% over the 2023/24 MTREF taking into account the affordability of consumers in line with circular 123 from National Treasury.

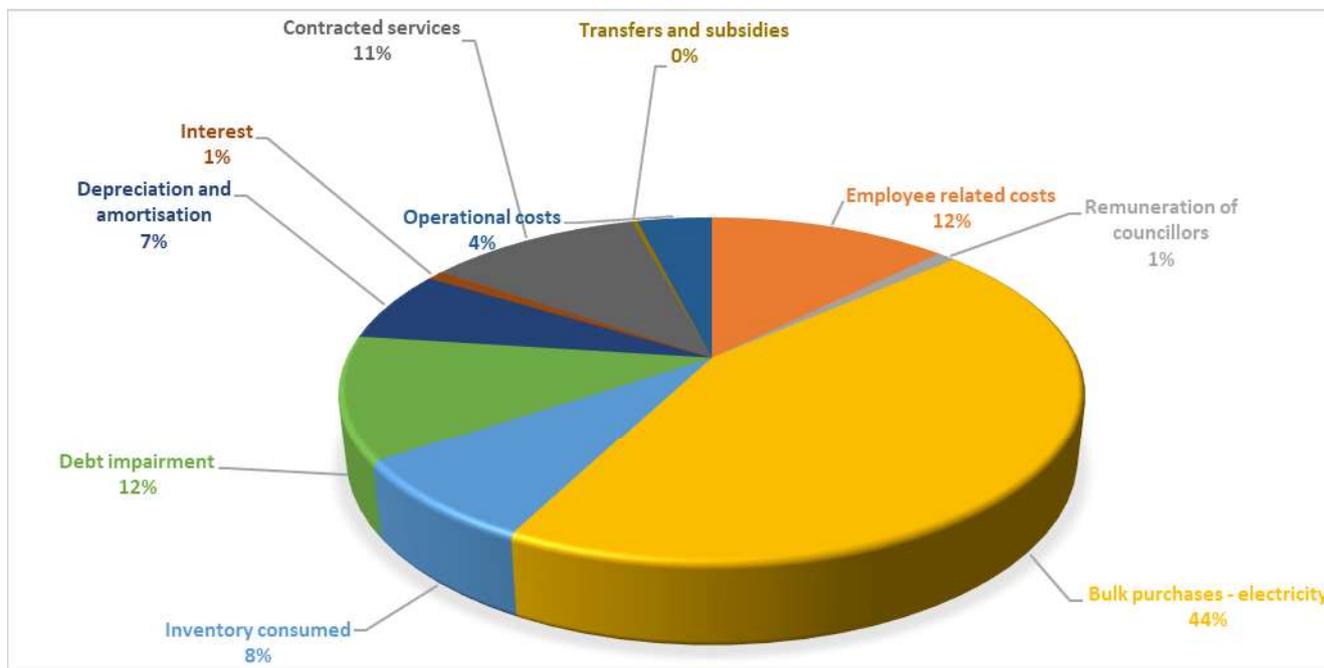
### **3.5 Operating Expenditure Analysis**

3.5.1 The 2023/24 operating expenditure is projected to be **R7,435 billion**, which is an increase of **14%** from the 2022/23 adjustments budget. The overall increase is above the CPI Inflation increase of 5.3% as per National Treasury guidelines.

The increase of 14% in total expenditure is driven by the increase in bulk purchases - electricity due to the NERSA approved Eskom tariff increases. Bulk purchases are expected to pick up as we do not expect any downtime due to COVID 19. Increases in other expenditure items were kept within the National Treasury inflation forecast guidelines as far as possible.

Description	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	% Change	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>						
<b>Expenditure</b>						
Employee related costs	905 598	905 598	2%	927 083	969 122	1 012 793
Remuneration of councillors	70 958	70 958	1%	71 890	74 855	77 954
Bulk purchases - electricity	2 617 167	2 617 167	25%	3 281 723	3 408 375	3 478 031
Inventory consumed	547 166	546 645	8%	589 354	616 463	644 820
Debt impairment	826 738	826 738	4%	861 129	900 741	942 175
Depreciation and amortisation	480 045	480 045	4%	497 859	520 766	544 721
Interest	85 409	59 409	5%	62 123	65 119	68 252
Contracted services	708 127	674 264	24%	833 603	866 807	883 832
Transfers and subsidies	20 292	60 092	-65%	21 164	22 186	531
Operational costs	250 573	273 301	6%	289 170	299 331	313 032
<b>Total Expenditure</b>	<b>6 512 073</b>	<b>6 514 217</b>	<b>14%</b>	<b>7 435 098</b>	<b>7 743 765</b>	<b>7 966 141</b>

3.5.2 The chart below reflects the percentages per expenditure category of the total expenditure of Rustenburg Local Municipality:



**Employee related costs** amounts to R927 million, R969 million and R1,013 billion respectively over the MTREF. Its equities to 12.47%, 12.51% and 12.71% respectively over the 2023/24 MTREF of the total operating expenditure. It be noted that the 2.9% was already factor in when projecting the salary increases in 2023/24 to align it to the SALGBC wage agreement of 4.9%.

**Remuneration of Councillors:** The cost associated with the remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). An increase of 1%, 4.12% and 4.14% is provided on the 2023/24, 2024/25 and 2025/26 budget respectively.

**Bulk purchases** – Electricity totals R3,281 billion for 2023/24, R3,408 billion and R3,478 billion over the MTREF respectively budget and is influenced by the purchase of electricity from Eskom which is also influenced by consumer behaviour. The budget proposes annual increases that are informed by the expected increases of approved tariff of 18.65% by NERSA to Eskom for municipalities.

**Inventory Consumed:** The bulk purchases as proposed is R589.3 million, R616.4 million and R644.8 million respectively over the 2023/24 MTREF. It is almost 8% of the total budget.

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**Debt Impairment:** Provision for debt impact is at R861.1 million, R900.7 million and R942.1 million over the MTREF. The Budget provision is influenced by the current projected collection rates and relates to debts that are deemed uncollectable.

**Depreciation and Asset Impairment:** The budgeted provision for non-cash items increases by 3.7% and 4.6% over the 2023/24MTREF respectively.

**Finance Charges-** Repayment of interest on (cost of capital) on long term borrowing is informed by existing loans. It equates to 0.84% of the total operating expenditure in 2023/24 and 0.85% over the outer years.

**Contracted services:** The proposed budget is 11.2% over the 2023/24MTREF.

Below is the table indicative of repairs and maintenance performance as a % of total operating expenditure:

Description	2023/24 Medium Term Revenue & Expenditure Framework		
	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>			
<b><u>Repairs and maintenance expenditure by Asset Class/Sub-class</u></b>			
<i>Roads</i>	79	83	86
<i>HV Substations</i>	561	587	614
<i>Capital Spares</i>	158	166	173
<i>Reservoirs</i>	1,099	1,150	1,203
<i>Pump Stations</i>	16,867	17,643	18,455
<i>Water Treatment Works</i>	98,062	102,573	107,291
<i>Distribution</i>	24,391	25,513	26,686
<i>Reticulation</i>	3,410	3,567	3,731
<i>Waste Water Treatment Works</i>	4,959	5,187	5,426
<i>Waste Drop-off Points</i>	1,088	1,138	1,190
<i>Parks</i>	306	320	334
<i>Capital Spares</i>	100	105	109
<i>Improved Property</i>	–	–	–

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<i>Municipal Offices</i>	542	567	593
<i>Yards</i>	211	221	231
<i>Depots</i>	500	523	547
<i>Social Housing</i>	1,500	1,569	1,641
Computer Equipment	4,500	4,707	4,924
Furniture and Office Equipment	962	1,006	1,052
Machinery and Equipment	5,535	5,789	6,056
<b>Total Repairs and Maintenance Expenditure</b>	<b>164,830</b>	<b>172,412</b>	<b>180,343</b>

<i>R&amp;M as a % of PPE</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
<b><i>R&amp;M as % Operating Expenditure</i></b>	<b><i>2.5%</i></b>	<b><i>2.3%</i></b>	<b><i>2.3%</i></b>
<b><u>Total operating expenditure</u></b>	<b>7,435,098</b>	<b>7,743,765</b>	<b>7,966,141</b>

It be noted that this category of expenditure in terms of the Municipal 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 material including contracted services.

The provision for repairs and maintenance as budgeted relates to adhoc maintenance as the municipality has ensured that it budget adequately for assets upgrading and renewal.

**4. CAPITAL EXPENDITURE BUDGET**

The level of capital expenditure and borrowings are based on affordability, prudential indicators and sustainability (debt ratio, current ratio, operating surplus and the impact or return of the capital investment on the operating account).

**4.1** The table below reflects the medium-term capital budget over the next three years.

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Vote Description	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousand</b>					
<b>Funded by:</b>					
National Government	431 069	431 221	495 464	527 855	511 707
Provincial Government	619	892	600	350	300
District Municipality	-	-	-	-	-
Transfers and subsidies - capital (in-kind)	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>431 688</b>	<b>432 113</b>	<b>496 064</b>	<b>528 205</b>	<b>512 007</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>193 620</b>	<b>192 500</b>	<b>103 933</b>	<b>95 031</b>	<b>89 667</b>
<b>Total Capital Funding</b>	<b>625 308</b>	<b>624 613</b>	<b>599 998</b>	<b>623 235</b>	<b>601 674</b>

The capital budget for the 2023/24 financial year amounts to **R600 million**. This capital budget is funded by Conditional Grants of **R496 million** and internally generated funds of **R104 million**.

### 4.2 The grant funding comprises the following:

Grant	Sum of Proposed 2023-20	Sum of Proposed 2024-20	Sum of Proposed 2025-20
CATA	600 000	350 000	300 000
INEP	31 000 000	33 000 000	30 000 000
MIG	276 647 600	281 864 050	295 222 950
NDPG	11 707 000	10 000 000	15 000 000
PTNG	81 109 829	80 990 587	85 830 852
WSIG	95 000 000	122 000 000	85 653 000
<b>Grand Total</b>	<b>496 064 429</b>	<b>528 204 637</b>	<b>512 006 802</b>

The internally funded budget proposal is R103.9 million in 2023/24 and reduces to R95 million and R89.7 million respectively in the outer years. It represents 17.32%, 15.25% and 14.9% respectively over the 2023/24MTREF. The below table is indicative of the proposed CRR funded projects:

CAPITAL REPLACEMENT RESERV				
Account Description	Funding Source	Proposed 2023-2024	Proposed 2024-2025	Proposed 2025-2026
Revamp of Mpheni	CRR	3,000,000	3,905,682	4,171,438
Installation of back-up water supply at various facilities	CRR	800,000	685,500	604,848
Renovation of Harry Waffle Hall	CRR	150,000	-	-
Rebuilding of Sunrise park hall	CRR	250,000	200,000	200,000

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council chamber PA system	CRR	100,000	-	-
industrial carpet cleaning machines	CRR	110,235	-	-
Renovation of East End Sport Facility	CRR	100,000	-	-
Replacement of 33 kV Cables (Noord Sub, Munic Sub,etc)	CRR	15,364,996	17,976,421	18,251,360
Refurbishment of Aged Rural Network	CRR	8,098,100	8,510,015	8,849,465
Refurbishment of vandilized network	CRR	5,361,264	6,807,521	7,682,859
NW373_310 - INTA - Software: Acquisitions Supervisory Ctrl & Data Acquisition (S.C.A.D.A) System	CRR	4,500,000	4,200,000	4,000,000
Distribution - Refurbishment of 11kV Substation Equipment	CRR	4,500,000	4,200,000	4,000,000
Dinie Estate - Electrification - Bulk line	CRR	2,568,962	2,974,565	2,989,420
Distribution - Refurbishment of 11KV Substation Buildings	CRR	3,263,544	3,410,403	3,563,872
Capex: P.P.E > Upgrading - Electricity Network	CRR	3,263,544	3,410,403	3,563,872
Refurbishment of Traffic Light Intersections	CRR	1,790,480	1,286,052	899,424
Capex: HV Test machine and Equipment	CRR	1,975,696	2,373,602	2,575,914

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(replacement)				
Electrical Tools and Equipment	CRR	1,010,000	1,056,460	1,105,057
Capex: Injection tester - Primary and secondary	CRR	905,418	804,161	775,549
Capex: Batteries and Chargers	CRR	887,848	736,801	687,957
Capex: Distribution - Replacement of Electricians Toolboxes	CRR	443,924	368,401	393,979
Capex: Distribution - Replacement of Hydraulic Hand Tools In Storeroom	CRR	117,570	127,360	137,591
Hartridge Smokemeter	CRR	200,000	-	-
Data Projector	CRR	5,000	-	-
Recording Device and Camera	CRR	5,000	-	-
Glue Binder machine	CRR	2,000	-	-
Office Furniture	CRR	2,000,000	1,300,000	1,000,000
Server	CRR	1,000,000	-	-
CAMERAS	CRR	350,000	150,000	-
RECORDERS	CRR	80,000	50,000	-
Projector	CRR	5,000	-	-
Upgrade of Mpheni House & Civic Centre Chiller Plants	CRR	5,000,000	-	-

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Transport Assets-Acquisition of New Vehicles	CRR	4,000,000	5,000,000	5,000,000
Replacement of Air cons	CRR	1,500,000	1,000,000	500,000
Replacement of Pumps	CRR	2,000,000	1,000,000	-
Toolboxes	CRR	364,700	150,000	-
Laptops	CRR	2,500,000	1,800,000	1,000,000
CAPEX: P.P.E > REVAMP_CIVIC CENTRE	CRR	2,000,000	2,000,000	1,500,000
STOVES	CRR	1,000,000	850,000	700,000
Audit software	CRR	250,000	-	-
Land Acquisition	CRR	1,500,000	1,567,500	1,638,038
Sliding tracked storage system	CRR	200,000	-	-
Digital tapes	CRR	24,000	-	-
Refurbishment of Fire Stations X 3	CRR	300,000	500,000	-
Water tower at Marikana Fire House	CRR	200,000	150,000	-
Upgrading of Emergency Communication System	CRR	150,000	100,000	-
Back-up generator, DLTC Marikana and Robega	CRR	200,000	100,000	-
Standby generator	CRR	-	500,000	-

