MTHONJANENI LOCAL MUNICIPALITY

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

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1. DEFINITIONS

(1) In this Budget Report, unless the context indicates otherwise –

''accounting officer''

(a) in relation to a municipality, means the municipal official referred to in section 60 of the Municipal Finance Management Act, 2003; and include a person acting as the accounting officer;

''allocation'', in relation to a municipality, means -

(a) a municipality's share of the local government's equitable share referred to in section 214(1)*(a)* of the Constitution;

(b) an allocation of money to a municipality in terms of section 214(1)*(c)* of the Constitution;

(c) an allocation of money to a municipality in terms of a provincial budget; or

(d) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

''annual Division of Revenue Act'' means the Act of Parliament which must be enacted annually in terms of section 214 (1) of the Constitution;

''approved budget'' means an annual budget -

(a) Approved by a municipal council; or

(b) Approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28;

''basic municipal service'' means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

''budget-related policy'' means a policy of a municipality affecting or affected by the annual budget of the municipality, including -

(a) The tariffs policy which the municipality must adopt in terms of section 74 of the Municipal Systems Act;

(b) The credit control and debt collection policy which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

''budget year'' means the financial year for which an annual budget is to be approved in terms of section 16(1) of the Municipal Finance Management Act, 2003.;

''chief financial officer'' means a person designated in terms of section 80(2)*(a)* of the Municipal Finance Management Act, 2003.

''councillor'' means a member of a municipal council;

"CPI" means Consumer price Index.

''current year'' means the financial year which has already commenced, but not yet ended;

''debt'' means -

(a) a monetary liability or obligation created by a financing agreement, note, debenture, bond or overFinal, or by the issuance of municipal debt instruments; or

(b) a contingent liability such as that created by guaranteeing a monetary liability or obligation of another;

''delegation'', in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

''district municipality'' means a municipality that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category C municipality;

"COGTA" means Cooperative Governance and Traditional Affairs

"**EXCO"** means Executive Committee of the Council of the Municipality

"GFS" means General Financial Statistic.

''financial year'' means a year ending on 30 June;

"IDP" means Integrated Development Plan

"In year reports, in relation to-

(a) a municipality means
   (i) a monthly budget statement of the municipality contemplated in section 71(1) of the MFMA
   (ii) a Quarterly report on the implementation of the budget and financial state of affairs of the municipality contemplated in section 52(d) of the act;
   (iii) a mid-year budget and performance assessment of the municipality contemplated in section 72 of the act.

''investment'', in relation to funds of a municipality, means -

(a) The placing on deposit of funds of a municipality with a financial institution; or

(b) The acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

''lender'', in relation to a municipality, means a person who provides debt finance to a municipality;

''local community'' has the meaning assigned to it in section 1 of the Municipal Systems Act;

''local municipality'' means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155(1) of the Constitution as a category B municipality;

''long-term debt'' means debt repayable over a period exceeding one year;

"MANCO" means management committee of the municipality

"MFMA" Municipal Finance Management Act, No. 56 of 2003

"MFMA Regulations or (MBRR)"means regulations relating to Municipal Budget and Reporting

"MTEF" means Medium Term Expenditure Framework

''mayor'', in relation to -

(a) a municipality with an executive mayor, means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act; or

(b) a municipality with an executive committee, means the councillor elected as the mayor of the municipality in terms of section 48 of that Act;

''month'' means one of the 12 months of a calendar year;

''municipality'' -

(a) when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or *(b)* when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

''municipal service'' has the meaning assigned to it in section 1 of the Municipal Systems Act;

''Municipal Systems Act'' means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

''municipal tariff'' means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

''municipal tax'' means property rates or other taxes, levies or duties that a municipality may impose;

''National Treasury'' means the National Treasury established by section 5 of the Public Finance Management Act;

''past financial year'' means the financial year preceding the current year;

"NER", means the National Electricity Regulator;

''Provincial Treasury'' means a treasury established in terms of section 17 of the Public Finance Management Act;

''quarter'' means any of the following periods in a financial year:

(a) 1 July to 30 September;

(b) 1 October to 31 December;

(c) 1 January to 31 March; or

(d) 1 April to 30 June;

"Quality certificate", in relation to

(a) a municipality, means a certificate issued and signed by the municipal manager of the municipality confirming the accuracy and reliability of the contents of a document prepared or issued by the municipality

"SDBIP" means Service Delivery Budget Implementation Plan

''standards of generally recognised accounting practice'' means an accounting practice complying with standards applicable to municipalities or municipal entities and issued in terms of Chapter 11 of the Public Finance Management Act;

''vote'' means -

(a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and

(b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

1 Part 1 – Final Annual Budget

1.1 Mayor's Report

Honorable Speaker,

Thank you for giving me this opportunity to present the 2022/2023 MTREF Final budget and outer subsequence years for Mthonjaneni Municipality. Before I proceed Madam Speaker, allow me to greet Amakhosi aseNdlunkulu who are part of the meeting, Deputy Mayor Dlukula, Members of the Executive Committee, Councillors, Municipal Manager, Dingiswayo, Heads of Departments within our municipality, Officials and valuable members of our community and all other protocol observed.

The municipality has remained open to offer basic and essential services to the community under the current difficult conditions as we experienced the fourth waive of covid 19. We thank the Acting Municipal Manager, and his staff especially the essential workers who have continued to be brave under the current conditions of covid 19 and kept the municipality running. We continue to urge Councillors, municipal staff and our community to vaccinate, take health precautionary measures in order to curb the spread of this virus, also to observe and obey all Covid-19 protocols and regulations.

Also, the public unrest and looting that took place in July 2021, resulted in some businesses being vandalized which forced some of the businesses to close. Some of these businesses are still in the process to gain its full business operations which may negatively affect revenue collection. However, all municipal buildings were not vandalized.

We also thank the community of Mthonjaneni with successful 2021 Local Government elections that were held on 1 November 2021 that went very well with no major reported disruptions.

According to MFMA budget 2022/23 circulars 115 and 112 issued by National Treasury, The National Treasury projects real economic growth of 5.1 per cent in 2021, following an expected contraction of 6.4 per cent in 2020. Real GDP growth is expected to moderate to 1.8 per cent in 2022, 1.6 per cent in 2023 and 1.7 per cent in 2024.

The main risks to the economic outlook are slowdown in economic growth. The evolution of Omicron variant of the coronavirus caused many countries to impose restrictions to manage its spread and slow progress in vaccine rollout reinforces uncertainty and poses risks to economic recovery.

The Municipality is still implementing the Municipal Financial Recovery Plan 2019/20 and Municipal Cost Containment Regulations, 2019 that were adopted by the Municipal Council with effect from 01 July 2019.The municipality proposed a range of expenditure reductions measures to restore the Mthonjaneni Municipality's finances to a sustainable position, some of which are likely to be painful. We owe it to future generations to ensure that we are good stewards of our municipal's resources and that they do not have to pay for faults in our decision-making.

Over the next three years, municipalities will have to adjust to significant changes in expenditure plans while improving accountability. The 2023 Budget protects transfers that focus on infrastructure, service delivery and COVID-19 spending while reducing those spent less effectively. The 2023 Budget includes funding for initiatives to improve municipal revenue collection and support financially distressed municipalities. The Municipality's core business is to enhance service delivery for our communities. Despite the limited resources at the disposal of the municipality this budget seeks to better service delivery to our community. We are aware of the challenges being faced by our people.

As we all know, the Municipality's infrastructure is aging, therefore, it becomes more critical that council can balance its finances in such a way that we are able to maintain the infrastructure and assets that we have. To this end the municipality is continuously seeking alternative sources of funding to renew this archaic infrastructure. Majority of our people lack necessities. It is therefore imperative that this Council puts the foot on the pedal for seeking partnership with other private sector and in pursuit of improving the lives of our people as it is evident from the budget that we cannot do everything on our own with the limited financial resources we have.

We have managed in the past to spend accordingly and in full all the infrastructure grant monies allocated to us. Consequently, National Government decided in the last three years to give us a little bit more top up on Municipal Infrastructure grant from what was initially allocated to us. This was done because we respect and utilize taxpayer's money accordingly. This is clear evidence that the leadership of this municipality is working tirelessly to improve the lives of the people of Mthonjaneni and is not condoning corruption and maladministration.

The National Energy Regulator of South Africa (NERSA) is responsible for price determination of the bulk costs for electricity. Bulk electricity costs are consistently much higher than inflation, having gone as high as 17.8 per cent in the 2021/22 municipal financial year. Eskom's need for increased funding means that over the period ahead they are applying for much higher tariff increases. In their Multi-Year Price Determination (MYPD 5) application Eskom requested approval for municipal bulk tariff increases of 20.5 per cent in 2022/23, 15 per cent in 2023/24 and 10 per cent in 2024/25. NERSA rejected this revenue application at the end of September 2021 and in October 2021 ESKOM filed an application in the High Court to review NERSA's decision. Following the deliberations, NERSA has approved a 9.6 per cent tariff increase for Eskom starting from April 2022 and this figure accounts for a 3.49 per cent increase in 2022/23. The Eskom tariff increase pose a challenge to our community.

Mthonjaneni municipality implemented a new general valuation roll (GV 2020) with effect from 1 July 2020. This means all properties under the municipal jurisdiction were valued by the Municipality and entered in the new valuation roll which took effect on 1 July 2020.The GV 2020 Roll property values shall be valid for the period 1 July 2020 to 30 June 2025. All property owners were notified about GV 2020.However the top priority of this budget is to give relief and better service delivery to the people of Mthonjaneni Municipality, given the difficult economic conditions that still exist. The municipality therefore proposed 4.8% increase in property rates tariffs for 2022/23 financial year which is in line with the inflation forecast.

Honorable members, the Auditor General Report for 2020/2021 still proves without reasonable doubt that this municipality led by INkatha Freedom Party is not corrupt and is working for the people of Mthonjaneni. People will also trust us on the 2021 local Government elections because they now know that their municipality is working for them and therefore they will vote for a party that develops them.

Despite the obstacles in front of us we are pleased to have put together a balanced, reliable, credible and funded budget under the circumstances. As the Council of Mthonjaneni Municipality we are committed to improving efficiency and implementation of sound financial management.
In this regard the 2022/23 budget is being funded mainly from Government grants and a small portion from own revenue because our areas are largely rural and don't have much economic activity.

