

**MASILONYANA LOCAL
MUNICIPALITY**



**DRAFT BUDGET AND MEDIUM TERM
REVENUE AND EXPENDITURE
FRAMEWORK 2022/2023**



Acronyms and abbreviations

CFO	Chief Financial Officer
CPI	Consumer Price Index
CoGTA	Cooperative Governance and Traditional Affairs
CRRF	Capital Replacement Reserve Fund
EEDSM	Energy Efficiency and Demand Side Management
DoJ	Department of Justice
DoRA	Division of Revenue Act
DWA	Department of Water
EXCO	Executive Committee
FBS	Free basic services
GVA	Gross Value Added
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
IBT	Inclining Block Tariff
IDP	Integrated Development Plan
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt hour
ℓ	litre
LED	Local Economic Development
MBBR	Local Government: Municipal Budget and Reporting Regulations
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act (56 of 2003)
MFMG	Municipal Finance Management Grant
MIG	Municipal Infrastructure Grant
MLM	Masilonyana Local Municipality
MM	Municipal Manager
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MSIG	Municipal Systems Improvement Grant
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Energy Regulator of South Africa
PBO	Public Benefit Organisations
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
RBIG	Regional Bulk Infrastructure Grant
SALGA	South African Local Government Association
SARS	South African Revenue Services
SAPS	South African Police Services
SDBIP	Service Delivery Budget Implementation Plan
SMMEs	Small Macro-Medium Enterprises
VAT	Value Added Tax



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PART 1 – ANNUAL BUDGET

1.1 Mayor's report

Budget allocation in terms of the operations and capital budget:

The municipality's total operating expenditure and capital budget is estimated to be R569 million. Operating expenditure has been projected at R515 million. The Municipality's capital expenditure amounts to R52.4 million that the 80% is funded from grants. This is supported with a revenue base of R 351 million from service charges, property rates and operational grants. The budget has a deficit R164 million, and non-cash items that constitutes a big chunk of the non-cash expenditure amounting to R174 million, this is based on the most recent financial statement submitted to AG

The municipality has a history of financial constraints due to low collection rate but is currently implementing the electricity prepaid smart meters to enhance the revenue.

All tariffs will increase by 4.8% as guided by National Treasury MFMA Circular 108, however electricity tariffs will temporarily increase by 4.8% until NERSA issues an increase guideline and approves the tariffs for the new year.

Commonage tariff are aligned to the Provincial Commonage Policy, and Rental of Land tariff are aligned to the market value.

Key priorities for the municipality towards the 2022/23 as per the IDP, SDBIP and its linkage with the Province and National priorities.

MLM exists within the Free State province which is the non-urban municipality, with a low revenue generation. In this regards the Municipality has aligned its budget and operations towards National and the Provincial key performance areas.

Radical economic transformation

MLM will conducts workshops with existing and potential SMMEs and empower them to access the entrepreneurial opportunities offered by the municipality through its Supply Chain Management (SCM) processes. These include:

1. Inviting a larger pool of SMMEs to register on the municipal database of service providers together with the National Treasury CSD. Invitations will be made through, for example, placement of adverts at local township shops and halls over and above advertising in the local media; also through the sessions that are called by the LED office
2. Constant engagement are made for the purpose of information sharing through LED office and SCM unit
3. Training SMMEs on completion of the bid documents. As support, the municipality also assisted the local SMMEs to get matters of their tax clearances to be resolved. The municipality provided transport for our small business enterprises to get assistance. local South African Revenue Service (SARS) office will be invited at these workshops to empower them on SARS requirements; and



4. Settle the accounts of the SMMEs within the prescribed thirty (30) days period as they are small business, where in there challenges in this regard, prompt communication is made to make arrangements

1.2 Council Budget Resolution

The Council of Maseko Local Municipality will have a sitting by the 30 June 2022 where the Mayor will present the Draft 2021/22 Budget and Medium Term Revenue and Expenditure Framework (MTREF) in terms of section 16(2) of the Municipal Finance Management Act (56 of 2003), subsequently be tabled to council 90 days before start of budget year.

- 1.2.1 That cognisance be taken of the report of the Mayor regarding the 2022/2023 budget.
- 1.2.2 That Council of Maseko Local Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, 2003 (No. 56 of 2003) tabling the Draft Budget
- 1.2.3 that the annual draft budget of the municipality for the financial year 2022/23 as set out in the tables below be noted
- 1.2.4 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 12. The operating budget is summarised as follows;

DESCRIPTION	BUDGET 2022/2023 '000	BUDGET 2023/2024 '000	BUDGET 2024/2024 5'000
Operational Revenue	351 933	372 584	350 327
Operational Expenditure	516 800	539 964	570 186
Surplus/Deficit	(164 868)	(167 380)	(219 859)

That cognizance be taken that the operational budget is inclusive of the non-cash items which are Depreciation and assets impairment of R92 million and Debt impairment of R82 million, and the debt impairment amount is due to the anticipated revenue collection of 58% on average, with 50% on all service charges and 95% on electricity prepaid, broken down as follow:

- Property Rates – 50%
- Electricity Conventional - 50%
- Electricity prepaid – 95%
- Water – 50%
- Sewerage – 50%
- Refuse – 50%



- 1.2.5 Budgeted Financial Performance (revenue and expenditure by municipal vote);
- 1.2.6 Budgeted Financial Performance (revenue by source and expenditure by type);
- 1.2.7 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source. The capital budget is summarized as follows:

FUNDING SOURCE	CAPITAL BUDGET 2022/2023 '000	CAPITAL BUDGET 2023/2024 '000	CAPITAL BUDGET 2024/2025 '000
Municipal Infrastructure Grant	28 257	27 276	28 359
Water Services Infrastructure Grant	23 334	18 800	22 224
Integrated National Electrification Programme	950	3 000	33 135
Internal Funding	12 773	13 335	13 935
TOTAL CAPEX	64 001	56 530	46 315

The is also an amount of R 60 million Gazetted on the DORA for Regional Bulk Infrastructure Grant transfers, and R460 thousand for Intergrated National Electrification Programme however these are Gazetted as in-kind capital grants and will not be reflected in the 2022/2023 Draft Municipal MTREF.

The total MIG budget is include of Project Management Unit, which is not capital but funded by the MIG.