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Upgrading of Middle Road Crossing	CRR	5,000,000	3,404,750	2,088,964
Upgrading of Pendoring Road Crossing	CRR	2,200,000	1,571,050	973,747
Upgrading of Kremetart Road Crossing	CRR	2,500,000	1,410,200	871,659
Upgrading of Phala Road Crossing	CRR	1,550,000	1,054,750	968,714
Upgrading of Krokodile Road Crossing/Waterivier	CRR	1,500,000	1,002,500	914,113
Upgrading of Watsonia / Golf Course Crossing	CRR	1,580,000	1,196,100	917,425
Upgrading of Rockcliff Road Crossing	CRR	1,600,000	1,103,350	980,001
Tractor slashers	CRR	100,000	-	-
Chain saws	CRR	50,000	-	-
Walk behind mowers	CRR	40,000	-	-
Refurbishment of Marais Swimming Pool	CRR	250,000	150,000	-
Motors and Pumps	CRR	100,000	105,000	110,000
Ride on Lawn Mower Machines	CRR	100,000	-	-
Money safe	CRR	15,000	35,000	-
Refurbishment of Olympia Park Stadium	CRR	1,100,000	1,500,000	1,500,000
Tractors slashers	CRR			

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		100,000	-	-
Upgrading of Boitekong Ext 8 Pump Station	CRR	1,263,000	1,510,403	1,763,872
Savanna Falls - Sewer connection	CRR	1,087,848	1,136,801	1,187,957
Equipment (portable radios, firearms)	CRR	-	200,000	100,000
Pound Refurbishment	CRR	-	50,000	
Blue light managers	CRR	-	20,000	-
Security system & CCTV cameras	CRR	250,000	150,000	-
Speed red light permanent camera	CRR	150,000	100,000	-
Biometrics System	CRR	-	-	1,500,000
Portable radio	CRR	-	50,000	-
Blue lamps for managers	CRR	-	30,000	-
<b>TOTAL</b>		<b>103,933,129</b>	<b>95,030,752</b>	<b>89,667,093</b>

**5. FINANCIAL POSITION**

The table below reflects the summary of the proposed financial position over the MTREF:

Description	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>R thousands</b>					
<b>Financial position</b>					
Total current assets	1 726 392	1 769 609	2 118 608	2 369 601	2 544 611
Total non current assets	10 986 507	10 985 650	10 983 540	10 510 003	12 342 845
Total current liabilities	793 542	793 542	829 317	865 709	903 406
Total non current liabilities	725 299	725 299	509 713	409 812	457 575
Community wealth/Equity	11 194 058	11 236 417	11 763 116	11 604 083	13 526 474

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## 6. CASH FLOW

The table below reflects the summary of the proposed cash flow:

Description	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousands					
<b>Cash flows</b>					
Net cash from (used) operating	1 218 656	1 289 129	1 913 500	1 009 989	944 202
Net cash from (used) investing	(612 277)	(640 054)	(592 872)	(615 778)	(593 872)
Net cash from (used) financing	(78 621)	(78 621)	(161 012)	(182 968)	(194 767)
<b>Cash/cash equivalents at the year end</b>	<b>1 266 032</b>	<b>1 308 728</b>	<b>1 570 949</b>	<b>1 782 192</b>	<b>1 937 754</b>

The cash and cash equivalent are approximately **R1,570 billion** for the 2023/24 financial year.

Collection rate of 85% was used which is marginally higher than the actual collection rate of 75%. Credit Control and Debt Collection processes and actions are expected to start bearing the fruit as a service provider has been appointed to provide capacity in this function.

## 7. ANNUAL BUDGET TABLES

The following pages present the 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.

### Table A1: Consolidated Budget Summary

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

Table A1 is a budget summary and provides an overview of the Municipality's budget that includes all major financial components (i.e. operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

1. Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - (a) The operating surplus is positive over the MTREF.
  - (b) The capital budget to be spent is approximately R600 million in 2023/24, R623 million in the 2024/25 and R602 million in 2025/26 financial years.
2. The Municipality's cash backing / surplus reconciliation over the 2023/24 MTREF shows a positive outcome, which is an indication that the Municipality will be able to afford its commitments over the next three years.

**Table A2: Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)**

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The standard classification divides the municipal services into functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile the “whole of government” report.

- Note that as a general principle, the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water, Wastewater and Waste management functions over the 2023/24 MTREF period.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.
- The total revenue on this table includes capital transfers and expenditure.

**Table A3: Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)**

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

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.
- Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure.
- The largest vote for the municipality is technical and infrastructure with an estimate of over R5,4 billion over the medium term.
- The total revenue on this table includes capital transfers and expenditure includes taxation and excludes internal transfers.

**Table A4: Consolidated Budgeted Financial Performance (revenue and expenditure)**

Table A4 is a view of the budgeted financial performance in relation to the revenue and expenditure per revenue and expenditure category. Total revenue is R7,847 billion (excluding Capital Grant), and it represents an increase of 10% from 2022/23 period and R8,258 billion and R7,566 billion for financial year 2024/25 and 2025/26 respectively.

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Expenditure is at R7,435 billion which is an increase of 14% from 2022/23 adjusted budget and R7,743 billion and R7,966 billion for the financial year 2024/25 and 2025/26 respectively.

Budgeted surplus is R412 million before Transfers and Subsidies – Capital of R496 million, which is representing an overall surplus of R909 million, with projected surpluses over the outer years of R1,042 billion and R112 million respectively over the MTREF.

### **Table A5: Consolidated Budgeted Capital Expenditure by vote, standard classification and funding**

The 2023/24 Medium Term Revenue and Expenditure Framework (MTREF) will be tabled with one project that is earmarked to be financed through a long-term borrowing.

46. *Long-term debt. — (1) A municipality may incur long-term debt only in accordance with and subject to any applicable provisions of this Act, including section 19, and only for the purpose of—*

*(a) capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in section 152 of the Constitution, including costs referred to in subsection (4); or*

*(b) Re-financing existing long-term debt subject to subsection (5).*

*(2) A municipality may incur long-term debt only if—*

*(a) a resolution of the municipal Council, signed by the mayor, has approved the debt agreement; and*

*(b) the accounting officer has signed the agreement or other document which creates or acknowledges the debt.*

*(3) A municipality may incur long-term debt only if the accounting officer of the municipality—*

*(a) has, in accordance with section 21A of the Municipal Systems Act—*

*i. at least 21 days prior to the meeting of the Council at which approval for the debt is to be considered, made public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided; and*

*ii. invited the public, the National Treasury and the relevant provincial treasury to submit written comments or representations to the Council in respect of the proposed debt; and*

*(b) has submitted a copy of the information statement to the municipal Council at least 21 days prior to the meeting of the council, together with particulars of—*

*i. the essential repayment terms, including the anticipated debt repayment schedule; and*

*ii. the anticipated total cost in connection with such debt over the repayment period.*

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*(4) financing costs, including—*

*(a) capitalized interest for a reasonable initial period.*

*(b) costs associated with security arrangements in accordance with section 48;*

*(c) discounts and fees in connection with the financing.*

*(d) fees for legal, financial, advisory, trustee, credit rating and other services directly connected to the financing; and*

*(e) costs connected to the sale or placement of debt, and costs for printing and publication directly connected to the financing*

*(f) costs of professional services directly related to the capital expenditure; and*

*(g) such other costs as may be prescribed.*

*(5) A municipality may borrow money for the purpose of re-financing existing long-term debt, provided that—*

*(a) the existing long-term debt was lawfully incurred;*

*(b) the re-financing does not extend the term of the debt beyond the useful life of the property, plant or (c) equipment for which the money was originally borrowed;*

*(d) the net present value of projected future payments (including principal and interest payments) after (e) re-financing is less than the net present value of projected future payments before re-financing; and*

*(f) the discount rate used in projecting net present value referred to in paragraph (c), and any assumptions in connection with the calculations, must be reasonable and in accordance with criteria set out in a framework that may be prescribed.*

*(6) A municipality's long-term debt must be consistent with its capital budget referred to in section 17*

The Municipality has been budgeting for below the norm on repairs and maintenance of electrical infrastructure in the previous financial years as a result of limited financial resources. A number of power interruptions are experienced during the unfavourable weather conditions. This is as a result of aged electricity infrastructure with limited capacity.

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

- Table A5 is a breakdown of the capital Programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.

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- The capital programmes are funded from national, provincial grants and transfers, public contributions and donations, loans and internally generated funds.

### **Table A6 - Budgeted Financial Position**

#### **Explanatory notes to Table A6 - Budgeted Financial Position**

- Table A6 is consistent with international standards of good financial management practice and improves understanding of Councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- 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. Table SA6 provides 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

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. 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.

**Table A7: Consolidated Budgeted Cash Flows**

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

The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget. Cash and cash equivalents is approximately R1,571 billion in the 2023/24 financial year as budgeted, and is at R1,782 billion and R1,938 billion for the outer years respectively.

**Table A8: Cash Backed Reserves/Accumulated Surplus Reconciliation**

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

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. The table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

The outcome of this exercise would 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 budget must be “funded”. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

The Municipality reflects a surplus of R822 million in 2023/24 financial year.

**Table A9: Consolidated Asset Management**

Refer to **Annexure C** (A1 Schedule sheet A9)

**Explanatory notes to Table A9: Asset Management**

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- National Treasury has recommended that municipalities should allocate at least 40 % of their capital budget to the renewal of existing assets. The municipality budgeted 15.1%.12.1% and 13% over the 2023/24MTREF.
- and allocations to repairs and maintenance should be 8 % of PPE. The Municipality does not meet the 40 % (35,1%) nor the 8 % (1,6%) of PPE over the 2023/24 to 2025/26 medium term.

Below is the **Capital expenditure on the assets’ renewal by asset class:**

R thousand	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Total renewal of Assets</b>	<b>90,950</b>	<b>75,895</b>	<b>78,564</b>
Renewal of Existing Assets as % of total	15.1%	12.1%	13.0%

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capex			
Renewal of Existing Assets as % of depreciation			
n"	18.2%	14.4%	14.4%
<b>Total Capex</b>	<b>599,998</b>	<b>623,235</b>	<b>601,674</b>

Priority is also given to refurbishment of networks, 11kv substations and electrical equipment at R24.5million, R26.3million and R27.7million over the 2023/24MTREF.

There is a total provision of R2.6million, R2.1million and 1million over the MTREF for refurbishment of traffic lights, fire stations and two swimming pools.

### Capital expenditure on upgrading of existing assets.

R thousand	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Total Capital Expenditure on upgrading of existing assets</b>	<b>120,262</b>	<b>164,270</b>	<b>220,422</b>
Upgrading of Existing Assets as % of total capex	20.0%	26.4%	36.6%
Upgrading of Existing Assets as % of deprechn"	24.2%	31.5%	40.5%
<b>Total Capex</b>	<b>599,998</b>	<b>623,235</b>	<b>601,674</b>

The municipality made a provision of R15.9million, R10.7million and 7.7million over the 2023/24MTREF for upgrading seven (7) roads crossing around Rustenburg that were affected by floods.

### **Table A10: Consolidated Basic Service Delivery Measurement**

#### **Explanatory notes to Table A10: basic Service Delivery Measurement**

- Table A10 provides an overview of free basic services and service delivery level, including backlogs (below minimum service level) for each of the main services.
- The revenue cost of Free basic services amount to approximately R96 million, R98 million and R101 million respectively over the medium term.

## **8. TARIFF SETTING**

The Municipality generate **69%** of revenue from Trading Services (Electricity, Water, Refuse and Sanitation). Electricity charges remain the largest revenue source totalling 53% or R4.2 billion in the 2023/24. Revenue is supplemented by contributions from both National and Provincial allocations (direct allocations: PTNG, MIG, WSIG, INEP, CATA).

The determination of cost reflective tariffs and sound tariff setting principles therefore plays a pivotal and strategic part of the compilation of the municipality's MTREF. The municipality need to identify the correct funding mix to ensure that the consolidated budget is funded.

Section 74 of the Municipal Systems Act 32 of 2000 (MSA) provides critical elements of a good Tariff Policy which has been taken into consideration when reviewing the Tariff Policy for the 2023/24 MTREF.

Tariff-setting as highlighted above plays a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were considered to ensure the financial sustainability of the municipality.

The following are general **contributory factors** for the increase in levels of rates and service charges:

- (i) The cost of bulk purchases.
- (ii) Cost of free basic services to indigents.
- (iii) Increase in maintenance of network on infrastructure.
- (iv) Consumer Price Index Inflation (increased cost of living)

A cost of supply was considered for main services tariffs being electricity, water and sanitation in order to determine cost reflective tariffs that inform realistically anticipated revenue streams for the 2023/24 MTREF. For the non-trading services, the tariffs are set having taken due consideration of the expected recovery to be achieved against the cost of providing the services.

National Treasury (NT) continues to encourage municipalities to keep increases in rates and tariffs at affordable levels in order for the budget to be realistic as required by the MFMA. Municipalities are required to justify in their budget documentation all increases in excess of the 5.3% which is the upper boundary of the South African Reserve Bank's inflation target.

Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment, and therefore a collapse of the existing revenue base. Municipalities are further encouraged to set cost- reflective tariffs especially for trading services such as water and sanitation, electricity and refuse removal. The percentage increases of Eskom, Magalies Water and Rand Water bulk tariffs are far beyond the

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mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and water tariffs is largely outside the control of the municipality.

Within this framework the municipality has undertaken the tariff setting process relating to its major service charges which are reflected in the tariff book, "Annexure B" of the item:

The table below sets out the average tariff increases for trading services including Property rates for 2023/24 - 2025/26 financial years

Service	Base year 2022/23	Budget year 2023/24	Budget year +1 2024/25	Budget year +2 2025/26
Property rates	6.4%	6.4%	6.4%	6.4%
Water (consumption)	5.1%	9.2%	9.2%	9.2%
Electricity	7.47%	14.5%	14.5%	14.5%
Sanitation	6.5%	9.20%	9.20%	9.20%
Waste removal	4.4%	4.4%	4.4%	4.4%

### 1. Electricity Services Tariffs

Electricity tariff increase is at 14,5% (basic and consumption charges) while bulk contribution increased by 4.4% increase. The proposed increased is below the increased tariff for Eskom. Proposed tariff will be subjected to approval by NERSA and the final tariff increase will be communicated to municipalities for final implementation.

### 2. Water, Sanitation and Refuse Services Tariffs

The proposed tariffs increase on these items are based on the guidance for the MTREF, proposed increases by water boards as well as addressing completeness of revenue issues identified during the most recent audit. National Treasury has recently issued Circular 123 (3<sup>rd</sup> March 2023) which provided guidance on CPI inflation projections.

### 3. Other trading and non-trading services

With other services tariff increases, Circular 123 was used to calculate the increase taking into account the affordability of consumers.

