

TSWELOPELE LOCAL MUNICIPALITY

FS 183

CIVIC CENTRE, BOSMAN STREET

BULTFONTEIN, 9670

051 853 1111

www.tswelopele.gov.za

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MTREF

2023/2024–2025/2026

**PREPARED IN ACCORDANCE WITH BUDGET REGULATIONS, MFMA
CIRCULARS**

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PART 1

1. Mayoral Report by the Mayor

BUDGET SPEECH FOR 2022/2023 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR DRAFT BUDGET PURPOSES

- *The Mayoral Budget speech will be presented during the meeting and will be availed post the meeting.*

2. Budget resolution by Council

- *Council resolution will be availed after the meeting.*

3. Executive summary

Tswelopele Local Municipality budget process started in August 2022 in line with section 21 (b) of the Municipal Finance Management Act, which states that at least ten months before the start of the budget year, the mayor must table time schedule outlining the key deadlines. Subsequent to the approval the schedule was sent to the relevant stakeholders and the processes pertaining to the review of the IDP and compilation of the draft annual budget been undertaken as per the schedule.

The municipality vastly depends on grants from national government as majority of its revenue is made up of equitable shares and other Operational Grants [i.e. Financial Management Grant, and a grant from Public works]. Table SA 18 on the municipality annual budget tables clearly distinguishes between all this different allocations, total operating grants allocated to the municipality amount to R 100.2 million. This allocation has increased with only R 5.8 million compared to 2022/2023 operating grants allocation. The R5 million increase relates to the increase of 6 percent in equitable share allocation.

EPWP allocation decreased from R 1.1 million to R 950 thousand.

According to census statistics, the municipality comprises a total population of 47 652 (*Census 2011*), of which over 70% are poor. The municipality subsidises the indigent households within the municipality with Free Basic services on monthly basis. Amongst others, the challenge faced by the municipality is that some of the indigent households do not register during the indigent registration process, which leads the municipal debt book growing.

In order to strengthen and improve the indigent status update, the municipality came with initiative of amending the indigent policy during 2022/2023 budget year, by including the conditions such as making pensioners and disabled indigents permanent to avoid renewal of applications annually, any other application will be valid for period of three years.

The municipality also intends to procure indigent system in order to simplify the indigent registration process.

Currently the outstanding debtors of the municipality are standing at over R 150 million as at the end of February 2023.

Budget Assumptions:

National Treasury MFMA Circular 122 and 123 were used to guide in the compilation of the 2023/2024 Medium Term Revenue and Expenditure Framework.

The following budget principles and guidelines informed the compilation of the 2022/2023 Medium Term revenue and expenditure framework:

- 2022/2023 MFMA Section 72 report – mid-term assessment report;
- 2022/2023 Adjustment Budget
- Average CPI inflation from 1 April 2023 to 31 March 2024
- National Treasury Guidelines and other circulars
- National and Provincial Budget speeches

Total revenue is anticipated to grow in the mid-term. The growth will be informed by the increase in tariffs on service charges as well increase in operational grants allocation.

The municipality aligned its budget to the national and provincial priorities, mentioned below are some of the National and Provincial priorities:

▣ National Priorities

- ▣ Increase access to basic services
- ▣ Sustainable employment growth through increased public investment spending
- ▣ Responding electricity crisis
- ▣ Dealing with corruption and theft

▣ Provincial priorities

- ▣ Fighting Poverty
- ▣ Reduce Crime

Tswelopele local Municipality prepared its budget with all these priorities in consideration [e.g. sustainable employment: job creation through MIG and EPWP and provincial priorities such as fighting poverty]. It is however a concern that reduction in allocation for the EPWP grant will result in the municipality fund the project workers form limited internally generated resources.

Currently the municipality has eradicated all the buckets in its jurisdiction. There is a project currently running of construction of toilet structures in the newly developed areas.

All households within Tswelopele municipality have access to water, mentioned below is the progress made to address any backlogs in the municipality:

- All households have access to water and sanitation
- All households are connected to public sewerage network

3.1. Operating revenue overview

Tswelopele Local Municipality has implemented Funding Plan Strategy with the purpose of improving Revenue and addressing long outstanding debts. The strategy served before municipality council during the month of February together with the 2022/2023 Adjustment Budget.

The following key components were used in terms of budgeted revenue of the municipality:

- National Treasury MFMA Circulars
- Estimated Electricity Tariff increases pending the approval of the National Electricity Regulator of South Africa
- Latest Valuation roll in terms of Municipal Property Rates Act, Act 6 of 2004 as amended
- Municipality's indigent policy
- Tariff Policy of the Municipality
- Tariff Increases for Water, Refuse and Sewerage
- Targeted revenue collection rate averaging 100% of the billed revenue.

The table in the next page summarises the 2023/2024 revenue by source

As it can be seen from the table below, that throughout MTREF, the Municipality is reliant on Transfers and Subsidies (National and provincial grants) and would not be able to sustain itself long enough without these transfers. Of the total revenue budgeted, only these transfers are guaranteed to be received. The other revenue sources are only anticipated and might not be realised as such.

FS183 Tswelopele - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1										
Revenue											
Exchange Revenue											
Service charges - Electricity	2	40 773	43 248	46 528	53 681	53 681	53 681	53 681	57 950	50 706	59 123
Service charges - Water	2	5 641	5 589	5 688	5 333	5 333	5 333	5 333	5 760	5 040	5 876
Service charges - Waste Water Management	2	5 740	6 061	6 072	6 408	6 408	6 408	6 408	6 906	6 043	7 045
Service charges - Waste Management	2	3 728	3 921	3 891	3 743	3 743	3 743	3 743	4 075	3 566	4 157
Sale of Goods and Rendering of Services		889	718	714	655	1 065	1 065	1 065	1 040	911	1 061
Agency services		-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		-	-	-	-	-	-	-	-	-	-
Interest earned from Current and Non Current Assets		1 420	795	840	1 300	1 300	1 300	1 300	1 300	1 138	1 326
Dividends		61	65	96	130	180	180	180	130	114	133
Rent on Land		500	1 044	1 058	385	385	385	385	600	525	612
Rental from Fixed Assets		959	1 534	545	347	387	387	387	490	430	500
Licence and permits		75	68	97	70	70	70	70	80	70	82
Operational Revenue		344	1 234	2 285	1 320	4 320	4 320	4 320	1 350	1 181	1 377
Non-Exchange Revenue											
Property rates	2	22 334	25 445	26 429	27 867	31 367	31 367	31 367	29 633	27 179	30 233
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		372	529	744	596	596	596	596	666	583	680
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		77 692	94 669	85 268	94 460	94 460	94 460	94 460	100 292	87 841	97 829
Interest		1 622	1 799	3 173	281	281	281	281	300	263	306
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		(29)	-	-	-	-	-	-	-	-	-
Other Gains		-	440	181	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		162 123	187 158	183 610	196 575	203 575	203 575	203 575	210 571	185 589	210 342

Table 2: Grants

Description	2023/24 Medium Term Revenue & Expenditure Framework		
	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand			
RECEIPTS:			
<u>Operating Transfers and Grants</u>			
National Government:	100 292 000	105 409 000	106 723 000
Local Government Equitable Share	97 242 000	103 309 000	104 523 000
Finance Management	2 100 000	2 100 000	2 200 000
EPWP Incentive	950 000		
Total Operating Transfers and Grants	100 292 000	105 409 000	106 723 000
<u>Capital Transfers and Grants</u>			
National Government:	34 868 000	42 219 000	36 696 000
Municipal Infrastructure Grant (MIG)	18 889 000	19 563 000	20 265 000
Energy Efficiency and Demand-Side	4 000 000	5 000 000	-
Water Services Infrastructure Grant	11 979 000	13 956 000	14 581 000
Integrated National Electrification Programme	-	3 700 000	1 850 000
Provincial Government:	3 000 000	-	-
Provincial Financial Support - Electricity	3 000 000	-	-
Total Capital Transfers and Grants	37 868 000	42 219 000	36 696 000
TOTAL RECEIPTS OF TRANSFERS & GRANTS	138 160 000	147 628 000	143 419 000

The table above presents the National and Provincial Grants allocation in line with the Division of Revenue Act allocation Bill.

