

SCHEDULE A

ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF RAMOTSHERE MOILOA LOCAL MUNICIPALITY



ANNUAL BUDGET OF
RAMOTSHERE MOILOA LOCAL MUNICIPALITY



2022/23 TO 2024/25
MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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- In the foyers of all municipal buildings
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Table of Contents

PART 1 – ANNUAL BUDGET	1
1.1 MAYOR’S REPORT	1
1.2 COUNCIL RESOLUTIONS.....	1
1.3 EXECUTIVE SUMMARY	1
1.4 OPERATING REVENUE FRAMEWORK.....	3
1.5 OPERATING EXPENDITURE FRAMEWORK	19
1.6 CAPITAL EXPENDITURE	21
1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY	23
2 PART 2 – SUPPORTING DOCUMENTATION.....	42
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS.....	42
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	45
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	50
2.4 OVERVIEW OF BUDGET RELATED-POLICIES	58
2.5 OVERVIEW OF BUDGET ASSUMPTIONS.....	64
2.6 OVERVIEW OF BUDGET FUNDING	67
2.7 ANNUAL BUDGETS AND SDBIPS – INTERNAL DEPARTMENTS.....	82
2.8 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	82
2.9 CAPITAL EXPENDITURE DETAILS	82
2.10 LEGISLATION COMPLIANCE STATUS.....	83
2.11 MUNICIPAL MANAGER’S QUALITY CERTIFICATE	85

List of Tables

Table 1 Consolidated Overview of the 2022/23 MTREF	3
Table 2 Summary of revenue classified by main revenue source.....	5
Table 3 Operating Transfers and Grant Receipts	6
Table 4 Comparison of proposed rates to levied for the 2022/23 financial year	9

List of Figures

Figure 1 Capital Infrastructure Programme	23
Figure 2 Planning, budgeting and reporting cycle	51
Figure 3 Breakdown of operating revenue over the 2022/23 MTREF	67

Abbreviations and Acronyms

AMR	Automated Meter Reading	IDP	Integrated Development Strategy
ASGISA	Accelerated and Shared Growth Initiative	IT	Information Technology
BPC	Budget Planning Committee	kℓ	kilolitre
CBD	Central Business District	km	kilometre
CFO	Chief Financial Officer	KPA	Key Performance Area
CM	Municipality Manager	KPI	Key Performance Indicator
CPI	Consumer Price Index	kWh	kilowatt
CRRF	Capital Replacement Reserve Fund	ℓ	litre
DBSA	Development Bank of South Africa	LED	Local Economic Development
DoRA	Division of Revenue Act	MEC	Member of the Executive Committee
DWA	Department of Water Affairs	MFMA	Municipal Financial Management Act
EE	Employment Equity		Programme
EEDSM	Energy Efficiency Demand Side Management	MIG	Municipal Infrastructure Grant
EM	Executive Mayor	MMC	Member of Mayoral Committee
FBS	Free basic services	MPRA	Municipal Properties Rates Act
GAMAP	Generally Accepted Municipal Accounting Practice	MSA	Municipal Systems Act
GDP	Gross domestic product	MTEF	Medium-term Expenditure Framework
GDS	Gauteng Growth and Development Strategy	MTREF	Medium-term Revenue and Expenditure Framework
GFS	Government Financial Statistics	NERSA	National Electricity Regulator South Africa
GRAP	General Recognised Accounting Practice	NGO	Non-Governmental organisations
HR	Human Resources	NKPIs	National Key Performance Indicators
HSRC	Human Science Research Council	OHS	Occupational Health and Safety
		OP	Operational Plan
		PBO	Public Benefit Organisations

PHC	Provincial Health Care	RSC	Regional Services Council
PMS	Performance Management System	SALGA	South African Local Government Association
PPE	Property Plant and Equipment	SAPS	South African Police Service
PPP	Public Private Partnership	SDBIP	Service Delivery Budget Implementation Plan
PTIS	Public Transport Infrastructure System	SMME	Small Micro and Medium Enterprises
RG	Restructuring Grant		

Part 1 – Annual Budget

1.1 Mayor's Report

Honourable Speaker of Council-Cllr. K.R Mogotsi, Honourable Chairperson of Municipal Public Accounts-Cllr. R Mogorosi
Members of the Mayoral Committee, Managers, all protocol observed.

Honourable Speaker,

The proposed budget of Ramotshere Moiloa Local Municipality for the 2022/23 financial year totals R 514.8 million, comprising of R 472.7 million Operating Expenditure and R 42.1 million for Capital expenditure.

The decline in the growth is due to the decrease in National and Provincial allocation and steady tariffs on property rates.

I recommend that the Council approves and adopts the following resolutions:

1.2 Council Resolutions

See attached resolution xxxx

1.3 Executive Summary

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

National Treasury's MFMA Circulars No 112 and 115 were used to guide the compilation of the 2022/23 MTREF. **Given the Arrear debt to ESKOM, the municipality should consider reviewing the indigent policy to limit the provision of basic services to registered indigents consumers only. This is in line with MFMA Circular 112.**

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

- The pending Court Case by some residents with regards to the General valuation roll implemented on 01 July 2019.
- Aging and poorly maintained water, roads, and electricity infrastructure.
- Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable.
- The weak economic growth has put pressure on consumers' ability to pay for services.
- Transfers from national government are growing more slowly than in the past.
- 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 2022/23 MTREF:

- The 2021/22 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2022/23 annual budget;
- There is a need for municipalities to focus on collecting revenues owed to them and eliminate wasteful and non-core spending;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards

being cost reflective, and should take into account the need to address infrastructure backlogs;

- No guideline has been given as yet with regards to the increase of electricity tariffs due to the pending High Court application by NERSA
- Ngaka Modiri Molema District Municipality has not confirmed any provision for grants for our municipality for 2022/23 financial year for Free Basic Services;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2022/23 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2022/23 MTREF

Description	MTREF 2022/23 Budget	MTREF 2023/24 Budget	MTREF 2024/25 Budget			
Operating Revenue	527,535,776.00	544,937,882.78	567,023,784.15			
Operating Expenditure	472,784,658.00	481,660,863.00	506,104,205.00			
Surplus/ (Deficit)	54,751,118.00	63,277,019.78	60,919,579.15			
Capital Expenditure	42,105,000.00	53,882,000.00	56,221,000.00			
Total Budget	514,889,658.00	535,542,863.00	562,325,205.00			

The proposed budget of Ramotshere Moiloa Local municipality for the 2022/23 financial year totals R 514.8 million, comprising of R 472.7 million Operating Expenditure and R 42.1 million for Capital expenditure.

1.4 Operating Revenue Framework

For Ramotshere Moiloa Local Municipality to continue improving the quality of services provided to its communities 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 must 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.
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA).
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service.
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA).
- Increase ability to extend new services and recover costs.
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2022/23 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source**NW385 Ramotshere Moiloa - 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		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1									
Revenue - Functional										
Governance and administration		105,554	358,834	–	173,232	190,763	173,232	300,879	313,896	326,750
Executive and council		34,140	60	–	38,452	38,452	38,452	50,121	56,081	66,747
Finance and administration		71,414	358,775	–	125,130	142,662	125,130	243,413	250,146	251,990
Internal audit		–	–	–	9,650	9,650	9,650	7,345	7,669	8,014
Community and public safety		25,383	–	–	26,935	26,356	26,935	48,603	30,139	31,583
Community and social services		19,553	–	–	17,457	16,878	17,457	37,583	19,957	20,975
Sport and recreation		5,829	–	–	8,064	8,064	8,064	10,615	9,759	10,166
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	1,414	1,414	1,414	405	423	442
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		111,101	4,122	–	126,165	111,328	126,165	113,674	139,787	144,308
Planning and development		83,444	–	–	82,088	68,269	82,088	67,219	71,337	71,905
Road transport		27,657	4,122	–	44,078	43,060	44,078	46,455	68,450	72,403
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		81,997	–	–	125,685	102,163	125,685	106,485	122,509	128,118
Energy sources		62,567	–	–	93,226	72,934	93,226	77,100	91,537	95,655
Water management		9,376	–	–	11,774	9,108	11,774	8,953	9,482	9,883
Waste water management		186	–	–	4,786	997	4,786	829	1,032	1,070
Waste management		9,868	–	–	15,898	19,124	15,898	19,603	20,459	21,511
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	324,035	362,956	–	452,017	430,611	452,017	569,641	606,331	630,760
Expenditure - Functional										
Governance and administration		125,108	286,072	–	185,528	165,023	185,528	196,470	195,759	210,032
Executive and council		32,370	13,829	–	36,238	44,906	36,238	48,121	54,453	64,502
Finance and administration		92,737	272,243	–	143,712	113,626	143,712	141,004	133,689	137,571
Internal audit		–	–	–	5,577	6,492	5,577	7,345	7,616	7,959
Community and public safety		17,336	7,495	–	17,335	13,550	17,335	78,511	27,801	28,640
Community and social services		11,968	7,495	–	10,360	5,861	10,360	67,791	18,819	19,231
Sport and recreation		5,367	–	–	5,561	6,142	5,561	10,315	8,559	8,966
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	1,414	1,547	1,414	405	423	442
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		69,917	–	–	70,302	87,424	70,302	122,169	104,076	106,472
Planning and development		46,558	–	–	12,656	26,992	12,656	73,920	30,038	30,073
Road transport		23,359	–	–	57,646	60,432	57,646	48,249	74,038	76,399
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		100,008	56,173	–	114,804	114,838	114,804	128,414	127,217	132,570
Energy sources		72,927	56,173	–	86,930	79,820	86,930	78,272	80,506	83,969
Water management		10,126	–	–	7,920	9,366	7,920	15,812	15,158	15,746
Waste water management		12,041	–	–	11,261	15,246	11,261	16,056	16,331	16,998
Waste management		4,914	–	–	8,693	10,406	8,693	18,274	15,223	15,856
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	312,369	349,740	–	387,968	380,835	387,968	525,564	454,853	477,713
Surplus/(Deficit) for the year		11,666	13,216	–	64,049	49,776	64,049	44,076	151,478	153,047

Revenue allocated from National and Provincial government forms a significant percentage of the revenue basket for the Municipality. In the 2021/22 financial year, operational revenue from grants amounted to **R 179.8 million**. This amount has increased to R 218.9 million in the 2022/23 year which makes up 43.6% of the total operational revenue. The total revenue of the municipality amounts to R 514.8 million of which 45.8 % is from Capital and Operational grants.

The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1.

Property rates revenue is the second largest revenue source. For the 2021/22-year, revenue from service charges amounted to 31% per cent of the total revenue. Revenue from service charges increases to 32 % in 2022/23.

Service Charges revenue is the third largest revenue source totaling 16% or R 90.6 million rand.

Total grants and transfers totals R 261 million in the 2022/23 financial year and steadily increase to R 304.7 million by 2024/25. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

Transfers and Grants	MTREF 2022/23 Budget	MTREF 2023/24 Budget	MTREF 2024/25 Budget
Finance Management Grant	2,300,000	2,300,000	2,300,000
Expanded Public Works Programme	1,383,000	-	-
Equitable Share	215,223,000	229,949,000	246,232,000
MIG	42,105,000	43,882,000	45,772,000
Department of Sports Arts and Culture	-	-	-
Equitable Share _Ngaka Modiri Molema District Muni	-	-	-
Integrated National Electrification Programme	-	10,000,000	10,449,000
Water Grant	-	-	-
	261,011,000	286,131,000	304,753,000

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 continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget

documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increase of Eskom tariffs is far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality falls outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. 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).
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- Due to the increased market values of the properties in the General Valuation Roll, the municipality has opted not to increase the tariffs to compensate for the high values in the market values of the properties.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2020/21 financial year based on a zero per cent increase from 1 July 2019 is contained below:

Table 4 Comparison of proposed rates to levied for the 2022/23 financial year

 RAMOTSHERE - MOILOA LOCAL MUNICIPALITY - "NW385" DRAFT TARIFF STRUCTURE - PROPERTY RATES 2022/23 FINANCIAL YEAR												
Notice is hereby given that in terms of Section 75A of the Local Government Municipal Systems Act (Act No:32 of 2000) Ramotshere Moiloa Local Municipality passed the following fees, tariffs and charges, rates for the 2022/2023 financial year as per Council Resolution No: 03/05/2021 on the 27th May 2021, with effect from 1 July 2021. All tariffs are VAT exclusive.												
PROPERTY RATES	CATEGORY OF PROPERTY											
	Residential/ Domestic	Industrial	Business/ Commercial	Agricultural	Mining	properties owned by organ of state used for public service purpose	Public Service Infrastructure	Property owned by public benefit organisations and used for specific purpose	Property used for multi purpose, subject to section 9	Property owned used for specific place for worship	Vacant	Special Category
Basic Charge - (in the Rand value) All areas	0.01696	0.03392	0.03392	0.00424	0.03392	0.00424	0.00424	0.01696	0.03392	0.16960	0.33920	
Rebates - %								100%		100%		10%
Retired and disabled persons on residential properties	-	-	-	-	-	-	-	-				-
month(excluding indigents)	50%	-	-	-	-	-	-	-				-
Owner with income between R5001 and R10 000	40%	-	-	-	-	-	-	-				-
Exemptions As contemplated in paragraph 10 (1) and (2) of the Municipal Property Rates Policy												
Reductions												
Municipal Property Rates Act 2004	R15,000			R15,000								
% Discount - full settlement of rates before 30 September each year	10%	10%	10%	10%					10%	10%		10%
CONSUMER DEPOSITS - (Rand value)	R 3,071	R 15,352	R 36,845	R -	R 36,845	R 36,845	R 36,845	R 12,282	R 12,282	R 12,282	R -	R 6,140