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## 9. COUNCIL RESOLUTIONS

### RECOMMENDED THAT;

### ACTION

- 9.1** The Council approves the multi-year annual capital and operating budget for the 2023/24 financial year of R8 billion and the two outer years of R8.4 billion, R8.6 billion (2024/25 and 2025/26) as set out in A1 Schedule as Annexure “C”: -
- Table A1 – Budget Summary;
  - Table A2 – Budgeted Financial Performance; (Revenue and expenditure by standard classification);
  - Table A3 – Budgeted Financial Performance; (Revenue and expenditure by municipal vote);
  - Table A4 – Budgeted Financial Performance; (Revenue and Expenditure);
  - Table A5 – Budgeted Capital Expenditure by Vote;
  - Table A6 – Budgeted Financial Position;
  
  - Table A 7 – Budgeted Cash Flows;
  - Table A8- Cash backed reserves / accumulated Surplus reconciliation;
  - Table 9 – Asset Management;
  - Table 10 – Basic Delivery measurement;
- 9.2** The budget as proposed include the budget for the Rustenburg Water Services Trust, in Annexure “E – RWST budget”;
- 9.3** Council take note that for the 2023/24 MTREF financial year the Revenue and expenditure budget proposed has a surplus of R909 million, R1,043 billion and R112 million respectively;
- 9.4** In terms of section 74 of the Local Government Municipal System Act, all consumptive tariffs, Rates, basic charges as proposed be approved for implementation on the 01 July 2023, and are attached as Annexure “B – TARIFF BOOK”;

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- 9.5 The unspent conditional grant at end of 2022/23 not be committed to expenditure until approval has been obtained from National, Provincial in accordance with directives from National Treasury Circulars; BTO/DTIS/  
PMU/DRT/DCD
- 9.6 The following proposed budget related policies be approved for implementation on the 01 July 2023. Policies are attached as Annexure “D”; CC

Budget Related Policies with Amendments;

Assets Management Policy;  
Supply Chain Management Policy;  
Tariffs Policy;  
Property rates Policy  
Indigent Policy  
Travelling and Subsistence Policy;

Budget Related Policies with no Amendments;

Accelerate Economic Empowerment and Transformation Policy;  
Bereavement Policy for Serving and Former Councillors Policy;  
Borrowing Policy;  
Budget Policy;  
Cash Management and Investment Policy;  
Cost Containment Policy;  
Commitment Policy;  
Contract Management Policy;  
Credit Control and Debt Collection Policy;  
Electrical Engineering Contributions Policy;  
Expenditure Management Policy;  
Funds and Reserves Policy;  
Insurance Claims Policy and Procedure;  
Insurance Claims and Loss Control Committee Policy;  
Inventory Policy;  
Investment Incentives Policy  
Petty Cash Management Policy;  
Rewards, Gifts and Favor Policy;  
Study Aid Policy;  
Unauthorized, Irregular and Fruitless and Wasteful Policy

Budget Related Policies New

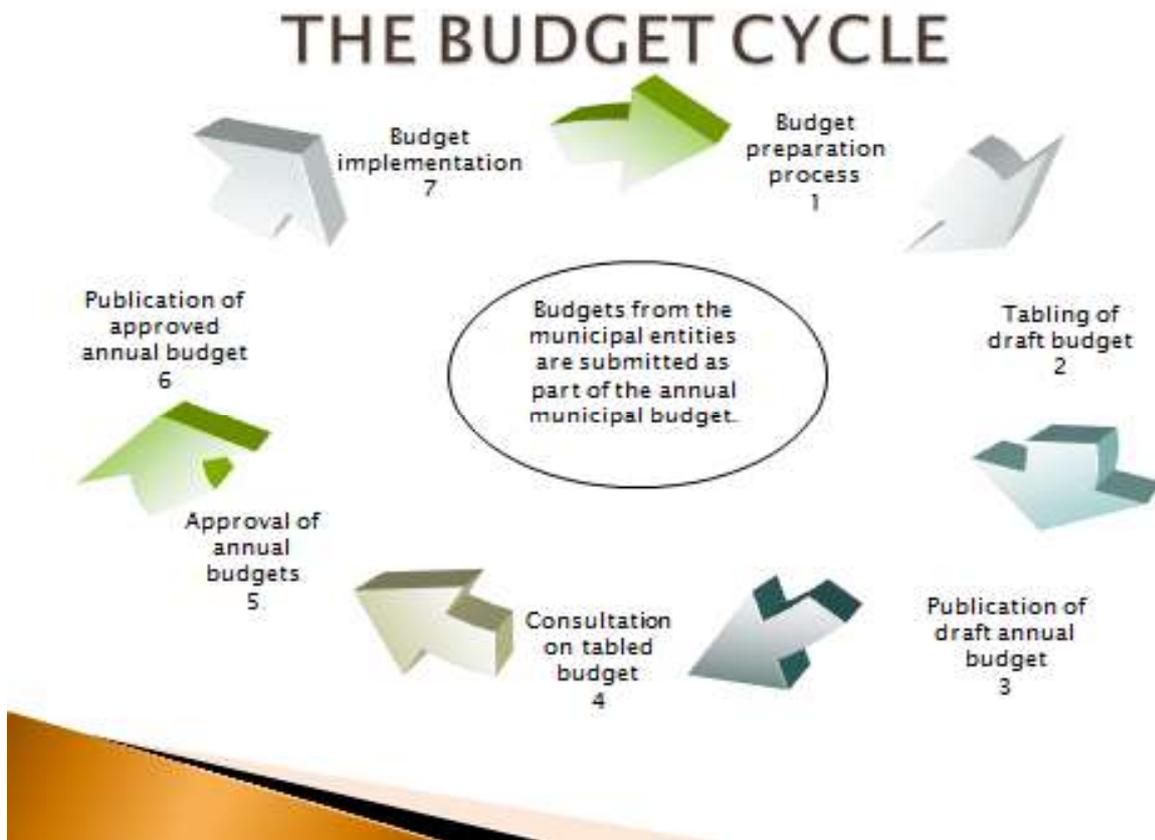
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Prefential Procurement Policy

- |             |  |     |
|-------------|--|-----|
| <b>9.7</b>  | MFMA budget circulars from National Treasury be considered as Annexure “F” and “G”;  | CC  |
| <b>9.8</b>  | That the 2023/24 Medium Term Revenue and Expenditure (MTREF) Forecasts electronic formats be submitted to National Treasury and Provincial Treasury;   | BTO |
| <b>5.9</b>  | The MTREF Budget together with the tariffs, budget related policies be placed on the municipal website and be published in terms of Section 21A and B of the Municipal Systems Act as well as the MFMA and applicable regulations. | BTO |
| <b>9.10</b> | The budget be subjected to public participation  | CC  |
| <b>9.11</b> | The budget per municipal directorate according to our internal municipal structure be considered as Annexure “H”   | CC  |

**PART 2 – SUPPORTING DOCUMENTATION**

**2.1 OVERVIEW OF ANNUAL BUDGET PROCESS**



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

The purpose of the Budget Steering Committee is to ensure that:

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

### 2.1.1 Budget Process Overview

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

### 2.1.2. IDP and Service Delivery and Budget Implementation Plan

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

The process plan applicable to this revision cycle 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;
- Compilation of the SDBIP; and
- The review of the performance management and monitoring processes

### 2.1.4 Community Consultation

As per legislative requirements, once the draft budget is tabled in Council, it must be made available for the public to comment on. The public participation process will be undertaken in line with the prescripts of the MFMA, Municipal Systems Act, and other applicable legislation. The program was managed in conjunction with the Office of the Speaker. The tabling of the draft budget in March 2023 will mark the commencement of community participation, encouraged discussion with all stakeholders and provided an opportunity for feedback.

**The public participation process will take place over April/May 2023.**

## **2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP**

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

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

It is important that the IDP developed by municipalities 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 that area. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance.

One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The 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. Rustenburg Local Municipality has seven strategic objectives for the 2023/24 MTREF and further planning refinements that have directly informed the compilation of the budget.

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

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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.

The 2023/24 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 SA4 is reconciliation between the IDP strategic objectives and budgeted revenue Table SA5 is reconciliation between the IDP strategic objectives and budgeted operating expenditure. Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure.

Table SA4: Reconciliation of IDP strategic objectives and budget (revenue)

Table SA5: Reconciliation of IDP strategic objectives and budget (operating expenditure)

Table SA6: Reconciliation of IDP strategic objectives and budget (capital)

**(SEE Attached Annexure C - A Schedule sheet SA4, SA5 and SA6)**

### **MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS**

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the RLM has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is 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.

**Table SA8: Performance indicators and benchmarks (See Attached Annexure C – A Schedule)**

### **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 borrowings is largely dependent on its creditworthiness and financial position.

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Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure. This is expected to increase in line with funding increase that can be attributed to additional loans repayments. Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure.

Borrowing is considered a prudent financial instrument in financing capital infrastructure development, and this indicator will have to be carefully monitored going forward.

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions.

### **Liquidity 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. The projected liquidity ratio is at 1.3 and is favourable.

### **Revenue Management**

The municipality continues to integrate revenue enhancement initiatives with the budget planning process. Monthly performance reports are used to track performance against revenue targets, and remedial actions are implemented through appropriate governance structures.

#### Improvement of revenue collection and other revenue enhancement initiatives:

- **Billing data cleansing:** Desk top exercise has already commenced to align stands to the accurate water meters and stand numbers. If material issues still exists, the accounts discovered to be not billed for water will be escalated to water unit for further actioning by end of March 2023.
- DBSA will assist with procurement of bulk water meters as a drive for revenue enhancement.
- and appointed service provider
- Debtor analysis to determine collectable and uncollectable for write off and debt collection efforts.
- Increased capacity through service provider to implement credit control process and proper meter reading.
- Law enforcement activities on revenue activities
- Direction on other revenue enhancement activities

### **Creditors Management**

The Municipality continues to put processes in place to ensure that creditors are settled within the legislated 30 days of invoice. This can only be achieved through improved revenue collection and cash flow position. The Municipality strives to

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reduce expenditure on non-core goods and services. An Unauthorised, Irregular and Fruitless and Wasteful Expenditure Policy has been developed to monitor and align spending to approved municipal priorities.

### **Indigent and FBS**

For the 2023/24 financial year the Municipality will place an increased emphasis on revitalising its indigent register and make it a central instrument in contributing to revenue enhancement and poverty reduction.

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

The following are free basic services for registered indigent consumers (households) in terms of the Municipality's Indigent Policy:

- 50kwh of electricity
- 6kl water
- Refuse 100%
- Sanitation 100%
- Property rates 100%
- Basic Water 100%
- Basic electricity 100%

Indigent households who qualify for free basic services will not be liable to pay for the municipal services except where they exceed the free basic services provided by Council in terms of the policy.

### **SERVICE DELIVERY STANDARDS**

The following Rustenburg Local Municipality service standards have been approved by Council per item 221 of 27 June 2017:

### **CUSTOMER SERVICE STANDARDS**

#### **External Customers**

- We expect our external customer to hold us accountable for adhering to these service standards.
- We will greet our customers in a polite and professional manner.
- We will listen effectively to our customers' requests and quickly take the necessary steps to assist them.

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- We will keep our customers informed of unexpected delays and stoppage of services.
- We will inform our customers of normal process time, when they can expect completion and any delays that may arise in the process.
- We will stay in touch with our customers to inform them as to where we are with their service request.
- We will respond to all enquiries/ questions/ requests within 24 hours during normal business hours.
- We will finish our dealings with our customers in a polite and professional way.
- We will hold our customer accountable to uphold positive and constructive attitudes and behaviours at all times, in engagements with us, and even when our services are not meeting customer needs and expectations.

### **Internal Customers**

- We will hold our employees accountable for adhering to these service standards.
- We will work with each other and together as a team and uphold positive attitudes and behaviours to service and customer.
- We will interact with each other in a polite and professional manner.
- We will inform our internal customers of normal process time, when they can expect completion and any delays that may arise in any process.
- We will stay in touch with our internal customers daily, either by e-mail or phone, or in person to inform/ update them as to where we are in any process.
- We will work to resolve issues with co-workers and other departments by discussing problems directly and working toward agreed upon solutions.
- We will be positive, considerate, reasonable, cooperative and helpful to every staff member to guarantee their positive attitude and behaviour and improved quality of services.
- We will hold ourselves and each other accountable for giving out negative comments and behaviours during and outside the service delivery process.

### **General**

- We will make our goal to achieve the needs and expectations of all of our customer groups.

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- We will anticipate the needs and expectations of communities we serve by proactively working to know and expect their needs.
- We will hold ourselves and each other accountable for our service commitment.
- We will at all times ensure that our information and communication style meets the needs and expectations of the customer (i.e.; audible voice, eye contact when speaking to someone, tone of voice) and communicate in a professional manner.
- We will make a deliberate effort to acknowledge and compliment employees when their service, attitudes and behaviour actions comply with and promote these standards.

### GENERIC CUSTOMER SERVICES

CUSTOMER SERVICES	MEASURE	SERVICE STANDARD
<b>We will provide our customer with the information he/she needs and expects, always</b>	Access to information provided to customer always	Customer is made aware of sources and location of information and how to access.
		Municipality provides information the customer needs and expects.
<b>Our Customer Care Centre will answer calls/enquiries quickly to customer expectations</b>	Telephones and enquiries are attended to quickly as they are received	Telephone enquiries are answered within five (5) rings whenever possible.
		Written enquiries are acknowledged as they are received, and answers provided within 5 working days.
		Walk-in enquiries are attended to as they happen.
<b>We will provide feedback/report back on all business matters</b>	Reports provided that meets customer needs and expectations	Reports provided to stakeholders/customers that address customer needs and expectations.

### INFORMATION AND COMMUNICATION

INFORMATION & COMMUNICATION	MEASURE	SERVICE STANDARD
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We will provide information and communication services that the customer needs and expects	Information and communication needs and expectations are agreed upon	Information and communication provided according customer agreed needs and expectations
We promise to make our Customer Service Centre (CSC) fully serve the customer to improve your access to information	Customer Service Centre provides information that customer needs	Customer has access and receives the information he/she needs, always
We shall at all times (where possible) use the language /s our customer will understand	Provide information in the common official language/s that customer understands	Information is simple to understand.

### FINANCIAL SERVICES

FINANCIAL SERVICES	MEASURE	SERVICE STANDARD
We promise to consult you when we set level of annual rates & tariffs and aim to achieve fair agreement with our customer	Published annual or revised rates and tariffs	Customer is well consulted in the process of setting rates and tariffs every year or when revision is necessary.
		Tariff for a service is fair to cover the cost of providing that service
	Bills are simple, clear, and understood by customer	Bill quantities and tariffs are explained during consultations and customer understands and can read bill, and pay for service received, and pay happily.
We promise to provide to correct /accurate readings of meters	Reading of meters is carried out monthly	Meters (electricity & water) are read once every month and correct figures are shown on the bill/ invoice

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		Real time reading on bulk meters
		The Municipality on exceptional circumstances use estimates for not more than 3 months before reverting to actual readings.
We will provide customer with accurate bill/ invoice every month at the agreed date	Correct bill is delivered to customer at agreed date	Error free bill in a format that customer can read and understand by the 10 <sup>th</sup> of each month.
		Respond to account queries/ inquires within 24 hours.
		Email statement to customers on the 7 <sup>th</sup> of each month.
We promise to acknowledge enquiries & queries and give feedback on time	Enquiry acknowledgement	Acknowledgement is provided immediately upon receiving inquiry
	Response to enquiries	Answers to inquiries are provided upon receipt or within 10 working days when referred to official.
		Attending and completing financial queries with 72 hours.
We promise to pay or creditors within agreed upon timeframe	Pay the suppliers or service Providers.	Within 30 days of receipt of the invoice.
We commit to exercising credit control to retain financial sustainability of the Municipality	Issue notice to defaulting consumers.	Final demands issued 14 days after the date of the initial demand.