Only allocations under schedule 5B grants are reflected in budget document.

All other allocations in terms of schedule 6B of the Division of Revenue are allocation-in-kind and will not be included the table above due to the fact that transactions for projects funded through schedule 6B allocations are recognised only when the projects are completed.

Total grants received will increase in 2023/24 and 2024/25 due to increase in equitable share allocation.

Different components of revenue will be discussed in this page

3.1.1. Electricity

Tswelopele Local Municipality comprises of 2 townships (Phahameng and Tikwana) and 2 towns (Bultfontein and Hoopstad), and according to the latest census 2011 result, the municipality has 11992 households. Out of this 11992 households, the Municipality only sells electricity to about 1350 households and the rest are serviced by Eskom. The Municipality buys bulk electricity from Eskom to sell to these households and businesses in Bultfontein and Hoopstad respectively.

National Energy Regulator of South Africa (NERSA) have not yet issued a pre-approved tariff increase percentage. The municipality is proposing an average increase of 7.5% on electricity tariffs for 2023/2024 financial year. Tswelopele Local Municipality target indigent households as per the approved indigent register for free basic electricity. All indigent households including those supplied by Eskom receive 50Kwh on a monthly basis.

The municipality has appointed a consultant for installation of pre-paid electricity meters in Bultfontein and Hoopstad. The project is towards the completion stage and has proved to be a success.

The municipality is in a process of applying for the new tariff structure for implementation in the new financial year.

The electricity revenue of the municipality has decreased in recent times due to the power cut crisis. The president of the country, during his SONA had declared national state of disaster to respond to the electricity crisis.

3.1.2. Water

The Municipality is billing townships flat rate the intention is to bill them on consumption in future. However, the water infrastructure needs to be upgraded/repared for this target to be achieved. Billing of townships on consumption-based will only be implemented when the water meters are repaired. The Municipality proposed an increase of 6% for water tariff. In terms of the free basic services policy of the Municipality, all households receive the free 6kl per month of water.

From July 2023, the municipality intends to start billing the new section where projects for provision of services are completed.

3.1.3. Sanitation (Sewerage)

A tariff increase of 6% for sanitation from 1 July 2023 is proposed. The following factors contributed to the proposed tariff:

- Sanitation charges are charged at a flat rate, irrespective of the quantity of water used / consumed
- Free Sanitation is only provided to indigent households as per the council approved Indigent register
- There is no inclining tariff structure for sanitation consumption
- Proposed tariff is in line with CPI 2023/2024.

3.1.4. Waste Removal

The proposed tariff increase for waste removal is 6%; the proposed increase is line with CPI 2023/2024. The following factors were considered for the proposed tariff increase:

- Waste removal charges are charged at a flat rate, irrespective of amount of waste removed
- The increment will also cover the wear and tear off all the trucks and vehicles used to provide this service
- Waste removal is provided for free to all the households who are indigent
- All 11992 households waste are removed once a week

3.1.5. Property rates

Property rates is a statutory tax charged on all property owners within the jurisdiction of the Municipality. The tax is imposed in accordance to section 229 of the Constitution of South Africa and Municipal Property rates act, act 6 of 2004 (MPRA). In terms of MPRA [original Act] the municipality must prepare a valuation roll after every 5 financial years. Tswelopele Local Municipality first implemented the valuation roll in accordance with MPRA prescripts on the 1st July 2022. The current valuation roll will be implemented for the second financial year in 2023/2024.

During 2022/2023, the property rates was increased by 3% due to increase in the value of properties as the new roll was introduced.

The municipality is proposing an increase of the tariffs on Property rates by 6% for all the properties for the 2023/2024 financial year.

3.2. Operating Expenditure Framework

The municipality budgeted for an expenditure budget of R 230 916 000 (including non-cash items of R 33 000 000). The budgeted expenditure is informed by the following:

- Balance budget constraints – the municipality must not budget for a deficit,
- Funding of the budget as based on section 18 and section 19 of Municipal Finance Management act, act 54 of 2003
- National Treasury MFMA circulars
- South African Local Government Bargaining Council collective agreement on salaries
- Average CPI from 1 April 2022 to 31 March 2024.

The table below show the total budgeted expenditure:

FS183 Tswelopele - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Expenditure											
Employee related costs	2	66 581	69 215	71 960	78 740	78 875	78 875	78 875	81 617	71 418	83 219
Remuneration of councillors		5 670	5 670	6 120	6 569	6 569	6 569	6 569	6 891	6 030	7 030
Bulk purchases - electricity	2	36 277	38 766	42 987	55 009	44 066	44 066	44 066	52 307	45 769	53 366
Inventory consumed	8	12 681	15 202	19 606	16 459	16 883	16 883	5 999	-	4 214	4 905
Debt impairment	3	6 751	15 006	16 290	-	-	-	-	-	-	-
Depreciation and amortisation		28 246	33 259	33 432	20 000	20 000	20 000	20 000	20 000	16 667	18 333
Interest		1 662	3 591	4 671	1 500	4 000	4 000	4 000	2 500	2 188	2 551
Contracted services		14 880	20 202	30 003	26 070	41 041	41 041	41 041	42 579	36 379	42 320
Transfers and subsidies		-	-	-	15	15	15	-	15	13	15
Irrecoverable debts written off		9 453	2 693	8 046	13 000	13 000	13 000	13 000	13 000	10 833	11 917
Operational costs		14 212	18 884	22 508	9 358	18 072	18 072	18 072	12 007	10 497	12 277
Losses on disposal of Assets		8	653	1 652	-	-	-	-	-	-	-
Other Losses		2 998	(180)	(288)	-	-	-	-	-	-	-
Total Expenditure		199 420	222 960	256 987	226 720	242 521	242 521	231 622	230 916	204 009	235 932

3.3. Analysis of Capital Budget

Tswelopele Local Municipality capital budget is funded through Municipal Infrastructure Grant. The following are the major capital projects budgeted for, which will be funded by MIG through MTREF:

MIG Reference Nr	Project Description	MIG Value	Status (Not Registered, Registered, Design & Tender, Construction, Retention, Completed)	Planned date: Tender to be advertised
MIG/FS1289/F/19/19	Phahameng: Fencing of cemeteries erf 556, erf 396 portion A, erf 396 portion B (MIS:309376)	2 787 765.83	Registered	01-May-23
MIG/FS1298/HL/19/20	Tikwana/Hoopstad: Construction of 4 high mast lights, 616 sites, ward 6 (MIS:309559)	1 371 576.83	Registered	01-Mar-24
MIG/FS1299/F/19/20	Tikwana: Fencing of cemeteries erf 695 & 3654 (MIS:317809)	1 888 801.40	Registered	01-Apr-23
MIG/FS1351/R,ST/20/23	Tikwana/Hoopstad: The construction of 2km paved road and storm water drainage (Ward 6&7) (MIS:356848)	13 087 000.00	Registered	14-Mar-23
MIG/FS1484/R,ST/22/23	Phahameng/Bultfontein: Construction of 1km paved road and storm water drainage (Ward 3)(MIS:426748)	12 872 396.20	Registered	05-Jan-24
MIG/FS1496/CF/23/24	Tikwana/Hoopstad: Rehabilitation and construction at existing sports facilities – Phase 4 (MIS:426798)	2 500 000.00	Registered	01-Mar-24

In addition to the above planned projects, below are other projects funded from WASIG and RBIG.