Summary of Final annual budget 2022/23 is a follows:

Description	DRAFT BUDGET 2022/2023	FINAL BUDGET 2022/23	BUDGET 2023/2024	BUDGET 2024/2025
Operational Revenue	R188.9 million	R191.6 million	R195.7 million	R204.6 million
Capital Revenue	R38.3 million	R31.3million	R34.8 million	R37.2 million
Total Revenue	**R227.2 million**	**R222.9 million**	**R230.5 million**	**R241.8 million**
Operational Expenditure	R178.7 million	R181.7 million	R 185.4 million	R197.2 million
Capital Expenditure	R48.1 million	R39.1 million	R 43.3 million	R40.0 million
Total Expenditure	**R226.8 million**	**R220.8 million**	**R228.7 thousand**	**R237.2 million**
Surplus/(Deficit)	***R470 thousand***	***R2.1 million***	***R1.8 million***	***R4.6 million***

The planned projects for 2022/23 in terms of the Municipal Infrastructure and Electrification grants allocations are as follows:

No.	Project Description	Source of funding	Amount
1.	Makhubalo Gravel Road- Ward 9 Phase 2	MIG	R2.34 million
2.	Bedlane Community Hall- Ward 8	MIG	R5.88 million
3.	Lwazilwethu Creche- Ward 9	MIG	R3.58 million
4.	Mfule Creche-Ward 4	MIG	R3.16 million
5.	Urban Roads Upgrade & Rehabilitation Phase 5 (Thubalethu Township)	MIG	R5.08 million
6.	Construction of Kwesezulu Sport Field- Ward 7	MIG	R10.00 million
TOTAL MIG ALLOCATION 2022/23			**R30.039 million**
7.	Emakhilaneni Electrification Project with 140 connections – ward 9	INEP	R3.5 million
8.	Esidakeni INF (Type 2 and 3) with 103 connections – ward 11	INEP	R1.91 million
9.	Noziphiva Electrification Project- with 115 connections – ward 10	INEP	R2.88 million
TOTAL INEP ALLOCATION 2022/23			**R8.280 million**

The above projects are expected to commence as from 1 July 2022.

The municipality will continue to provide free basic services such as 50 kilowatt of electricity to indigent households and to assist the indigent communities with burial assistance. We budgeted **R1.12 million** and **R1.25 million** for these programs respectively. Each ward will have an allocation of **R96.2 thousand** for indigent communities burial assistance.

We will continue with the program of assisting youth of Mthonjaneni with driver's licenses. Allow me to inform the meeting that to date, more than **300** beneficiaries have benefited from the program that the municipality undertook since 2017/18 financial year. This alone will change the lives of these young people and their families.

We will implement this program again where the municipality will take seven (7) young people per ward. The budget for this project is **R352 thousand.** We will continue to sponsor first year students who are doing grade 12 for their higher education level, the council has put aside **R350 thousand** for these Bursaries. Among other things that we are planning to do is Mayoral Cup. We have put aside **R900 thousand** for the Mayoral Cup and for other sports development**.** The municipality also put aside an amount of **R1 million** for SALGA games and **R200 thousand** for a prayer day.

We will host a youth summit and other youth activities during 2022/23 financial year, we have budgeted **R610 thousand** for it. We also budgeted **R 1.5 million** to host the Youth Festival. We have put aside a budget of **R500 thousand** for Operation Sukuma Sakhe projects. We also have a budget of **R1.5 million** for Economic Development for our municipality. Young and emerging businesses will benefit on that project. The municipality also budgeted **R900 thousand** for Market Day/ Business Expo to assist small businesses to market their goods and services. We have put aside **R400 thousand** for uMkhosi woMhlanga should the COVID-19 restrictions be relaxed and gatherings be permitted. We have also budgeted **R320 thousand** for Senior Citizens. Also we budgeted **R800 thousand** for IDP/Budget Road Shows. As a norm, Early Child Development, HIV/AIDS, Disability, Zulu Dance, Heritage Day, and various forums are allocated a budget **of R980 thousand** for their projects or activities.

The municipality also budgeted **R400 thousand** for PMS system to assist in the process of cascading down performance management system to middle management as regulated by COGTA which must be effective on 01 July 2022.

The municipality budgeted **R2 million** for maintenance of Mthonjaneni urban roads & sidewalks and **R3 million** to maintain all rural gravel roads. Also budgeted **R1.5 million** to maintain municipal buildings and facilities. We have also budgeted **R200 thousand** for new cemetery feasibility study, **R500 thousand** for new cemetery construction and also budgeted **R150 thousand** for Integrated Waste Management Plan Review. The municipality has budgeted **R1.8 million** to lease machinery and equipment (TLB and waste removal trucks), **R 500 thousand** for

designs and fencing of a new Disaster Management Centre and **R 1.450 million** to replace a combi and other old transport assets. The municipality has also budgeted **R1.8 million** for procurement of tractors that will assist with agricultural projects under the areas of Amakhosi.

In conclusion, I would like to thank all the Councillors for their invaluable contributions in this budget, the Municipal Manager, the Heads of Departments and all staff members who made the budget process a success. Honorable Councillors with those few words I have pleasure in tabling the 2022/2023 Final capital and operating budget for consideration and approval. It is now time to work smarter, harder and faster in delivering on our core mandate. Your continued support is a testimony and affirmation that we can do better in improving the quality of lives of our communities.

I thank you! Siyathokoza!

His Worship the Mayor

Cllr. MN Biyela

1.2 Council Resolutions

1. That in terms of section 16 of the Municipal Finance Management Act, 56 of 2003, the Final budget of the municipality for the financial year 2022/23; and indicative allocations for the two projected outer years 2023/24 and 2024/25; and the multi-year and single year capital appropriations be approved.

2. That in terms of section 24(2)(c)(i) of the Municipal Finance Management Act, 56 of 2003, and sections 74 and 75A of the Local Government Municipal Systems Act, 32 of 2000 as amended, that tariffs for electricity, Refuse removal, Property rates and other Services as set out in Annexure A be approved with effect from 1 July 2022.

3. That the Municipality's budget related policies remain unchanged.

4. That the Final budget 2022/23 in the prescribed format be submitted to National and Provincial Treasury after approval by Council.

1.3 Executive Summary

The application of sound financial management principles for the compilation of 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.

MFMA Circular No. 115 & 112 Issued by National Treasury, the National Treasury projects real economic growth of 5.1 per cent in 2021, following an expected contraction of 6.4 per cent in 2020. Real GDP growth is expected to moderate to 1.8 per cent in 2022, 1.6 per cent in 2023 and 1.7 per cent in 2024.

The main risks to the economic outlook are slowdown in economic growth. The evolution of Omicron variant of the coronavirus caused many countries to impose restrictions to manage its spread and slow progress in vaccine rollout reinforces uncertainty and poses risks to economic recovery.

MFMA Circular No. 107 & 108 States that the National Treasury projects real economic growth of 1 per cent in 2022, following an expected contraction of 3.3 per cent in 2021. Real GDP growth is expected to moderate to 1.4 per cent in 2023 and 1.3 per cent in 2024, averaging 1.3 per cent over the medium term. South Africa experienced its largest recorded decline in economic output in the second quarter of 2020 due to the strict COVID-19 lockdown. Real GDP fell by 17.1 per cent relative to the previous quarter (or 51 per cent on a seasonally adjusted and annualised basis), with all major sectors except agriculture declining. The second-quarter results were weaker than expected in the June 2021 special adjustments budget, which projected a contraction of 7.2 per cent in 2021.

MFMA Circular No. 94 States that The GDP growth rate is forecasted at 1.5 per cent in 2020, 1.7 per cent in 2021 and 2.1 per cent in 2022. The revisions take into account weaker investment outcomes in 2018, a more fragile recovery in household income and slower export demand than expected due to moderating global growth. Consumer inflation has also been revised down due to lower oil prices and food inflation than previously assumed.

The main risks to the economic outlook are continued policy uncertainty and deterioration in the finances of state-owned entities. These factors, alongside continued high unemployment and

slow growth will continue to exert pressure on municipal revenue generation and collection levels hence a conservative approach is advised for municipal revenue projections. Municipalities affected by the drought should also consider its impact on revenue generation. In this context, municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

MFMA Circular No. 98 further states in addition to low growth, South Africa's biggest economic risk is Eskom. On-going problems with the utility's operations continue to disrupt the supply of electricity to households and businesses. Government has allocated significant resources to assist Eskom. With the immediate financial restraints lifted, the focus must be on operational problems and restructuring Eskom into three separate entities. Doing so will mark the beginning of a transition to a competitive, transparent and financially viable electricity sector.

South Africa's public finances deteriorated over the past decade; a trend that accelerated in recent years as low growth led to large revenue shortfalls. For 10 years, the country has run large budget deficits. This has put us deeply in debt, to the point where interest payments have begun crowding out social and economic spending programmes. This cannot be sustained.

Government proposed a range of expenditure reductions to restore the public finances to a sustainable position, some of which are likely to be painful. We owe it to future generations to ensure that we are good stewards of our country's resources and that they do not have to pay for faults in our decision-making

National Treasury's MFMA Circulars no. 94 and no. 98 were used to guide the compilation of the 2022/23 MTREF.

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

- The ongoing difficulties in the national and local economy;
- Wage increases for municipal staff that continues to exceed consumer inflation.
- Ongoing problems with the utility's operations which continue to disrupt the supply of electricity to households and businesses.

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

- The 2021/22 Adjustment Budget priorities and targets, as well as the base line allocations contained in that Adjustment Budget were adopted as upper limits for the new baselines for the 2022/23 Final annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Property rate increases which is based on the new General Valuation Roll which was implemented in 2020/21.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.
- During 2021/22 budget year the municipality decided not to increase tariffs in trying to mitigate the negative economic impact caused by COVID 19 pandemic except for electricity and property rates tariffs which were increased in line with recommendations from NERSA and NT and most of things are now eased therefore the municipality took a decision to increase its tariffs for 2022/23 by 7.47%, as per NERSA guidelines.
- Employee related cost were increased by CPI forecast of 4.8%
- Other revenue and other expenditure items were increased by 4.8 % which is the maximum range for inflation rate targeting.