### ELECTRICITY SERVICES

ELECTRICAL SERVICES	MEASURE	SERVICE STANDARD
We commit ourselves to	Quick connection within	Provide service within 14 days after

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standard supply and connection of electricity to our customer	agreed times	payment for normal network connections.
		Provide quotation and invoice within 21 days for off-network connections
We will carry out repairs to restore your supply when loss of supply happens.	Faults are repaired as soon as they happen or are reported.	Supply is restored within 3 hours
		Customer is informed where it is not possible to restore service within 3 hours
		Municipality shall carry out faulty meter replacements within 7 days.
We will inform customer when we carry out planned maintenance that will result in cut of supply	Customer of informed 2 days in advance and expected times of loss of supply	Notice of supply cut is published and provided to customer through agreed means of communication
We will ensure that occur Customer Services Centre and Pay Centres provide you with information you need and expect	Customer Service Centre is able to provide the require information and procedures	Customer Service Centre has all the information customer needs and expects

### WATER SERVICES

WATER SUPPLY	MEASURE	SERVICE STANDARD
Water is life. We will supply you with safe drinking water of high quality.	Water Quality Standards	We will supply water that meet National Water Quality Standards (SANS 241 of 2006) and meet any contractual agreement with our customers.
		We will annually conduct a Water Quality rating (Blue/Green/Brown/N0 drop)
	Continuity of supply	Water supplied 24 hours a day. Water tankering services are deployed where breakdowns interrupt supplies.
	Monitoring	We will monitor water quality levels monthly and make results available to you.

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<b>WATER SUPPLY</b>		<b>MEASURE</b>	<b>SERVICE STANDARD</b>
	Rural Areas	A minimum of 25 lcd (litres per person per day) will be supplied with standpipes allowing a maximum walking distance of 200m	
	Urban Areas	A minimum of 60 lcd will be supplied from the reticulation system	
	New household connections	Within fourteen (14) days of receipt of payment.	
<b>MAINTENANCE &amp; REPAIRS</b>	<b>MEASURE</b>	<b>SERVICE STANDARD</b>	
We will provide you with superior customer service	Supply interruption	We will give at least 21 days' notice and expected duration of repair of any interruption to the water supply due to planned maintenance work.	
	Failure/leaks, Response time	Reaction within three (12) hours after the incident was reported.	
	Failure/leaks, repairs done	Repaired within two (2) days of emergency action taken, (subject to procurement processes)	
<b>STAKEHOLDER PARTICIPATION</b>	<b>MEASURE</b>	<b>SERVICE STANDARD</b>	
We will encourage stakeholder participation	Water Services Forum	Meet once every month to share industry best practices and ensure that we keep you up to speed with recent developments in water services industry.	

**SANITATION**

<b>SANITATION PROVISION</b>	<b>MEASURE</b>	<b>SERVICE STANDARD</b>
Your municipality will toilet system that are suitable to different	Out-of-urban settlement	VIP latrine or other suitable.

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settlement situations	Urban settlement	Water-borne system or other suitable
<b>MAINTENANCE &amp; REPAIRS</b>	<b>MEASURE</b>	<b>SERVICE STANDARD</b>
We will maintain and repair sanitation facilities to ensure they are functional and meet environment standards	Sewer blockages and sewer overflows	Repair works start within 3 hours of receiving the report of the blockage
	New connections	Connection starts within 10 working days of receiving full payment
	Draining of septic tanks	Draining starts within 24 hours after a request is received.
	Waste water disposal	Waste water will be discharged according to standards of the Department of Water and Sanitation.

### REFUSE SERVICES

REFUSE SERVICES	MEASURE	SERVICE STANDARD
We will provide our household customer with four (4) colour coded plastic refuse bags to keep our households safe, clean and healthy	On weekly collection round	1 bag = food waste; 1 bag = plastic waste; 1 bag = metal cans; 1 bag = paper waste
We promise to collect household waste bags on the agreed day of the week to keep our households safe and healthy	Once a week	Waste bags are collected every week
We promise to clean the streets in town centres to keep our environment safe and clean	Daily	Streets are kept and free of litter
	Public Amenities	public areas cleaned after events 24hours
We promise to provide refuse bins in public places to keep our environment safe and clean	A bin at every junction of street	Bins are provided and emptied daily
We promise to implement an anti-littering promotion to keep our environment safe and	Anti-littering	Anti-littering awareness messages

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<b>REFUSE SERVICES</b>	<b>MEASURE</b>	<b>SERVICE STANDARD</b>
clean	theme/ policy	
We promise to maintain our refuse dump sites neat and well maintained to ensure safer environment	Fenced off and maintained dump sites	Fenced dump site and well managed refuse/ waste

**INTEGRATED ENVIRONMENTAL MANAGEMENT**

<b>INTEGRATED ENVIRONMENTAL MANAGEMENT</b>	<b>MEASURE</b>	<b>SERVICE STANDARD</b>
We promise to manage the environmental in a friendly manner	Monitoring of ambient air quality (Stations)	3 days in a week
	Comment on environmental impact assessment	Per application
	Time taken to resolve community complaints	7 days
	Community Capacity building - Environmental issues	bi weekly and as and when requested

**COMMUNITY SERVICES**

<b>COMMUNITY FACILITIES SERVICES</b>	<b>MEASURE</b>	<b>SERVICE STANDARD</b>
We promise to provide recreational facilities that are user-friendly	General Cleaning of facilities -	Daily
	Planned Maintenance	Off season
	Swimming Pools	Pools are open from 10h00 to 17h00 (Mon-Sat) and 14h00 to 17h00 on Sunday
	Refundable deposit	Refund within 31 days
<b>LIBRARY AND INFORMATION SERVICES</b>	<b>MEASURE</b>	<b>SERVICE STANDARD</b>

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We promise to ensure sustained accessibility to all our Libraries	Library membership for Rustenburg residents	Free of charge
	Library membership for persons residing outside Rustenburg jurisdiction	At annual approved rates
We promise to ensure sustained accessibility to all our Libraries	Number of books to be lent out and period	Four books per adult member and three per juvenile member for fourteen days
	Photocopying	At annual approved rates
	Public internet service	Free of charge
	Library operating hours	Monday to Friday 09H00-17H00. Saturdays 09H00-13H00

### PARKS AND CEMETRIES

PARKS AND CEMETRIES	MEASURE	SERVICE STANDARD
We will provide dignified cemetery services	operating times for park	10H00 -18H30 Summer :10H00-17H00 Winter
	Maintenance of cemeteries (Frequency)	daily by cemetery employees based at those cemeteries. Cemeteries without permanent staff are maintained through grass cutting on bi-monthly basis
	Park Maintenance (Frequency)	daily. Currently being performed by Corporative on contractual basis
	Provision of graves	72 hrs after payment
	Provision of graves of indigents	Monday to Thursday
	Responding to complaints and requests	within 72 hours after the complaint or request

### HOUSING/HUMAN SETTLEMENTS

HOUSING & HUMAN SETTLEMENTS	MEASURE	SERVICE STANDARD
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We commit the Department of Human Settlements to implement their mandate to deliver houses and housing services to meet expectations of community in the IDP	Housing Chapters, programmes, and projects are implemented in targeted communities and communities are informed	Information is provided on delivery programmes and projects, targets and beneficiaries
We will work with interested Private Partners to deliver houses to the community	Housing delivery partnership programmes are published, and communities are informed	Housing delivery partnership programmes and projects are implemented, and beneficiaries and backlog are known

### ROADS AND STORM WATER SERVICES

ROADS AND STORM WATER	MEASURE	SERVICE STANDARD
We will repair potholes in paved streets as they appear to ensure safety and comfort of customer	Monitoring, scheduled maintenance & emergency repair works; published works programme	Maintenance according to a scheduled work programme which we will publish 3 days
		Repair a road following an open trench service crossing within 24 Hours
		Emergency repairs will be carried out on potholes as they appear and are reported with in 48HRS
		Walk ways will be repaired within 72 hours.
We will maintenance our gravel roads to ensure safety and comfort of customer	Monitoring, scheduled maintenance & emergency repair works; published works programme	Maintenance according to a scheduled work programme which we will publish every 3months.
		Emergency repairs will be carried out on potholes as they appear and are reported
We will maintain driver visibility on our roads at all times to ensure safety of	Grass cutting & shrubs removal	Roads will be at all times kept in a clear safe way by cutting grass and removal of shrubs.

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customer		
We will keep our roads clear of obstacles and hazards to ensure safety	Obstacles clearing to enhance road safety	Roads will be kept free of obstacles which may cause danger to our road users. Road Signs and markings maintenance within 3 days
	Maintaining of road side fences	Road side fences will be maintained at all times with community involvement to keep livestock and animals out
We will keep all drainages free of rubbish and objects to avoid flooding	Cleaning of water drain channels	Roads side and flood drains will be kept clear of rubbish and objects at all times with community involvement within 3 days

### PLANNING AND DEVELOPMENT SERVICES

PLANNING & DEVELOPMENT	MEASURE	SERVICE STANDARD
We will consider and give a decision of approve/ disapprove your building plan applications within the shortest expected time within 90 days	Applications accepted, and reference and receipts are given within agreed times	Official letter of to prove application was received is provided to customer within 1 week is sent to customer
	Applications are processed within expected and agreed times	Plans smaller than 500m <sup>2</sup> are approved/ or disapproved within thirty (30) days and decision is officially communicated.
	Applications are processed within expected and agreed times	Plans larger than 500m <sup>2</sup> are approved/ or disapproved and decision is officially communicated within sixty (60) days
	Dealing with complaints is completed and replies are given to customers in expected and agreed time	Complaints are inspected and feedback is provided within five (5) days of receiving the complaint
	Certificates of Completion of Building are given in expected	Certificates of completion of building are provided within ten (10) days of receiving

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PLANNING & DEVELOPMENT	MEASURE	SERVICE STANDARD
	time	application for the certificate
We will consider and give a decision of land development applications within the shortest expected time	Applications are accepted, and receipts are given on expected and agreed time	Official letter of receipt and confirmation of completeness of application are made within 14 days of receipt.
	Applications will be advertised at cost of applicant	Proof of advertisements is to be provided within 14 days of receipt of application being acknowledged.
	Comments are provided to applicant	Comments provided to applicant within 14 days after closing date stipulated in advertisement.
	Submission to Council	Submission is made to Council within 30 days after receiving of response to comments.
	Informing of decision of council	Decision of Council will be given within 14 days of Council minutes being given.
	Inspection of complaints and appeals	Complaints will be inspected within 5 days of receipt.

### PUBLIC SAFETY

LICENSING AND TESTING	MEASURE	SERVICE STANDARD
We will make service accessible to the communities.	Decentralisation of services.	Fully resource office.
	Extension of services to Saturdays	Availability of personnel.
We will ensure that services are provided timeously, fairly and courteously.	Learner and driver licenses applications will be processed within a minimum of week.	Client service oriented personnel.
	Driver and learners license will be	Compliance in accordance with

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	issued within two working days	rules, regulations and procedures.
	Application for registering of motor vehicle will be completed when all necessary documents are submitted.	Compliance in accordance with rules, regulations and procedures.
<b>LAW ENFORCEMENT AND TRAFFIC SERVICES</b>	<b>MEASURE</b>	<b>SERVICE STANDARD</b>
We undertake to ensure the prevalence of the rule of law	Enforcement of the law without any fear or favour.	Enforcement of law shall be in observance to the human rights of individuals.
We undertake to serve and protect all community and all road users.	Create a safe and secured environment.	Prevention of crime and promotion of Road Safety through prosecution, education and awareness, traffic engineering, Crime Prevention Through Environmental Design (CPTED) and involvement of communities.
We undertake to encourage community participation and involvement on issues affecting them	Building strong partnerships	<ul style="list-style-type: none"> <li>• Discussing issues of common interest</li> <li>• Resolving conflicts in communities</li> <li>• Creating platforms or structures.</li> </ul>
<b>EMERGENCY SERVICES AND DISASTER MANAGEMENT</b>	<b>MEASURE</b>	<b>SERVICE STANDARD</b>

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We undertake to respond timeously to any disaster situation	All disaster situations will be addressed within three (3) days	<ul style="list-style-type: none"> <li>• Activation of Joint Operation Committee (JOC)</li> <li>• Disaster Risk Management Assessment</li> <li>• Relief, recovery and mitigation of the situation.</li> </ul>
We commit to enhance the weight of response to fire and rescue services	Decentralisation of fire services	<ul style="list-style-type: none"> <li>• Operationalise fire houses</li> <li>• Establish ward based forums</li> <li>• Capacity building through training and community participation.</li> </ul>
<b>Licensing services</b>	Registration of a vehicle within	Registration of a vehicle within 15 minutes
<b>Licensing services</b>	How long does it take to renew a vehicle license? (minutes)	5 minutes
<b>Licensing services</b>	Issuing of a duplicate registration certificate vehicle? (minutes)	5 minutes
<b>Licensing services</b>	De-register a vehicle? (minutes)	15 minutes
<b>Licensing services</b>	Renewal of the driver's license? (minutes)	30 minutes
<b>Licensing services</b>	What is the average reaction time of the fire service to an incident? (minutes)	5 minutes



## **2.4 BUDGET RELATED POLICIES**

Rustenburg Local Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies are attached as **Annexure "D"**. The following policies has been reviewed in order to align them to the latest legislative prescripts, accounting standards or to cut costs:

### **Supply Chain Management and Preferential Procurement Policy**

Align the SCM policy with the new Preferential Procurement Regulations published on the 04<sup>th</sup> of November 2022 by Minister of Finance. The amended regulations involve scrapping:

- BBBEE
- Local Content Production
- Sub-contracting of 30% of contracts above R30 million
- No prequalification criteria for Preferential Procurement is allowed in terms of the PPR 2022
- The subcontracting will still be there in terms of the CIDB legislation, however it cannot be used as a pre-qualification criterion.

New policy additions require the tender documents to stipulate:

- The applicable preference points system
- The Specific goal in the invitation to submit the tender for which the point may be awarded.
- The specific goal also include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender, and disability as articulated in the RDP document published on the 23 November 1994.
- Tender documents to be submitted through hard copy and USB.

