

**FINAL ANNUAL BUDGET OF**  
**‘Mhlontlo Local**  
**Municipality**



**2023/24 TO 2025/26**  
**MEDIUM TERM REVENUE AND**  
**EXPENDITURE FORECASTS**

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## Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative	MFMA	Municipal Financial Management Act Programme
BPC	Budget Planning Committee	MIG	Municipal Infrastructure Grant
CBD	Central Business District	MMC	Member of Mayoral Committee
CFO	Chief Financial Officer	MPRA	Municipal Properties Rates Act
CM	Municipality Manager	MSA	Municipal Systems Act
CPI	Consumer Price Index	MTEF	Medium-term Expenditure Framework
CRRF	Capital Replacement Reserve Fund	MTREF	Medium-term Revenue and Expenditure Framework
DBSA	Development Bank of South Africa	NERSA	National Electricity Regulator South Africa
DoRA	Division of Revenue Act	NGO	Non-Governmental organisations
DWA	Department of Water Affairs	NKPIs	National Key Performance Indicators
EE	Employment Equity	OHS	Occupational Health and Safety
EEDSM	Energy Efficiency Demand Side Management	OP	Operational Plan
EM	Executive Mayor	PBO	Public Benefit Organisations
FBS	Free basic services	PHC	Provincial Health Care
GDP	Gross domestic product	PMS	Performance Management System
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment
HR	Human Resources	PPP	Public Private Partnership
HSRC	Human Science Research Council	PTIS	Public Transport Infrastructure System
IDP	Integrated Development Strategy	RG	Restructuring Grant
IT	Information Technology	RSC	Regional Services Council
kl	kilolitre	SALGA	South African Local Government Association
km	kilometre	SAPS	South African Police Service
KPA	Key Performance Area	SDBIP	Service Delivery Budget Implementation Plan
KPI	Key Performance Indicator	SMME	Small Micro and Medium Enterprises
kWh	kilowatt		
l	litre		
LED	Local Economic Development		
MEC	Member of the Executive Committee		

## **Part 1 – Annual Budget**

### **1.1 Mayor’s Report**

The Municipality is again preparing for the 2023/2024 Annual Budget. The task is to provide sustainable and economically viable local governance to our communities. The provision of affordable and sustainable, quality services to all our communities remain high on the agenda. We find ourselves in a position where we must continuously adapt our strategies to suit prevailing economic circumstances as we cannot isolate ourselves from the global economy.

As at 03 March 2023, according to MFMA circular number 123, the National Treasury, Real Gross Domestic Product (GDP) growth of 0.9 per cent is projected for 2023. Over the next three years, GDP growth is expected to average 1.8 per cent.

Headline inflation is expected to remain between 3 to 6 per cent target range over the 2022/23 MTEF.

The world economy is expected to grow by 2.9 per cent this year. This is lower than the 4.3 per cent that was anticipated when tabling the medium-term budget policy statement (MTBPS). The global economic risks remain high, including those related to the ongoing war in Ukraine and could impede growth if they materialize. The opening of the Chinese economy, however may offer some reprieve by supporting stronger rebound in global trade and demand.

The South African economy has not been shielded from these global developments. National Treasury has revised South Africa’s economic growth estimate for 2022 to 1.4 per cent, from 1.6 per cent at the time of the MTBPS.

This revision reflects a combination of the impact of changes in the global environment, along with South Africa’s own unique challenges. Commodity prices, which have supported South Africa’s economic recovery, slowed in the second half of 2022.

The lack of reliable electricity supply is the biggest economic constraint. Record levels of load shedding were experienced in 2022 – 207 days of load shedding compared to 75 days in 2021.

It is expected that municipal revenue and cash flows will remain under pressure for the rest of the financial year of 2023. The municipality has adopted a conservative approach when projecting our revenues and cash receipts for 2023/2024.

The Municipality must, against the background of a very difficult financial year, provide quality services to the community.

The annual budget I am tabling here today was prepared in accordance with the prescripts of the Municipal Finance Management Act, (Act 56 of 2003) and complies with Generally Recognized Accounting Practice as applicable to Local Government.

The following underlying factors were also taken into consideration with the compilation of the 2023/2024 annual budget:

- The current socio-economic circumstances of our communities and especially the high rate of unemployment;
- External factors having a direct impact on the budget such heavy rains experienced for the majority of the financial year resulting in damaged roads.

## **FOCUS OF THE 2023/2024 ANNUAL BUDGET**

With the 2023/2024 budget, emphasis is placed on: -

- the **core** service delivery obligations assigned to the municipality in the constitution.
- Maintenance of existing infrastructure does not enjoy preference once again as the municipality is concentrating on rehabilitating the existing infrastructure.
- Provision of basic services, improvement of the quality of housing, infrastructure as well as sustainable service delivery.

The capital budget flows from the IDP process and contains information obtained from relevant stakeholders and communities through a public participation process as well as ward committee processes where applicable.

The annual capital budget for the 2023/2024 financial year amounts to R101 million from R112 million in the 2022-2023.

We cannot expect to do the same old things and expect different results.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Mhlontlo Local Municipality.

Budgeting is primarily about the choices that the municipality must make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that Mhlontlo remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

## 1.2 Council Resolutions

1. That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the Annual Budget and budget related policies of Mhlontlo Municipality for the financial year 2023/2024; and indicative allocations for the two projected outer years 2024/2025 and 2025/2026; and the multi-year and single year capital appropriations are approved as set-out in the following tables:
  - 1.1. Budgeted Financial Performance (revenue and expenditure by standard classification);
  - 1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote);
  - 1.3. Budgeted Financial Performance (revenue by source and expenditure by type); and
  - 1.4. Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.
2. That the Annual Financial Position, Cash Flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set-out in the following tables:
  - 2.1. Budgeted Financial Position;
  - 2.2. Budgeted Cash Flows;
  - 2.3. Cash backed reserves and accumulated surplus reconciliation;
  - 2.4. Asset management; and
  - 2.5. Basic service delivery measurement.
3. That in terms of section 24(2)(c)(iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium-term revenue and expenditure framework as set out in Supporting Table SA4 to SA7 are approved.
4. That the final documents be available for inspection and comments at the following places: Qumbu Municipal office and Tsolo Municipal Office

## 1.3 Executive Summary

The application of sound financial management principles for the compilation of the Mhlontlo's financial plan is essential and critical to ensure that the Mhlontlo 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 adjustment budget process. Where appropriate, funds were transferred from low- to high-priority programs so as to maintain sound financial stewardship.

A critical review was also undertaken of expenditures on noncore and '**nice to have**' items. Key areas where savings were realized were on telephone and internet usage, printing, workshops, accommodation, and contracted services.

Treasury's guide and deliberations on unfunded budgets was used to guide the compilation of the 2023/2024 adjustment budget.

The main challenges experienced during the compilation of the 2023/2024 Annual Budget can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Heavy rains that are damaging the already poorly maintained road network
- The need to reprioritise projects and expenditure within the existing resource envelope
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

The following budget principles and guidelines directly informed the compilation of the 2023/2024 Annual Budget:

- Implementation of the supplementary valuation roll;
- CPI index increase on employee related costs;
- Reduction on operation projects.

The following table is a consolidated overview of the Annual Budget 2023/2024 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2023/2024 MTREF**

<b>R thousand</b>	<b>Actuals 2021/22</b>	<b>Budget Year 2022/23</b>	<b>Adjusted Budget 2022/23</b>	<b>Draft Budget 2023/24</b>
Total Operating Revenue	291 052 000	269 534 000	272 339 000	285 071 765
Total Operating Expenditure	327 767 233	338 088 000	392 662 000	363 718 204
(Surplus/Deficit for the year)	(36 715 233)	(803 000)	(52 572 000)	(15 453 189)
Total Capital Expenditure	90 499 726	96 871 000	112 150 000	101 683 936

Total operating revenue has increased by R8.3 million for the 2023/2024 financial year when compared to the 2022/2023 Adjustments Budget. For the two outer years, operational revenue will increase by 4,9 and 4,7 per cent respectively, equating to a total revenue growth of R12 million over the MTREF when compared to the 2023/2024 financial year.

Total operating expenditure for the 2023/2024 financial year has been appropriated at R363 million and translates into an decreased budgeted deficit of R15million. When compared to the 2022/2023 Adjustments Budget, operational expenditure has decrease by R28 million in the 2023/2024 budget and increased by 4,9 and 4,7 per cent for each of the respective outer years of the MTREF.

The capital budget of R101 million for 2023/2024 is R11 million less when compared to the 2022/23 Adjustment Budget.

The capital program increases to R104 million in the 2024/2025 financial year. A portion of the capital budget will be funded from internally generated funds in the 2023/2024 financial year.



## 1.4 Operating Revenue Framework

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a per cent annual collection rate for property rates and service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services remains a challenge;
- The municipality's Indigent Policy and rendering of free basic services; and

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

**Table 2 Summary of revenue classified by main revenue source**

EC156 Mhlontlo - Table A1 Budget Summary

Description	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
	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>R thousands</b>							
<b>Financial Performance</b>							
Property rates	34 437	34 437	34 437	34 437	36 791	38 594	40 408
Service charges	1 897	1 897	1 897	1 897	1 981	2 078	2 179
Investment revenue	3 418	3 418	3 418	3 418	6 148	6 449	6 719
Transfer and subsidies - Operational	226 529	226 529	226 529	226 529	236 646	247 746	236 362
Other own revenue	3 253	3 253	3 253	3 253	3 505	3 677	3 670
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>269 534</b>	<b>269 534</b>	<b>269 534</b>	<b>269 534</b>	<b>285 072</b>	<b>298 544</b>	<b>289 339</b>

**Table 3 Operating Transfers and Grant Receipts**

Prospective Grant revenue for 2023/24 MTREF	2022/23	2023/24	2024/25	2025/25
Equitable Share	217 727 000	229 195 000	241 744 000	230 775 000
Municipal Finance Management Grant	2 300 000	2 300 000	2 438 000	1 754 000
EPWP	2 300 000	1 754 000	-	-
Library support	550 000	550 000	550 000	550 000
	<b>222 877 000</b>	<b>233 799 000</b>	<b>244 732 000</b>	<b>233 079 000</b>

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

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the municipality's financial sustainability. The Consumer Price Index (CPI) is forecasted to be within the lower limit of the 3 to 6 per cent target band; therefore, municipalities are required to justify all increases in excess of the projected inflation target for 2023/2024 MTREF in their budget narratives and pay careful attention to the differential incidence of tariff increases across all consumer groups.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, and electricity, petrol, diesel, repairs and maintenance etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

#### **1.4.1 Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R15 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;

- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2023/2024 financial year based on a 5,3 per cent increase from 1 July 2023 is contained below:

**Table 4 Comparison of proposed rates to levied for the 2023/2024 financial year**

	WITHOUT VAT	Old Tariff	Old Tariff	Proposed Tariff Vat Excluded	Proposed Tariff Vat Excluded	Proposed Tariff Vat Excluded
		2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
<b>2</b>	<b>ASSESMENT RATES</b>					
7,1	<i>Residential</i>	R 0,0084806	R 0,008888	R 0,009359	R 0,009817	R 0,010279
	First R30 000 discount					
7,2	<i>Vacant Land</i>	R 0,0084806	R 0,008888	R 0,009359	R 0,009817	R 0,010279
7,3	<i>Commercial</i>	R 0,0186981	R 0,019596	R 0,020634	R 0,021645	R 0,022663
7,4	<i>Government</i>					
	State owned properties	R 0,0170904	R 0,01791	R 0,01886	R 0,019784	R 0,020714
7,5	<i>Farms</i>					
	Apply for R30 000 residential discount.	R 0,0021202	R 0,002222	R 0,002340	R 0,002454	R 0,002570

#### 1.4.2 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

A 5,3 per cent increase in the waste removal tariff is proposed from 1 July 2023. Any increase higher than 5,3 per cent will not be viable in 2023/2024 and would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

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

**Table 5 Comparison between current waste removal fees and increases**

	WITHOUT VAT	Old Tariff	Old Tariff	Proposed Tariff Vat Excluded	Proposed Tariff Vat Excluded	Proposed Tariff Vat Excluded
<b>1</b>	<b>REFUSE REMOVAL CHARGES</b>	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
1,1	<i>Government</i>		*			
(a)	Each property shall be charged a basic service charge per month.	R 317,25	R 332,47	R 350,10	R 367,25	R384,51
(b)	<i>Hospitals (per week)</i>	R 460,85	R 482,97	R 508,57	R 533,49	R558,56
1,2	<i>Domestic Removals</i>			R 0,00	R 0,00	R0,00
(a)	Every owner or occupier of premises from which refuse is removed weekly shall pay the Council a fee per month.	R 75,60	R 79,23	R 83,43	R 87,52	R91,63
				R 0,00	R 0,00	0
1,3	<i>Commercial Removals</i>			R 0,00	R 0,00	0
(a)	Each individual/separate business shall be charged a basic service charge per week.	R 470,64	R 493,23	R 519,37	R 544,82	R570,43
1,4	<i>Availability Charge</i>			R 0,00	0	0
	A availability fee , is charged to any vacant commercial erven located in the town areas of Tsolo and Qumbu	R 317,25	R 332,47	R 350,10	R 367,25	R384,51

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2023/2024 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

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

**Table 6 Summary of operating expenditure by standard classification item****EC156 Mhlontlo - Table A1 Budget Summary**

Description	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
	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>R thousands</b>							
<b>Financial Performance</b>							
Employee costs	107 736	107 736	107 736	107 736	97 827	102 621	102 425
Remuneration of councillors	24 205	24 205	24 205	24 205	20 690	21 704	21 662
Depreciation and amortisation	52 187	52 187	52 187	52 187	49 421	51 842	51 744
Finance charges	-	-	-	-	-	-	-
Inventory consumed and bulk purchases	10 120	10 120	10 120	10 120	12 086	12 679	12 654
Transfers and subsidies	3 102	3 102	3 102	3 102	2 402	2 520	2 515
Other expenditure	140 738	140 738	140 738	140 738	181 292	190 175	193 510
<b>Total Expenditure</b>	<b>338 088</b>	<b>338 088</b>	<b>338 088</b>	<b>338 088</b>	<b>363 718</b>	<b>381 540</b>	<b>384 510</b>

The budgeted allocation for employee related costs for the 2023/2024 financial year totals to R118 million including remuneration of councilors, which equals 35 per cent of the total operating expenditure excluding non-cash items. The job evaluation exercise is about to be finalized, as only two departments are awaiting evaluation. At this stage, the employee related costs been increased by 5,3%.