1.4 Operating Revenue Framework

For Mthonjaneni Local Municipality to continue improving the quality of service provided to its citizens, it needs to generate the required revenue. In these tough times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs, poverty and with the recent COVID 19 pandemic. The expenditure required to address these challenges will inevitably always exceeds available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditure against realistically anticipated revenues.

However the top priority of this budget is to give relief and better service delivery to the people of Mthonjaneni Municipality, given the difficult economic conditions that still exist. Having reflected above that during 2021/22 budget year the municipality proposed no increase in property rates tariffs to give relief to the community of Mthonjaneni but since restrictions are being eased in most of the things and activities are being resumed therefore the municipality has decided to increase these tariffs in order cover expenditure that will be incurred.

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

- National Treasury's guidelines and macroeconomic policy
- Effective revenue management
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 0f 2004) (MPRA) and,
- Municipal Revenue Enhancement Strategy.

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

Table 1 Operating Revenue Framework

KZN285 Mthonjaneni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source											
Property rates	2	21 480	21 352	23 050	32 606	32 606	32 606	27 145	34 171	35 538	36 960
Service charges - electricity revenue	2	22 046	22 720	22 494	33 916	33 916	33 916	21 764	36 444	36 965	38 444
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	1 782	1 688	1 360	2 147	2 147	2 147	1 448	2 250	2 341	2 434
Rental of facilities and equipment		262	53	16	450	450	450	40	472	490	510
Interest earned - external investments		1 970	2 362	815	1 200	1 200	1 200	1 383	1 258	1 308	1 360
Interest earned - outstanding debtors		51	463	778	1 900	1 900	1 900	620	1 991	2 071	2 154
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		427	508	195	1 003	4 003	4 003	(34)	7 603	6 036	6 277
Licences and permits		1 563	1 113	1 681	2 208	2 208	2 208	1 433	2 314	2 407	2 503
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		76 798	86 253	103 219	92 528	92 528	92 528	90 100	100 316	105 085	110 321
Other revenue	2	134	177	1 165	2 991	3 191	3 191	534	3 326	3 459	3 598
Gains		1 256	(132)	665	1 500	1 500	1 500	–	1 500	–	–
Total Revenue (excluding capital transfers and contributions)		**127 770**	**136 556**	**155 438**	**172 450**	**175 650**	**175 650**	**144 432**	**191 646**	**195 700**	**204 560**

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from operating statement, as inclusions of these revenue sources would distort the calculation of the operating surplus/deficit.

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. Property rates were increased by 4.8% which is the projected inflation rate for 2022/23 as the municipality implemented the new valuation roll in 1 July 2020 and also sold residential and commercial sites and the municipality anticipate an increase in property rate revenue base. Also service charges-electricity were increased by 7.47 % for 2022/23 as per NERSA guidelines and refuse was increased by 4.8% as per inflation forecast and also the municipality expect the increase in service charges revenue base due to the sale of sites that is anticipated.

Interest comprises of; interest on primary bank account, interest earned from call investment accounts and interest from outstanding debtors. The estimate increase was based on the current year to date actual.

Fines estimates were increased as the municipality is in the process to appoint the service provider who will assist with traffic fines management system.

The Transfers recognized – operating and capital was informed by the government gazette no. 45903 dated 11 February 2022 and provincial government gazette no. 2381 dated 24 March 2022 that talks about Equitable share transfers to municipalities in terms of section 29(2)(i) and 38 (2) of the Division of Revenue Act
It should be also noted that the anticipated total revenue (excluding capital transfers and contributions) amounts to R 191.6 million to cover budgeted operating expenditure amounting to R 181.7 million.

Table 2 Operating Transfers and Grants Receipts

KZN285 Mthonjaneni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		**75 637**	**84 288**	**102 071**	**91 351**	**91 351**	**91 351**	**99 081**	**103 850**	**109 032**
Local Government Equitable Share		70 979	79 412	97 320	86 810	86 810	86 810	93 695	98 363	103 439
Finance Management		2 850	2 850	2 800	2 650	2 650	2 650	2 850	2 850	2 850
EPWP Incentive		1 808	2 026	1 951	1 891	1 891	1 891	2 536	2 637	2 743
Other transfers/grants [insert description]										
Provincial Government:		**–**	**1 091**	**1 231**	**1 177**	**1 177**	**1 177**	**1 235**	**1 235**	**1 289**
Provincialisation of Libraries			880	905	935	935	935	981	981	1 024
Community Library Services Grant			211	226	242	242	242	254	254	265
Tittle Deeds Restoration Grant				100						
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Total Operating Transfers and Grants	5	**75 637**	**85 379**	**103 302**	**92 528**	**92 528**	**92 528**	**100 316**	**105 085**	**110 321**
Capital Transfers and Grants										
National Government:		**36 749**	**33 033**	**35 598**	**39 637**	**39 637**	**39 637**	**38 319**	**34 761**	**37 201**
Municipal Infrastructure Grant (MIG)		21 749	18 033	24 439	18 832	18 832	18 832	30 039	20 761	21 527
Integrated Electrification Programme Grant		15 000	15 000	11 159	20 805	20 805	20 805	8 280	14 000	15 674
Provincial Government:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other capital transfers/grants [insert description]										
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Total Capital Transfers and Grants	5	**36 749**	**33 033**	**35 598**	**39 637**	**39 637**	**39 637**	**38 319**	**34 761**	**37 201**
TOTAL RECEIPTS OF TRANSFERS & GRANTS		**112 386**	**118 412**	**138 900**	**132 165**	**132 165**	**132 165**	**138 635**	**139 846**	**147 522**

The above table shows the operating transfers and grants for Mthonjaneni Local Municipality 2022/23 as published in the Division of Revenue Act and Provincial Gazette of transfers and of funds to municipalities. The municipality has budgeted for only the transfers that are gazetted.

The diagram below shows the revenue by source through pie chart in terms of how much percentages does each revenue source contributes to total operating revenue of Mthonjaneni Local Municipality.

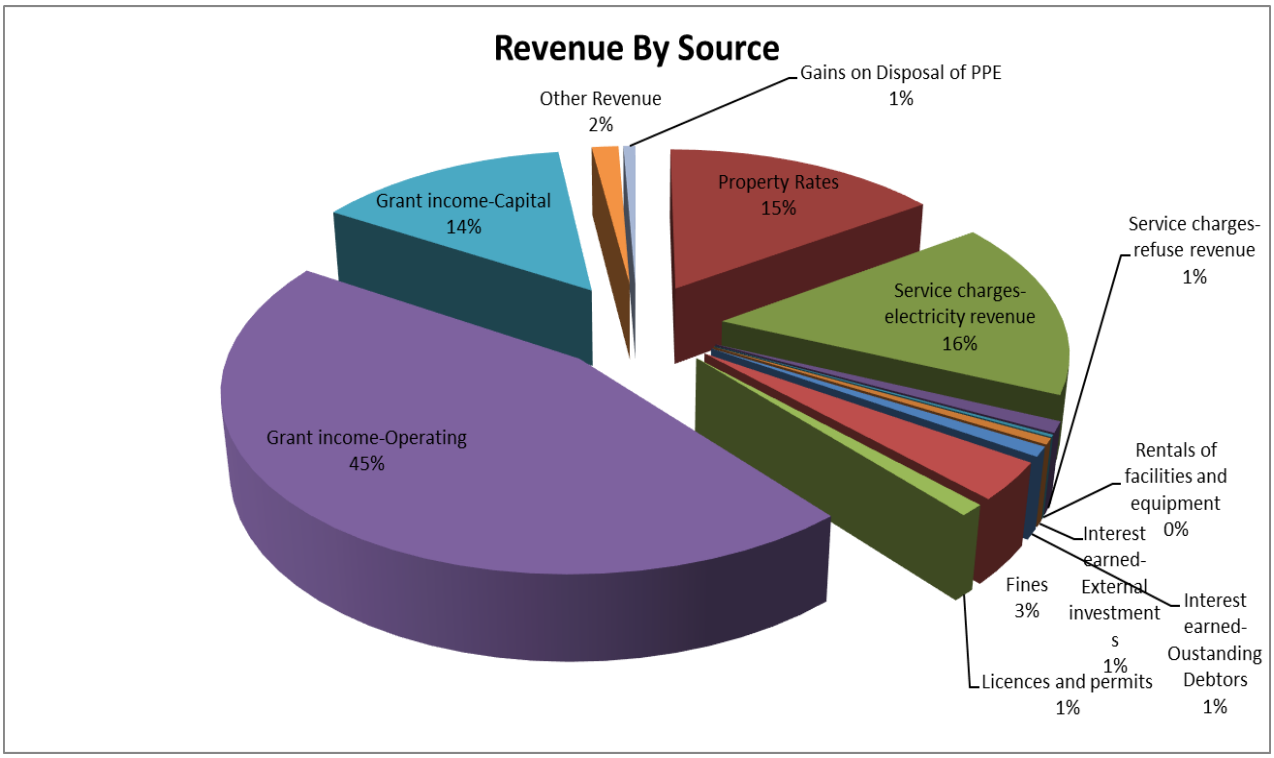

Figure 1 Main operational revenue categories for 2022/23 Final budget.

1.5 Operating Expenditure Framework

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

- Balanced budget constrains (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

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

Table 3 Summary of operating expenditure by Expenditure by type

KZN285 Mthonjaneni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	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	51 216	54 691	58 814	57 824	58 252	58 252	55 197	66 589	67 725	70 768
Remuneration of councillors		8 727	9 233	9 010	9 633	9 723	9 723	7 833	9 749	10 178	10 636
Debt impairment	3	190	10	379	6 726	2 726	2 726	–	3 000	3 000	5 000
Depreciation & asset impairment	2	17 603	19 912	22 400	18 287	15 327	15 327	21 937	15 300	20 912	25 748
Finance charges		342	991	201	–	50	50	24	–	–	–
Bulk purchases - electricity	2	22 303	19 091	19 362	26 469	21 485	21 485	18 168	24 626	26 316	28 123
Inventory consumed	8	–	–	–	3 546	4 576	4 576	5 463	4 866	4 836	4 807
Contracted services		25 419	24 682	27 570	23 088	33 179	33 179	33 494	27 949	26 730	26 071
Transfers and subsidies		–	–	447	–	–	–	–	200	–	–
Other expenditure	4, 5	24 672	24 014	25 836	19 129	23 759	23 759	26 868	29 429	25 737	26 032
Losses		–	–	8	–	–	–	–	–	–	–
Total Expenditure		**150 472**	**152 624**	**164 027**	**164 702**	**169 077**	**169 077**	**168 984**	**181 709**	**185 434**	**197 185**

The budgeted allocation for employee related costs for 2022/23 financial year totals to R 66.5million, which equals 37 per cent of the total operating expenditure. Employee related cost were increased by 4.8% which is the projected CPI for 2022/23 and an increase from the overall budget to 2022/23 was caused by new posts and the municipality budgeted the performance bonus for middle management which is in line with COGTA regulations in terms of cascading the performance management system to other municipal employees which are effective from 01 July 2022.

