

SCHEDULE A

BUDGET AND SUPPORTING DOCUMENTATION

FINAL BUDGET OF
ORTAMBO DISTRICT
MUNICIPALITY

2023/2024 TO 2025/2026
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

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

Part 1 – Annual Budget

1.1 Foreword by the Executive Mayor

1.2 Council Resolutions

On 31 May 2023 the Council of OR Tambo District Municipality met to consider the budget which the Executive Mayor tabled for the Final budget year 2023/2024 and two outer years for approval. The Mayor tabled the budget with following resolutions:

The Executive Mayor recommends to Council that Council:

1.2.1 Approves the Consolidated Final Budget for 2023/2024 and the two outer financial years 2024/2025 and 2025/2026.

The Executive Mayor recommends the council to approve the 2023/2024 final budget related policies as follows :

- Budget Policy
- Adjustment budget management policy
- Cash Management and Investment Policy
- Credit Control and Debt Collection Policy
- Funding and Reserves Policy
- Indigent Policy
- Tariff Policy
- Unallocated Deposits Policy
- Virement Policy
- Asset Management Policy
- Supply Chain Management Policy
- Costing Policy
- Expenditure Management Policy

Furthermore the Executive Mayor recommends the council to approve the tabling of 2023/2024 consolidated Final budget and two outer years in terms of National Treasury tables A1 to A10 in

accordance with section 24(1) to (2) of MFMA for further public participation of stakeholders as follows:

- Table A1 Consolidated Budget Summary
- Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)
- Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)
- Table A4 Consolidated Budgeted Financial Performance (revenue by source and expenditure by type)
- Table A5 Consolidated Budgeted Capital Expenditure by municipal vote and standard classification and associated funding by source
- Table A6 Consolidated Budgeted Financial Position
- Table A7 Consolidated Budgeted Cash Flows
- Table A8 Consolidated Cash backed reserves and accumulated surplus reconciliation
- Table A9 Consolidated Asset management
- Table A10 Consolidated Basic service delivery measurement

1.3 Executive Summary

As the country has been engulfed by the load shedding crippling the economy, the municipality is in the midst and there are economic challenges that are faced by the citizens of the district resulting in decrease of the already small revenue base. The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the District Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The District Municipality as required by section 23, 24 and 25 of Municipal Systems act (act 32 of 2000) undertook a strategic planning session with a sole mandate of developmental oriented planning so as to have a Integrated Developmental plan with implementable strategies and prioritisation of projects in compliance with section 29 of Municipal Systems act (34 of 2000). Alignment of strategic objectives, priorities and budget was undertaken. The draft IDP has been tabled to the council and further consultations with community, IGR structures and other stakeholders have been undertaken.

The District Municipality will be embarking on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Firstly there is development and implementation of by-laws, data cleansing project to ensure the accuracy of billing, billing of peri urban areas, full implementation of credit control and debt collection policy. National

Treasury's MFMA Circular No. 51 and 54 and 58 and 59, 66, 67 and 70, 72, 74 and 75, 78, 86, 94, 122 and 123 were used to guide the compilation of the 2023/2024 MTREF.

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

- The ongoing difficulties in the national and local economy resulting in low revenue collection due to loads shedding.
- Uncertainty on the political climate due to the state capture commission and the looming general elections.
- Previous unstable political climate within the municipality resulting in unfavourable reputational damage and lower cash reserves.
- Aging and poorly maintained water infrastructure;
- Location of the municipality resulting in subsidising 90per cent of rural households with water without return.
- Water and Sanitation infrastructure backlogs;
- Frequent rain falls resulting in disasters in some areas and drought resulting in water source significantly reducing and some dams running dry in other areas.
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Increase in demand of water in the bulk infrastructure projects undertaken within the district area by National/Provincial government and local municipalities which requires bulk amounts of water whilst there are no means by municipality to monitor and charge the consumption of that water by that (tarring of N2 and provincial roads and access roads).
- The increased cost of bulk water, which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Increase in ESKOM tariffs
- Increase in fuel prices;
- Wage increases for municipal staff that continue to exceed recommended norms and standards, as well as the need to fill critical vacancies;
- Implementation of National Minimum Wage for temporal employees
- Funding the renewal of assets through funding depreciation in the operating budget resulting in cutting down on other operating expenditure.
- Inadequate funding of repairs and maintenance of infrastructure due to lack of funds.
- High cost of delivery of Water to rural communities with no return.
- Implementation of mSCOA requirements in particular the integration of data strings with the entity.
- Load shedding of electricity resulting in incurring high costs of fuel.

OR Tambo District Municipality 2023/2024 Final Budget and MTREF

The following budget principles and guidelines directly informed the compilation of the 2023/2024 MTREF with some reference to the SONA 2023:

- The 2022/2023 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were draft as the upper limits for the new baselines for the 2023/2024 annual budget;
- The government theme of **“speeding up the implementation of water projects”**
- Implementation of cost containing measures as per regulations and MFMA circular 82
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff increase of 5.3 percent for residential consumers ,5.3 percent for business and 5.3 percent for government. The tariff is not cost reflective due to the nature of the municipality (mostly rural and few are paying customers)
- 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;
- “Separation of Power” for the legislative arm where this has been introduced in 2014/2015 budget but not fully capacitated which will require more resources.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2023/2024 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2023/2024 MTREF

Description	Current Year 2022/23		2023/2024 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Total Revenue (excluding capital transfers and contributions)	1,696,412	1,578,714	1,813,181	1,909,773	2,018,942
Total Expenditure	1,451,795	1,498,348	1,681,510	1,748,284	1,824,744
Surplus/(Deficit)	244,617	80,366	131,671	161,489	194,198
Transfers recognised - capital	1,031,274	736,072	1,190,909	1,271,959	1,345,412
Contributions recognised - capital & contributed assets	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	1,275,891	816,438	1,322,579	1,433,448	1,539,610

Operating revenue has increased by 15 per cent or R234.4 million for the 2023/2024 financial year when compared to the 2022/2023 Adjustments Budget this is mainly due to inflationary adjustment on operating expenditure.

Total operating expenditure for the 2023/2024 financial year has been appropriated at R1.6 billion and translates into a R131.6 million surplus. When compared to the 2022/2023 Adjustments Budget, operational expenditure has increased by 12 per cent for 2024 and increased by 4 percent in 2025 and increased by 4 percent in 2026 each respective outer years of the MTREF. The depreciation has been funded and will enable the municipality to set aside funds that will assist in the renewal of infrastructure assets when the need arises in the years to come. The reserves identified to fund depreciation of R239.3 million for 2023/2024.

The capital budget of R1.2 billion for 2023/2024 is 56 per cent more when compared to the 2022/2023 Adjustment Budget. This increase is due to the fact that the municipality had adjusted downwards its capital expenditure by a net R291 million during the adjustment budget of 2022/2023 because of an intention to withhold capital grants by NT because of poor performance. The municipality is still grant dependant as the conditional grants amounts to 94 per cent of the total capital budget with only 6 per cent as the own internal funding for the assets. The total allocation for MIG for 2023/2024 is R764.7 million from R730.1 million in 2022/2023 and is divided into water projects and sanitation projects. Since the sanitation projects are mainly made up of construction of VIP toilets, this does not meet the requirements of an asset as per GRAP. Previously the municipality resolved on recognising the sanitation portion as operating and only the water projects were recognised as capital. Upon introduction of circular 58, this practice has ceased and the whole MIG allocation is recognised as capital.

Items classified as asset renewal are as follows: replacement of pipes, replacement of water meters, refurbishment of boreholes, and refurbishment of water pumps. These form part of capital expenditure as they replace components of infrastructure assets. There were strides to increase the asset renewal by reducing the other operating expenditure items as recommended by National Treasury to increase the Asset Renewal.

Operating Revenue Framework

For O.R. Tambo District Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty and the municipality is in one of poorest regions in South Africa. This is compounded by the increase in VAT to 15% and sky rocketing fuel prices which is above R22 per litre our customer will feel the impact of the increase in the billing. Our consumers are largely civil servants and the 4percent increment on their earnings also has an impact on the collections.

The expenditure required to address these challenges will inevitably always exceed available funding due to the area the municipality is situated in as the cost of providing water and sanitation services will not be covered by revenue because only 7per cent of consumers of services are able to pay and the 93per cent in rural areas receive the service without paying, this leads to burden of paying for services in the 7per cent who are in urban areas hence difficult to recover cost of providing the services. The municipality amassed a huge debt book which constantly grows per year.. The municipality has embarked on a data cleansing project where it discovered that there are areas where they were not billed before, abnormal monthly billing of some customers due to leakages as a result bills to some of the customers reflects very huge amounts which will not be recovered. There are strategies in place to deal with these challenges. Further there revenue amnesty for consumers where there were incentive by discounting a percentage of old debts if they come forward and pay with strict timelines, this has subsequently lapsed and the municipality is on the drive to recover the outstanding debt after the completion of the data cleansing project.

Budget also includes the amount projected to be received from peri urban areas. As the municipality comprises of 93% rural and 7% urban, only the urban areas that have been billed. There are semi urban areas which received water at same service standard as urban. The

municipality embarked on a strategy to bill these areas with public participation on the intention. For 2023/24, only the businesses (warehouses, rental accommodations, car washes, spaza shops etc) within the peri urban areas will be billed at flat rate whilst public participation is conducted for households. Then in the two outer years, the business and households will be billed. These initiatives will result in the improvement of collections and consumers being comfortable to pay their bills knowing that is based on their consumptions.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the District Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 68.5 per cent annual collections
- All government debts do not go beyond 30 days and businesses debts do not go beyond 60 days aging
- Undertaking of data cleansing continuously to ensure completeness and accuracy of debt book.
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the District Municipality.
- Embark on drive to increase revenue by piloting a project for billing the rural areas (peri urban) which receive the high standard of services as urban areas.

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

Table 2 Summary of revenue classified by main revenue source

OR Tambo District Municipality 2023/2024 Final Budget and MTREF

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1										
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	218,010	239,824	241,297	266,434	266,434	266,434	181,453	280,555	294,302	308,135
Service charges - Waste Water Management	2	56,824	60,340	62,456	124,014	124,014	124,014	55,886	130,587	136,985	143,424
Service charges - Waste Management	2	-	-	-	-	-	-	-	-	-	-
Sale of Goods and Rendering of Services		-	-	3,067	30,935	30,935	30,935	-	38,520	41,279	46,180
Agency services											
Interest											
Interest earned from Receivables		27,545	24,971	32,878	20,750	20,750	20,750	34,311	22,030	23,349	25,207
Interest earned from Current and Non Current Assets		26,822	15,462	10,790	6,500	30,000	30,000	31,091	30,000	31,470	32,949
Dividends											
Rent on Land											
Rental from Fixed Assets		37	7	34	3,295	3,225	3,225	-	40	42	44
Licence and permits											
Operational Revenue		558	721	203	8,448	8,448	8,448	151	231	244	259
Non-Exchange Revenue											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Surcharges and Taxes		1,117	1,991	1,595	121,270	121,270	121,270	1,691	128,546	133,397	146,736
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-
Licences or permits											
Transfer and subsidies - Operational		844,616	1,097,043	961,690	1,114,766	973,638	973,638	1,062,751	1,182,672	1,248,704	1,316,008
Interest											
Fuel Levy											
Operational Revenue											
Gains on disposal of Assets		-	50	18,941	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-
Discontinued Operations											
Total Revenue (excluding capital transfers and contributions)		1,175,529	1,440,410	1,332,950	1,696,412	1,578,714	1,578,714	1,367,335	1,813,181	1,909,773	2,018,942

Table 3 Percentage growth in revenue by main revenue source

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

As compared to 2022/2023 adjustment budget, the revenue increased by R234.4 million which is 15 per cent and increases in 2024/2025 by R96.5 million and increases by R109.1 million in 2025/2026. This is mainly as a result of increase in government grants (equitable Share) and also projected service charges revenue.

Service Charges

Description	Current Year 2022/23		2023/24 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousands					
Service Charges billed	390,447,918	390,447,918	411,141,658	431,287,599	451,558,116
Interest on Debtors	20,750,000	20,750,000	22,030,000	23,348,800	25,207,254
Gross Service Charges	411,197,918	411,197,918	433,171,658	454,636,399	476,765,370
Less : Debt Impairment	(120,290,211)	(105,290,211)	(127,507,624)	(133,755,497)	(140,042,006)
Service Charges to be Collected	290,907,707	305,907,707	305,664,034	320,880,902	336,723,364

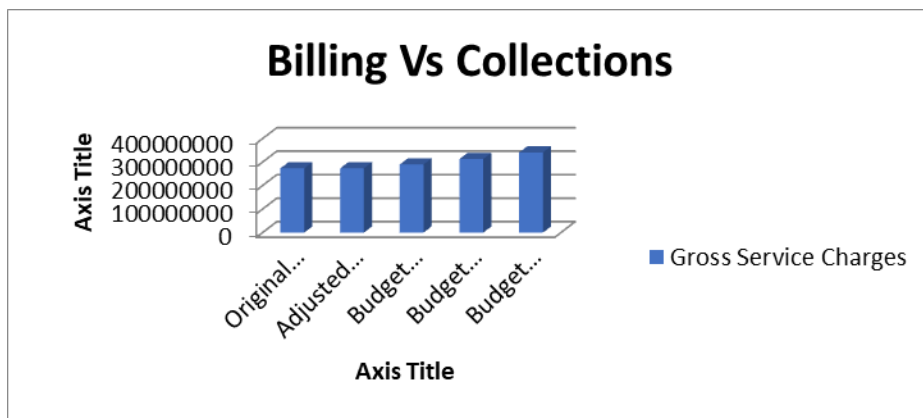
The gross revenue for service charges in original equals to R390.4 million and adjustment budget equals to R390.4 million relating to 2022/23 with interest on outstanding debtors of R20.7 million and R20.7 million resulting in the gross service charges anticipated to be R411.1 million in original budget and R411.1 million in adjustment budget. For the 2023/24 MTREF, the

OR Tambo District Municipality 2023/2024 Final Budget and MTREF

gross revenue for services charges amounts to R433.1 million, R454.6 million and R476.7 million respectively. The anticipated debt impairment for 2023/24 MTREF amounts to R127.5 million, R133.7 million and R140 million respectively. Resulting in the anticipated collections being R305.6 million, R320.8 million and R336.7 million being 71percent in 2023/24, and 71 percent in 2024-25 and 71percent 2024-25 outer years collection rate.

The propose tariff increase is 5.3 percent for residential, 5.3 percent for business and 5.3 percent for government during 2023/24 as per MFMA Circular 122 and 123. The Tariff policy is attached

Graphic illustration of billing vs. collections budgeted for.



Interest received comprises of interest on investments of R30 million and interest on debtors of R22 million. The interest on investments has been constant from adjustment budget to current year budget for prudence since the economy is projected to worsen due to unstable political climate and impact on load shedding.

Other own revenue consists mainly of vat refunds and tender fees

Operating grants and transfers totals R1.1 billion in the 2023/2022 financial year and increases to R1.2 billion by 2024/2025 and to R1.3 billion in 2025/2026. The main item in the operating grants and transfers is the Equitable share amounting to R1.1 billion for 2022/2023, R1.2 billion and R1.2 billion for 2023/2024 and 2024/2025 years respectively.

The filling of critical vacant positions more especially in BTO will address some of the capacity challenges faced by the municipality in collecting the revenue to further increase the revenue base of the municipality in order to decrease the dependency of grants and transfers from the government.

Table 3 Operating Transfers and Grant Receipts

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		844,616	1,097,043	961,690	1,065,213	924,085	924,085	1,133,119	1,196,178	1,260,330
Local Government Equitable Share		836,208	1,088,525	950,445	1,051,671	863,671	863,671	1,124,310	1,194,178	1,258,230
Expanded Public Works Programme Integrated Grant		6,294	6,517	9,245	11,542	11,542	11,542	6,809	-	-
Local Government Financial Management Grant		2,114	2,001	2,000	2,000	2,000	2,000	2,000	2,000	2,100
Municipal Disaster Relief Grant		-	-	-	-	46,872	46,872	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	49,553	49,553	49,553	49,553	52,526	55,678
Specify (Add grant description)		-	-	-	49,553	49,553	49,553	49,553	52,526	55,678
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	844,616	1,097,043	961,690	1,114,766	973,638	973,638	1,182,672	1,248,704	1,316,008

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

The percentage increases of both water purchases from Department of Water Affairs (DWA) are far beyond the mentioned inflation target. Given that this tariff increases are determined by external agencies, the impact they have on the municipality's water rate tariffs and in these tariffs are largely outside the control of the district municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the district municipality's future financial position and viability.

It must also be appreciated that the consumer price index (CPI), as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of water, petrol, diesel, chemicals etc more especially that the petrol price is continuing to increase. The current challenge facing the district municipality in managing the gap between cost drivers and tariffs levied as only 7per cent of consumers are charged for consumption and 93per cent is not charged making it difficult to recover costs and at the same time not increasing the tariffs too much for the 7per cent that are charged. Extending the revenue base of the municipality to bill the peri-urban (where most of development of informal and unregulated housing is done) areas around the city boundaries is underway but there are many public participation processes that are required. The municipality has budgeted for revenue from service changes from peri-urban of R3.7 million in 2023/2024, R3.9 million in 2024/2025 and R4.1 million in 2025/2026.

1.3.1 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply, since demand growth outstrips supply. Review of the level and structure of water tariffs is planned to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

Due to the location and the demographics of the district municipality, the challenge is OR Tambo District Municipality is made up of mostly rural areas. This result in municipality having a huge backlog in providing infrastructure for water and sanitation and the construction of infrastructure is mainly on addressing those backlogs in the rural communities. The overall number of households in the district is over 372 561 of which only 7per cent are in the urban areas of whom the revenue for services is received according to the tariffs. Even households that are in the urban areas, the district has to provide subsidies on services (free basic) due to the indigent status of the households. This presents a challenge because, due to the eradication of backlogs, most of the infrastructures assets are constructed in the rural areas where the household do not pay for the services. Resulting in the value of assets reflected in the financial statement located in rural areas. This means the depreciation of R239.3 million is largely made up of assets that are located in rural areas.

Currently the depreciation is funded and funding of depreciation will assist in better maintenance of infrastructure.

Due to the tough economic climate of our customer base, a tariff increase of 5.3 percent for households, 5.3 percent for business and increase of 5.3 per cent for government from 1 July 2023 for water is proposed. This is based on input cost assumptions of 6 per cent increase in the cost of bulk water by DWA, in addition 6 kℓ water is provided for free to the indigent households.

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

Table 4 Proposed Water Tariffs

Kl	Current Tarriff	Proposed Tariff 2023/24	Proposed Increase	Proposed Tariff 2024/25	Proposed Increase	Proposed Tariff 2025/26	Proposed Increase
Households							
0 - 6lk	7.82	8.24	5.3%	8.64	4.9%	9.05	4.7%
7-10kl	8.89	9.36	5.3%	9.82	4.9%	10.28	4.7%
11-20kl	11.55	12.16	5.3%	12.75	4.9%	13.35	4.7%
21kl to 30kl	14.19	14.94	5.3%	15.67	4.9%	16.41	4.7%
30kl -51kl +	14.19	14.94	5.3%	15.67	4.9%	16.41	4.7%
Business							
0-30kl	15.88	16.72	5.3%	17.54	4.9%	18.36	4.7%
31-40kl	21.55	22.69	5.3%	23.80	4.9%	24.92	4.7%
41-50kl	25.25	26.59	5.3%	27.89	4.9%	29.20	4.7%
51kl +	28.48	29.99	5.3%	31.45	4.9%	32.93	4.7%
Government							
0-30kl	22.06	23.23	5.3%	24.37	4.9%	25.51	4.7%
31-40kl	29.94	31.52	5.3%	33.07	4.9%	34.62	4.7%
41-50kl	35.07	36.93	5.3%	38.74	4.9%	40.56	4.7%
51kl +	39.56	41.66	5.3%	43.70	4.9%	45.75	4.7%

Basic charges are as follows

Category	Current Tarriff	Proposed Tariff 2023/24	Proposed Increase	Proposed Tariff 2024/25	Proposed Increase	Proposed Tariff 2025/26	Proposed Increase
Domestic	56.20	59.18	5.3%	62.08	4.9%	65.00	4.7%
Business	98.89	104.13	5.3%	109.23	4.9%	114.37	4.7%
Government	158.90	167.32	5.3%	175.51	4.9%	183.76	4.7%

1.3.2 Sanitation and Impact of Tariff Increases

A tariff increase of 5.3 percent on households, 5.3 percent on businesses and 5.3 per cent on government for sanitation from 1 July 2023 is proposed. This is based on number of units (toilets) the household/business/government has. The tariff is per toilet facility on the household or business and this is tabulated here-under.