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

The provision of debt impairment was determined based on an annual collection rate of 61 per cent of the Municipality. For the 2023/2024 financial year this amount equates to R15 million. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R49 million for the 2023/2024 financial and equates to 15 per cent of the total operating expenditure.

Other expenditure comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and electricity.

**OPERATING PROJECTS**

<b>Project name</b>	<b>Amount</b>
<b>Pounding of animals</b>	
Qumbu- Impounding of animals	770 000,00
Tsolo- Impounding of animals	670 000,00
	<b>1 440 000,00</b>
<b>Traffic services</b>	
Licencing and Registration of 1000 vehicles	60 000,00
Testing of 1000 learner drivers	788 000,00
Maintain road signs ad markings	200 000,00
Awareness campaigns on community safety plan	200 000,00
Provision of security Services	12 000 000,00
Host quarterly community safety forum meetings	40 000,00
Law enforcement	1 228 952,43
Purchase of Traffic Employees Protective Clothing	200 000,00
Quarterly Calibration of Prolazer III	80 000,00
	<b>14 976 952,43</b>
<b>Waste management</b>	
Rehabilitation and Maintenance of Landfill Site	1 400 000,00
Municipal EPWP	5 292 000,00
Planting of 40 trees	200 000,00
Distribution of refuse bags to households	4 830 000,00
Awareness Campaigns	282 000,00
	<b>12 004 000,00</b>
<b>Cemetery</b>	
Tagging of Tsolo cemetery	800 000,00
Fencing of Qumbu new homes' cemetery	200 000,00
Tagging of Qumbu cemetery	660 000,00
Re-zoning and gazetting of new cemeteries	500 000,00
Pauper burrial	150 000,00
Cleanining and clearing of Qumbu cemetry	300 000,00
Cleanining and clearing of Tsolo Cemetry	650 000,00
	<b>3 260 000,00</b>
<b>Local Economic Development</b>	
Capacity building for LED Forum	63 600
Fencing of Arable Land	1 642 000
Hold One Farmers Indaba & Agricultural Show	800 000
Purchase of Agricultural inputs	1 600 000
Incubator programme targeting 6 commodities, contractors	1 300 000
Introduction of entrepreneurial skills to 12 high schools	550 000
Feasibility study on acquaculture (Business stratedy)	500 000
Host annual Tourism event	300 000
Bajodini Horse Racing	690 000
Representation of Mhlontlo in Tourism and Trade events	515 000
Purchasing of Brading material	300 000
Support Franchise Businesses	800 000
Contectionary enterprise	300 000

Host 4 flea markets	40 000
Rural economy upliftment	495 000
Training of 10 fashion designers (10 participants)	425 000
Entrepreneurial support	425 000
Training of 10 crafters and artists	425 000
Gazetting of bylaws	500 000
	<b>11 670 600,00</b>
<b>Special programs</b>	
Project Budget - HIV/AIDS	445 900,00
Project Budget - Elderly	900 900,00
Project Budget - Women	142 100,00
Project Budget - Disabled	1 358 250,00
Project Budget - Children	290 000,00
Project Budget - Youth	792 000,00
Project Budget - Military veterans	111 750,00
Project Budget – Kingdom	2 300 000,00
	<b>6 340 900,00</b>
<b>Corporate services</b>	
20 employees to be trained and capacitated in line with WSP.	1 440 000,00
Performance management	290 000,00
Review and Implement employment equity plan	4 600,00
Implement and review HR Policies.	2 076 935,00
Maintain and update HR systems	50 000,00
implement O.H.S. and wellness plan	5 350 000,00
Spring cleaning services	1 500 000,00
HR Plan-Accommodation, catering, venue	200 000,00
printing and stationery	362 500,00
License fees	2 607 000,00
Repairs and Maintenance	76 000,00
Telephone and internet	10 800 000,00
	<b>24 757 035,00</b>
<b>Town Planning</b>	
Beneficiary administration/ housing needs register	90 000,00
Street naming	350 000,00
Land use management	700 000,00
Feasibility study for township establishment	400 000,00
Building and maintenance	3 500 000,00
Review of Spatial development framework	500 000,00
	<b>4 540 000,00</b>
<b>Strategic (IDP)</b>	
Rep Forum	162 600,00
Needs/Situational analysis	1 694 480,00
Strategic Planning	1 123 984,00
IDP and Budget Roadshow/ Consultation	1 227 240,00
IDP Assessment	34 951,20
IDP Submission	10 573,40
	<b>4 253 828,60</b>

<b>Project name</b>	<b>Amount</b>
<b>Council</b>	
Moral Regeneration	156 000,00
Traditional Leaders – Initiations awareness campaigns	618 500,00
Heritage Day Celebrations	442 500,00
Public participation programs	1 000 000,00
Open ordinary council - communications	500 000,00
Training of ward committees	551 000,00
Training of councilor's	2 500 000,00
	<b>5 768 000,00</b>
<b>Budget and Treasury</b>	
Free basic services	9 488 960,00
Compilation of General valuation roll	1 648 000,00
Updating of Indigent register	116 000,00
Preparing Fixed asset register	1 200 000,00
Insurance of municipal assets	2 100 000,00
External Audit fees	3 900 000,00
	<b>18 452 960,00</b>
<b>Internal audit</b>	
Consulting fees	1 200 000,00
Membership fees	17 500,00
Registration fees	150 000,00
Audit committee	600 000,00
Trainings and other ad hoc meetings	456 165,00
	<b>2 423 665,00</b>

### 1.5.1 Repairs and maintenance

Repairs and maintenance expenditure have been prioritised to ensure sustainability of the Municipality's infrastructure. For 2023/2024 the appropriation against this group of expenditure totals to R46 million.

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



**Table 7 Repairs and maintenance per asset class****EC156 Mhlontlo - Table A9 Asset Management**

Description	Ref	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		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>Repairs and Maintenance by Asset Class</b>	3	15 150	15 150	15 150	39 945	41 902	43 555
<i>Roads Infrastructure</i>		6 000	6 000	6 000	33 750	35 404	35 336
<i>Storm water Infrastructure</i>		-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-
<b>Infrastructure</b>		<b>6 000</b>	<b>6 000</b>	<b>6 000</b>	<b>33 750</b>	<b>35 404</b>	<b>35 336</b>
Community Facilities		-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	-	-	-
<b>Heritage Assets</b>		-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-
Operational Buildings		2 900	2 900	2 900	5 550	5 822	7 543
Housing		-	-	-	-	-	-
<b>Other Assets</b>		<b>2 900</b>	<b>2 900</b>	<b>2 900</b>	<b>5 550</b>	<b>5 822</b>	<b>7 543</b>
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-
Servitudes		-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-
<b>Computer Equipment</b>		-	-	-	-	-	-
<b>Furniture and Office Equipment</b>		-	-	-	-	-	-
<b>Machinery and Equipment</b>		-	-	-	-	-	-
<b>Transport Assets</b>		6 250	6 250	6 250	645	677	675
Land		-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>24 300</b>	<b>24 300</b>	<b>24 300</b>	<b>46 140</b>	<b>48 401</b>	<b>51 774</b>

The following maintenance projects have been identified:

<b>Maintenance of High mast Lights</b>	
Tsolo high mast lights	2 000 000
Qumbu high mast lights	2 000 000
	<b>3 000 000</b>
<b>Maintenance of roads</b>	
Maintenance of urban roads-Qumbu	3 000 000
Maintenance of urban roads- Tsolo	3 000 000
Maintenance of rural roads	27 750 000
	<b>33 750 000</b>

### 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services, the households are required to register in terms of the Municipality's Indigent Policy. The target is to register more indigent households during the 2023/2024 financial year, a process reviewed annually.

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.

An amount totaling to R3,8 million has been set aside for free basic energy, and R4 million for the supply of paraffin

### 1.6 Capital expenditure

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

**Table 8 2023/2024 Medium-term capital budget per vote**

Vote Description  R thousand	Ref	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		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>Capital expenditure - Vote</b>								
<b>Single-year expenditure to be appropriated</b>	2							
Vote 10 - EXECUTIVE AND COUNCIL (31: CS)		1 000	1 000	1 000	1 000	-	-	-
Vote 11 - FINANCE AND ADMIN (32: CS)		18 950	18 950	18 950	18 950	25 381	26 487	26 437
Vote 12 - PLANNING AND DEVELOPMENT (33: CS)		-	-	-	-	-	-	-
Vote 13 - PUBLIC SAFETY (37: CS)		5 000	5 000	5 000	5 000	900	944	942
Vote 14 - WASTE MANAGEMENT (40: CS)		1 000	1 000	1 000	1 000	4 710	4 616	4 607
Vote 15 - ROAD TRANSPORT (42: CS)		70 921	70 921	70 921	70 921	70 692	72 286	71 017
Vote 7 - WASTE MANAGEMENT (20: IE)		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>96 871</b>	<b>96 871</b>	<b>96 871</b>	<b>96 871</b>	<b>101 684</b>	<b>104 333</b>	<b>103 003</b>
<b>Total Capital Expenditure - Vote</b>		<b>96 871</b>	<b>96 871</b>	<b>96 871</b>	<b>96 871</b>	<b>101 684</b>	<b>104 333</b>	<b>103 003</b>
<b>Capital Expenditure - Functional</b>								
<b>Governance and administration</b>		<b>14 950</b>	<b>14 950</b>	<b>14 950</b>	<b>14 950</b>	<b>22 250</b>	<b>23 340</b>	<b>23 296</b>
Executive and council		-	-	-	-	-	-	-
Finance and administration		14 950	14 950	14 950	14 950	22 250	23 340	23 296
Internal audit		-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>8 120</b>	<b>8 120</b>	<b>8 120</b>	<b>8 120</b>	<b>3 020</b>	<b>3 168</b>	<b>3 162</b>
Community and social services		-	-	-	-	-	-	-
Sport and recreation		2 120	2 120	2 120	2 120	2 120	2 224	2 220
Public safety		6 000	6 000	6 000	6 000	900	944	942
Housing		-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-

<b>Economic and environmental services</b>		52 833	52 833	52 833	52 833	58 653	54 159	54 438
Planning and development		40 818	40 818	40 818	40 818	36 772	28 299	29 367
Road transport		12 015	12 015	12 015	12 015	21 881	25 860	25 071
Environmental protection		-	-	-	-	-	-	-
<b>Trading services</b>		20 968	20 968	20 968	20 968	17 761	23 666	22 107
Energy sources		20 968	20 968	20 968	20 968	13 361	19 050	17 500
Water management		-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-
Waste management		-	-	-	-	4 400	4 616	4 607
<b>Other</b>		-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	96 871	96 871	96 871	96 871	101 684	104 333	103 003
<b>Funded by:</b>								
National Government		72 751	72 751	72 751	72 751	65 122	67 335	66 075
Provincial Government		-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	72 751	72 751	72 751	72 751	65 122	67 335	66 075
<b>Borrowing</b>	6	-	-	-	-	-	-	-
<b>Internally generated funds</b>		24 120	24 120	24 120	24 120	36 562	36 998	36 928
<b>Total Capital Funding</b>	7	96 871	96 871	96 871	96 871	101 684	104 333	103 003

For 2023/2024 an amount of R101 million has been appropriated for the development of infrastructure which represents 26 per cent of the total budget.

Total new assets represent 100 per cent or R101 million of the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 17 MBRR A9 (Asset Management) on page 31. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

Below is a list of all capital projects to be undertaken over the medium term.