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;


- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increases of 4.5 per cent from 1 July 2022 for water is proposed and 12 kℓ water per month will be granted free of charge to all residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 5 Proposed Water Tariffs

 RAMOTSHERE - MOILOA LOCAL MUNICIPALITY - "NW385" DRAFT WATER TARRIFFS FOR 2022/2023			
Notice is hereby given that in terms of Section 75A of the Local Government Municipal Systems Act (Act No:32 of 2000) Ramotshere Moiloa Local Municipality passed the following fees, tariffs and charges, rates for the 2022/2023financial year as per Council Resolution No: 03/05/2021on the 27th May 2021, with effect from 1 July 2021. All tariffs are VAT exclusive.			
SERVICE TYPE	DETAILED DESCRIPTION	FINANCIAL YEAR	
		2021/2022	2022/2023
WATER SERVICES			
Consumption			
Residential/Domestic - (per kl)			
	0-12 Free Basic Water - Registered indigents	R 0.00	R 0.00
	0-15	R 6.99	R 7.34
	OVER 15.1 - 30	R 7.86	R 8.25
	OVER 30.1 - 45	R 8.73	R 9.17
	OVER 45.1 - 60	R 9.64	R 10.12
	OVER 60.1	R 10.48	R 11.00
Industrial/Bulk - (per kl)			
	0-300	R 11.90	R 12.50
	OVER 301 - 600	R 13.98	R 14.68
	OVER 601	R 16.07	R 16.87
Businesses/Commercial (per kl)			
	0-300	R 11.90	R 12.50
	OVER 301-600	R 14.34	R 15.06
	OVER 601	R 16.61	R 17.44
Government (per kl)			
	0-300	R 6.50	R 6.83
	OVER 301-600	R 7.96	R 8.36
	OVER 601	R 9.03	R 9.48
Prepaid meters (per kl)	Not yet applicable		
Water Connections			
Connection size payable with application			
	Pipe not exceeding 24 metres in length		
	15mm	R 2,252.85	R 2,365.49
	20mm	R 3,165.27	R 3,323.53
	25mm	R 4,659.98	R 4,892.98
	40-80mm (deposit of R300 is payable before service is rendered) balance immediately thereafter	Cost plus 15%	Cost plus 15%
	100-150mm(Deposit of R300 is payable before service is rendered) balance immediately thereafter	Cost plus 15%	Cost plus 15%
	Pipe exceeding 24 metres in length		
	Any size	Cost plus 15%	Cost plus 15%
Final service invoice would be issued after completion. Deposit equivalent to 40% of estimated cost is payable when work commences.			
NO CONNECTION WORK WILL START WITHOUT PRIOR SUBMISSION OF COMPLETED APPLICATION FORMS			
Re-connection fees for water cut-offs		R 4,655.49	R 4,888.26
Funerals - Water Tankers	2500kl	R 873.46	R 917.13
	5000kl	R 1,746.93	R 1,834.28

1.4.3 Sale of Electricity and Impact of Tariff Increases

Registered indigents will again be granted 50 kWh per month free of charge. The National Energy Regulator of South Africa (NERSA) is responsible for price determination of the bulk costs for electricity. However, there has not been any determination by NERSA since the impasse around Eskom's application. Circular 99 of the MFMA has urged that municipalities use the previously approved tariff increases approved by the regulator of 8.1 per cent for 2020/21, 5.2 per cent 2021/22 and 8.9 per cent for 2022/23.

The municipality has also gone further to remove the basic electricity charge for domestic prepaid customers. This charge has not been collected at point of sale but rather billed along with other charges, the collection of which is almost an impossible task. This has put immense pressure on the collection rate particularly on electricity sales. **This needs to be corrected by collecting the basic charge at the point of sale**

SERVICE TYPE	DETAILED DESCRIPTION	FINANCIAL YEAR	
		2021/2022	2022/2023
ELECTRICAL SERVICES			
	New Connections	R 6,550.97	R 6,878.52
	Conversion to prepaid(three phase)	R 4,192.62	R 4,402.25
	Conversion to prepaid(single phase)	R 2,760.47	R 2,898.49

RAMOTSHERE MOILOA LOCAL MUNICIPALITY



DRAFT ELECTRICITY TARIFFS 2022/2023

Notice is hereby given that in terms of Section 75A of the Local Government Municipal Systems Act (Act No:32 of 2000) Ramotshere Moiloa Local Municipality passed the following fees, tariffs and charges, rates for the 2022/2023 financial year as per Council Resolution No: 03/05/2021 on the 27th May 2021, with effect from 1 July 2021. All tariffs are VAT exclusive.

	UNITS	2021/2022	2022/2023
DOMESTIC			
Domestic Prepaid			
Energy Charge	>0kWh	1.7826	2.0500
Basic Charge		0.00	0.00
Domestic Conventional & Outside Borders			
Block 1	(0- 50kWh)	1.2583	1.4470
Block 2	(51-350kWh)	1.6321	1.8769
Block 3	(351-600kWh)	2.2021	2.5324
Block 4	(>600kWh)	2.4418	2.8081
Basic Charge		208.30	239.55
COMMERCIAL			
Commercial Prepaid			
Energy Charge	>0kWh	2.6517	3.0495
Basic charge		207.89	239.07
Commercial Conventional			
Basic charge		209.62	241.06
Energy Charge	>0kWh	2.4645	2.8342
INDUSTRIAL			
Government Low Tension			
Demand Charge	0>kVA	284.70	327.41
Energy Charge	0>kWh	1.2524	1.4403
Basic Charge		190.99	219.64
Agriculture			
Energy charge	0>kWh	1.4556	1.6739
Basic Charge		564.37	649.03
Government			
Energy charge	0>kWh	1.4764	1.6979
Basic Charge		308.77	355.09
Agriculture low tension			
Demand Charge	0>kVA	293.33	337.33
Energy Charge		1.2524	1.4403
Basic Charge		207.89	239.07
Industrial Low tension			
Energy Charge	0>KWh	1.0929	1.2568
Demand Charge	0>kVA	284.71	327.42
Basic Charge		181.57	208.81

The inadequate electricity bulk capital Municipality and the impact on service delivery and development remains a challenge for the Municipality The approved budget for the Electricity

Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply).

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 4.4 per cent for sanitation from 1 July 2022 is proposed. This is based on the input cost assumptions related to water. The following factors also contribute to the proposed tariff increase:

The following table compares the current and proposed tariffs:

Table 6 Comparison between current sanitation charges and increases

SERVICE TYPE	DETAILED DESCRIPTION	FINANCIAL YEAR	
		2021/2022	2022/2023
SANITATIONS SERVICES			
Disposal of chemical toilets - per kilolitre		R 152.13	R 159.73
Sewage tariffs			
	Residential/Domestic - basic	R 18.39	R 19.31
	Residential/Domestic - (first point)	R 18.39	R 19.31
	Residential/Domestic - (next point)	R 8.85	R 9.29
	Government - basic	R 21.06	R 22.11
	Government - per point	R 24.86	R 26.10
	Businesses/Commercial - basic	R 21.06	R 22.11
	Businesses/Commercial - point	R 24.86	R 26.10
Suction tariffs - per kilolitre			
0 - 10kl		R 107.85	R 113.24
11 - 20kl		R 53.93	R 56.63
21 - 30kl		R 35.95	R 37.75
22 - 40kl		R 26.96	R 28.31
41 - 50kl		R 21.57	R 22.65
51 - 60kl		R 17.97	R 18.87
61 - 70kl		R 15.41	R 16.18
71 - 80kl		R 13.45	R 14.12
81 - 90kl		R 11.98	R 12.58
91 - 100kl		R 12.10	R 12.71
<i>The tariff levied for sewer charges is based on the number of service points per, property per category.</i>			
Additional sewerage connection installed by council			
	Cleaning sewerage blockages and assisting private institutions with their own pump stations	R 8,909.33	R 9,354.80
	Office hours: per half an hour or part thereof	R 786.12	R 825.43
	After hours: per half an hour or part thereof	R 1,048.15	R 1,100.56

1.4.5 Waste Removal and Impact of Tariff Increases

A 4.5 per cent increase in the waste removal tariff is proposed from 1 July 2022. Any increase higher than 4.5 per cent 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 2022:

Table 7 Comparison between current waste removal fees and increases

SERVICE TYPE	DETAILED DESCRIPTION	FINANCIAL YEAR	
		2021/2022	2022/2023
REFUSE REMOVAL SERVICES			
Monthly levies payable			
BUSINESS	Business 1X Week	R 349.16	R 366.62
	Business 2X Week	R 522.96	R 549.11
	Business 3X Week	R 1,184.05	R 1,243.25
	Business 3X Week	R 1,568.90	R 1,647.35
	Bulk Removal 1X Week	R 785.23	R 824.49
	Bulk Removal 3X Week	R 1,184.05	R 1,243.25
GOVERNMENT	Bulk Removal 1X Week	R 872.13	R 915.74
	Bin 1X Week	R 124.15	R 130.36
	MILITARY BASE	R 879.29	R 923.25
RESIDENTIAL	Bin 1X Week	R 124.15	R 130.36
	Bin 2X Week	R 147.42	R 154.79

Rental Charges

SERVICE TYPE	DETAILED DESCRIPTION	FINANCIAL YEAR	
		2021/2022	2022/2023
PUBLIC AMENITIES			
Rental of Sites and Camps			
	Per day	R 436.73	R 458.57
	per month	R 12,228.48	R 12,839.90
Town Halls			
	Zeerust and Lehurutshe Civic Centre		
	Normal days	R 4,367.32	R 4,585.69
	Public holidays	R 3,848.18	R 4,040.59
	Groot Marico Hall	R 527.37	R 553.74
	Ikageleng Hall	R 527.37	R 553.74
	Shalimar Park Hall	R 964.11	R 1,012.32
Refundable deposit payable			
	Zeerust and Lehurutshe Civic Centre	R 3,848.18	R 4,040.59
	Groot Marico Hall	R 2,096.31	R 2,201.13
	Ikageleng Hall	R 2,096.31	R 2,201.13
	Shalimar Park Hall	R 2,096.31	R 2,201.13

Libraries Fees

SERVICE TYPE		DETAILED DESCRIPTION	FINANCIAL YEAR	
			2021/2022	2022/2023
LIBRARY SERVICES				
Registration fees				
	Children		Free	Free
	Adults		Free	Free
Lost materials (books, magazines etc.)			cost plus 15%	cost plus 15%
Overdue items/late submission - per day			R 27.47	R 28.84
Card replacement-manual - per card			R 18.47	R 19.39
Card replacement-electronic- per card			R 26.15	R 27.46
Reference information internet(A4) - per copy			R 1.75	R 1.84
Reference information internet(A3) - per copy			R 3.54	R 3.72
Additional items(e.g. extra books) -per item			R 3.54	R 3.72
Library photocopies(A4 each) - per copy			R 2.64	R 2.77
Library photocopies(A3 each) - per copy			R 3.13	R 3.29

Public Works

SERVICE TYPE	DETAILED DESCRIPTION	FINANCIAL YEAR	
		2021/2022	2022/2023
PUBLIC WORKS			
Re-instatement of road crossings		R 3,668.54	R 3,851.97
Construction of new curb entrances		R 3,668.54	R 3,851.97
Cutting of grasses at school premises and play grounds- minimum charge'		R 3,493.85	R 3,668.54
Cutting of grasses at private and open places of premises - per square meter		R 385.64	R 404.92

Community Services

SERVICE TYPE	DETAILED DESCRIPTION		FINANCIAL YEAR	
			2021/2022	2022/2023
COMMUNITY SERVICES				
Burial Fees				
	Municipal residents			
		Children under 12 years and stillborn babies	R 313.13	R 328.79
		over 12 years	R 873.46	R 917.13
Reserved Plots/graves				
	Municipal residents			
		Single	R 1,659.58	R 1,742.56
		Double	R 2,795.08	R 2,934.83
	Non-residents			
		Single	R 1,746.93	R 1,834.28
		Double	R 3,144.47	R 3,301.69
Exumation of graves				
	Municipal residents			
		Children under 12 years and stillborn babies	R 609.78	R 640.27
		over 12 years	R 873.46	R 917.13
	Non-residents			
		Children under 12 years and stillborn babies	R 791.06	R 830.61
		over 12 years	R 1,361.28	R 1,429.34
Memorial Walls				
	Municipal residents		R 349.39	R 366.86
	Non-residents		R 698.77	R 733.71
Extension of graves			R 698.77	R 733.71
Burial on Saturdays, Sundays and public holidays			R 873.46	R 917.13
Burial before or after hours - during the week			R 1,048.16	R 1,100.57