Table 4 Proposed sanitation tariffs

Category	Current Tarriff	Proposed Tariff 2023/24	Proposed Increase	Proposed Tariff 2024/25	Proposed Increase	Proposed Tariff 2025/26	Proposed Increase
Domestic	39.43	41.52	5.3%	43.55	4.9%	45.60	4.7%
Business	72.19	76.02	5.3%	79.74	4.9%	83.49	4.7%
Government	133.73	140.81	5.3%	147.71	4.9%	154.66	4.7%

1.3.3 Overall impact of tariff increases on households

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The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services. This shows that for the household, the average bill for water and sanitation per month for the middle income range amounts to R173. This depends on the consumptions as more the consumption, the more the bill. This is only an average for water and sanitation only as other services are not offered by the district municipality. For Indigent, the subsidy offered per month amount to R169 and also depending on the consumption because, if indigent households consumes more than 6kl, the from 7kl upwards, the household is charged.

Table 5 MBRR Table SA14 – Household bills

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24 % incr.	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy		51.72	54.04	17.00	56.20	56.20	56.20	5.3%	59.17	62.08	65.00
Water: Consumption		10.63	11.11	11.55	11.55	11.55	11.55	5.3%	12.16	12.75	13.35
Sanitation		88.01	91.97	95.65	95.65	95.65	95.65	5.3%	100.71	105.65	110.62
Refuse removal											
Other											
sub-total		150.36	157.12	124.20	163.40	163.40	163.40	5.3%	172.04	180.48	188.97
VAT on Services											
Total large household bill:		150.36	157.12	124.20	163.40	163.40	163.40	5.3%	172.04	180.48	188.97
% increase/-decrease			4.5%	(21.0%)	31.6%	-	-	5.3%	5.3%	4.9%	4.7%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy		51.72	54.04	56.20	56.20	56.20	56.20	5.3%	59.17	62.07	65.00
Water: Consumption		8.18	8.55	8.89	8.89	8.89	8.89	5.3%	9.36	9.82	10.28
Sanitation		88.01	91.97	95.65	95.65	95.65	95.65	5.3%	100.71	105.65	110.62
Refuse removal											
Other											
sub-total		147.91	154.56	160.74	160.74	160.74	160.74	5.3%	169.24	177.54	185.90
VAT on Services											
Total small household bill:		147.91	154.56	160.74	160.74	160.74	160.74	5.3%	169.24	177.54	185.90
% increase/-decrease			4.5%	4.0%	-	-	-	5.3%	5.3%	4.9%	4.7%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy		51.72	51.72	56.20	56.20	56.20	56.20	5.3%	59.17	62.07	65.00
Water: Consumption		7.20	7.52	7.82	7.82	7.82	7.82	5.2%	8.23	8.64	9.04
Sanitation		88.01	91.97	95.65	95.65	95.65	95.65	5.3%	100.71	105.65	110.62
Refuse removal											
Other											
sub-total		146.93	151.21	159.67	159.67	159.67	159.67	5.3%	168.11	176.36	184.66
VAT on Services											
Total small household bill:		146.93	151.21	159.67	159.67	159.67	159.67	5.3%	168.11	176.36	184.66
% increase/-decrease			2.9%	5.6%	-	-	-	5.3%	5.3%	4.9%	4.7%

1.3.4 mSCOA Compliance

mSCOA is a multi-dimensional recording and reporting system across seven segments. Function or sub-function (GFS votes structure) Item (asset, liability, revenue, expenditure, etcetera) Funding source (rates, services charges, grants, loans, etcetera), Region (wards,

whole municipality, head office), costing. National Treasury introduced the mSCOA in order to standardize and intergrate the municipal activities in order to enhance the comparability, transparency of informantion for better planning, implementation and reporting.

National Treasury requires that the municipalities be able to transact live to mSCOA by 01 July 2017 with the accounting system recognized and accredited by NT. Monthly data strings are generated and uploaded to LG database.

Governance documentation is in place and an mSCOA audit file is maintained. Costing methodology has been developed and a costing policy drafted that was tabled to council in March 2018. Business processes were developed. Transacting is smooth

Challenges faced in mSCOA

Since mSCOA is a huge reform, there are many areas that totally changed and these are the challenges encountered in implementing mSCOA.

Change Management

The reform seeks to integrate all the processes and activities of the municipality forcing intergration and interdependency. Change management is still a challange. There are some resistances in this change as the IDP and budget is perceived as for the IDP section and the Budget and Treasury office tools.

Handling large volume of data

Quantity of data to be handled, structured and configured resulted in a number of errors identified. But these are being managed.

IT related limitations

We had huge challenges on the support of our vendor (BCX) for the mSCOA software. The compliance of NT circulars is a challenge even the huge reform of drafting of A1 schedule from the system has been a headache with some errors in the budget table processed by the system. This has also created problems such as non-submission of documents and data strings.

Futher training on use of new mSCOA compliant system is still required. Replacement of IT equipment (servers, computers etc) that are compatible with the mSCOA system.

Intergration with entity

There is a challenge in integrating the ledger of the municipality with the entity resulting in integration of data strings not implemented at the moment. Processes of integration are in progress with both vendors of the district and the entity striving to integrate. The Draft budget uploaded is consolidated and the strings are also consolidated.

1.4 Operating Expenditure Framework

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

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

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

Table 6 Summary of operating expenditure by standard classification item

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1										
Expenditure											
Employee related costs	2	673,563	767,593	734,154	740,534	740,534	740,534	564,880	770,920	809,137	845,448
Remuneration of councillors		20,621	19,653	19,056	24,229	24,329	24,329	17,114	25,514	26,764	28,022
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	8	12	44	29,608	68,245	68,245	68,245	-	81,146	83,375	86,139
Debt impairment	3	76,722	19,620	77,181	120,290	105,290	105,290	-	127,508	133,755	140,042
Depreciation and amortisation		314,068	355,519	262,794	190,461	170,461	170,461	159,829	239,349	245,197	253,500
Interest		505	544	5,523	-	-	-	1,485	-	-	-
Contracted services		157,823	177,889	127,495	95,413	136,268	136,268	87,645	157,453	168,378	176,089
Transfers and subsidies		83,468	103,642	61,343	58,773	62,227	62,227	44,291	67,113	70,947	74,964
Irrecoverable debts written off		10,767	19,587	12,667	-	-	-	30	-	-	-
Operational costs		228,919	223,688	234,830	153,741	193,691	193,691	156,768	212,407	210,626	220,424
Losses on disposal of Assets		22,005	-	(13,546)	109	109	109	-	100	105	115
Other Losses		-	-	26,982	-	-	-	-	-	-	-
Total Expenditure		1,588,472	1,687,780	1,578,088	1,451,795	1,501,153	1,501,153	1,032,043	1,681,510	1,748,284	1,824,744

The budgeted allocation for employee related costs for the 2023/2024 financial year totals R796.4 million, which equals 47 per cent of the total operating expenditure. Norm recommended in MFMA circular 71 is between 25 percent to 40 per cent, this is just within the norm. Constraints by the municipality is required in this aspect and plans to curb the escalation of employee costs are in progress with a planned review of the structure and skills audit for utilisation of untapped skills inside. The net increase between the adjustment budget and budget under consideration equals to 4 per cent. This is mainly due to the increment of 5.3 per cent being projected and the budgeting for the filling of critical vacant posts, increase in benefits due to employment on permanent basis of temporal workers and the provision for notch. An annual increase of 4.9 percent in 2024/2025 and 4.7 percent has been included in 2025/2026.

The district municipality decided to increase the salaries by 5.3 per cent as recommended by circular 123 as per CPI. It should be noted that the total financial implication could not be determined.

The district municipality undertook the Separations of Powers program where there will be significant increase in the council portfolio committees hence increase in the council remuneration costs and the councillors remunerations are budgeted under the upper limits of public office bearers in grand 5 municipality. 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 taken into account in compiling the district municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 68.1 per cent. For the 2023/2024 financial year this amount equates to R127.5 million and increases to R133.7 million by 2024/2025 with an increase to R140 million in 2025/2026. The increase from adjustment budget of R105.2 million to R127.2. million in 2023/24 is in anticipation of difficulty in consumers to pay due to the economic downturn as a result of load shedding. This will affect negatively the collection rate. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management and Accounting Policies. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R239.3 million for the 2023/2024 financial and equates to 14 per cent of the total operating expenditure.

The depreciation has been funded and this will assist in the renewal of assets in the future should the need arise.

Bulk purchases are directly informed by the purchase of water from DWA. The annual price increases have been factored into the budget appropriations directly inform the revenue provisions. The expenditures include distribution losses

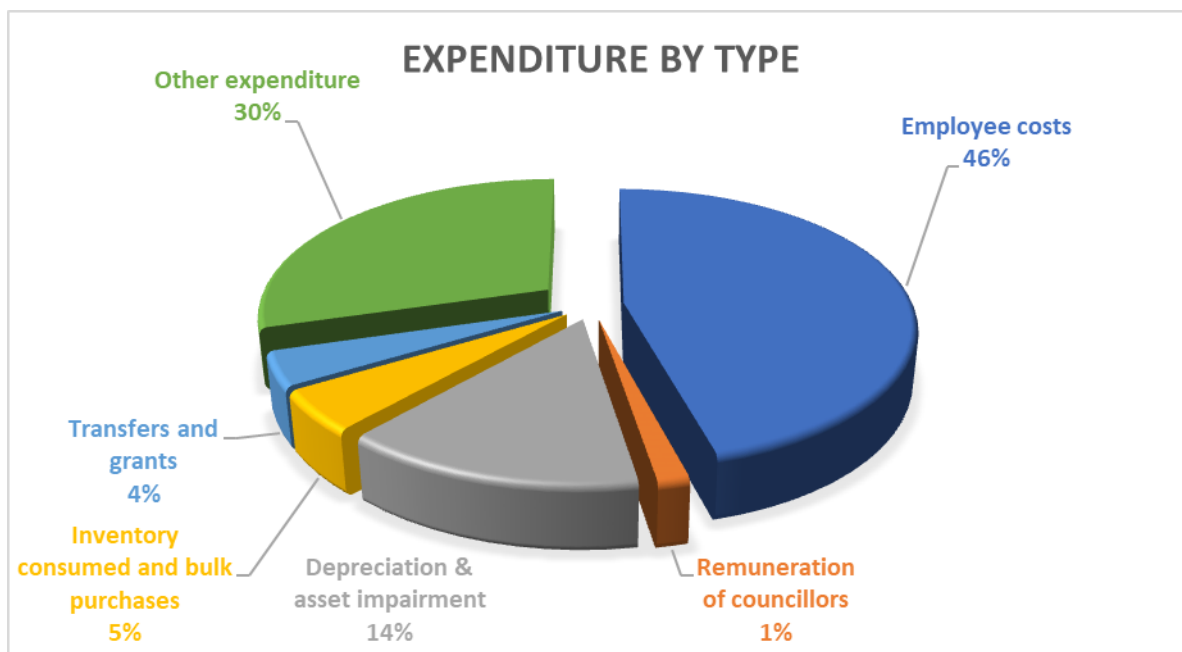
Other materials comprises of inventory materials.

Contracted services expenditure totals R157.4 million which is made up of contracts with the security company, consultants on professional and other contracted services like catering, hire charges, maintenance, repair of water and sanitation infrastructure and roads, repair of computers, repair of municipal buildings and repair of motor vehicles.

Grants and Transfers is R67.1 million which is made up of transfers by Ntinga Development Agency to the projects, monetary and non-monetary support to the local municipalities and community programs and projects .The expenditure will increase by 6 percent in 2024-2025 and increase by 6 per cent in 2025/2026.

Other expenditure comprises of various line items relating to the daily operations of the municipality. **Further detailed list will be provided at the end of this document.**

The following table gives a breakdown of the main expenditure categories for the 2023/2024 financial year.



The chart above indicates the main operational expenditure categories as a percentage of the total budget for the 2023/2024 financial year

1.4.1 Priority given to repairs and maintenance

During the compilation of the 2023/2024 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the district municipality's infrastructure and historic deferred maintenance. Due to high creditors and commitments from 2022/2023 going to 2023/2024 Repairs and maintenance has increased by 229 per cent in the 2023/2024 financial year, from R22.1 million to R72.9 million and increased by 4 per cent in in 2024/2025.

The percentage of R&M in relation to Total operating Expenditure is 4 per cent. The norm that National Treasury recommends is 8per cent of repairs and maintenance to total operating expenditure. The operating and maintenance includes the items which are classified under the general expenditure and not in the repairs but they form part of the operating and maintenance. The items included in the general expenditure are :

- Water purification chemicals amounting to R16 million
- Electricity on water schemes – R55 million

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When the above items which form part of operating and maintenance are included, the total amount of O&M amounts to R143.9 million which is 8.56 per cent of the total operating expenditure which is above the recommended norm more over depreciation of R239.3 million is budgeted for which sets aside funds for planning for the future maintenance of the infrastructure.

Since MIG is considered capital grant, all the expenditure budgeted for under MIG would form part of capital expenditure even though these don't meet the criteria of capital expenditure. In the district municipality, there are projects that are awarded for the construction of sanitation VIP toilets in the rural areas under MIG. The expenditure is not recognised as capital under GRAP.

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

Table 7 Repairs and maintenance per asset class

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1									

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Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	49,007	74,389	13,265	12,300	59,222	59,222	64,342	72,495	75,667
Roads Infrastructure	1,425	4,114	460	300	300	300	2,000	2,098	2,197
Roads	1,425	4,114	460	300	300	300	2,000	2,098	2,197
Road Structures									
Road Furniture									
Capital Spares									
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Drainage Collection									
Storm water Conveyance									
Attenuation									
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
Power Plants									
HV Substations									
HV Switching Station									
HV Transmission Conductors									
MV Substations									
MV Switching Stations									
MV Networks									
LV Networks									
Capital Spares									
Water Supply Infrastructure	24,951	67,590	9,957	1,500	50,522	50,522	48,342	50,711	53,094
Dams and Weirs	-	-	-	-	-	-	-	-	-
Boreholes	873	1,076	-	-	800	800	2,000	2,098	2,197
Reservoirs	777	-	-	-	-	-	1,000	1,049	1,098
Pump Stations	-	1,179	4,224	-	-	-	5,000	5,245	5,492
Water Treatment Works	-	-	28	-	46,672	46,672	30,342	31,829	33,325
Bulk Mains									
Distribution	23,301	65,335	5,705	1,500	3,050	3,050	10,000	10,490	10,983
Distribution Points									
PRV Stations									
Capital Spares	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	22,631	2,684	2,848	8,500	8,400	8,400	14,000	19,686	20,376
Pump Station	10,438	2,684	1,264	-	-	-	6,000	6,294	6,590
Reticulation	841	-	-	1,500	-	-	-	5,000	5,000
Waste Water Treatment Works	-	-	-	-	-	-	3,000	3,147	3,295
Outfall Sewers									
Toilet Facilities	11,352	-	1,584	7,000	8,400	8,400	5,000	5,245	5,492
Capital Spares									
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Landfill Sites									
Waste Transfer Stations									
Waste Processing Facilities									
Waste Drop-off Points									
Waste Separation Facilities									
Electricity Generation Facilities									

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Other assets		6,064	3,306	2,950	3,172	3,172	3,172	2,660	2,802	2,926
Operational Buildings		6,064	3,306	2,950	3,172	3,172	3,172	2,660	2,802	2,926
Municipal Offices		6,064	3,306	2,950	3,111	3,111	3,111	2,630	2,769	2,896
Pay/Enquiry Points										
Building Plan Offices		-	-	-	30	30	30	-	-	-
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots		-	-	-	30	30	30	30	33	30
Capital Spares										
Housing		-	-	-	-	-	-	-	-	-
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets										
Intangible Assets		5,252	5,286	6,983	3,500	3,250	3,250	3,250	3,396	3,549
Servitudes										
Licences and Rights		5,252	5,286	6,983	3,500	3,250	3,250	3,250	3,396	3,549
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications		5,252	5,286	6,983	3,500	3,250	3,250	3,250	3,396	3,549
Load Settlement Software Applications										
Unspecified										
Computer Equipment		288	522	-	-	-	-	-	-	-
Computer Equipment		288	522	-	-	-	-	-	-	-
Furniture and Office Equipment		204	111	365	500	350	350	150	157	165
Furniture and Office Equipment		204	111	365	500	350	350	150	157	165
Machinery and Equipment		226	281	110	278	278	278	133	146	161
Machinery and Equipment		226	281	110	278	278	278	133	146	161
Transport Assets		1,321	1,190	1,572	2,415	2,015	2,015	2,400	2,518	2,636
Transport Assets		1,321	1,190	1,572	2,415	2,015	2,015	2,400	2,518	2,636
Land		-	-	-	-	-	-	-	-	-
Land										
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Living resources		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Policing and Protection										
Zoological plants and animals										
Immature		-	-	-	-	-	-	-	-	-
Policing and Protection										
Zoological plants and animals										
Total Repairs and Maintenance Expenditure	1	62,362	85,085	25,245	22,165	68,287	68,287	72,935	81,514	85,104

For the 2022/2023 financial year, 88 per cent or R64.3 million of total repairs and maintenance will be spent on water and sanitation infrastructure assets. Other assets (computer repairs, building repairs and vehicle repairs) has been allocated R8.6 million equating to 12 per cent to total repairs.

1.4.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the district municipality's Indigent Policy. The target is to register more indigent households during the 2023/2024 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement

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

Since the district municipality is comprised of deeply rural areas, the large quantities of processed water form part of free basic services as the cost will not be recovered since the access to water in rural communities is mainly use of public taps (minimum service levels).

Out of the households in the district, only 7per cent households live in towns and pay for the services rendered being water and sanitation. Even in the 7per cent there are households that are registered as indigent. Then 93per cent households do not pay for services rendered and form part of free basic services. To eradicate backlogs, projects funded by Municipal Infrastructure Grant (MIG) are mainly constructed in these rural areas and a large portion of water is supplied to the areas leaving only less than 7per cent of total household paying for the water and sanitation. Cost recovery in these circumstances is difficult to maintain and the municipality is constantly reliant on grant funding.

1.5 Capital expenditure

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

Table 8 2021/2022 Medium-term capital budget per vote

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1										

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Capital Expenditure - Functional											
Governance and administration		5,493	5,210	747	1,500	4,550	4,550	184	27,250	28,497	29,791
Executive and council		590	–	–	–	–	–	–	–	–	–
Finance and administration		4,903	5,210	747	1,500	4,550	4,550	184	27,250	28,497	29,791
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		1,400	249	906	49,200	49,000	49,000	30,112	199,503	37,200	19,056
Community and social services		–	249	–	–	–	–	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	1,000	1,000	1,000	–	17,000	17,833	18,671
Housing		1,371	0	906	48,000	48,000	48,000	30,112	182,503	19,367	384
Health		29	–	–	200	–	–	–	–	–	–
Economic and environmental services		10,045	25,256	890	65,416	65,416	65,416	7,869	14,650	15,354	16,069
Planning and development		–	2,361	–	55,673	55,673	55,673	–	–	–	–
Road transport		10,045	22,895	890	9,743	9,743	9,743	7,869	14,650	15,354	16,069
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		51,447	40,559	845	988,231	693,632	693,632	379,370	1,024,704	1,269,702	1,362,948
Energy sources		–	–	–	–	–	–	–	–	–	–
Water management		51,447	40,559	845	988,231	693,632	693,632	379,370	1,024,704	1,269,702	1,362,948
Waste water management		–	–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	68,384	71,274	3,389	1,104,347	812,598	812,598	417,535	1,266,106	1,350,753	1,427,863
Funded by:											
National Government		67	1,273	504	1,031,274	736,072	736,072	403,600	1,190,909	1,271,959	1,345,412
Provincial Government		–	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	55,673	55,673	55,673	–	–	–	–
Transfers and subsidies - capital (money allocations) (Nat / Prov)		–	–	–	–	–	–	–	–	–	–
Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	67	1,273	504	1,086,947	791,745	791,745	403,600	1,190,909	1,271,959	1,345,412
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		68,317	70,001	2,885	17,400	20,853	20,853	13,935	75,197	78,794	82,451
Total Capital Funding	7	68,384	71,274	3,389	1,104,347	812,598	812,598	417,535	1,266,106	1,350,753	1,427,863

For 2023/2024 an amount of R1 billion has been appropriated for the development of infrastructure which represents 95 percent of the total capital budget which will increase in 2024/2025 to R1.2 billion then increase to R1.3 billion in 2025/26. Asset Renewal amount to R4 million, R4.2 million and R4.4 million for MTREF which relates to infrastructure,.