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 2022/23 Municipality's budget.

Provision for depreciation has been informed by Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriation in this regard totals to R 15.2 million for 2022/23 financial year of which it translate to 9 per cent of the total operating expenditure.

Bulk purchases have been increased by 14.6% taking into account the 9.6% Eskom traffic increased by NERSA pus a 5% CPI projection for the 2022/23 financial year to ensure all bulk purchases are covered for the rest of the year should Eskom further negotiate for a higher tariff increase.

Inventory consumed comprises of amongst others the purchase of fuel and other consumables and materials and supplies relating to the daily operations of the municipality.

Contracted services have been widened in terms of the mSCOA classification and includes amongst others the costs of, security services, catering services, contracted repairs and maintenance services, leased vehicles, event coordinators. As part of the compilation of the 2022/23 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced.

Other expenditure comprises of various line items relating to the daily operations of the municipality, like accommodation, snt, skills development levy, insurance, protective clothing, external audit fees, machinery, and equipment operating lease etc. Also the municipality budgeted items like a new payroll and HR system which wasn't part of the previous year's budget. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following table gives a breakdown of the main expenditure categories for the 2022/23 financial year.

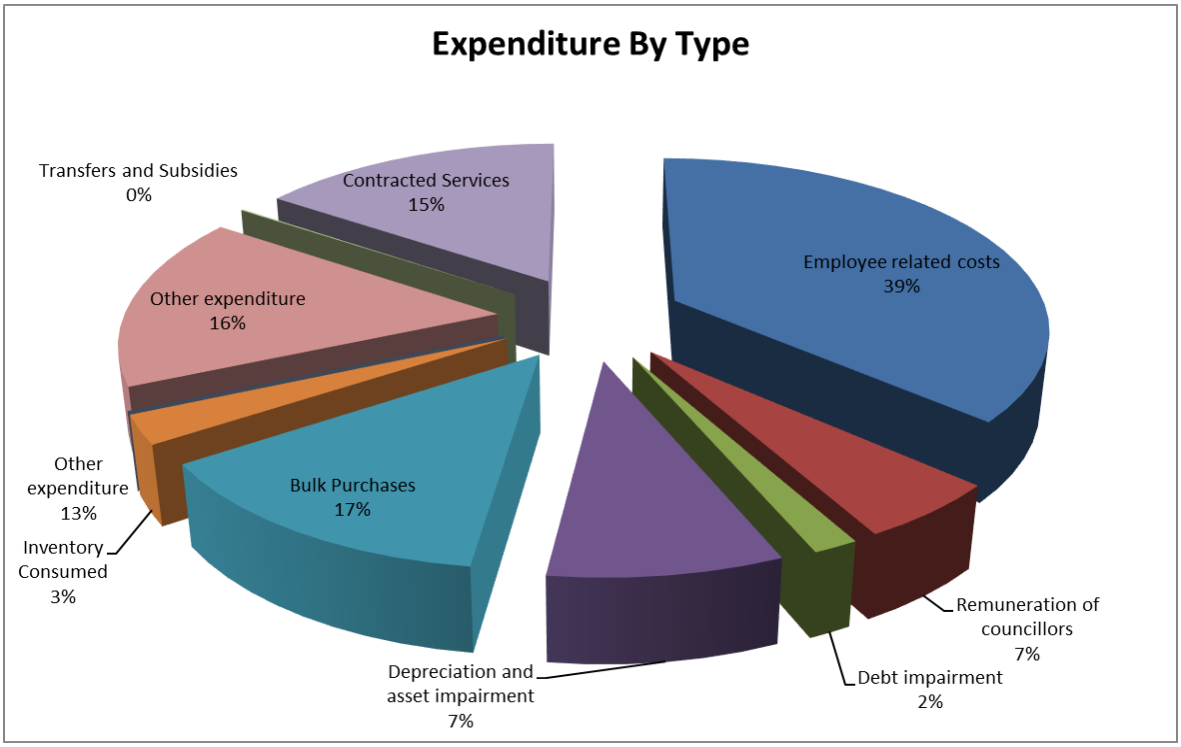

Figure 2 Main operational expenditure categories for the 2022/23 Final budget

Table 4 Operational repairs and maintenance
SA1

Repairs and Maintenance	8										
Employee related costs											
Inventory Consumed (Project Maintenance)											
Contracted Services		3 311	3 352	9 293	2 905	11 286	11 286	4 403	8 520	6 090	6 250
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	3 311	3 352	9 293	2 905	11 286	11 286	4 403	8 520	6 090	6 250

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered as a direct expenditure driver but an outcome of certain other expenditure, such as remuneration, purchases of materials and contracted services. Mthonjaneni Local Municipality is aware of the Municipal Budget and Reporting Regulations which states that priority must be given to operational repairs and maintenance but because of its capacity and a small number of assets that the municipality owns the budgeted amount is reflected on the table above is small. The municipality have maintenance plans that are monitored on a regular basis to ensure an ongoing health of the municipality's assets.

1.5.1 Free Basic Services

The free basic service assists households that are poor or face other circumstances that limit their ability to pay for services. To receive this service the households are required to register in terms of the Municipality's Indigent Policy. The qualification criterion in terms of the municipality's Indigent policy is that the household joint gross income should not exceed two times the government old age pension grant. The municipality provide free basic electricity of 50kwh per qualifying household per month and assist with indigent burial assistance as an when requested by needy and qualifying households.

1.6 Annual Budget Tables – Parent Municipality

The following ages present the ten main budget tables as required in terms of section 9 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2022/23 budget and MTREF as recommended to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 5 MBRR Table A1 – Budget Summary

KZN285 Mthonjaneni - Table A1 Budget Summary

Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousands	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
Financial Performance										
Property rates	**21 480**	21 352	23 050	32 606	32 606	32 606	27 145	34 171	35 538	36 960
Service charges	23 828	24 408	23 854	36 063	36 063	36 063	23 212	38 695	39 306	40 878
Investment revenue	1 970	2 362	815	1 200	1 200	1 200	1 383	1 258	1 308	1 360
Transfers recognised - operational	76 798	86 253	103 219	92 528	92 528	92 528	90 100	100 316	105 085	110 321
Other own revenue	3 693	2 181	4 500	10 053	13 253	13 253	2 592	17 206	14 463	15 041
Total Revenue (excluding capital transfers and contributions)	127 770	136 556	155 438	172 450	175 650	175 650	144 432	191 646	195 700	204 560
Employee costs	51 216	54 691	58 814	57 824	58 252	58 252	55 197	66 589	67 725	70 768
Remuneration of councillors	8 727	9 233	9 010	9 633	9 723	9 723	7 833	9 749	10 178	10 636
Depreciation & asset impairment	17 603	19 912	22 400	18 287	15 327	15 327	21 937	15 300	20 912	25 748
Finance charges	342	991	201	–	50	50	24	–	–	–
Inventory consumed and bulk purchases	22 303	19 091	19 362	30 015	26 061	26 061	23 632	29 492	31 153	32 930
Transfers and grants	–	–	447	–	–	–	–	200	–	–
Other expenditure	50 280	48 706	53 793	48 943	59 664	59 664	60 362	60 379	55 467	57 103
Total Expenditure	150 472	152 624	164 027	164 702	169 077	169 077	168 984	181 709	185 434	197 185
Surplus/(Deficit)	(22 702)	(16 068)	(8 589)	7 748	6 573	6 573	(24 552)	9 937	10 266	7 375
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	36 749	33 033	33 867	39 637	49 637	49 637	22 471	31 260	34 761	37 201
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	14 047	16 965	25 278	47 385	56 210	56 210	(2 081)	41 197	45 027	44 576
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	14 047	16 965	25 278	47 385	56 210	56 210	(2 081)	41 197	45 027	44 576
Capital expenditure & funds sources										
Capital expenditure	**123 839**	143 735	183 605	47 077	56 130	56 130	209 105	39 094	43 321	39 961
Transfers recognised - capital	**24 971**	22 438	40 547	39 637	49 637	49 637	60 472	29 314	34 761	37 201
Borrowing	**–**	–	–	–	–	–	–	–	–	–
Internally generated funds	**98 868**	121 296	143 058	7 440	6 493	6 493	147 273	9 780	8 560	2 760
Total sources of capital funds	**123 839**	143 735	183 605	47 077	56 130	56 130	207 745	39 094	43 321	39 961
Financial position										
Total current assets	**54 355**	32 602	41 192	67 193	(19 992)	(19 992)	44 173	59 813	74 969	98 295
Total non current assets	**372 167**	385 937	400 815	422 306	431 044	431 044	664 737	399 061	446 984	461 783
Total current liabilities	**39 966**	39 809	35 818	21 159	50 498	50 498	(40 034)	44 545	37 451	41 821
Total non current liabilities	**7 237**	6 085	8 096	6 075	6 075	6 075	(8 096)	6 758	7 028	7 309
Community wealth/Equity	**283 979**	271 921	271 921	553 867	354 478	354 478	(601 047)	407 572	477 474	510 948
Cash flows										
Net cash from (used) operating	**5 697**	(776)	(2 075)	56 767	56 209	56 209	(583)	47 460	53 187	57 932
Net cash from (used) investing	**49**	49	149	(44 777)	(53 830)	(53 830)	184	(42 042)	(40 398)	(36 906)
Net cash from (used) financing	**–**	–	–	–	–	–	–	(108)	(48)	(52)
Cash/cash equivalents at the year end	**5 747**	(728)	(1 926)	16 804	7 041	7 041	(399)	9 971	22 712	43 686
Cash backing/surplus reconciliation										
Cash and investments available	**8 377**	4 029	2 513	15 723	8 531	8 531	1 802	9 971	22 712	43 686
Application of cash and investments	**39 543**	42 926	41 469	(18 126)	74 023	74 023	(47 132)	7 133	3 934	6 563
Balance - surplus (shortfall)	**(31 166)**	(38 897)	(38 956)	33 849	(65 493)	(65 493)	48 934	2 839	18 778	37 123
Asset management										
Asset register summary (WDV)	**372 167**	385 937	400 815	422 306	430 222	430 222	430 222	399 061	446 984	461 783
Depreciation	**17 603**	19 912	22 400	18 287	15 327	15 327	15 327	15 300	20 912	25 748
Renewal and Upgrading of Existing Assets	**99 924**	118 562	138 507	700	9 260	9 260	9 260	4 636	2 150	250
Repairs and Maintenance	**3 311**	3 352	9 293	2 905	11 286	11 286	11 286	8 520	6 090	6 250
Free services										
Cost of Free Basic Services provided	**–**	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	**(5 450)**	(4 163)	(4 243)	6 661	6 661	6 661	7 029	7 029	7 260	7 550
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	0	0	0	0	0	0	0	0	0	0
Refuse:	13	13	13	13	13	13	13	13	13	13

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 perspective (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 services delivery backlogs.
3. Financial management reforms emphasize 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.