Town Planning

SERVICE TYPE	DETAILED DESCRIPTION	FINANCIAL YEAR	
		2021/2022	2022/2023
TOWN PLANNING SERVICES			
Building Plans			
	New Construction up to 80 square metres	R 337.78	R 354.67
	New construction above 80 square metres	R 337.78	R 354.67
	Alterations and extension up to 80 square metres	R 531.72	R 558.31
	Alterations and extension above 80 square metres	R 560.33	R 588.35
	Additions e.g. Carports, swimming pools, tennis courts, summer houses, Lapas, underground petrol tanks and structure which may legally be considered as additions to property	R 976.50	R 1,025.33
	Resubmission fee if the above plans approval has elapsed after 12 months if plans are cancelled after its approval, no refund would be made	R 973.50	R 1,022.18
Town Planning	Application for amendment of Land Use Scheme	R 1,945.87	R 2,043.16
	Application for Consent Use	R 1,945.87	R 2,043.16
	Application for Written Consent	R 761.26	R 799.32
	Application for Subdivision of property into 5 or less portions	R 761.26	R 799.32
	Application for Subdivision of more than 5 Portions - 1st 5 properties = R735 then R120 in terms of each portion above 5	R114 per property in excess of 5	R120 per property in excess of 5
	Application for Subdivision in terms of Act 70 of 1970	R 761.26	R 799.32
	Application for Exemption of Subdivision of land	R 761.26	R 799.32
	Application for consolidation of land	R 761.26	R 799.32
	Application of Exemption of Consolidation	R 760.64	R 798.67
	Application for Township Establishment	R 3,704.30	R 3,889.52
	Application for extension of boundaries of an approved township	R 1,891.53	R 1,986.11
	Application of Relaxation of Building Line	R 380.22	R 399.23
	Application for Removal, Amendment or Suspension of Restrictive or Obsolete Condition, Servitude or Relevation Registered against the Title of the Land	R 1,956.74	R 2,054.58
	Application for Appeal	R 2,717.50	R 2,853.38
	Application for phasing or substantial change of the township rezoning	R 1,956.74	R 2,054.58
	Application for consideration of a Site Development Plan (In terms of Clause 23 of RMLM Land Scheme,2017)	R 793.86	R 833.55
	Application for Amendment or Cancellation of a General Plan	R 1,956.09	R 2,053.89
	Application for permanent Closure of Public Place	R 1,945.87	R 2,043.16
	Zoning Certificate	R 76.58	R 80.41
	Regulation 38 Certificate (In terms of	R 76.58	R 80.41
	Deeds Search	R 22.24	R 23.35
	Plan printouts per copy	R 103.17	R 108.33
Building Deposits			
	All prospective builders are required to pay a deposit before they start constructing their property. This deposit is meant for any damage that the builder might cause to municipal property and is refundable after the completion of the construction work. The refund would only be made after the area has been properly cleaned and certified as such by the municipal building inspector and that no damage has been caused to the municipal infrastructure in the area.		
	Residential/Domestic	R 4,713.40	R 4,949.07
	Business/ Commercial	R 8,892.84	R 9,337.48
	Industrial/Bulk	R 110,306.86	R 115,822.20
	Institutional	R 6,463.63	R 6,786.81
Business Inspection Book		R 848.74	R 891.18
Lost book replacement fee		R 698.77	R 733.71
Lost document search and print per copy		R 88.99	R 93.44
Issuing of zoning certificates		R 65.92	R 69.22
Issuing of clearance certificate		R 342.79	R 359.93
Issuing of valuation certificates		R 349.39	R 366.86
Posters, banners and billboards			
	Poster erection	R 263.69	R 276.87
	Banners erection	R 609.78	R 640.27
	Posters removal :each illegal erection	R 436.73	R 458.57
	Banners removal: each illegal erection	R 700.42	R 735.44
Residents names, addresses, erf, roll			
	Per list	R 383.99	R 403.19
	List per ward	R 524.08	R 550.28
	List per township	R 402.12	R 422.23
	List of businesses	R 1,259.11	R 1,322.07
	Full voter's roll list	R 1,259.11	R 1,322.07
Application and other fees for land matters			
	The following application fees are payable when the council is to place an advertisement as required in terms of statutory provisions:	R 5,939.55	R 6,236.53
	Fees payable on application for the change of rezoning or special consent	R 2,969.77	R 3,118.26
	Fees payable for the sale or lease of solitary lanes	R 6,813.01	R 7,153.66
	Fees payable for advertisement for the sale and lease of land by council as per council resolution	R 21,317.44	R 22,383.31
	Over and above the fees a deposit for survey, approval or any other charge would be levied		

Public Safety

SERVICE TYPE	DETAILED DESCRIPTION	FINANCIAL YEAR	
		2021/2022	2022/2023
PUBLIC SAFETY			
Taxi fee			
	Daily fee	R 174.69	R 183.42
	Monthly package	R 5,240.78	R 5,502.82
Vehicles			
	Licencing and tests (various fees per roads traffic act/statutes)		
	Pound: Tow-in of vehicles(per vehicle)	R 1,048.16	R 1,100.57
	Escort fees	R 1,222.85	R 1,283.99
	Keeping of vehicles per day	R 698.77	R 733.71

LED

SERVICE TYPE	DETAILED DESCRIPTION	FINANCIAL YEAR	
		2021/2022	2022/2023
BUSINESS LICENCES - per annum			
	Hawkers and Spaza shops	R 1,067.93	R 1,121.33
	Super Markets	R 3,493.85	R 3,668.54
	Hardware Shops	R 3,493.85	R 3,668.54
	Furniture Shops	R 3,493.85	R 3,668.54
	Banks	R 3,493.85	R 3,668.54
	Motor Dealers, Fuel stations and Garages	R 3,493.85	R 3,668.54
	Restaurants/ Fast foods	R 3,493.85	R 3,668.54
	Liquor store	R 3,493.85	R 3,668.54
	General dealers(SMME)	R 3,144.47	R 3,301.69
	Private Educational	R 3,493.85	R 3,668.54
	Clothing Shops	R 3,493.85	R 3,668.54
	Chemists	R 3,493.85	R 3,668.54
	Private Doctors, Lawyers	R 3,493.85	R 3,668.54
	Hospitality Businesses	R 3,493.85	R 3,668.54
	Any other business in the municipal area	R 3,493.85	R 3,668.54

Penalties and Interests

SERVICE TYPE	DETAILED DESCRIPTION	FINANCIAL YEAR	
		2021/2022	2022/2023
PENALTIES & INTEREST			
Damage to council Properties			
	Street Lights ,poles and fittings	Replacement costs plus 15%	Replacement costs plus 15%
	Metres	Replacement costs plus 15%	Replacement costs plus 15%
	Roads, pavements etc	Replacement costs plus 15%	Replacement costs plus 15%
	Water/sewerage mains, pipes	Replacement costs plus 15%	Replacement costs plus 15%
	Barriers, fencing and road signs	Replacement costs plus 15%	Replacement costs plus 15%
% Monthly interest rate on overdue accounts - not paid within 60 days		2% p/a	2% p/a
Collection charge - accounts handed over to debt collectors		25%	25%
Dishonoured cheques - per cheque		R 233.87	R 245.56
Meter Testing		Cost plus 15%	Cost plus 15%
payable when application is made. If the meter is found to be faulty and not tempered with, the amount paid will be refunded			
Special Meter reading	A basic charge for each special meter reading requested by the customer payable on application	R 293.93	R 308.63
Illegal parking area	if the owner of a property is unable to provide sufficient space for or parking bay on his/her property and the	R 21,246.02	R 22,308.32
Pound Fees - per head, per day			
	Hours, cattle and donkeys	R 332.90	R 349.55
	Sheep, goats, pigs and dogs	R 156.56	R 164.39
Separate holding charges - each			
	Stallion, bull and boar	R 613.07	R 643.72
	Ostrich, Ram and other domestic or any pet animals	R 453.21	R 475.87
Driving of animals		R 105.47	R 110.74
Trespassing		R 354.33	R 372.05
Council will not be held liable for loss or injury to an animal held in the pound. Council will not be responsible for loss or injury to any animal held in the			
Unauthorized/illegal road construction - plus reinstatement costs		R 4,655.49	R 4,888.26
Unauthorized cutting of tree(s) whether in the municipal property or not - per tree		R 465.55	R 488.83
Illegal water and electricity connections		R 6,262.57	R 6,575.70
Illegal reconnection after cut-offs first time offenders			
	Water	R 5,240.78	R 5,502.82
	Electricity	R 9,987.70	R 10,487.09
Illegal reconnection after cut-offs second and third time offenders		Court action	Court action

1.5 Operating Expenditure Framework

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

- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Implementation of the approved funding plan and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan, no funding allocation can be made.

The following table is a high-level summary of the 2022/23 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by standard classification item**NW385 Ramotshere Moiloa - 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		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Expenditure By Type											
Employee related costs	2	–	–	–	143,692	169,802	169,802	–	170,033	177,489	185,463
Remuneration of councillors		13,241	13,829		14,594	4,824	4,824		13,049	13,624	14,237
Debt impairment	3	2,020	6,966		77,576	38,181	38,181		38,181	38,181	38,181
Depreciation & asset impairment	2	–	–	–	32,114	41,527	41,527	–	45,121	45,121	45,121
Finance charges		12,841	11,367		500	1,400	1,400		1,456	1,520	1,588
Bulk purchases	2	–	–	–	77,018	69,195	69,195	–	56,078	58,542	61,173
Other materials	8	–	–	–	4,017	5,256	5,256	–	42,025	42,356	44,165
Contracted services		–	–	–	17,600	28,857	28,857	–	35,198	34,550	35,451
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	–	–	–	20,857	21,470	21,470	–	71,642	70,278	80,724
Losses		4,815	–	–	–	–	–	–	–	–	–
Total Expenditure		32,916	32,162	–	387,968	380,512	380,512	–	472,785	481,661	506,104

The budgeted allocation for employee related costs for the 2022/23 financial year totals R170 million, which equals 36% of the total operating expenditure. This excludes the Councillors remuneration of R 13 million. Based on the three-year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.5 per cent for the 2022/23 financial year.

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

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions.

As part of the compilation of the 2022/23 MTREF contracted services expenditure was critically evaluated and operational efficiencies were enforced. In the 2022/23 financial year, this expenditure totals R 35.1 million and make up 7% of operating expenditure.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has been identified as an area in which cost savings and efficiencies can be achieved.

1.5.1 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 5 000 or more indigent households during the 2022/23 financial year, this process is reviewed annually.

Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 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 received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

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

Item Description	MTREF 2022/23 Budget	MTREF 2023/24 Budget	MTREF 2024/25 Budget	Department
Air Conditionres	100,000	120,000	140,000	Libraries
Fax\scanners\copiers	-	-	-	Libraries
Computer Equipments	10,000	12,500	-	MPAC
Furniture_Tables and Chairs	2,000,000	2,000,000	2,000,000	Mun_Buildings
Mass refuse bins	700,000	450,000	200,000	Refuse
Servicing of illegal dumps-machinery	2,000,000	2,000,000	2,000,000	Refuse
Purchase of land for Zeerust cemetry	2,000,000	-	-	Cemeteries
Purchase of Land (Groot Marico cemetery)	2,000,000	-	-	Cemeteries
Chain saws,Hand saws,Garden Scissors,Rakes	700,000	700,000	700,000	Parks
Brush cutters/Bush cutters	500,000	200,000	200,000	Parks
Upgrading of Ikageleng Park				Parks
perimeter fence_Palisade				Security
DLTC	-	-	-	Traffic
Cameras VTS	20,000	-	-	Traffic
Extension of VTS	250,000	-	-	Traffic
Computer Equipments : ICT	1,500,000	1,500,000	1,500,000	ICT
(Project Fees): Acquisitions)	500,000	500,000	500,000	ICT
MIG_Projects Roads	39,999,804	41,687,900	43,483,400	PMU
INEP Projects Electricity				Electricity
	52,279,804	49,170,400	50,723,400	

Table 10 2022/23 Medium-term capital budget per vote

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Administration		-	-	-	-	-	-	-	-	-	-
Vote 3 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-
Vote 6 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 8 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 9 - Energy Sources		-	-	-	-	-	-	-	-	-	-
Vote 10 - Water Management		-	-	-	-	-	-	-	-	-	-
Vote 11 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	10	13	-
Vote 2 - Finance and Administration		-	-	-	200	1,500	1,500	250	2,000	2,208	2,218
Vote 3 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	6,100	2,120	2,140
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	1,200	900	900
Vote 6 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		-	-	-	37,171	37,171	37,171	37,194	39,999	113,385	117,054
Vote 8 - Road Transport		-	-	-	-	12,924	12,924	-	270	-	-
Vote 9 - Energy Sources		-	-	-	6,775	6,775	6,775	-	-	30,000	30,449
Vote 10 - Water Management		-	-	-	-	-	-	-	-	-	-
Vote 11 - Waste Water Management		-	-	-	-	-	-	10	-	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	2,700	2,450	2,200
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	44,146	58,370	58,370	37,454	52,279	151,076	154,961
Total Capital Expenditure - Vote		-	-	-	44,146	58,370	58,370	37,454	52,279	151,076	154,961
Capital Expenditure - Functional											
Governance and administration		-	-	-	200	1,500	1,500	-	2,010	2,013	2,000
Executive and council		-	-	-	-	-	-	-	10	13	-
Finance and administration		-	-	-	200	1,500	1,500	-	2,000	2,000	2,000
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	7,300	3,020	3,040
Community and social services		-	-	-	-	-	-	-	6,100	2,120	2,140
Sport and recreation		-	-	-	-	-	-	-	1,200	900	900
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	37,171	50,095	50,095	-	40,269	29,177	29,290
Planning and development		-	-	-	37,171	37,171	37,171	-	39,999	29,177	29,290
Road transport		-	-	-	-	12,924	12,924	-	270	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	6,775	6,775	6,775	-	2,700	12,450	12,649
Energy sources		-	-	-	6,775	6,775	6,775	-	-	10,000	10,449
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	2,700	2,450	2,200
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	-	-	-	44,146	58,370	58,370	-	52,279	46,660	46,979
Funded by:											
National Government		-	-	-	43,946	43,946	43,946	-	35,499	39,177	39,739
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	200	14,424	14,424	-	6,000	6,000	6,000
Transfers recognised - capital	4	-	-	-	44,146	58,370	58,370	-	41,499	45,177	45,739
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	10,780	1,483	1,240
Total Capital Funding	7	-	-	-	44,146	58,370	58,370	-	52,279	46,660	46,979

For 2022/23 an amount of R 39.9 million has been appropriated for the development of infrastructure. In the outer years this amount totals R 41.6 million, and R 43.4 million, respectively for each of the financial years.