PROJECT NAME & FUNDER	BUDGET	ANTICIPATED COMPLETION
Refurbishment of electricity infrastructure in Bultfontein and Hoopstad - CoGTA	R6 000 000-00	July 2023
Upgrading of bulk water supply in Bultfontein (Phase 4) - RBIG	R27 651 275-82	February 2024
Construction of Sewer Reticulation in Phahameng/Bultfontein Ext 9 (476 sites) - WSIG	R26 702 158-14	October 2023
Refurbishment of pump station in Phahameng - WSIG	R11 552 958-79	July 2023
Bulk Infrastructure – Replacement Of Asbestos Pipes In Bultfontein	R13 300 000,00	30 June 2023
Bulk Infrastructure – Replacement Of Asbestos Pipes In Hoopstad	R11 300 000,00	30 June 2023

4. Annual budget tables

The following tables will show annual budget tables and the analysis thereof:

Table A1

FS183 Tswelopele - Table A1 Budget Summary

Description	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousands										
Financial Performance										
Property rates	22 334	25 445	26 429	27 867	31 367	31 367	31 367	29 633	27 179	30 233
Service charges	55 882	58 818	62 179	69 165	69 165	69 165	69 165	74 690	65 355	76 202
Investment revenue	1 420	795	840	1 300	1 300	1 300	1 300	1 300	1 138	1 326
Transfer and subsidies - Operational	77 692	94 669	85 268	94 460	94 460	94 460	94 460	100 292	87 841	97 829
Other own revenue	4 795	7 431	8 894	3 783	7 283	7 283	7 283	4 656	4 076	4 751
Total Revenue (excluding capital transfers and contributions)	162 123	187 158	183 610	196 575	203 575	203 575	203 575	210 571	185 589	210 342
Employee costs	66 581	69 215	71 960	78 740	78 875	78 875	78 875	81 617	71 418	83 219
Remuneration of councillors	5 670	5 670	6 120	6 569	6 569	6 569	6 569	6 891	6 030	7 030
Depreciation and amortisation	28 246	33 259	33 432	20 000	20 000	20 000	20 000	20 000	16 667	18 333
Finance charges	1 662	3 591	4 671	1 500	4 000	4 000	4 000	2 500	2 188	2 551
Inventory consumed and bulk purchases	48 958	53 968	62 594	71 468	60 949	60 949	50 065	52 307	49 983	58 271
Transfers and subsidies	-	-	-	15	15	15	-	15	13	15
Other expenditure	48 304	57 258	78 211	48 428	72 113	72 113	72 113	67 586	57 710	66 513
Total Expenditure	199 420	222 960	256 987	226 720	242 521	242 521	231 622	230 916	204 009	235 932
Surplus/(Deficit)	(37 297)	(35 802)	(73 377)	(30 145)	(38 946)	(38 946)	(28 047)	(20 345)	(18 420)	(25 590)
Transfers and subsidies - capital (monetary allocations)	15 263	45 352	59 432	35 632	39 692	39 692	39 692	37 968	32 187	32 044
Transfers and subsidies - capital (in-kind)	-	4	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(22 033)	9 554	(13 945)	5 487	746	746	11 645	17 623	13 767	6 454
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(22 033)	9 554	(13 945)	5 487	746	746	11 645	17 623	13 767	6 454
Capital expenditure & funds sources										
Capital expenditure	(85 985)	9 597	(231)	38 430	45 034	45 034	45 034	41 784	35 526	35 937
Transfers recognised - capital	3 412	506	-	34 532	38 532	38 532	38 532	37 868	32 100	31 942
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	(334)	(1 508)	3 898	6 502	6 502	6 502	3 836	3 357	3 914
Total sources of capital funds	3 412	172	(1 508)	38 430	45 034	45 034	45 034	41 704	35 456	35 856
Financial position										
Total current assets	49 386	59 995	65 963	118 798	155 022	155 022	155 022	104 531	131 434	146 492
Total non current assets	615 728	633 430	644 692	680 332	686 936	686 936	686 936	703 686	35 526	35 937
Total current liabilities	103 609	103 540	129 189	98 793	146 392	146 392	146 392	71 584	156 694	180 057
Total non current liabilities	36 663	52 564	52 161	54 455	54 455	54 455	54 455	54 455	-	-
Community wealth/Equity	546 877	537 321	529 306	645 882	641 111	641 111	641 111	640 395	10 267	2 373
Cash flows										
Net cash from (used) operating	308 371	239 926	51 069	32 074	45 620	45 620	45 620	-	88 647	98 792
Net cash from (used) investing	(1 373)	(27 185)	(3 653)	(37 930)	(37 930)	38 930	38 930	(33 209)	(37 094)	(44 705)
Net cash from (used) financing	(134)	(134)	(1 108)	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	315 501	212 608	58 795	16 717	30 263	107 123	107 123	(10 636)	40 917	95 004
Cash backing/surplus reconciliation										
Cash and investments available	539 324	565 657	571 392	686 706	717 281	717 281	717 281	682 794	154 159	168 236
Application of cash and investments	56 515	67 577	97 446	56 631	91 204	91 204	91 204	72 765	190 561	214 036
Balance - surplus (shortfall)	482 809	498 079	473 945	630 075	626 077	626 077	626 077	610 029	(36 402)	(45 800)
Asset management										
Asset register summary (WDV)	576 556	574 214	547 444	680 332	686 936	686 936	703 686	35 526	35 937	-
Depreciation	28 246	32 394	31 481	20 000	20 000	20 000	20 000	16 667	18 333	-
Renewal and Upgrading of Existing Assets	(32 710)	(896)	156	13 301	17 301	17 301	15 199	11 823	13 590	-
Repairs and Maintenance	7 441	12 227	13 699	16 105	16 322	16 322	17 474	15 305	17 826	-
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	2 410	-	2 034	8 736	8 736	8 736	8 736	8 736	8 736	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Table A2

FS183 Tswelopele - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue - Functional										
<i>Governance and administration</i>		107 928	139 007	149 181	125 776	136 806	136 806	136 675	118 304	131 889
Executive and council		75 891	94 141	83 867	93 253	93 323	93 323	99 052	86 845	96 690
Finance and administration		32 036	44 866	65 315	32 523	43 483	43 483	37 623	31 459	35 198
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1 088	1 635	1 617	984	1 004	1 004	1 250	1 094	1 275
Community and social services		559	476	84	57	87	87	100	88	102
Sport and recreation		529	1 159	1 534	937	917	917	1 150	1 006	1 173
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		11 910	21 898	17 778	18 651	18 671	18 671	19 579	16 906	19 280
Planning and development		292	133	121	110	110	110	330	289	337
Road transport		11 618	21 765	17 657	18 541	18 561	18 561	19 249	16 618	18 944
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		56 481	69 974	74 466	86 786	86 786	86 786	91 035	81 472	89 942
Energy sources		40 785	43 401	46 801	59 027	59 027	59 027	62 316	55 193	59 497
Water management		5 644	16 592	17 701	17 609	17 609	17 609	17 739	16 670	19 242
Waste water management		6 305	6 061	6 072	6 408	6 408	6 408	6 906	6 043	7 045
Waste management		3 728	3 921	3 891	3 743	3 743	3 743	4 075	3 566	4 157
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	177 387	232 514	243 042	232 207	243 267	243 267	248 539	217 778	242 386
Expenditure - Functional										
<i>Governance and administration</i>		83 556	96 177	124 249	89 208	105 346	105 346	99 711	84 957	97 165
Executive and council		46 793	57 055	60 981	38 095	42 570	42 570	43 193	36 122	40 977
Finance and administration		36 763	39 122	63 268	51 113	62 775	62 775	56 518	48 835	56 189
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		13 653	21 961	7 279	9 680	9 764	9 764	10 362	9 080	10 572
Community and social services		9 402	17 497	2 522	4 370	4 424	4 424	4 632	4 060	4 726
Sport and recreation		4 123	4 464	4 757	5 310	5 290	5 290	5 550	4 862	5 662
Public safety		128	-	-	-	50	50	180	158	184
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		19 429	21 462	24 275	24 773	24 198	24 198	26 747	23 420	27 289
Planning and development		7 163	7 187	6 496	7 055	6 600	6 600	7 928	6 946	8 088
Road transport		12 266	14 276	17 779	17 718	17 597	17 597	18 819	16 473	19 200
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		82 782	83 360	101 184	103 059	103 243	103 243	102 904	90 053	104 987
Energy sources		42 427	47 055	51 733	61 839	50 896	50 896	58 523	51 211	59 708
Water management		15 030	16 073	23 030	19 592	30 377	30 377	21 978	19 235	22 423
Waste water management		14 104	11 209	14 866	12 124	12 316	12 316	12 663	11 082	12 919
Waste management		11 221	9 023	11 555	9 506	9 656	9 656	9 740	8 524	9 937
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	199 420	222 980	256 987	226 720	242 551	242 551	239 724	207 509	240 013
Surplus/(Deficit) for the year		(22 033)	9 554	(13 945)	5 487	716	716	8 815	10 267	2 373