1.2.8 That the Council of Masilonyana Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act 2000 (No.32 of 2000) approve and adopt with effect from 1 July 2019 the following tariffs and rates:

1.2.8.1 Consolidated Final Tariff book 2022/2023(per department) - **Annexure "1"**

1.2.9 That the Council of Masilonyana Local Municipality takes note the following 2022/23 revised budget related policies and tariffs:



- 1.2.9.1 *Municipal Property rates policy*
- 1.2.9.2 *Budget policy*
- 1.2.9.3 *Tariff policy*
- 1.2.9.4 *Indigent policy*
- 1.2.9.5 *Fixed Asset management policy*
- 1.2.9.6 *Cash management & investment policy*
- 1.2.9.7 *Credit control & Debt Collection policy*
- 1.2.9.8 *Supply Chain Management policy*
- 1.2.9.9 *Unauthorized, Irregular Fruitless and Wasteful policy*
- 1.2.9.10 *Bad debt write-off policy*
- 1.2.9.11 *Policy governing payments of creditors, councilors and officials*
- 1.2.9.12 *Subsistence and Travel policy*
- 1.2.9.13 *Disclosure Related parties' policies*
- 1.2.9.14 *Events after reporting date policy and procedure manual*
- 1.2.9.15 *Virements Policy*
- 1.2.9.16 That cash backing is implemented through

1.2.10 the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of section 8 of the Municipal Budget and Reporting Regulations;

1.2.10.1 the municipality did not budget to raise long term loans to fund the capital budget, and does not have any existing loans ,

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

1.2.11 the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of section 8 of the Municipal Budget and Reporting Regulations;

1.2.11.1 that the municipality did not budget to raise long term loans to fund the capital budget, and does not have any existing loans ,

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



1.3 Executive summary

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

Masilonyana has committed itself to respond to the people's legitimate demand for a better life as reflected in our budget in which the key priorities are water, and related critical infrastructure maintenance. In a continued effort to create jobs for the inhabitants of MLM and to encourage private sector investment, the capital budget is being focused on addressing the backlog of the aging infrastructure of the municipality and also to address the capacity in terms distribution of water at the areas in Winburg through funding from DWA.

Masilonyana has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers, installation of electricity & water smart meters, frequent updating the indigent register. The intervention of the Mayor and Council was requested to communicate this message to the community for the campaigns of indigents to be a success.

National Treasury's MFMA Circular No. 112 & 115 were used to guide the compilation of the 2022/23 MTREF

The main challenges experienced during the compilation of the 2022/23 MTREF can be Summarised as follows:

1. The on-going difficulties in the national and local economy;
2. Aging and poor water, electricity and roads infrastructure;
3. Poor water supply in two towns of the Municipality.
4. The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
5. The increased cost of bulk water and electricity, also high outstanding debts which the Municipality is unable to meet due to tariff
6. Wage increases for municipal staff

The following budget principles and guidelines directly informed the compilation of the 2022/23 MTREF:

- Tariff and property rate increases should be affordable. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address Infrastructure backlogs; and are increased by 4.8% as per the Circular 115.



1.4 Charting the Way Forward

In view of the aforementioned, the following table is a consolidated overview of the proposed 2022/2024 Medium-term Revenue and Expenditure Framework:

1.4 ANNUAL BUDGET TABLES

Table 1: Consolidated Overview of the 2022/2023 MTREF

2021/22 MTREF BUDGET SUMMARY			
Description	BUDGET 2022/2023 '000	BUDGET 2023/2024 '000	BUDGET 2024/2025 '000
Total Operating Revenue	351 933	372 584	350 327
Total Operating Expenditure	516 800	539 964	570 186
Surplus/(Deficit) of the year	(164 868)	(167 380)	(219 859)
Total Capital Expenditure	64 001	56 530	46 315

The total capital budget is exclusive of the in-kind capital budget and PMU expenditure that is funded from the MIG.



Total operating revenue stands at 351.9 million for the 2022/23 financial year while total operating expenditure has been appropriated at R541 million, R567 million in 2023/2024 and R570 in 2024/2025. The operating expenditure budget is inclusive of non-cash item as reported above on 1.2.4.

MFMA Circular no. 58-79 stated that, in preparation for 2012/2013 budget, municipalities that have chosen the 'revaluation model' when implementing GRAP 17 must exclude the depreciation resulting from the revaluation of PPE when preparing their budgets and calculating any tariff increases. When implementing GRAP 17 in 2008/09 financial year.

However, there continues to be a focus to reduce the deficit for the municipality in line with National Treasury circular 72 requirements, to produce a funded surplus budget which is now not the case due to the high non-cash items and low revenue collection estimates..

Masilonyana Local Municipality has had to take a more conservative approach in the manner in which it approaches the budgeting. This approach includes giving consideration in the budget to the cost containment measures suggested by National Treasury in Circular 80 and 82 in line with the Municipality's revenue enhancement strategy.

These measures will be implemented in an attempt to ensure the future viability of the institution and to focus on reducing the impact on the residents within our community.

Table 2: Summary of revenue classified by main revenue source

FS181 Masilonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	R ef	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audit ed Outcome	Audit ed Outcome	Audit ed Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source											
Property rates	2	94 035	87 478	89 959	65 653	65 653	65 653	55 627	69 592	72 654	32 764
Service charges - electricity revenue	2	25 473	25 424	42 645	44 524	44 524	44 524	23 585	47 596	52 419	54 866
Service charges - water revenue	2	56 109	63 370	67 176	37 427	37 427	37 427	50 901	39 224	40 949	42 792
Service charges - sanitation revenue	2	29 827	30 700	32 270	20	20	20	25	21	22	23



					136	136	136	168	103	031	022
Service charges - refuse revenue	2	16 805	18 902	20 360	14 435	14 435	14 435	15 551	15 128	15 794	16 504
Rental of facilities and equipment		257	286	320	260	260	260	244	260	271	284
Interest earned - external investments		3 876	811	1 388	685	685	685	–	718	749	783
Interest earned - outstanding debtors		8 889	1 722	3 555	5 787	5 787	5 787	26	6 065	6 332	6 617
Dividends received		–	3	–	9	9	9	–	10	10	11
Fines, penalties and forfeits		–	6	–	576	576	576	–	201	209	218
Licences and permits		–	–	–	–	–	–	–	–	–	–
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		105 155	117 963	139 842	136 704	136 704	136 704	–	151 040	160 124	171 378
Other revenue	2	113	174	507	575	875	875	354	997	1 041	1 088
Gains		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		340 540	346 837	398 023	326 771	327 071	327 071	171 457	351 933	372 584	350 327



Operational grants forms the largest component of the revenue basket for the municipality which amounts to R151 million The second largest source is service charges at R123 million when we are not considering grant and subsidies.
Property Rates constitutes R 69.5 million of the operating budget.

T able 3 Operating Transfers and Grant Receipts

FS181 Masingonyana - Supporting Table SA18 Transfers and grant receipts					Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
Description	Ref	2018/19	2019/20	2020/21	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	1 602	5 033	-	(3 925)	(3 925)	(3 945)	(2 650)	(3 135)
Local Government Equitable Share										
EPWP Incentive	-	-	(9)	991	-	(1 075)	(1 075)	(1 295)	-	-
Finance Management	-	-	1 611	4 011	-	(2 850)	(2 850)	(2 650)	(2 650)	(3 135)
Infrastructure Skills Development Grant	-	-	-	31	-	-	-	-	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	-	1 602	5 033	-	(3 925)	(3 925)	(3 945)	(2 650)	(3 135)



There's Equitable share of R147 mil, 157 mil and 168 mil for the MTREF gazette, however due to the changes made by National Treasury on the reforms it does not reflect on the table above.

Summary of Rates and Service Charge Tariff implications to the 2022/23 MTREF Budget

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, the wage agreements with unions, other input costs of services provided by the municipality, the municipality's indigent policy and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

The percentage increases of both Eskom tariffs are beyond the South African Reserve Bank inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality are largely outside the control of the municipality. The Eskom price increase of bulk electricity supplied to municipalities will be by Nersa.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities.