Figure 1 Capital Infrastructure Programme

Capital Budget per Programme	MTREF 2022/23 Budget	MTREF 2023/24 Budget	MTREF 2024/25 Budget
Road Infrastructure	39,999,804	41,687,900	43,483,400
Electrical Infrastructure	-	-	-
Computer Equipments and Cameras	2,030,000	2,012,500	2,000,000
land and Buildings	4,250,000	-	-
Office Equipments	100,000	120,000	140,000
Machinery and Equipments	3,900,000	3,350,000	3,100,000
Office Furniture	2,000,000	2,000,000	2,000,000
	52,279,804	49,170,400	50,723,400

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 2022/23 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 11 MBRR Table A1 - Budget Summary

NW385 Ramotshere Moiloa - Table A1 Budget Summary

Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousands										
Financial Performance										
Property rates	–	–	–	54,588	61,365	61,365	–	183,736	183,736	183,736
Service charges	–	–	–	102,068	80,567	80,567	–	90,640	93,626	97,839
Investment revenue	1,041	1,771	–	195	95	95	–	8	8	9
Transfers recognised - operational	160,990	181,805	–	199,630	211,075	211,075	–	218,906	232,249	248,532
Other own revenue	5,505	4,122	–	47,635	17,491	17,491	–	34,246	35,320	36,909
Total Revenue (excluding capital transfers and contributions)	167,536	187,698	–	404,115	370,593	370,593	–	527,536	544,938	567,024
Employee costs	–	–	–	143,692	169,802	169,802	–	170,033	177,489	185,463
Remuneration of councillors	13,241	13,829	–	14,594	4,824	4,824	–	13,049	13,624	14,237
Depreciation & asset impairment	–	–	–	32,114	41,527	41,527	–	45,121	45,121	45,121
Finance charges	12,841	11,367	–	500	1,400	1,400	–	1,456	1,520	1,588
Materials and bulk purchases	–	–	–	81,035	74,451	74,451	–	98,103	100,898	105,339
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	6,835	6,966	–	116,034	88,508	88,508	–	145,021	143,009	154,356
Total Expenditure	32,916	32,162	–	387,968	380,512	380,512	–	472,785	481,661	506,104
Surplus/(Deficit)	134,620	155,536	–	16,147	(9,919)	(9,919)	–	54,751	63,277	60,920
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	45,269	45,544	–	45,902	45,902	45,902	–	42,105	53,882	56,221
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	179,889	201,080	–	62,049	35,983	35,983	–	96,856	117,159	117,141
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	179,889	201,080	–	62,049	35,983	35,983	–	96,856	117,159	117,141
Capital expenditure & funds sources										
Capital expenditure	46,456	39,059	–	44,146	58,370	58,370	–	52,279	59,170	61,172
Transfers recognised - capital	46,456	38,424	–	44,146	58,370	58,370	–	41,499	53,677	54,739
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	634	–	–	–	–	–	10,780	5,493	6,433
Total sources of capital funds	46,456	39,059	–	44,146	58,370	58,370	–	52,279	59,170	61,172
Financial position										
Total current assets	113,051	121,426	–	90,470,635	90,310,577	90,271,429	–	89,950,190	#####	#####
Total non current assets	659,742	694,148	–	200	1,500	200	–	–	–	–
Total current liabilities	136,380	160,154	–	–	–	–	–	–	–	–
Total non current liabilities	78,841	76,168	–	–	–	–	–	–	–	–
Community wealth/Equity	557,571	579,253	–	–	–	–	–	–	–	–
Cash flows										
Net cash from (used) operating	44,218	30,521	–	107,224	97,433	97,433	–	86,667	152,352	156,409
Net cash from (used) investing	(45,513)	(36,692)	–	(43,946)	(56,275)	(56,275)	–	(52,780)	(51,677)	(52,739)
Net cash from (used) financing	(2,362)	(1,412)	–	–	–	–	–	–	(14)	(15)
Cash/cash equivalents at the year end	11,622	4,038	–	63,278	47,191	47,191	–	33,888	134,549	238,203
Cash backing/surplus reconciliation										
Cash and investments available	11,622	4,038	–	283,386	341,207	283,386	–	–	–	–
Application of cash and investments	(1,456,128)	(1,877,308)	–	(47,748,769)	(105,393,261)	(105,415,136)	–	(67,074,336)	(806,001,438)	(837,518,570)
Balance - surplus (shortfall)	1,467,750	1,881,346	–	48,032,155	105,734,468	105,698,522	–	67,074,336	806,001,438	837,518,570
Asset management										
Asset register summary (WDV)	637,461	601,315	–	12,032	31,812	12,032	12,032	52,280	59,170	61,172
Depreciation	27,047	34,599	–	32,114	41,527	32,114	32,114	45,121	45,121	45,121
Renewal and Upgrading of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	–	7,495	–	3,942	5,960	3,942	3,942	42,025	42,356	44,165
Free services										
Cost of Free Basic Services provided	–	–	–	2,531	2,531	2,531	2,531	2,531	2,531	2,531
Revenue cost of free services provided	–	–	–	1,500	7,466	7,466	4,580	4,580	4,624	4,671
Households below minimum service level										
Water:	–	–	–	36	38	38	36	36	38	38
Sanitation/sewerage:	–	–	–	33	36	36	33	33	36	36
Energy:	–	–	–	63	63	63	63	63	63	63
Refuse:	–	–	–	33	33	33	33	33	33	33

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 emphasizes 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. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. 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, and is improving 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 was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This 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. But over the MTREF there is progressive improvement in the level of cash-backing of obligations.

Table 12 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

NW385 Ramotshere Moiloa - 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		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		105,554	358,834	–	173,232	190,763	173,232	300,879	313,896	326,750
Executive and council		34,140	60	–	38,452	38,452	38,452	50,121	56,081	66,747
Finance and administration		71,414	358,775	–	125,130	142,662	125,130	243,413	250,146	251,990
Internal audit		–	–	–	9,650	9,650	9,650	7,345	7,669	8,014
<i>Community and public safety</i>		25,383	–	–	26,935	26,356	26,935	48,603	30,139	31,583
Community and social services		19,553	–	–	17,457	16,878	17,457	37,583	19,957	20,975
Sport and recreation		5,829	–	–	8,064	8,064	8,064	10,615	9,759	10,166
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	1,414	1,414	1,414	405	423	442
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		111,101	4,122	–	126,165	111,328	126,165	113,674	139,787	144,308
Planning and development		83,444	–	–	82,088	68,269	82,088	67,219	71,337	71,905
Road transport		27,657	4,122	–	44,078	43,060	44,078	46,455	68,450	72,403
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		81,997	–	–	125,685	102,163	125,685	106,485	122,509	128,118
Energy sources		62,567	–	–	93,226	72,934	93,226	77,100	91,537	95,655
Water management		9,376	–	–	11,774	9,108	11,774	8,953	9,482	9,883
Waste water management		186	–	–	4,786	997	4,786	829	1,032	1,070
Waste management		9,868	–	–	15,898	19,124	15,898	19,603	20,459	21,511
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	324,035	362,956	–	452,017	430,611	452,017	569,641	606,331	630,760
Expenditure - Functional										
<i>Governance and administration</i>		125,108	286,072	–	185,528	165,023	185,528	196,470	195,759	210,032
Executive and council		32,370	13,829	–	36,238	44,906	36,238	48,121	54,453	64,502
Finance and administration		92,737	272,243	–	143,712	113,626	143,712	141,004	133,689	137,571
Internal audit		–	–	–	5,577	6,492	5,577	7,345	7,616	7,959
<i>Community and public safety</i>		17,336	7,495	–	17,335	13,550	17,335	78,511	27,801	28,640
Community and social services		11,968	7,495	–	10,360	5,861	10,360	67,791	18,819	19,231
Sport and recreation		5,367	–	–	5,561	6,142	5,561	10,315	8,559	8,966
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	1,414	1,547	1,414	405	423	442
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		69,917	–	–	70,302	87,424	70,302	122,169	104,076	106,472
Planning and development		46,558	–	–	12,656	26,992	12,656	73,920	30,038	30,073
Road transport		23,359	–	–	57,646	60,432	57,646	48,249	74,038	76,399
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		100,008	56,173	–	114,804	114,838	114,804	128,414	127,217	132,570
Energy sources		72,927	56,173	–	86,930	79,820	86,930	78,272	80,506	83,969
Water management		10,126	–	–	7,920	9,366	7,920	15,812	15,158	15,746
Waste water management		12,041	–	–	11,261	15,246	11,261	16,056	16,331	16,998
Waste management		4,914	–	–	8,693	10,406	8,693	18,274	15,223	15,856
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	312,369	349,740	–	387,968	380,835	387,968	525,564	454,853	477,713
Surplus/(Deficit) for the year		11,666	13,216	–	64,049	49,776	64,049	44,076	151,478	153,047

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which 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. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the 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.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 13 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**NW385 Ramotshere Moiloa - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote	1									
Vote 1 - Executive and Council		34,140	60	–	38,452	38,452	38,452	50,121	56,081	66,747
Vote 2 - Finance and Administration		71,414	358,775	–	125,130	142,662	125,130	243,413	250,146	251,990
Vote 3 - Internal Audit		–	–	–	9,650	9,650	9,650	7,345	7,669	8,014
Vote 4 - Community and Social Services		19,553	–	–	17,457	16,878	17,457	37,583	19,957	20,975
Vote 5 - Sport and Recreation		5,829	–	–	8,064	8,064	8,064	10,615	9,759	10,166
Vote 6 - Housing		–	–	–	1,414	1,414	1,414	405	423	442
Vote 7 - Planning and Development		83,444	–	–	82,088	68,269	82,088	67,219	71,337	71,905
Vote 8 - Road Transport		27,657	4,122	–	44,078	43,060	44,078	46,455	68,450	72,403
Vote 9 - Energy Sources		62,567	–	–	93,226	72,934	93,226	77,100	91,537	95,655
Vote 10 - Water Management		9,376	–	–	11,774	9,108	11,774	8,953	9,482	9,883
Vote 11 - Waste Water Management		186	–	–	4,786	997	4,786	829	1,032	1,070
Vote 12 - Waste Management		9,868	–	–	15,898	19,124	15,898	19,603	20,459	21,511
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	324,035	362,956	–	452,017	430,611	452,017	569,641	606,331	630,760
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		32,370	13,829	–	36,238	44,906	36,238	48,121	55,859	66,547
Vote 2 - Finance and Administration		92,737	272,243	–	143,712	113,626	143,712	141,004	138,406	142,522
Vote 3 - Internal Audit		–	–	–	5,577	6,492	5,577	7,345	7,669	8,014
Vote 4 - Community and Social Services		11,968	7,495	–	10,360	5,899	10,360	67,791	18,899	19,316
Vote 5 - Sport and Recreation		5,367	–	–	5,561	6,142	5,561	10,315	8,559	8,966
Vote 6 - Housing		–	–	–	1,414	1,547	1,414	405	423	442
Vote 7 - Planning and Development		46,558	–	–	12,656	26,992	12,656	73,920	30,388	30,423
Vote 8 - Road Transport		23,359	–	–	57,646	60,432	57,646	48,249	92,497	95,480
Vote 9 - Energy Sources		72,927	56,173	–	86,930	79,820	86,930	78,272	80,506	83,969
Vote 10 - Water Management		10,126	–	–	7,920	9,366	7,920	15,812	15,836	16,455
Vote 11 - Waste Water Management		12,041	–	–	11,261	15,246	11,261	16,056	16,488	17,162
Vote 12 - Waste Management		4,914	–	–	8,693	10,406	8,693	18,274	15,223	15,856
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	312,369	349,740	–	387,968	380,873	387,968	525,564	480,752	505,153
Surplus/(Deficit) for the year	2	11,666	13,216	–	64,049	49,738	64,049	44,076	125,579	125,607