Table A3

FS183 Tswelopele - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue by Vote	1									
Vote 1 - Executive and Council		75 891	94 141	83 867	93 253	93 323	93 323	99 052	86 845	96 690
Vote 2 - Budget and Treasury		32 036	44 866	65 315	32 523	43 483	43 483	37 623	31 459	35 198
Vote 3 - Corporate services		—	—	—	—	—	—	—	—	—
Vote 4 - Community and Social Services		851	609	205	167	197	197	440	377	439
Vote 5 - Sports and recreation		529	1 159	1 534	937	917	917	1 150	1 006	1 173
Vote 6 - Waste Management		3 728	3 921	3 891	3 743	3 743	3 743	4 075	3 566	4 157
Vote 7 - Waste Water Management		6 305	6 061	6 072	6 408	6 408	6 408	6 906	6 906	7 045
Vote 8 - Road Transport		11 618	21 765	17 657	18 541	18 561	18 561	19 249	16 618	18 944
Vote 9 - Water Services		5 644	16 582	17 701	17 609	17 609	17 609	17 739	17 739	19 242
Vote 10 - Electricity Services		40 785	43 401	46 801	59 027	59 027	59 027	62 316	55 193	59 497
Vote 11 -		—	—	—	—	—	—	—	—	—
Vote 12 -		—	—	—	—	—	—	—	—	—
Vote 13 -		—	—	—	—	—	—	—	—	—
Vote 14 -		—	—	—	—	—	—	—	—	—
Vote 15 -		—	—	—	—	—	—	—	—	—
Total Revenue by Vote	2	177 387	232 514	243 042	232 207	243 267	243 267	248 539	217 776	242 386
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		46 793	57 055	60 981	38 095	42 570	42 570	43 193	36 122	40 977
Vote 2 - Budget and Treasury		36 763	39 122	63 268	51 113	62 775	62 775	56 518	48 835	56 189
Vote 3 - Corporate services		—	—	—	—	—	—	—	—	—
Vote 4 - Community and Social Services		13 602	21 852	7 223	11 425	11 024	11 024	12 560	11 006	12 184
Vote 5 - Sports and recreation		4 123	4 464	4 757	5 310	5 290	5 290	5 550	4 862	5 662
Vote 6 - Waste Management		11 221	9 023	11 555	9 506	9 656	9 656	9 740	8 524	9 937
Vote 7 - Waste Water Management		14 104	11 209	14 866	12 124	12 316	12 316	12 663	11 082	12 919
Vote 8 - Road Transport		12 266	14 276	17 779	17 718	17 597	17 597	18 819	16 473	19 200
Vote 9 - Water Services		15 030	16 073	23 030	19 592	30 377	30 377	21 978	19 235	22 423
Vote 10 - Electricity Services		42 427	47 055	51 733	61 839	50 896	50 896	58 523	51 211	59 708
Vote 11 -		—	—	—	—	—	—	—	—	—
Vote 12 -		—	—	—	—	—	—	—	—	—
Vote 13 -		—	—	—	—	—	—	—	—	—
Vote 14 -		—	—	—	—	—	—	—	—	—
Vote 15 -		—	—	—	—	—	—	—	—	—
Total Expenditure by Vote	2	199 420	222 960	256 987	226 720	242 551	242 551	239 724	207 509	240 013
Surplus/(Deficit) for the year	2	(22 033)	9 554	(13 945)	5 487	716	716	8 815	10 267	2 373

Table A4

FS183 Tswelopele - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1										
Revenue											
Exchange Revenue											
Service charges - Electricity	2	40 773	43 248	46 528	53 681	53 681	53 681	53 681	57 950	50 706	59 123
Service charges - Water	2	5 641	5 589	5 688	5 333	5 333	5 333	5 333	5 760	5 040	5 876
Service charges - Waste Water Management	2	5 740	6 061	6 072	6 408	6 408	6 408	6 408	6 906	6 043	7 045
Service charges - Waste Management	2	3 728	3 921	3 891	3 743	3 743	3 743	3 743	4 075	3 566	4 157
Sale of Goods and Rendering of Services		889	718	714	655	1 065	1 065	1 065	1 040	911	1 061
Agency services		-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		-	-	-	-	-	-	-	-	-	-
Interest earned from Current and Non Current Assets		1 420	795	840	1 300	1 300	1 300	1 300	1 300	1 138	1 326
Dividends		61	65	96	130	180	180	180	130	114	133
Rent on Land		500	1 044	1 058	385	385	385	385	600	525	612
Rental from Fixed Assets		959	1 534	545	347	387	387	387	490	430	500
Licence and permits		75	68	97	70	70	70	70	80	70	82
Operational Revenue		344	1 234	2 285	1 320	4 320	4 320	4 320	1 350	1 181	1 377
Non-Exchange Revenue											
Property rates	2	22 334	25 445	26 429	27 867	31 367	31 367	31 367	29 633	27 179	30 233
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		372	529	744	596	596	596	596	666	583	680
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		77 692	94 669	85 268	94 460	94 460	94 460	94 460	100 292	87 841	97 829
Interest		1 622	1 799	3 173	281	281	281	281	300	263	306
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		(29)	-	-	-	-	-	-	-	-	-
Other Gains		-	440	181	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		162 123	187 158	183 610	196 575	203 575	203 575	203 575	210 571	185 589	210 342
Expenditure											
Employee related costs	2	66 581	69 215	71 960	78 740	78 875	78 875	78 875	81 617	71 418	83 219
Remuneration of councillors		5 670	5 670	6 120	6 569	6 569	6 569	6 569	6 891	6 030	7 030
Bulk purchases - electricity	2	36 277	38 766	42 987	55 009	44 066	44 066	44 066	52 307	45 769	53 366
Inventory consumed	8	12 681	15 202	19 606	16 459	16 883	16 883	16 883	5 999	4 214	4 905
Debt impairment	3	6 751	15 006	16 290	-	-	-	-	-	-	-
Depreciation and amortisation		28 246	33 259	33 432	20 000	20 000	20 000	20 000	20 000	16 667	18 333
Interest		1 662	3 591	4 671	1 500	4 000	4 000	4 000	2 500	2 188	2 551
Contracted services		14 880	20 202	30 003	26 070	41 041	41 041	41 041	42 579	36 379	42 320
Transfers and subsidies		-	-	-	15	15	15	-	15	13	15
Irrecoverable debts written off		9 453	2 693	8 046	13 000	13 000	13 000	13 000	13 000	10 833	11 917
Operational costs		14 212	18 884	22 508	9 358	18 072	18 072	18 072	12 007	10 497	12 277
Losses on disposal of Assets		8	653	1 652	-	-	-	-	-	-	-
Other Losses		2 998	(180)	(288)	-	-	-	-	-	-	-
Total Expenditure		199 420	222 960	256 987	226 720	242 521	242 521	231 622	230 916	204 009	235 932
Surplus/(Deficit)		(37 297)	(35 802)	(73 377)	(30 145)	(38 946)	(38 946)	(28 047)	(20 345)	(18 420)	(25 590)
Transfers and subsidies - capital (monetary)	6	15 263	45 352	59 432	35 632	39 692	39 692	39 692	37 968	32 187	32 044
Transfers and subsidies - capital (in-kind)	6	-	4	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(22 033)	9 554	(13 945)	5 487	746	746	11 645	17 623	13 767	6 454
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(22 033)	9 554	(13 945)	5 487	746	746	11 645	17 623	13 767	6 454
Share of Surplus/(Deficit) attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/(Deficit) attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(22 033)	9 554	(13 945)	5 487	746	746	11 645	17 623	13 767	6 454
Share of Surplus/(Deficit) attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	(22 033)	9 554	(13 945)	5 487	746	746	11 645	17 623	13 767	6 454