<b>Project Name</b>	<b>Amount</b>	<b>Ward</b>
<b>Infrastructure Services (MIG)</b>		
Rehabilitation of sports field - Tsolo sport field	2 095 598	6
Gravel Access Road - Tar to Suthwini (Ward 7) - Retention (Practically complete)	346 817	7
Gravel Access Road - Gqunu farms (Ward 15)	499 899	15
Tsolo Stormwater drainage phase 2	7 205 493	6
Gravel Access Road - Batyi (Ward 1) – Retention (Practically complete)	385 549	1
Gravel Access Road - Nomhala-St Cuthberts (Ward 3)	4 488 976	3
Gravel Access Road - T213-Cameron Ngudle (Ward 5)	2 991 785	5
Gravel Access Road - Shawbury-Mncetyana (ward 9) - Retention	765 658	9
Gravel Access Road – Sboko to Stadium (ward 14) - Retention	351 814	14
Gravel Access Road – Gqubela-Mhlabathi (ward 8)	6 788 426	8
Gravel Access Road – Caweni-Dudumeni (ward 11)	5 025 757	11
Gravel Access Road – Nodali-Madiba (ward 12)	6 788 426	12
Gravel Access Road – Ntibane-Mabheleni Access Road (ward 20)	9 173 045	20
Tsolo New Homes Pre-School (ward 6)	1 098 940	6
Ntibane Farms Pre-School (ward 7)	306 187	7
Mchathu-Sidwadweni Community Halls (ward 26)	780 120	26
Sithangameni Community Halls (ward 18)	780 120	18
	<b>49 838 900</b>	
<b>Infrastructure Services (Equitable share)</b>		
Completion of Qumbu Town Hall – Retention (Practically complete)	850 000	15
Upgrade of Tsolo service centre	131 422	6
Construction of Vehicle testing centre (Phase 1)	400 000	6
Upgrading of traffic offices	3 000 000	15
Construction of Qumbu and Tsolo ablution facilities - Retention (Practically complete)	310 019	6
Construction of Mvumelwano sports field - Retention (Practically complete)	2 120 064	14

	<b>6 811 505</b>	
<b>Electrification of village Extensions (700 households)</b>	<b>13 361 000</b>	
<b>Municipal Capital Purchases</b>		
<b>Public Safety</b>		
Purchase of tools and equipment	128 000	
Purchase of security cameras	500 000	
Purchase of Vehicle trailers (2x)	600 000	
Purchase of vehicle double cab	700 000	
	<b>1 928 000</b>	
<b>Waste Management</b>		
Purchase of grass cutting machines	80 000	
Purchase Front end Loader	1 800 000	
Purchase skip bin truck	1 800 000	
Purchase Taxi for waste	800 000	
	<b>4 480 000</b>	
<b>Corporate Services</b>		
Furniture and Office equipment	5 000 000	
Alternative energy sources	1 200 000	
Notebooks and Desktops replacement	1 900 000	
Computer equipment	2 500 000	
	<b>10 600 000</b>	

## 1.7 Annual Budget Tables - Parent Municipality

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2023/2024 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

**Table 9 MBRR Table A1 - Budget Summary**

EC156 Mhlontlo - Table A1 Budget Summary

Description	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
	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>R thousands</b>							
<b>Financial Performance</b>							
Property rates	34 437	34 437	34 437	34 437	36 791	38 594	40 408
Service charges	1 897	1 897	1 897	1 897	1 981	2 078	2 179
Investment revenue	3 418	3 418	3 418	3 418	6 148	6 449	6 719
Transfer and subsidies - Operational	226 529	226 529	226 529	226 529	236 646	247 746	236 362
Other own revenue	3 253	3 253	3 253	3 253	3 505	3 677	3 670
	<b>269 534</b>	<b>269 534</b>	<b>269 534</b>	<b>269 534</b>	<b>285 072</b>	<b>298 544</b>	<b>289 339</b>
<b>Total Revenue (excluding capital transfers and contributions)</b>							
Employee costs	107 736	107 736	107 736	107 736	97 827	102 621	102 425
Remuneration of councillors	24 205	24 205	24 205	24 205	20 690	21 704	21 662
Depreciation and amortisation	52 187	52 187	52 187	52 187	49 421	51 842	51 744
Finance charges	-	-	-	-	-	-	-
Inventory consumed and bulk purchases	10 120	10 120	10 120	10 120	12 086	12 679	12 654
Transfers and subsidies	3 102	3 102	3 102	3 102	2 402	2 520	2 515
Other expenditure	140 738	140 738	140 738	140 738	181 292	190 175	193 510
<b>Total Expenditure</b>	<b>338 088</b>	<b>338 088</b>	<b>338 088</b>	<b>338 088</b>	<b>363 718</b>	<b>381 540</b>	<b>384 510</b>
<b>Surplus/(Deficit)</b>	<b>(68 554)</b>	<b>(68 554)</b>	<b>(68 554)</b>	<b>(68 554)</b>	<b>(78 646)</b>	<b>(82 996)</b>	<b>(95 172)</b>
Transfers and subsidies - capital (monetary allocations)	67 751	67 751	67 751	67 751	63 193	71 324	69 674
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-
	(803)	(803)	(803)	(803)	(15 453)	(11 672)	(25 497)
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>							
— Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-

<b>Surplus/(Deficit) for the year</b>	(803)	(803)	(803)	(803)	(15 453)	(11 672)	(25 497)
<b>Capital expenditure &amp; funds sources</b>							
<b>Capital expenditure</b>	96 871	96 871	96 871	96 871	101 684	104 333	103 003
Transfers recognised - capital	72 751	72 751	72 751	72 751	65 122	67 335	66 075
Borrowing	-	-	-	-	-	-	-
Internally generated funds	24 120	24 120	24 120	24 120	36 562	36 998	36 928
<b>Total sources of capital funds</b>	96 871	96 871	96 871	96 871	101 684	104 333	103 003
<b>Financial position</b>							
Total current assets	122 283	122 283	122 283	122 283	128 240	79 166	2 379
Total non current assets	565 175	565 175	565 175	565 175	587 621	625 022	676 313
Total current liabilities	24 139	24 139	24 139	24 139	65 898	65 898	65 898
Total non current liabilities	-	-	-	-	-	-	-
Community wealth/Equity	681 653	681 653	681 653	681 653	649 963	638 291	612 794
<b>Cash flows</b>							
Net cash from (used) operating	72 548	75 585	10 686	10 686	11 319	16 412	2 534
Net cash from (used) investing	-	-	-	-	(101 969)	(104 364)	(103 034)
Net cash from (used) financing	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	241 777	244 814	179 914	179 914	79 740	(8 213)	(108 713)
<b>Cash backing/surplus reconciliation</b>							
Cash and investments available	670 047	670 047	670 047	670 047	688 988	662 967	637 470
Application of cash and investments	(2 635)	(8 507)	(2 673)	(2 673)	19 728	18 071	18 079
<b>Balance - surplus (shortfall)</b>	672 682	678 554	672 720	672 720	669 260	644 896	619 391
<b>Asset management</b>							
Asset register summary (WDV)	-	-	-	-	-	-	-
Depreciation	52 187	52 187	52 187	49 421	51 842	51 744	-
Renewal and Upgrading of Existing Assets	17 286	17 286	17 286	11 103	8 985	8 968	-
Repairs and Maintenance	15 150	15 150	15 150	39 945	41 902	43 555	-

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

- Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital



expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasis the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality has always had a positive cash balance.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

**Table 10 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

**EC156 Mhlontlo - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)**

Functional Classification Description	Ref	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		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>1</b>						
<b><u>Revenue - Functional</u></b>							
<b><i>Governance and administration</i></b>		<b>258 024</b>	<b>258 024</b>	<b>258 024</b>	<b>143 587</b>	<b>151 214</b>	<b>147 907</b>
Executive and council		-	-	-	28 535	30 097	28 731
Finance and administration		258 024	258 024	258 024	115 052	121 117	119 175
Internal audit		-	-	-	-	-	-
<b><i>Community and public safety</i></b>		<b>3 776</b>	<b>3 776</b>	<b>3 776</b>	<b>30 350</b>	<b>31 989</b>	<b>30 718</b>
Community and social services		-	-	-	550	577	576
Sport and recreation		-	-	-	-	-	-
Public safety		3 776	3 776	3 776	29 800	31 412	30 142
Housing		-	-	-	-	-	-
Health		-	-	-	-	-	-
<b><i>Economic and environmental services</i></b>		<b>52 593</b>	<b>52 593</b>	<b>52 593</b>	<b>124 681</b>	<b>134 312</b>	<b>130 210</b>
Planning and development		50 293	50 293	50 293	86 646	91 087	89 632
Road transport		2 300	2 300	2 300	38 035	43 224	40 578
Environmental protection		-	-	-	-	-	-
<b><i>Trading services</i></b>		<b>22 892</b>	<b>22 892</b>	<b>22 892</b>	<b>49 647</b>	<b>52 353</b>	<b>50 179</b>
Energy sources		20 968	20 968	20 968	-	-	-
Water management		-	-	-	-	-	-
Waste water management		-	-	-	-	-	-
Waste management		1 924	1 924	1 924	49 647	52 353	50 179
<b><i>Other</i></b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue - Functional</b>	<b>2</b>	<b>337 285</b>	<b>337 285</b>	<b>337 285</b>	<b>348 265</b>	<b>369 868</b>	<b>359 013</b>
<b><u>Expenditure - Functional</u></b>							
<b><i>Governance and administration</i></b>		<b>150 146</b>	<b>150 146</b>	<b>150 146</b>	<b>170 638</b>	<b>179 000</b>	<b>182 304</b>
Executive and council		37 804	37 804	37 804	55 136	57 837	58 610
Finance and administration		112 090	112 090	112 090	115 453	121 110	123 642
Internal audit		252	252	252	50	52	52
<b><i>Community and public safety</i></b>		<b>38 792</b>	<b>38 792</b>	<b>38 792</b>	<b>35 794</b>	<b>37 548</b>	<b>37 476</b>
Community and social services		1 588	1 588	1 588	1 609	1 688	1 685

Sport and recreation		-	-	-	-	-	-
Public safety		37 203	37 203	37 203	34 185	35 860	35 792
Housing		-	-	-	-	-	-
Health		-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>120 224</b>	<b>120 224</b>	<b>120 224</b>	<b>135 881</b>	<b>142 539</b>	<b>142 277</b>
Planning and development		35 568	35 568	35 568	40 407	42 386	42 306
Road transport		84 656	84 656	84 656	95 474	100 153	99 972
Environmental protection		-	-	-	-	-	-
<b>Trading services</b>		<b>28 927</b>	<b>28 927</b>	<b>28 927</b>	<b>21 405</b>	<b>22 454</b>	<b>22 452</b>
Energy sources		-	-	-	-	-	-
Water management		-	-	-	-	-	-
Waste water management		-	-	-	-	-	-
Waste management		28 927	28 927	28 927	21 405	22 454	22 452
<b>Other</b>	4	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	<b>338 088</b>	<b>338 088</b>	<b>338 088</b>	<b>363 718</b>	<b>381 540</b>	<b>384 510</b>
<b>Surplus/(Deficit) for the year</b>		<b>(803)</b>	<b>(803)</b>	<b>(803)</b>	<b>(15 453)</b>	<b>(11 672)</b>	<b>(25 497)</b>

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. This is not the case with Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

**Table 11 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

EC156 'Mhlontlo - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		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>Revenue by Vote</b>	1						
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)		-	-	-	31 537	33 264	31 755
Vote 2 - FINANCE AND ADMIN (12: IE)		258 024	258 024	258 024	115 052	121 117	119 175
Vote 3 - PLANNING AND DEVELOPMENT (13: IE)		-	-	-	24 748	26 102	25 204
Vote 4 - COMMUNITY AND SOCIAL SERVICES (15: IE)		27	27	27	29	30	30
Vote 5 - PUBLIC SAFETY (17: IE)		3 776	3 776	3 776	57 853	60 998	58 411
Vote 6 - SPORT AND RECREATION (18: IE)		-	-	-	-	-	-
Vote 7 - WASTE MANAGEMENT (20: IE)		1 897	1 897	1 897	22 115	23 314	22 456
Vote 8 - ROAD TRANSPORT (22: IE)		73 561	73 561	73 561	96 930	105 043	101 983
		-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>337 285</b>	<b>337 285</b>	<b>337 285</b>	<b>348 265</b>	<b>369 868</b>	<b>359 013</b>
<b>Expenditure by Vote to be appropriated</b>	1						
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)		46 851	46 851	46 851	67 154	70 444	71 193
Vote 2 - FINANCE AND ADMIN (12: IE)		97 209	97 209	97 209	103 088	108 139	109 005
Vote 3 - PLANNING AND DEVELOPMENT (13: IE)		26 308	26 308	26 308	31 030	32 550	34 221
Vote 4 - COMMUNITY AND SOCIAL SERVICES (15: IE)		3 336	3 336	3 336	4 639	4 866	4 857
Vote 5 - PUBLIC SAFETY (17: IE)		34 430	34 430	34 430	34 665	36 363	36 294
Vote 6 - SPORT AND RECREATION (18: IE)		-	-	-	-	-	-
Vote 7 - WASTE MANAGEMENT (20: IE)		28 116	28 116	28 116	17 988	18 870	18 834
Vote 8 - ROAD TRANSPORT (22: IE)		101 838	101 838	101 838	105 155	110 307	110 107
		-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>338 088</b>	<b>338 088</b>	<b>338 088</b>	<b>363 718</b>	<b>381 540</b>	<b>384 510</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>(803)</b>	<b>(803)</b>	<b>(803)</b>	<b>(15 453)</b>	<b>(11 672)</b>	<b>(25 497)</b>

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the Municipality.