The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, materials and chemicals.

The current challenge that will face MLM 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:

1.3.2 Operating Expenditure Framework

The Council's expenditure framework for the 2022/23 budget and MTREF is informed by the following:

1. Employee related costs incorporating correction of salary increases p/a
2. maintenance plan;
3. Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA
4. The capital programs (capital budget implementation plan and conditional grants attached).
5. Operational gains and efficiencies will be directed to funding the capital budget and other capital projects that not budgeted but needs to be prioritised and other core services; and
6. Strict adherences to the principle of no project plan no budget. If there is no business plan, procurement plans, no funding allocation can be made.

The following table is a high level summary of the 2022/2023 budget and MTREF

Figure 2: Expenditure by major type for the 2022/2023 financial year



Expenditure By Type	-										
Employee related costs	2	92 546	92 088	115 058	118 638	118 638	118 638	63	124 336	129 060	134 540
Remuneration of councillors		56	1 003	-	7 559	7 559	7 559	-	7 922	9 359	8 529
Debt impairment	3	(20 360)	128 274	-	79 894	79 894	79 894	-	82 836	86 481	97 594
Depreciation & asset impairment	2	39 634	90 013	-	18 393	18 393	18 393	-	91 685	95 719	100 027
Finance charges		4 670	6 471	2 832	546	546	546	2	1 900	2 071	2 164
Bulk purchases - electricity	2	31 351	31 537	28 977	60 466	60 466	60 466	377	63 005	65 777	68 737
Inventory consumed	8	-	-	-	18 600	18 900	18 900	1 754	33 626	35 106	36 685
Contracted services		16 006	12 212	43 067	30 337	33 567	33 567	4 405	69 700	72 766	76 314
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4 , 5	4 398	6 382	17 078	32 367	36 022	36 022	3 020	41 790	43 624	45 596
Losses		-	-	-	-	-	-	-	-	-	-
Total Expenditure		168 300	367 980	207 012	366 799	373 984	373 984	9 621	516 800	539 964	570 186

Expenditure: 2022/2023

The budgeted allocation for employee related costs for the financial year amounts to R124 million, which equals 23 percent of the total operating expenditure; Employee related cost overall will increase by 4.9 percent to accommodate salary increases and include bargaining council agreement. Overall the total employee related cost and councillor's remuneration of R7.9 million totals to 35 percent of the budget.

The following are highlights of the components of operating expenditure:

1. As per MFMA circular 86T respectively, overtime is only being provided for emergency services and other critical functions; this is an item that was growing as management did not have proper monitoring and control over it, however, the policy that will regulate overtime and procedures has been develop to address it.
2. The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (No. 20 of 1998).



3. The most recent proclamation (Government Gazette no. 35962) in this regard has been taken into account in compiling the municipality's budget and an increase of 3.9 percent has factored in as per the MFMA circular 108 taking into consideration grading number 3 of the municipality;
4. The provision of debt impairment was determined based on an annual collection rate of 57 percent, and the 43 percent of the debt has been impaired against the bad debtors and the remainder on revenue foregone (Exempt property rates, discounts/incentives and interest write offs). For the 2022/2023 financial year this amount equates to R82 million. While this expenditure is considered to be a non-cash flow item; it informs the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.
5. Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management. Depreciation is widely considered a proxy for the measurement of the rate asset of consumption of assets. Budget appropriations in this regard total R91 million for the 2022/23 financial year and equates to 18 percent of the total operating expenditure.
6. Finance charges consist primarily of interest on Eskom outstanding debt and other charges, other creditors who are providing services to the Municipality and are not paid on time
7. Bulk purchases are directly informed by the purchase of electricity from Eskom and water boards. The Eskom payment plan has been taken into consideration for this years budgeted.
8. The Bulk purchase constitutes 12 percent of the total operating budget. It is therefore imperative that the municipality prioritise the reduction of the distribution losses to maximum income generation from this expenditure item which has already been prioritized.
9. The municipality has been granted 5% of the MIG projects to be allocated to the repairs and maintenance. This is still under the MFMA circular 74 Guideline which stipulates that the Municipality must budget for at least 8% of the total asset carrying value, which in these case the Municipality does not comply due to financial constraints but will eventually meet the target, however to due aging infrastructure the Municipality is unable to meet the set percentage and most projects are to renew the infrastructure.
10. Contracted services takes into consideration the cost of mSCOA support, government garage, compilation of AFS and Repairs & Maintenance and constitutes R63 million or 13% of the budget
11. Other general expenses have been identified as one of the highest cost drivers for the municipality. In the 2022/2023 financial year, this group of expenditure totals R41 million or 8 percent of the total operational budget.



12.

1.3.2.2 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 MLM Indigent Management Policy. The target is to register 5000 or more indigents households during the 2022/2023 over MTREF financial year, a process reviewed annually, roadshows are currently underway in all towns in January 2022 to ensure that qualifying consumers are encouraged to register . The Indigent is an ongoing process where if anyone can lose their jobs as a result of this they may be declared as indigent , we will however be adjusting the budget if we reach that target. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 23 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share of R147 million receivable in terms of the annual Division of Revenue Bill.



Table 5: Capital expenditure by vote

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

Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		3 738	3 738	3 738	–	1 400	1 400	3 812	–	–	–
Vote 2 - Finance & Administration		420 219	57 571	106 921	–	–	–	131 738	3 194	3 334	3 484
Vote 3 - Planning & Development		227	227	462	–	–	–	462	–	–	–
Vote 4 - Technical Services		752 928	729 232	756 680	33 689	34 589	34 589	763 965	47 151	41 967	31 102
Vote 5 - Community & Social Services		245 380	260 730	260 730	310	–	–	260 730	4 054	3 392	3 545
Vote 6 - Community & Social Services ¹		–	164 528	170 410	1 150	1 460	1 460	170 410	9 602	7 836	8 182
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		422 491	216 026	298 941	35 148	37 448	37 448	331 117	64 001	56 530	46 313
Total Capital Expenditure - Vote		422 491	216 026	298 941	35 148	37 448	37 448	331 117	64 001	56 530	46 313

Table 6: Capital expenditure by Standard Classification

Capital Expenditure - Functional											
Governance and administration		423 957	61 309	110 658	–	1 400	1 400	135 550	3 194	3 334	3 484
Executive and council		3 738	3 738	3 738	–	1 400	1 400	3 812	–	–	–
Finance and administration		420 219	57 571	106 921	–	–	–	131 738	3 194	3 334	3 484
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		29 863	194 374	200 256	1 415	1 415	1 415	200 256	9 226	6 603	6 894
Community and social services		(146)	(162)	(162)	310	–	–	(162)	3 149	3 288	3 435
Sport and recreation		–	164 528	170 410	1 105	1 415	1 415	170 410	5 172	3 211	3 349