### **Tariff Policy**

Amended paragraph 23 on estimated charges to include:

The municipality will charge estimates using the client's last three consecutive actual readings. Where there is no historical data to determine average consumption the municipality will charge the average as per the categories below in case of emergency:

Water

- Residential properties – 20 kilolitres
- Businesses and all other categories - 200 kilolitres

Electricity

- Residential – 500 KHW

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- Businesses and all other categories – 5000 KWH

### **Property Rates Policy**

#### **Public service purpose properties**

Means a property owned and used by an organ of state such as hospitals or clinics, schools, pre schools, early childhood development centres, further education and training colleges, national and provincial libraries and archives, police stations, correctional facilities and courts of law.

#### **Properties owned by public benefit organizations and used for specified public benefit activities**

Refers to property owned by a public benefit organisation and used for public benefit activities as listed in item 1(welfare and humanitarian), item 2 (health care), item 4(education and development) of Part 1 of the Ninth Schedule to the Income Tax Act.

#### **Illegal use**

Where the valuer visited the property with illegal use, the valuer will change the category to the actual use of the property even if the zoning certificate has not been changed.

#### **Unregistered properties**

Where the municipality can prove that the unregistered property is consuming municipal services, that property will be billed according to the use of that property even though it is not registered.

#### **Clearance certificates**

The payment relating to the rates clearance figures needs to be effected on or before the end of the second month. No payments will be allowed after the end of the second month. The conveyancing attorney will need to re – apply for clearance figures if the payment was not received on or before the end of the second month. Any payment received after the above-mentioned period will no longer be considered for clearances but will be used to pay the account. The above paragraph is as a result of non-compliance by the municipality that was raised by the Chief Registry of deeds

#### **Pensioner's rebate**

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Rebate for retired and/or disabled persons on residential property only, not receiving indigents, to be renewed every three years: 25%

### **Travelling and Subsistence Policy**

Changes include minimum accommodation threshold of R1 700, which will be reviewed in line with National Treasury cost containment guidelines. All travel claims will be aligned with AA rates.

### **Indigent Policy**

Changes include new minimum threshold for indigent support. Minimum household income will be R8 000 to qualify for indigent support.

### **Asset Management Policy**

Changes were effected to improve alignment with accounting standards for assets which are Generally Recognised Accounting Practice (GRAP) 16, 17, 21, 26, 31 and 103.

The methodology for conditional assessment and impairment of assets was also added to the policy.

### **Indigent Policy**

Chapter 1

(13) Qualifying Criteria

(a) the total household income of all the household occupants, of the indigent household to which the application relates, above the age of 18 (eighteen) years, on the residential property may not exceed the amount as determined by Council from time to time. This amount will be aligned to the National Budget pronouncement on government grants.

i) For persons below the age of 65, who are earning a total house hold income not exceeding **4 (four)** times the amount received for government social pension grants

**ii) For persons 65 years of age and above, earning**

**in excess of the above threshold and below R20 000.00 gross household income, a benefit equal to half of the total benefits for registered indigents.**

(17 – (20) that dealt with the Indigent Committee and its functions.

Removed due to institutional arrangements.

Deemed indigent.

Property value changed from R150 000 **to R200 000**

Validity period

Chapter 4

(23) Validity Period

**The validity cycle for approved indigents shall run from the 1<sup>st</sup> (first) of July to the 30<sup>th</sup> (thirtieth) of June of each year, in line with the municipality's financial year.**

## **2.4 OVERVIEW OF BUDGET ASSUMPTIONS**

Key factors that have been taken into consideration in the compilation of the 2023/24 MTREF include:

- National Government macro-economic targets.
- The general inflationary outlook and the impact on Rustenburg Local Municipality's residents and businesses.
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration.
- External factors: The global economic outlook remains gloomy due to the downward spiral in developing economies spurred by the lower commodity prices and an uneven and moderate recovery in developed economies.

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

Inflation increases the cost of living of households and thereby increases the vulnerability of low and middle-income groups and negatively affects their ability to

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pay for municipal services. This negatively impacts the revenue generation and revenue collection rates of municipalities and consequently their ability to fund the planned programmes.

The municipality is projecting CPI at 5.3% for 2023/24 and 4.9% and 4.7% over the outer financial years.

### **Interest rates for borrowing and investment of funds.**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions.

### **Collection rate for revenue services**

The rate of revenue collection is currently expressed as a percentage of annual billings. For the medium term, collection rates for the various services are assumed at 85%. This is the measure of cash receipts of ratepayer and other revenue, whilst the debt impairment expense of total billable revenue estimated to be 15% over the two years.

In order for the municipality to realize the projected surplus, it would require the commitment of administration and Council alike to collect all anticipated revenue.

### **Salary increases.**

Salary increases of 2.3% for 2023/24 has been budgeted for. It be noted that the 2.6% was already factored in when projecting the salary increases in 2023/24 to align it to the SALGBC wage agreement of 4.9%. Additional accruals for leave, bonuses and other employee benefits have been budgeted for. These have no cash effect for the municipality but are in line with the accrual basis of accounting.

### **Bulk Purchases**

Bulk purchases are directly informed by the purchase of electricity from Eskom, water from Rand Water, Magalies Water and bulk purchase of purified water from the Rustenburg Water Services Trust. Electricity bulk purchases from Eskom is assumed to increase by 18.65% (subject to final approval by NERSA) and the cost of bulk purchases from water boards to increase by 9.2%.

### **Credit rating**

The credit rating by Moody in January 2020 assessed the credit profile of Rustenburg as Ba3, which is indicative of liquidity challenges in a tough operating environment.

### **Ability to spend and deliver on the programme**

It is estimated that a spending rate of at least 100% will be achieved on operating expenditure and 100% on the capital programme for the 2023/24 MTREF of which performance has been factored into the cash flow budget.

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**2.6 OVERVIEW OF BUDGET FUNDING**

**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
<b>R thousand</b>										
<b>Parent municipality</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		12 364 020	10 352 522	10 639 533	10 774 020	10 773 163	10 773 163	10 762 266	10 287 274	12 109 545
Deposits - Public Investment Commissioners		877	917	952	991	991	991	999	101	101
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
<b>Municipality sub-total</b>	1	<b>12 364 897</b>	<b>10 353 439</b>	<b>10 640 486</b>	<b>10 775 011</b>	<b>10 774 153</b>	<b>10 774 153</b>	<b>10 763 264</b>	<b>10 287 375</b>	<b>12 109 646</b>
<b>Entities</b>										
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										
<b>Entities sub-total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Consolidated total:</b>		<b>12 364 897</b>	<b>10 353 439</b>	<b>10 640 486</b>	<b>10 775 011</b>	<b>10 774 153</b>	<b>10 774 153</b>	<b>10 763 264</b>	<b>10 287 375</b>	<b>12 109 646</b>

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**Table SA16: Investment particulars by maturity**

Investments by Maturity Name of institution & investment ID	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
		Yrs/Months												
<b>Parent municipality</b>														
<b>Short-Term Investments</b>														
ABSA: Call Account		Monthly	Call Savings			2,9				-	-	-		-
ABSA: Investment Acc		Monthly	Flexible Deposit			5,3				590	3	(3)		590
ABSA: Investment Acc			Fixed Deposit			5,2				5 739	60	(60)		5 739
ABSA: Investment Acc			Fixed Deposit			3,75				468	5	(5)		468
ABSA: Housing / Account		Monthly	Positive Bank Bal			6,7				-	-	-		-
Standard Bank		Monthly	Call Deposit			6,7				475	2			477
Standard Bank		Monthly	Call Deposit			N/A				129	0			130
Kagiso Asset Management		Monthly	Money Market Assets			N/A				7 084	35			7 120
Sarlam		Monthly	Money Market Fund							9 532	36			9 569
<b>Long-Term Investments</b>														
Sarlam Shares		Monthly	Ordinary - 12 948			56,41				730	21			752
Sarlam Shares		Monthly	Ordinary -323			56,41				18	1			19
<b>Municipality sub-total</b>										<b>24 767</b>		<b>(68)</b>	<b>-</b>	<b>24 862</b>
<b>Entities</b>														
														-
														-
														-
														-
<b>Entities sub-total</b>										<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>1</b>									<b>24 767</b>		<b>(68)</b>	<b>-</b>	<b>24 862</b>

**Table SA17: Borrowing**

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Borrowing - Categorised by 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
<b>R thousand</b>										
<b>Parent municipality</b>										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)		703 000	600 000	550 000	400 000	400 000	400 000	400 000	364 000	255 000
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										
<b>Municipality sub-total</b>	1	703 000	600 000	550 000	400 000	400 000	400 000	400 000	364 000	255 000
<b>Entities</b>										
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										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	1	703 000	600 000	550 000	400 000	400 000	400 000	400 000	364 000	255 000

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**Table SA18: Transfers and grant receipts**

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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
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		<b>843 687</b>	<b>966 611</b>	<b>1 003 474</b>	<b>1 126 187</b>	<b>1 165 857</b>	<b>1 165 857</b>	<b>1 267 109</b>	<b>1 399 662</b>	<b>1 390 936</b>
Local Government Equitable Share		675 452	861 905	808 419	941 352	941 352	941 352	1 072 059	1 205 945	1 205 945
Finance Management		1 700	1 300	1 650	1 700	1 570	1 570	1 700	1 700	1 700
NDPG		–	–	–	100	100	100	100	100	100
EPWP		3 786	5 422	6 388	2 853	2 853	2 853	2 196	–	–
PTIS		155 701	80 445	170 056	166 656	206 456	206 456	176 493	177 082	167 653
PMU		7 048	13 039	12 461	13 527	13 527	13 527	14 560	14 835	15 538
Energy Efficiency and Demand Management			4 500	4 500	–	–	–			
<b>Provincial Government:</b>		<b>2 943</b>	<b>1 727</b>	<b>884</b>	<b>1 090</b>	<b>1 520</b>	<b>1 520</b>	<b>1 262</b>	<b>1 595</b>	<b>1 668</b>
CATA		1 602	1 727	884	1 090	1 520	1 520	1 262	1 595	1 668
LG-SETA		–	–	–	–	–	–	–	–	–
Disaster Relief Grant		1 341	–	–	–	–	–	–	–	–
Energy Efficiency and Demand Management										
<b>District Municipality:</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<i>[insert description]</i>										
<b>Other grant providers:</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<i>[insert description]</i>										
<b>Total Operating Transfers and Grants</b>	5	<b>846 631</b>	<b>968 338</b>	<b>1 004 359</b>	<b>1 127 277</b>	<b>1 167 377</b>	<b>1 167 377</b>	<b>1 268 370</b>	<b>1 401 257</b>	<b>1 392 605</b>
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		<b>534 079</b>	<b>426 206</b>	<b>374 011</b>	<b>431 069</b>	<b>431 221</b>	<b>431 221</b>	<b>495 464</b>	<b>527 855</b>	<b>511 707</b>
Municipal Infrastructure Grant (MIG)		236 559	220 409	236 768	257 004	257 004	257 004	276 648	281 864	295 223
Public Transport and Systems		161 610	113 837	47 112	72 065	72 065	72 065	81 110	80 991	85 831
Neighbourhood Development Partnership		20 000	10 000	4 184	2 000	2 000	2 000	11 707	10 000	15 000
Department of Energy		15 410	8 720	8 000	30 000	30 022	30 022	31 000	33 000	30 000
Water Infrastructure Grant		–	–	–	–	–	–	–	–	–
Municipal Systems Improvement		–	400	–	–	–	–	–	–	–
WSIG		100 500	72 840	77 947	70 000	70 000	70 000	95 000	122 000	85 653
Finance Management		–	–	–	–	130	130	–	–	–
Other capital transfers/grants <i>[insert desc]</i>		–	–	–	–	–	–	–	–	–
<b>Provincial Government:</b>		<b>1 749</b>	<b>315</b>	<b>511</b>	<b>619</b>	<b>892</b>	<b>892</b>	<b>600</b>	<b>350</b>	<b>300</b>
CATA		1 749	315	511	619	892	892	600	350	300
<b>District Municipality:</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<i>[insert description]</i>										
<b>Other grant providers:</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<i>[insert description]</i>										
<b>Total Capital Transfers and Grants</b>	5	<b>535 828</b>	<b>426 521</b>	<b>374 522</b>	<b>431 688</b>	<b>432 113</b>	<b>432 113</b>	<b>496 064</b>	<b>528 205</b>	<b>512 007</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		<b>1 382 459</b>	<b>1 394 860</b>	<b>1 378 880</b>	<b>1 558 965</b>	<b>1 599 490</b>	<b>1 599 490</b>	<b>1 764 435</b>	<b>1 929 462</b>	<b>1 904 611</b>

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**Table SA21: Transfers and grants made by the municipality**

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	
<b>Cash Transfers to other municipalities</b>											
<i>Insert description</i>	1	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
<b>Total Cash Transfers To Municipalities:</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Entities/Other External Mechanisms</b>											
<i>Insert description</i>	2	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
<b>Total Cash Transfers To Entities/Ems'</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to other Organs of State</b>											
<i>Insert description</i>	3	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
<b>Total Cash Transfers To Other Organs Of State:</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Organisations</b>											
<i>Insert description</i>		-	-	385	385	-	-	-	385	403	421
		-	-	-	-	-	-	-	100	105	109
<b>Total Cash Transfers To Organisations</b>		-	-	385	385	-	-	-	485	507	531
<b>Cash Transfers to Groups of Individuals</b>											
<i>Insert description</i>		19 990	742	19 117	19 907	60 092	60 092	60 092	20 679	21 679	-
		-	-	-	-	-	-	-	-	-	-
<b>Total Cash Transfers To Groups Of Individuals:</b>		19 990	742	19 117	19 907	60 092	60 092	60 092	20 679	21 679	-
<b>TOTAL CASH TRANSFERS AND GRANTS</b>	6	19 990	742	19 502	20 292	60 092	60 092	60 092	21 164	22 186	531