**Table 12 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

**EC156 Mhlontlo – Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		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>R thousand</b>	1							
<b>Revenue</b>								
<b>Exchange Revenue</b>								
Service charges - Waste Management	2	1 897	1 897	1 897	1 897	1 981	2 078	2 179
Sale of Goods and Rendering of Services		27	27	27	27	29	30	30
Agency services		1 641	1 641	1 641	1 641	1 728	1 812	1 809
Interest		-	-	-	-	-	-	-
Interest earned from Receivables		-	-	-	-	80	84	84
Interest earned from Current and Non Current		-	-	-	-	-	-	-
Assets		3 418	3 418	3 418	3 418	6 148	6 449	6 719
Dividends		-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-
Rental from Fixed Assets		15	15	15	15	16	16	16
Licence and permits		-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-
<b>Non-Exchange Revenue</b>								
Property rates	2	34 437	34 437	34 437	34 437	36 791	38 594	40 408
Surcharges and Taxes		-	-	-	-	-	-	-
Fines, penalties and forfeits		72	72	72	72	76	80	80
Licences or permits		1 498	1 498	1 498	1 498	1 578	1 655	1 652
Transfer and subsidies - Operational		226 529	226 529	226 529	226 529	236 646	247 746	236 362
Interest		-	-	-	-	-	-	-

Fuel Levy		-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>269 534</b>	<b>269 534</b>	<b>269 534</b>	<b>269 534</b>	<b>285 072</b>	<b>298 544</b>	<b>289 339</b>
<b>Expenditure</b>								
Employee related costs	2	107 736	107 736	107 736	107 736	97 827	102 621	102 425
Remuneration of councillors		24 205	24 205	24 205	24 205	20 690	21 704	21 662
Bulk purchases - electricity	2	-	-	-	-	-	-	-
Inventory consumed	8	10 120	10 120	10 120	10 120	12 086	12 679	12 654
Debt impairment	3	-	-	-	-	15 121	15 862	16 609
Depreciation and amortisation		52 187	52 187	52 187	52 187	49 421	51 842	51 744
Interest		-	-	-	-	-	-	-
Contracted services		40 275	40 275	40 275	40 275	58 567	61 437	63 368
Transfers and subsidies		3 102	3 102	3 102	3 102	2 402	2 520	2 515
Irrecoverable debts written off		17 800	17 800	17 800	17 800	-	-	-
Operational costs		82 662	82 662	82 662	82 662	107 604	112 876	113 533
Losses on disposal of Assets		-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>338 088</b>	<b>338 088</b>	<b>338 088</b>	<b>338 088</b>	<b>363 718</b>	<b>381 540</b>	<b>384 510</b>
<b>Surplus/(Deficit)</b>		<b>(68 554)</b>	<b>(68 554)</b>	<b>(68 554)</b>	<b>(68 554)</b>	<b>(78 646)</b>	<b>(82 996)</b>	<b>(95 172)</b>
Transfers and subsidies - capital (monetary allocations)	6	67 751	67 751	67 751	67 751	63 193	71 324	69 674
Transfers and subsidies - capital (in-kind)	6	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(803)</b>	<b>(803)</b>	<b>(803)</b>	<b>(803)</b>	<b>(15 453)</b>	<b>(11 672)</b>	<b>(25 497)</b>
Income Tax		-	-	-	-	-	-	-
<b>Surplus/(Deficit) after income tax</b>		<b>(803)</b>	<b>(803)</b>	<b>(803)</b>	<b>(803)</b>	<b>(15 453)</b>	<b>(11 672)</b>	<b>(25 497)</b>
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(803)</b>	<b>(803)</b>	<b>(803)</b>	<b>(803)</b>	<b>(15 453)</b>	<b>(11 672)</b>	<b>(25 497)</b>
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	1	<b>(803)</b>	<b>(803)</b>	<b>(803)</b>	<b>(803)</b>	<b>(15 453)</b>	<b>(11 672)</b>	<b>(25 497)</b>

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

1. Total revenue is R348 million in 2023/2024 and escalates to R369 million by 2024/25.
2. Revenue to be generated from property rates is R36 million in the 2023/2024 financial year and increases to R38 million by 2024/25 which represents 4,9 per cent of the operating revenue base of the Municipality and therefore remains a limited funding source for the municipality.
3. Services charges relating to refuse removal constitutes the smallest component of the revenue basket of the Municipality totaling to only R1,9 million for the 2023/2024 financial year and increasing to R2 million by 2024/25
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF.

**Table 13 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Vote Description	Ref	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1							
<b>Capital expenditure - Vote</b>								
<b>Single-year expenditure to be appropriated</b>	2							
Vote 10 - EXECUTIVE AND COUNCIL (31: CS)		1 000	1 000	1 000	1 000	-	-	-
Vote 11 - FINANCE AND ADMIN (32: CS)		18 950	18 950	18 950	18 950	25 381	26 487	26 437
Vote 12 - PLANNING AND DEVELOPMENT (33: CS)		-	-	-	-	-	-	-
Vote 13 - PUBLIC SAFETY (37: CS)		5 000	5 000	5 000	5 000	900	944	942
Vote 14 - WASTE MANAGEMENT (40: CS)		1 000	1 000	1 000	1 000	4 710	4 616	4 607
Vote 15 - ROAD TRANSPORT (42: CS)		70 921	70 921	70 921	70 921	70 692	72 286	71 017
Vote 7 - WASTE MANAGEMENT (20: IE)		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>96 871</b>	<b>96 871</b>	<b>96 871</b>	<b>96 871</b>	<b>101 684</b>	<b>104 333</b>	<b>103 003</b>

Total Capital Expenditure - Vote		96 871	96 871	96 871	96 871	101 684	104 333	103 003
<b>Capital Expenditure - Functional</b>								
<b>Governance and administration</b>		14 950	14 950	14 950	14 950	22 250	23 340	23 296
Executive and council		-	-	-	-	-	-	-
Finance and administration		14 950	14 950	14 950	14 950	22 250	23 340	23 296
Internal audit		-	-	-	-	-	-	-
<b>Community and public safety</b>		8 120	8 120	8 120	8 120	3 020	3 168	3 162
Community and social services		-	-	-	-	-	-	-
Sport and recreation		2 120	2 120	2 120	2 120	2 120	2 224	2 220
Public safety		6 000	6 000	6 000	6 000	900	944	942
Housing		-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-
<b>Economic and environmental services</b>		52 833	52 833	52 833	52 833	58 653	54 159	54 438
Planning and development		40 818	40 818	40 818	40 818	36 772	28 299	29 367
Road transport		12 015	12 015	12 015	12 015	21 881	25 860	25 071
Environmental protection		-	-	-	-	-	-	-
<b>Trading services</b>		20 968	20 968	20 968	20 968	17 761	23 666	22 107
Energy sources		20 968	20 968	20 968	20 968	13 361	19 050	17 500
Water management		-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-
Waste management		-	-	-	-	4 400	4 616	4 607
<b>Other</b>		-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	96 871	96 871	96 871	96 871	101 684	104 333	103 003
<b>Funded by:</b>								
National Government		72 751	72 751	72 751	72 751	65 122	67 335	66 075
Provincial Government		-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	72 751	72 751	72 751	72 751	65 122	67 335	66 075
<b>Borrowing</b>	6	-	-	-	-	-	-	-
<b>Internally generated funds</b>		24 120	24 120	24 120	24 120	36 562	36 998	36 928
<b>Total Capital Funding</b>	7	96 871	96 871	96 871	96 871	101 684	104 333	103 003



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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (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.
2. Single-year capital expenditure has been appropriated at R102 million for the 2023/2024 financial year and remains relatively constant over the MTREF at levels of R107 million and R107 million respectively for the two outer years.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital programme is funded from capital and provincial grants and transfers, and internally generated funds. For 2023/2024, capital transfers totals to R63,1 million (62 per cent).
5. Internally generated funding totaling R39 million, R41 million and 41 million for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

**Table 14 MBRR Table A6 - Budgeted Financial Position**

Description	Ref	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		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>ASSETS</b>								
<b>Current assets</b>								
Cash and cash equivalents		123 842	123 842	123 842	123 842	104 548	40 270	(36 601)
Trade and other receivables from exchange transactions	1	(14 647)	(14 647)	(14 647)	(14 647)	2 958	3 814	3 898
Receivables from non-exchange transactions	1	(1 649)	(1 649)	(1 649)	(1 649)	14	14 363	14 363
Current portion of non-current receivables		-	-	-	-	-	-	-
Inventory	2	-	-	-	-	(0)	(0)	(0)
VAT		1 160	1 160	1 160	1 160	1 763	1 763	1 763

Other current assets		13 577	13 577	13 577	13 577	18 956	18 956	18 956
<b>Total current assets</b>		<b>122 283</b>	<b>122 283</b>	<b>122 283</b>	<b>122 283</b>	<b>128 240</b>	<b>79 166</b>	<b>2 379</b>
<b>Non current assets</b>								
Investments		-	-	-	-	-	-	-
Investment property		5 983	5 983	5 983	5 983	5 983	5 983	5 983
Property, plant and equipment	3	560 852	560 852	560 852	560 852	581 481	618 882	670 173
Biological assets		-	-	-	-	-	-	-
Living and non-living resources		-	-	-	-	-	-	-
Heritage assets		211	211	211	211	-	-	-
Intangible assets		(1 870)	(1 870)	(1 870)	(1 870)	157	157	157
Trade and other receivables from exchange transactions		-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-	-	-
Other non-current assets		-	-	-	-	-	-	-
<b>Total non current assets</b>		<b>565 175</b>	<b>565 175</b>	<b>565 175</b>	<b>565 175</b>	<b>587 621</b>	<b>625 022</b>	<b>676 313</b>
<b>TOTAL ASSETS</b>		<b>687 458</b>	<b>687 458</b>	<b>687 458</b>	<b>687 458</b>	<b>715 861</b>	<b>704 189</b>	<b>678 691</b>
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Bank overdraft		-	-	-	-	-	-	-
Financial liabilities		-	-	-	-	-	-	-
Consumer deposits		-	-	-	-	-	-	-
Trade and other payables from exchange transactions	4	(4 746)	(4 746)	(4 746)	(4 746)	17 294	17 294	17 294
Trade and other payables from non-exchange transactions	5	15	15	15	15	19 633	19 633	19 633
Provision		25 068	25 068	25 068	25 068	24 390	24 390	24 390
VAT		1 261	1 261	1 261	1 261	1 455	1 455	1 455
Other current liabilities		2 541	2 541	2 541	2 541	3 125	3 125	3 125
<b>Total current liabilities</b>		<b>24 139</b>	<b>24 139</b>	<b>24 139</b>	<b>24 139</b>	<b>65 898</b>	<b>65 898</b>	<b>65 898</b>
<b>Non current liabilities</b>								
Financial liabilities	6	-	-	-	-	-	-	-
Provision	7	-	-	-	-	-	-	-
Long term portion of trade payables		-	-	-	-	-	-	-
Other non-current liabilities		-	-	-	-	-	-	-
<b>Total non current liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>24 139</b>	<b>24 139</b>	<b>24 139</b>	<b>24 139</b>	<b>65 898</b>	<b>65 898</b>	<b>65 898</b>
<b>NET ASSETS</b>		<b>663 319</b>	<b>663 319</b>	<b>663 319</b>	<b>663 319</b>	<b>649 963</b>	<b>638 291</b>	<b>612 794</b>
<b>COMMUNITY WEALTH/EQUITY</b>								
Accumulated surplus/(deficit)	8	681 653	681 653	681 653	681 653	649 963	638 291	612 794
Reserves and funds	9	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	10	<b>681 653</b>	<b>681 653</b>	<b>681 653</b>	<b>681 653</b>	<b>649 963</b>	<b>638 291</b>	<b>612 794</b>

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

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets Less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 15 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		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>R thousand</b>								
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates		17 563	319 481	17 266	17 266	22 443	23 542	24 649
Service charges		968	-	622	622	1 208	1 267	1 329
Other revenue		3 253	-	5 825	5 825	3 425	3 593	3 586
Transfers and Subsidies - Operational	1	226 529	-	226 590	226 590	247 605	264 276	251 347
Transfers and Subsidies - Capital	1	67 751	-	67 751	67 751	49 832	52 274	52 174
Interest		-	-	-	-	6 148	6 449	6 719
Dividends		-	-	-	-	-	-	-
<b>Payments</b>								
Suppliers and employees		(243 515)	(243 896)	(307 369)	(307 369)	(319 343)	(334 991)	(337 272)
Finance charges		-	-	-	-	-	-	-
Transfers and Subsidies	1	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>72 548</b>	<b>75 585</b>	<b>10 686</b>	<b>10 686</b>	<b>11 319</b>	<b>16 412</b>	<b>2 534</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE		-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-
<b>Payments</b>								
Capital assets		-	-	-	-	(101 969)	(104 364)	(103 034)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(101 969)</b>	<b>(104 364)</b>	<b>(103 034)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans		-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-
<b>Payments</b>								
Repayment of borrowing		-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

NET INCREASE/ (DECREASE) IN CASH HELD		72 548	75 585	10 686	10 686	(90 650)	(87 953)	(100 500)
Cash/cash equivalents at the year begin:	2	169 229	169 229	169 227	169 227	170 390	79 740	(8 213)
Cash/cash equivalents at the year end:	2	241 777	244 814	179 914	179 914	79 740	(8 213)	(108 713)

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

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality fell are looking good over the 2023/2024 up to 2026 period.
4. Cash and cash equivalents have a positive balance as at the end of the 2023/2024 financial year and also positive for the outer years.