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Public safety		26 661	26 661	26 661	–	–	–	26 661	905	104	109
Housing		–	–	–	–	–	–	–	–	–	–
Health		3 347	3 347	3 347	–	–	–	3 347	–	–	–
Economic and environmental services		433 812	433 812	434 048	1 705	2 605	2 605	434 048	–	–	–
Planning and development		227	227	462	–	–	–	462	–	–	–
Road transport		433 586	433 586	433 586	1 705	2 605	2 605	433 586	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		534 859	526 531	553 978	32 029	32 029	32 029	561 263	51 581	46 592	35 935
Energy sources		3 622	641	792	1 983	1 983	1 983	792	950	3 000	3 135
Water management		1 273	(19 442)	1 815	24 058	24 058	24 058	9 100	34 336	34 265	27 967
Waste water management		529 964	545 331	551 371	5 942	5 942	5 942	551 371	11 865	4 703	–
Waste management		–	–	–	45	45	45	–	4 430	4 625	4 833
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	³	422 491	216 026	298 941	35 148	37 448	37 448	331 117	64 001	56 530	46 313
Funded by:											
National Government		992 545	148 744	169 324	34 838	34 838	34 838	176 609	51 228	43 195	32 378
Provincial Government		–	–	12 750	–	–	–	12 750	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	⁴	992 545	148 744	182 074	34 838	34 838	34 838	189 359	51 228	43 195	32 378
Borrowing	⁶	–	–	–	–	–	–	–	–	–	–
Internally generated funds		429 946	67 282	116 867	310	2 610	2 610	141 758	12 773	13 335	13 935
Total Capital Funding	⁷	422 491	216 026	298 941	35 148	37 448	37 448	331 117	64 001	56 530	46 313

- In the 2022/2023 an amount of R51 million has been appropriated for the trading services which represents 80 percent of the total capital, to ensure that service delivery issues are corrected.



a. Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the *Municipal Budget and Reporting Regulations*.

Table8: MBRR A1-Consolidated Budget Summary



MLM: FS181 DRAFT BUDGET AND MTREF 2021/2022

services		12 678	16 739	17 627	9 191	10 266	10 266	26 016	27 120	28 250
Planning and development		4 302	7 931	7 385	3 639	3 639	3 639	20 458	21 332	22 290
Road transport		8 375	8 808	10 242	5 551	6 626	6 626	5 558	5 789	5 960
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		67 664	136 505	103 718	231 319	233 819	233 819	257 879	268 956	280 986
Energy sources		34 187	37 592	40 274	116 846	116 846	116 846	89 120	92 925	97 073
Water management		21 342	28 127	39 381	90 451	90 451	90 451	132 579	138 364	144 588
Waste water management		7 636	65 615	18 553	17 659	17 659	17 659	28 333	29 499	30 798
Waste management		4 499	5 171	5 510	6 364	8 864	8 864	7 847	8 168	8 527
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	176 292	379 560	220 001	366 799	373 984	373 984	542 422	568 705	571 484
Surplus/(Deficit) for the year		142 812	(64 953)	130 638	(3 476)	(10 361)	(10 361)	(137 998)	(147 045)	(167 439)



Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance);
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs;
3. Financial management reforms emphasises 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;
4. After all consultation with the community and the provincial government and Provincial Treasury, the municipality has budgeted for a balanced budget which will force the municipality to better manage the cash-flow and also radically implement the cost containment measures from 1 July 2016 over the MTREF;
5. Capital expenditure is balanced by capital funding sources funded by National Government.
6. Internally generated funds will mainly provide for Township establishment infrastructure.
7. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year.
8. 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 community and 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 9: MBRR A-2 Consolidated Budget Financial Performance (Revenue and Expenditure by Standard Classification)

FS181 Masiphi - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue - Functional										
<i>Governance and administration</i>		218 365	213 390	228 788	275 240	265 817	265 817	131 768	130 489	95 635
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		218 365	213 390	228 788	275 240	265 817	265 817	131 768	130 489	95 635
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	214	-	-	-	-	-	-
Community and social services		-	-	214	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		100 739	101 216	121 637	88 083	97 806	97 806	272 655	291 171	308 410
Energy sources		19 882	19 422	36 752	35 816	35 816	35 816	47 195	52 002	54 429
Water management		43 652	43 698	44 993	37 427	24 427	24 427	39 224	40 949	42 792
Waste water management		23 914	24 464	25 389	20 136	(3 159)	(3 159)	21 103	22 031	23 022
Waste management		13 291	13 633	14 503	(5 296)	40 722	40 722	165 133	176 189	188 166
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	319 104	314 607	350 639	363 323	363 623	363 623	404 424	421 660	404 045
Expenditure - Functional	-									
<i>Governance and administration</i>		92 329	219 589	89 189	105 656	108 656	108 656	234 526	247 628	235 871
Executive and council		19 913	20 727	21 724	23 871	23 871	23 871	24 599	26 685	26 604
Finance and administration		72 416	197 864	67 357	80 615	83 615	83 615	208 581	219 545	207 808
Internal audit		-	998	109	1 170	1 170	1 170	1 346	1 398	1 459
<i>Community and public safety</i>		3 621	6 727	9 467	20 633	21 243	21 243	24 001	25 000	26 377
Community and social services		1 476	4 446	5 478	13 392	13 702	13 702	15 982	16 654	17 665
Sport and recreation		756	625	2 173	2 372	2 672	2 672	4 452	4 640	4 846



Public safety		1 389	1 656	1 617	3 328	3 328	3 328	1 891	1 966	2 052
Housing		-	-	-	1 541	1 541	1 541	1 675	1 739	1 814
Health		-	-	199	-	-	-	-	-	-
<i>Economic and environmental services</i>		12 678	16 739	17 627	9 191	10 266	10 266	26 016	27 120	28 250
Planning and development		4 302	7 931	7 385	3 639	3 639	3 639	20 458	21 332	22 290
Road transport		8 375	8 808	10 242	5 551	6 626	6 626	5 558	5 789	5 960
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		67 664	136 505	103 718	231 319	233 819	233 819	257 879	268 956	280 986
Energy sources		34 187	37 592	40 274	116 846	116 846	116 846	89 120	92 925	97 073
Water management		21 342	28 127	39 381	90 451	90 451	90 451	132 579	138 364	144 588
Waste water management		7 636	65 615	18 553	17 659	17 659	17 659	28 333	29 499	30 798
Waste management		4 499	5 171	5 510	6 364	8 864	8 864	7 847	8 168	8 527
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	176 292	379 560	220 001	366 799	373 984	373 984	542 422	568 705	571 484
Surplus/(Deficit) for the year		142 812	(64 953)	130 638	(3 476)	(10 361)	(10 361)	(137 998)	(147 045)	(167 439)

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

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile „whole of government“ reports;



Services1		5 255	5 796	7 683	8 736	11 536	11 536	12 299	12 808	13 373
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	176 698	380 126	219 978	366 799	373 984	373 984	542 422	568 705	571 484
Surplus/(Deficit) for the year	2	142 405	(65 519)	130 661	(3 476)	(10 361)	(10 361)	(137 998)	(147 045)	(167 439)

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of Maseko Local 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 electricity and water trading services.