Table A5

FS183 Tswelopele - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2018/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital expenditure - Vote											
Multi-year expenditure - to be appropriated	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Sports and recreation		-	-	-	-	-	-	-	-	-	-
Vote 6 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 7 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 8 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 9 - Water Services		-	-	-	-	-	-	-	-	-	-
Vote 10 - Electricity Services		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		(171 875)	(4 257)	(3 259)	1 271	1 107	1 107	1 107	106	93	108
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	1 075	1 125	1 125	1 125	80	70	82
Vote 5 - Sports and recreation		-	-	-	-	-	-	-	-	-	-
Vote 6 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 7 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 8 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 9 - Water Services		-	-	-	-	-	-	-	-	-	-
Vote 10 - Electricity Services		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		(171 875)	(4 257)	(3 259)	2 346	2 232	2 232	2 232	186	163	190
Total Capital Expenditure - Vote		(171 875)	(4 257)	(3 259)	2 346	2 232	2 232	2 232	186	163	190
Capital Expenditure - Functional											
Governance and administration		(88 811)	318	(1 881)	1 881	3 775	3 775	3 775	748	868	781
Executive and council		(171 875)	(4 257)	(3 259)	1 271	1 107	1 107	1 107	106	93	108
Finance and administration		73 504	4 575	1 428	610	2 668	2 668	2 668	640	580	653
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	0	-	1 899	1 949	1 949	1 949	80	70	82
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	0	-	1 899	1 949	1 949	1 949	80	70	82
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		11 693	(2 298)	1 470	4 298	5 028	5 028	5 028	2 600	2 276	2 663
Planning and development		16	92	18	55	55	55	55	100	88	102
Road transport		11 577	(2 327)	1 453	4 243	4 973	4 973	4 973	2 500	2 188	2 551
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		793	11 516	129	30 362	34 282	34 282	34 282	38 958	32 628	32 442
Energy sources		171	121	11	5 000	9 000	9 000	9 000	7 000	4 167	-
Water management		31	10 772	92	14 683	14 683	14 683	14 683	12 069	11 709	13 458
Waste water management		531	623	26	10 569	10 569	10 569	10 569	19 289	16 653	18 984
Waste management		-	-	-	-	30	30	30	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	(86 885)	9 597	(281)	38 430	45 034	45 034	45 034	41 784	35 528	36 937
Funded by:											
National Government		3 412	506	-	34 532	34 532	34 532	34 532	34 688	32 100	31 942
Provincial Government		-	-	-	-	4 000	4 000	4 000	3 000	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	3 412	506	-	34 532	38 532	38 532	38 532	37 888	32 100	31 942
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	(234)	(1 508)	3 898	6 502	6 502	6 502	3 836	3 357	3 914
Total Capital Funding	7	3 412	172	(1 508)	38 430	45 034	45 034	45 034	41 704	35 458	35 856

Table A6

FS183 Tswelopele - Table A6 Budgeted Financial Position

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
ASSETS											
Current assets											
Cash and cash equivalents		11 537	12 487	4 579	16 630	30 176	30 176	30 176	(10 636)	51 903	54 495
Trade and other receivables from exchange transactions	1	20 578	28 132	30 548	101 157	111 582	111 582	111 582	101 157	66 729	77 804
Receivables from non-exchange transactions	1	7 538	8 110	9 084	(5 073)	(1 573)	(1 573)	(1 573)	7 927	17 016	19 098
Current portion of non-current receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	830	718	1 097	753	328	328	328	753	(4 214)	(4 905)
VAT		7 875	9 482	19 553	5 331	14 509	14 509	14 509	5 331	–	–
Other current assets		1 027	1 067	1 101	–	–	–	–	–	–	–
Total current assets		49 386	59 995	65 963	118 798	155 022	155 022	155 022	104 531	131 434	146 492
Non current assets											
Investments		872	1 052	1 176	–	–	–	–	–	–	–
Investment property		105 411	104 999	104 450	110 039	110 039	110 039	110 039	110 039	–	–
Property, plant and equipment	3	507 209	525 037	536 264	568 919	575 523	575 523	575 523	592 273	35 526	35 937
Biological assets		1 205	1 310	1 315	1 373	1 373	1 373	1 373	1 373	–	–
Living and non-living resources		–	–	–	–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–	–
Intangible assets		–	–	–	–	–	–	–	–	–	–
Trade and other receivables from exchange transactions		–	–	–	–	–	–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–	–	–	–	–	–
Other non-current assets		1 030	1 030	1 487	–	–	–	–	–	–	–
Total non current assets		615 728	633 430	644 692	680 332	686 936	686 936	686 936	703 686	35 526	35 937
TOTAL ASSETS		665 115	693 425	710 655	799 129	841 957	841 957	841 957	808 217	166 961	182 430
LIABILITIES											
Current liabilities											
Bank overdraft		–	–	–	–	–	–	–	–	–	–
Financial liabilities		2 171	1 912	3 456	2 637	2 637	2 637	2 637	2 637	–	–
Consumer deposits		1 293	1 411	1 648	1 512	1 512	1 512	1 512	1 512	–	–
Trade and other payables from exchange transactions	4	78 917	83 612	106 680	93 821	131 105	131 105	131 105	66 612	190 631	214 117
Trade and other payables from non-exchange transactions	5	5 046	0	0	–	(60)	(60)	(60)	–	(33 937)	(34 061)
Provision		13 699	11 924	11 838	–	–	–	–	–	–	–
VAT		1 782	4 151	5 008	–	10 375	10 375	10 375	–	–	–
Other current liabilities		700	530	558	822	822	822	822	822	–	–
Total current liabilities		103 609	103 540	129 189	98 793	146 392	146 392	146 392	71 584	156 694	180 057
Non current liabilities											
Financial liabilities	6	6 215	6 188	4 012	5 853	5 853	5 853	5 853	5 853	–	–
Provision	7	25 396	42 154	44 245	41 077	41 077	41 077	41 077	41 077	–	–
Long term portion of trade payables		–	–	–	–	–	–	–	–	–	–
Other non-current liabilities		5 051	4 221	3 903	7 525	7 525	7 525	7 525	7 525	–	–
Total non current liabilities		36 663	52 564	52 161	54 455	54 455	54 455	54 455	54 455	–	–
TOTAL LIABILITIES		140 271	156 104	181 349	153 247	200 846	200 846	200 846	126 038	156 694	180 057
NET ASSETS		524 844	537 321	529 306	645 882	641 111	641 111	641 111	682 179	10 267	2 373
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	546 877	537 321	529 306	645 882	641 111	641 111	641 111	640 395	10 267	2 373
Reserves and funds	9	–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	10	546 877	537 321	529 306	645 882	641 111	641 111	641 111	640 395	10 267	2 373

Table A7

FS183 Tswelopele - Table A7 Budgeted Cash Flows

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		18 900	16 578	14 270	28 396	28 396	28 396	28 396	–	–	–
Service charges		52 483	50 778	60 594	69 165	69 165	69 165	69 165	–	–	–
Other revenue		843	959	3 477	2 625	12 120	12 120	12 120	–	1 305	1 520
Transfers and Subsidies - Operational	1	120 501	176 519	124 348	94 560	94 560	94 560	94 560	–	86 091	95 813
Transfers and Subsidies - Capital	1	16 488	16 204	17 192	35 532	39 532	39 532	39 532	–	–	–
Interest		116	60	43	1 430	1 480	1 480	1 480	–	1 251	1 459
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		99 040	(21 172)	(168 856)	(198 133)	(198 133)	(198 133)	(198 133)	–	–	–
Finance charges		–	–	–	(1 500)	(1 500)	(1 500)	(1 500)	–	–	–
Transfers and Subsidies	1	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		308 371	239 926	51 069	32 074	45 620	45 620	45 620	–	88 647	98 792
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		43	1 190	14	500	500	500	500	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(1 417)	(28 374)	(3 667)	(38 430)	(38 430)	38 430	38 430	(33 209)	(37 094)	(44 705)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(1 373)	(27 185)	(3 653)	(37 930)	(37 930)	38 930	38 930	(33 209)	(37 094)	(44 705)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		(134)	(134)	(1 108)	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		(134)	(134)	(1 108)	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		306 864	212 608	46 308	(5 856)	7 690	84 550	84 550	(33 209)	51 553	54 087
Cash/cash equivalents at the year begin:	2	8 637	–	12 487	22 573	22 573	22 573	22 573	22 573	(10 636)	40 917
Cash/cash equivalents at the year end:	2	315 501	212 608	58 795	16 717	30 263	107 123	107 123	(10 636)	40 917	95 004