**Table 16 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

**EC156 Mhlontlo - Table A8 Cash backed reserves/accumulated surplus reconciliation**

Description	Ref	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		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>R thousand</b>								
<b>Cash and investments available</b>								
Cash/cash equivalents at the year beg	1	241 776 850	244 814 179	179 913 705	179 913 705	79 739 776	- 8 212 776	- 108 713 250
Other current investments > 90 days	-	132 581 746	135 619 075	70 718 601	70 718 601	27 766 471	52 297 083	76 009 969
Non current assets - Investment property	1	560 851 600	560 851 600	560 851 600	560 851 600	581 481 398	618 882 368	670 172 813
<b>Cash and investments available:</b>		<b>670 046 704</b>	<b>670 046 704</b>	<b>670 046 704</b>	<b>670 046 704</b>	<b>688 987 645</b>	<b>662 966 675</b>	<b>637 469 532</b>
<b>Application of cash and investments</b>								
Trade payables from Non-exchange transactions: Unspent conditional Grants		-	-	-	-	-	-	-
Unspent borrowing								
Statutory requirements	2							
Other working capital requirements	3	- 2 634 923	- 8 506 923	- 2 672 923	- 2 672 923	19 727 826	18 070 826	18 078 826
Other provisions								
Long term investments committed	4	-	-	-	-	-	-	-

Reserves to be backed by cash/investments	5							
<b>Total Application of cash and investments:</b>		- 2 634 923	- 8 506 923	- 2 672 923	- 2 672 923	19 727 826	18 070 826	18 078 826
<b>Surplus(shortfall)</b>		672 681 627	678 553 627	672 719 627	672 719 627	669 259 819	644 895 849	619 390 706

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non- with the MFMA requirements that the municipality’s budget must be “funded”.
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2023/2024 to 2024/25 the surplus is slightly decreasing to from R155 million to R102 million.
6. **Considering the requirements of section 18 of the MFMA, it can be concluded that the 2023/2024 MTREF is funded.**
7. As part of the budgeting and planning guidelines that informed the compilation of the 2023/2024 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

**Table 17 MBRR Table A9 – Asset Management**

**EC156 Mhlontlo - Table A9 Asset Management**

Description	Ref	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		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>CAPITAL EXPENDITURE</b>							
<b>Total New Assets</b>	1	<b>79 585</b>	<b>79 585</b>	<b>79 585</b>	<b>90 581</b>	<b>95 348</b>	<b>94 034</b>
<i>Roads Infrastructure</i>		28 978	28 978	28 978	42 020	45 986	47 847
<i>Storm water Infrastructure</i>		7 758	7 758	7 758	6 951	1 569	-
<i>Electrical Infrastructure</i>		20 968	20 968	20 968	13 361	19 050	17 500
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-
<b>Infrastructure</b>		<b>57 704</b>	<b>57 704</b>	<b>57 704</b>	<b>62 331</b>	<b>66 605</b>	<b>65 347</b>
Community Facilities		5 850	5 850	5 850	1 250	420	419
Sport and Recreation Facilities		1 431	1 431	1 431	-	-	-
<b>Community Assets</b>		<b>7 281</b>	<b>7 281</b>	<b>7 281</b>	<b>1 250</b>	<b>420</b>	<b>419</b>
Servitudes		-	-	-	-	-	-
Licences and Rights		8 000	8 000	8 000	15 300	16 050	16 019
<b>Intangible Assets</b>		<b>8 000</b>	<b>8 000</b>	<b>8 000</b>	<b>15 300</b>	<b>16 050</b>	<b>16 019</b>
<b>Computer Equipment</b>		<b>4 400</b>	<b>4 400</b>	<b>4 400</b>	<b>4 900</b>	<b>5 140</b>	<b>5 130</b>
<b>Furniture and Office Equipment</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Machinery and Equipment</b>		<b>1 200</b>	<b>1 200</b>	<b>1 200</b>	<b>4 200</b>	<b>4 406</b>	<b>4 397</b>
<b>Transport Assets</b>		<b>1 000</b>	<b>1 000</b>	<b>1 000</b>	<b>2 600</b>	<b>2 727</b>	<b>2 722</b>
<b>Total Renewal of Existing Assets</b>	2	<b>100</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Roads Infrastructure</i>		100	100	100	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-
<b>Infrastructure</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community Facilities		-	-	-	-	-	-
<b>Living Resources</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Upgrading of Existing Assets</b>	6	<b>17 186</b>	<b>17 186</b>	<b>17 186</b>	<b>11 103</b>	<b>8 985</b>	<b>8 968</b>
<b>Infrastructure</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community Facilities		-	-	-	-	-	-
Sport and Recreation Facilities		10 836	10 836	10 836	6 311	4 422	4 414
<b>Community Assets</b>		<b>10 836</b>	<b>10 836</b>	<b>10 836</b>	<b>6 311</b>	<b>4 422</b>	<b>4 414</b>

<b>Heritage Assets</b>		-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-
Operational Buildings		6 350	6 350	6 350	4 791	4 563	4 554
Housing		-	-	-	-	-	-
<b>Other Assets</b>		<b>6 350</b>	<b>6 350</b>	<b>6 350</b>	<b>4 791</b>	<b>4 563</b>	<b>4 554</b>
<b>Total Capital Expenditure</b>	4	<b>96 871</b>	<b>96 871</b>	<b>96 871</b>	<b>101 684</b>	<b>104 333</b>	<b>103 003</b>
<i>Roads Infrastructure</i>		29 078	29 078	29 078	42 020	45 986	47 847
<i>Storm water Infrastructure</i>		7 758	7 758	7 758	6 951	1 569	-
<i>Electrical Infrastructure</i>		20 968	20 968	20 968	13 361	19 050	17 500
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-
<b>Infrastructure</b>		<b>57 804</b>	<b>57 804</b>	<b>57 804</b>	<b>62 331</b>	<b>66 605</b>	<b>65 347</b>
Community Facilities		5 850	5 850	5 850	1 250	420	419
Sport and Recreation Facilities		12 267	12 267	12 267	6 311	4 422	4 414
<b>Community Assets</b>		<b>18 117</b>	<b>18 117</b>	<b>18 117</b>	<b>7 561</b>	<b>4 842</b>	<b>4 833</b>
<b>Heritage Assets</b>		-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-
Operational Buildings		6 350	6 350	6 350	4 791	4 563	4 554
Housing		-	-	-	-	-	-
<b>Other Assets</b>		<b>6 350</b>	<b>6 350</b>	<b>6 350</b>	<b>4 791</b>	<b>4 563</b>	<b>4 554</b>
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-
Servitudes		-	-	-	-	-	-
Licences and Rights		8 000	8 000	8 000	15 300	16 050	16 019
<b>Intangible Assets</b>		<b>8 000</b>	<b>8 000</b>	<b>8 000</b>	<b>15 300</b>	<b>16 050</b>	<b>16 019</b>
<b>Computer Equipment</b>		<b>4 400</b>	<b>4 400</b>	<b>4 400</b>	<b>4 900</b>	<b>5 140</b>	<b>5 130</b>
<b>Furniture and Office Equipment</b>		-	-	-	-	-	-
<b>Machinery and Equipment</b>		<b>1 200</b>	<b>1 200</b>	<b>1 200</b>	<b>4 200</b>	<b>4 406</b>	<b>4 397</b>
<b>Transport Assets</b>		<b>1 000</b>	<b>1 000</b>	<b>1 000</b>	<b>2 600</b>	<b>2 727</b>	<b>2 722</b>
<b>Land</b>		-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		<b>96 871</b>	<b>96 871</b>	<b>96 871</b>	<b>101 684</b>	<b>104 333</b>	<b>103 003</b>
<b>EXPENDITURE OTHER ITEMS</b>		<b>67 337</b>	<b>67 337</b>	<b>67 337</b>	<b>89 366</b>	<b>93 745</b>	<b>95 299</b>
<b>Depreciation</b>	7	52 187	52 187	52 187	49 421	51 842	51 744
<b>Repairs and Maintenance by Asset Class</b>	3	<b>15 150</b>	<b>15 150</b>	<b>15 150</b>	<b>39 945</b>	<b>41 902</b>	<b>43 555</b>
<i>Roads Infrastructure</i>		6 000	6 000	6 000	33 750	35 404	35 336



<i>Storm water Infrastructure</i>		-	-	-	-	-	-
<b>Infrastructure</b>		<b>6 000</b>	<b>6 000</b>	<b>6 000</b>	<b>33 750</b>	<b>35 404</b>	<b>35 336</b>
Community Facilities		-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-
Operational Buildings		2 900	2 900	2 900	5 550	5 822	7 543
Housing		-	-	-	-	-	-
<b>Other Assets</b>		<b>2 900</b>	<b>2 900</b>	<b>2 900</b>	<b>5 550</b>	<b>5 822</b>	<b>7 543</b>
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-
<b>Machinery and Equipment</b>		-	-	-	-	-	-
<b>Transport Assets</b>		<b>6 250</b>	<b>6 250</b>	<b>6 250</b>	<b>645</b>	<b>677</b>	<b>675</b>
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>67 337</b>	<b>67 337</b>	<b>67 337</b>	<b>89 366</b>	<b>93 745</b>	<b>95 299</b>

### Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both of these recommendations because of limited resources.

## Part 2 – Supporting Documentation

### 1.8 Overview of the annual budget process

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

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Chairperson for Finance.

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

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

#### 1.8.1 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 2022) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 31 August 2022. Key dates applicable to the process were:

- **August 2022** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2023/24 MTREF;
- **November 2022** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **6 to 10 December 2022** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2023** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;

- **28 January 2023** - Council considers the 2022/23 Mid-year Review and Adjustments Budget;
- **February 2023** - Recommendations of the Executive Committee are communicated to the Budget Steering Committee, and on to the respective departments. The annual 2021/2022 MTREF is revised accordingly;
- **31 March 2023** - Tabling in Council of the 2023/24 IDP and 2022/23 MTREF for public consultation;
- **April 2023** – Public consultation;
- **May 2023** - Closing date for written comments;
- **6 to 19 May 2023** – finalisation of the 2023/24 IDP and 2022/23 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2023** - Tabling of the 2023/24 MTREF before Council for consideration and approval.

There were deviations from the key dates set out in the Budget Time Schedule tabled in Council.

### 1.8.2 IDP and Service Delivery and Budget Implementation Plan

This started in August 2022 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2023/2024 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth 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;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2023/2024 MTREF, based on the approved 2021/2022 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2023/2024 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2021/2022 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### 1.8.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2023/2024 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2023/2024 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2022/2023 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

### 1.8.4 Community Consultation

The draft 2023/2024 MTREF will be tabled before Council on the 31<sup>st</sup> March 2023 for community consultation will be published on the municipality's website, no hard copies will be made available at reception, municipal notice boards and various libraries because of the corona challenge.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Social media and radio will be utilised to facilitate the community consultation process on the May 2023. The applicable dates and venues were published in social media and radio.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2023/2024 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and

- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

## 1.9 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. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

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

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

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;

- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2023/2024 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 17 IDP Strategic Objectives**

2023/2024 Financial Year	2023/2024 MTREF
1. Delivery on Basic Services	1. To ensure universal access to basic socio-economic services to communities and households.
2. Institutional Capacity Building and Transformation	2. To build a strong and capable municipal administration.
3. Sound Financial Management	3. To be a financially viable municipality.
4. Good governance and Public Participation	4. A responsive, accountable, Inclusive municipal governance and administrative capacity.
5. Local economic development	5. A thriving economy that creates wealth, employment, and sustainable livelihoods for all

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

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide waste removal;
  - Provide roads and storm water;
  - Maintaining the infrastructure of the municipality.
2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is a clear structural plan for the Municipality;
  - Ensuring planning processes function in accordance with set timeframes;
  - Facilitating the use of labour-intensive approaches in the delivery of services and the building of infrastructure.

- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
  - Effective implementation of the Indigent Policy;
  - Extending waste removal services and ensuring effective Municipality cleansing;
  - Working with strategic partners such as SAPS to address crime;
  - Ensuring safe working environments by effective enforcement of building and health regulations;
  - Promote viable, sustainable communities through proper zoning;
- 3.2 Integrated Social Services for empowered and sustainable communities
  - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
  - Optimising effective community participation in the ward committee system; and
  - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
  - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
  - Reviewing the use of contracted services
  - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
  - Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;

- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

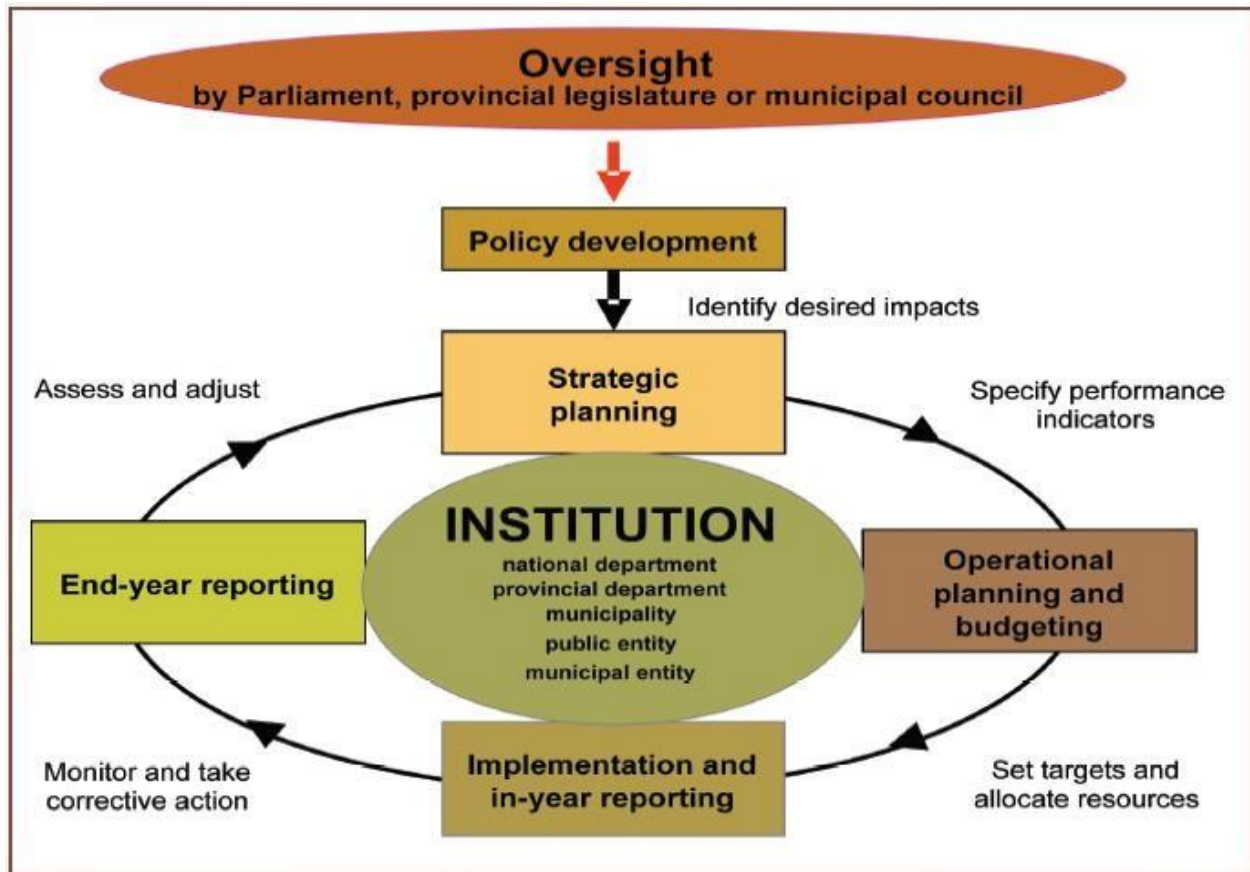
- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area-based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

### **1.10 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 Municipality 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 employee's performance.

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



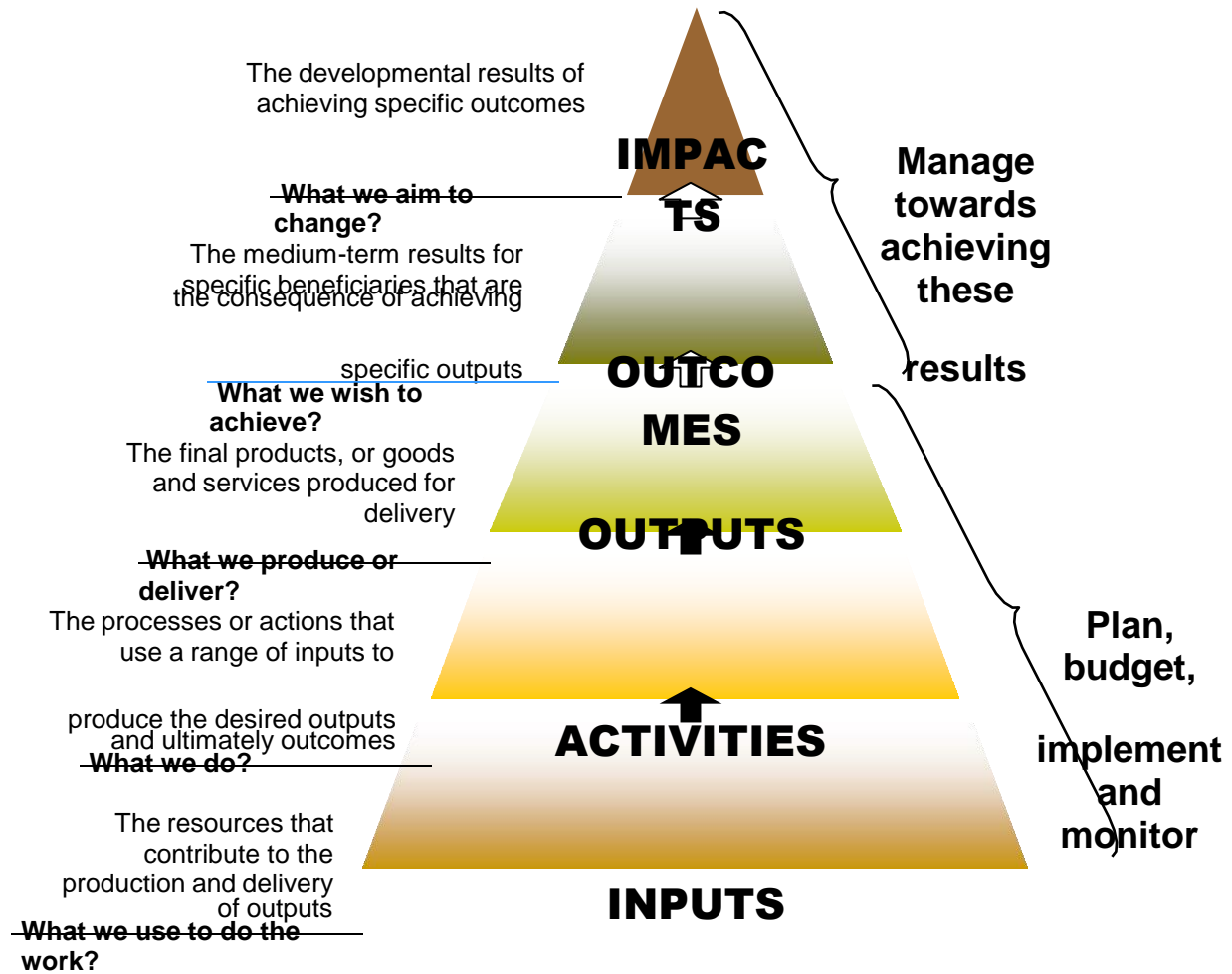


**Figure 1 Planning, budgeting and reporting cycle**

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

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

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



**Figure 2 Definition of performance information concepts**

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

The following table sets out the municipality's main performance objectives and benchmarks for the 2022/23 MTREF.

### **Table 18 MBRR Table SA8 - Performance indicators and benchmarks**

#### **1.10.1 Performance indicators and benchmarks**

##### *1.10.1.1 Liquidity*

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2023/2024 MTREF the current ratio is 0.8 in the 2023/24 financial year and 0.8 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *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. For the 2023/2024 financial year the ratio was 0.5 and as part of the financial planning strategy it has been increased to 0.3 in the 2023/2024 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer-term financial planning objectives this ratio will have to be set at a minimum of 1.

##### *1.10.1.2 Revenue Management*

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

##### *1.10.1.3 Creditors Management*

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 95 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

### **1.10.2 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2023/2024 financial year 9000 registered indigents have been provided for in the budget with this figured increasing to 9000 by 2022/23. In terms of the Municipality's indigent policy registered households are entitled to 50 kwh of electricity or 20 liters of paraffin, free refuse removal on indigent households as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 33.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not considered in the table noted above.

## **1.11 Overview of budget related-policies**

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

### **1.11.1 Review of credit control and debt collection procedures/policies**

The Credit Control and Debt Collection Policy was approved by Council in May 2023 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition, emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme

also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2023/2024 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 75 per cent on current billings. In addition, the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

### **1.11.2 Asset Management, Infrastructure Investment and Funding Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition, the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

### **1.11.3 Budget Adjustment Policy**

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

### **1.11.4 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in May 2023. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

### **1.11.5 Budget and Virement Policy**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was approved by Council in May 2023 in respect of both Operating and Capital Budget Fund Transfers.

### **1.11.6 Cash Management and Investment Policy**

The Municipality's Cash Management and Investment Policy was amended by Council in May 2023. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

### **1.11.7 Tariff Policies**

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

## 1.12 Overview of budget assumptions

### 1.12.1 External factors

According to the National treasury the CPI is forecasted at 5,3% in 2023, 4,9 in 2024 and 4,7% in 2025. The world economy is expected to grow by 4.4 per cent this year. This is lower than the 4.9 per cent that was anticipated when tabling the medium-term budget policy statement (MTBPS). The Omicron variant of the coronavirus caused many countries to impose restrictions to manage its spread. In addition, continued imbalances in global value chains have limited the pace of the world's economic recovery.

The South African economy has not been shielded from these global developments. National Treasury has revised South Africa's economic growth estimate for 2022 to 4.8 per cent, from 5.1 per cent at the time of the MTBPS.

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

Industrial action in the manufacturing sector, and the re-emergence of loadshedding, also slowed the pace of the recovery.

#### Collection rate for revenue services

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

The rate of revenue collection is currently expressed as a percentage (51 per cent) of annual billings. Cash flow is assumed to be 51 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### 1.12.2 Growth or decline in tax base of the municipality

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

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition, the change in the number of poor households influences the net revenue benefit derived from household formation growth,

as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

### **1.12.3 Salary increases**

The municipality's assumption is that all permanent employees' salaries will increase by 5,3% for the MTREF.

### **1.12.4 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and, in this regard, various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

## **1.13 Overview of budget funding**

The Municipality is still in a process of further data verification and validation relating to the valuation roll. In addition, there are still outstanding objections, although significant progress was made in dealing with these objections in the 2023/2024 financial year. It is anticipated that the process will be concluded by the end of 2023. As the levying of property rates is considered a strategic revenue source a further supplementary valuation process will be undertaken in the last quarter of the 2022/2023 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to refuse removal constitutes the lowest component of the revenue basket of the Municipality totaling to only R1.9 million for the 2023/2024 financial year and increasing to R2 million by 2024/25



Operational grants and subsidies amount to R22 million, R231 million and R243 million for each of the respective financial years of the MTRE.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R3,4 million, R3,5 million and R3,7 million for the respective three financial years of the 2023/2024 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

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

### **1.13.1 Medium-term outlook: capital revenue**

The following table is a breakdown of the funding composition of the 2023/2024 medium-term capital programme:

## **1.14 Contracts having future budgetary implications**

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## 1.15 Legislation compliance status

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

1. In year reporting  
Reporting to National Treasury in electronic format was not fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a stage and will be finalised after approval of the 2023/2024 MTREF directly aligned and informed by the 2022/23 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies  
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

### 1.16 Municipal manager’s quality certificate

I, Lungile Ndabeni, Municipal Manager of Mhlontlo Local Municipality, hereby certify that the 2023-2024 Final Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Name:                        Lungile Ndabeni    

Municipal Manager of Mhlontlo Local Municipality (EC156)

Signature:             

Date:                        31 May 2023

## **2 IDP AND BUDGET ROADSHOWS 2023/2024 COMMENTS FROM THE COMMUNITIES**

### **WARD 01**

1. HIV programme be diverted to rural projects.
2. Grass cutting machines amount be sent to rural roads maintenance.
3. Rural roads are in a bad situation, this has been a plea for a long time.
4. Complains also about rural roads and municipality and can't complain about not fixing roads. Roads are only fixed when there is a funeral.
5. There has been a complaint about the electricity on availability at Mcheni and Mngceleni School.
6. Extensions not installed of electricity, water shortages and complaints about promised fencing of available land but nothing was done.
7. There has been no maintenance on Majaba road ever since construction.
8. Roads constructed and hindering access to homes and when there is rain one water stays on the road resulting to cars being stuck on the road.
9. The high prices of electricity. Dumizulu school kids have difficulty of going home from school when there are heavy rains since 2017.
10. Dungu bridge not constructed since 1974, pillars were installed since 2017 but construction stopped since then. Water shortages in Mbinja.
11. Lack of network,they request a pole.
12. No water in the area and electricity to other houses.
13. RDP houses not finished.
14. No crèche in the areas and network problems.
15. Roads that are in bad condition.
16. EPWP budget is too much and when is the contract ending for those already working. No clear rotation.

### **WARD 02**

1. Cllr rarely visits their village he doesn't conduct meeting or attend funerals.
2. Enquire about road maintenance for ward 02.
3. Disaster house for Geca family is not built till now.
4. Electricity is available but working steadily.
5. Extensions does not have electricity
6. No progress on promised clinic
7. Electricity is vey weak it get disturbed by light wind and take time to be fixed
8. No access to clean water

9. Community would like to have someone who will be working with Luma on maintenance of water taps.
10. Sakhise would like assistance on pre-school that she is running.
11. Support on mealie fields.
12. Cllr is requested to sit a community meeting inviting CDW and PR Councillor.
13. Electricity infills in a village near mthonyameni
14. Maintenance of access roads are steady
15. Ncithane clinic is not yet built the site was made available 5 years back
16. On previous IDP they were promised SMME's for youth development
17. Phase 1 maintenance has been done when is phase 2 will be done its been a while the access road is getting damaged.
18. There was disaster incident that occurred in 2021 homes were damaged, no houses were built, even temporal houses
19. No access to clean water.
20. No development or project brought that include ward 02 on IDP document
21. Electricity for extensions and access road
22. Community has been called in a meeting to name community desires, and none has been honoured
23. Cllr once said the plant and machinery will take two-three weeks maintaining access roads they are still waiting.