Table 11: MBRR A-4 Consolidated Budgeted Financial Performance (Revenue and Expenditure by type)

FS181 Masilonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)

FS181 Masilonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source											
Property rates	2	94 035	87 478	89 959	65 653	65 653	65 653	55 627	69 592	72 654	32 764
Service charges - electricity revenue	2	25 473	25 424	42 645	44 524	44 524	44 524	23 585	47 596	52 419	54 866
Service charges - water revenue	2	56 109	63 370	67 176	37 427	37 427	37 427	50 901	39 224	40 949	42 792
Service charges - sanitation revenue	2	29 827	30 700	32 270	20 136	20 136	20 136	25 168	21 103	22 031	23 022
Service charges - refuse revenue	2	16 805	18 902	20 360	14 435	14 435	14 435	15 551	15 128	15 794	16 504
Rental of facilities and equipment		257	286	320	260	260	260	244	260	271	284
Interest earned - external investments		3 876	811	1 388	685	685	685	-	718	749	783
Interest earned - outstanding debtors		8 889	1 722	3 555	5 787	5 787	5 787	26	6 065	6 332	6 617
Dividends received		-	3	-	9	9	9	-	10	10	11
Fines, penalties and forfeits		-	6	-	576	576	576	-	201	209	218
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		105 155	117 963	139 842	136 704	136 704	136 704	-	151 040	160 124	171 378
Other revenue	2	113	174	507	575	875	875	354	997	1 041	1 088
Gains		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		340 540	346 837	398 023	326 771	327 071	327 071	171 457	351 933	372 584	350 327
Expenditure By Type											
Employee related costs	2	92 546	92 088	115 058	118 638	118 638	118 638	63	124 336	129 060	134 540
Remuneration of councillors		56	1 003	-	7 559	7 559	7 559	-	7 922	9 359	8 529
Debt impairment	3	(20 360)	128 274	-	79 894	79 894	79 894	-	82 836	86 481	97 594
Depreciation & asset impairment	2	39 634	90 013	-	18 393	18 393	18 393	-	91 685	95 719	100 027
Finance charges		4 670	6 471	2 832	546	546	546	2	1 900	2 071	2 164
Bulk purchases - electricity	2	31 351	31 537	28 977	60 466	60 466	60 466	377	63 005	65 777	68 737
Inventory consumed	8	-	-	-	18 600	18 900	18 900	1 754	33 626	35 106	36 685
Contracted services		16 006	12 212	43 067	30 337	33 567	33 567	4 405	69 700	72 766	76 314



Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	4 398	6 382	17 078	32 367	36 022	36 022	3 020	41 790	43 624	45 596
Losses		-	-	-	-	-	-	-	-	-	-
Total Expenditure		168 300	367 980	207 012	366 799	373 984	373 984	9 621	516 800	539 964	570 186
Surplus/(Deficit)		172 240	(21 143)	191 011	(40 028)	(46 913)	(46 913)	161 836	(164 868)	(167 380)	(219 859)

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

Total revenue is R351 million in 2022/23, R372 million and R350 million in 2023/2024 and 2024/2025 respectively.

Expenditure is projected at R516 mil in 2022/23, R539 mil and R570 for the outer years. The /Municipality has also budgeted on a deficit due to low collection rate, high debtors book and creditors book and no reserves however revenue enhancement strategies will also be adopted with the MTREF to assist the status of the financial position of the Municipality.



1. Revenue to be generated from property rates is R69.5 million for 2022/2023 which constitutes 20% of the operating revenue base of the municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R123 million (35%) million for the budget year.
2. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government and they amount to R151 million.

Table 12: MBRR A5 Consolidated Budgeted Capital Expenditure by Vote



Transfers recognised - capital	4	992 545	148 744	182 074	34 838	34 838	34 838	189 359	51 228	43 195	32 378
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		429 946	67 282	116 867	310	2 610	2 610	141 758	12 773	13 335	13 935
Total Capital Funding	7	422 491	216 026	298 941	35 148	37 448	37 448	331 117	64 001	56 530	46 313

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. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. All capital projects falls under the single year capital
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 programmes are 80% funded from national capital grants , and internally generated capital budget at 20% and mainly vehicles and office equipment.



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Current liabilities	-										
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	-	-	-	681	681	681	-	-	-	-
Consumer deposits		123	360	503	1 191	1 191	1 191	634	355	462	500
Trade and other payables	4	421 408	493 879	617 388	145 986	12 807	12 807	(582 650)	(77 520)	(1 598 180)	(139 979)
Provisions		45 620	40 990	40 990	176	176	176	40 990	23 930	23 930	23 930
Total current liabilities		467 151	535 229	658 881	148 034	14 855	14 855	(541 026)	(53 235)	(1 573 788)	(115 549)
Non current liabilities											
Borrowing		1 510	-	-	2 394	2 394	2 394	-	-	-	-
Provisions		-	-	-	34 879	34 879	34 879	-	-	-	-
Total non current liabilities		1 510	-	-	37 273	37 273	37 273	-	-	-	-
TOTAL LIABILITIES		468 661	535 229	658 881	185 307	52 128	52 128	(541 026)	(53 235)	(1 573 788)	(115 549)
NET ASSETS	5	724 486	536 448	657 383	1 818 099	1 953 578	1 953 578	3 090 990	154 460	1 662 565	189 307
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		781 217	781 232	781 251	1 678 408	1 813 887	1 813 887	(931 377)	(137 998)	(147 045)	(167 439)
Reserves	4	-	-	-	167 670	167 670	167 670	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	781 217	781 232	781 251	1 846 078	1 981 557	1 981 557	(931 377)	(137 998)	(147 045)	(167 439)



Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet);
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. This is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 1. Call investments deposits;
 2. Consumer debtors;
 3. Property, plant and equipment;
 4. Trade and other payables;
 5. Provisions non-current;
 6. Changes in net assets; and
 7. 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 14: MBRR A7 Consolidated Budgeted Cash Flow



NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	836	(106)	(38)
NET INCREASE/ (DECREASE) IN CASH HELD		30 896	36 012	-	104 317	104 317	104 317	-	(231 397)	713 (184) ⁽¹⁾	(215 031)
Cash/cash equivalents at the year begin:	2	-	-	-	227	227	227	-	-	(231 397)	944 (581) ⁽¹⁾
Cash/cash equivalents at the year end:	2	30 896	36 012	-	104 544	104 544	104 544	-	(231 397)	944 (581) ⁽¹⁾	159 (612) ⁽²⁾

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. Cash and cash reflects a positive totals of - R231 million as at the end of the 2022/2023 financial year , however the Municipality is striving to stabilize the financial position



Table 15: MBRR A8 Consolidated Cash Backed Accumulated Surplus Reconciliation

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

FS181 Masilonyana - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Cash and investments available											
Cash/cash equivalents at the year end	1	30 896	36 012	–	104 544	104 544	104 544	–	(231 397)	(1 944 581)	(2 159 612)
Other current investments > 90 days		(35 681)	(40 203)	8 211	(104 089)	(104 089)	(104 089)	(37 871)	232 968	1 945 482	2 160 614
Non current assets - Investments	1	90	86	86	–	–	–	86	–	–	–
Cash and investments available:		(4 695)	(4 105)	8 297	454	454	454	(37 786)	1 571	901	1 001
Application of cash and investments											
Unspent conditional transfers		–	21 909	106 455	–	–	–	(106 455)	–	2 385	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	172 073	152 916	170 164	(501 516)	(633 672)	(633 672)	(123 077)	(134 247)	(1 665 395)	(230 792)
Other provisions		45 620	40 990	40 990	35 055	35 055	35 055	40 990	23 930	23 930	23 930
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		217 693	215 816	317 609	(466 461)	(598 617)	(598 617)	(188 542)	(110 317)	(1 639 080)	(206 862)
Surplus(shortfall)		(222 388)	(219 921)	(309 312)	466 916	599 072	599 072	150 756	111 888	1 639 981	207 863

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality’s budget must be “funded”. In Masilonyana Local Municipality’s case, there’s surplus balance of R111 million for budget year, R639 million for 2023/24



and a positive R207 million for 2024/2025 respectively

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.