Total new assets represent 95 per cent or R1 billion of the total capital budget while asset renewal equates to 5 percent or R6.2 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 18 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

Capital expenditure is mainly comprised of :-

New Assets -

- **Municipal Infrastructure Grant** - **R764.7 million**
- **Regional Bulk Infrastructure Grant** - **R160.8 million**
- **Water Services Infrastructure Grant** - **R80 million**
- **Motor Vehicles** - **R7 million**
- **Network Infrastructure upgrade** - **R20 million**
- **Fire Fighting Equipment** - **R17 million**

- **Disaster facilities** - **R9.4 million**
- **Furniture & Office Equipment** - **R2 million**
- **Smart Meters** - **R2.5 million**

Asset Renewal (replacement) –

- **Water Pump Stations** - **R1.5 million**
- **Element of Treatment Works** - **R2 million**
- **Borehole Exploration and development** - **R3.1 million**

Capital Expenditure is funded by
Conditional Grants being:-

- Municipal Infrastructure Grant – R 764.7 million
- Water Services Infrastructure grant - R 80 million
- Regional Bulk Infrastructure Grant - R160.8 million

1.6 Annual Budget Tables - Consolidation

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

OR Tambo District Municipality 2023/2024 Final Budget and MTREF
Table 9 MBRR Table A1 - Budget Summary

Description	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousands										
Financial Performance										
Property rates	—	—	—	—	—	—	—	—	—	—
Service charges	274,834	300,164	303,753	390,448	390,448	390,448	237,340	411,142	431,288	451,558
Investment revenue	26,822	15,462	10,790	6,500	30,000	30,000	31,091	30,000	31,470	32,949
Transfers recognised - operational	844,616	1,097,043	961,690	1,114,766	973,638	973,638	1,062,751	1,182,672	1,248,704	1,316,008
Other own revenue	29,256	27,741	56,717	184,698	184,628	184,628	36,153	189,367	198,311	218,427
Total Revenue (excluding capital transfers and contributions)	1,175,529	1,440,410	1,332,950	1,696,412	1,578,714	1,578,714	1,367,335	1,813,181	1,909,773	2,018,942
Employee costs	673,563	767,593	734,154	740,534	740,534	740,534	564,880	770,920	809,137	845,448
Remuneration of councillors	20,621	19,653	19,056	24,229	24,329	24,329	17,114	25,514	26,764	28,022
Depreciation & asset impairment	314,068	355,519	262,794	190,461	170,461	170,461	159,829	239,349	245,197	253,500
Finance charges	505	544	5,523	—	—	—	1,485	—	—	—
Inventory consumed and bulk purchases	12	44	29,608	68,245	68,245	68,245	—	81,146	83,375	86,139
Transfers and grants	83,468	103,642	61,343	58,773	62,393	62,393	44,291	67,113	70,947	74,964
Other expenditure	496,236	440,784	465,609	369,553	432,386	432,386	244,443	497,467	512,865	536,671
Total Expenditure	1,588,472	1,687,780	1,578,088	1,451,795	1,498,348	1,498,348	1,032,043	1,681,510	1,748,284	1,824,744
Surplus/(Deficit)	(412,943)	(247,370)	(245,138)	244,617	80,366	80,366	335,292	131,671	161,489	194,198
Transfers recognised - capital	848,889	637,189	561,566	1,031,274	736,072	736,072	—	1,190,909	1,271,959	1,345,412
Contributions recognised - capital & contributed assets	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	435,945	389,819	316,428	1,275,891	816,438	816,438	335,292	1,322,579	1,433,448	1,539,610
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	435,945	389,819	316,428	1,275,891	816,438	816,438	335,292	1,322,579	1,433,448	1,539,610
Capital expenditure & funds sources	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Capital expenditure	68,384	71,274	3,389	1,104,347	812,499	812,499	417,535	1,266,106	1,350,753	1,427,863
Transfers recognised - capital	67	1,273	504	1,031,274	736,072	736,072	403,600	1,190,909	1,271,959	1,345,412
Public contributions & donations	—	—	—	55,673	55,673	55,673	—	—	—	—
Borrowing	—	—	—	—	—	—	—	—	—	—
Internally generated funds	68,317	70,001	2,885	17,400	20,754	20,754	13,935	75,197	78,794	82,451
Total sources of capital funds	68,384	71,274	3,389	1,104,347	812,499	812,499	417,535	1,266,106	1,350,753	1,427,863
Financial position	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Total current assets	837,538	840,922	820,249	590,874	614,374	614,374	1,281,813	924,544	987,217	1,136,676
Total non current assets	6,862,690	7,151,811	7,252,429	6,378,515	5,603,465	5,603,465	7,598,366	7,717,973	7,329,768	7,582,761
Total current liabilities	1,211,171	1,266,888	1,185,038	639,310	344,808	344,808	1,682,078	573,464	678,606	757,179
Total non current liabilities	—	(7,427)	(3,308)	—	—	—	(3,308)	—	—	—
Community wealth/Equity	6,581,640	6,826,725	6,884,259	6,360,794	5,912,316	5,912,316	7,286,929	8,106,010	7,680,416	8,008,163
Cash flows	—	—	—	—	—	—	—	—	—	—
Net cash from (used) operating	—	343,594	91,419	1,243,326	1,266,826	1,266,826	51,699	1,507,219	1,440,153	1,526,222
Net cash from (used) investing	(405)	285,088	(1,287)	(1,098,877)	(1,104,347)	(1,104,347)	(417,496)	(1,260,021)	(1,350,753)	(1,427,863)
Net cash from (used) financing	(547)	(528)	—	—	—	—	—	(84)	(4)	(4)
Cash/cash equivalents at the year end	269,177	951,110	487,535	181,049	199,079	199,079	(365,796)	499,327	588,723	687,077
Cash backing/surplus reconciliation	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Cash and investments available	322,956	366,317	383,801	161,267	184,767	184,767	755,584	499,327	588,723	687,077
Application of cash and investments	801,294	(39,128)	264,944	49,647	(244,855)	(244,855)	152,738	122,708	216,388	239,934
Balance - surplus (shortfall)	(478,338)	405,445	118,857	111,620	429,622	429,622	602,846	376,618	372,335	447,143
Asset management	—	—	—	—	—	—	—	—	—	—
Asset register summary (WDV)	5,271,125	5,383,347	4,955,146	6,190,787	5,898,939	5,898,939	5,899,038	6,286,188	6,305,552	6,305,582
Depreciation & asset impairment	314,068	355,519	262,794	190,461	170,461	170,461	170,461	239,349	245,197	253,500
Renewal of Existing Assets	3,361	2,388	170	—	500	500	500	6,250	6,556	6,864
Repairs and Maintenance	62,362	85,085	25,245	22,165	68,287	68,287	68,238	72,935	81,514	85,104
Free services	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Cost of Free Basic Services provided	577,492	—	—	687,802	687,802	687,802	687,802	729,070	—	—
Revenue cost of free services provided	—	—	—	—	—	—	—	—	—	—
Households below minimum service level	—	—	—	—	—	—	—	—	—	—
Water:	177	190	185	202	202	202	202	202	200	200
Sanitation/sewerage:	63	60	57	57	57	57	57	57	56	52
Energy:	—	—	—	—	—	—	—	—	—	—
Refuse:	—	—	—	—	—	—	—	—	—	—

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the district municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating has a surplus of R131.6 million in 2023/2024 and surplus of R161.4 million and surplus of R194.1 million in two outer years respectively over the MTREF
 - b. Capital expenditure is funded by grant transfers and own revenue of which
 - i. 60 per cent (R764.7. million) is MIG allocation
 - ii. 6.3 per cent (R80 million) is Water Services infrastructure grant
 - iii. 12.70 per cent (R160.8 million) is Bulk Infrastructure grant
 - iv. 14 per cent (R182.1 million) is Human Settlements grant
 - v. 0.2 per cent(R3.1 million) is rural roads asset management grant
 - vi. 5.9 per cent (R75.3 million) other assets in capital expenditure are funded by the VAT.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

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

Functional Classification Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		867,651	1,024,007	985,968	635,381	580,370	580,370	655,934	680,388	712,359
Executive and council		1,117	856	1,463	163,247	163,007	163,007	186,689	190,872	199,843
Finance and administration		866,534	1,023,151	984,505	463,370	408,600	408,600	459,639	479,439	501,966
Internal audit		-	-	-	8,764	8,764	8,764	9,606	10,077	10,550
<i>Community and public safety</i>		16,972	-	-	175,662	173,662	173,662	332,125	176,321	164,716
Community and social services		4,201	-	-	46,403	46,530	46,530	51,373	53,890	56,423
Sport and recreation		-	-	-	5,663	5,598	5,598	5,936	6,227	6,520
Public safety		-	-	-	31,180	31,230	31,230	45,400	47,624	49,863
Housing		12,771	-	-	65,696	65,696	65,696	202,389	40,228	22,225
Health		-	-	-	26,720	24,608	24,608	27,028	28,352	29,685
<i>Economic and environmental services</i>		9,406	9,457	10,418	206,694	207,494	207,494	212,021	216,997	231,513
Planning and development		6,294	6,517	10,418	178,390	178,690	178,690	177,050	180,441	193,246
Road transport		3,112	2,940	-	18,926	18,926	18,926	25,784	27,034	28,298
Environmental protection		-	-	-	9,378	9,878	9,878	9,187	9,521	9,969
<i>Trading services</i>		1,130,389	1,044,135	898,130	1,705,375	1,348,686	1,348,686	1,798,897	2,102,664	2,250,152
Energy sources		-	-	-	-	-	-	-	-	-
Water management		1,130,389	1,044,135	898,130	1,705,375	1,348,686	1,348,686	1,798,897	2,102,664	2,250,152
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	4,574	4,574	4,574	5,112	5,362	5,614
Total Revenue - Functional	2	2,024,418	2,077,599	1,894,516	2,727,686	2,314,786	2,314,786	3,004,089	3,181,732	3,364,354
Expenditure - Functional										
<i>Governance and administration</i>		520,234	596,038	525,463	483,823	507,734	507,734	547,547	559,636	585,978
Executive and council		225,421	199,745	161,441	174,789	171,844	171,844	193,498	190,872	199,843
Finance and administration		287,216	388,367	355,090	300,270	327,126	327,126	344,443	358,687	375,585
Internal audit		7,598	7,926	8,931	8,764	8,764	8,764	9,606	10,077	10,550
<i>Community and public safety</i>		111,377	109,061	103,374	126,462	124,602	124,602	132,623	139,121	145,660
Community and social services		38,428	43,064	37,385	46,403	46,624	46,624	51,373	53,890	56,423
Sport and recreation		5,625	4,614	2,735	5,663	5,939	5,939	5,936	6,227	6,520
Public safety		26,523	28,806	29,325	30,180	30,273	30,273	28,400	29,791	31,192
Housing		26,304	11,351	12,805	17,696	17,636	17,636	19,886	20,861	21,841
Health		14,498	21,226	21,125	26,520	24,129	24,129	27,028	28,352	29,685
<i>Economic and environmental services</i>		169,850	150,142	109,291	193,510	194,210	194,210	252,525	262,910	272,239
Planning and development		131,739	127,809	97,055	174,949	177,289	177,289	232,203	241,709	250,041
Road transport		18,261	11,323	4,404	9,183	9,183	9,183	11,135	11,680	12,229
Environmental protection		19,850	11,009	7,831	9,378	7,738	7,738	9,187	9,521	9,969
<i>Trading services</i>		875,828	892,162	828,773	658,608	690,981	690,981	768,012	810,645	848,510
Energy sources		-	-	-	-	-	-	-	-	-
Water management		875,828	892,162	828,773	658,608	690,981	690,981	768,012	810,645	848,510
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	3,765	2,743	1,899	4,574	4,674	4,674	5,112	5,362	5,614
Total Expenditure - Functional	3	1,681,055	1,750,147	1,568,799	1,466,977	1,522,201	1,522,201	1,705,819	1,777,675	1,858,001
Surplus/(Deficit) for the year		343,362	327,452	325,717	1,260,709	792,585	792,585	1,298,270	1,404,057	1,506,353

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

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 12 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for Water and Waste water functions. As already noted above, the municipality depends on government grants as there is a huge backlog of services, the municipality will be undertaking to endeavour in increasing the revenue collection more especially in water services so as to be able to finance the

OR Tambo District Municipality 2023/2024 Final Budget and MTREF

depreciation of assets and explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

3.

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

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
Revenue by Vote	1									
Vote 01 - Council & Committees		1,117	856	1,463	177,781	177,781	177,781	203,755	208,392	218,322
Vote 02 - Finance & Administration		866,534	1,023,151	984,505	459,310	404,299	404,299	453,980	473,781	495,903
Vote 03 - Planning & Development		6,294	6,517	10,418	84,486	84,786	84,786	86,836	84,493	89,147
Vote 04 - Health		-	-	-	26,720	24,608	24,608	27,028	28,352	29,685
Vote 05 - Community & Social Services		-	-	-	19,931	19,587	19,587	21,478	22,530	23,589
Vote 06 - Housing		12,771	-	-	65,696	65,696	65,696	202,389	40,228	22,225
Vote 07 - Public Safety		4,201	-	-	57,653	58,174	58,174	75,295	78,984	82,697
Vote 08 - Sports & Recreation		-	-	-	5,663	5,598	5,598	5,936	6,227	6,520
Vote 09 - Environmental		-	-	-	9,378	9,878	9,878	9,187	9,521	9,969
Vote 10 - Roads		3,112	2,940	-	18,926	18,926	18,926	25,784	27,034	28,298
Vote 11 - Water		1,130,389	1,044,135	898,130	1,705,375	1,348,686	1,348,686	1,798,897	2,102,664	2,250,152
Vote 12 - Tourism		-	-	-	4,574	4,574	4,574	5,112	5,362	5,614
Vote 13 - Development Agency		-	-	-	92,194	92,194	92,194	88,414	94,163	102,233
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	2,024,418	2,077,599	1,894,516	2,727,686	2,314,786	2,314,786	3,004,089	3,181,732	3,364,354
Expenditure by Vote to be appropriated	1									
Vote 01 - Council & Committees		238,548	225,894	235,564	189,323	191,478	191,478	210,564	208,392	218,322
Vote 02 - Finance & Administration		283,694	372,759	291,738	296,210	317,966	317,966	338,784	353,132	369,634
Vote 03 - Planning & Development		129,732	125,194	95,216	72,944	75,284	75,284	80,027	84,493	89,147
Vote 04 - Health		14,498	21,226	21,125	26,520	24,129	24,129	27,028	28,352	29,685
Vote 05 - Community & Social Services		10,133	11,052	9,829	19,931	19,681	19,681	21,478	22,530	23,589
Vote 06 - Housing		26,304	11,351	12,805	17,696	17,636	17,636	19,886	20,861	21,841
Vote 07 - Public Safety		54,818	60,817	56,881	56,653	57,217	57,217	58,295	61,151	64,025
Vote 08 - Sports & Recreation		5,625	4,614	2,735	5,663	5,939	5,939	5,936	6,227	6,520
Vote 09 - Environmental		19,850	11,009	7,831	9,378	7,738	7,738	9,187	9,521	9,969
Vote 10 - Roads		18,261	11,323	4,404	9,183	9,183	9,183	11,135	11,680	12,229
Vote 11 - Water		875,828	892,162	828,773	658,608	690,981	690,981	768,012	810,645	848,510
Vote 12 - Tourism		3,765	2,743	1,899	4,574	4,674	4,674	5,112	5,362	5,614
Vote 13 - Development Agency		-	-	-	100,295	100,295	100,295	150,376	155,326	158,916
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	1,681,055	1,750,147	1,568,799	1,466,977	1,522,201	1,522,201	1,705,819	1,777,675	1,858,001
Surplus/(Deficit) for the year	2	343,362	327,452	325,717	1,260,709	792,585	792,585	1,298,270	1,404,057	1,506,353

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

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

Table 12 Surplus/ (Deficit) calculations for the trading services

Description	Current Year 2022/23		2023/2024 Medium Term Revenue & Expenditure Framework		
R thousands	Original Budget	Adjusted Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Water					
Revenue (including capital grants and transfers)	1,705,374,622	1,348,685,801	1,798,897,240	2,110,083,451	2,272,397,690
Operating Expenditure	658,607,675	693,984,078	768,012,365	810,644,974	848,510,291
Surplus/(Deficit) for the year	1,046,766,947	654,701,723	1,030,884,875	1,299,438,477	1,423,887,399
Percentage Surplus	61%	49%	57%	62%	63%

- The Water Services trading surplus is 61 per cent in 2022/2023 and in 2023/2024 being 57 per cent and increased to 62 per cent and decreased to 63 per cent in two outer years respectively.
- The surplus on the water account remains relatively constant over the MTREF Table 13

OR Tambo District Municipality 2023/2024 Final Budget and MTREF
MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1										
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	218,010	239,824	241,297	266,434	266,434	266,434	181,453	280,555	294,302	308,135
Service charges - Waste Water Management	2	56,824	60,340	62,456	124,014	124,014	124,014	55,886	130,587	136,985	143,424
Service charges - Waste Management	2	-	-	-	-	-	-	-	-	-	-
Sale of Goods and Rendering of Services		-	-	3,067	30,935	30,935	30,935	-	38,520	41,279	46,180
Agency services		-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		27,545	24,971	32,878	20,750	20,750	20,750	34,311	22,030	23,349	25,207
Interest earned from Current and Non Current Assets		26,822	15,462	10,790	6,500	30,000	30,000	31,091	30,000	31,470	32,949
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		37	7	34	3,295	3,225	3,225	-	40	42	44
Licence and permits		-	-	-	-	-	-	-	-	-	-
Operational Revenue		558	721	203	8,448	8,448	8,448	151	231	244	259
Non-Exchange Revenue											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Surcharges and Taxes		1,117	1,991	1,595	121,270	121,270	121,270	1,691	128,546	133,397	146,736
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		844,616	1,097,043	961,690	1,114,766	973,638	973,638	1,062,751	1,182,672	1,248,704	1,316,008
Interest		-	-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	50	18,941	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		1,175,529	1,440,410	1,332,950	1,696,412	1,578,714	1,578,714	1,367,335	1,813,181	1,909,773	2,018,942
Expenditure											
Employee related costs	2	673,563	767,593	734,154	740,534	740,534	740,534	564,880	770,920	809,137	845,448
Remuneration of councillors		20,621	19,653	19,056	24,229	24,329	24,329	17,114	25,514	26,764	28,022
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	8	12	44	29,608	68,245	68,245	68,245	-	81,146	83,375	86,139
Debt impairment	3	76,722	19,620	77,181	120,290	105,290	105,290	-	127,508	133,755	140,042
Depreciation and amortisation		314,068	355,519	262,794	190,461	170,461	170,461	159,829	239,349	245,197	253,500
Interest		505	544	5,523	-	-	-	1,485	-	-	-
Contracted services		157,823	177,889	127,495	95,413	136,268	136,268	87,645	157,453	168,378	176,089
Transfers and subsidies		83,468	103,642	61,343	58,773	62,227	62,227	44,291	67,113	70,947	74,964
Irrecoverable debts written off		10,767	19,587	12,667	-	-	-	30	-	-	-
Operational costs		228,919	223,688	234,830	153,741	193,691	193,691	156,768	212,407	210,626	220,424
Losses on disposal of Assets		22,005	-	(13,546)	109	109	109	-	100	105	115
Other Losses		-	26,982	-	-	-	-	-	-	-	-
Total Expenditure		1,588,472	1,687,780	1,578,088	1,451,795	1,501,153	1,501,153	1,032,043	1,681,510	1,748,284	1,824,744
Surplus/(Deficit)		(412,943)	(247,370)	(245,138)	244,617	77,561	77,561	335,292	131,671	161,489	194,198
Transfers and subsidies - capital (monetary allocations)	6	848,889	637,189	561,566	1,031,274	736,072	736,072	-	1,190,909	1,271,959	1,345,412
Transfers and subsidies - capital (in-kind)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		435,945	389,819	316,428	1,275,891	813,633	813,633	335,292	1,322,579	1,433,448	1,539,610
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		435,945	389,819	316,428	1,275,891	813,633	813,633	335,292	1,322,579	1,433,448	1,539,610
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		435,945	389,819	316,428	1,275,891	813,633	813,633	335,292	1,322,579	1,433,448	1,539,610
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	435,945	389,819	316,428	1,275,891	813,633	813,633	335,292	1,322,579	1,433,448	1,539,610

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

1. Total revenue is R1.8 billion in 2023/2024 and increase to R2 billion by 2025/2026. This represents an increase of R234.4 million which is 15 per cent for the 2023/2024 financial year and increase R96.5 million being 5 percent for the 2024/2025 and increase by R109.1 million which is 5 percent for the 2025-2026 financial years.