### **WARD 03**

1. Since 1994 no road has been done
2. Non employment on EPWP programme (even in town street cleaning)
3. Gqeyana to Mgwexa access road was approved but is not budgeted.
4. Access to water to all villages must be managed so that all villages must have water on different days
5. Road Maintenance
6. Nomhala access roads has been changed without the knowledge of the community.
7. Budget does not address community issues in rural areas, its main focus is on towns.
8. Water shortages
9. R27 Million road is not enough, reduce budget from security to fund access roads.
10. Budget for maintance of roads should be divided per ward, to assist in monitoring the progress.
11. Request for fencing of arable land
12. Water shortages
13. Department of Health Issues, the local health facilities are not useful to the community, to be specific poor services at Bele Clinics
14. OR Tambo to attend the issue of non-payment of community members who assisted in fencing of community sport field.
15. Community member impressed with the LED programmes on community upliftment.
16. The community needs tourism upliftment.
17. Proposal to change the name "road maintenance" to upgrade and repair.

18. Ngcolosi sport field to be considered for rehabilitation and budgeted by the municipality including the community hall
19. Reduce the budget on planting of trees and fund and fund road maintenance.
20. Municipality must budget to procurement of municipal excavator for landfill site.

#### **WARD 04**

1. Increase budget to the revenue.
2. Maintenance of Gotyibeni bridge.
3. Gotyibeni road was budgeted in 2005, what happened to that budget.
4. Request for Lucingweni bridge
5. Maintenance of Mahlubini road and bridge.
6. Maintenance of Qolombane road.
7. Mainenance Gotyibeni road
8. Maintenance of Lucingweni road
9. IDP and Budget to be written in Xhosa.
10. The municipality to intervene on Duka Thole matter.
11. Request for time frames of all sport fields.
12. There is no monitoring of projects.
13. No water in Mngceleni.

#### **WARD 05**

1. Budget for Xabane Road
2. Budget for trainings EG Brick making ,Artisans
3. Request for Youth development initiatives
4. Road Mantainance on most of their internal Roads
5. Transalate the Document to Xhosa

#### **WARD 06**

1. Request of sport field in new homes
2. Augmentation of RDP houses
3. Progress of the storm water drainage in Crossbow
4. How is LED department assists in helping youth with small businesses
5. Is there budget for tagging and fencing of Cemetery including cleaning
6. Request of dust bins in Crossbow
7. How will the distribution of refuse bags be monitored
8. They happy about the increase military veterans budget meaning they are being recognized by the municipality
9. Should take note of free basic services as they have a challenge of new boxes that when they are applying, they are regarded as not being registered by Eskom.

### **WARD 07**

1. Request of ablution facilities in both towns.

### **WARD 08**

1. No access to clean water and its been some years the municipality promising to attend such matter, they suggested that the municipality must provide water tanks..
2. Request for building of stadium for the community so that their children cannot be involved in the wrong doings e.g drug abuse, violence etc.
3. Poor road infrastructure.
4. They for provision of electricity for other community members who do not have it.
5. The municipality must complete the project of building houses.
6. Request for community hall.
7. Community request to be provided with proper toilets
8. High rate of unemployment because their children do not have access to information.
9. They complained about the amount that they are being charged when they pay to release their animals.

### **WARD 09**

1. Request progress of the Construction and completion of Shawbury to Mncetyana access road because the condition of the road is not good at all.
2. Request reducing of budget of sport field for construction Access road or employment of EPWP workers for the municipality to reduce unemployment in our wards
3. Request reducing of budget HIV and AIDS because department of health also having a budget for that.
4. Request construction of Ngqubusini access road.
5. Request maintenance of access road from Ngqubusini
6. Reducing of budget for Bajoni event because there are also budgeted buy department of sport and recreation.
7. Budget for sport field must be reduced and construct access road.
8. Request water and construction of access road at Lotana.
9. Request construction of T169 access road
10. Access road from Shawbury to Mncetyana is damager by heavy rain therefore request municipality to maintain again the road.

#### **WARD 10**

1. Request for water
2. No RDP houses
3. Road from Nkanti to Mdeni needs maintenance
4. Request for sport field
5. Mngomeni access road needs maintenance
6. Youth unemployment
7. Request for clinic

#### **WARD 11**

1. Road Mkingeni to Sixhotyeni road difficult to transport people to hospital.
2. What steps to take to be able to be a beneficiary on projects (fashion design).
3. Road complaints. Government has fenced and he is thankful on maize land. The problem of non-availability of dams.
4. CWP programme request.
5. Dweba to school shop road is badly damaged. Houses were left with electricity not installed since 2017.
6. Road Mkingeni to Sixhotyeni road being promised time and again but with no progress.
7. Inputs distribution how it's done and how to get.
8. Ndakana with no road, people are uplifted by human to access basic services.
9. Ask CWP personnel to assist with the road maintenance.



10. Two households left behind on electricity connection.
11. Toilets were promised but none were installed. Request for excavating of sports field in the area.

### **WARD 12**

1. No access to clean water
2. Request food parcels
3. No continuation on maintenance of access roads
4. Request electrification of infills
5. Update on learnership and internships available in the Municipal institution
6. Request RDP houses
7. Request progress on building a clinic
8. Clearing of playground
9. Fencing of mealie fields
10. Request RDP houses
11. Madiba access road is on tendering stage, what can be done at the moment as the road is on bad state.
12. Request a Mayor's cup tournament
13. for the next financial year community request appearance of RDP houses budget
14. Request provision for RDP house for a homestead that was burnt due to lightning, and also electricity.

### **WARD 13**

1. Gabazi was not appearing on the IDP document last year even this year, it does not appear.
2. Road in maintenance in Godini
3. Water does not appear on the document.
4. How is HIV/AIDS budget used?
5. Who qualifies on FBS (Paraffin)?
6. Not even a single road for ward 13 on the document.
7. Trainings to have more money.
8. Money for impounding is too much (to be reduced).
9. Budget for cemeteries to be reduced.
10. There was a promising meeting in Gabazi by the Municipal Speaker but the Speaker is not here now, the community was expecting him.

### **WARD 14**

1. Request for multipurpose centre.
2. Why did the municipality do slab at Gqunu road?

3. Extension of electricity in all villages.
4. Fencing of farm that was not finished.
5. RDP houses in Balasi
6. Increase on councillors and ward committees salary.
7. Highmast lights in Laleni.
8. Tar road from Mvumelwano to kwa Nkosi
9. Community Hall at Ndasana
10. Thank you for Makhaladini A/R
11. Cutting of the trees
12. Dipping tank
13. RDP houses for older people.
14. No water in Ndasana
15. Sport field in Makhaladini
16. Sanitation in Makhaladini
17. Employment of Zimbileni community

### **WARD 15**

1. Request of cemetery fencing
2. Request of refuse collections in Schools
3. Road Maintenance
4. Paraffin (Free Basic service )
5. Request for cemetery budget to decrease
6. Community facilities
7. RDP houses
8. Unemployed Youth
9. Translate Document to Xhosa
10. Water shortages
11. Electricity
12. Intervention from the municipality is needed with regards to the Department of Agriculture
13. Operating projects – community is of the view that the budget is too much
14. LED – decrease the Budget for the fencing as not a lot people benefit
15. The Municipality to provide pre schools for the villages
16. Clarity of training of employees
17. RDP houses rates rebates
18. Waste removal in schools

## 19. Rates in residential sites in towns

**WARD 16**

1. The community suggested a budget adjustment, for example the budget for stadium maintenance must be minimized and some of the money which was meant for the stadium maintenance to be used for maintenance of the road.
2. The community requested that the Mhlontlo Local Municipality to assist the community with farming and fencing of arable land.
3. The youth would love to have sport and recreation grounds.
4. The community requested that the municipality assist with maintenance of community taps and provision of water during dry seasons.
5. To assist unemployed youth, the community sincerely request municipality to offer learnership programmes to empower youth with skills for them to be employable.
6. The schools are not in a good condition for both learners and teachers, the community believes that it would be ideal for the municipality to mobilize budget for school maintenance.
7. Having programmes and business workshops that educate small business owners to sustain their business and enhance longevity.

**WARD 17**

1. Request of road maintenance from Madukuda
2. Request of pedestrian crossing signs in town
3. Request of access from Upper to Lower Ngcolokini
4. Request of water in Upper Ngcolokini
5. Request of roads to the irrigation fields (amasimi) in Gqunu
6. LED inputs to be the choice of the farmers
7. Completion of Gqunu roads ( Tina bridge to Gqunu)
8. Request of the bridge and access road in Lower Ngcolokini
9. Request of ablution facilities in ward 17
10. Spelling of Gqunu in the road sign body to be corrected from Gquna to Gqunu

**WARD 18**

1. Request for EPWP and Lima in Lwandlana.
2. There is no access road in Lwandlana.
3. Request for fencing of grave yards.
4. Request for EPWP kwa Ngxabane
5. There is no water in kwa Ngxabane

6. No water at Ngcoti
7. No road at Ngcoti
8. EPWP at Ngcoti
9. How to get a tender at the municipality?
10. Instead of paraffini people should be given fire woods.

### **WARD 19**

1. Request maintenance of access road at Skwayini
2. Request assistance with construction of pre-school centers
3. Request building of RDP house for people that are disable
4. Request health care center
5. Request installation of electricity to new extension

### **WARD 20**

1. No RDP houses
2. No water
3. Request for tar road from Sulenkama to Etwa
4. Zimbengwini to Diphini access road needs maintenance
5. Request for ward committee at Gqwesa
6. Phelandaba access road needs maintenance

### **WARD 21**

1. Complaint on electricity in Mthozela.
2. No project allocated for ward 21.
3. How are agricultural inputs distributed and to who? Where are old age parents entertained?
4. What happens to the pigs that are kept at homes?

### **WARD 22**

1. Ntubeni, Ngqwaneni and Ngcothi is unreachable because of bad access road.
2. Water engine pump
3. No water operator
4. Ntinga ddint hire all operators

5. Request RDP houses
6. Luxeni access road is bad
7. Update on previous budget expenditure
8. Detyana-Nggongweni access road
9. When the access road will be done for Luxeni village
10. Workshop to capacitate the ward 22 youth
11. Local bus is no longer available in certain villages
12. Scholar transport to Upper Chulunca High School
14. Nob opportunities
15. Request network pole
16. Request Scholar transport
17. Request Windmill
18. Why the war room stopped
19. Differentiate RDP houses to Disaster Houses
20. Request OR Tambo DM to conduct community meetings with local municipality to clarify things that are due to him
21. Water engine doesn't supply enough water
22. Mpetsheni is divided into two parts other part doesn't have electricity at all
23. Upgrading of sanitation around Qumbu town
24. Mpetsheni community is on second month without electricity
25. Upgrading of electricity transformer
26. Request Community Hall
27. Request assistance on water engine.

### **WARD 23**

1. There are some households without electricity.
2. Shortage of water in the village
3. There were households affected by disaster but are not yet attended
4. Shortage of water in the village
5. Request to reduce budget for planting of trees to fund water shortages and housing.
6. Advise that budget should be separated, Qumbu Vs Tsolo and Rural Areas Vs Urban Areas
7. Ncitsweni
8. Request fencing for Arable land
9. Clear plan for community safety
10. Complaint about invisibility of ward Cllr and ward committee in the village
11. Seek advice from Cllr on recruitment of EPWP beneficiaries.
12. Seek explanation from Cllr on the issue of access road maintenance between Ngqunu and Chulunca.

13. Shortage of water, pensioners spend their old age grant to buy water
14. Electrification of area/ extension
15. Shortage of water in the village
16. There were households affected by disaster but are not yet attended.

#### **WARD 24**

1. What do you do when you are disabled and you want your grant to be increased by the government?
2. When you stay in rural areas and you want to extend your house, do you also need a plan?

#### **WARD 25**

1. Clarity on Projects ( RDP)
2. Road maintenance for the ward ( villages )
3. Sporting Facilities such as sports grounds
4. Water

#### **WARD 26**

1. Translate document in Xhosa
2. Maintenance of roads -Poor roads at Tsolo Town & their quality, its poor they need improvements
3. The budget for road maintenance need to increase
4. Cleaning of Tsolo Town
5. Decrease the budget on high mast lights
6. Maintenance of rural roads & bridges
7. Licensing & testing budget
8. Happy about the building of community hall
9. Visit roads that are being done by the municipality to see the quality
10. Criteria of picking people who are taking part crafters & artists training
11. Water problem
12. Increase youth budget and create jobs or projects opportunities for them as high rate of crime has increased.