1. Considering the requirements of section 18 of the MFMA, it can be concluded that the tabled 2022/23 MTREF is not funded owing to the significant deficit and will be adopted with the budget funding tool for the budget year to implement measures of improving the current status.



Table 16: MBRR A9 Consolidated Asset Measurement

FS181 Masilonyana - Table A9 Asset Management										
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
CAPITAL EXPENDITURE										
Total New Assets	1	742 273	520 264	601 134	22 704	25 004	25 004	39 057	35 135	39 294
Roads Infrastructure		357 350	341 903	391 252	-	-	-	-	-	-
Storm water Infrastructure		121	297	123	4 934	4 934	4 934	-	-	-
Electrical Infrastructure		131 380	118 702	118 853	1 983	1 983	1 983	950	3 000	3 135
Water Supply Infrastructure		1 273	620	(407)	12 464	12 464	12 464	23 334	18 800	22 224
Sanitation Infrastructure		-	-	3 866	1 008	1 008	1 008	-	-	-
Solid Waste Infrastructure		4 342	4 342	4 342	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		467 494	430 236	478 310	389 20	389 20	389 20	284 24	800 21	359 25
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	164 528	170 410	300	300	300	2 000	-	-
Community Assets		-	164 528	170 410	300	300	300	2 000	2	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		3 738	3 738	3 738	-	-	-	100	104	109
Furniture and Office Equipment		3 428	3 412	3 647	310	-	-	8 093	8 449	8 829
Machinery and Equipment		1 259	1 259	1 259	1 705	2 015	2 015	1 900	1 984	2 073
Transport Assets		15 033	15 033	15 033	-	2 300	2 300	2 680	2 798	2 924
Land		224 349	96 264	96 264	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	2 044	12 399	12 399	12 399	13 137	5 930	1 276
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	2 044	11 595	11 595	11 595	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	11 865	4 703	-



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Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	1 422 491	1 216 026	1 298 941	35 148	37 448	37 448	64 001	56 530	46 313	
<i>Roads Infrastructure</i>		790 894	775 447	824 796	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		4 616	801)	627)	4 934	4 934	4 934	-	-	-	-
<i>Electrical Infrastructure</i>		131 380	118 702	118 853	1 983	1 983	1 983	950	3 000	3 135	
<i>Water Supply Infrastructure</i>		(536)	251)	6	24 058	24 058	24 058	34 336	34 265	27 967	
<i>Sanitation Infrastructure</i>		215 502	230 868	234 735	1 008	1 008	1 008	11 865	4 703	-	
<i>Solid Waste Infrastructure</i>		4 342	4 342	4 342	45	45	45	-	-	-	
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-	
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-	
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-	
Infrastructure		1 146 199	903 307	980 104	32 029	32 029	32 029	47 151	41 967	31 102	
Community Facilities		28 486	28 486	28 486	-	-	-	805	-	-	
Sport and Recreation Facilities		-	164 528	170 410	1 105	1 105	1 105	3 272	1 227	1 276	
Community Assets		28 486	193 014	198 896	1 105	1 105	1 105	4 077	1 227	1 276	
Heritage Assets		-	-	-	-	-	-	-	-	-	
Revenue Generating		-	-	-	-	-	-	-	-	-	
Non-revenue Generating		-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	
Operational Buildings		-	-	-	-	-	-	-	-	-	
Housing		-	-	-	-	-	-	-	-	-	
Other Assets		-	-	-	-	-	-	-	-	-	
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	
Servitudes		-	-	-	-	-	-	-	-	-	
Licences and Rights		-	-	-	-	-	-	-	-	-	
Intangible Assets		-	-	-	-	-	-	-	-	-	
Computer Equipment		3 738	3 738	3 738	-	-	-	100	104	109	
Furniture and Office Equipment		3 428	3 412	3 647	310	-	-	8 093	8 449	8 829	
Machinery and Equipment		1 259	1 259	1 259	1 705	2 015	2 015	1 900	1 984	2 073	
Transport Assets		15 033	15 033	15 033	-	2 300	2 300	2 680	2 798	2 924	
Land		224 349	96 264	96 264	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	
TOTAL CAPITAL EXPENDITURE - Asset class		1 422 491	1 216 026	1 298 941	35 148	37 448	37 448	64 001	56 530	46 313	
ASSET REGISTER SUMMARY - PPE (WDV)	5							(10)	(21)	(34)	
<i>Roads Infrastructure</i>		710 845	552 636	635 315	872 386	874 686	874 686	095)	028)	900)	
<i>Storm water Infrastructure</i>		482 782	467 334	516 684	-	-	-	-	-	-	
<i>Electrical Infrastructure</i>		190 292	87 312	89 486	4 934	4 934	4 934	307)	840)	613)	
<i>Water Supply Infrastructure</i>		24 590	11 932	12 103	822 037	822 037	822 037	950	3 000	3 135	



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Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		39 634	90 013	50	18 928	18 928	18 928	91 785	95 824	100 136
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		47.8%	57.2%	53.7%	35.4%	33.2%	33.2%	39.0%	37.8%	15.2%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		1716.2%	773.0%	0.0%	67.7%	67.7%	67.7%	27.2%	22.4%	7.0%
<i>R&M as a % of PPE</i>		0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	-0.4%	-0.3%	-0.2%
<i>Renewal and upgrading and R&M as a % of PPE</i>		96.0%	126.0%	110.0%	1.0%	1.0%	1.0%	-248.0%	-102.0%	-20.0%



Explanatory notes to Table A9 - Asset Management

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

Table 17: MBRR consolidated Basic Service Delivery Measurement

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services;
2. The budget provides for 5000 households to be registered as indigent in the current financial year, The number is set to increase/decrease given the the open door policy that is in place.
3. It is anticipated that these Free Basic Services will cost the municipality over R 22 million in 2022/2023 This is covered by the municipality's equitable share allocation from national government.