Table 6 MBRR Table A2 – Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN285 Mthonjaneni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue - Functional										
Governance and administration		**89 898**	**99 986**	**125 487**	**126 998**	**127 198**	**127 198**	**136 023**	**140 710**	**147 366**
Executive and council		–	–	–	–	–	–	–	–	–
Finance and administration		89 898	99 986	125 487	126 998	127 198	127 198	136 023	140 710	147 366
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		**2 824**	**2 958**	**2 776**	**4 330**	**7 330**	**7 330**	**11 091**	**9 614**	**10 003**
Community and social services		1 297	1 889	1 130	1 197	1 197	1 197	1 256	1 257	1 312
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		1 527	1 069	1 646	3 133	6 133	6 133	9 835	8 357	8 691
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**23 614**	**20 120**	**27 598**	**23 841**	**33 841**	**33 841**	**28 765**	**26 777**	**27 784**
Planning and development		–	–	17	–	–	–	–	–	–
Road transport		23 614	20 120	27 581	23 841	33 841	33 841	28 765	26 777	27 784
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**37 284**	**38 198**	**33 443**	**56 918**	**56 918**	**56 918**	**47 027**	**53 360**	**56 609**
Energy sources		35 502	36 510	32 083	54 721	54 721	54 721	44 724	50 965	54 118
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		1 782	1 688	1 360	2 197	2 197	2 197	2 303	2 395	2 491
Other	4	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Revenue - Functional	2	**153 620**	**161 263**	**189 305**	**212 087**	**225 287**	**225 287**	**222 906**	**230 461**	**241 761**
Expenditure - Functional										
Governance and administration		**73 757**	**76 047**	**74 893**	**62 137**	**76 437**	**76 437**	**77 320**	**80 863**	**90 507**
Executive and council		21 485	20 130	16 783	17 630	20 317	20 317	21 565	21 643	22 750
Finance and administration		49 778	53 578	55 685	42 469	54 128	54 128	54 315	57 771	66 246
Internal audit		2 494	2 339	2 426	2 038	1 991	1 991	1 440	1 449	1 512
Community and public safety		**26 473**	**24 482**	**24 344**	**26 704**	**26 949**	**26 949**	**32 299**	**31 585**	**32 228**
Community and social services		12 108	10 189	9 983	11 423	13 223	13 223	14 052	12 580	13 004
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		14 365	14 293	14 361	15 281	13 726	13 726	18 247	19 006	19 224
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**24 743**	**26 292**	**31 276**	**37 168**	**35 949**	**35 949**	**33 386**	**31 343**	**31 272**
Planning and development		2 690	4 809	3 606	6 058	8 192	8 192	8 155	7 489	7 496
Road transport		22 052	21 483	27 669	31 110	27 757	27 757	25 231	23 854	23 776
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**29 113**	**29 058**	**33 514**	**38 694**	**29 742**	**29 742**	**38 704**	**41 643**	**43 178**
Energy sources		25 626	26 402	27 455	35 302	25 661	25 661	33 646	36 995	39 265
Water management		228	198	198	6	6	6	10	15	20
Waste water management		341	410	470	–	–	–	–	–	–
Waste management		2 918	2 048	5 391	3 386	4 075	4 075	5 048	4 632	3 893
Other	4	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Expenditure - Functional	3	**154 086**	**155 880**	**164 027**	**164 702**	**169 077**	**169 077**	**181 709**	**185 434**	**197 185**
Surplus/(Deficit) for the year		**(466)**	**5 383**	**25 278**	**47 385**	**56 210**	**56 210**	**41 197**	**45 027**	**44 576**

Explanatory notes to Table A2 – Budget 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 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 recognized – capital) and so does not balance to the operating revenue shown on Table A4.

Table 7: MBRR Table A3 – Budgeted Financial performance (revenue and expenditure by municipal vote)

KZN285 Mthonjaneni - 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 2023/24	Budget Year +2 2024/25
Revenue by Vote	1									
Vote 1 - Executive & Council		–	–	–	–	–	–	–	–	–
Vote 2 - Finance and Admin		81 651	91 184	114 782	126 998	114 332	114 332	122 538	126 686	132 781
Vote 3 - Corporate Services		11 071	11 761	13 499	4 330	20 197	20 197	24 576	23 637	24 587
Vote 4 - Technical Services		60 898	58 318	61 024	80 759	90 759	90 759	75 792	80 137	84 393
Vote 5 - [NAME OF VOTE 5]		–	–	–	–	–	–	–	–	–
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]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**153 620**	**161 263**	**189 305**	**212 087**	**225 287**	**225 287**	**222 906**	**230 461**	**241 761**
Expenditure by Vote ***to be appropriated***	1									
Vote 1 - Executive & Council		26 650	22 732	19 407	19 674	22 935	22 935	24 163	24 432	25 752
Vote 2 - Finance and Admin		38 025	40 249	41 675	28 303	40 811	40 811	36 674	40 523	48 211
Vote 3 - Corporate Services		36 974	40 312	40 578	43 064	41 961	41 961	52 252	50 905	52 069
Vote 4 - Technical Services		51 265	52 144	62 367	73 661	63 370	63 370	68 619	69 575	71 153
Vote 5 - [NAME OF VOTE 5]		–	–	–	–	–	–	–	–	–
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]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	**152 914**	**155 437**	**164 027**	**164 702**	**169 077**	**169 077**	**181 709**	**185 434**	**197 185**
Surplus/(Deficit) for the year	2	**706**	**5 825**	**25 278**	**47 385**	**56 210**	**56 210**	**41 197**	**45 027**	**44 576**

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

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

KZN285 Mthonjaneni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source											
Property rates	2	21 480	21 352	23 050	32 606	32 606	32 606	27 145	34 171	35 538	36 960
Service charges - electricity revenue	2	22 046	22 720	22 494	33 916	33 916	33 916	21 764	36 444	36 965	38 444
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	1 782	1 688	1 360	2 147	2 147	2 147	1 448	2 250	2 341	2 434
Rental of facilities and equipment		262	53	16	450	450	450	40	472	490	510
Interest earned - external investments		1 970	2 362	815	1 200	1 200	1 200	1 383	1 258	1 308	1 360
Interest earned - outstanding debtors		51	463	778	1 900	1 900	1 900	620	1 991	2 071	2 154
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		427	508	195	1 003	4 003	4 003	(34)	7 603	6 036	6 277
Licences and permits		1 563	1 113	1 681	2 208	2 208	2 208	1 433	2 314	2 407	2 503
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		76 798	86 253	103 219	92 528	92 528	92 528	90 100	100 316	105 085	110 321
Other revenue	2	134	177	1 165	2 991	3 191	3 191	534	3 326	3 459	3 598
Gains		1 256	(132)	665	1 500	1 500	1 500	–	1 500	–	–
Total Revenue (excluding capital transfers and contributions)		**127 770**	**136 556**	**155 438**	**172 450**	**175 650**	**175 650**	**144 432**	**191 646**	**195 700**	**204 560**
Expenditure By Type											
Employee related costs	2	51 216	54 691	58 814	57 824	58 252	58 252	55 197	66 589	67 725	70 768
Remuneration of councillors		8 727	9 233	9 010	9 633	9 723	9 723	7 833	9 749	10 178	10 636
Debt impairment	3	190	10	379	6 726	2 726	2 726	–	3 000	3 000	5 000
Depreciation & asset impairment	2	17 603	19 912	22 400	18 287	15 327	15 327	21 937	15 300	20 912	25 748
Finance charges		342	991	201	–	50	50	24	–	–	–
Bulk purchases - electricity	2	22 303	19 091	19 362	26 469	21 485	21 485	18 168	24 626	26 316	28 123
Inventory consumed	8	–	–	–	3 546	4 576	4 576	5 463	4 866	4 836	4 807
Contracted services		25 419	24 682	27 570	23 088	33 179	33 179	33 494	27 949	26 730	26 071
Transfers and subsidies		–	–	447	–	–	–	–	200	–	–
Other expenditure	4, 5	24 672	24 014	25 836	19 129	23 759	23 759	26 868	29 429	25 737	26 032
Losses		–	–	8	–	–	–	–	–	–	–
Total Expenditure		**150 472**	**152 624**	**164 027**	**164 702**	**169 077**	**169 077**	**168 984**	**181 709**	**185 434**	**197 185**
Surplus/(Deficit)		**(22 702)**	**(16 068)**	**(8 589)**	**7 748**	**6 573**	**6 573**	**(24 552)**	**9 937**	**10 266**	**7 375**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		36 749	33 033	33 867	39 637	49 637	49 637	22 471	31 260	34 761	37 201
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**14 047**	**16 965**	**25 278**	**47 385**	**56 210**	**56 210**	**(2 081)**	**41 197**	**45 027**	**44 576**
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		**14 047**	**16 965**	**25 278**	**47 385**	**56 210**	**56 210**	**(2 081)**	**41 197**	**45 027**	**44 576**
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		**14 047**	**16 965**	**25 278**	**47 385**	**56 210**	**56 210**	**(2 081)**	**41 197**	**45 027**	**44 576**
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		**14 047**	**16 965**	**25 278**	**47 385**	**56 210**	**56 210**	**(2 081)**	**41 197**	**45 027**	**44 576**

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

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from operating statement, as inclusions of these revenue sources would distort the calculation of the operating surplus/deficit.