13. Ward committee's need induction

**PROPOSED TARIFF STRUCTURE**

	WITHOUT VAT	Old Tariff	Old Tariff	Proposed Tariff VatExcluded	Proposed Tariff Vat Exc
<b>1</b>	<b>REFUSE REMOVAL CHARGES</b>	2021/2022	2022/2023	2023/2024	2024/2025
1,1	<i>Government</i>		*		
(a)	Each property shall be charged a basic service charge per month.	R 317,25	R 332,47	R 350,10	R 367,25
(b)	<i>Hospitals (per week)</i>	R 460,85	R 482,97	R 508,57	R 533,49
1,2	<i>Domestic Removals</i>			R 0,00	R 0,00
(a)	Every owner or occupier of premises from which refuse is removed weekly shall pay the Council a fee per month.	R 75,60	R 79,23	R 83,43	R 87,52
				R 0,00	R 0,00
1,3	<i>Commercial Removals</i>			R 0,00	R 0,00
(a)	Each individual/separate business shall be charged a basic service charge per week.	R 470,64	R 493,23	R 519,37	R 544,82
1,4	<i>Availability Charge</i>			R 0,00	0
	A availability fee , is charged to any vacant commercial erven located in the town areas of Tsolo and Qumbu	R 317,25	R 332,47	R 350,10	R 367,25
<b>2</b>	<b>ASSESMENT RATES</b>				
7,1	<i>Residential</i> First R30 000 discount	R 0,0084806	R 0,008888	R 0,009359	R 0,009817
7,2	<i>Vacant Land</i>	R 0,0084806	R 0,008888	R 0,009359	R 0,009817



7,3	<u>Commercial</u>	R 0,0186981	R 0,019596	R 0,020634	R 0,021645
7,4	<u>Government</u> State owned properties	R 0,0170904	R 0,01791	R 0,01886	R 0,019784
7,5	<u>Farms</u> Apply for R30 000 residential discount.	R 0,0021202	R 0,002222	R 0,002340	R 0,002454
<b>3</b>	<b>POUND FEES</b>				
	<u>Description of animal</u>				
	Donkeys, Horses, Cattle, per head per day	R 95,49	R 100,08	R 105,38	R 110,54
	Pigs	R 409,26	R 428,90	R 451,63	R 473,76
	Sheep and Goats, per head per day	R 68,21	R 71,48	R 75,27	R 78,96
<b>4</b>	<b>CEMETERY CHARGES</b>				
	The following fees shall be payable to the Council in respect of burials and other services in the public cemetery.				
3,2	<u>Burial Fees</u>				
(a)	Adult - single	R 723,02	R 757,73	R 797,89	R 836,98
	Adult - double	R 1 231,46	R 1 290,57	R 1 358,97	R 1 425,56
(b)	Child	R 341,05	R 357,42	R 376,36	R 394,80
3,3	<u>Miscellaneous Charges</u>				
(a)	Exhumation of body	R 4 092,57	R 4 289,01	R 4 516,33	R 4 737,63
				R 0,00	R 0,00
(b)	Widening or deepening of grave	R 341,05	R 357,42	R 376,36	R 394,80
				R 0,00	R 0,00

(c)	Permit to erect a memorial	R 954,93	R 1 000,77	R 1 053,81	R 1 105,45
3,4	Fees for non-residents of the municipal area shall be the prescribed fees in (6.1) and (6.2) above, <b>plus 50%</b>			R 0,00	R 0,00
3,5	After hours burial request as in (6.1) <b>plus 100%</b> At least 16 working hours notice must be given of a burial	R 2 046,28	R 2 144,51	R 2 258,17	R 2 368,82
<b>5</b>	<b>PUBLIC HALLS TARIFF</b>				
4,1	<i>Community hall</i>				
(a)	Main hall and kitchen per 12 hour period per day.				
	Church Function	R 434,63	R 455,50	R 479,64	R 503,14
	Wedding Function	R 2 173,16	R 2 277,47	R 2 398,17	R 2 515,68
	Business Function	R 2 173,16	R 2 277,47	R 2 398,17	R 2 515,68
4,2	Where the hall is hired there shall first be deposited with the Chief Financial Officer the following amounts which amounts shall be refunded when the premises is handed over in satisfactory condition.	R 1 364,19	R 1 429,67	R 1 505,44	R 1 579,21
<b>6</b>	<b>PLANNING</b>				
	<b>SUBDIVISION AND TOWN SHIP ESTABLISHMENT APPLICATION</b>				
	ERVEN 1-2	R 2,34	2,34	2,46	R 2,58
	ERVEN 1-3	R 3,15	3,15	3,32	R 3,48
	ERVEN 1-4	R 3,84	3,84	4,04	R 4,24
	ERVEN 1-5	R 4,66	4,66	4,91	R 5,15
	ERVEN 1-6	R 5,62	5,62	5,92	R 6,21

ERVEN 1-7	R 6,17	6,17	6,49	R 6,81
ERVEN 1-8	R 7,13	7,13	7,50	R 7,87
ERVEN 1-9	R 7,80	7,80	8,21	R 8,61
ERVEN 1-10	R 8,50	8,50	8,95	R 9,38
EVERN MORE THAN 10	R 11,65	11,65	12,27	R 12,87
<b>APPLICATION FOR CONSENT USE</b>			-	R 0,00
			-	R 0,00
ERVEN 0-2500M2	R 1,85	1,85	1,95	R 2,04
ERVEN 2501-5000M2	R 3,84	3,84	4,04	R 4,24
ERVEN 5001-1000M2	R 8,36	8,36	8,80	R 9,23
ERVEN 1 HA -5HA	R 11,93	11,93	12,56	R 13,18
ERVEN OVER 5HA	R 13,69	13,69	14,41	R 15,12
<b>APPLICATION FOR REZONING</b>			-	R 0,00
			-	R 0,00
ERVEN FROM 0sqm 2500qm	R 2,33	2,33	2,45	R 2,57
ERVEN FROM 2501 sqm- 5000sqm	R 4,38	4,38	4,62	R 4,84
ERVEN 5001 sqm-10000sqm	R 8,77	8,77	9,23	R 9,69
ERVEN FROM 1HA -5HA	R 11,10	11,10	11,69	R 12,26
ERVEN OVER 5HA	R 15,35	15,35	16,16	R 16,95

				-	R 0,00
<b>APPLICATION FOR DEPARTURE FROM BUILDING LINES</b>				-	R 0,00
ERVEN 0-5000m2	R 1,51	1,51		1,59	R 1,67
ERVEN 5001- MORE	R 2,19	2,19		2,31	R 2,42
APPLICATION FOR REMOVAL OF RESTRICTIONS	R 10,83	10,83		11,40	R 11,96
ZONING CERTIFICATES	R 164,00	164,00		172,69	R 181,15
EXTENTION OF TIME	R 562,00	562,00		591,79	R 620,78
TOWN PLANNING SCHEME	R 301,00	301,00		316,95	R 332,48
AMENDMENTS TO EXISTING SUBDIVISION	R 2,33	2,33		2,45	R 2,57
APPLICATION FOR CONSOLIDATION OF ERVEN	R 2,33	2,33		2,45	R 2,57
SG DIAGRAM	R 55,00	55,00		57,92	R 60,75
				-	R 0,00
<b>BUILDING PLANS</b>				-	R 0,00
BUILDING APPROVAL FEES PER m2	R 41,00	41,00		43,17	R 45,29
A3	R 17,00	17,00		17,90	R 18,78
A2	R 23,00	23,00		24,22	R 25,41
A1	R 39,00	39,00		41,07	R 43,08
INTERNAL ALTERATIONS PER m2	R 23,00	23,00		24,22	R 25,41
EXTERNAL ALTERATIONS PER m2	R 18,00	18,00		18,95	R 19,88

BOUNDARY WALLS	R 760,00	760,00	800,28	R 839,49
SHELTER: CARPOT PER M2	R 23,00	23,00	24,22	R 25,41
CAR WASH PER M2	R 18,00	18,00	18,95	R 19,88
BRAAI AREA PER M2	R 23,00	23,00	24,22	R 25,41
WENDY FLATS PER m2	R 23,00	23,00	24,22	R 25,41
PREFAB PER m2	R 23,00	23,00	24,22	R 25,41
RETAINING /BOUNDARY WALL	R 631,00	631,00	664,44	R 697,00
CONTAINER p.a	R 1,50	1,50	1,57	R 1,65
CARAVANS Per pa	R 748,00	748,00	787,64	R 826,24
BUILDERS SHELTER p.a	R 748,00	748,00	787,64	R 826,24
STORAGE FACILITY P A	R 1,49	1,49	1,57	R 1,65
<b>DEMOLISIONS</b>			-	R 0,00
PER FIRST 100 LINEAR METER	R 558,00	558,00	587,57	R 616,37
THERE OF EVERY LINEAR METER EXCEED 100 METERS	R 40,00	40,00	42,12	R 44,18
<b>FINES</b>			-	R 0,00
BUILDING WITHOUT APPROVED BUILDING PLAN	R 1,33	1,33	1,40	R 1,47
BUILDING IN CONTRAVENTION OF NOTICE PROHIBITING ANY BUILDING WORK	R 1,35	1,35	1,42	R 1,49

	FAILURE TO DEMOLISH, ALTER OR SAFEGUARD	R 663,00	663,00	698,14	R 732,35
	OCCUPY OR USE OF BUILDING WITHOUT OCCUPATION CERTIFICATE	R 1,33	1,33	1,40	R 1,47
	PREVENTING A BUILDING INSPECTOR IN THE EXECUTION OF HIS/HER DUTIES	R 1,99	1,99	2,10	R 2,20
	PROHIBITION ON THE USE OF CERTAIN BUILDING METHODS AND MATERIAL	R 663,00	663,00	698,14	R 732,35
	FAILURE TO GIVE NOTICE OF INTENTION TO COMMENCE ERECTION OR DEMOLITION OF A BUILDING	R 1,33	1,33	1,40	R 1,47
	DEVIATION FROM APPROVED BUILDING PLAN	R 1,33	1,33	1,40	R 1,47
				-	R 0,00
<b>7</b>	<b>BUSINESS LICENSES</b>			-	R 0,00
7,1	Food Vendors in caravans & carts or similar vessel	R 409,26	R 428,90	451,63	R 473,76
7,2	General Dealers	R 1 364,19	R 1 429,67	1 505,44	R 1 579,21
7,3	Supermarkets, Wholesalers & Butcheries	R 1 637,03	R 1 715,61	1 806,53	R 1 895,05
7,4	Restaurants, B&B's, Hotels, Guest Houses, Lodges	R 1 364,19	R 1 429,67	1 505,44	R 1 579,21
7,5	Spaza Shops	R 409,26	R 428,90	451,63	R 473,76
7,6	Funeral Parlours	R 1 364,19	R 1 429,67	1 505,44	R 1 579,21
7,7	Hawker License: Trucks & Bakkies	R 272,84	R 285,93	301,09	R 315,84
7,8	Hawker License: Street Vendors	R 109,14	R 114,37	120,44	R 126,34
7,9	Hawker License: (Special Application – Events)	R 136,42	R 142,97	150,54	R 157,92
7,1	Clothing Shops	R 409,26	R 428,90	451,63	R 473,76
7,11	Hardware	R 1 364,19	R 1 429,67	1 505,44	R 1 579,21
7,12	Garages	R 1 364,19	R 1 429,67	1 505,44	R 1 579,21
7,13	Livestock Sales	R 682,09	R 714,84	752,72	R 789,61
7,14	Car wash	R 409,26	R 428,90	451,63	R 473,76

7,15	Laundromat/Dry Cleaning	R 409,26	R 428,90	451,63	R 473,76
7,16	Financial Institution	R 2 728,38	R 2 859,34	3 010,89	R 3 158,42
7,17	Beauty Parlour: Hair Salons, Barber Shops etc	R 409,26	R 428,90	451,63	R 473,76
7,18	Furniture Shops	R 1 364,19	R 1 429,67	1 505,44	R 1 579,21
7,19	Legal Practice	R 682,09	R 714,84	752,72	R 789,61
7,2	Surgeries	R 682,09	R 714,84	752,72	R 789,61
7,21	Transport Industry	R 272,84	R 285,93	301,09	R 315,84
7,22	Liquor: Bottle Stores, Taverns	R 1 364,19	R 1 429,67	1 505,44	R 1 579,21
7,23	Book Shops	R 886,72	R 929,29	978,54	R 1 026,49
7,24	Brokers: Insurance, Estate agents etc	R 682,09	R 714,84	752,72	R 789,61
				-	R 0,00
<b>8</b>	<b>NATURE RESERVE</b>			-	R 0,00
8,1	<b><u>Accommodation</u></b>			-	R 0,00
	1 bed chalet per day	R 136,42	R 142,97	150,54	R 157,92
	Camping fee	R 81,85	R 85,78	90,33	R 94,75
	non refundable application fee per board/sign (annually)			-	R 0,00
	+ Approval fee per applicant	R 204,63	R 214,45	225,82	R 236,88
9,1	<b><u>Ground Signs</u></b>			-	R 0,00
	non refundable application fee per board/sign (annually)			-	R 0,00
	+ Approval fee per applicant	R 409,26	R 428,90	451,63	R 473,76
9,2	<b><u>Wall Sign - Flat</u></b>	R 68,21	R 71,48	75,27	R 78,96
	non refundable application fee per board/sign (annually)			-	R 0,00