Table A8

FS183 Tswelopele - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	315 501	212 608	58 795	16 717	30 263	107 123	107 123	(10 636)	40 917	95 004
Other current investments > 90 days		(283 386)	(171 989)	(23 667)	101 070	111 494	34 634	34 634	101 157	77 716	37 295
Investments - Property, plant and equipment	1	507 209	525 037	536 264	568 919	575 523	575 523	575 523	592 273	35 526	35 937
Cash and investments available:		539 324	565 657	571 392	686 706	717 281	717 281	717 281	682 794	154 159	168 236
Application of cash and investments											
Trade payables from Non-exchange transactions: Other		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	2 613	4 548	14 546	5 331	4 134	4 134	4 134	5 331	-	-
Other working capital requirements	3	39 503	50 575	70 504	50 478	86 247	86 247	86 247	66 612	190 561	214 036
Other provisions		14 399	12 454	12 396	822	822	822	822	822	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		56 515	67 577	97 446	56 631	91 204	91 204	91 204	72 765	190 561	214 036
Surplus(shortfall)		482 809	498 079	473 945	630 075	626 077	626 077	626 077	610 029	(36 402)	(45 800)

Table A9

FS183 Tswelopele - Table A9 Asset Management

Description	Ref	2018/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	(53 276)	10 494	(388)	25 129	27 733	27 733	26 686	23 704	22 347
Roads Infrastructure		65 743	1 042	1 300	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	2 843	2 843	2 843	-	-	-
Electrical Infrastructure		-	-	-	5 000	5 000	5 000	4 000	4 167	-
Water Supply Infrastructure		31	10 772	92	92	92	92	90	79	92
Sanitation Infrastructure		-	89	-	12 514	12 514	12 514	16 889	16 303	16 576
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		65 775	11 903	1 452	20 449	20 449	20 449	22 979	20 548	19 668
Community Facilities		-	-	-	1 075	1 075	1 075	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	1 075	1 075	1 075	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		105	(302)	(3 108)	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		105	(302)	(3 108)	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Sevitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		(112 988)	(958)	128	798	2 830	2 830	848	740	863
Machinery and Equipment		384	(898)	(292)	1 470	1 250	1 250	280	228	266
Transport Assets		-	-	1 432	1 400	2 130	2 130	2 600	2 188	2 661
Land		(8 640)	847	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	171	121	11	-	4 000	4 000	3 000	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		171	121	11	-	4 000	4 000	3 000	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		171	121	11	-	4 000	4 000	3 000	-	-
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		-	-	-	-	-	-	-	-	-
Sevitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-

Table A9 – (continues)

FS183 Tswelopele - Table A9 Asset Management

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
Total Upgrading of Existing Assets	5	(32 881)	(1 017)	146	19 301	19 301	19 301	12 199	11 828	10 590
Roads Infrastructure		13 207	(1 017)	145	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	12 276	12 276	12 276	11 979	11 630	13 366
Sanitation Infrastructure		(45 087)	-	-	200	200	200	220	193	224
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		(32 881)	(1 017)	145	12 476	12 476	12 476	12 199	11 823	13 590
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	0	-	825	825	825	-	-	-
Community Assets		-	0	-	825	825	825	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Genitides		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	(86 985)	9 697	(231)	38 430	45 034	45 034	41 784	36 626	36 937
Roads Infrastructure		78 950	25	1 505	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	2 843	2 843	2 843	-	-	-
Electrical Infrastructure		171	121	11	5 000	9 000	9 000	7 000	4 167	-
Water Supply Infrastructure		31	10 772	92	12 368	12 368	12 368	12 060	11 709	13 458
Sanitation Infrastructure		(45 087)	89	-	12 714	12 714	12 714	10 109	10 495	16 801
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		33 065	11 006	1 608	32 925	36 925	36 925	38 178	32 371	32 258
Community Facilities		-	-	-	1 075	1 075	1 075	-	-	-
Sport and Recreation Facilities		-	0	-	825	825	825	-	-	-
Community Assets		-	0	-	1 899	1 899	1 899	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		105	(302)	(3 108)	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		105	(302)	(3 108)	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Genitides		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		(112 898)	(958)	128	738	2 830	2 830	848	740	863
Machinery and Equipment		384	(998)	(292)	1 470	1 260	1 260	280	228	266
Transport Assets		-	-	1 432	1 400	2 130	2 130	2 600	2 188	2 661
Land		(8 543)	847	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		(86 985)	9 697	(231)	38 430	45 034	45 034	41 784	36 626	36 937

5. Explanatory notes to budget

Explanatory Notes to Table A1

Table A1 is a summary of the budget of Tswelopele Local Municipality that gives an overview of the of the budget, it includes, the following key aspects

Financial Performance: This is a summary of income statement of the Municipality

Capital Expenditure and funding sources: This gives a brief overview of the capital expenditure and its funding sources

Financial Position: This is the balance sheet of Tswelopele Local Municipality

Cash Flow: This gives a brief overview of the Cash flow of the Municipality

Asset Management: This is the overview of the total assets of the Municipality

Free Services: This section gives the total amount of free basic services as provided by the municipality. This is the most important as it gives users of the budget a “snapshot” of what is going to follow in the next nine (9) main table

Explanatory Notes to Table A2

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per functional classification.
2. Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4 as Table A4 exclude capital transfers.

Explanatory Note to Table A3

1. Table A3 is an overview of the budgeted financial performance in relation to the revenue and expenditure per municipal vote.
2. From the above it can be seen that all trading services are making surpluses, and this is attributable to the following.
 - a. Council proposes a 7.5% on electricity tariffs as per proposal on NERSA guideline.

- b. An increase of 6.0% on refuse, 6.0% on sewerage and 6.0% on water tariffs and 6.0% on Property rates
 - c. Cut on non-priority spending
3. Profits made on these services are used to subsidise non-trading services.

Explanatory note on table A4

1. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the budgeted revenue of Tswelopele Local Municipality
2. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
3. Major component of expenditure relates to employee costs.
4. Transfers recognised – capital is decreasing over the mid-term and this is due to the decrease in the population of the community of Tswelopele Local Municipality according to Census 2011 data.

Explanatory note on Table A5

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. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.

Explanatory Notes to Table A6

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.

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.

Explanation to Table A7

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.

Explanatory note to table A8

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. Considering the requirements of section 18 of the MFMA, it can be concluded that the draft budget for 2023/2024 MTREF is funded because Municipality anticipates making a profit over the MTREF.

PART 2

1. Municipal budget process

Municipal Financial Management Act (MFMA) mentions six (6) steps (i.e. Planning, Strategizing, Preparing, Tabling, Consulting and Finalising/ Adopting) that the municipality must follow in order to prepare the annual budget that is credible. The planning and strategizing processes started with the preparation of budget timelines as required by MFMA and IDP review process plan. 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 annual 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.

Due to the size of the municipality, the functions of the Budget Steering Committee are performed by the Finance Committee and much still needs to be done to ensure that the committee is effective throughout the financial year and exercises oversight not only on the budget but the overall financial management at the municipality and advice / recommend to Council accordingly. Furthermore, there is a need for resuscitation of the MSA section 79 committee to assist Council in playing its oversight role on the administration matters of the municipality.

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2022) a time schedule that sets out the process to revise the IDP and prepare the annual budget. The Mayor tabled the required IDP process plan and budget timeline schedule in line with the applicable legislation. The IDP process plan and budget timeline schedule were tabled to Council during August 2022.

As per the budget timelines all the department heads were asked to give their inputs on the annual budget. The Budget & Treasury Office of the municipality under the leadership of the Chief Financial Officer prepared the draft budget, which will be tabled to Council at the end of March 2023 as stipulated in the MFMA.

Council having approved the draft budget, the municipality must embark on the public participation process. Annual budget and IDP of the municipality will be placed at municipal offices and libraries and communities and relevant stakeholders are encouraged to provide inputs on the tabled

budget. The Mayor, assisted by Councillors and Municipal Officials will embark on the community consultations at various wards within the municipality.