PART 2 – SUPPORTING DOCUMENTATION

Section 53 of the Municipal Finance Management Act 2003 (No. 56 of 2003) requires the Executive Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the Executive Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Municipal Finance Management Act; 2003(No. 56 of 2003)

2.1 IDP and Service Delivery and Budget Implementation Plan

The Municipality's Integrated Development Plan (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:

1. Registration of community needs;
2. Compilation of departmental business plans including key performance indicators and targets;
3. Financial planning and budgeting process;
4. Public participation process;
5. Compilation of the SDBIP, and
6. 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 2018/2019 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.

During the compilation of the 2021/2022 MTREF, each department/function will have to review the business planning process, including the setting of priorities and targets after reviewing the mid-year.

2.1.1 Community Consultation

The 2022/2023 MTREF will be tabled by 31 March 2022. The Budget Process Plan was tabled before council in August 2021 where the budget activities of the 2022/2023 were presented.

All documents in the appropriate format will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the Municipal Finance Management Act, as evidence that the budget processes and public participation indeed took place.



2.2 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2022/23 MTREF, extensive financial modelling was undertaken to ensure affordability in the long-term and financial sustainability. The following key factors and planning strategies have informed the compilation of the 2021/22 MTREF and adjustments budgets:

1. The municipality growth;
2. Policy priorities and strategic objectives;
3. Asset maintenance;
4. Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns);
5. Performance trends;
6. The approved 2021/2022 budget and performance against the SDBIP;
7. Cash Flow Management;
8. Debtor payment levels;
9. Investment possibilities;
10. The need for tariff increases versus the ability of the community to pay for services; and
11. Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's Municipal Finance Management Act Circulars 51, 54, 68, 70 and 72 has been taken into consideration in the planning and prioritisation process.

2.3 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 utilize integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of

Office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget.



An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development.

Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by the municipality correlates 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's 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 Municipalities response to these requirements. The national and provincial priorities, policies and strategies of importance include amongst others:

1. Green Paper on National Strategic Planning of 2009;
2. Government Programme of Action;
3. Development Facilitation Act of 1995;
4. Provincial Growth and Development Strategy (GGDS);
5. National and Provincial spatial development perspectives;
6. Relevant sector plans such as transportation, legislation and policy;
7. National Key Performance Indicators (NKPIs);
8. Accelerated and Shared Growth Initiative (ASGISA);
9. National 2014 Vision;
10. National Spatial Development Perspective (NSDP) and
11. 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 highlights the IDP's five strategic objectives for the 2020/2021 MTREF and further planning refinements that have directly informed the compilation of the budget;

Build better communities and good governance - Strive to build a united, non-racial, non-sexiest, competitive and prosperous community.



Enhance financial sustainability -Strategies to ensure financial stability by raising revenue strategies, asset management, and financial management, enhance cost effectiveness and capital investment programmes.

Accelerate an inclusive growing economy - Encouraging the creation of job opportunities, SMME's development, provide for proper service to all the resident, and land use management for all the community of Masilonyana and promote agricultural and tourism development.

Plan for the future

Masilonyana must create an environment conducive for economic growth through investments in socio economic infrastructure to trigger local economic growth and forge partnership with stakeholders to invest in the local economy.

Develop a learning organization

Masilonyana Municipality needs to acquire highly competent workforce to successfully implement its newly developed strategic intent. And has already took its workforce for vast training from Technical Services, for plant operations courses ABET, Municipal Finance Management Programme etc.

Establish effective and efficient services - Provide quality and sustainable electrical services, maintain road networks and storm water drainage system for all the community of Masilonyana effective on-going water and sanitation services, waste -management services in an effective manner, and parks and cemetery development in order to protect human health and well-being environment as aligned to government and national key objectives

Enhance effective, accountable and clean institutional management and corporate, governance. Accelerated provision of effective, efficient and quality services and encourage cooperative governance and the involvement of all other stakeholders to provide a better life for all.

In order to ensure integrated and focused service delivery between all spheres of government, it was important for the Masilonyana Local 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:

- a) Provision of quality basic services and infrastructure which includes, amongst others:
1. Provide electricity;
 2. Provide water;
 3. Provide sanitation;
 4. Provide waste removal;
 5. Provide roads and storm water; and



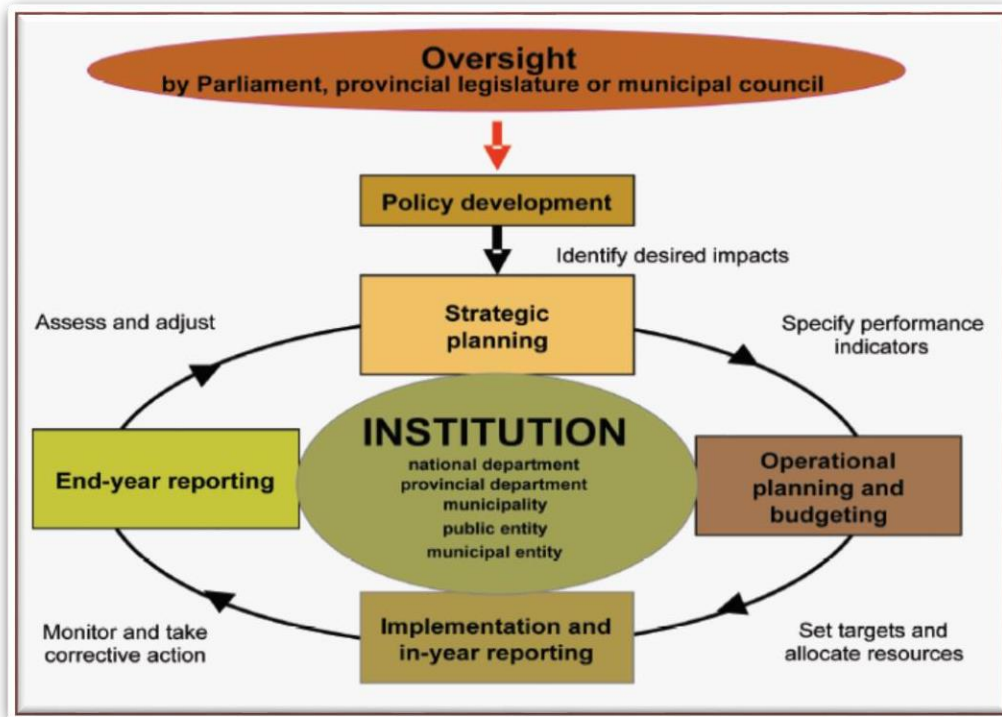
6. Maintaining the infrastructure of the municipality.
- b) Economic growth and development that leads to sustainable job creation by:
1. Ensuring there is a clear structural plan, LED strategy for the Municipality;
 2. Ensuring planning processes function in accordance with set timeframes; and
 3. Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- c) Fight poverty and build clean, healthy, safe and sustainable communities through:
1. Effective implementation of the Indigent Policy;
 2. Working with the provincial department of health to provide primary health care services;
 3. Extending waste removal services and ensuring effective municipal cleansing;
 4. Ensuring all waste water treatment works are operating optimally;
 5. Working with strategic partners such as SAPS to address crime;6
 6. Ensuring save working environments by effective enforcement of building and health regulations;7
 7. Promote viable, sustainable communities through proper zoning; and
 8. Promote environmental sustainability by protecting wetlands and key open spaces

2.4 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, assess and reviews organizational performance which in turn is directly linked to individual employee's performance.