2. Services charges' relating to water and sanitation constitutes the biggest component of the revenue basket of the district municipality totalling R411.1 million for the 2023/2024 financial year and increasing to R451.5 million by 2025/2026.
3. Transfers recognised – local government equitable share and other operating grants from national and provincial government.
4. The following graph illustrates the major expenditure items per type.

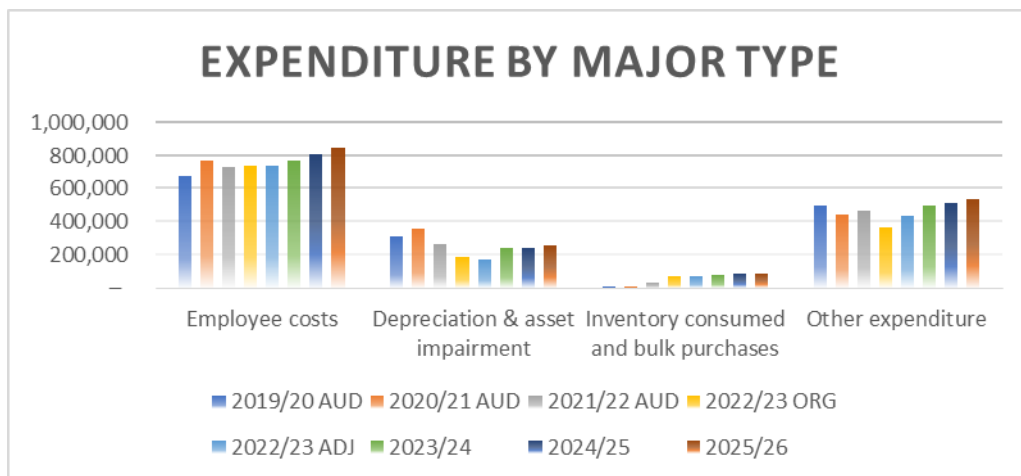


Figure 1 Expenditure by major type

5. Inventory consumed & Bulk purchases have increased from 2022/2023 to 2023/2024 period from R68.2 million to R81.1 million being 18 percent and increased by 3% from 2024/2025 to 2025/2026 respectively. These increases are in line with the tariff increase for bulk water purchases from DWA.
6. Employee related costs, inventory consumed & bulk purchases, depreciation, are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

When comparing the surplus for the audited outcome for the 2021/2022 financial year with the budget for 2022/23, the actual outcome amounts to R316.4 million whilst the budget amounts to R1.2 billion. The reason for the difference is due to the classification between GRAP and MBRR. For GRAP, capital revenue is included in the transfer recognised as revenue recognition on the spending of capital grants whilst in MBRR, the actual allocation for the capital transfers is not recognised in the line item for the transfer recognised hence the difference

Table 14 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 01 - Council & Committees		590	-	-	-	-	-	-	-	-	-
Vote 02 - Finance & Administration		4,903	5,210	747	1,500	4,550	4,550	184	27,250	28,497	29,791
Vote 03 - Planning & Development		-	2,361	-	-	-	-	-	-	-	-
Vote 04 - Health		29	-	-	200	-	-	-	-	-	-
Vote 05 - Community & Social Services		-	-	-	-	-	-	-	-	-	-
Vote 06 - Housing		1,371	0	906	48,000	48,000	48,000	30,112	182,503	19,367	384
Vote 07 - Public Safety		-	249	-	1,000	1,000	1,000	-	17,000	17,833	18,671
Vote 08 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-
Vote 09 - Environmental		-	-	-	-	-	-	-	-	-	-
Vote 10 - Roads		10,045	22,895	890	9,743	9,743	9,743	7,869	14,650	15,354	16,069
Vote 11 - Water		51,447	40,559	845	988,231	693,632	693,632	379,370	1,024,704	1,269,702	1,362,948
Vote 12 - Tourism		-	-	-	-	-	-	-	-	-	-
Vote 13 - Development Agency		-	-	-	55,673	55,673	55,673	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	68,384	71,274	3,389	1,104,347	812,598	812,598	417,535	1,266,106	1,350,753	1,427,863

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

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. Capital expenditure has been appropriated at R1.2 billion for the 2023/2024 financial year and then increases in 2024/2025 to R1.35 billion and decreased in 2025/2026 to R1.42 billion.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the District Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital programme is funded from capital and provincial grants and transfers being MIG, WSIG and own revenue (VAT).

Table 15 MBRR Table A6 - Budgeted Financial Position

Description		Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
ASSETS												
Current assets												
Cash and cash equivalents			322,956	366,317	383,801	151,914	175,414	175,414	755,584	499,327	588,723	687,077
Trade and other receivables from exchange transactions	1		257,674	227,067	159,081	236,259	236,259	236,259	276,812	219,919	240,615	282,345
Receivables from non-exchange transactions	1		(3,399)	(3,399)	(2,200)	–	–	–	(2,200)	–	–	–
Current portion of non-current receivables												
Inventory	2		189	145	122	(1,122)	(1,122)	(1,122)	122	231	3,393	7,854
VAT			224,405	248,592	279,444	203,823	203,823	203,823	251,494	204,678	154,066	158,950
Other current assets			(0)	(0)	(0)	–	–	–	(0)	390	420	450
Total current assets			801,824	838,722	820,249	590,874	614,374	614,374	1,281,813	924,544	987,217	1,136,676
Non current assets												
Investments			–	–	–	5,253	5,253	5,253	–	–	–	–
Investment property			–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3		6,859,704	7,148,659	7,247,507	6,361,787	5,586,536	5,586,536	7,593,644	7,689,302	7,291,295	7,543,388
Biological assets			–	–	–	–	–	–	–	4,500	4,600	4,700
Living and non-living resources												
Heritage assets			247	247	247	238	238	238	247	247	247	247
Intangible assets			1,985	2,041	4,060	10,406	10,706	10,706	3,821	23,924	33,626	34,426
Trade and other receivables from exchange transactions			753	864	615	832	832	832	654	–	–	–
Non-current receivables from non-exchange transactions												
Other non-current assets												
Total non current assets			6,862,690	7,151,811	7,252,429	6,378,515	5,603,564	5,603,564	7,598,366	7,717,973	7,329,768	7,582,761
TOTAL ASSETS			7,664,514	7,990,533	8,072,677	6,969,389	6,217,938	6,217,938	8,880,179	8,642,517	8,316,985	8,719,437
LIABILITIES												
Current liabilities												
Bank overdraft			–	–	–	(4,100)	(4,100)	(4,100)	–	–	–	–
Financial liabilities			–	150,000	144	–	–	–	–	–	–	–
Consumer deposits			(147)	381	2,688	4,167	4,167	4,167	4,192	4,251	4,255	4,348
Trade and other payables from exchange transactions	4		348,099	398,932	473,891	340,236	340,936	340,936	235,486	235,486	305,614	346,803
Trade and other payables from non-exchange transactions	5		453,195	245,743	227,708	–	(295,202)	(295,202)	954,656	–	–	–
Provision			124,009	149,883	149,222	148,633	148,633	148,633	145,197	175,843	203,159	232,444
VAT			197,133	213,058	219,478	390	390	390	230,639	700	850	950
Other current liabilities			88,882	108,891	111,907	149,983	149,983	149,983	111,907	157,183	164,727	172,634
Total current liabilities			1,211,171	1,266,888	1,185,038	639,310	344,808	344,808	1,682,078	573,464	678,606	757,179
Non current liabilities												
Financial liabilities	6		–	–	4,119	–	–	–	4,119	–	–	–
Provision	7		–	(7,427)	(7,427)	–	–	–	(7,427)	–	–	–
Long term portion of trade payables												
Other non-current liabilities												
Total non current liabilities			–	(7,427)	(3,308)	–	–	–	(3,308)	–	–	–
TOTAL LIABILITIES			1,211,171	1,259,461	1,181,731	639,310	344,808	344,808	1,678,771	573,464	678,606	757,179
NET ASSETS			6,453,343	6,731,072	6,890,946	6,330,079	5,873,130	5,873,130	7,201,408	8,069,054	7,638,379	7,962,258
COMMUNITY WEALTH/EQUITY												
Accumulated surplus/(deficit)	8		6,581,640	6,826,725	6,884,259	6,360,794	5,909,510	5,909,510	7,268,952	8,106,010	7,680,416	8,008,163
Reserves and funds	9		–	–	–	–	–	–	17,977	–	–	–
Other												
TOTAL COMMUNITY WEALTH/EQUITY	10		6,581,640	6,826,725	6,884,259	6,360,794	5,909,510	5,909,510	7,286,929	8,106,010	7,680,416	8,008,163

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 45 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;

- Property, plant and equipment;
 - Trade and other payables;
 - Provisions noncurrent;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
 5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.
 6. OUR A6 IS NOT BALANCING BECAUSE OF THE ISSUE WITH OUR SERVICE PROVIDER ON THE ACCUMULATED SURPLUS.THE BALANCE SHEET POPULATED FROM THE DATA STRING SUBMITTED AT THE NATIONAL TREASURY IS BALANCING WITH THE SAME DATA.

Table 16 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	43,802	318,944	290,658	290,658	290,658	147,426	–	–	–
Service charges		–	427,851	561,618	1,179,728	1,179,728	1,179,728	753,417	308,097	327,986	358,638
Other revenue		–	89,289	33,546	61,542	61,542	61,542	274,767	136,575	144,598	163,589
Transfers and Subsidies - Operational	1	–	89,289	33,546	61,542	61,542	61,542	274,767	1,315,272	1,215,178	1,260,330
Transfers and Subsidies - Capital	1	–	362,881	749,774	983,274	983,274	983,274	829,497	1,008,756	1,252,959	1,345,412
Interest		–	6,118	10,790	6,500	30,000	30,000	31,091	30,000	31,470	32,949
Dividends									–	–	–
Payments											
Suppliers and employees		–	(576,226)	(1,583,253)	(1,278,375)	(1,278,375)	(1,278,375)	(1,984,499)	(1,291,481)	(1,532,037)	(1,634,696)
Interest									–	–	–
Transfers and Subsidies	1								–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	353,714	91,419	1,243,326	1,266,826	1,266,826	51,699	1,507,219	1,440,153	1,526,222
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									–	–	–
Decrease (increase) in non-current receivables		753	111	(249)	217	–	–	(277)	832	–	–
Decrease (increase) in non-current investments		–	–	–	5,253	–	–	–	5,253	–	–
Payments											
Capital assets		–	284,977	(1,037)	(1,104,347)	(1,104,347)	(1,104,347)	(417,535)	(1,266,106)	(1,350,753)	(1,427,863)
NET CASH FROM/(USED) INVESTING ACTIVITIES		753	285,088	(1,287)	(1,098,877)	(1,104,347)	(1,104,347)	(417,812)	(1,260,021)	(1,350,753)	(1,427,863)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits		4	(4)	–	–	–	–	–	(84)	(4)	(4)
Payments											
Repayment of borrowing									–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		4	(4)	–	–	–	–	–	(84)	(4)	(4)
NET INCREASE/ (DECREASE) IN CASH HELD		758	638,798	90,132	144,449	162,479	162,479	(366,112)	247,114	89,396	98,354
Cash/cash equivalents at the year begin:	2	270,130	322,956	397,403	36,600	36,600	36,600	–	252,213	499,327	588,723
Cash/cash equivalents at the year end:	2	270,887	961,754	487,535	181,049	199,079	199,079	(366,112)	499,327	588,723	687,077

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the District Municipality decreased from 2017/18 to 2019/20 period owing directly to a net decrease in cash.
4. The approved 2023/2024 MTREF budget provide for a R247.1 million in increase in cash held.
5. The 2023/2024 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term and shows cash available equivalent to the depreciation which will assist the municipality in asset renewal in future.
6. Cash and cash equivalents totals R499.3 million as at the end of the 2023/2024 financial year and R588.7 million and R687 million in two outer years.

Table 17 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	270,887	961,754	487,535	181,049	199,079	199,079	(365,796)	499,327	588,723	687,077
Other current investments > 90 days		52,068	(595,437)	(103,734)	(25,035)	(19,565)	(19,565)	1,121,381	—	0	0
Non current investments	1	—	—	—	5,253	5,253	5,253	—	—	—	—
Cash and investments available:		322,956	366,317	383,801	161,267	184,767	184,767	755,584	499,327	588,723	687,077
Application of cash and investments											
Unspent conditional transfers		453,195	245,743	227,708	—	(295,202)	(295,202)	954,656	—	—	—
Unspent borrowing											
Statutory requirements	2										
Other working capital requirements	3	348,099	64,266	37,236	49,647	50,347	50,347	(801,918)	122,708	216,388	239,934
Other provisions	4										
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		801,294	310,009	264,944	49,647	(244,855)	(244,855)	152,738	122,708	216,388	239,934
Surplus(shortfall)		(478,338)	56,308	118,857	111,620	429,622	429,622	602,846	376,618	372,335	447,143

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2019/20 the deficit was from R478.3 million then in 2020/2021 surplus of R56 million. As part of the budgeting and planning guidelines that informed the compilation of the 2023/2024 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA. The debtor's collection will increase to 68.5% in 2023/24 due to the current economic upturn as a result of opening the restrictions that were there during covid 19. It is projected that the consumers will from now on be in a better position in paying their debt which will result in the positive cash outcome for the municipality.
6. As can be seen the budget has been modelled to progressively maintain surpluses of R376.6 million in 2023/2024 to R447.1 million in 2025/2026.

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Table 18 MBRR Table A9 - Asset Management

Description		Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
CAPITAL EXPENDITURE											
Total New Assets		1	65,023	68,886	3,219	1,104,347	812,098	812,098	1,259,856	1,344,197	1,420,999
Roads Infrastructure			-	-	-	3,143	3,143	3,143	3,155	3,296	3,444
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			44,736	17,542	952	623,806	472,752	472,752	627,669	1,255,540	1,348,121
Sanitation Infrastructure			491	3,217	(163)	361,325	193,873	193,873	383,535	-	-
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			45,226	20,759	789	988,274	669,768	669,768	1,014,359	1,258,836	1,351,565
Community Facilities			10,433	23,723	890	8,600	33,006	33,006	9,495	9,960	10,428
Sport and Recreation Facilities			-	-	-	-	-	-	-	-	-
Community Assets			10,433	23,723	890	8,600	33,006	33,006	9,495	9,960	10,428
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			-	-	-	2,333	4,133	4,133	1,000	1,049	1,098
Housing			403	0	906	48,000	48,000	48,000	182,503	19,367	384
Other Assets			403	0	906	50,333	52,133	52,133	183,503	20,416	1,483
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-	-
Licences and Rights			178	910	-	1,000	1,300	1,300	20,500	21,423	22,387
Intangible Assets			178	910	-	1,000	1,300	1,300	20,500	21,423	22,387
Computer Equipment			429	49	-	720	720	720	1,500	1,568	1,638
Furniture and Office Equipment			3,251	3,687	577	-	500	500	2,000	2,098	2,197
Machinery and Equipment			1,346	249	57	53,320	53,670	53,670	1,500	1,574	1,647
Transport Assets			3,758	19,508	-	2,100	1,000	1,000	27,000	28,323	29,654
Land			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
Mature			-	-	-	-	-	-	-	-	-
Immature			-	-	-	-	-	-	-	-	-
Living Resources			-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets		2	3,361	2,388	170	-	500	500	6,250	6,556	6,864
Roads Infrastructure			-	-	-	-	-	-	-	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			2,393	2,233	-	-	250	250	4,000	4,196	4,393
Sanitation Infrastructure			-	136	-	-	-	-	-	-	-
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			2,393	2,369	-	-	250	250	4,000	4,196	4,393
Community Facilities			-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities			-	-	-	-	-	-	-	-	-
Community Assets			-	-	-	-	-	-	-	-	-
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			-	19	170	-	250	250	2,250	2,360	2,471
Housing			967	-	-	-	-	-	-	-	-
Other Assets			967	19	170	-	250	250	2,250	2,360	2,471
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-

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Total Capital Expenditure	4	68,384	71,274	3,389	1,104,347	812,598	812,598	1,266,106	1,350,753	1,427,863
Roads Infrastructure		-	-	-	3,143	3,143	3,143	3,155	3,296	3,444
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		47,129	19,776	952	623,806	473,002	473,002	631,669	1,259,736	1,352,515
Sanitation Infrastructure		491	3,353	(163)	361,325	193,873	193,873	383,535	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		47,619	23,128	789	988,274	670,018	670,018	1,018,359	1,263,032	1,355,959
Community Facilities		10,433	23,723	890	8,600	33,006	33,006	9,495	9,960	10,428
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		10,433	23,723	890	8,600	33,006	33,006	9,495	9,960	10,428
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	19	170	2,333	4,383	4,383	3,250	3,409	3,569
Housing		1,371	0	906	48,000	48,000	48,000	182,503	19,367	384
Other Assets		1,371	19	1,076	50,333	52,383	52,383	185,753	22,776	3,954
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		178	910	-	1,000	1,300	1,300	20,500	21,423	22,387
Intangible Assets		178	910	-	1,000	1,300	1,300	20,500	21,423	22,387
Computer Equipment		429	49	-	720	720	720	1,500	1,568	1,638
Furniture and Office Equipment		3,251	3,687	577	-	500	500	2,000	2,098	2,197
Machinery and Equipment		1,346	249	57	53,320	53,670	53,670	1,500	1,574	1,647
Transport Assets		3,758	19,508	-	2,100	1,000	1,000	27,000	28,323	29,654
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		68,384	71,274	3,389	1,104,347	812,598	812,598	1,266,106	1,350,753	1,427,863
ASSET REGISTER SUMMARY - PPE (WDV)	5	5,271,125	5,383,347	4,955,146	6,190,787	5,899,038	5,899,038	6,286,188	6,305,552	6,305,582
Roads Infrastructure		-	-	-	3,143	3,143	3,143	3,155	3,296	3,444
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		5,129,274	5,222,962	4,829,193	5,612,246	5,461,443	5,461,443	5,571,474	6,148,655	6,188,568
Sanitation Infrastructure		(12,184)	(9,322)	(12,838)	348,651	181,199	181,199	370,861	(12,674)	(12,674)
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		5,117,090	5,213,640	4,816,355	5,964,040	5,645,784	5,645,784	5,945,489	6,139,276	6,179,338
Community Assets		23,897	37,187	14,355	22,065	46,471	46,471	22,959	23,278	23,600
Heritage Assets		247	247	247	238	238	238	247	247	247
Investment properties		-	-	-	-	-	-	-	-	-
Other Assets		79,822	69,326	68,547	117,456	119,506	119,506	246,806	71,072	39,172
Biological or Cultivated Assets		-	-	-	-	-	-	4,500	4,600	4,700
Intangible Assets		1,985	2,041	4,060	10,406	10,706	10,706	23,924	33,626	34,426
Computer Equipment		1,419	903	421	151	151	151	96	(713)	(1,564)
Furniture and Office Equipment		8,601	9,450	7,521	348	848	848	(332)	(3,049)	(5,905)
Machinery and Equipment		2,537	1,854	938	53,053	53,403	53,403	374	(346)	(1,134)
Transport Assets		27,398	40,570	28,904	14,903	13,803	13,803	33,997	29,433	24,573
Land		8,128	8,128	13,798	8,128	8,128	8,128	8,128	8,128	8,128
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	5,271,125	5,383,347	4,955,146	6,190,787	5,899,038	5,899,038	6,286,188	6,305,552	6,305,582

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EXPENDITURE OTHER ITEMS		376,430	440,605	288,039	212,626	238,699	238,699	312,284	326,711	338,604
Depreciation	7	314,068	355,519	262,794	190,461	170,461	170,461	239,349	245,197	253,500
Repairs and Maintenance by Asset Class	3	62,362	85,085	25,245	22,165	68,238	68,238	72,935	81,514	85,104
Roads Infrastructure		1,425	4,114	460	300	300	300	2,000	2,098	2,197
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		24,951	67,590	9,957	1,500	50,522	50,522	48,342	50,711	53,094
Sanitation Infrastructure		22,631	2,684	2,848	8,500	8,301	8,301	14,000	19,686	20,376
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	2,000	-	-	-	-	-
Infrastructure		49,007	74,389	13,265	12,300	59,123	59,123	64,342	72,495	75,667
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		6,064	3,306	2,950	3,172	3,172	3,172	2,660	2,802	2,926
Housing		-	-	-	-	-	-	-	-	-
Other Assets		6,064	3,306	2,950	3,172	3,172	3,172	2,660	2,802	2,926
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		5,252	5,286	6,983	3,500	3,250	3,250	3,250	3,396	3,549
Intangible Assets		5,252	5,286	6,983	3,500	3,250	3,250	3,250	3,396	3,549
Computer Equipment		288	522	-	-	-	-	-	-	-
Furniture and Office Equipment		204	111	365	500	350	350	150	157	165
Machinery and Equipment		226	281	110	278	278	278	133	146	161
Transport Assets		1,321	1,190	1,572	2,415	2,065	2,065	2,400	2,518	2,636
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		376,430	440,605	288,039	212,626	238,699	238,699	312,284	326,711	338,604
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		4.9%	3.3%	5.0%	0.0%	0.1%	0.1%	0.5%	0.5%	0.5%
<i>Renewal and upgrading of Existing Assets as % of deprec</i>		1.1%	0.7%	0.1%	0.0%	0.3%	0.3%	2.6%	2.7%	2.7%
<i>R&M as a % of PPE</i>		0.9%	1.2%	0.3%	0.3%	1.2%	1.2%	1.0%	1.1%	1.2%
<i>Renewal and upgrading and R&M as a % of PPE</i>		1.0%	2.0%	1.0%	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The district municipality does not meet these recommendations as the district municipality is still having a huge backlog in construction of infrastructure in the rural communities. Bulk of the budget is for construction of new infrastructure.