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**Table A7: Consolidated 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 +1 2024/25
<b>R thousand</b>											
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		336 122	290 716	391 893	506 902	516 902	516 902	516 902	549 646	574 351	600 311
Service charges		2 769 049	2 390 394	3 706 672	4 328 042	4 338 042	4 338 042	4 338 042	5 364 767	5 587 654	5 111 669
Other revenue		124 366	147 260	206 289	163 828	171 700	171 700	171 700	115 460	123 661	132 213
Transfers and Subsidies - Operational	1	846 823	952 112	1 004 359	1 127 277	1 167 077	1 167 077	1 167 077	1 268 370	1 401 257	1 392 605
Transfers and Subsidies - Capital	1	538 136	426 821	333 862	239 106	239 239	239 239	239 239	496 064	528 205	512 007
Interest		-	-	230 960	64 981	64 981	64 981	64 981	195 302	217 120	174 642
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(3 585 493)	(3 702 172)	(4 809 088)	(5 105 778)	(5 103 110)	(5 103 110)	(5 103 110)	(5 992 823)	(7 334 954)	(6 910 462)
Finance charges		(50 877)	(38 167)	(84 328)	(85 409)	(85 409)	(85 409)	(85 409)	(62 123)	(65 119)	(68 252)
Transfers and Subsidies	1	(17 892)	(19 610)	(19 502)	(20 292)	(20 292)	(20 292)	(20 292)	(21 164)	(22 186)	(531)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>960 234</b>	<b>447 353</b>	<b>961 116</b>	<b>1 218 656</b>	<b>1 289 129</b>	<b>1 289 129</b>	<b>1 289 129</b>	<b>1 913 500</b>	<b>1 009 989</b>	<b>944 202</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		1 052	14 035	6 200	2 157	2 157	2 157	2 157	7 088	7 414	7 755
Decrease (increase) in non-current receivables									-	-	-
Decrease (increase) in non-current investments					38				38	44	47
<b>Payments</b>											
Capital assets		(671 337)	(571 404)	(519 447)	(614 473)	(642 212)	(642 212)	(642 212)	(599 998)	(623 235)	(601 674)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(670 286)</b>	<b>(557 370)</b>	<b>(513 247)</b>	<b>(612 277)</b>	<b>(640 054)</b>	<b>(640 054)</b>	<b>(640 054)</b>	<b>(592 872)</b>	<b>(615 778)</b>	<b>(593 872)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing			125 000		19 215	19 215	19 215	19 215	-	-	-
Increase (decrease) in consumer deposits		2 398	2 398	2 508	2 112	2 112	2 112	2 112	2 112	2 416	2 579
<b>Payments</b>											
Repayment of borrowing		(88 513)	(105 373)	(109 483)	(99 948)	(99 948)	(99 948)	(99 948)	(163 124)	(185 384)	(197 346)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(86 115)</b>	<b>22 025</b>	<b>(106 974)</b>	<b>(78 621)</b>	<b>(78 621)</b>	<b>(78 621)</b>	<b>(78 621)</b>	<b>(161 012)</b>	<b>(182 968)</b>	<b>(194 767)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>203 833</b>	<b>(87 992)</b>	<b>340 896</b>	<b>527 758</b>	<b>570 454</b>	<b>570 454</b>	<b>570 454</b>	<b>1 159 616</b>	<b>211 243</b>	<b>155 562</b>
Cash/cash equivalents at the year begin:	2	282 572	485 370	397 378	738 273	738 273	738 273	738 273	411 333	1 570 949	1 782 192
Cash/cash equivalents at the year end:	2	486 405	397 378	738 273	1 266 032	1 308 728	1 308 728	1 308 728	1 570 949	1 782 192	1 937 754

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### 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 above is consistent with international standards of good financial management practice and also improves understanding of Councillors 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 SA10: Funding compliance 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
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	486 405	397 378	738 273	1 266 032	1 308 728	1 308 728	1 308 728	1 570 949	1 782 192	1 937 754
Cash + investments at the yr end less applications - R'000	18(1)b	2	(12 027)	(9 984)	557 540	689 222	733 258	733 258	733 258	822 834	1 151 566	1 311 237
Cash year end/monthly employee/supplier payments	18(1)b	3	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	727 889	444 290	568 151	994 415	1 041 120	1 041 120	1 041 120	908 600	1 042 896	112 060
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(1.4%)	4.5%	23.1%	(6.0%)	(6.0%)	(6.0%)	5.1%	(1.8%)	(13.3%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	57.2%	47.1%	62.3%	61.2%	61.4%	61.4%	61.4%	67.6%	67.6%	65.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7		24.1%	19.2%	15.5%	15.5%	15.5%	15.5%	14.6%	14.6%	16.5%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	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%	82.2%	0.0%	9.9%	10.0%	10.0%	10.0%	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.	(63.2%)	11.1%	9.3%	0.0%	0.0%	0.0%	7.2%	7.1%	4.5%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.2%	0.1%	0.1%	1.4%	1.4%	1.4%	1.6%	1.6%	1.8%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	90.3%	47.3%	25.8%	18.2%	16.6%	16.6%	0.0%	15.1%	12.1%	13.0%

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Note: A formula error in the collection rate displays it on this table as 68% instead of 85%

### **Funding compliance and measurement**

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. The table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist. The outcome of this exercise would 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 budget must be “funded”. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

National Treasury requires that a municipality assesses 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 table below. 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.

#### **Cash/cash equivalent position**

A ‘positive’ cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality’s forecasted cash position is negative, for any year of the medium-term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

#### **Cash plus investments less application of funds**

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table A8. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made.

#### **Surplus/deficit excluding depreciation offsets.**

## **AGENDA: SPECIAL COUNCIL: 31 MARCH 2023**

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

### **Cash receipts as a percentage of billed revenue** (excluding transfers, grants and contributions)

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.

It can be seen that the outcome is at 85 percent for each of the 2023/24 financial year. This measure and performance objective will have to be meticulously managed.

### **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. The Municipality's liquidity has improved and therefore the Municipality has increased the spending from own funds.

### **Transfers/grants revenue as a percentage of Government transfers/grants available**

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

### **Consumer debtors change** (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are two measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

### **Repairs and maintenance expenditure level**

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This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the revenue budget is not being protected.

### **Asset renewal/rehabilitation expenditure level**

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. Further details in this regard are contained in Table SA34b

## **2.7 EXPENDITURE ON GRANTS**

### **Table SA19: Expenditure on transfers and grant programme**

## AGENDA: SPECIAL COUNCIL: 31 MARCH 2023

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
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		<b>843 687</b>	<b>966 611</b>	<b>1 003 474</b>	<b>1 126 187</b>	<b>1 165 857</b>	<b>1 165 857</b>	<b>1 267 109</b>	<b>1 399 662</b>	<b>1 390 936</b>
Local Government Equitable Share		675 452	861 905	808 419	941 352	941 352	941 352	1 072 059	1 205 945	1 205 945
Finance Management		1 700	1 300	1 650	1 700	1 570	1 570	1 700	1 700	1 700
NDPG		–	–	–	100	100	100	100	100	100
EPWP		3 786	5 422	6 388	2 853	2 853	2 853	2 196	–	–
PTIS		155 701	80 445	170 056	166 656	206 456	206 456	176 493	177 082	167 653
PMU		7 048	13 039	12 461	13 527	13 527	13 527	14 560	14 835	15 538
Energy Efficiency and Demand Management		–	4 500	4 500	–	–	–	–	–	–
<b>Provincial Government:</b>		<b>2 943</b>	<b>1 727</b>	<b>884</b>	<b>1 090</b>	<b>1 520</b>	<b>1 520</b>	<b>1 262</b>	<b>1 595</b>	<b>1 668</b>
CATA		1 602	1 727	884	1 090	1 520	1 520	1 262	1 595	1 668
LG-SETA		–	–	–	–	–	–	–	–	–
Disaster Relief Grant		1 341	–	–	–	–	–	–	–	–
<b>District Municipality:</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Other grant providers:</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<i>[insert description]</i>										
<b>Total operating expenditure of Transfers and Grants:</b>		<b>846 631</b>	<b>968 338</b>	<b>1 004 359</b>	<b>1 127 277</b>	<b>1 167 377</b>	<b>1 167 377</b>	<b>1 268 370</b>	<b>1 401 257</b>	<b>1 392 605</b>
<b>EXPENDITURE:</b>	1									
<b>National Government:</b>		<b>534 079</b>	<b>426 206</b>	<b>374 011</b>	<b>431 069</b>	<b>431 221</b>	<b>431 221</b>	<b>495 464</b>	<b>527 855</b>	<b>511 707</b>
Municipal Infrastructure Grant (MIG)		236 559	220 409	236 768	257 004	257 004	257 004	276 648	281 864	295 223
Public Transport and Systems		161 610	113 837	47 112	72 065	72 065	72 065	81 110	80 991	85 831
Neighbourhood Development Partnership		20 000	10 000	4 184	2 000	2 000	2 000	11 707	10 000	15 000
Department of Energy		15 410	8 720	8 000	30 000	30 022	30 022	31 000	33 000	30 000
Water Infrastructure Grant		–	–	–	–	–	–	–	–	–
Municipal Systems Improvement		–	400	–	–	–	–	–	–	–
WSIG		100 500	72 840	77 947	70 000	70 000	70 000	95 000	122 000	85 653
Finance Management		–	–	–	–	130	130	–	–	–
Other capital transfers/grants <i>[insert desc]</i>		–	–	–	–	–	–	–	–	–
<b>Provincial Government:</b>		<b>1 749</b>	<b>315</b>	<b>511</b>	<b>619</b>	<b>892</b>	<b>892</b>	<b>600</b>	<b>350</b>	<b>300</b>
CATA		1 749	315	511	619	892	892	600	350	300
<b>District Municipality:</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<i>[insert description]</i>										
<b>Other grant providers:</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<i>[insert description]</i>										
<b>Total capital expenditure of Transfers and Grants</b>		<b>535 828</b>	<b>426 521</b>	<b>374 522</b>	<b>431 688</b>	<b>432 113</b>	<b>432 113</b>	<b>496 064</b>	<b>528 205</b>	<b>512 007</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>1 382 459</b>	<b>1 394 860</b>	<b>1 378 880</b>	<b>1 558 965</b>	<b>1 599 490</b>	<b>1 599 490</b>	<b>1 764 435</b>	<b>1 929 462</b>	<b>1 904 611</b>

**AGENDA: SPECIAL COUNCIL: 31 MARCH 2023**

**2.8 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW**

**Table SA25: Consolidated budgeted monthly revenue and expenditure**

# AGENDA: SPECIAL COUNCIL: 31 MARCH 2023

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
<b>R thousand</b>																
<b>Revenue</b>																
<b>Exchange Revenue</b>																
Service charges - Electricity		347 772	347 772	347 772	347 772	347 772	347 772	347 772	347 772	347 772	347 772	347 772	347 772	4 173 259	4 342 230	3 809 849
Service charges - Water		49 663	49 663	49 663	49 663	49 663	49 663	49 663	49 663	49 663	49 663	49 663	49 663	595 954	622 540	650 349
Service charges - Waste Water Management		36 034	36 034	36 034	36 034	36 034	36 034	36 034	36 034	36 034	36 034	36 034	36 034	432 405	451 928	472 348
Service charges - Waste Management		13 596	13 596	13 596	13 596	13 596	13 596	13 596	13 596	13 596	13 596	13 596	13 596	163 148	170 956	179 123
Sale of Goods and Rendering of Services		817	817	817	817	817	817	817	817	817	817	817	817	9 809	10 520	11 233
Agency services		7 857	7 857	7 857	7 857	7 857	7 857	7 857	7 857	7 857	7 857	7 857	7 857	94 282	99 584	105 130
Interest																
Interest earned from Receivables		39 827	39 827	39 827	39 827	39 827	39 827	39 827	39 827	39 827	39 827	39 827	39 827	477 919	498 477	254 681
Interest earned from Current and Non Current Assets		2 282	2 282	2 282	2 282	2 282	2 282	2 282	2 282	2 282	2 282	2 282	2 282	27 383	28 643	29 961
Dividends																
Rent on Land																
Rental from Fixed Assets		1 322	1 322	1 322	1 322	1 322	1 322	1 322	1 322	1 322	1 322	1 322	1 322	15 859	16 589	17 352
Licence and permits		1 011	1 011	1 011	1 011	1 011	1 011	1 011	1 011	1 011	1 011	1 011	1 011	12 130	12 681	13 265
Operational Revenue		899	899	899	899	899	899	899	899	899	899	899	900	10 793	11 258	11 743
<b>Non-Exchange Revenue</b>																
Property rates		45 804	45 804	45 804	45 804	45 804	45 804	45 804	45 804	45 804	45 804	45 804	45 804	549 646	574 351	600 311
Surcharges and Taxes																
Fines, penalties and forfeits		799	799	799	799	799	799	799	799	799	799	799	799	9 587	10 028	10 490
Licences or permits																
Transfer and subsidies - Operational		105 698	105 698	105 698	105 698	105 698	105 698	105 698	105 698	105 698	105 698	105 698	1 268 370	1 401 257	1 392 605	
Interest																
Fuel Levy																
Operational Revenue																
Gains on disposal of Assets		591	591	591	591	591	591	591	591	591	591	591	591	7 088	7 414	7 755
Other Gains																
Discontinued Operations																
<b>Total Revenue (excluding capital transfers and contrib)</b>		<b>653 969</b>	<b>653 969</b>	<b>653 969</b>	<b>653 969</b>	<b>653 969</b>	<b>653 969</b>	<b>653 969</b>	<b>653 969</b>	<b>653 969</b>	<b>653 969</b>	<b>653 970</b>	<b>7 847 633</b>	<b>8 258 456</b>	<b>7 566 194</b>	
<b>Expenditure</b>																
Employee related costs		77 257	77 257	77 257	77 257	77 257	77 257	77 257	77 257	77 257	77 257	77 257	77 257	927 083	969 122	1 012 793
Remuneration of councillors		5 991	5 991	5 991	5 991	5 991	5 991	5 991	5 991	5 991	5 991	5 991	5 991	71 890	74 855	77 954
Bulk purchases - electricity		273 477	273 477	273 477	273 477	273 477	273 477	273 477	273 477	273 477	273 477	273 477	273 477	3 281 723	3 408 375	3 478 031
Inventory consumed		49 113	49 113	49 113	49 113	49 113	49 113	49 113	49 113	49 113	49 113	49 113	49 113	589 354	616 463	644 820
Debt impairment		71 761	71 761	71 761	71 761	71 761	71 761	71 761	71 761	71 761	71 761	71 761	71 761	861 129	900 741	942 175
Depreciation and amortisation		41 488	41 488	41 488	41 488	41 488	41 488	41 488	41 488	41 488	41 488	41 488	41 488	497 859	520 766	544 721
Interest		5 177	5 177	5 177	5 177	5 177	5 177	5 177	5 177	5 177	5 177	5 177	5 177	62 123	65 119	68 252
Contracted services		69 467	69 467	69 467	69 467	69 467	69 467	69 467	69 467	69 467	69 467	69 467	69 467	833 603	866 807	883 832
Transfers and subsidies		1 764	1 764	1 764	1 764	1 764	1 764	1 764	1 764	1 764	1 764	1 764	1 764	21 164	22 186	531
Irrecoverable debts written off																
Operational costs		24 098	24 098	24 098	24 098	24 098	24 098	24 098	24 098	24 098	24 098	24 098	24 098	289 170	299 331	313 032
Losses on disposal of Assets																
Other Losses																
<b>Total Expenditure</b>		<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>7 435 098</b>	<b>7 743 765</b>	<b>7 966 141</b>
<b>Surplus/(Deficit)</b>		<b>34 378</b>	<b>34 378</b>	<b>34 378</b>	<b>34 378</b>	<b>34 378</b>	<b>34 378</b>	<b>34 378</b>	<b>34 378</b>	<b>34 378</b>	<b>34 378</b>	<b>34 378</b>	<b>34 378</b>	<b>412 535</b>	<b>514 691</b>	<b>(399 947)</b>
Transfers and subsidies - capital (monetary allocations)		41 339	41 339	41 339	41 339	41 339	41 339	41 339	41 339	41 339	41 339	41 339	41 339	496 064	528 205	512 007
Transfers and subsidies - capital (in-kind)																
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>908 600</b>	<b>1 042 896</b>	<b>112 060</b>
Income Tax																
<b>Surplus/(Deficit) after income tax</b>		<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>908 600</b>	<b>1 042 896</b>	<b>112 060</b>
Share of Surplus/Deficit attributable to Joint Venture																
Share of Surplus/Deficit attributable to Minorities																
<b>Surplus/(Deficit) attributable to municipality</b>		<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>908 600</b>	<b>1 042 896</b>	<b>112 060</b>
Share of Surplus/Deficit attributable to Associate																
Intercompany/Parent subsidiary transactions																
<b>Surplus/(Deficit) for the year</b>	<b>1</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>908 600</b>	<b>1 042 896</b>	<b>112 060</b>