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. Interest comprises of; interest on primary bank account as well as interest earned from call investment accounts.

Table 9: MBRR Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding sources

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Capital expenditure - Vote											
Multi-year expenditure ***to be appropriated***	2										
Vote 1 - Executive & Council		–	–	–	–	–	–	–	–	–	–
Vote 2 - Finance and Admin		–	–	–	–	–	–	–	–	–	–
Vote 3 - Corporate Services		–	–	–	–	–	–	–	–	–	–
Vote 4 - Technical Services		–	–	–	–	–	–	–	–	–	–
Vote 5 - [NAME OF VOTE 5]		–	–	–	–	–	–	–	–	–	–
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 - Executive & Council		12	12	1 028	2 300	1 814	1 814	2 851	750	100	100
Vote 2 - Finance and Admin		460	460	460	250	200	200	684	250	350	450
Vote 3 - Corporate Services		1 299	585	910	1 050	540	540	1 518	1 280	410	210
Vote 4 - Technical Services		42 438	34 225	33 911	43 477	53 576	53 576	53 613	36 814	42 461	39 201
Vote 5 - [NAME OF VOTE 5]		–	–	–	–	–	–	–	–	–	–
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		**44 209**	**35 282**	**36 308**	**47 077**	**56 130**	**56 130**	**58 667**	**39 094**	**43 321**	**39 961**
Total Capital Expenditure - Vote		**44 209**	**35 282**	**36 308**	**47 077**	**56 130**	**56 130**	**58 667**	**39 094**	**43 321**	**39 961**
Capital Expenditure - Functional											
Governance and administration		**472**	**472**	**1 550**	**3 350**	**2 314**	**2 314**	**3 846**	**1 550**	**690**	**580**
Executive and council		12	12	1 028	2 300	1 814	1 814	2 851	750	100	100
Finance and administration		460	460	522	1 050	500	500	995	800	590	480
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		**1 299**	**585**	**847**	**250**	**240**	**240**	**1 208**	**730**	**170**	**180**
Community and social services		912	178	265	130	190	190	553	600	90	50
Sport and recreation		–	–	–	–	–	–	–	–	–	–
Public safety		387	406	583	120	50	50	655	130	80	130
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**101 812**	**120 496**	**150 148**	**21 372**	**31 801**	**31 801**	**165 839**	**27 430**	**23 161**	**21 727**
Planning and development		–	–	–	–	–	–	–	–	–	–
Road transport		101 812	120 496	150 148	21 372	31 801	31 801	165 839	27 430	23 161	21 727
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		**20 256**	**22 182**	**31 060**	**22 105**	**21 775**	**21 775**	**38 212**	**9 384**	**19 300**	**17 474**
Energy sources		20 256	22 182	31 060	22 005	21 615	21 615	38 015	8 384	17 800	15 974
Water management		–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–
Waste management		–	–	–	100	160	160	197	1 000	1 500	1 500
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	**123 839**	**143 735**	**183 605**	**47 077**	**56 130**	**56 130**	**209 105**	**39 094**	**43 321**	**39 961**
Funded by:											
National Government		24 971	22 438	40 547	39 637	49 637	49 637	60 472	29 314	34 761	37 201
Provincial Government		–	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	**24 971**	**22 438**	**40 547**	**39 637**	**49 637**	**49 637**	**60 472**	**29 314**	**34 761**	**37 201**
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		98 868	121 296	143 058	7 440	6 493	6 493	147 273	9 780	8 560	2 760
Total Capital Funding	7	**123 839**	**143 735**	**183 605**	**47 077**	**56 130**	**56 130**	**207 745**	**39 094**	**43 321**	**39 961**

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

1. Table A5 is a breakdown of the capital programs in relation to capital expenditure by municipal vote (multi – year and single – year appropriations); capital expenditure by standard classification; and funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. Mthonjaneni Municipality capital budget is set at R 48.1 million in order to address backlogs of electricity in some other wards that are within the jurisdiction of Mthonjaneni Local Municipality and also to address the infrastructure backlogs.

3. The capital programs of Mthonjaneni Municipality are funded mainly from national & provincial grants and subsidies and a small portion from internally generated funds.

4. The municipality use internal generated funds to fund R9.8 million of capital expenditure which are mainly for the operation of the municipality like, new transport assets, furniture and office equipment, computers, machinery and equipment so that operations of the municipality cannot be interrupted should the need to replace a certain asset arises.

Table 10: MBRR Table A6 – Budgeted Financial Position

KZN285 Mthonjaneni - Table A6 Budgeted Financial Position

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
ASSETS											
Current assets											
Cash		8 377	4 029	2 513	15 607	8 531	8 531	1 802	8 201	22 471	43 435
Call investment deposits	1	–	–	–	116	–	–	–	1 770	240	251
Consumer debtors	1	23 300	21 873	30 379	39 378	44 696	44 696	35 692	44 955	46 933	49 045
Other debtors		22 232	5 962	7 329	11 353	(73 957)	(73 957)	5 222	4 148	4 554	4 759
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	446	739	972	739	739	739	1 458	739	771	806
Total current assets		**54 355**	**32 602**	**41 192**	**67 193**	**(19 992)**	**(19 992)**	**44 173**	**59 813**	**74 969**	**98 295**
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		106	93	75	88	66	66	59	42	38	34
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	369 265	384 552	398 770	420 783	429 119	429 119	662 722	392 482	440 121	454 617
Biological		2 762	1 211	1 897	1 211	1 897	1 897	1 897	1 897	1 981	2 070
Intangible		33	81	72	223	(39)	(39)	58	4 640	4 844	5 062
Other non-current assets		1	1	1	1	1	1	1	1	1	1
Total non current assets		**372 167**	**385 937**	**400 815**	**422 306**	**431 044**	**431 044**	**664 737**	**399 061**	**446 984**	**461 783**
TOTAL ASSETS		**426 522**	**418 540**	**442 008**	**489 499**	**411 052**	**411 052**	**708 910**	**458 874**	**521 953**	**560 078**
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	–	–	–	–	–	–	–	–	–	–
Consumer deposits		1 021	1 026	997	1 077	994	994	1 008	1 102	1 151	1 202
Trade and other payables	4	36 448	34 903	30 121	20 082	49 504	49 504	(45 742)	35 722	28 271	32 268
Provisions		2 497	3 881	4 700	–	–	–	4 700	7 721	8 029	8 351
Total current liabilities		**39 966**	**39 809**	**35 818**	**21 159**	**50 498**	**50 498**	**(40 034)**	**44 545**	**37 451**	**41 821**
Non current liabilities											
Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions		7 237	6 085	8 096	6 075	6 075	6 075	(8 096)	6 758	7 028	7 309
Total non current liabilities		**7 237**	**6 085**	**8 096**	**6 075**	**6 075**	**6 075**	**(8 096)**	**6 758**	**7 028**	**7 309**
TOTAL LIABILITIES		**47 203**	**45 895**	**43 914**	**27 234**	**56 573**	**56 573**	**(48 130)**	**51 303**	**44 479**	**49 130**
NET ASSETS	5	**379 319**	**372 645**	**398 094**	**462 265**	**354 478**	**354 478**	**757 040**	**407 572**	**477 474**	**510 948**
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		283 979	271 921	271 921	553 867	354 478	354 478	(601 047)	407 572	477 474	510 948
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	**283 979**	**271 921**	**271 921**	**553 867**	**354 478**	**354 478**	**(601 047)**	**407 572**	**477 474**	**510 948**

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 councillors and management of the impact of the budget on the statement of financial position (balance sheet)
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets ready converted to cash, or liabilities immediately required to be met from cash, appear first.
3. 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.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budget Financial Position.

Table 11: MBRR Table A7 – Budgeted Cash Flow Statement

KZN285 Mthonjaneni - Table A7 Budgeted Cash Flows

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	–	–	25 909	25 909	25 909	–	27 153	28 348	29 623
Service charges		–	–	–	23 417	23 417	23 417	–	29 027	29 593	30 925
Other revenue		–	–	–	11 418	13 393	13 393	–	21 507	10 391	10 859
Transfers and Subsidies - Operational	1	5 715	–	–	92 528	92 528	92 528	–	100 062	104 422	109 119
Transfers and Subsidies - Capital	1	(18)	(776)	(2 075)	39 637	49 637	49 637	(583)	38 573	40 259	42 070
Interest		–	–	–	–	2 349	2 349	–	2 661	2 778	2 903
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		–	–	–	(136 143)	(151 024)	(151 024)	–	(171 523)	(162 604)	(167 568)
Finance charges		–	–	–	–	–	–	–	–	–	–
Transfers and Grants	1	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**5 697**	**(776)**	**(2 075)**	**56 767**	**56 209**	**56 209**	**(583)**	**47 460**	**53 187**	**57 932**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	2 300	2 300	2 300	–	2 800	2 923	3 055
Decrease (increase) in non-current receivables									–	–	–
Decrease (increase) in non-current investments									–	–	–
Payments											
Capital assets		49	49	149	(47 077)	(56 130)	(56 130)	184	(44 842)	(43 321)	(39 961)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**49**	**49**	**149**	**(44 777)**	**(53 830)**	**(53 830)**	**184**	**(42 042)**	**(40 398)**	**(36 906)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	(108)	(48)	(52)
Payments											
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(108)**	**(48)**	**(52)**
NET INCREASE/ (DECREASE) IN CASH HELD		**5 747**	**(728)**	**(1 926)**	**11 990**	**2 379**	**2 379**	**(399)**	**5 310**	**12 740**	**20 974**
Cash/cash equivalents at the year begin:	2	–	–	–	4 814	4 662	4 662	–	**4 661**	**9 971**	**22 712**
Cash/cash equivalents at the year end:	2	**5 747**	**(728)**	**(1 926)**	**16 804**	**7 041**	**7 041**	**(399)**	**9 971**	**22 712**	**43 686**

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 that is likely to result from the implementation of the budget.