Table 4 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Household service targets	1									
Water:										
Piped water inside dwelling		20,493	20,805	21,075	21,375	21,375	21,375	21,375	22,016	22,676
Piped water inside yard (but not in dwelling)		40,091	40,702	43,758	43,758	43,758	43,758	43,758	45,071	46,423
Using public tap (at least min.service level)	2	95,087	96,538	102,417	105,479	105,479	105,479	105,479	109,698	113,537
Other water supply (at least min.service level)	4	–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		155,671	158,045	167,250	170,612	170,612	170,612	170,612	176,785	182,636
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	13,578	25,389	24,627	27,065	27,065	27,065	27,065	27,877	27,877
No water supply		163,672	165,072	160,119	174,884	174,884	174,884	174,884	171,758	171,758
<i>Below Minimum Service Level sub-total</i>		177,250	190,461	184,746	201,949	201,949	201,949	201,949	199,635	199,635
Total number of households	5	332,921	348,506	351,996	372,561	372,561	372,561	372,561	376,420	382,271
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		52,153	57,948	58,701	58,716	58,716	58,716	58,716	59,450	59,750
Flush toilet (with septic tank)		2,058	2,058	2,078	2,078	2,078	2,078	2,078	2,078	2,078
Chemical toilet		47,517	47,517	47,887	–	–	–	–	–	–
Pit toilet (ventilated)		165,584	181,207	186,643	198,607	198,607	198,607	198,607	201,586	202,646
Other toilet provisions (> min.service level)		2,581	–	–	56,473	56,473	56,473	56,473	56,473	56,473
<i>Minimum Service Level and Above sub-total</i>		269,893	288,730	295,309	315,874	315,874	315,874	315,874	319,587	320,947
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		18,467	18,467	18,467	18,467	18,467	18,467	18,467	18,194	17,634
No toilet provisions		44,561	41,309	38,220	38,220	38,220	38,220	38,220	38,220	33,980
<i>Below Minimum Service Level sub-total</i>		63,028	59,776	56,687	56,687	56,687	56,687	56,687	56,414	51,614
Total number of households	5	332,921	348,506	351,996	372,561	372,561	372,561	372,561	376,001	372,561

Explanatory notes to Table A10 - Basic Service Delivery Measurement

Out of 372 561 households in the district in the 2023/2024 FY, only 21 375 households constituting to 6% receive a high level of water supply service. This therefore means that 6% of the households in the district are urban in their nature and 94 % of the households are rural in nature.

There are 58 716 households that will receive a high level of sanitation service, constituting to 16 % of the 372 561 total households estimated in the 2023/2024 FY.

53% of the households are estimated to be using VIP's (Ventilated Improved Toilet) and a backlog of 15.% is anticipated. Although it is noted that there are households that are recorded by Stats SA to be using bucket system, the municipality has eradicated its bucket system backlogs and those households are deemed not to be receiving sanitation services

Furthermore OR Tambo District Municipality is distributing free basic services to its communities that have registered as indigent households and have been successfully approved.

Service Delivery Standards**Eastern Cape: OR Tambo District Municipality(DC15) - Schedule of Service Delivery Standards Table**

Standard	Description	Service Level
Water Service		
	Water Quality rating (Blue/Green/Brown/NO drop)	Blue Drop and No Drop
	Is free water available to all? (All/only to the indigent consumers)	Only to the Indigent Consumer
	Frequency of meter reading? (per month, per year)	Per Month
	Are estimated consumption calculated on actual consumption over (two month's/three month's/longer period)	Two Months
	On average for how long does the municipality use estimates before reverting back to actual readings? (months)	One month
	<i>Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)</i>	
	One service connection affected (number of hours)	24 hours
	Up to 5 service connection affected (number of hours)	24 hours
	Up to 20 service connection affected (number of hours)	24 hours
	Feeder pipe larger than 800mm (number of hours)	5 Hours
	What is the average minimum water flow in your municipality?	10l/s
	Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	Yes
	How long does it take to replace faulty water meters? (days)	5 days
	Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)	No
Sewerage Service		
	Are your purification system effective enough to put water back in to the system after purification?	No
	To what extend do you subsidize your indigent consumers?	100 Percent
	<i>How long does it take to restore sewerage breakages on average</i>	
	Severe overflow? (hours)	5 Hours
	Sewer blocked pipes: Large pipes? (Hours)	24 Hours
	Sewer blocked pipes: Small pipes? (Hours)	48 Hours
	Spillage clean-up? (hours)	24 Hours
	Replacement of manhole covers? (Hours)	
Road Infrastructure Services		
	Time taken to repair a single pothole on a major road? (Hours)	
	Time taken to repair a single pothole on a minor road? (Hours)	
	Time taken to repair a road following an open trench service crossing? (Hours)	
	Time taken to repair walkways? (Hours)	
Financial Management		

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Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)	Decrease	
Are the financial statement outsourced? (Yes/No)	Yes	
Are there Council adopted business process restructuring the flow and management of documentation feeding to Trial Balance?	No	
How long does it take for an Tax/Invoice to be paid from the date it has been received?		30
Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?	no	
Administration		
Reaction time on enquiries and requests?	1-3 mins (call centre)	
Time to respond to a verbal customer enquiry or request? (working days)	< less than day	
Time to respond to a written customer enquiry or request? (working days)	3-5 working days	
Time to resolve a customer enquiry or request? (working days)	1-3 days (fire services)	
What percentage of calls are not answered? (5per cent, 10per cent or more)	< less than 5per cent	
How long does it take to respond to voice mails? (hours)		
Does the municipality have control over locked enquiries? (Yes/No)	Yes	
Is there a reduction in the number of complaints or not? (Yes/No)	Yes	
How long does it take to open an account to a new customer? (1 day/ 2 days/ a week or longer)		
How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?		
Community safety and licensing services		
How long does it take to register a vehicle? (minutes)		
How long does it take to renew a vehicle license? (minutes)		
How long does it take to issue a duplicate registration certificate vehicle? (minutes)		
How long does it take to de-register a vehicle? (minutes)		
How long does it take to renew a drivers license? (minutes)		
What is the average reaction time of the fire service to an incident? (minutes)	10 mins urban, 1h35 mins rural depending terrain	
What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)		
What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)	Provincial competence	
Economic development		
How many economic development projects does the municipality drive?		
How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?		
What percentage of the projects have created sustainable job security?		
Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No)		
Other Service delivery and communication		
Is a information package handed to the new customer? (Yes/No)	Yes	
Does the municipality have training or information sessions to inform the community? (Yes/No)	Yes	
Are customers treated in a professional and humanly manner? (Yes/No)	Yes	

Part 2 – Supporting Documentation

1.7 Overview of the annual budget process

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

The Budget Steering Committee consists of the Municipal Manager and senior officials.

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

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

1.8 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2019) a time schedule that sets out the process to revise the IDP and prepare the budget.

1.9 BUDGET TIME SCHEDULE FOR 2023/2024

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PROCESS	ACTIVITY	LEGISLATIVE REQUIREMENT	DATE	RESPONSIBILITY
JULY 2022 (Preparation Phase)				
IDP	Development and alignment of IDP, PMS and Budget Process Plan (2022/2023)	Municipal Finance Management Act 56 (21)/ Municipal Systems Act 28 (1)	30-31 July 2022	IDP Manager
BUDGET	Municipality commences with planning for the next three year budget		01 July 2022	Chief Financial Officer
PMS	<ul style="list-style-type: none"> Print and distribute final approved 2022/2023 SDBIP Advertise and publish final approved 2022/2023 SDBIP in newspaper and municipal website 	Municipal Finance Management Act, section 53 (3) (a)	15 July 2022	Manager: Corporate Performance, Monitoring and Evaluation
	Finalise 2021/2022 4 th Quarter Performance Report and submit to Mayco	Municipal Finance Management Act, section 52 (d)/ Circular 13	22 July 2022	Municipal Manager
	Submit 2021/2022 4 th Quarter Performance Report to Council		29 July 2022	Municipal Manager
	Finalise 2022/2023 Performance Agreements	Municipal Systems Act 57 (2)/ Municipal Finance Management Act (69) (3) (b)	29 July 2022	Manager: Corporate Performance, Monitoring and Evaluation
AUGUST 2022 (Preparation- Analysis Phase)				
IDP	Advert inviting stakeholders to register for participation in the IDP Rep Forum	Municipal Systems Act (29) (a) (b)	08 August 2022	IDP Manager
	Advertise first IDP Rep Forum in the newspaper	Municipal Systems Act (29) (a) (b)	19 August 2022	IDP Manager
	First IDP Rep Forum to present the 2022-2023 IDP, PMS and Budget Process Plan and Framework to stakeholders	Municipal Systems Act (29) (a) (b)	29 August 2022	IDP Manager
	Council adoption of the 2021-2022 IDP, PMS and Budget Process Plan and Framework	Municipal Systems Act (28) (1)	30 August 2022	Council
BUDGET	Submission of Annual Report and 2019-20 Financial Statements to the Auditor General	Section 21 of the MFMA 56 of 2003: Budget Preparation Process, read with Section 28 (1) of the Municipal Systems Act	31 August 2022	Municipal Manager
PMS	Submit signed Performance Agreements to CoGTA	Municipal Finance Management 53 (3) (b)	05 August 2022	Manager: Corporate Performance, Monitoring and Evaluation
	Advertise and publish signed Performance Agreements in newspaper and municipal website	Municipal Finance Management Act 53 (3) (b)	05 August 2022	Manager: Corporate Performance, Monitoring and Evaluation
	Finalise Draft Annual Report	Municipal Finance Management Act	19 August	Manager: Corporate

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PROCESS	ACTIVITY	LEGISLATIVE REQUIREMENT	DATE	RESPONSIBILITY
		121 (1) / MFMA Circular 63	2022	Performance, Monitoring and Evaluation
	Submission of unaudited Draft Annual Report to the Mayoral Committee		22 August 2022	Manager: Corporate Performance, Monitoring and Evaluation
	Submit signed Performance Agreements to Council	Municipal Finance Management Act 53 (3) (b)	31 August 2022	Manager: Corporate Performance, Monitoring and Evaluation
	Submit Draft Annual Report to AG, National Treasury and CoGTA	Municipal Finance Management Act Circular 63	31 August 2022	Manager: Corporate Performance, Monitoring and Evaluation
SEPTEMBER 2022 (Situational Analysis Phase)				
IDP	Submit Final approved 2022-23 IDP, PMS and Budget Process Plan and Framework to the MEC CoGTA, Auditor General and Provincial and National Treasury		13 September 2022	IDP Manager
	Publish and advertise final approved 2022-23 IDP, PMS and Budget Process Plan and Framework in local newspaper and municipal website	Municipal Systems Act (29) (b)	13 September 2022	IDP Manager
	Consider MEC Comments and recommendations on the 2022-27 IDP Review		September-October 2020	IDP Manager
	Conduct evidence based research information. Review and document information submitted by Senior Management. Determine and assess the current level of development and the emerging challenges, opportunities and issues		September-October 2022	IDP Manager
OCTOBER 2022 (Situational Analysis Phase)				
IDP	Convene IDP, PMS and Budget Steering Committee to consider draft situational analysis		12 October 2022	IDP Manager
	First draft Situational Analysis ready		27 October 2022	IDP Manager
BUDGET	Budget and Treasury Office determines revenue projections and proposed rates and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives		31 October 2022	Chief Financial Officer
	Engage with Provincial and National sector departments on sector specific programmes for alignment with municipalities' plan (schools, libraries,		31 October 2022	Chief Financial Officer

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PROCESS	ACTIVITY	LEGISLATIVE REQUIREMENT	DATE	RESPONSIBILITY
PMS	roads, clinics etc)			
	Prepare 'sample' budget for NT using the mSCOA tables and using 2022-23 MTREF final budget		31 October 2022	Chief Financial Officer
	Finalise 1 st Quarter 2022/2023 Performance Report	Municipal Finance Management Act, section 52 (d)/ Circular 13	14 October 2022	Manager: Corporate Performance, Monitoring and Evaluation
	Submit 1 st Quarter 2022/2023 Performance Report to Mayco		24 October 2022	Municipal Manager
	Submit 1 st Quarter 2022/2023 Performance Report to Council		31 October 2022	Municipal Manager
	Conduct individual quarterly reviews with HODs		27 -28 October 2022	Municipal Manager
NOVEMBER 2022 (Situational Analysis Phase)				
IDP	IDP, PMS and Budget Steering Committee to discuss Draft Situational Analysis		03 November 2022	IDP Manager
	Advertise 2 nd IDP Rep Forum in newspaper		08 November 2022	IDP Manager
	Second IDP Rep Forum to Present Draft Situational Analysis		29 November 2022	IDP Manager
DECEMBER 2022 (Situational Analysis Phase)				
IDP	Convene cluster forums to present Situational Analysis and project identification for 2022-23		7-8 December 2022	IDP Manager and IGR Manager
	Set and agree on IDP Priority programmes/projects		December 2022	Senior Management
PMS	Finalise 2021/22 Annual Report, incorporating financial and non-financial information, audit reports and annual financial statements		30 December 2022	Manager: Corporate Performance, Monitoring and Evaluation
JANUARY 2023 (Strategic Formulation- Integration Phase)				
IDP	Additions to Draft Situational Analysis		January-February 2023	IDP Manager
BUDGET	Accounting Officer and Senior Management consolidate and prepare proposed budget and plans for 2022/23 financial year, taking into account previous years' performance as per audited financial statements		20 January 2023	Municipal Manager
	Commence with the review of tariff (rates and services charges) and budget related policies for 2022/23 financial year.		31 January 2023	Chief Financial Officer

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PROCESS	ACTIVITY	LEGISLATIVE REQUIREMENT	DATE	RESPONSIBILITY
PMS	Finalise 2 nd quarter 2022/23 Performance Report	Municipal Finance Management Act, section 52 (d)/ Circular 13	16 January 2023	Manager: Corporate Performance, Monitoring and Evaluation
	Finalise and submit mid-year 2022/23 Performance Report		16 January 2023	Manager: Corporate Performance, Monitoring and Evaluation
	Submit 2 nd Quarter 2022/23 Performance Report to Mayco		24 January 2023	Manager: Corporate Performance, Monitoring and Evaluation
	Submit mid-year report to National Treasury and CoGTA		25 January 2023	Manager: Corporate Performance, Monitoring and Evaluation
	Conduct individual mid-year and annual reviews with HODs		26 - 27 January 2023	Manager: Corporate Performance, Monitoring and Evaluation
	Table 2 nd quarter and mid-year 2022/23 Performance Reports to council		31 January 2023	
	Table the Audited 2021/2022 Annual Report to Council	Municipal Finance Management Act 127 (2)	31 January 2023	Manager: Corporate Performance, Monitoring and Evaluation
FEBRUARY 2023 (Strategic Formulation- Integration Phase)				
BUDGET	Senior Management identifying programmes/projects with external stakeholders		February-March 2023	IDP Manager
	Receive proposed budget and projects from Directors of the municipal entity	Municipal Finance Management Act Section 87 (1)	28 February 2023	CEO: Ntinga Development Agency
	Convene Mayoral Lekgotla and Strategic Session to request inputs for new municipal vision, mission, strategies and objectives. Develop objectives for priority issues and determine programmes to achieve		February-March 2023	IDP Manager
	Review proposed national and provincial allocations to the DM for incorporation into the Draft Budget for tabling (Proposed national and provincial allocations for three years must be available by 20 January)		28 February 2023	Chief Financial Officer
	Finalise and submit to Executive Mayor proposed budgets and plans for the next three year budgets, taking into account the recent mid-years review and any corrective measures proposed as part of oversight report for the previous years' audited financial statements and annual report		February 2023	Chief Financial Officer
PMS	Mid-year assessment by National Treasury		To be	Municipal Manager

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PROCESS	ACTIVITY	LEGISLATIVE REQUIREMENT	DATE	RESPONSIBILITY
			determined	
	Submit 2021/2022 Audited Annual Report to AG, National Treasury & CoGTA		03 February 2023	Manager: Corporate Performance, Monitoring and Evaluation
	Advertise and publish Annual Report in newspaper and municipal website (and invite for public comment)		03 February 2023	Manager: Corporate Performance, Monitoring and Evaluation
	Submit to the Mayoral Committee the 2022/2023 Adjusted SDBIP in line with the approved adjustment budget		21 February 2023	Municipal Manager
	Table the 2022/2023 Adjusted SDBIP in line with the approved adjustment budget to council for approval		28 February 2023	Municipal Manager
MARCH 2023 (Approval Phase)				
IDP	Integration of sector plans and institutional programmes		March 2023	IDP Manager
	IDP and Budget Steering Committee to present Draft 2022-23 IDP Review and Draft Budget		17 March 2023	IDP Manager
	Advertise 3 rd IDP Rep Forum in the newspaper		20 March 2021	IDP Manager
	Third IDP Rep Forum to present Draft IDP 2022-23 Review and Draft Budget		29 March 2023	IDP Manager
	Table Draft IDP 2022-23, Draft Budget, Draft SDBIP and Draft Risk Register to Council for approval		30 March 2023	IDP Manager
PMS	Review and submit Performance Chapter of the IDP		15 March 2023	Manager: Corporate Performance, Monitoring and Evaluation
	Adjust Performance Agreements in line with the approved 2022/2023 Adjusted SDBIP		10 March 2023	Manager: Corporate Performance, Monitoring and Evaluation
	Advertise and publish adjusted SDBIP and Performance Agreements in newspaper and municipal website		10 March 2023	Manager: Corporate Performance, Monitoring and Evaluation
APRIL 2023 (Approval Phase)				
IDP	Submit Draft IDP 2022-23 Review, Draft Budget and SDBIP to CoGTA, Provincial Treasury, National Treasury and Auditor General	Municipal Finance Management Act 52 (d)/ Municipal Systems Act (32)	11 April 2023	IDP Manager
	Advertise and publish Draft IDP and Budget in the newspaper and municipal website for public comment	Municipal Systems Act 25 (4) (a)	11 April 2023	IDP Manager

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PROCESS	ACTIVITY	LEGISLATIVE REQUIREMENT	DATE	RESPONSIBILITY
PMS	IDP and Budget Roadshows	Municipal Systems Act 29 (b)	19-25 April 2023	IDP Manager
	National Treasury Benchmarking exercise		April 2023	Municipal Manager
	Finalise 3 rd Quarter 2022/23 Performance Report	Municipal Finance Management Act, section 52 (d)/ Circular 13	15 April 2023	Manager: Corporate Performance, Monitoring and Evaluation
	Submit 3 rd Quarter 2022/23 Performance Report to Mayco		21 April 2023	Municipal Manager
	Submit 3 rd Quarter 2022/23 Performance Report to Council		28 April 2023	Municipal Manager
	Conduct Individual Quarterly Reviews with HODs		27-28 April 2023	Manager: Corporate Performance, Monitoring and Evaluation
MAY 2023 (Approval Phase- Final IDP and Budget)				
IDP	IDP & Budget Steering Committee considers submissions, representations and recommendations from IDP Roadshows. Provide Executive Mayor with an opportunity to respond to submissions during consultation and table amendments for Council consideration.		15 May 2023	IDP Manager
	Advertise 4 th IDP Rep Forum in newspaper		17 May 2023	IDP Manager
	Fourth IDP Rep Forum to present Final 2022-23 IDP Review and Final budget, with submissions, representations and recommendations from the IDP Roadshows		29 May 2023	IDP Manager
	Table Final IDP 2023-23 Review and Final budget to Council for approval		30 May 2023	Chief Financial Officer
PMS	Draft Institutional SDBIP for 2022/2023 financial year		02 - 30 May 2023	Manager: Corporate Performance, Monitoring and Evaluation
JUNE 2023 (Post approval phase)				
IDP	Submit Final IDP 2022-23 Review, Final Budget, Risk Register and Procurement Plans to CoGTA, Provincial Treasury, National Treasury and Auditor General	Municipal Systems Act (32)	09 June 2023	IDP Manager
	Advertise and publish approved 2022-23 IDP Review and Budget in newspaper and municipal website	Municipal Systems Act 25 (4) (a)	09 June 2023	IDP Manager
	Printing and distribution of Final 2022-23 IDP Review to stakeholders		June 2023	IDP Manager
PMS	Submit Draft 2023/2024 SDBIP to the Executive Mayor	Municipal Finance Management Act Circular 13	14 June 2023	Municipal Manager
	Executive Mayor approves the 2023/2024 SDBIP	Municipal Finance Management Act 69 (3) (a)	28 June 2023	Municipal Manager

1.10 IDP and Service Delivery and Budget Implementation Plan

This is the draft IDP as draft by Council in March 2023.