## AGENDA: SPECIAL COUNCIL: 31 MARCH 2023

**Table SA26: Consolidated 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
<b>R thousand</b>																
<b>Revenue by Vote</b>																
Vote 1 - Energy Sources		352 371	352 371	352 371	352 371	352 371	352 371	352 371	352 371	352 371	352 371	352 371	352 371	4 228 458	4 407 011	3 871 278
Vote 2 - Community and Social Services		514	514	514	514	514	514	514	514	514	514	514	514	6 171	6 453	6 684
Vote 3 - Environmental Protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Executive & Council		2 894	2 894	2 894	2 894	2 894	2 894	2 894	2 894	2 894	2 894	2 894	2 894	34 729	34 076	40 079
Vote 5 - Finance & Admin		105 153	105 153	105 153	105 153	105 153	105 153	105 153	105 153	105 153	105 153	105 153	105 153	1 261 836	1 336 199	1 118 884
Vote 6 - Road Transport		21 655	21 655	21 655	21 655	21 655	21 655	21 655	21 655	21 655	21 655	21 655	21 655	259 854	260 460	255 980
Vote 7 - Planning and Development		24 507	24 507	24 507	24 507	24 507	24 507	24 507	24 507	24 507	24 507	24 507	24 507	294 079	305 800	319 866
Vote 8 - Public Safety		9 684	9 684	9 684	9 684	9 684	9 684	9 684	9 684	9 684	9 684	9 684	9 684	116 205	122 517	129 118
Vote 9 - Sport and Recreation		117	117	117	117	117	117	117	117	117	117	117	117	1 400	1 464	1 531
Vote 10 - Housing		801	801	801	801	801	801	801	801	801	801	801	801	9 613	10 055	10 518
Vote 11 - Water Management		94 885	94 885	94 885	94 885	94 885	94 885	94 885	94 885	94 885	94 885	94 885	94 885	1 138 619	1 230 406	1 258 294
Vote 12 - Waste Management		27 640	27 640	27 640	27 640	27 640	27 640	27 640	27 640	27 640	27 640	27 640	27 640	331 680	361 039	369 471
Vote 13 - Waste Water Management		55 088	55 088	55 088	55 088	55 088	55 088	55 088	55 088	55 088	55 088	55 088	55 088	661 054	711 182	696 497
Vote 14 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>		<b>695 308</b>	<b>695 308</b>	<b>695 308</b>	<b>695 308</b>	<b>695 308</b>	<b>695 308</b>	<b>695 308</b>	<b>695 308</b>	<b>695 308</b>	<b>695 308</b>	<b>695 308</b>	<b>695 308</b>	<b>8 343 697</b>	<b>8 786 661</b>	<b>8 078 201</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Energy Sources		316 481	316 481	316 481	316 481	316 481	316 481	316 481	316 481	316 481	316 481	316 481	316 481	3 797 767	3 948 007	4 037 331
Vote 2 - Community and Social Services		6 992	6 992	6 992	6 992	6 992	6 992	6 992	6 992	6 992	6 992	6 992	6 992	83 908	87 983	91 969
Vote 3 - Environmental Protection		527	527	527	527	527	527	527	527	527	527	527	527	6 319	6 606	6 905
Vote 4 - Executive & Council		23 580	23 580	23 580	23 580	23 580	23 580	23 580	23 580	23 580	23 580	23 580	23 580	282 964	296 256	309 289
Vote 5 - Finance & Admin		44 307	44 307	44 307	44 307	44 307	44 307	44 307	44 307	44 307	44 307	44 307	44 307	531 679	555 877	581 176
Vote 6 - Road Transport		16 810	16 810	16 810	16 810	16 810	16 810	16 810	16 810	16 810	16 810	16 810	16 810	201 714	202 729	194 487
Vote 7 - Planning and Development		6 123	6 123	6 123	6 123	6 123	6 123	6 123	6 123	6 123	6 123	6 123	6 123	73 477	76 807	80 287
Vote 8 - Public Safety		31 346	31 346	31 346	31 346	31 346	31 346	31 346	31 346	31 346	31 346	31 346	31 346	376 151	393 240	411 106
Vote 9 - Sport and Recreation		5 163	5 163	5 163	5 163	5 163	5 163	5 163	5 163	5 163	5 163	5 163	5 163	61 954	64 758	67 690
Vote 10 - Housing		2 700	2 700	2 700	2 700	2 700	2 700	2 700	2 700	2 700	2 700	2 700	2 700	32 398	33 872	35 413
Vote 11 - Water Management		93 944	93 944	93 944	93 944	93 944	93 944	93 944	93 944	93 944	93 944	93 944	93 944	1 127 328	1 179 072	1 212 358
Vote 12 - Waste Management		27 769	27 769	27 769	27 769	27 769	27 769	27 769	27 769	27 769	27 769	27 769	27 769	333 231	348 502	364 473
Vote 13 - Waste Water Management		42 832	42 832	42 832	42 832	42 832	42 832	42 832	42 832	42 832	42 832	42 832	42 832	513 982	537 615	562 335
Vote 14 - Other		91	91	91	91	91	91	91	91	91	91	91	91	1 089	1 139	1 192
Vote 15 - Internal Audit		928	928	928	928	928	928	928	928	928	928	928	928	11 137	11 302	10 129
<b>Total Expenditure by Vote</b>		<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>7 435 098</b>	<b>7 743 765</b>	<b>7 966 141</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>908 600</b>	<b>1 042 896</b>	<b>112 060</b>
Income Tax		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>908 600</b>	<b>1 042 896</b>	<b>112 060</b>

# AGENDA: SPECIAL COUNCIL: 31 MARCH 2023

## Table SA27: Consolidated budgeted monthly revenue and expenditure (standard 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
<b>Revenue - Functional</b>																
<i>Governance and administration</i>		108 099	108 099	108 099	108 099	108 099	108 099	108 099	108 099	108 099	108 099	108 099	108 099	1 297 189	1 370 927	1 159 645
Executive and council		2 894	2 894	2 894	2 894	2 894	2 894	2 894	2 894	2 894	2 894	2 894	2 894	34 729	34 076	40 079
Finance and administration		105 205	105 205	105 205	105 205	105 205	105 205	105 205	105 205	105 205	105 205	105 205	105 205	1 262 460	1 336 851	1 119 566
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		11 116	11 116	11 116	11 116	11 116	11 116	11 116	11 116	11 116	11 116	11 116	11 116	133 389	140 489	147 851
Community and social services		514	514	514	514	514	514	514	514	514	514	514	514	6 171	6 453	6 684
Sport and recreation		117	117	117	117	117	117	117	117	117	117	117	117	1 400	1 464	1 531
Public safety		9 684	9 684	9 684	9 684	9 684	9 684	9 684	9 684	9 684	9 684	9 684	9 684	116 205	122 517	129 118
Housing		801	801	801	801	801	801	801	801	801	801	801	801	9 613	10 055	10 518
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		46 825	46 825	46 825	46 825	46 825	46 825	46 825	46 825	46 825	46 825	46 825	46 825	561 896	566 187	576 185
Planning and development		25 170	25 170	25 170	25 170	25 170	25 170	25 170	25 170	25 170	25 170	25 170	25 170	302 042	305 728	320 205
Road transport		21 655	21 655	21 655	21 655	21 655	21 655	21 655	21 655	21 655	21 655	21 655	21 655	259 854	260 460	255 980
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>		529 269	529 269	529 269	529 269	529 269	529 269	529 269	529 269	529 269	529 269	529 269	529 269	6 351 224	6 709 558	6 194 520
Energy sources		353 131	353 131	353 131	353 131	353 131	353 131	353 131	353 131	353 131	353 131	353 131	353 131	4 237 567	4 416 540	3 881 346
Water management		94 885	94 885	94 885	94 885	94 885	94 885	94 885	94 885	94 885	94 885	94 885	94 885	1 138 619	1 230 406	1 258 294
Waste water management		53 613	53 613	53 613	53 613	53 613	53 613	53 613	53 613	53 613	53 613	53 613	53 613	643 357	701 073	685 409
Waste management		27 640	27 640	27 640	27 640	27 640	27 640	27 640	27 640	27 640	27 640	27 640	27 640	331 680	361 039	369 471
<i>Other</i>		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Revenue - Functional</b>		<b>695 308</b>	<b>695 308</b>	<b>695 308</b>	<b>695 308</b>	<b>695 308</b>	<b>695 308</b>	<b>695 308</b>	<b>695 308</b>	<b>695 308</b>	<b>695 308</b>	<b>695 308</b>	<b>695 308</b>	<b>8 343 697</b>	<b>8 786 661</b>	<b>8 078 201</b>
<b>Expenditure - Functional</b>																
<i>Governance and administration</i>		69 050	69 050	69 050	69 050	69 050	69 050	69 050	69 050	69 050	69 050	69 050	69 050	828 599	864 005	902 994
Executive and council		23 796	23 796	23 796	23 796	23 796	23 796	23 796	23 796	23 796	23 796	23 796	23 796	285 558	296 252	309 406
Finance and administration		44 490	44 490	44 490	44 490	44 490	44 490	44 490	44 490	44 490	44 490	44 490	44 490	533 876	558 173	583 575
Internal audit		764	764	764	764	764	764	764	764	764	764	764	764	9 165	9 579	10 012
<i>Community and public safety</i>		46 201	46 201	46 201	46 201	46 201	46 201	46 201	46 201	46 201	46 201	46 201	46 201	554 410	579 855	606 179
Community and social services		6 992	6 992	6 992	6 992	6 992	6 992	6 992	6 992	6 992	6 992	6 992	6 992	83 908	87 983	91 969
Sport and recreation		5 163	5 163	5 163	5 163	5 163	5 163	5 163	5 163	5 163	5 163	5 163	5 163	61 954	64 758	67 690
Public safety		31 346	31 346	31 346	31 346	31 346	31 346	31 346	31 346	31 346	31 346	31 346	31 346	376 151	393 240	411 106
Housing		2 700	2 700	2 700	2 700	2 700	2 700	2 700	2 700	2 700	2 700	2 700	2 700	32 398	33 872	35 413
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		23 276	23 276	23 276	23 276	23 276	23 276	23 276	23 276	23 276	23 276	23 276	23 276	279 313	283 845	279 279
Planning and development		5 940	5 940	5 940	5 940	5 940	5 940	5 940	5 940	5 940	5 940	5 940	5 940	71 280	74 510	77 887
Road transport		16 810	16 810	16 810	16 810	16 810	16 810	16 810	16 810	16 810	16 810	16 810	16 810	201 714	202 729	194 487
Environmental protection		527	527	527	527	527	527	527	527	527	527	527	527	6 319	6 606	6 905
<i>Trading services</i>		480 974	480 974	480 974	480 974	480 974	480 974	480 974	480 974	480 974	480 974	480 974	480 974	5 771 686	6 014 921	6 176 497
Energy sources		316 429	316 429	316 429	316 429	316 429	316 429	316 429	316 429	316 429	316 429	316 429	316 429	3 797 145	3 949 733	4 016 499
Water management		93 944	93 944	93 944	93 944	93 944	93 944	93 944	93 944	93 944	93 944	93 944	93 944	1 127 328	1 179 072	1 233 190
Waste water management		42 832	42 832	42 832	42 832	42 832	42 832	42 832	42 832	42 832	42 832	42 832	42 832	513 982	537 615	562 335
Waste management		27 769	27 769	27 769	27 769	27 769	27 769	27 769	27 769	27 769	27 769	27 769	27 769	333 231	348 502	364 473
<i>Other</i>		91	91	91	91	91	91	91	91	91	91	91	91	1 089	1 139	1 192
<b>Total Expenditure - Functional</b>		<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>619 591</b>	<b>7 435 098</b>	<b>7 743 765</b>	<b>7 966 141</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>908 600</b>	<b>1 042 896</b>	<b>112 060</b>
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>75 717</b>	<b>908 600</b>	<b>1 042 896</b>	<b>112 060</b>