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

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

Table 14 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**NW385 Ramotshere Moiloa - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Wynedd Ramatherneg Mônra - Table A: 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		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1										
Revenue By Source											
Property rates	2	–	–	–	54,588	61,365	61,365	–	183,736	183,736	183,736
Service charges - electricity revenue	2	–	–	–	76,136	56,367	56,367	–	65,679	68,569	71,655
Service charges - water revenue	2	–	–	–	11,040	8,572	8,572	–	8,915	8,949	9,352
Service charges - sanitation revenue	2	–	–	–	3,555	960	960	–	791	794	829
Service charges - refuse revenue	2	–	–	–	11,336	14,669	14,669	–	15,255	15,314	16,003
Rental of facilities and equipment					10	1	1		5	5	5
Interest earned - external investments		1,041	1,771		195	95	95		8	8	9
Interest earned - outstanding debtors					914	–	–		–	–	–
Dividends received					–	–	–		–	–	–
Fines, penalties and forfeits		4,274	3,022		4,580	511	511		532	534	558
Licences and permits		1,231	1,100		11,603	2,811	2,811		7,424	7,935	8,292
Agency services					–	–	–		–	–	–
Transfers and subsidies		160,990	181,805		199,630	211,075	211,075		218,906	232,249	248,532
Other revenue	2	–	–	–	30,528	14,168	14,168	–	26,286	26,846	28,054
Gains					–	–	–		–	–	–
Total Revenue (excluding capital transfers and contributions)		167,536	187,698	–	404,115	370,593	370,593	–	527,536	544,938	567,024
Expenditure By Type											
Employee related costs	2	–	–	–	143,692	169,802	169,802	–	170,033	177,489	185,463
Remuneration of councillors		13,241	13,829		14,594	4,824	4,824		13,049	13,624	14,237
Debt impairment	3	2,020	6,966		77,576	38,181	38,181		38,181	38,181	38,181
Depreciation & asset impairment	2	–	–	–	32,114	41,527	41,527	–	45,121	45,121	45,121
Finance charges		12,841	11,367		500	1,400	1,400		1,456	1,520	1,588
Bulk purchases	2	–	–	–	77,018	69,195	69,195	–	56,078	58,542	61,173
Other materials	8				4,017	5,256	5,256		42,025	42,356	44,165
Contracted services		–	–	–	17,600	28,857	28,857	–	35,198	34,550	35,451
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	–	–	–	20,857	21,470	21,470	–	71,642	70,278	80,724
Losses		4,815	–	–	–	–	–		–	–	–
Total Expenditure		32,916	32,162	–	387,968	380,512	380,512	–	472,785	481,661	506,104
Surplus/(Deficit)		134,620	155,536	–	16,147	(9,919)	(9,919)	–	54,751	63,277	60,920
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		45,269	45,544		45,902	45,902	45,902		42,105	53,882	56,221
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	–			–	–	–		–	–	–
Transfers and subsidies - capital (in-kind - all)					–	–	–		–	–	–
Surplus/(Deficit) after capital transfers & contributions		179,889	201,080	–	62,049	35,983	35,983	–	96,856	117,159	117,141
Taxation					–	–	–		–	–	–
Surplus/(Deficit) after taxation		179,889	201,080	–	62,049	35,983	35,983	–	96,856	117,159	117,141
Attributable to minorities					–	–	–		–	–	–
Surplus/(Deficit) attributable to municipality		179,889	201,080	–	62,049	35,983	35,983	–	96,856	117,159	117,141
Share of surplus/ (deficit) of associate	7				–	–	–		–	–	–
Surplus/(Deficit) for the year		179,889	201,080	–	62,049	35,983	35,983	–	96,856	117,159	117,141

Table 15 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure, to be appropriated	2										
Vote 1 - 1,1 - Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Vote 2 - Finance & Administration		-	-	-	-	-	-	-	-	-	-
Vote 3 - Vote 3 - Planning & Development		-	-	-	-	-	-	-	-	-	-
Vote 4 - Vote 4 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Vote 5 - Community & Social Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
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 multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - 1,1 - Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Vote 2 - Finance & Administration		4 256	3 119	12 842	-	-	-	-	3 150	3 300	3 458
Vote 3 - Vote 3 - Planning & Development		-	-	-	-	-	-	-	-	-	-
Vote 4 - Vote 4 - Technical Services		34 104	33 000	33 614	36 183	-	-	-	54 497	57 796	61 836
Vote 5 - Vote 5 - Community & Social Services		684	-	-	410	-	-	-	10 142	10 193	8 650
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
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		39 044	36 119	46 456	36 593	-	-	-	67 789	71 289	73 944
Total Capital Expenditure - Vote		39 044	36 119	46 456	36 593	-	-	-	67 789	71 289	73 944
Capital Expenditure - Functional											
Governance and administration		4 256	3 119	12 842	-	-	-	-	3 150	3 300	3 458
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		2 434	-	12 842	-	-	-	-	3 150	3 300	3 458
Internal audit		1 822	3 119	-	-	-	-	-	-	-	-
Community and public safety		684	-	-	410	-	-	-	6 742	6 637	4 930
Community and social services		684	-	-	110	-	-	-	6 042	5 904	4 164
Sport and recreation		-	-	-	300	-	-	-	700	732	766
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		34 104	33 000	30 433	35 130	-	-	-	35 077	37 919	39 999
Planning and development		-	-	-	35 130	-	-	-	35 077	37 919	39 999
Road transport		34 104	33 000	30 433	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	3 181	1 053	-	-	-	7 620	16 224	18 337
Energy services		-	-	3 181	1 053	-	-	-	4 220	12 667	14 617
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	3 400	3 556	3 720
Other		-	-	-	-	-	-	-	15 200	7 210	7 220
Total Capital Expenditure - Functional	3	39 044	36 119	46 456	36 593	-	-	-	67 789	71 289	73 944
Funded by:											
National Government		36 515	32 575	46 456	36 183	-	-	-	35 077	46 172	49 999
Provincial Government		-	-	-	110	-	-	-	-	-	-
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	36 515	32 575	46 456	36 293	-	-	-	35 077	46 172	49 999
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		2 528	3 544	-	300	-	-	-	32 712	25 117	23 945
Total Capital Funding	7	39 044	36 119	46 456	36 593	-	-	-	67 789	71 289	73 944

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
3. Single-year capital expenditure has been appropriated at R 39.9 million for the 2022/23 financial year and remains relatively constant over the MTREF at levels of R 41.6 million and R 43.4 million respectively for the two outer years.
4. 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.
5. The capital programme is funded from capital grants and transfers.

Table 16 MBRR Table A6 - Budgeted Financial Position**NW385 Ramotshere Moiloa - Table A6 Budgeted Financial Position**

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year+1 2023/24	Budget Year+2 2024/25
R thousand											
ASSETS											
Current assets											
Cash		4,752	4,038		283,386	341,207	283,386		-	-	-
Call investment deposits	1	6,870	-								
Consumer debtors	1	87,695	102,502	-	90,178,966	89,979,760	89,979,760	-	89,950,190	1,096,339,587	1,119,278,513
Other debtors		7,818			8,283	(10,390)	8,283		-	-	-
Current portion of long-term receivables			8,509		-	-	-		-	-	-
Inventory	2	5,915	6,377		-	-	-		-	-	-
Total current assets		113,051	121,426	-	90,470,635	90,310,577	90,271,429	-	89,950,190	1,096,339,587	1,119,278,513
Non current assets											
Long-term receivables		2,171			-	-	-		-	-	-
Investments					-	-	-		-	-	-
Investment property		53,931	53,497		-	-	-		-	-	-
Investment in Associate					-	-	-		-	-	-
Property, plant and equipment	3	601,336	639,859	-	-	-	-	-	-	-	-
Biological					-	-	-		-	-	-
Intangible		1,900	-		-	-	-		-	-	-
Other non-current assets		405	792		200	1,500	200		-	-	-
Total non current assets		659,742	694,148	-	200	1,500	200	-	-	-	-
TOTAL ASSETS		772,793	815,575	-	90,470,835	90,312,077	90,271,629	-	89,950,190	1,096,339,587	1,119,278,513
LIABILITIES											
Current liabilities											
Bank overdraft	1				-	-	-		-	-	-
Borrowing	4	837	332	-	-	-	-	-	-	-	-
Consumer deposits		2,107	2,218		-	-	-		-	-	-
Trade and other payables	4	131,859	156,724	-	-	-	-	-	-	-	-
Provisions		1,577	880		-	-	-		-	-	-
Total current liabilities		136,380	160,154	-	-	-	-	-	-	-	-
Non current liabilities											
Borrowing		2,348	2,122	-	-	-	-	-	-	-	-
Provisions		76,493	74,046	-	-	-	-	-	-	-	-
Total non current liabilities		78,841	76,168	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		215,222	236,321	-	-	-	-	-	-	-	-
NET ASSETS	5	557,571	579,253	-	90,470,835	90,312,077	90,271,629	-	89,950,190	1,096,339,587	1,119,278,513
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		557,571	579,253		-	-	-		-	-	-
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	557,571	579,253	-	-	-	-	-	-	-	-

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 23 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions;
 - 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 17 MBRR Table A7 - Budgeted Cash Flow Statement**NW385 Ramotshere Moiloa - Table A7 Budgeted Cash Flows**

Woodward Clyde Limited - Table A: Budgeted Cash Flows											
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		29,800	29,963		30,023	36,703	36,703		110,241	93,143	93,143
Service charges		46,904	40,525		49,792	116,727	116,727		74,088	118,856	124,191
Other revenue		5,358	5,006		28,344	33,323	33,323		45,805	17,876	20,976
Transfers and Subsidies - Operational	1	171,656	179,812		199,630	199,235	199,235		218,906	233,137	249,460
Transfers and Subsidies - Capital	1	45,269	35,995		45,902	57,742	57,742		42,105	53,882	56,221
Interest		923			-	8	8		5	7	8
Dividends					-	-	-		-	-	-
Payments											
Suppliers and employees		(250,497)	(255,785)		(245,967)	(344,905)	(344,905)		(403,026)	(363,029)	(386,002)
Finance charges		(5,196)	(4,995)		(500)	(1,400)	(1,400)		(1,456)	(1,520)	(1,588)
Transfers and Grants	1				-	-	-		-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		44,218	30,521	-	107,224	97,433	97,433	-	86,667	152,352	156,409
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			137		-	-	-		-	-	-
Decrease (increase) in non-current receivables			2,229		-	-	-		-	-	-
Decrease (increase) in non-current investments					-	-	-		-	-	-
Payments											
Capital assets		(45,513)	(39,059)		(43,946)	(56,275)	(56,275)		(52,780)	(51,677)	(52,739)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(45,513)	(36,692)	-	(43,946)	(56,275)	(56,275)	-	(52,780)	(51,677)	(52,739)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans					-	-	-		-	-	-
Borrowing long term/refinancing					-	-	-		-	-	-
Increase (decrease) in consumer deposits		(1,118)	(680)		-	-	-		-	-	-
Payments											
Repayment of borrowing		(1,243)	(732)		-	-	-		-	(14)	(15)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(2,362)	(1,412)	-	-	-	-	-	-	(14)	(15)
NET INCREASE/ (DECREASE) IN CASH HELD											
		(3,657)	(7,583)	-	63,278	41,158	41,158	-	33,888	100,661	103,655
Cash/cash equivalents at the year begin:	2	15,278	11,622		-	6,033	6,033		-	33,888	134,549
Cash/cash equivalents at the year end:	2	11,622	4,038	-	63,278	47,191	47,191	-	33,888	134,549	238,203

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.