Cash Collection Rate

Municipal average collection rate for Property Rates for past 6 months is calculated at 88.3% however if we take into account end of financial year and beginning of financial year paying

customers (government) and the effect of COVID-19 pandemic we then averaged our rate to 79.46% in worst case scenario for 2022/23 financial year which is a 8.84% decrease from the collection rate for the first 6 months of 2021/22 financial year. As for service charges (electricity and refuse services) the actual average collection rate is 71.02%, where service charges on electricity are 75.54% and refuse are set at 66.50%) this is due to the fact that the services are paid religiously as they get disconnected if not paid but due to COVID-19 that exercise might be relaxed and hence a decrease in our anticipated collection rate for 2022/23 financial year.

Other Revenue Composition

Other revenue is composed of Rental of Facilities & Equipment; Licenses & permits and Fines, penalties & forfeits and Other income. Rental of facilities consist of fixed rent that we charge our tenants with a collection rate of 74% and mostly are municipal employees that pays rent and we deduct from payroll and for hall hire and other facilities it depends on demand but as COVID-19 regulations being relaxed, hall hire services may increase the revenue from such service, again we have used past six months history bookings to come out with the average collection rate of 66.60% on rental of facilities. License and permits we have put them on 88% as this is the most reliable revenue except when there are those individuals if they didn't come for test and with the relaxation of lockdown the testing stations are currently operating. The municipality is in the process to appoint a new service provider to assist with traffic management which will increase the anticipated revenue to be collected on traffic fines for 2022/23 financial year that why we anticipate a revenue collection of 80% of fines.

This line item also include the projected cash inflow from VAT receivables/ Vat refunds of R10.1 million using the average from past financial years, that the municipality is expected to receive during the 2022/23 financial year

Payments to Suppliers and Employees

Payments to suppliers and employees reflect the 100% of our operating expenditure except non-cash items and also include Vat payable that the municipality expects to pay during the 2022/23 financial year.

Proceeds on disposal of PPE

This is budgeted to be R 2.8 million which are proceeds expected from sale of sites, transformers, tractor and Chevrolet Trailblazer, brushcutters and other transport assets.

Table 12: MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN285 Mthonjaneni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Cash and investments available											
Cash/cash equivalents at the year end	1	5 747	(728)	(1 926)	16 804	7 041	7 041	(399)	9 971	22 712	43 686
Other current investments > 90 days		2 631	4 756	4 439	(1 081)	1 490	1 490	2 201	–	–	–
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		**8 377**	**4 029**	**2 513**	**15 723**	**8 531**	**8 531**	**1 802**	**9 971**	**22 712**	**43 686**
Application of cash and investments											
Unspent conditional transfers		17	17	1 831	(1 853)	(1 853)	(1 853)	(19 706)	(16 560)	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	29 792	32 943	26 841	(22 348)	69 801	69 801	(24 030)	9 214	(11 124)	(9 097)
Other provisions		9 734	9 966	12 796	6 075	6 075	6 075	(3 396)	14 478	15 057	15 660
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		**39 543**	**42 926**	**41 469**	**(18 126)**	**74 023**	**74 023**	**(47 132)**	**7 133**	**3 934**	**6 563**
Surplus(shortfall)		**(31 166)**	**(38 897)**	**(38 956)**	**33 849**	**(65 493)**	**(65 493)**	**48 934**	**2 839**	**18 778**	**37 123**

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

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

Table 13: MBRR Table A9 – Asset Management

KZN285 Mthonjaneni - Table A9 Asset Management

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
TOTAL CAPITAL EXPENDITURE - Asset class		**123 839**	**143 735**	**183 605**	**47 777**	**65 391**	**65 391**	**43 730**	**45 471**	**40 211**
ASSET REGISTER SUMMARY - PPE (WDV)	5	372 167	385 937	400 815	422 306	430 222	430 222	399 061	446 984	461 783
Roads Infrastructure		397 901	421 544	429 617	433 625	441 586	441 586	376 870	413 399	431 824
Storm water Infrastructure		(1 448)	(1 866)	(2 336)	(1 866)	(1 866)	(1 866)	–	–	–
Electrical Infrastructure		5 280	2 835	7 488	(2 236)	(2 486)	(2 486)	3 383	17 200	15 974
Water Supply Infrastructure		(397)	(595)	(794)	(595)	(595)	(595)	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		(59)	(64)	(68)	236	96	96	400	500	300
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***401 278***	***421 854***	***433 908***	***429 164***	***436 734***	***436 734***	***380 653***	***431 099***	***448 098***
Community Assets		(17 842)	(24 819)	(21 675)	(1 379)	(1 679)	(1 679)	3 578	2 000	–
Heritage Assets		1	1	1	1	1	1	1	1	1
Investment properties		106	93	75	88	66	66	42	38	34
Other Assets		(6 729)	(7 951)	(9 264)	(7 503)	(5 673)	(5 673)	777	–	–
Biological or Cultivated Assets		2 762	1 211	1 897	1 211	1 897	1 897	1 897	1 981	2 070
Intangible Assets		33	81	72	223	(39)	(39)	4 640	4 844	5 062
Computer Equipment		1 573	1 583	1 713	3 245	2 995	2 995	1 647	1 755	1 625
Furniture and Office Equipment		(202)	(248)	(229)	800	710	710	143	850	710
Machinery and Equipment		(705)	(875)	(1 132)	(192)	(542)	(542)	4 737	4 418	4 184
Transport Assets		(8 107)	(4 992)	(4 549)	(3 352)	(4 248)	(4 248)	947	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	**372 167**	**385 937**	**400 815**	**422 306**	**430 222**	**430 222**	**399 061**	**446 984**	**461 783**
EXPENDITURE OTHER ITEMS		**20 915**	**23 265**	**31 693**	**21 192**	**26 613**	**26 613**	**23 820**	**27 002**	**31 998**
Depreciation	7	17 603	19 912	22 400	18 287	15 327	15 327	15 300	20 912	25 748
Repairs and Maintenance by Asset Class	3	**3 311**	**3 352**	**9 293**	**2 905**	**11 286**	**11 286**	**8 520**	**6 090**	**6 250**
Roads Infrastructure		1 669	1 080	6 821	1 000	7 921	7 921	5 200	3 976	3 942
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***1 669***	***1 080***	***6 821***	***1 000***	***7 921***	***7 921***	***5 200***	***3 976***	***3 942***
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Heritage Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings		355	1 144	1 163	1 000	2 100	2 100	1 500	1 120	1 150
Housing		–	–	–	–	–	–	–	–	–
Other Assets		***355***	***1 144***	***1 163***	***1 000***	***2 100***	***2 100***	***1 500***	***1 120***	***1 150***
Biological or Cultivated Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Computer Equipment		**2**	**–**	**232**	**10**	**–**	**–**	**–**	**–**	**–**
Furniture and Office Equipment		**–**	**23**	**–**	**80**	**50**	**50**	**100**	**100**	**150**
Machinery and Equipment		**942**	**914**	**1 074**	**715**	**1 115**	**1 115**	**1 630**	**894**	**1 008**
Transport Assets		**343**	**191**	**3**	**100**	**100**	**100**	**90**	**–**	**–**
Land		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL EXPENDITURE OTHER ITEMS		**20 915**	**23 265**	**31 693**	**21 192**	**26 613**	**26 613**	**23 820**	**27 002**	**31 998**

Table 14: MBRR Table A10 – Basic service delivery measurement

KZN285 Mthonjaneni - 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		–	–	–	–	–	–	–	–	–
Piped water inside yard (but not in dwelling)		–	–	–	–	–	–	–	–	–
Using public tap (at least min.service level)	2	–	–	–	–	–	–	–	–	–
Other water supply (at least min.service level)	4	–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		–	–	–	–	–	–	–	–	–
Flush toilet (with septic tank)		–	–	–	–	–	–	–	–	–
Chemical toilet		–	–	–	–	–	–	–	–	–
Pit toilet (ventilated)		–	–	–	–	–	–	–	–	–
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Energy:										
Electricity (at least min.service level)		386	386	386	386	386	386	386	386	386
Electricity - prepaid (min.service level)		13 412	13 412	13 412	13 412	13 412	13 412	13 412	13 412	13 412
Minimum Service Level and Above sub-total		13 798	13 798	13 798	13 798	13 798	13 798	13 798	13 798	13 798
Electricity (< min.service level)		315	315	315	315	315	315	315	315	315
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		78	78	78	78	78	78	78	78	78
Below Minimum Service Level sub-total		393	393	393	393	393	393	393	393	393
Total number of households	5	**14 191**	**14 191**	**14 191**	**14 191**	**14 191**	**14 191**	**14 191**	**14 191**	**14 191**
Refuse:										
Removed at least once a week		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Removed less frequently than once a week		58	58	58	58	58	58	58	58	58
Using communal refuse dump		1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417
Using own refuse dump		11 147	11 147	11 147	11 147	11 147	11 147	11 147	11 147	11 147
Other rubbish disposal		145	145	145	145	145	145	145	145	145
No rubbish disposal		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		12 767	12 767	12 767	12 767	12 767	12 767	12 767	12 767	12 767
Total number of households	5	**12 767**	**12 767**	**12 767**	**12 767**	**12 767**	**12 767**	**12 767**	**12 767**	**12 767**
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free minimum level service)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed at least once a week)		–	–	–	–	–	–	–	–	–
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**)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per **indigent** household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed once a week **for indigent households**)		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–	–	–	–	–	–	–
Total cost of FBS provided		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Highest level of free service provided per household										
Property rates (R value threshold)		50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)		50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates **(tariff adjustment)** (**impermissable values per section 17 of MPRA**)										
Property rates exemptions, reductions and rebates **and impermissable values in excess of section 17 of MPRA)**		(4 678)	(3 558)	(4 243)	4 836	4 836	4 836	5 068	5 271	5 482
Water **(in excess of 6 kilolitres per indigent household per month)**		–	–	–	–	–	–	–	–	–
Sanitation **(in excess of free sanitation service to indigent households)**		–	–	–	–	–	–	–	–	–
Electricity/other energy **(in excess of 50 kwh per indigent household per month)**		(772)	(605)	–	1 825	1 825	1 825	1 912	1 989	2 068
Refuse **(in excess of one removal a week for indigent households)**		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of subsidised services provided		**(5 450)**	**(4 163)**	**(4 243)**	**6 661**	**6 661**	**6 661**	**6 981**	**7 260**	**7 550**

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

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

The primary aims of the Budget Steering Committees 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 various spending priorities of the different municipal departments are properly evaluated and prioritized in the allocation of resources.