## AGENDA: SPECIAL COUNCIL: 31 MARCH 2023

**Table SA28: Consolidated 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	
<b>R thousand</b>																	
<b>Multi-year expenditure to be appropriated</b>	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 1 - Energy Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Community and Social Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Environmental Protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Finance & Admin		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Road Transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Water Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>																	
Vote 1 - Energy Sources		9 254	9 254	9 254	9 254	9 254	9 254	9 254	9 254	9 254	9 254	9 254	9 254	111 051	102 242	101 476	
Vote 2 - Community and Social Services		1 259	1 259	1 259	1 259	1 259	1 259	1 259	1 259	1 259	1 259	1 259	1 259	15 110	10 141	5 276	
Vote 3 - Environmental Protection		17	17	17	17	17	17	17	17	17	17	17	17	200	-	-	
Vote 4 - Executive & Council		1 334	1 334	1 334	1 334	1 334	1 334	1 334	1 334	1 334	1 334	1 334	1 334	16 010	7 700	2 800	
Vote 5 - Finance & Admin		1 733	1 733	1 733	1 733	1 733	1 733	1 733	1 733	1 733	1 733	1 733	1 733	20 800	12 450	9 000	
Vote 6 - Road Transport		17 107	17 107	17 107	17 107	17 107	17 107	17 107	17 107	17 107	17 107	17 107	17 107	205 290	132 933	186 591	
Vote 7 - Planning and Development		560	560	560	560	560	560	560	560	560	560	560	560	6 724	1 568	1 638	
Vote 8 - Public Safety		104	104	104	104	104	104	104	104	104	104	104	104	1 250	1 950	1 600	
Vote 9 - Sport and Recreation		988	988	988	988	988	988	988	988	988	988	988	988	11 855	2 890	1 610	
Vote 10 - Housing		83	83	83	83	83	83	83	83	83	83	83	83	1 000	850	700	
Vote 11 - Water Management		1 694	1 694	1 694	1 694	1 694	1 694	1 694	1 694	1 694	1 694	1 694	1 694	20 333	52 000	85 000	
Vote 12 - Waste Management		333	333	333	333	333	333	333	333	333	333	333	333	4 000	11 000	20 000	
Vote 13 - Waste Water Management		15 510	15 510	15 510	15 510	15 510	15 510	15 510	15 510	15 510	15 510	15 510	15 510	186 125	287 511	185 983	
Vote 14 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 15 - Internal Audit		21	21	21	21	21	21	21	21	21	21	21	21	250	-	-	
<b>Capital single-year expenditure sub-total</b>	2	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	599 998	623 235	601 674	
<b>Total Capital Expenditure</b>	2	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	599 998	623 235	601 674	

## AGENDA: SPECIAL COUNCIL: 31 MARCH 2023

**Table SA29: Consolidated budgeted monthly capital expenditure (standard 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
<b>Capital Expenditure - Functional</b>	1															
<i>Governance and administration</i>		3 088	3 088	3 088	3 088	3 088	3 088	3 088	3 088	3 088	3 088	3 088	3 088	37 060	20 150	11 800
Executive and council		1 334	1 334	1 334	1 334	1 334	1 334	1 334	1 334	1 334	1 334	1 334	1 334	16 010	7 700	2 800
Finance and administration		1 733	1 733	1 733	1 733	1 733	1 733	1 733	1 733	1 733	1 733	1 733	1 733	20 800	12 450	9 000
Internal audit		21	21	21	21	21	21	21	21	21	21	21	21	250	-	-
<i>Community and public safety</i>		2 435	2 435	2 435	2 435	2 435	2 435	2 435	2 435	2 435	2 435	2 435	2 435	29 215	15 831	9 186
Community and social services		1 259	1 259	1 259	1 259	1 259	1 259	1 259	1 259	1 259	1 259	1 259	1 259	15 110	10 141	5 276
Sport and recreation		988	988	988	988	988	988	988	988	988	988	988	988	11 855	2 890	1 610
Public safety		104	104	104	104	104	104	104	104	104	104	104	104	1 250	1 950	1 600
Housing		83	83	83	83	83	83	83	83	83	83	83	83	1 000	850	700
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		17 684	17 684	17 684	17 684	17 684	17 684	17 684	17 684	17 684	17 684	17 684	17 684	212 214	134 501	188 229
Planning and development		560	560	560	560	560	560	560	560	560	560	560	560	6 724	1 568	1 638
Road transport		17 107	17 107	17 107	17 107	17 107	17 107	17 107	17 107	17 107	17 107	17 107	17 107	205 290	132 933	186 591
Environmental protection		17	17	17	17	17	17	17	17	17	17	17	17	200	-	-
<i>Trading services</i>		26 792	26 792	26 792	26 792	26 792	26 792	26 792	26 792	26 792	26 792	26 792	26 792	321 509	452 753	392 459
Energy sources		9 254	9 254	9 254	9 254	9 254	9 254	9 254	9 254	9 254	9 254	9 254	9 254	111 051	102 242	101 476
Water management		1 694	1 694	1 694	1 694	1 694	1 694	1 694	1 694	1 694	1 694	1 694	1 694	20 333	52 000	85 000
Waste water management		15 510	15 510	15 510	15 510	15 510	15 510	15 510	15 510	15 510	15 510	15 510	15 510	186 125	287 511	185 983
Waste management		333	333	333	333	333	333	333	333	333	333	333	333	4 000	11 000	20 000
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	2	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	599 998	623 235	601 674
<b>Funded by:</b>																
National Government		41 289	41 289	41 289	41 289	41 289	41 289	41 289	41 289	41 289	41 289	41 289	41 289	495 464	527 855	511 707
Provincial Government		50	50	50	50	50	50	50	50	50	50	50	50	600	350	300
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		41 339	41 339	41 339	41 339	41 339	41 339	41 339	41 339	41 339	41 339	41 339	41 339	496 064	528 205	512 007
<b>Borrowing</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		8 661	8 661	8 661	8 661	8 661	8 661	8 661	8 661	8 661	8 661	8 661	8 661	103 933	95 031	89 667
<b>Total Capital Funding</b>		50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	599 998	623 235	601 674

**AGENDA: SPECIAL COUNCIL: 31 MARCH 2023**

**Table SA30: Consolidated budgeted monthly cash flow**

## AGENDA: SPECIAL COUNCIL: 31 MARCH 2023

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
<b>R thousand</b>															
<b>Cash Receipts By Source</b>													1		
Property rates	44 124	45 736	43 574	48 235	43 587	42 375	45 984	47 264	49 236	49 986	45 876	43 670	549 646	574 351	600 311
Service charges - electricity revenue	398 125	387 123	398 124	287 346	277 873	234 986	374 236	390 676	379 385	307 347	367 876	370 162	4 173 259	4 342 230	3 809 849
Service charges - water revenue	43 574	42 124	39 876	43 587	49 898	51 239	53 098	52 123	56 790	57 891	55 425	50 328	595 954	622 540	650 349
Service charges - sanitation revenue	27 898	25 385	29 874	26 789	28 797	37 123	30 987	46 873	40 124	45 985	47 899	44 671	432 405	451 928	472 348
Service charges - refuse revenue	11 019	10 987	12 837	10 789	11 987	10 123	11 987	12 346	11 987	12 675	12 899	33 510	163 148	170 956	179 123
Rental of facilities and equipment	1 100	1 300	1 343	1 410	1 201	1 101	1 100	1 600	1 389	1 535	1 434	1 347	15 859	16 589	17 352
Interest earned - external investments	2 124	1 336	1 274	1 235	1 187	1 275	1 984	1 264	1 436	1 486	1 376	1 407	17 383	18 643	19 961
Interest earned - outstanding debtors	34 892	10 363	10 728	10 262	11 018	12 192	12 922	14 183	14 193	15 383	15 383	16 400	177 919	198 477	154 681
Dividends received													-		
Fines, penalties and forfeits	500	654	765	600	500	576	590	524	590	600	691	998	7 587	8 028	8 490
Licences and permits	988	499	594	657	498	497	477	554	657	676	512	521	7 130	7 681	8 265
Agency services	8 121	4 768	5 769	6 123	5 654	6 654	5 765	5 987	6 679	6 912	5 764	6 085	74 282	79 584	85 130
Transfers and Subsidies - Operational	389 224	124 736			19 587	392 375		63 264	279 185				1 268 370	1 401 257	1 392 605
Other revenue	883	883	883	883	883	883	883	883	883	883	883	883	10 602	11 778	12 977
<b>Cash Receipts by Source</b>	<b>962 572</b>	<b>655 895</b>	<b>545 643</b>	<b>437 916</b>	<b>452 672</b>	<b>791 400</b>	<b>540 014</b>	<b>637 541</b>	<b>842 532</b>	<b>501 358</b>	<b>556 020</b>	<b>569 983</b>	<b>7 493 545</b>	<b>7 904 042</b>	<b>7 411 440</b>
<b>Other Cash Flows by Source</b>															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	47 898	45 385	29 874	26 789	28 797	67 123	30 987	46 873	40 124	45 985	47 899	38 330	496 064	528 205	512 007
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on Disposal of Fixed and Intangible Assets	180	180	180	180	180	180	180	180	180	180	180	5 110	7 088	7 414	7 755
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	176	176	176	176	176	176	176	176	176	176	176	176	2 112	2 416	2 579
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	3	3	3	3	3	3	3	3	3	3	3	3	38	44	47
<b>Total Cash Receipts by Source</b>	<b>1 010 829</b>	<b>701 639</b>	<b>575 875</b>	<b>465 064</b>	<b>481 828</b>	<b>858 882</b>	<b>571 360</b>	<b>684 774</b>	<b>883 014</b>	<b>547 702</b>	<b>604 277</b>	<b>613 602</b>	<b>7 998 847</b>	<b>8 442 120</b>	<b>7 933 827</b>
<b>Cash Payments by Type</b>															
Employee related costs	81 235	78 987	77 123	78 910	79 012	77 654	78 765	77 654	77 875	75 412	71 234	73 220	927 083	969 122	1 012 793
Remuneration of councillors	6 000	5 910	5 765	5 612	5 412	5 712	5 123	5 799	5 512	6 241	6 451	8 351	71 890	74 855	77 954
Finance charges	5 000	3 800	4 210	5 312	6 212	4 346	5 235	5 891	4 115	5 235	5 812	6 954	62 123	65 119	68 252
Bulk purchases - electricity	298 125	297 123	298 124	217 346	317 873	304 986	314 236	30 676	309 385	307 347	307 876	278 625	3 281 723	3 408 375	3 478 031
Acquisitions - water & other inventory	43 574	42 124	49 876	43 587	49 898	41 239	49 098	42 123	46 790	47 891	48 425	84 728	589 354	616 463	644 820
Contracted services	70 000	78 768	79 712	77 643	78 765	69 989	69 123	67 643	67 899	59 099	60 123	54 838	833 603	1 966 807	1 383 832
Transfers and subsidies - other municipalities															
Transfers and subsidies - other	1 701	1 701	1 801	1 701	1 801	1 701	1 501	1 701	1 901	1 901	1 901	1 850	21 164	22 186	531
Other expenditure	27 898	25 385	29 874	26 789	24 797	21 123	20 987	26 873	20 124	21 985	20 899	22 436	289 170	299 331	313 032
<b>Cash Payments by Type</b>	<b>533 534</b>	<b>533 798</b>	<b>546 486</b>	<b>456 901</b>	<b>563 773</b>	<b>526 751</b>	<b>544 070</b>	<b>258 362</b>	<b>533 600</b>	<b>525 111</b>	<b>522 723</b>	<b>531 002</b>	<b>6 076 110</b>	<b>7 422 258</b>	<b>6 979 245</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	48 987	49 897	51 234	50 987	53 987	54 123	58 098	49 876	47 990	42 346	45 656	46 815	599 998	623 235	601 674
Repayment of borrowing			49 039				65 294			48 791			163 124	185 384	197 346
Other Cash Flows/Payments															
<b>Total Cash Payments by Type</b>	<b>582 521</b>	<b>583 695</b>	<b>646 759</b>	<b>507 888</b>	<b>617 760</b>	<b>580 874</b>	<b>667 462</b>	<b>308 238</b>	<b>581 590</b>	<b>616 248</b>	<b>568 379</b>	<b>577 817</b>	<b>6 839 231</b>	<b>8 230 878</b>	<b>7 778 265</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>428 308</b>	<b>117 944</b>	<b>(70 884)</b>	<b>(42 824)</b>	<b>(135 932)</b>	<b>278 008</b>	<b>(96 102)</b>	<b>376 536</b>	<b>301 424</b>	<b>(68 546)</b>	<b>35 898</b>	<b>35 785</b>	<b>1 159 616</b>	<b>211 243</b>	<b>155 562</b>
Cash/cash equivalents at the month/year begin:	411 333	839 641	957 585	886 701	843 877	707 945	985 953	889 852	1 266 387	1 567 812	1 499 266	1 535 164	411 333	1 570 949	1 782 192
Cash/cash equivalents at the month/year end:	839 641	957 585	886 701	843 877	707 945	985 953	889 852	1 266 387	1 567 812	1 499 266	1 535 164	1 570 949	1 570 949	1 782 192	1 937 754

**2.9 LEGISLATION COMPLIANCE STATUS**

The promulgation of the Municipal Finance Management Act (The Act) in 2003 has brought in proficiency and control measures to local government in terms of budgeting, monitoring and accounting on public funds. The Act has had a profound effect on local government operations that required transformation in financial discipline and planning processes. The budget preparation for 2023/24- 2025/26 complies with most of these key requirements.

The Act has created clear reporting standards for local government that conforms to international standards. In addition to providing for improved reporting by local government, the Act stipulates that new accounting and financial standards must be complied with. Compliance with MFMA implementation requirements has been substantially adhered to through the following activities:

a) In- year reporting

The Municipality's electronic reporting to National Treasury has gradually improved over time. The monthly and quarterly returns to NT have been submitted though not timeously in all occasions. Significant challenges were however experienced with regards to compiling these reports due to the implementation of the mSCOA compliant financial system. Some manual intervention was required in these reports.

MFMA training

The Rustenburg Local Municipality, in its strides to comply with the Act, has in its plan of compliance provided that all directors as well as all finance officials have to meet the requirements of the minimum competency framework. SCM official are register provincial treasury SCM training programme.

Accounting standards

The reform agenda set out through the Municipal Finance Management Act includes new accounting standards, which includes national standards such as Generally Recognised Accounting Practice (GRAP). The aforementioned accounting practices have been adhered to during the development of the budget.

Municipal Budget and Reporting Regulations

RLM budget has been compiled in accordance with the MFMA: Municipal Budget and Reporting Regulations promulgated in 2009. Other directives from the National Treasury, for example in the form of budget circulars, are also taken into cognisance. (Circulars are attached per Annexure F).

## **AGENDA: SPECIAL COUNCIL: 31 MARCH 2023**

### Budget and Treasury Office

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

### Audit Committee

An Audit Committee has been established and is fully functional.

### Annual Report

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

#### b) SDBIP

The detailed SDBIP is directly aligned and informed by the budget and is approved 30 days after the approval of the budget.

#### c) Budget Steering Committee

A Budget Steering Committee has been established in accordance with MBRR and is fully functional.

#### d) Alignment of Budget with development priorities

There is clear linkage between the budget and the IDP. The Municipality is implementing programme budgeting to ensure that the development programmes identified in the IDP are appropriately funded.

#### e) Public participation

In accordance with the Act, the Municipality's draft budget is made public immediately after tabling in Council to allow for the public to comments on it. The budget has a strong political oversight.

### **2.10 OTHER SUPPORTING DOCUMENTS**

Other budget supporting documents are included in

**Annexure B– Tariff Book**

**Annexure C – A Schedule**

**Annexure D – Budget Related Policies**

**Annexure E – RWST Budget**

**Annexure F – Circular 122**

**AGENDA: SPECIAL COUNCIL: 31 MARCH 2023**

**Annexure G – Circular 123**

**Annexure H – Budget per Directorate**