Table 18 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NW385 Ramotshere Moiloa - Table A8 Cash backed reserves/accumulated surplus reconciliation

WY2023 Performance Monitor - Table A6: Cash Backed Reserves/accumulated surplus reconciliation									2022/23 Medium Term Revenue & Expenditure Framework		
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome			
Cash and investments available											
Cash/cash equivalents at the year end	1	11,622	4,038	–	63,278	47,191	47,191	–	33,888	134,549	238,203
Other current investments > 90 days		–	–	–	220,108	294,017	236,196	–	(33,888)	(134,549)	(238,203)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		11,622	4,038	–	283,386	341,207	283,386	–	–	–	–
Application of cash and investments											
Unspent conditional transfers		–	–	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	(1,456,128)	(1,877,308)	–	(47,748,769)	(105,393,261)	(105,415,136)	–	(67,074,336)	(806,001,438)	(837,518,570)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(1,456,128)	(1,877,308)	–	(47,748,769)	(105,393,261)	(105,415,136)	–	(67,074,336)	(806,001,438)	(837,518,570)
Surplus(shortfall)		1,467,750	1,881,346	–	48,032,155	105,734,468	105,698,522	–	67,074,336	806,001,438	837,518,570

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. The table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

NW385 Ramotshere Molloa - Table A9 Asset Management											
R thousand	Description	Ref	2018/19 Audited Outcomes	2019/20 Audited Outcomes	2020/21 Audited Outcomes	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
						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	-	-	-	37,371	51,595	37,371	-	-	-
Roads Infrastructure			-	-	-	37,171	37,171	37,171	-	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			-	-	-	-	-	-	-	-	-
Sanitation Infrastructure			-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			-	-	-	37,171	37,171	37,171	-	-	-
Community Facilities			-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities			-	-	-	-	-	-	-	-	-
Community Assets			-	-	-	-	-	-	-	-	-
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			-	-	-	-	-	-	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Other Assets			-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Services			-	-	-	-	-	-	-	-	-
Licences and Rights			-	-	-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-	-
Computer Equipment			-	-	-	200	1,500	200	-	-	-
Furniture and Office Equipment			-	-	-	-	-	-	-	-	-
Machinery and Equipment			-	-	-	-	-	-	-	-	-
Transport Assets			-	-	-	-	12,924	-	-	-	-
Land			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets		2	-	-	-	-	-	-	-	-	-
Roads Infrastructure			-	-	-	-	-	-	-	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			-	-	-	-	-	-	-	-	-
Sanitation Infrastructure			-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			-	-	-	-	-	-	-	-	-
Community Facilities			-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities			-	-	-	-	-	-	-	-	-
Community Assets			-	-	-	-	-	-	-	-	-
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			-	-	-	-	-	-	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Other Assets			-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Services			-	-	-	-	-	-	-	-	-
Licences and Rights			-	-	-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-	-
Computer Equipment			-	-	-	-	-	-	-	-	-
Furniture and Office Equipment											

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% of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

Table 20 MBRR Table A10 - Basic Service Delivery Measurement

NW385 Ramotshere Moiloa - Table A10 Basic service delivery measurement

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	2,925	3,925	3,925	2,925	3,925	3,925
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	20	50	50	20	50	50
Other water supply (at least min.service level)	4	-	-	-	1,525	2,525	2,525	1,525	2,525	2,525
<i>Minimum Service Level and Above sub-total</i>		-	-	-	4,470	6,500	6,500	4,470	6,500	6,500
Using public tap (< min.service level)	3	-	-	-	4,280	5,280	5,280	4,280	5,280	5,280
Other water supply (< min.service level)	4	-	-	-	31,261	32,261	32,261	31,261	32,261	32,261
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	35,541	37,541	37,541	35,541	37,541	37,541
Total number of households	5	-	-	-	40,011	44,041	44,041	40,011	44,041	44,041
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	12,450	12,450	12,450	12,450	12,450	12,450
Flush toilet (with septic tank)		-	-	-	180	300	300	180	300	300
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	2,000	3,000	3,000	2,000	3,000	3,000
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	14,630	15,750	15,750	14,630	15,750	15,750
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	16,720	18,000	18,000	16,720	18,000	18,000
No toilet provisions		-	-	-	16,720	17,500	17,500	16,720	17,500	17,500
<i>Below Minimum Service Level sub-total</i>		-	-	-	33,440	35,500	35,500	33,440	35,500	35,500
Total number of households	5	-	-	-	48,070	51,250	51,250	48,070	51,250	51,250
Energy:										
Electricity (at least min.service level)		-	-	-	505	505	505	505	505	505
Electricity - prepaid (min.service level)		-	-	-	4,941	4,941	4,941	4,941	4,941	4,941
<i>Minimum Service Level and Above sub-total</i>		-	-	-	5,446	5,446	5,446	5,446	5,446	5,446
Electricity (< min.service level)		-	-	-	30,877	30,877	30,877	30,877	30,877	30,877
Electricity - prepaid (< min. service level)		-	-	-	32,061	32,061	32,061	32,061	32,061	32,061
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	62,938	62,938	62,938	62,938	62,938	62,938
Total number of households	5	-	-	-	68,384	68,384	68,384	68,384	68,384	68,384
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	330	330	330	330	330	330
Using communal refuse dump		-	-	-	351	351	351	351	351	351
Using own refuse dump		-	-	-	29,160	29,160	29,160	29,160	29,160	29,160
Other rubbish disposal		-	-	-	441	441	441	441	441	441
No rubbish disposal		-	-	-	2,400	2,400	2,400	2,400	2,400	2,400
<i>Below Minimum Service Level sub-total</i>		-	-	-	32,682	32,682	32,682	32,682	32,682	32,682
Total number of households	5	-	-	-	32,682	32,682	32,682	32,682	32,682	32,682
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	1,392	1,392	1,392	1,392	1,392	1,392
Electricity/other energy (50kwh per household per month)		-	-	-	3,287	3,287	3,287	3,287	3,287	3,287
Refuse (removed at least once a week)		-	-	-	1,392	1,392	1,392	1,392	1,392	1,392
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	1,658	1,658	1,658	1,658	1,658	1,658
Electricity/other energy (50kwh per indigent household per month)		-	-	-	820	820	820	820	820	820
Refuse (removed once a week for indigent households)		-	-	-	54	54	54	54	54	54
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided		-	-	-	2,531	2,531	2,531	2,531	2,531	2,531
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		-	-	-	-	5,956	5,956	3,080	3,080	3,080
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	500	500	500	500	500	500
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	1,000	1,000	1,000	1,000	1,044	1,091
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided		-	-	-	1,500	7,456	7,456	4,580	4,624	4,671

Explanatory notes to Table A10 - Basic Service Delivery Measurement

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

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the 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 Portfolio Chairpersons, Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor

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, taking into account 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.

2.1.1 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework 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 2022/23 MTREF, based on the approved 2021/22 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 2022/23 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 2021/22 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.2 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2022/23 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2022/23 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 2021/22 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Investment possibilities
- 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 112 and 115 has been taken into consideration in the planning and prioritisation process.

2.1.3 Community Consultation

The draft 2022/23 MTREF as tabled before Council in March 2022 for community consultation was published on the municipality's website, and hard copies will be made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) to 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.

Ward Committees will be utilised to facilitate the community consultation process in April 2022. The applicable dates and venues will be published in all the local newspapers and on the municipal website. Individual sessions will be scheduled with organised business to further ensure transparency and interaction. Other stakeholders involved in the consultation includes churches, non-governmental institutions and community-based organisations.

2.2 Overview of alignment of annual budget with IDP

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

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

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 six strategic objectives or key performance areas for the 2022/23 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 21 IDP Strategic Objectives

KPA	KPA Description
KPA 1	TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT
KPA 2	GOOD GOVERNANCE
KPA 3	LOCAL ECONOMIC DEVELOPMENT
KPA 4	FINANCIAL VIABILITY
KPA 5	BASIC SERVICE DELIVERY AND INFRASTRUCTURE
KPA 6	MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT

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.

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 Ramotshere Moiloa Local 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.

The 2022/23 MTREF has therefore been directly informed by the IDP revision process and the SA 4, 5 and 6 tables below provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 22 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
R thousand													
Good Governance				339	27 915	19 823	38 079	38 010	38 010				
Operational Transformation and Public Participation				9 580		24 854	7 442	7 442	7 442				
Planning and LED				1 055	–	16 997	5 856	5 856	5 856				
Financial Viability				180 228	68 118	99 250	81 592	80 662	80 662				
Service Delivery				126 906	137 899	137 243	110 989	103 109	103 109				
Community Services				17 889	40 364		38 599	43 272	43 272				
Roads and infrastructure							62 296	63 896	63 896				
Organisational Transformation							18 325	21 325	21 325				
Municipal Buildings							9 832	9 832	9 832				
municipal planning							4 770	4 770	4 770				
							3 100	3 100	3 100				
Municipal governance and administration										160 507	167 186	174 561	
Community and public safety										17 944	18 377	19 771	
Economic and environmental services										108 904	115 703	124 002	
Other										150 214	170 320	179 908	
										–	–	–	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	335 997	274 296	298 167	380 879	381 272	381 272	437 570	471 585	498 241

Table 23 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

NW385 Ramotshere Moiloa - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Three Randstad's metrics Supporting table and Recommendation of 1st Strategic Objective and Budget (spending expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
R thousand													
Good Governance				17 960	11 228	19 823	39 232	45 909	45 909				
Promote Community participation				2 456		24 854	7 581						
Planning and LED				2 376	30 545	10 567	5 450	10 046	10 046				
Financial Viability				143 191	126 140	79 822	54 348	89 436	89 436				
Service Delivery				88 242	86 033	149 108	93 646	142 281	142 281				
Community Services				42 494	30 545		42 644	46 551	46 551				
Roads and infrastructure							54 406						
Organisational Transformation							17 825						
Municipal Buildings							9 832						
municipal planning							4 790						
Information Technology							4 190						
Municipal governance and administration										208 611	219 499	217 409	
Community and public safety										13 522	21 521	22 684	
Economic and environmental services										85 401	69 320	73 023	
Other										122 024	140 295	147 884	
Allocations to other priorities													
Total Expenditure				1	296 718	284 492	284 174	333 943	334 223	334 223	429 558	450 635	460 999

Table 24 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

NW385 Ramotshere Moiloa - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand												
Governance and administration		A		1 201	3 681	2 994	0	200	200		–	
Economic and environmental services		B		53 944	34 088	33 000	43 585	38 053	38 053	35 130	37 060	39 742
Trading services		C		–	6 276	–	11 535	9 269	9 269	1 053	12 800	13 504
Community and public safety		D						1 073	1 073	410	3 000	
LED and Planning		E										
Financial Viability		F										
		G										
		H										
		I										
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	55 146	44 045	35 994	55 120	48 595	48 595	36 593	52 860	53 246

2.3 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:

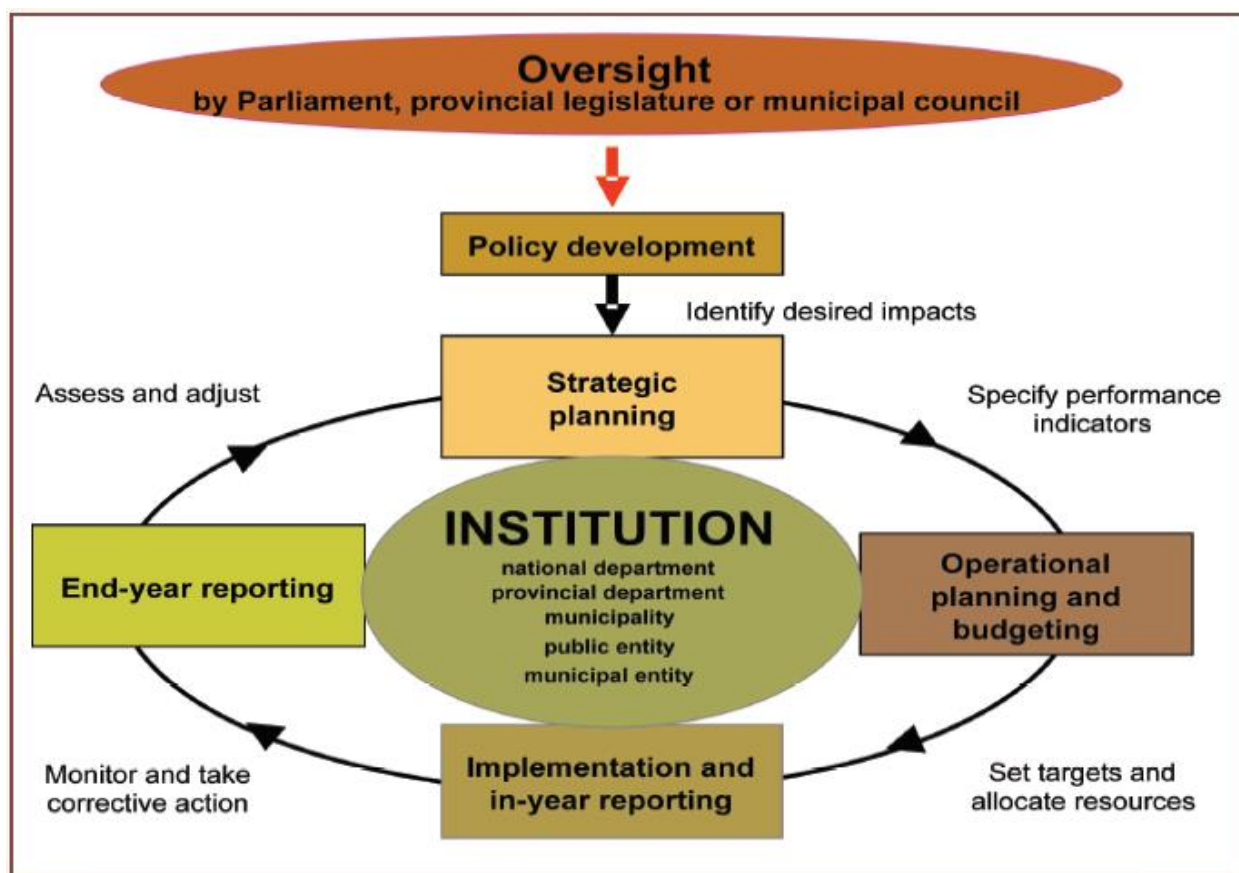


Figure 2 Planning, budgeting and reporting cycle

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:

SA 7 table below illustrates Ramotshere Moiloa Local Municipality's measurable performance objectives and indicators.