The District Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2020/2021 MTREF, based on the approved 2019/2020 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2020/2021 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2019/2020 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

The Local Government Municipal Systems Act No. 32 of 2000, section 28 stipulates that the Municipal Council must adopt a process to guide the planning, drafting and adoption of its IDP within a prescribed period (10 months before the start of the new financial year as per MFMA 21 (1)). The Local Government Municipal Finance Management Act No. 56 of 2003 (MFMA), section 21 (1) (b) prescribes that the Executive Mayor must table in the Municipal Council a time schedule outlining the key deadlines for the preparation, tabling and approval of the annual budget, annual review of the Integrated Development Plan as well as the budget related policies and related consultative processes.

The main objective of an IDP process plan is to set out a procedure to guide planning, drafting and adoption of the IDP. It seeks to achieve the following: -

- i. To draw up a process that would encourage inclusiveness and transparency by ensuring the following:
 - a) Participation by all local municipalities, other stakeholders and communities is encouraged in every way possible
 - b) Comments and inputs made during the IDP Road Shows and Mayoral and IGR outreach programmes are fully considered in developing the IDP

- ii. To solicit and align development priorities of the O.R. Tambo District Municipality with those of the local municipalities as well as provincial and national sector departments, by looking at the following:
 - a) Aligning the IDP, PMS and Budgeting process to the budgeting cycles of the National and Provincial Government department
 - b) Developing a schedule for critical alignment deadlines to ensure that the district is able to timeously align its planning and budgeting processes to inform those of the national and provincial spheres, thereby increasing the scope for funding commitments.
- iii. To enhance service delivery and development through the following:
 - a) Preparation and review of relevant sector plans.
 - b) Implementation and review of PMS.
 - c) Preparation and adoption of annual municipal budget.
 - d) Alignment of IDP and Budgeting processes with national and provincial planning and budgeting processes.

1.10.1 Community Consultation

The draft 2023/2024 MTREF as tabled before Council on 31 March 2023 for community consultation. Notice of community road shows for different wards will be published in the local newspaper.

Ward Committees will be utilised to facilitate the community consultation process, and included public briefing sessions. The applicable dates and venues will be published in the local and provincial newspapers. Other stakeholders will be involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant considered as part of the finalisation of the 2022/2023 MTREF. Feedback and responses to the submissions received is available on request. The following are some of the main issues and concerns raised as well as comments received in consultation processes in previous years:

- Several complaints were received regarding poor service delivery, especially water distribution in rural communities, state of road infrastructure;
- Incomplete pit toilets and poor access to health facilities in rural communities.
- Poor performance of contractors relating to water infrastructure development and maintenance were raised;
- Constant water outages.

These issues will be addressed together with any new that will be raised when the public participation gatherings will be in progress.

The MSA, 2000: Section 17(4) states that participation must take place through the established structures. It must also take place through mechanisms, processes and procedures that exist in

terms of the MSA itself or that have been established by the Council. The MSA mentions the ward committees as a vehicle for participation. In addition to ward committees, the council may for instance, establish advisory committees consisting of persons who are not councillors. The mechanisms, processes and procedures mentioned in the MSA must include:

- Procedures to receive and deal with petitions and complaints of the public;
- Procedures to notify the community about important decisions (such as the IDP, service delivery choices etc) and allowing public comment when it is appropriate;
- Public hearings;
- Consultative meetings with recognized community organizations when appropriate, traditional authorities; and
- Report back to the community

These systems must as a minimum measure, be established in every municipality. The special needs of women, illiterate people, physically challenged people, and other disadvantaged groups must be taken into account. Four major functions can be aligned with the public participation process namely; Needs orientation, Appropriateness of solutions, Community ownership and Empowerment.

The following participation mechanisms are proposed:

IDP REPRESENTATIVE FORUM

The IDP Representative Forum is the main organizational mechanism in place for discussion, negotiation and decision-making between stakeholders with the municipal area. It is constituted of Councillors, Mayors and Municipal managers of all constituent municipalities, representative of organised role playing groups, NGO, Senior officials from Government departments and municipal heads of departments. Additional organizations should be encouraged to participate in the Forum throughout the process.

MEDIA

Amongst others the local press will be used to inform the community of the progress with respect to the IDP.

CIRCULATE NOTICE

Notices on the IDP Process (in English and isiXhosa) will be placed at strategic Notice boards: public buildings (e.g. Schools, Clinics, and Tribal/Magistrates Courts etc) and places of religion. Notices can also be attached on the municipal customer's monthly accounts.

WEBSITE AND ELECTRONIC BILLBOARD

Notices on the IDP processes will be published in the O.R. Tambo DM website.

ROADSHOWS

A number of road shows will be conducted in an effort to ensure that the public is actively involved throughout the process. Announcements of the road show programme will have to be made in local and community radio stations and also make use of local newspaper publications.

1.11 Overview of alignment of annual budget with IDP

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

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

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the District Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the District Municipality strategically complies with the key national and provincial priorities.

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

between national and provincial priorities, policies and strategies and the District Municipality's response to these requirements.

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

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2020/2021 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 5 IDP Strategic Objectives

2021/2022 Financial Year	2020/2021 MTREF
1. Institutional Transformation and Development	1. Improve workplace and community skills development to ensure capacity to achieve set objectives and sustainable job creation
2. Good governance and public participation	1 Building a coherent district that is responsible, accountable and promote clear governance
3. Financial viability and Management	1. Ensure sound financial management, sustainability, viability of the municipality
4. Improve coordination and intergration of LED programs and enhancing access to LED infrastructure and promoting sustainable community livelihood	1 Promote economic growth and creating sustainable economic activities through rationalised programmes within a limited natural resources
5. The provision of quality basic services and infrastructure	1. Provide adequate accessible infrastructure and enhancing the community

In order to ensure integrated and focused service delivery between all spheres of government it was important for the District Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure

development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

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

1. Institutional Transformation and Development
 - Promote workplace and community skills development
 - Improve institutional systems and structures
 - Proper Labour relations planning
 - Review existing organisational structure
2. Good Governance and public participation
 - Promote transparency and accountability
 - Promote effective functioning of Inter Governmental Relations (IGR)
 - Promote Batho Pele principles
3. Financial Viability and Management
 - Ensure effective financial management planning and budgeting
 - Develop effective and efficient system of internal controls
 - Promote transparency in procurement
 - Achieve optimum revenue collection
4. Fighting poverty, building clean, safe, healthy and sustainable communities
 - Promote local economic development projects
 - Provide assistance to local emerging contractors and businesses
5. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide water;
 - Provide sanitation;
 - Provide housing;
 - Provide roads and storm water;
 - Provide public transport;
 - Provide District Municipality planning services; and
 - Maintaining the infrastructure of the District Municipality.

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

In addition to the five-year IDP, the District Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of

public-led investment to restructure current patterns of settlement, activity and access to resources in the District Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the District Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the District Municipality and other service delivery partners.

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

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

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

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

The 2023/2024 MTREF has therefore been directly informed by the IDP process and the following tables provide reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 20 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand												
FINANCIAL VIABILITY AND MANAGEMENT				866,534	1,023,151	984,505	374,074	318,208	318,208	324,500	339,686	359,263
STRENGTHENING GOVERNANCE AND CONTROL ENVIRONMENT				1,117	856	1,463	177,781	177,781	177,781	203,755	208,392	218,322
PROMOTE WORKPLACE SKILLS DEVELOPMENT				–	–	–	177,430	178,285	178,285	217,894	228,258	238,873
IMPROVE COORDINATION AND INTERGRATION OF LED PROGRAMS AND ENHANCING ACCESS TO LED INFRASTRUCTURE AND PROMOTING SUSTAINABLE COMMUNITY LIVELIHOOD				6,294	6,517	10,418	98,438	99,238	99,238	101,134	99,377	104,730
PROVIDING ACCESS TO POTABLE WATER, AND SANITATION SERVICES AND IMPROVE THE COMMUNITY LIVELIHOOD				301,584	409,885	336,564	868,689	805,202	805,202	965,899	1,034,061	1,097,754
Allocations to other priorities				2								
Total Revenue (excluding capital transfers and contributions)			1	1,175,529	1,440,410	1,332,950	1,696,412	1,578,714	1,578,714	1,813,181	1,909,773	2,018,942

Table 21 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	
R thousand													
FINANCIAL VIABILITY AND MANAGEMENT				122,509	178,856	150,131	220,575	238,741	238,741	293,516	303,350	313,863	
STRENGTHINING GOVERNANCE AND CONTROL ENVIRONMENT				238,548	225,894	235,564	189,323	191,478	191,478	210,564	208,392	218,322	
PROMOTE WORKPLACE SKILLS DEVELOPMENT				161,185	193,903	141,607	175,930	179,520	179,520	195,644	205,109	214,686	
IMPROVE COORDINATION AND INTERGRATION OF LED PROGRAMS AND ENHANCING ACCESS TO LED				153,346	138,947	104,946	86,896	87,696	87,696	94,325	99,377	104,730	
PROVIDING ACCESS TO POTABLE WATER, AND SANITATION SERVICES AND IMPROVE THE COMMUNITY				1,005,467	1,012,546	936,551	794,253	824,766	824,766	911,770	961,447	1,006,400	
Allocations to other priorities													
Total Expenditure				1	1,681,055	1,750,147	1,568,799	1,466,977	1,522,201	1,522,201	1,705,819	1,777,675	1,858,001

Table 22 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand												
FINANCIAL VIABILITY AND MANAGEMENT				4,524	5,123	577	55,673	57,973	57,973	5,000	5,245	5,492
STRENGTHINING GOVERNANCE AND CONTROL ENVIRONMENT				590	–	–	–	–	–	–	–	–
PROMOTE WORKPLACE SKILLS DEVELOPMENT				378	87	170	1,500	2,250	2,250	22,250	23,252	24,299
IMPROVE COORDINATION AND INTERGRATION OF LED PROGRAMS AND ENHANCING ACCESS TO LED				–	2,361	–	–	–	–	–	–	–
PROVIDING ACCESS TO POTABLE WATER, AND SANITATION SERVICES AND IMPROVE THE COMMUNITY				62,891	63,703	2,642	1,047,174	752,375	752,375	1,238,856	1,322,256	1,398,073
Allocations to other priorities			3									
Total Capital Expenditure			1	68,384	71,274	3,389	1,104,347	812,598	812,598	1,266,106	1,350,753	1,427,863

1.12 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 District 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 organisational performance which in turn is directly linked to individual employee's performance.

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

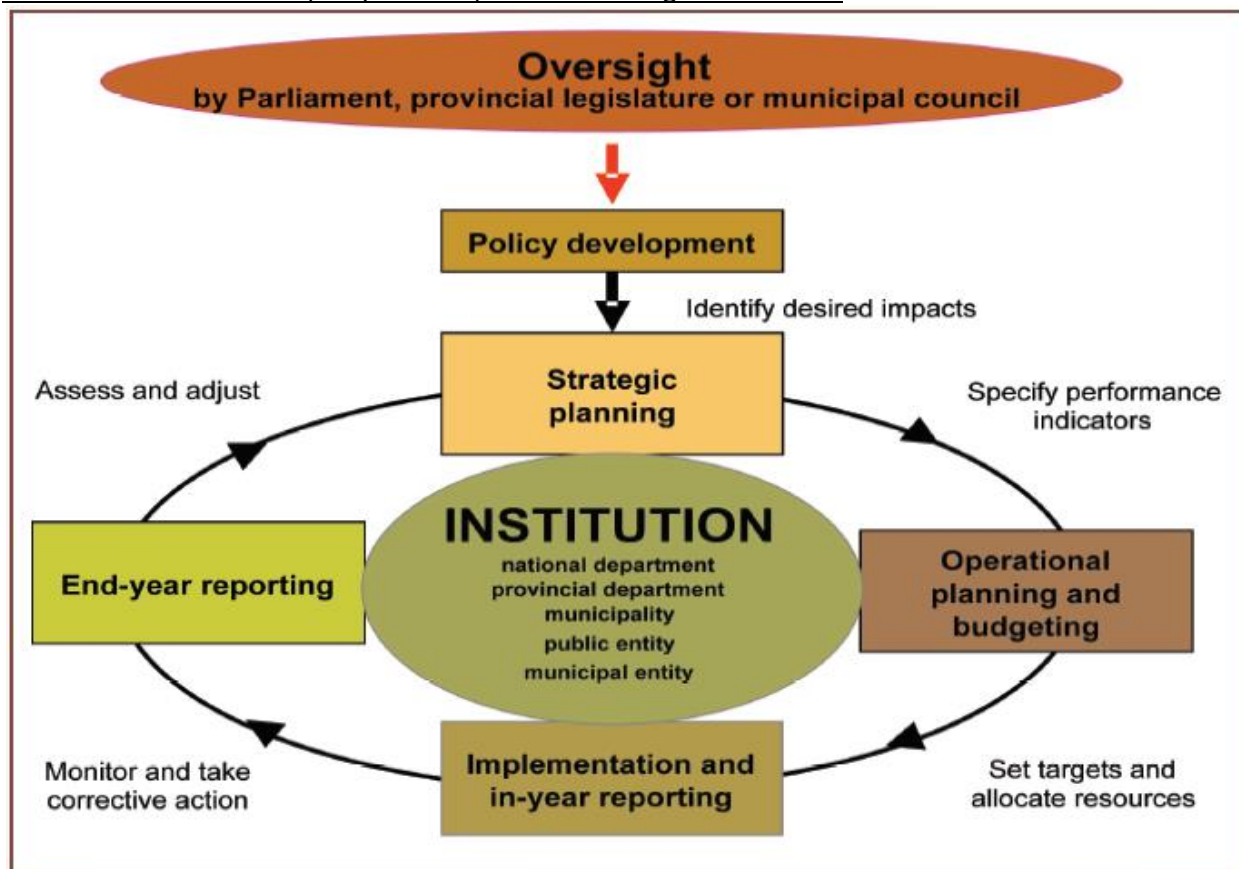


Figure 2 Planning, budgeting and reporting cycle

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

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

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

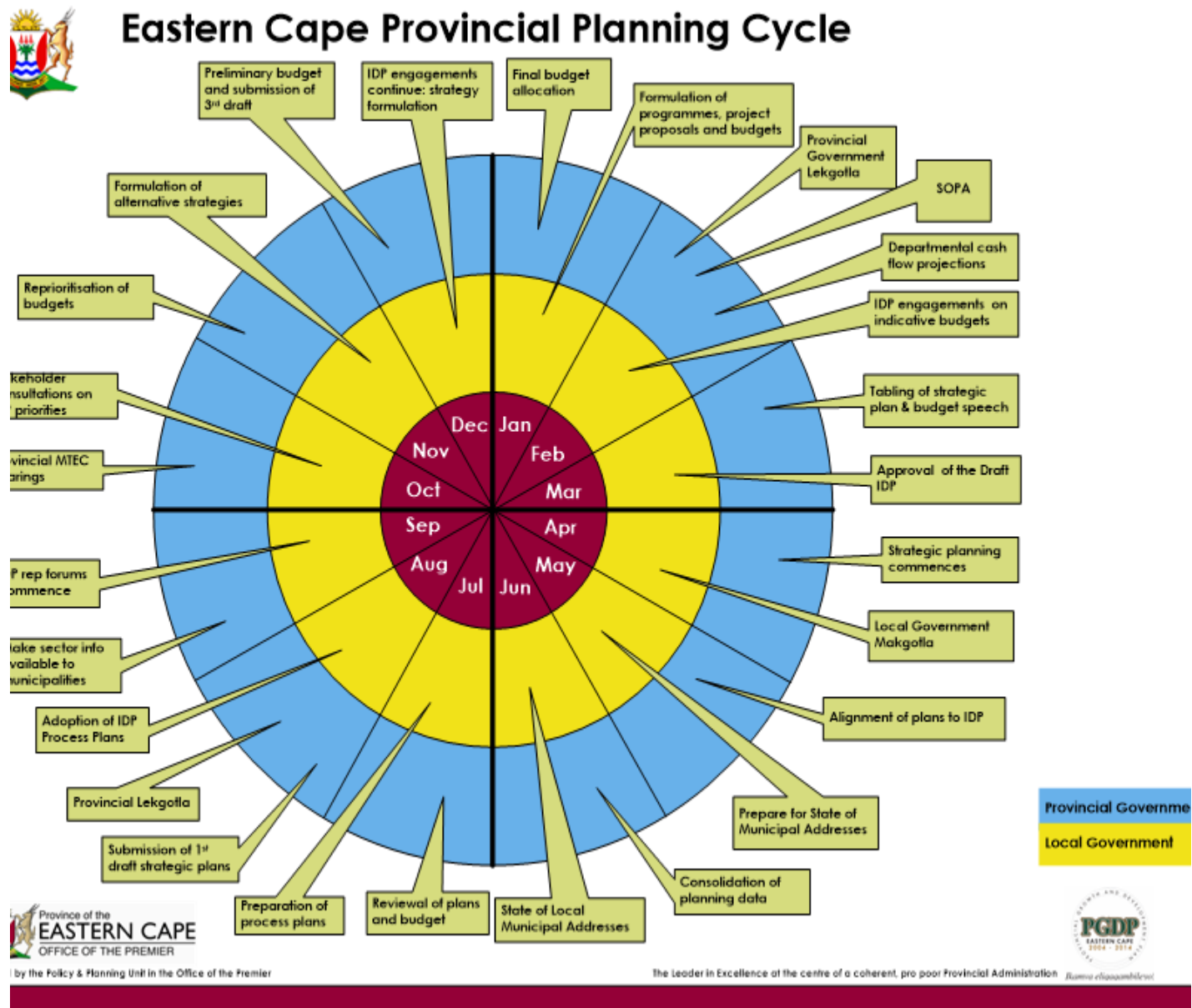


Figure 3 (1) Planning, budgeting and reporting cycle

The planning of the District includes the sector departments within the area which must be aligned with the planning of those sector departments