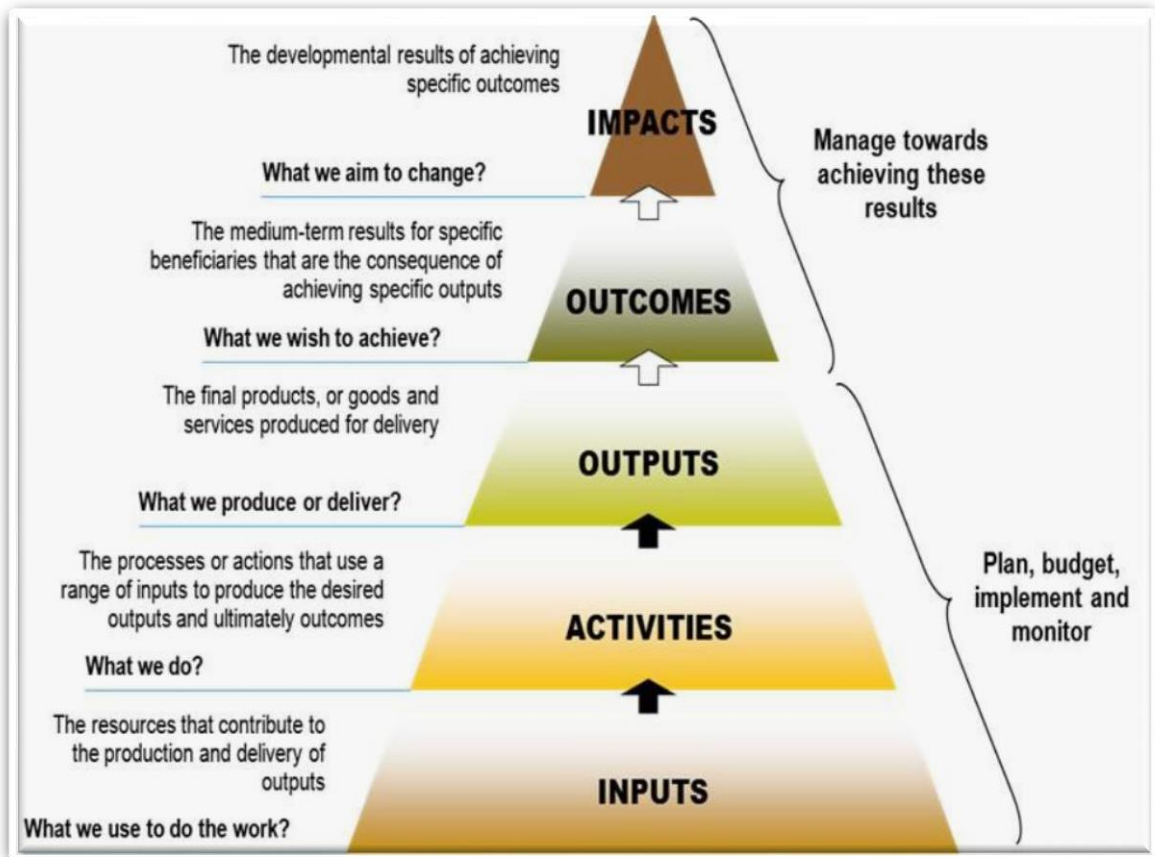
At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information 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:



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:

1. Planning (setting goals, objectives, targets and benchmarks);
2. Monitoring (regular monitoring and checking on the progress against plan);
3. Measurement (indicators of success);
4. Review (identifying areas requiring change and improvement);
5. Reporting (what information, to whom, from whom, how often and for what purpose); and
6. 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 which is depicted below:



2.5 Budget related policies

Masilonyana Local Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The following policies have been reviewed and tabled to Council with the budget:

- Municipal Property rates policy
- Budget policy
- Tariff policy
- Indigent policy
- Fixed Asset management policy
- Cash management & investment policy
- Credit control & Debt Collection policy
- Supply Chain Management policy
- Unauthorized, Irregular Fruitless and Wasteful policy
- Bad debt write-off policy
- Policy governing payments of creditors, councilors and officials
- Subsistence and Travel policy
- Disclosure Related parties' policies
- Events after reporting date policy and procedure manual



- Virements Policy

The 2022/23 MTREF has been prepared on the basis of achieving an average debtors' collection rate 62 percent in average. 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 by handing them over to the debt collector appointed. Finally, debt owed by Councillors and municipal staff has been prioritised for speedy recovery and where there's such debt, deductions are made against councillors and officials of the municipality, and also to ensure that Councillors pays off the debt before the end of their term.

2.6 Overview of the budget assumptions

2.6.1 General inflation outlook and its impact on the municipal activities

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

1. National Government macro-economic targets;
2. The general inflationary outlook and the impact on the residents and businesses;
3. The impact of municipal cost drivers;
4. The increase in prices for bulk electricity and water; and
5. The increase in the cost of remuneration. Employee related costs comprise 26% of the total operating expenditure in the 2022/2023

2.6.2 Interest Rates on borrowing and Investment of Funds

The MFMA stipulates that borrowing can only utilized to fund capital or refinancing of borrowing in certain condition. There are no current loans budgeted for this financial year.

2.6.3 Collection rate for revenue services

The base assumption is that tariff and rates will increase at a rate slightly higher that 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 +-25 percent of annual billings. Cash flow is assumed to be 57 percent of billings in average, due to the SMART prepaid electricity meters that are currently being installed and the project will assist to enhance the revenue collection as it is anticipated to start generating income for all users.

2.6.4 Growth or decline in tax base of the municipality

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



2.7 Legislation compliance status

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

2.7.1. In year reporting

Reporting to National Treasury in electronic format will fully be complied with on a monthly basis. mSCOA data strings reporting to the Executive Mayor (within 10 working days) is fully complied with.

2.7.2 Internship programme

Currently the Municipality have 4 interns who resumed duties in July 2018 and 4 interns that were appointed in June 2021, we have also advertised for 3 more interns that will appointed before the end April 2021.

2.7.3. Audit Committee

There's currently no audit committee in place, however an advert was advertised for suitable candidates to be appointed.

2.7.4. Service Delivery and Implementation Plan

A detailed SDBIP document is in place and it is directly aligned and informed by the 2019/2020 MTREF budget and Integrated Development Plan. The 2022/23 SDBIP will also be drafted and aligned to the 2022/23 MTREF. This document will be approved by the Mayor 28 days after the budget is approval by council.

RECOMMENDATIONS:

That council takes note:

1. 2022/2023 MTREF Budget,
2. Draft budget related policies for 2022/23
3. Draft tariffs for 2022/20223



2.8 QUALITY CERTIFICATE

QUALITY CERTIFICATE

I, Pule Tsekedi, the Municipal Manager of Masilonyana Local Municipality, hereby certify that:

2022/2023 FINAL MTREF

has been prepared in accordance with Section 24 of the Municipal Finance Management Act 56 of 2003 and the relevant regulations.

Name : Pule Tsekedi

Signature : _____

Date : _____