Table 25 MBRR Table SA7 - Measurable performance objectives

NW385 Ramotshere Moiloa - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Vote 1 - Executive and Council										
Office of the Municipal Manager										
Sub-function 1 - (name)										
Provide planning and performance management								100,0%		
Promote good governance and public										
Sub-function 2 - (name)										
Sub-function 3 - (name)										
Office of the Mayor										
Sub-function 1 - (name)										
Social Cohesion								100,0%		
Sub-function 2 - (name)										
Insert measure's description										
Sub-function 3 - (name)										
Insert measure's description										
Vote 2 - Finance & Administration										
Budget and Treasury										
Sub-function 1 - (name)										
To achieve clean audit								100,0%		
To provide financial excellence										
Sub-function 2 - (name)										
Insert measure's description										
Sub-function 3 - (name)										
Insert measure's description										
Human Resource										
Sub-function 1 - (name)										
To provide legal Service								100,0%		
To Recruit and retain talented employees										
Sub-function 2 - (name)										
Insert measure's description										
Sub-function 3 - (name)										
Insert measure's description										
Vote 3 - Planning & Development										
Local Economic Development										
Sub-function 1 - (name)										
Promote local Economic Development								100,0%		
Provide Town Planning Service										
Sub-function 2 - (name)										
Insert measure's description										
Sub-function 3 - (name)										
Insert measure's description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure's description										
Sub-function 2 - (name)										
Insert measure's description										
Sub-function 3 - (name)										
Insert measure's description										
And so on for the rest of the Votes										

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

Table 26 MBRR Table SA8 - Performance indicators and benchmarks

NW385 Ramotshere Moiloa - Supporting Table SA8 Performance indicators and benchmarks

NW365 Ramotshere Monoba - Supporting Table 3A6 Performance Indicators and Benchmarks											
Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	2,3%	3,1%	0,4%	0,1%	0,5%	0,5%	0,0%	2,3%	2,3%	2,4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5,3%	8,3%	0,9%	0,3%	1,0%	1,0%	0,0%	4,5%	4,6%	4,7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0,0%	28,2%	19,1%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	0,8	0,8	0,8	2,7	2,7	2,7	–	1,5	1,8	1,8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0,8	0,8	0,8	2,7	2,7	2,7	–	1,5	1,8	1,8
Liquidity Ratio	Monetary Assets/Current Liabilities	0,1	0,0	0,1	–	–	–	–	0,3	0,3	0,3
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		73,6%	80,3%	81,1%	86,3%	79,0%	79,0%	0,0%	90,0%	82,1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		73,6%	80,3%	80,1%	86,3%	79,0%	79,0%	0,0%	82,4%	82,1%	78,1%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	19,4%	29,9%	27,2%	41,5%	40,5%	40,5%	0,0%	17,6%	17,7%	17,6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		1129,8%	4844,5%	732,0%	479,3%	110,2%	110,2%	0,0%	170,2%	211,7%	193,8%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)								1217615		
	Total Cost of Losses (Rand '000)								11 447		
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	42,6%	51,6%	41,3%	39,6%	38,8%	38,8%	0,0%	39,1%	39,5%	39,2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	46,9%	56,3%	51,9%	44,4%	43,5%	0,0%		43,0%	43,4%	43,1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3,7%	2,6%	1,3%	6,5%	8,8%	8,8%		8,8%	8,9%	8,8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	16,9%	17,2%	11,3%	9,6%	9,8%	9,8%	0,0%	9,7%	9,8%	9,8%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	87,6	105,3	154,2	1 095,0	1 095,0	1 095,0	–	411,3	404,7	420,0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	45,9%	73,7%	67,0%	87,8%	89,6%	89,6%	0,0%	35,7%	36,4%	37,0%
iii. Cost coverage	(Av available cash + Investments)/monthly fixed operational expenditure	0,4	0,1	0,8	0,5	2,1	2,1	–	0,9	0,8	0,9

2.3.1 Performance indicators and benchmarks

2.3.1.1 *Borrowing Management*

Capital expenditure in local government can be funded by capital grants, own-source revenue and long-term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Ramotshere Moiloa Local Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. Ramotshere Moiloa Local Municipality's creditworthiness does not allow it to borrow funds to fund capital expenditure. The following financial performance indicators have formed part of the compilation of the 2019/20MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

2.3.1.2 *Safety of Capital*

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.3.1.3 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 2020/21 MTREF the current ratio is 1.2 in the 2020/21 financial year and 1.6 and 2.1 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 2018/19 financial year the ratio was 0.2 and as part of the financial planning strategy it has been decreased to 0.1 in the 2019/20 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.

2.3.1.4 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.

2.3.1.5 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 100 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.

2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to increase over the MTREF.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.3.2 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 2019/20 financial year 2 080 registered indigents have been provided for in the budget. This is due to the proper capturing of indigents on the municipality's indigent database. In terms of the Municipality's indigent policy registered households are entitled to 6kℓ free water, 50 kwh of electricity, 6kℓ sanitation 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).

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 taken into account in the table noted above.

2.4 Overview of budget related-policies

SUMMARY OF CHANGES TO POLICIES

2.4.1 Cash Management and Investment Policy

- ✓ No changes in the policy

2.4.2 Indigent Management policy.

- ✓ Addition of new point chapter 3 clause 22(1)(c)(i) (aa)- The supply of electricity be limited to 20 ampere circuit breakers.

2.4.3 Credit Control and Debt Collection policy.

- ✓ The following clause under Section 24 (5) (Refunds) of the policy has been removed
or by the issue a cheque.
- ✓ The following clause under Section 25(6) (Payment facilities and methods for payments) has been removed from the policy:

- ✓ it will be within the sole discretion of the municipality whether to accept a cheque as payment of any amount due.
- ✓ Cheque option on the application forms.
- ✓ The banks no longer accept cheques, so the provisions are no longer relevant.

2.4.4 Rates policy

- ✓ No changes in the policy

2.4.5 Supply Chain Management Policy

2.4.5.1 The following should be incorporated under Clause 12.18 (Procurement of goods and services under contracts secured by other organs of state)

- e) The need for procuring goods or service through a contract secured by other state shall be recorded on the demand management plan and on the minutes of the specification
- f) When considering any contract secured by other organ of state, reports and supporting documents shall go through the committee system of the municipality
- g) Such service shall be sourced from an existing contract, with the same specification, terms and condition, in case of a long term or short-term contract, the contract shall lapse the same period as indicated on the contract of the principal organ of state or the organ of state which appointed the service provider or supplier.

2.4.5.2 Implications for the organ of the state who is a contract owner

- a) The application of regulation 32 in a procurement process effectively means that the accounting officer of the original contracting organ of state is willing to forfeit a portion of its contract that has not already been utilized to the Accounting officer who is requesting to procure under the contract.
- b) it may also mean the accounting officer may no longer procure goods and services from the contract anymore as the balance of the contract would have been allocated to the municipality or municipal entity that is requesting to procure under that contract.
- c) The accounting officer of the original contracting organ of the state undertakes such decision with knowledge that the original contracting organ of the state no longer requires the remaining portion of that contract. The accounting officer of the original contracting organ of the state must notify the accounting officer of the municipality or municipal entity that is procuring under the original contract of all changes to the contract.

2.4.5.3 panel of consultants/ list of approved service providers and framework agreements

- (a) RMLM must not participate on a panel secured another organ of the state as a panel of consultants or list of service providers or a panel of approved service providers is not a contract.
- (b) RMLM may only participate on framework agreements by organ of state, for example, State Information Technology Agency, the relevant treasury, that are empowered by legislation to arrange such on behalf of the organs of the state.

2.4.5.4 SCM Regulation 28 make the following provision:

28. Bid evaluation committees

- (1) A bid evaluation committee must—

- (a) evaluate bids in accordance with—
 - (i) the specifications for a specific procurement; and
 - (ii) the points system as must be set out in the supply chain management policy of the municipality or municipal entity in terms of regulation 27(2)(f) and as prescribed in terms of the Preferential Procurement Policy Framework Act;
- (b) evaluate each bidder's ability to execute the contract;
- (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears; and
- (d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

Clause 12.11 sub section 5 of the municipal policy makes the following provision:

- (5) The responsible agent and the SCM compliance officer or delegated official (who is not a member of the Evaluation or Adjudication committee) must carry out a preliminary evaluation of all valid bids received and submit a draft bid evaluation report to the bid evaluation committee for consideration, this will happen only if the municipality have enough staff in scm.

The clause should be removed as its contrary to the SCM Regulation. The evaluation should be done by the Bid Evaluation Committee.

The following provisions pertaining variations should be incorporated into the municipal policy:

Amendments/ Expansion/ Extension/ Variation of contracts

- 1) Requests for amendments / expansion / extension / variation of contracts must be considered by the Bid Adjudication Committee.
- 2) Any amendments / expansion / extension / variation of a contract must be done in accordance with the provisions of the contract itself and in compliance with the NLM's delegation policy, provided that:
 - (a) the requirements of section 33 of the MFMA are met; and
 - (b) the extension of the contract does not amount to the provision of new goods or services, such that the purposes of this policy are defeated.
 - (c) Project Managers must as far as possibly refrain from extending/expanding contracts and/or allowing variation orders as it increases the risks, reflects possible flaws in the planning process and it creates an uncompetitive environment, possibly unfairly prejudicing other possible vendors.
 - (d) The extension of a contract must be finalised before the current expiry date of the contract.
 - (e) Must comply with the provision of National Treasury Circular 62 that states that contracts may be expanded or varied by not more than 20% for construction related goods, services and/or infrastructure projects and 15% for all other goods and/or services of the original value of the contract.
 - (f) Any expansion or variation more than the thresholds stipulated in (e) above must be dealt with in terms of the provisions of section 116(3) of the MFMA and will be regarded as an amendment to the contract.
 - (g) Variations are not applicable to transversal term contracts, facilitated by the relevant treasuries on behalf of municipalities and municipal entities and, specific term contracts.

2.4.6 Asset Management policy

- ✓ The asset management policy is comprehensive and does cover all the process of managing assets through their lifecycle and includes their purchase, maintenance, use, disposal, and the management of risks

2.4.7 Tariff policy

- ✓ The municipal tariff policy reflects the principles referred to in terms of the provisions of section 74(2) of the Systems Act and addresses the matters referred to in terms of the provisions of section 74(3) of the same Act, as well as a schedule containing the municipal tariffs of the Municipality pertaining to the municipal services as set out in the tariff policy

2.4.8 UIFW policy

- ✓ The current policy is not consistent with the MFMA, Circulars and regulation and it is not comprehensive. A comprehensive policy should be developed for consideration
- ✓ The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2021/22 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The

outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2020/21 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

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)

2.5 Overview of budget assumptions

2.5.1 External factors

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

2.5.2 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 (75 per cent) of annual billings. Cash flow is assumed to be 75 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.

2.5.3 Growth or decline in tax base of the municipality

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

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

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

2.5.4 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2018 and shall remain in force until 30 June 2021. The percentage increase for year 1 (2018/19) was 7%, with CPI + 1.5% and CPI + 1.2% increment for outer years respectfully.

2.5.5 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.

2.5.6 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2020/21 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 27 Breakdown of the operating revenue over the medium-term

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Financial Performance										
Property rates	49 857	27 847	34 942	42 191	49 549	49 549	-	68 932	68 932	68 932
Service charges	64 607	67 985	70 066	111 557	101 090	101 090	-	128 466	135 387	142 698
Investment revenue	1 229	613	1 876	170	170	170	-	180	189	200
Transfers recognised - operational	141 529	130 672	142 307	157 762	164 459	164 459	-	179 900	189 111	206 704
Other own revenue	13 400	9 848	9 663	14 009	17 810	17 810	-	23 820	25 106	26 462
Total Revenue (excluding capital transfers and contributions)	270 623	236 965	258 853	325 690	333 078	333 078	-	401 297	418 725	444 994

Figure 3 Breakdown of operating revenue over the 2022/23 MTREF

NW385 Ramotshere Moiloa - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Revenue By Source											
Property rates	2	49 857	27 847	34 942	42 191	49 549	49 549	-	68 932	68 932	68 932
Service charges - electricity revenue	2	48 908	51 739	51 745	75 675	61 507	61 507	-	86 139	90 790	95 693
Service charges - water revenue	2	7 718	7 329	8 882	16 775	17 975	17 975	-	18 360	19 351	20 396
Service charges - sanitation revenue	2	2 106	2 192	2 401	4 740	6 240	6 240	-	3 064	3 229	3 403
Service charges - refuse revenue	2	5 875	6 725	7 038	14 368	15 368	15 368	-	20 904	22 017	23 206
Rental of facilities and equipment		198	305	142	9	9	9		9	9	10
Interest earned - external investments		1 229	613	1 876	170	170	170		180	189	200
Interest earned - outstanding debtors		-	-	-	799	799	799		842	887	935
Dividends received											
Fines, penalties and forfeits		5 644	4 995	5 575	402	4 002	4 002		4 218	4 446	4 686
Licences and permits		3 532	2 779	1 100	4 147	4 147	4 147		4 055	4 274	4 505
Agency services			-		-						
Transfers and subsidies		141 529	130 672	142 307	157 762	164 459	164 459		179 900	189 111	206 704
Other revenue	2	2 447	1 768	2 846	5 953	6 153	6 153	-	7 196	7 584	7 994
Gains on disposal of PPE		1 580	-	-	2 700	2 700	2 700		7 500	7 905	8 332
Total Revenue (excluding capital transfers and contributions)		270 623	236 965	258 853	325 690	333 078	333 078	-	401 297	418 725	444 994

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

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

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 75 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- The ability to extend new services and obtain cost recovery levels.