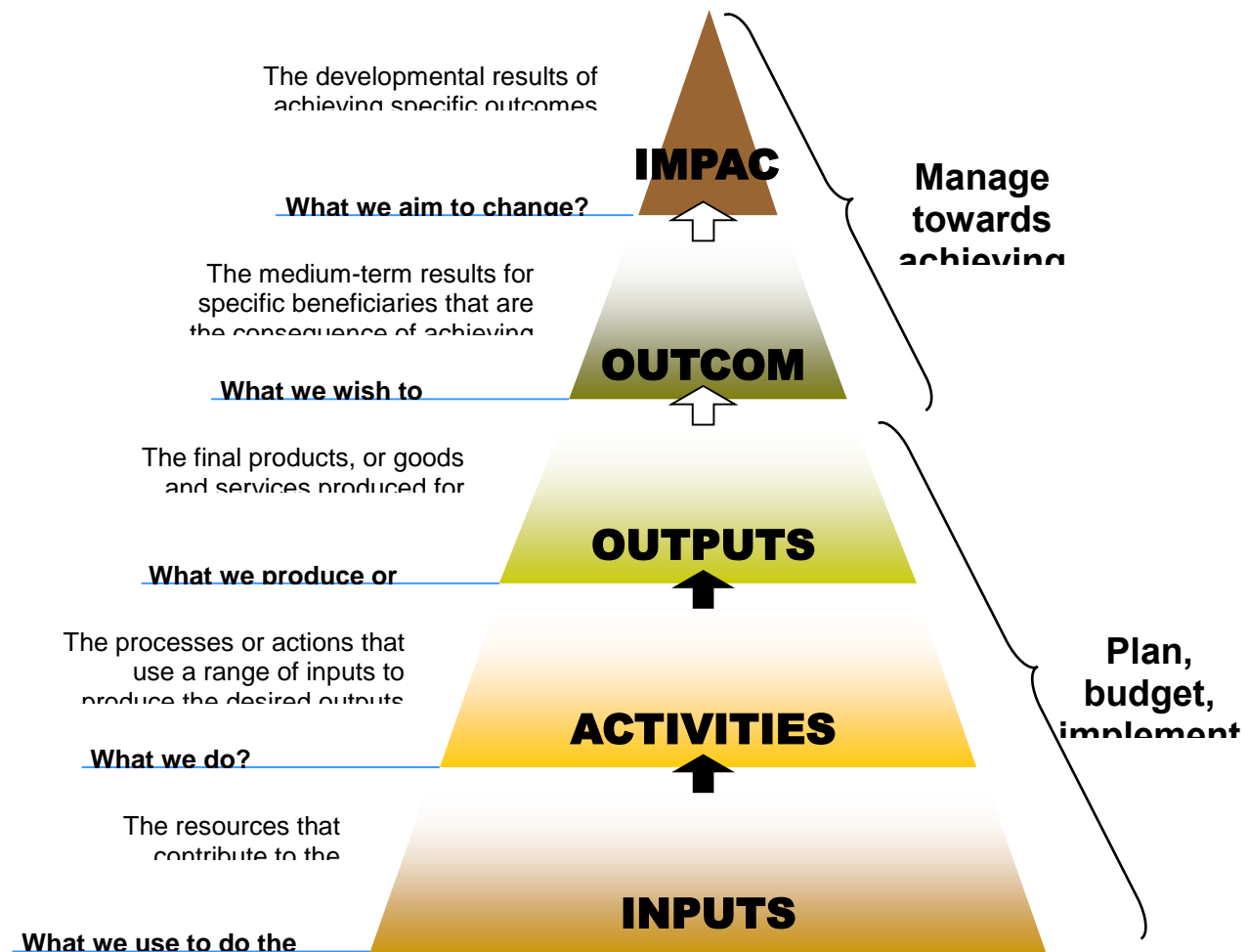


Figure 4 Definition of performance information concepts

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

Table 63 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
11 - Water										
Water Management										
Water Distribution										
Formal Settlement Households Receiving Water	Households	299 629	—	—	396 635	396 635	396 635	435 505	—	—
Informal Settlements (R000)	Rand Value	577491 525	—	—	687801 646	687801 646	687801 646	729069 745	—	—
No Water Supply	Households	163 672	165 072	160 119	174 884	174 884	174 884	174 884	171 758	171 758
Other Water Supply (< Min. Service Level)	Households	13 578	25 389	24 627	27 065	27 065	27 065	27 065	27 877	27 877
Level)	Households	—	—	—	—	—	—	—	—	—
Piped Water Inside Dwelling	Households	20 493	20 805	21 075	21 375	21 375	21 375	21 375	22 016	22 676
Dwelling)	Households	40 091	40 702	43 758	43 758	43 758	43 758	43 758	45 071	46 423
Level)	Households	95 087	96 538	102 417	105 479	105 479	105 479	105 479	109 698	113 537

Table 24 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.4%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.4%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	0.7	0.7	0.7	0.9	1.8	1.8	0.8	1.6	1.5	1.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.7	0.7	0.7	0.9	1.8	1.8	0.8	1.6	1.5	1.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.5	0.5	0.5	0.6	1.2	1.2	0.6	1.3	1.2	1.3
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.3%	14.6%	103.9%	69.0%	69.0%	69.0%	62.1%	68.7%	69.4%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	14.6%	104.0%	69.0%	69.0%	69.0%	62.1%	68.5%	69.4%	72.1%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	18.8%	17.0%	20.8%	11.9%	12.8%	12.8%	18.2%	11.3%	8.2%	8.3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		128.5%	41.5%	97.2%	187.9%	171.3%	171.3%	-53.7%	47.2%	51.9%	50.5%
Other Indicators											
	Total Volume Losses (kW) technical										
	Total Volume Losses (kW) non technical	0	0	0	0	0	0	0	0	0	0
Electricity Distribution Losses (2)	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Volumes :System input	Bulk Purchase Water treatment works Natural sources										
	Total Volume Losses (Ml)										
	Total Cost of Losses (Rand '000)	7	7,477	7,576	5,548	5,548	5,548	5,548	4,438	3,773	3,131
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	16768	12486997	0	9265352	9265352	9265352	0	7412281	6300439	0
		0	3000.0%	0.0%	2500.0%	2500.0%	2500.0%	0.0%	2000.0%	1700.0%	0.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	57.3%	53.3%	55.1%	43.7%	46.9%	46.9%	41.3%	42.5%	42.4%	41.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	59.1%	54.7%	56.5%	45.1%	48.4%	48.4%		43.9%	43.8%	43.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.3%	5.9%	1.9%	1.3%	4.3%	4.3%		4.0%	4.3%	4.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	26.8%	24.7%	20.1%	11.2%	10.8%	10.8%	11.8%	13.2%	12.8%	12.6%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	192.1	133.5	202.2	56.5	56.5	56.5	45.6	57.6	58.0	61.3
ii.OS Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	80.5%	81.7%	90.4%	48.1%	48.1%	48.1%	105.1%	45.6%	33.3%	33.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.1	10.3	5.2	1.9	2.1	2.1	(5.7)	4.8	5.4	6.0

1.12.1 Performance indicators and benchmarks

1.12.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, OR Tambo District Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the District Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2023/2024 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. The District Municipality is not intending to borrow funds.

1.12.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. During the 2021/2022 financial year the ratio was only 0 per cent of equity and debt utilised to finance assets. Then in 2023/2024 MTREF the ratio is 0 percent.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Since the District is not intending to borrow, this ratio is nil since the municipality does not intend to borrow funds.

1.12.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities. This gives an indication of how much the cash will be able to cover the current liabilities and the best practice is about 3:1. In 2016/17 to 2018/19 the ratio is 1.2:1, 1:1, 0.9:1 which indicates that the municipality is in break even point to cover the current liabilities due to a number of reasons being one of them the poor collection rate on service charges. But in 2022/2023 budget, it is anticipated that the ratio is 0.6:1 due to the decrease in current liabilities and increase in current assets, this decrease was as a result of decrease in accruals but still this is not safe enough as it is in breakeven point. For the 2023/2024 MTREF the current ratio is 1.3:1 this is anticipated to improve to 1.3:1 in 2024-2025 as the collections rate will increase and the cash on hand slightly increase but there is still room for improvement in the area of collections for this ratio to rise and closer to the best practice.

1.12.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management strategy has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. Currently the projected collection rate is at 69 per cent for 2022/2023 which is anticipated to be reached. For 2023/2024, anticipated collection rate is 68.1 per cent.

1.12.1.5 Creditors Management

- The District Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. Though there are some challenges in payments of contractors for MIG spending due to the process of verification of work done, there are mechanisms in place to address these. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation.
- Other Indicators
- Employee costs being 42.5 per cent as a percentage of operating expenditure which is just above the norm of maximum of 40 per cent as per circular 71. This is due to the increment of 5.3 per cent and the filling of vacant posts.
- Repairs and Maintenance is significantly lower as the percentage of total property plant and equipment which is 4 percent. This as a result of some items which were reclassified from repairs and maintenance to capital expenditure and other direct costs on operations and maintenance being classified under other expenditure. Even then this is not enough still to address the aging of the infrastructure more especially in towns. Funding the depreciation will assist in asset renewal and replacement.

1.12.2 Free Basic Services: basic social services package for indigent households

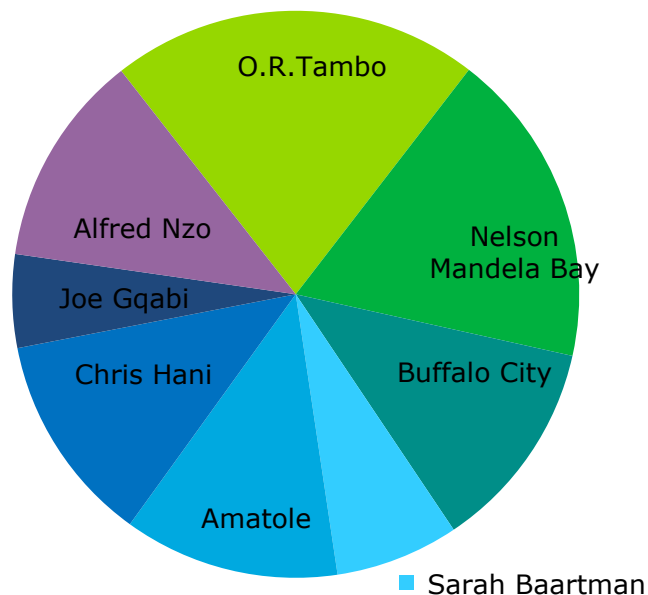
Table 24 a MBRR Table SA9 – Social, Economic and demographic statistics assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2019/20	2020/21	2021/22	Current Year 2022/23	2023/24 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population			1,677	1,350	1,390	2	2	2	2	2	2	2
Females aged 5 - 14			140	118	153	186	188	192	188	190	192	194
Males aged 5 - 14			144	122	159	192	194	199	194	196	198	200
Females aged 15 - 34			226	176	229	241	261	267	261	264	267	269
Males aged 15 - 34			216	193	251	291	293	301	293	456	710	1,104
Unemployment												
Monthly household income (no. of households)	1, 12											
No income			60	70	77	59	65	71	65	66	67	68
R1 - R1 600			1,000	1,160	1,287	957	1,048	1,149	1,048	1,062	1,076	1,090
R1 601 - R3 200			10,280	11,925	13,236	4,645	5,089	5,578	5,089	5,156	5,224	5,293
R3 201 - R6 400			19,921	23,109	25,651	9,840	10,780	11,815	10,780	10,922	11,066	11,213
R6 401 - R12 800			58,998	68,438	75,966	56,472	61,866	67,805	61,866	62,683	62,684	63,511
R12 801 - R25 600			60,658	70,364	78,104	57,664	63,172	69,237	63,172	63,173	64,007	64,852
R25 601 - R51 200			53,155	61,659	68,442	32,636	35,753	39,185	35,753	36,225	36,718	37,217
R52 201 - R102 400			21,982	25,499	28,304	25,668	28,119	30,818	28,119	28,490	28,866	29,247
R102 401 - R204 800			45,196	52,427	58,194	24,691	27,049	29,646	27,049	27,050	27,051	27,049
R204 801 - R409 600			19,139	22,202	24,644	12,591	13,794	15,118	13,794	13,976	14,160	14,162
R409 601 - R819 200			17,174	19,922	22,114	7,517	8,235	9,026	8,235	8,343	8,345	8,455
> R819 200			176	204	227	2,282	2,500	2,740	2,500	2,533	2,566	2,600
Poverty profiles (no. of households)												
< R2 060 per household per month	13		10,659	12,102	12,995	58.00	62.00	68.00	62.00	27.00	31.00	47.00
Insert description	2											
Household demographics (000)												
Number of people in municipal area			1,676,592	1,350,000	1,390,000	2	2	2	2	2	2	2
Number of poor people in municipal area			1,257,444	985,500	1,042,500	866	996	1,002	996	1,088	1,189	1,300
Number of households in municipal area			364,477	293,478	298,531	326	349	351	349	351	354	357
Number of poor households in municipal area			273,357	214,239	226,630	-	196	197	196	259	343	453
Definition of poor household (R per month)			992	992	992	992	992	999	992	131,440	174,158	23,075
Housing statistics												
Formal	3		139,374	135,247	141,785	146,692	152,345	158,134	152,345	159,429	166,699	174,505
Informal			176,939	171,700	180,000	1,862	1,962	2,036	1,962	2,153	2,363	2,594
Total number of households			316,313	306,947	321,785	148,554	154,307	160,170	154,307	161,582	169,062	177,099
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic												
Inflation/inflation outlook (CPIx)	6					5.2%	2.9%	5.2%	4.8%	5.3%	4.9%	4.7%
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)						6.9%	4.5%	4.9%	4.8%	5.3%	4.9%	4.7%
Consumption growth (water)												
Collection rates	7											
Property tax/service charges												
Rent of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

POPULATION

Population statistics is important when analysing an economy, as the population growth directly and indirectly impacts employment and unemployment, as well as other economic indicators such as economic growth and per capita income. With 1.47 million people, the O.R.Tambo District Municipality housed 2.6% of South Africa's total population in 2016. Between 2006 and 2016 the population growth averaged 0.94% per annum which is close to half than the growth rate of South Africa as a whole (1.54%). Compared to Eastern Cape's average annual growth rate (0.83%), the growth rate in O.R.Tambo's population at 0.94% was very similar than that of the province.

Total population Eastern Cape Province, 2016



Source: IHS Markit Regional eXplorer version 1181

When compared to other regions, the O.R.Tambo District Municipality accounts for a total population of 1.47 million, or 21.0% of the total population in the Eastern Cape Province, which is the most populous region in the Eastern Cape Province for 2016. The ranking in terms of the size of O.R.Tambo compared to the other regions remained the same between 2006 and 2016. In terms of its share the O.R.Tambo District Municipality was slightly larger in 2016 (21.0%) compared to what it was in 2006 (20.8%). When looking at the average annual growth rate, it is noted that O.R.Tambo ranked fourth (relative to its peers in terms of growth) with an average annual growth rate of 0.9% between 2006 and 2016.

The Ngquza Hill Local Municipality increased the most, in terms of population, with an average annual growth rate of 1.3%, the King Sabata Dalindyebo Local Municipality had the second highest growth in terms of its population, with an average annual growth rate of 1.2%. The Mhlontlo Local Municipality had the lowest average annual growth rate of -0.39% relative to the other within the O.R.Tambo District Municipality.

The population pyramid reflects a projected change in the structure of the population from 2016 and 2021. The differences can be explained as follows:

- In 2016, there is a significantly larger share of young working age people between 20 and 34 (27.5%), compared to what is estimated in 2021 (25.5%). This age category of young working age population will decrease over time.
- The fertility rate in 2021 is estimated to be significantly higher compared to that experienced in 2016.
- The share of children between the ages of 0 to 14 years is projected to be significant smaller (35.9%) in 2021 when compared to 2016 (37.3%).
- In 2016, the female population for the 20 to 34 years age group amounts to 14.3% of the total female population while the male population group for the same age amounts to 13.2% of the total male population. In 2021, the male working age population at 12.5% does not exceed that of the female population working age population at 13.0%, although both are at a lower level compared to 2016.

Population by population group, Gender and Age

The total population of a region is the total number of people within that region measured in the middle of the year. Total population can be categorised according to the population group, as well as the sub-categories of age and gender. The population groups include African, White, Coloured and Asian, where the Asian group includes all people originating from Asia, India and China. The age subcategory divides the population into 5-year cohorts, e.g. 0-4, 5-9, 10-13, etc.

O.R.Tambo District Municipality's male/female split in population was 87.7 males per 100 females in 2016. The O.R.Tambo District Municipality has significantly more females (53.28%) than males, when compared to a typical stable population. This is most probably an area with high male out migration to look for work elsewhere. In total there were 784 000 (53.28%) females and 688 000 (46.72%) males. This is different from the Eastern Cape Province as a whole where the female population counted 3.67 million which constitutes 52.31% of the total population of 7.01 million.

In 2016, the O.R.Tambo District Municipality's population consisted of 99.12% African (1.46 million), 0.18% White (2 720), 0.47% Coloured (6 940) and 0.22% Asian (3 230) people. The largest share of population is within the babies and kids (0-14 years) age category with a total number of 550 000 or 37.3% of the total population. The age category with the second largest number of people is the young working age (25-44 years) age category with a total share of 25.5%, followed by the teenagers and youth (15-24 years) age category with 323 000 people. The age category with the least number of people is the retired / old age (65 years and older) age category with only 78 200 people, as reflected in the population pyramids below.

ECONOMY

The economic state of O.R.Tambo District Municipality is put in perspective by comparing it on a spatial level with its neighbouring district municipalities, Eastern Cape Province and South Africa. The section will also allude to the economic composition and contribution of the regions within O.R.Tambo District Municipality.

The O.R.Tambo District Municipality does not function in isolation from Eastern Cape, South Africa and the world and now, more than ever, it is crucial to have reliable information on its economy for effective planning. Information is needed that will empower the municipality to plan and implement policies that will encourage the social development and economic growth of the people and industries in the municipality respectively.

With a GDP of R 38 billion in 2016 (up from R 16.3 billion in 2006), the O.R.Tambo District Municipality contributed 11.23% to the Eastern Cape Province GDP of R 338 billion in 2016 increasing in the share of the Eastern Cape from 11.47% in 2006. The O.R.Tambo District Municipality contributes 0.87% to the GDP of South Africa which had a total GDP of R 4.35 trillion in 2016 (as measured in nominal or current prices).It's contribution to the national economy stayed similar in importance from 2006 when it contributed 0.89% to South Africa, but it is lower than the peak of 0.92% in 2007.

The O.R.Tambo District Municipality had a total GDP of R 38 billion and in terms of total contribution towards Eastern Cape Province the O.R.Tambo District Municipality ranked third relative to all the regional economies to total Eastern Cape Province GDP. This ranking in terms of size compared to other regions of O.R.Tambo remained the same since 2006. In terms of its share, it was in 2016 (11.2%) slightly smaller compared to what it was in 2006 (11.5%). For the period 2006 to 2016, the average annual growth rate of 1.0% of O.R.Tambo was the sixth relative to its peers in terms of growth in constant 2010 prices.

The table above indicates the statistical demographic information for the district municipality. Based on the census for 2001 and later on the census for 2011 with the projected growing index of 0.97per cent per annum population growth from 2011 census.

As indicated in the table above total number of people in the municipal area amount to 1.36 million in the 2011 census and out of that number, number of poor people in the municipal area amounted to 828,500 which means 60per cent of people in the municipal area are poor. This number grew in the subsequent years using the growth index to 1 million poor people out of 1.9 million total population but the percentage remains the same since the same index in both total population and poor people. But this indicated the challenge the municipality has in the expanding its revenue base due to the demographic dynamics.

The district is located in one of the deeply rural areas in the country with non existent infrastructure in some of the areas. The district as per 2011 census comprises of close to 308 577 households of which 93per cent are rural. The rural communities comprising of 93per cent

households receive water and sanitation without paying for them and this forms part of free basic service.

For the 7per cent in towns social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the District Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2020/2021 financial year 435 registered indigent households have been provided for in the budget with this figured expected to increase. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 19 MBRR A10 (Basic Service Delivery Measurement)

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

1.12.3 Providing clean water and managing waste water

The District Municipality is the Water Services Authority for the entire district in terms of the Water Services Act, 1997 and acts as water services provider. The District Municipality source water from dams (DWA) to water pump stations for purification then to consumers. There are other sources of water being boreholes

The following is briefly the main challenges facing the District Municipality in this regard:

- Decrease of water supply due to drought
- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

1.13 Overview of budget related-policies

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

1.13.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in October 2008 is reviewed in 2022/2023 and the Council noted the revised Credit Control Policy as well as the Tariff policy on the 31 May 2023. The newly revised draft policy is now credible, sustainable, manageable and informed by affordability and value for money that has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions have been included to enhance the lowering of the credit periods for the down payment of debt. In addition, emphasis has been placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the District Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

1.13.2 Supply Chain Management Policy

The Supply Chain Management Policy was drafted by Council in December 2005. An amended policy was considered by Council on the 31st May 2023 of which the amendments will be extensively consulted on and will be in compliance with the newly revised SCM regulations.

1.13.3 Budget and adjustment budget, Reserves and funding and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the District Municipality's system of delegations incorporating the restrictions of mSCOA segments in the amendments of the budget. The Budget related Policies have been noted by the council when tabling 2023/2024 MTREF.

1.13.4 Cash Management and Investment Policy

The aim of the policy is to ensure that the District Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

1.13.5 Tariff Policies

The District Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service

delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

Overview of budget assumptions

External factors

In South Africa, there is currently crisis of load shedding which affects the service delivery as the water schemes are affected and the supply of water to communities is severely affected due to uncertainty of electricity supply. This will negatively impact our country and collapse the economy which will affect the cash management of the municipality. Also the downgrading to junk status of the country will not help the situation with devaluation of rand to dollar exchange, worsening of country's credit rating (downgrade to junk status), gloomy political climate (which is slightly improving due to the new executive), natural disasters (flooding, storms) drought resulting in potential import of produce, this will have negative impact on the economy in a long run and the loss of jobs will continue to increase as these circumstances prevail with an increase in budgeted deficit for the country not helping. It is expected that recovery from this deterioration will be slow and uneven, and this will be the same for 2023/2024 MTREF.