The public participation processes is used as an arena for co-management in which the community and the municipality decide together where and how the resources will be allocated. Furthermore, it is the objective of the municipality to move away from informing the community about what it plans to do, but rather to allow the community to influence development and resource allocation.

2. Overview of the alignment of annual budget with integrated development plan

The annual review of the Integrated Development Plan is a legislative requirement in terms of section 34 of the Municipal Systems Act. It stipulates that a Municipal Council must review its integrated plan annually in accordance with an assessment of its performance measurements in terms of section 41; and to the extent that changing circumstances so demand; and may amend its integrated development plan in accordance with a prescribed process. The Annual Budget and the IDP are inextricably linked to one another, something that has been formalised through the promulgation of the Municipal Finance Management Act in 2004.

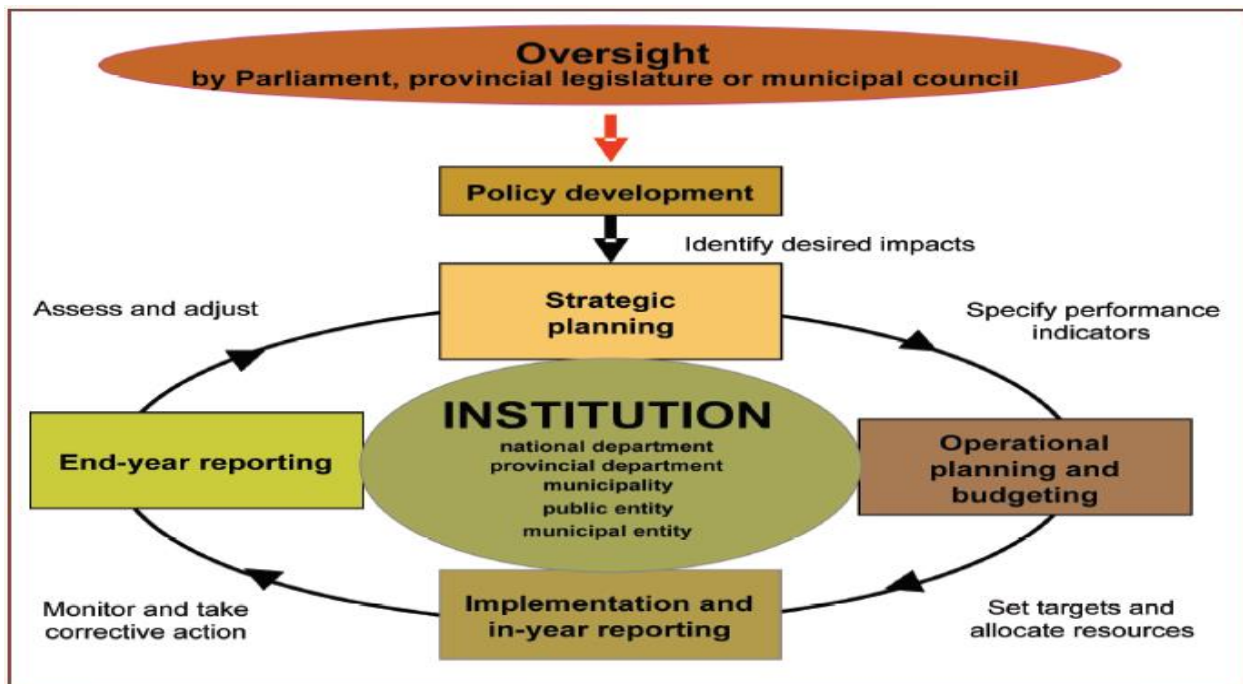
In compliance with the Municipal Structures Act and Municipal Finance Management Act the municipality's budget must be informed by and aligned to the IDP objectives. The budgetary allocations for both capital and operating expenditure need to be undertaken in a manner that will not only ensure that the IDP outcomes are achieved but also leads to the municipality's vision being realized. This ensures that the IDP directs the development and implementation of projects.

The municipality is continually working with support of the system provider (Munsoft) to ensure compliance with the MSCOA requirements and keeping up to speed with the annual updates of the mSCOA charts. Necessary efforts are also dedicated towards ensuring that the Integrated Development Plan and Annual Budget are aligned as required by the MFMA. The process of reconciling financial plan to its Integrated Development Plan created a whole new method of budgeting at the municipality. Council will in the future ensure that priorities within the budget are focused towards its strategies and objectives.

3. Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the predetermined 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 reviewed and will operationalize its performance management framework. The following diagram further explains the process of planning, budgeting and reporting in Municipal environment:

Graph - Planning and Reporting Cycle



A concentrated effort was made during the IDP review to ensure that it contains measurable performance objectives. From the measurable performance objectives, key performance indicators will be deduced to be included in the service delivery and budget implementation plan when it is submitted to the Mayor for approval (subsequent to the approval of the IDP and MTREF by Council).

In line with section 69(3) (a) of the Municipal Finance Management Act, which requires the Accounting Officer to submit a Service Delivery and Budget Implementation Plan (SDBIP) to the Mayor no later than 14 days after the approval of the budget and drafts of the performance agreement as required in terms of section 57 (1) (b) of the Municipal Systems Act, plans are in place to ensure compliance with this prescript.

The Service Delivery and Budget Implementation Plan will provide a vital link between the Mayor, Council (executive) and the Administration, and facilitates the process for holding management accountable for its performance. It is the intention of Management to properly formulate the SDBIP to ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by council. The table below shows the performance indicators of the Municipality.

3.1. Performance indicators and Benchmarking

The following ratios are the analysis of performance of the Municipality for 2023/2024.

- ***Current Ratio***

The current ratio measures the ability of the municipality to pay off its short-term liability, the ratio should be 2:1, to assets.

The current ratio for 2023/2024 = 1.4:1.

- ***Gearing***

Gearing measures to what extent are the operation of the Municipality financed form Borrowings, and the gearing of the Municipality is zero (o), and this is a good sign, because it shows that the Municipality is not relying on borrowings.

- ***Creditors Management***

The municipality anticipates that it will be in a position to pay off its 100% creditors by the due date; this is in terms of section 65 of the Municipal Finance Management Act

For long outstanding debt, the municipality is anticipating to honour the arrangements made the affected service providers.

The anticipated performance of the municipality is on an acceptable level.

4. Overview of budget related policies

Tswelopele Budget process is guided and governed by relevant legislation and budget related policies. The main purpose of budget related policies is to govern and guide process and inform the projections of the medium term. The following are some of the budget related policies at high level:

4.1. Review of credit control and debt collection policies

The Municipality aims to increase the collection rate to average 99% by the end of 2023/2024 Financial Year. This can be achieved with the success of installation of pre-paid electricity meters and strict implementation of credit control collection measures.

A credible Credit Control policy has been adopted by Municipal Council. The implementation thereof is monitored regularly by the CFO. For 2022/2023, the municipality had appointed Munsoft to assist with the implementation of new Valuation Roll, data cleansing and credit control. The system introduced for debt collection has proven to be a success despite the challenges encountered by municipality informed by the recent electricity crisis which affects the whole country. Robust credit control will come handy for the municipality to collect the budgeted revenue and the current outstanding debtors.

4.2. Asset Management Policy

The Municipality fully implemented generally recognised accounting principle (GRAP 17) and a policy on asset management was approved by council during 2022/2023 financial year. The Asset Management policy is considered as a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition, the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

The need was identified for strengthening the municipal's asset Management policy to cater for consequence management in order to ensure accountability and safeguarding of the municipal assets.

4.3. Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council during 2007 and has been reviewed on an annual basis.

4.4. Budget and Virement Policy

These policies are aimed at guiding the municipality in terms of compiling a credible and funded budget as required by the MFMA and also to guide the municipality in terms of shifting of funds during the financial year. In addition to these policies, the mid-year budget assessment is used to guide and inform the mid-year performance review and adjustment budget process.

The Municipality doesn't have an adjustment budget policy as the adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities.

4.5. Investment Policy

The cash management and investment policy was amended and approved by Council for implementation during 2022/2023 financial year. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves and conditional grants that needs to be cash-backed. There are no significant changes effected to the policy.