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

The proposed tariff increases for the 2022/23 MTREF on the different revenue categories are:

Table 28 Proposed tariff increases over the medium-term

DRAFT TARIFF STRUCTURE - PROPERTY RATES											
2019/20 FINANCIAL YEAR											
PROPERTY RATES		CATEGORY OF PROPERTY									
		Residential/ Domestic	Industrial	Business/ Commercial	Agricultural	Mining	properties owned by organ of state used for public service purpose	Public Service Infrastructur e	Property owned by public benefit organisations and used for specific public benefit activities	Property used for multi purpose, subject to section 9	Special Category
Basic Charge - (in the Rand value) All areas		0,01696	0,03392	0,03392	0,00424	0,03392	0,00424	0,00424	-		
Rebates - %									100%		10%
	Retired and disabled persons on residential properties	-	-	-	-	-	-	-			
	month(excluding indigents)	50%	-	-	-	-	-	-			-
	Owner with income between R5001 and R10 000	40%	-	-	-	-	-	-			-
Exemptions	As contemplated in paragraph 10 (1) and (2) of the Municipal Property Rates Policy										
Reductions											
Municipal Property Rates Act 2004		R15 000			R15 000						
% Discount - full settlement of rates before 30 September each year		10%	10%	10%	10%		10%				10%
CONSUMER DEPOSITS - (Rand value)		R 2 812	R 14 058	R 33 740	R -		R 33 740	R 33 740	R 11 247		R 5 623

Revenue to be generated from property rates is R 68.9 million in the 2022/23 financial year which represents 17 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

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. As the levying of property rates is considered a strategic revenue source, supplementary valuation process will be undertaken in in the 2022/23 till 2024/25 financial years. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

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

Table 29 MBRR SA15 – Detail Investment Information

NW385 Ramotshere Moiloa - Supporting Table SA15 Investment particulars by type										
Investment type	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		1 980	11 062	17 300				2 325	2 451	2 583
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	1 980	11 062	17 300	-	-	-	2 325	2 451	2 583
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		1 980	11 062	17 300	-	-	-	2 325	2 451	2 583

Table 30 MBRR SA16 – Investment particulars by maturity

NW385 Ramotshere Moiloa - Supporting Table SA16 Investment particulars by maturity														
Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed Interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of Investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														
SANLAM 04000135234		20 YEARS	FIXED	Yes	FIXED	5.5	N/A	N/A	21 June 2020	1 900	200	N/A	N/A	2 100
Municipality sub-total										1 900				2 100
Entities														
Entities sub-total														
TOTAL INVESTMENTS AND INTEREST	1									1 900				2 100

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2022/23 medium-term capital programme:

Table 31 Sources of capital revenue over the MTREF

	MTREF 2021/22 Budget	MTREF 2022/23 Budget	MTREF 2023/24 Budget
MIG Projects	39 127 000	42 104 000	43 882 000
INEP	6 775 000	10 000 000	10 000 000
Internal	250 000	260 500	271 962
	46 152 000	52 364 500	54 153 962

Figure 8 Sources of capital revenue for the 2022/2023 financial year

Capital grants and receipts equates to 99 per cent of the total funding source which represents R45.9 million for the 2022/23 financial year.

As explained earlier, the borrowing capacity of the Municipality has essentially reached its limits.

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

Table 32 MBRR Table SA 17 - Detail of borrowings

NW385 Ramotshere Moiloa - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality										
Annuity and Bullet Loans								2 577	2 173	1 765
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases								1 440	1 440	1 440
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	-	-	-	-	-	4 017	3 613	3 205
Entities										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	-	-	-	-	-	4 017	3 613	3 205
Unspent Borrowing - Categorised by type										
Parent municipality										
Long-Term Loans (annuity/reducing balance)								2 577	2 173	1 765
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases		4 697	3 718	2 956				1 440	1 440	1 440
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	4 697	3 718	2 956	-	-	-	4 017	3 613	3 205
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Unspent Borrowing	1	4 697	3 718	2 956	-	-	-	4 017	3 613	3 205

Table 33 MBRR Table SA 18 - Capital transfers and grant receipts

NW385 Ramotshere Moiloa - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		106 164	132 599	–	156 482	156 482	–	177 236	189 306	203 747
Local Government Equitable Share		102 166	126 139		153 173	153 173		174 021	187 091	201 532
Municipal Systems Improvement		934								
Finance Management		1 600	1 810		2 215	2 215		2 215	2 215	2 215
EPWP Incentive		1 464	1 104		1 094	1 094		1 000		
Other transfers/grants [insert description]			3 546							
Provincial Government:		500	1 000	–	1 280	1 150	–	640	770	812
Sport and Recreation		500	1 000		1 280	1 150		640	770	812
Other transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Operating Transfers and Grants	5	106 664	133 599	–	157 762	157 632	–	177 876	190 076	204 559
Capital Transfers and Grants										
National Government:		38 493	31 914	–	55 120	47 322	–	38 207	51 895	55 391
Municipal Infrastructure Grant (MIG)		34 624	31 914		45 851	38 053		37 154	39 095	41 887
Neighbourhood Development Partnership		3 869								
INEP					9 269	9 269		1 053	12 800	13 504
Provincial Government:		–	–	–	–	–	–	110	–	–
Sport and Recreation								110		
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Capital Transfers and Grants	5	38 493	31 914	–	55 120	47 322	–	38 317	51 895	55 391
TOTAL RECEIPTS OF TRANSFERS & GRANTS		145 157	165 513	–	212 882	204 954	–	216 193	241 971	259 950

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international

standards of good financial management practice and also improves understandability for Councillors and management. Some specific features include:

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

Table 34 MBRR Table A7 - Budget cash flow statement

NW385 Ramotshere Moiloa - Table A7 Budgeted Cash Flows											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		42 358	20 120	14 082	38 648	28 000	28 000	10 789	65 485	65 485	65 485
Service charges		41 899	56 827	70 066	93 967	91 043	91 043	21 496	97 098	102 330	99 698
Other revenue		3 145	5 648	6 763	10 250	18 789	18 789	28 484	18 477	19 124	17 543
Government - operating	1	138 639	131 099	143 516	157 762	164 459	164 459	120 369	179 234	189 576	204 017
Government - capital	1	43 182	37 331	39 313	55 120	48 395	48 395	26 322	36 479	49 860	53 246
Interest		1 229	613		756	153	153	12	511	538	567
Dividends						414	414		-	-	-
Payments											
Suppliers and employees		(221 616)	(213 463)	(222 950)	(282 716)	(257 426)	(257 426)	(165 790)	(350 618)	(368 053)	(373 351)
Finance charges		(5 822)	(7 334)	(5 286)	(479)	(479)	(479)		(10 000)	(10 540)	(11 109)
Transfers and Grants	1					(5 926)	(5 926)	(3 886)	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		43 014	30 841	45 504	73 308	87 422	87 422	37 796	36 665	48 321	56 097
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			43	(125)					3 460	500	542
Decrease (increase) in non-current debtors									15 000	-	-
Decrease (increase) other non-current receivables				1 053					-	-	-
Decrease (increase) in non-current investments		0	0						2 100	-	-
Payments											
Capital assets		(53 702)	(37 733)	(33 594)	(67 877)	(47 050)	(47 050)	(36 266)	(36 779)	(52 860)	(53 246)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(53 702)	(37 690)	(32 666)	(67 877)	(47 050)	(47 050)	(36 266)	(16 219)	(52 360)	(52 704)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing			2 808	652					-	-	-
Increase (decrease) in consumer deposits		319	183	136					-	-	-
Payments											
Repayment of borrowing		(1 013)	(861)	(1 010)					-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(694)	2 130	(222)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(11 382)	(4 719)	12 616	5 432	40 373	40 373	1 530	20 446	(4 040)	3 392
Cash/cash equivalents at the year begin:	2	18 136	6 754	2 035	5 000	5 000	5 000	14 651	6 000	26 446	22 406
Cash/cash equivalents at the year end:	2	6 754	2 035	14 651	10 432	45 373	45 373	16 182	26 446	22 406	25 798

The above table shows that cash and cash equivalents of the Municipality are steadily decreasing in 2022/23 financial year however a positive cash balance of R 20.4 million to a is maintained.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

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

Table 35 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

NW385 Ramotshere Moiloa - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash and investments available											
Cash/cash equivalents at the year end	1	6 754	2 035	14 651	10 432	45 373	45 373	16 182	26 446	22 406	25 798
Other current investments > 90 days		2 103	2 112	2 325	(10 432)	(45 373)	(45 373)	(16 182)	(9 469)	(4 513)	(6 939)
Non current assets - investments	1	—	—	—	—	—	—	—	—	—	—
Cash and investments available:		8 858	4 146	16 976	—	—	—	—	16 976	17 893	18 859
Application of cash and investments											
Unspent conditional transfers		—	2 204	3 412	—	—	—	—	13 000	—	—
Unspent borrowing		4 697	3 718	2 956	—	—	—	—	4 017	3 613	3 205
Statutory requirements	2	—	—	—	—	—	—	—	—	—	—
Other working capital requirements	3	39 890	43 207	60 516	(66 849)	(62 262)	(62 262)	—	(2 122)	(2 032)	1 041
Other provisions		—	—	—	—	—	—	—	—	—	—
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	—	—	—	—	—	—	—	—	—	—
Total Application of cash and investments:		44 587	49 129	66 885	(66 849)	(62 262)	(62 262)	—	14 895	1 581	4 247
Surplus(shortfall)		(35 730)	(44 983)	(49 909)	66 849	62 262	62 262	—	2 081	16 312	14 612

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement

table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 36 MBRR SA10 – Funding compliance measurement

NW385 Ramotshere Moiloa Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	6 754	2 035	14 651	10 432	45 373	45 373	16 182	26 446	22 406	25 798
Cash + investments at the yr end less applications - R'000	18(1)b	2	(35 730)	(44 983)	(49 909)	66 849	62 262	62 262	–	2 081	16 312	14 612
Cash year end/monthly employee/supplier payments	18(1)b	3	0,4	0,1	0,8	0,5	2,1	2,1	–	0,9	0,8	0,9
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	39 280	(10 196)	13 993	46 867	47 000	47 000	–	8 012	20 951	37 242
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	5	N.A.	(22,3%)	3,6%	40,4%	(8,0%)	(6,0%)	(106,0%)	25,0%	(2,5%)	(2,4%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	69,2%	78,2%	79,3%	86,6%	83,2%	83,2%	0,0%	84,7%	84,4%	79,5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	4,0%	5,1%	7,1%	13,9%	14,1%	14,1%	0,0%	20,1%	20,3%	14,0%
Capital payments % of capital expenditure	18(1)c,19	8	97,4%	85,7%	93,3%	123,1%	96,8%	96,8%	0,0%	100,5%	100,0%	100,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0,0%	28,2%	19,1%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100,0%	100,0%	100,0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	34,6%	(0,5%)	91,5%	0,0%	0,0%	(100,0%)	(47,8%)	5,4%	5,4%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1,7%	1,1%	0,6%	0,0%	0,0%	0,0%	0,0%	5,7%	6,0%	6,3%
Asset renewal % of capital budget	20(1)(vi)	14	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

2.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium-term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short-term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2022/23 MTREF shows **R63.9** million, **R152.8** million and **R287.4** million for each respective financial year.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The

detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality

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

2.6.5.4 Surplus/deficit excluding depreciation offsets

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

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

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

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

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 74.7, 76.0 and 75.5 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 75 per cent performance target, the cash flow statement has been conservatively determined. In addition, the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

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

billed revenues. The provision has been appropriated at 3.9, 4.2 and 4.4 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position

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

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded

2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

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

2.6.5.11 Consumer debtors change (Current and Non-current)

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

2.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C.

2.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b

2.7 Annual budgets and SDBIPs – internal departments

The SDBIP's for the different departments will in terms of section 53(1)(c)(ii) of the MFMA be tabled and approved by the Mayor within 28 days after the approval of the annual budget

2.8 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.

2.9 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

2.10 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 fully complied with on a monthly basis. Section 71 reporting to the Executive 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 draft stage and will be finalised after approval of the 2022/23 MTREF in June 2022 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. Policies

All financial related policies are reviewed on an annual basis or whenever the need arises and submitted with the budget for adoption by council.

9. Risk Management

A Risk Committee has been established and is functional

2.11 Municipal manager's quality certificate

I, Municipal Manager of Ramotshere Moiloa Local Municipality, hereby certify that the 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.

Print Name _____

Municipal Manager of Ramotshere Moiloa Local Municipality (NW 385)

Signature _____

Date _____