2.1.1 Budget Process Overview

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

The Mayor tabled in Council the required IDP and budget time schedule in August 2021.
Key dates applicable to the process were:

- August 2021 – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritization criteria for the compilation of the 2022/23 MTREF;
- November 2021 – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- January 2022 – Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- January 2022 – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- 20 January 2022 – Council consider the 2021/22 Mid-year Review and Adjustments Budget;
- February 2022 – Recommendations of the Mayoral Committee are communicated to the Budget steering Committee, and on the respective departments.
- March 2022 – Tabling in Council of the Final 2022/23 IDP and 2022/23 MTREF for public consultation;
- April 2022 – Public consultation;
- May 2022 – closing date for written comments;

- May 2022 – finalization of the IDP and MTREF, taking into consideration comments received from the public, comments from Provincial Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- May 2022 – tabling of the 2022/23 MTREF before Council for consideration and approval.

2.1.2 Community Consultation

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

All documents in the appropriate format (electronic and printed) were provided to National Treasury and Provincial Treasury in accordance with section 23 of the MFMA, to provide opportunity for them to make inputs.

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 IDP process.

Municipalities in South Africa need to utilize integrated development planning as a method to plan future developments in their areas and so find the best solutions to achieve sound long-term developments 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 vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated development planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area.

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

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy
- National and Provincial spatial development perspectives;

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

2.4 Overview of budget related-policies

Banking and Investment Policy

The policy is aimed at gaining the highest possible return on investment, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes. The effectiveness of the investment policy is dependent on the accuracy of the municipality's cash management programme, which must identify the amounts surplus to the municipality's needs, as well as the time when and period for which such revenues are surplus.

Rates Policy

The purpose of this policy is to:

- Comply with the provisions of section 3 of the Municipal Property Rates Act, (Act No. 6 of 2004)
- Give effect to the principles outlined above;
- Determine the methodology and to prescribe procedures for the implementation of the Act;
- Determine criteria to be applied for the levying of differential rates for different categories of properties

Supply Chain Management Policy

Mthonjaneni Local Municipality may not act otherwise than in accordance with this supply chain management policy when –

a) procuring goods or services;
b) disposing of goods no longer needed;
c) selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
d) selecting external mechanism referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.

2.5 Overview of budget funding

Mthonjaneni Local Municipality's budget is funded in accordance with section 18 of the Municipal Finance Management Act, (Act No. 56 of 2003) whist states that:

(1) An annual budget may only be funded from –
   a) realistically anticipated revenues to be collected;
   b) Cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
   c) borrowed funds, but only for the capital budget referred to in section 17 (2)

(2) Revenue projections in the budget must be realistic, taking into account –
   a) Projected revenue for the current year based on collection levels to date; and
   b) Actual revenue collected in previous financial years.

2.6 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 and Provincial Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting is reported to council committees monthly and to the Mayor (within 10 working days) has progressively improved.

2. Internship programme

The municipality is participating in the Municipal Financial Management Internship programme and has employed four interns undergoing training in various divisions of the Financial Services Department and one intern was appointed on a contractual basis from 01 March 2022 and the municipality is in the process to appoint the fifty intern. Since the introduction of the Internship programme the municipality has successfully employed and trained all interns through this programme.

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 Final stages and with council committees which is a process that will be finalized after the approval of 2022/23 MTREF in May 2022 so that it will be directly aligned and informed by the 2022/23 MTREF.

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

7. MFMA Training
The MFMA training module is undertaken by all new interns and of the four interns two have completed and for other two the training is ongoing.

8. Policies
The Credit Control and Debt Collection and SCM Policies and other budgeted related policies are reviewed on an annual basis during budget process.

9. Financial Ratios

The ratios as per National Treasury MFMA Circular 71 and Provincial Treasury Circular PT/MF 12 of 2020/21 have been complied with.

2.7 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 Bid awards are adjudicated by the Bid Adjudication Committee which is chaired by the Chief Financial Officer

Table 15: Final Expenditure on allocations and grant programmes

KZN285 Mthonjaneni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		**75 637**	**84 288**	**102 071**	**91 351**	**91 351**	**91 351**	**99 081**	**103 850**	**109 032**
Local Government Equitable Share		70 979	79 412	97 320	86 810	86 810	86 810	93 695	98 363	103 439
Finance Management		2 850	2 850	2 800	2 650	2 650	2 650	2 850	2 850	2 850
EPWP Incentive		1 808	2 026	1 951	1 891	1 891	1 891	2 536	2 637	2 743
Other transfers/grants [insert description]										
Provincial Government:		**–**	**1 091**	**1 231**	**1 177**	**1 177**	**1 177**	**1 235**	**1 235**	**1 289**
Provincialisation of Libraries			880	905	935	935	935	981	981	1 024
Community Library Services Grant			211	226	242	242	242	254	254	265
Tittle Deeds Restoration Grant				100						
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Total operating expenditure of Transfers and Grants		**75 637**	**85 379**	**103 302**	**92 528**	**92 528**	**92 528**	**100 316**	**105 085**	**110 321**
Capital expenditure of Transfers and Grants										
National Government:		**36 749**	**33 033**	**35 598**	**39 637**	**39 637**	**39 637**	**38 319**	**34 761**	**37 201**
Municipal Infrastructure Grant (MIG)		21 749	18 033	24 439	18 832	18 832	18 832	30 039	20 761	21 527
Integrated Electrification Programme Grant		15 000	15 000	11 159	20 805	20 805	20 805	8 280	14 000	15 674
Provincial Government:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other capital transfers/grants [insert description]										
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Total capital expenditure of Transfers and Grants		**36 749**	**33 033**	**35 598**	**39 637**	**39 637**	**39 637**	**38 319**	**34 761**	**37 201**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		**112 386**	**118 412**	**138 900**	**132 165**	**132 165**	**132 165**	**138 635**	**139 846**	**147 522**

Table 16: Final budget to councilor allowances and employee benefits

KZN285 Mthonjaneni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		5 005	5 350	5 112	5 646	5 737	5 737	5 489	5 734	5 992
Pension and UIF Contributions		703	719	760	795	795	795	730	762	797
Medical Aid Contributions		81	100	73	105	105	105	135	141	147
Motor Vehicle Allowance		21	87	32	–	–	–	–	–	–
Cellphone Allowance		1 004	1 005	981	1 020	1 020	1 020	1 020	1 065	1 113
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		1 913	1 971	1 993	2 067	2 067	2 067	2 374	2 475	2 587
Sub Total - Councillors		**8 727**	**9 233**	**8 951**	**9 633**	**9 723**	**9 723**	**9 749**	**10 178**	**10 636**
% increase	4		**5.8%**	**(3.1%)**	**7.6%**	**0.9%**	**–**	**0.3%**	**4.4%**	**4.5%**
Senior Managers of the Municipality	2									
Basic Salaries and Wages		3 182	3 721	3 586	3 352	3 361	3 361	4 051	4 189	4 374
Pension and UIF Contributions		110	98	56	14	391	391	1 019	1 064	1 112
Medical Aid Contributions		71	81	50	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		30	46	–	112	824	824	930	970	1 013
Motor Vehicle Allowance	3	705	780	716	630	630	630	648	677	707
Cellphone Allowance	3	44	51	23	36	26	26	95	99	104
Housing Allowances	3	79	76	72	–	72	72	144	75	79
Other benefits and allowances	3	72	4	2	91	240	240	137	151	158
Payments in lieu of leave		–	–	–	–	42	42	–	–	–
Long service awards		–	–	–	–	7	7	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		**4 293**	**4 856**	**4 504**	**4 234**	**5 594**	**5 594**	**7 024**	**7 226**	**7 546**
% increase	4		**13.1%**	**(7.3%)**	**(6.0%)**	**32.1%**	**–**	**25.6%**	**2.9%**	**4.4%**
Other Municipal Staff										
Basic Salaries and Wages		29 225	32 633	35 069	35 660	34 115	34 115	40 991	41 694	43 570
Pension and UIF Contributions		4 141	5 047	4 841	4 701	4 187	4 187	4 185	4 367	4 564
Medical Aid Contributions		2 051	2 036	2 631	2 607	2 492	2 492	2 617	2 731	2 854
Overtime		2 816	1 995	1 266	1 642	1 638	1 638	1 659	1 996	2 086
Performance Bonus		2 001	2 282	2 504	2 693	2 489	2 489	3 503	2 811	2 938
Motor Vehicle Allowance	3	3 020	3 651	3 549	3 748	3 874	3 874	4 645	4 848	5 066
Cellphone Allowance	3	283	313	314	290	323	323	331	345	361
Housing Allowances	3	921	915	891	1 082	995	995	959	1 001	1 046
Other benefits and allowances	3	1 384	1 359	992	1 166	1 420	1 420	675	706	738
Payments in lieu of leave		165	564	731	–	819	819	–	–	–
Long service awards		240	126	205	–	287	287	–	–	–
Post-retirement benefit obligations	6	681	(1 086)	1 380	–	–	–	–	–	–
Sub Total - Other Municipal Staff		**46 926**	**49 834**	**54 372**	**53 590**	**52 640**	**52 640**	**59 566**	**60 499**	**63 222**
% increase	4		**6.2%**	**9.1%**	**(1.4%)**	**(1.8%)**	**–**	**13.2%**	**1.6%**	**4.5%**
Total Parent Municipality		**59 945**	**63 923**	**67 826**	**67 457**	**67 958**	**67 958**	**76 338**	**77 903**	**81 403**

Quality Certificate

I, Z.S Mthethwa, the municipal manager of **Mthonjaneni Local Municipality**, hereby certify that the Final annual budget and supporting documentation for the 2022/23 financial year have been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act, and that the annual budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Print name: Zipho Saviour Mthethwa

Municipal manager of Mthonjaneni Local Municipality KZN285

Signature: Z.S Mthethwa

Date : 19 May 2022