4.6. Tariff Policies

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration that all proposed tariffs reflect the cost of providing such services. Over the years, the increase in tariffs was not always commensurate with the inflation rate. There were financial years where certain tariffs were not increased at all. This is currently having negative impact on the budget as the current tariffs are not cost-reflective. The need has

aroused to increase the tariff with rate higher than the inflation to catch up with the years where increases were not implemented.

4.7. Property Rates Policy

Tswelopele Local Municipality's property rates policy provides a framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery, the policy is directly informed by section 229 of the Constitution of the Republic of South Africa and the Municipal Property Rates Act, act 6 of 2004.

4.8. Indigent Policy

The aim of the policy is to guide the municipality on the process of how to identify and register the indigent households in the Municipality. The indigent support policy was last reviewed during 2022/2023 financial year and this policy prescribes the threshold for indigent consumers as well as the free basic service component. The municipality has been experiencing problems where indigent consumers have been utilising services above the threshold thereby being unable to pay for the services, especially on water. There are no major changes to the policy. There is a need for the development of free basic services policy and possible promulgation of the by-law. The policy is currently being reviewed.

4.9. Bad debt write off policy

The policy guides how and when the municipality should write off its debtors, the current debtor's book is approximately R150 million and it is in the light of the above that the policy was reviewed.

4.10. Other Related Policies

Municipality has also reviewed the following policies which have direct impact on the Annual Budget of the Municipality:

- Customer Care Policy
- Deposit Policy
- Petty Cash Policy

Soft copies of the policies may be downloaded from Tswelopele local Municipality website:
www.tswelopele.gov.za

5. Overview of budget assumptions

The budget was prepared on the incremental budgeting process with the assumption that goods and services as previously budgeted will increase by a certain percentage which is more than the current CPI and zero based budgeting mainly on Petrol. The following tariffs were increased; Sewerage 6.0%, Refuse 6.0%, water 6.0%, Electricity 7.5% (pending NERSA approval) and property rates 6.0%. Salaries are budgeted for an increase of 6%, this is informed by South African Local Bargaining Council collective agreement on salaries, the agreement as was concluded. National Treasury MFMA circulars were used for other assumptions of the budget and the following are some of the assumptions made:

1. Economic climate and poverty levels within the municipality will remain the same / constant for major part of the financial year given the limited economic activities with the vicinity;
2. Cash flow projections will be strictly maintained to ensure the municipality's ability to meet its financial obligations;
3. Operational costs will be maintained at current levels or reduced as cost containment measures and where there is material decrease in revenue collection rate, expenditure will have to be reduced at the same proportion;
4. Filling of vacant posts has been a priority of the municipality. Most of the key positions were filled during the 2023 financial year and the vacancy rate has reduced significantly during 2023.

6. Overview of the funding of the budget

MFMA section 18 states that the expenditure of the budget may only be funded from:

- Realistically anticipated revenue to be collected
- Cash-backed accumulated funds from previous years' surpluses not committed for other purposes
- Borrowed funds, but only for capital budget referred to in section 17 (2).

Tswelopele local municipality operating budget totals R 210 million and is funded from:

- Grants
- Service Charges
- Other revenue

The capital budget of the municipal totals R 37.8 million, and is funded from:

- Municipal Infrastructure Grant
- Electricity Grant
- Water Grant
- CoGTA support Grant
- Internally Generated Funds

7. Expenditure on Allocations and Grant Programmes

Total Grants Allocated to Tswelopele Local Municipality are disclosed on table SA18

- **Financial Management Grant**

Total allocation to Tswelopele Local Municipality is R 2 100 000, the condition of the grant is that the municipality must appoint five (5) financial interns, the municipality has three (3) interns currently in the system. Three other interns will be appointed from the 1st of April 2023 and their stipend is paid from this grant, the grant is used for training of the municipal budget and treasury office officials, the grant will also be used to fund Standard chart of account (SCOA) Project.

- **Municipal infrastructure grant**

The total allocation is R 18 889 000 and this amount will be spent on the following projects:

MIG Reference Nr	Project Description	MIG Value	Status (Not Registered, Registered, Design & Tender, Construction, Retention, Completed)	Planned date: Tender to be advertised
MIG/FS1289/F/19/19	Phahameng: Fencing of cemeteries erf 556, erf 396 portion A, erf 396 portion B (MIS:309376)	2 787 765.83	Registered	01-May-23
MIG/FS1298/HL/19/20	Tikwana/Hoopstad: Construction of 4 high mast lights, 616 sites, ward 6 (MIS:309559)	1 371 576.83	Registered	01-Mar-24
MIG/FS1299/F/19/20	Tikwana: Fencing of cemeteries erf 695 & 3654 (MIS:317809)	1 888 801.40	Registered	01-Apr-23
MIG/FS1351/R,ST/20/23	Tikwana/Hoopstad: The construction of 2km paved road and storm water drainage (Ward 6&7) (MIS:356848)	13 087 000.00	Registered	14-Mar-23
MIG/FS1484/R,ST/22/23	Phahameng/Bultfontein: Construction of 1km paved road and storm water drainage (Ward 3)(MIS:426748)	12 872 396.20	Registered	05-Jan-24
MIG/FS1496/CF/23/24	Tikwana/Hoopstad: Rehabilitation and construction at existing sports facilities – Phase 4 (MIS:426798)	2 500 000.00	Registered	01-Mar-24

- **Expanded Public Works Grant**

As per the division of Revenue Act, the Municipality will receive R 950 000 for EPWP projects.

- **Energy Efficiency Demand-Side Grant**

Allocation of R 4 000 000 has been scheduled for electricity as per DoRA Bill.

- **Water Services Infrastructure Grant**

Municipality will also receive an amount of R 11.9 million for allocation for upgrading of water infrastructure.

8. Allocations made by the municipality

Every metered household receives 6 kl of water for free. For unmetered households a flat rate will be billed for water and indigent household shall receive 100 % rebate on water consumption. All indigent households receive 50 kwh of electricity for free, and the households that are 100% indigent also receive free sanitation and free removal of refuse.

9. Councillor and board members allowance and employee benefits

The actual increase will be determined when the Government Gazette on the Upper Limits of Councillors is issued and the necessary processes as per the gazette will be followed prior to implementation. The Municipal System Act requires the Municipal Manager to develop a staff establishment for the municipality within a policy framework determined by the municipal council and subject to any applicable legislation.

The Municipal Manager must submit the staff establishment to Council for consideration and approval. The Municipal System Act further requires the Municipal Manager to provide a job description for each post on the staff establishment and to attach to those posts the remuneration and other conditions of service as may be determined in accordance with any applicable labour legislation. The increase on employee benefit was according to the South African Local Bargaining Council collective agreement. In terms of the collective agreement, the municipality must fill all critical positions.

10. Contracts having future budgetary implications

In terms of regulation to the Municipal Finance Management Act, long term contracts are contracts that are more than 3 years and as such, the municipality do not have such contracts and further does not intend to enter into contracts that have 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 Budget and Treasury Office.

11. Legislation Compliance

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.

2. Internship programme

Tswelopele Local Municipality is participating in the Municipal Financial Management Internship programme and has employed six (three to commence 1 April 2023) 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. The term of the current Audit Committee is about to come to an end. The municipal has advertised to invite applications for the new Audit Committee.

5. Service Delivery and Implementation Plan

The detail SDBIP document is on a draft stage

6. Annual Report

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

7. Integrated Development Plan and approval of the annual budget

The reviewed IDP of the Municipality will be tabled to Council during March 2023 together with the Budget of the municipality. Subsequently, the public consultations will take place with the relevant stakeholders.

9. Policies and bylaws

The municipality has compiled the various policies as required by various legislations as well as the Municipal Budget and Reporting regulations. The challenge has been on implementation and adherence to such policies subsequent to their approval by Council. Bylaws are yet to be promulgated, currently at draft / compilation stage.

12. Quality Certificate



TSWELOPELE
LOCAL MUNICIPALITY
A MUNICIPALITY IN PROGRESS

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MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, **T Matyesini**, the Acting Municipal Manager of **TSWELOPELE LOCAL MUNICIPALITY (FS 183)**, 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: _____

Signature: _____

Date: _____