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

There are five key factors that have been taken into consideration in the compilation of the 2023/2024 MTREF:

National Government macro economic targets;

The general inflationary outlook and the impact on District Municipality's residents and businesses;

The impact of municipal cost drivers;

Impact of load shedding

The increase in prices for bulk water; and

The increase in the cost of remuneration. Employee related costs comprise 46 per cent of total operating expenditure in the 2023/2024 MTREF and a budgeted increment of 5.3 per cent, and therefore this increase is as per inflation places a disproportionate upward pressure on the expenditure budget.

Collection rate for revenue services

The base assumption is that tariff and rating will be lower than CPI in the MTREF then increase slightly over the long term. This relates to water and sanitation revenue sources. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (68.5 per cent) of annual billings. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored and the services of debt collectors have been sourced to accelerate the arrear debt collection.

Growth or decline in tax base of the municipality

The District Municipality is rural in nature with towns as urban areas. There is a move by communities to come closer to towns. This results in establishment of peri urban areas which received water above RDP standards. The municipality budgeted to bill the areas utilising flat rate after public consultations. This has potential to grow the tax base of the municipality.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

Salary increases

The overall salary increases is projected at 5.3 per cent, as guided by MFMA Circular 123 provision for outcome of wage negotiations. SALGA Bargaining Council salary negotiations agreed to increase the salaries for 2023/2024 as per CPI.

Impact of national, provincial and local policies

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

Creating jobs;

Enhancing education and skill development;

Rural development and agriculture; and

Fighting crime and corruption.

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

2.5.7 VAT Refunds

The municipality is registered on cash basis. Receipt of grants is zero rated and does not attract output vat. Main component of refund is the spending on the MIG, WSIG, RBIG grants. The municipality ensures that the service providers for the spending of these grants are VAT registered so as to be able to claim the VAT. VAT refund funds the capital expenditure of the district. Therefore it is assumed that the amount projected will be fully collected.

Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of 100 per cent is achieved on operating expenditure and on the capital programme for the 2023/2024 MTREF of which performance has been factored into the cash flow budget

2.5.9 Departmental Budget narrative

Water and Sanitation Services

Background

OR Tambo District Municipality (ORTDM) is both Water Services Authority and a Water Services Provider. Authority is therefore vested in it, in terms of the Municipal Structures Act 118 of 1998 or the ministerial authorizations made in terms of this Act, to ensure that water resources and infrastructure are well managed and maintained in order that the service may be provided in an equitable, sustainable and efficient manner.

The primary responsibility for Water Services Authority includes

Ensuring access: Due to the load shedding, water supply is interrupted it is very important to ensure the realization of the right of access to water services, particularly basic water services (subject to available resources) by seeing that appropriate investments in water services infrastructure are made. For those communities that still have backlog on water access. The municipality budgeted for the procurement of water tanker trucks to deliver water in times of water interruptions.

Planning: To prepare water services development plans to ensure effective, efficient, affordable, economical and sustainable access to water services that promote sustainable livelihoods and economic development.

Regulation: To regulate water services provision and Water Services Providers within the jurisdiction of the municipality and within the policy and regulatory frameworks set by Department of Water Affairs through the enactment of by-laws and the regulation of contracts.

Provision: To ensure the provision of effective, efficient and sustainable water services (including water conservation and demand management) either by providing water services themselves or by selecting, procuring and contracting with external Water Services Providers.

Locality

O.R. Tambo District Municipality is one of six District Municipalities in the Eastern Cape Province. It is located in the eastern half of the Province, with its eastern border the Indian Ocean coastline of South Africa as can be seen in. It is bordered by Alfred Nzo District Municipality, Joe Gqabi District Municipality, Chris Hani District Municipality and by Amathole District Municipality. OR Tambo DM is one of six District Municipalities in the Eastern Cape Province and is located in the eastern half of the Province.

OR Tambo District Municipality locality map



The District is classified as a Category C2 Municipality, which indicates an area with a largely rural character. At least 80% of the district was part of the former Transkei, and approximately 93% of the population resides in widely dispersed homesteads and small villages

The other major towns in the district are Mthatha, Mqanduli, Port St. Johns, Qumbu, Lusikisiki, Ngqeleni, Libode, Tsolo and Flagstaff.

OR Tambo DM has five local Municipalities with 9 towns namely:

Local Municipality	Town
KSD	Mthatha
	Mqanduli
Nyandeni	Libode
	Ngqeleni
Mhlontlo	Qumbu
	Tsolo

Port St Johns	Port St Johns
Ingquza Hill	Lusikisiki

Conclusions

The municipality had a challenge of spending grants allocation to it in the previous financial years due to lockdown and contractors not in site.

According to the WSDP of the ORTDM, water backlogs are standing at 59.4% while sanitation backlogs are at 23%

The district has allocated over 86% on average of the 2023/24 grant budget towards reducing water backlogs while 12% has been put aside for sanitation services

Despite the huge bias on water projects by the municipality if the current situation remains the same as depicted above, the efforts of the district will be unable to make inroads in fighting water backlogs.

The district does make short to medium term intervention to supply water to isolated settlements by means of standalone schemes mainly using Wsig grant and equitable share, these efforts are facing challenges of theft, vandalism and drought which in some instances condemn communities to stay for days without water

The district can positively report successes in dealing with sanitation, this is due with implementation of cost effective VIP sanitation projects in the rural areas where most population of the municipality is located.

While the advantages of VIP sanitation are appreciated in the short term but long term is proving a challenge as the pits get filled up and top toilet structures shows huge distress around five years of existence. This amounts to phenomenon called reverse backlogs.

OR Tambo District Municipality 2023/2024 Final Budget and MTREF

R thousand														2023/24 Medium Term Revenue & Expenditure Framework				
Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Latitude	Audited Outcome 2021/22	Current Year 2022/23 Full Year Forecast	Budget Year +1 2023/24	Budget Year +2 2024/25	Budget Year +3 2025/26		
Parent municipality: List all capital projects grouped by Function																		
Fire Fighting And Protection	Fire Fighter Equipment	PC02003010_00003	NEW	ent. effective and development-oriented public	Growth		Transport Assets	Transport Assets	R-ADMIN OR HEAD OFFICE	0	0	–	1,000	17,000	17,833	18,671		
Health Services	Computer Equipment	PC02003004_00001	NEW	ent. effective and development-oriented public	Growth		Computer Equipment	Computer Equipment	R-ADMIN OR HEAD OFFICE	0	0	–	–	–	–	–		
Housing	Emergency Housing Mahluhuli & Mbokazi	02003003002002_00	NEW	human settlements and improved quality of ho	Growth		Housing	Social Housing	R-WHOLE OF THE DISTRICT	0	0	906	48,000	182,153	19,000	–		
Housing	Temporal Structures	02003003002002_00	NEW	human settlements and improved quality of ho	Growth		Housing	Social Housing	R-ADMIN OR HEAD OFFICE	0	0	–	–	350	367	384		
Information Technology	Computer Equipment	PC02003004_00001	NEW	ent. effective and development-oriented public	Growth		Computer Equipment	Computer Equipment	R-ADMIN OR HEAD OFFICE	0	0	–	700	1,500	1,568	1,638		
Information Technology	Computer Software And Applications	0200300702004_00	NEW	ent. effective and development-oriented public	Growth		Licences And Rights	Computer Software And Applications	R-ADMIN OR HEAD OFFICE	0	0	–	–	500	523	546		
Information Technology	Disaster Management Plan	0200300702006_00	NEW	ent. effective and development-oriented public	Growth		Licences And Rights	Unspecified	R-ADMIN OR HEAD OFFICE	0	0	–	1,300	20,000	20,900	21,841		
Public Transport	Roads Infra - lu C. Acquisition	2001002006001_000	NEW	competitive and responsive economic infrastruc	Growth		Roads Infrastructure	Roads	R-ADMIN OR HEAD OFFICE	–	–	3,143	3,155	3,296	3,444	3,444		
Public Transport	Office Buildings	2002001003001003_	RENEWAL	ent. effective and development-oriented public	Governance		Operational Buildings	Building Plan Offices	R-ADMIN OR HEAD OFFICE	0	0	–	–	2,000	2,098	2,197		
Public Transport	Disaster Management Facilities	02003002001002_00	NEW	ent. effective and development-oriented public	Growth		Community Facilities	Centres	R-ADMIN OR HEAD OFFICE	0	0	890	6,600	9,495	9,960	10,428		
Security Services	Security Systems And Municipal Gates	2002001003001001_	RENEWAL	ent. effective and development-oriented public	Governance		Operational Buildings	Municipal Offices	R-WHOLE OF THE DISTRICT	0	0	170	250	250	262	275		
Supply Chain Management	Supply Chain Management Assets	PC0200200305_00001	NEW	ent. effective and development-oriented public	Growth		Furniture And Office Equipment	Furniture And Office Equipment	R-ADMIN OR HEAD OFFICE	0	0	577	500	2,000	2,098	2,197		
Supply Chain Management	Transport Assets	PC02003010_00002	NEW	ent. effective and development-oriented public	Growth		Transport Assets	Transport Assets	R-ADMIN OR HEAD OFFICE	–	–	–	2,000	2,098	2,197	2,197		
Supply Chain Management	Solar Purchase	02003003001001_00	NEW	ent. effective and development-oriented public	Growth		Operational Buildings	Municipal Offices	R-ADMIN OR HEAD OFFICE	0	0	–	1,800	1,000	1,040	1,098		
Water Distribution	Bulk Water Meters	01001001004004_00	RENEWAL	competitive and responsive economic infrastruc	Inclusion and Access		Water Supply Infrastructure	Pump Stations	R-WHOLE OF THE DISTRICT	0	0	–	250	2,000	2,098	2,197		
Water Distribution	Repair Of Elements On Treatment Works	01001001004004_00	RENEWAL	competitive and responsive economic infrastruc	Inclusion and Access		Water Supply Infrastructure	Pump Stations	R-ADMIN OR HEAD OFFICE	0	0	–	–	2,000	2,098	2,197		
Water Distribution	Water Plant Refurbishment	2001002004002_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Boreholes	R-WHOLE OF THE DISTRICT	0	0	–	4,403	3,103	3,255	3,408		
Water Distribution	Highbury Raw Water Pumpstation	2001002004004_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Pump Stations	R-WHOLE OF THE DISTRICT	0	0	–	5,620	23,000	–	–		
Water Distribution	Water Pump Stations	2001002004004_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Pump Stations	R-WHOLE OF THE DISTRICT	0	0	807	800	–	–	–		
Water Distribution	Flagstaff Wts Refurbishment - Jadu Ws	2001002004005_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Water Treatment Works	R-NGQUZU HILL	0	0	–	1,200	–	–	–		
Water Distribution	Ngezeni Waste Water Treatment P	2001002004005_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Water Treatment Works	R-NYANDENI	0	0	–	1,500	–	–	–		
Water Distribution	Quthubu Wtst Plant & Retolucation	2001002004005_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Water Treatment Works	R-MHLONTLO	0	0	–	2,742	48,000	–	–		
Water Distribution	Wa AC - Distribution: Acquisition	2001002004005_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Water Treatment Works	R-NYANDENI	0	0	–	–	1,000	–	–		
Water Distribution	Wa AC - Distribution: Acquisition	2001002004005_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Water Treatment Works	R-PORT ST JOHNS	0	0	–	20,464	87,000	–	–		
Water Distribution	Wa AC - Distribution: Acquisition	2001002004005_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Water Treatment Works	R-KING SABATA D.	0	0	–	10,000	21,349	–	–		
Water Distribution	Wa AC - Distribution: Acquisition	2001002004005_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Water Treatment Works	R-PORT ST JOHNS	0	0	–	–	10,000	–	–		
Water Distribution	Wa AC - Distribution: Acquisition	2001002004005_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Water Treatment Works	R-KING SABATA D.	0	0	–	2,228	18,600	–	–		
Water Distribution	Wa AC - Distribution: Acquisition	2001002004005_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Water Treatment Works	R-KING SABATA D.	0	0	–	8,345	–	–	–		
Water Distribution	Gweruwa Water Supply Phase 2	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-NGQUZU HILL	0	0	–	6,000	6,000	–	–		
Water Distribution	Highbury M & E	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-WHOLE OF THE DISTRICT	0	0	–	17,577	5,900	–	–		
Water Distribution	Highbury Stage 2 Civils	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-WHOLE OF THE DISTRICT	0	0	–	41,111	30,000	–	–		
Water Distribution	Jambeni	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-PORT ST JOHNS	0	0	–	8,200	–	–	–		
Water Distribution	Jambeni Water Supply Phase 2	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-PORT ST JOHNS	0	0	–	–	8,200	–	–		
Water Distribution	Kad Ln Boreholes & Related Eqp	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-KING SABATA D.	0	0	–	3,000	–	–	–		
Water Distribution	Kweruwa Water Supply	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-KING SABATA D.	0	0	–	1,500	–	–	–		
Water Distribution	Lobos Secondary Bulk Water Supply	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-NYANDENI	(402)	2,300	17,200	–	–	–	–		
Water Distribution	Lufala Water Supply	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-MHLONTLO	0	0	–	–	–	130,625	136,435		
Water Distribution	Lusikeli Res - Planning	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-NGQUZU HILL	0	0	–	5,011	3,000	–	–		
Water Distribution	Mqanduli Secondary Bulk Water Supply	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-KING SABATA D.	0	0	–	112,478	3,000	–	–		
Water Distribution	Ngezeni Secondary Bulk Water Supply	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-NYANDENI	0	0	–	14,828	4,000	–	–		
Water Distribution	Ngezeni / Ntambini	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-PORT ST JOHNS	0	0	–	1,500	–	–	–		
Water Distribution	Ngezeni Water Supply	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-MHLONTLO	0	0	–	6,200	6,200	–	–		
Water Distribution	Ngezeni Water Supply (3 Contracts)	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-KING SABATA D.	0	0	–	11,780	34,000	–	–		
Water Distribution	Ngezeni Water Supply (Sp Prot)	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-KING SABATA D.	0	0	–	–	–	–	–		
Water Distribution	Ngezeni Water Supply (Sp Prot)	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-NYANDENI	0	0	–	10,172	10,120	–	–		
Water Distribution	Rehabilitation Re-Commis Mthakwa Ww	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-KING SABATA D.	0	0	–	–	25,824	–	–		
Water Distribution	Skwayini Rural Water Supply (Sp Prot)	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-MHLONTLO	0	0	–	–	12,156	–	–		
Water Distribution	Smart Plot Business And Domestic	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-WHOLE OF THE DISTRICT	0	0	–	(600)	2,500	2,623	2,746		
Water Distribution	Wa AC - Distribution: Acquisition	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-PORT ST JOHNS	0	0	–	60,416	25,000	–	–		
Water Distribution	Wa AC - Distribution: Acquisition	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-NGQUZU HILL	0	0	–	2,000	2,000	–	–		
Water Distribution	Wa AC - Distribution: Acquisition	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-PORT ST JOHNS	0	0	–	–	50,000	801,594	839,997		
Water Distribution	Wa AC - Distribution: Acquisition	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-KING SABATA D.	0	0	–	13,323	35,000	–	–		
Water Distribution	Wa AC - Distribution: Acquisition	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-PORT ST JOHNS	0	0	–	17,618	45,000	–	–		
Water Distribution	Wa AC - Distribution: Acquisition	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-PORT ST JOHNS	0	0	–	18,538	–	–	–		
Water Distribution	Wa AC - Distribution: Acquisition	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-PORT ST JOHNS	0	0	–	19,168	–	–	–		
Water Distribution	Wa AC - Distribution: Acquisition	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-NYANDENI	0	0	–	10,894	25,000	–	–		
Water Distribution	Wa AC - Distribution: Acquisition	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-KING SABATA D.	0	0	–	18,595	31,317	–	–		
Water Distribution	Wa AC - Distribution: Acquisition	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-KING SABATA D.	0	0	–	–	–	–	–		
Water Distribution	Wa AC - Distribution: Acquisition	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-KING SABATA D.	0	0	–	–	–	317,444	365,536		
Water Distribution	Wa AC - Distribution: Acquisition	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-KING SABATA D.	0	0	–	3,239	28,000	–	–		
Water Distribution	Water Source Development(Ordn)	2001002004007_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution	R-WHOLE OF THE DISTRICT	0	0	–	7,003	5,000	–	–		
Water Distribution	Water Plant Refurbishment	2001002004008_000	NEW	competitive and responsive economic infrastruc	Growth		Water Supply Infrastructure	Distribution Points	R-WHOLE OF THE DISTRICT	0	0	547	3,500	–	–	–		
Water Distribution	Flagstaff Town Sewer Retolucation Upgrade	2001002005002_000	NEW	competitive and responsive economic infrastruc	Growth		Sanitation Infrastructure	Retolucation	R-NGQUZU HILL	0	0	–	–	29,600	–	–		
Water Distribution	Flagstaff Sewer Retolucation - Phase 3	2001002005002_000	NEW	competitive and responsive economic infrastruc	Growth		Sanitation Infrastructure	Retolucation	R-NGQUZU HILL	0	0	–	8,336	–	–	–		
Water Distribution	Ingozwa Hill Ward 20 Sanitation	2001002005002_000	NEW	competitive and responsive economic infrastruc	Growth		Sanitation Infrastructure	Retolucation	R-NGQUZU HILL	0	0	–	1,945	1,200	–	–		

Human Settlement

COMMUNITY TRAINING

The department is currently developing a business plan with a purpose of attaining projects to implement them through different housing subsidy instruments. Communities will be trained on different housing instruments and qualification criteria in order for them to understand Human Settlements policies when applying for a housing subsidy. In areas where there is a housing project being implemented these funds will be also used in training communities on building, carpentry, plastering etc. The training will be conducted by Accredited Service providers with the officials from the DM and the Regional Office of Human Settlements.

SUBSISTENCE TRAVELLING

This will be used for travelling expenses and booking for officials and the Portfolio Head. The travelling relates to Human Settlement development e.g. monitoring of projects, filling of beneficiary subsidy forms, attending conferences, workshops and meetings etc.

LAUNCHES – HOUSING PROJECTS

There are preparations for project launches events to take place in all 5 Local Municipalities for social relief houses that are being constructed and to be handed over to beneficiaries.

HOUSING FORUMS

The department convenes Human Settlements forums quarterly which are organised to deal with Human Settlement matter for the region in consultation with all the five local municipalities. Other departments also participate and government departments are also invited when there is a need. The meetings are chaired by the Portfolio Head for Human Settlement

GRANT ADHOC HOUSING

The funds will be used to enhance housing development in areas where houses are constructed for special cases as identified by the Local Municipalities in areas where destitute programme will be implemented.

EQUIPMENT AND LABORATORY FEES

The budget will be used to buy things like cameras, tools for testing of building material where quality is suspected not to conform to the norms and standards.

DISTRICT HOUSING DEVELOPMENT STRATEGY

The budget will be used for payment of a service provider appointed for development of this policy document.

HOUSING SOCIAL RELIEF PROGRAMME

The program is meant to assist destitute families in the O R Tambo region by providing them with adequate housing with basic level of services. The funding will be used for building houses for people identified as special cases in all 5 local municipalities of the DM. It is important that in the program provincial norms and standards be adhered to as the DM is requested to finance the program where upon completion of the houses the provincial department is expected to refund .The fund is aimed at constructing more houses through this fund together with the funding from E.P.W.P to assist top up in the program, so as to have an incremental system of construction.

Corporate Services

The HR Services budget is used for

Occupational Health and Safety (PPE procurement)

Organisational Structure Review

Job Evaluation

Staff Provisioning

Conditions of Service

Skills Development and Training

Employee Wellness

Labour Relations

The ICT Management budget is used for

Procurement, installation, support and maintenance of ICT Infrastructure

Development, installation, support and maintenance of Information Systems

The Security Services budget is used for

Procurement, installation, monitoring and maintenance of Security systems

The GIS Service budget is used for

Procurement, installation, support and maintenance of Spatial and Geographic Information Systems

The Records and Auxiliary services budget is used for

Procurement, installation, support and maintenance of records management and archiving systems

Office of Executive Mayor

HIV/AIDS community awareness and support
<p>The District Implementation Plan (DIP) for HIV and TB as aligned to the Provincial Implementation Plan (PIP) and National Strategic Plan (NSP) 2017-2022 on HIV/AIDS and TB prioritised HIV Counselling and Testing (HCT), with specific National targets to be achieved by Provinces as cascaded to District Municipalities and Local Municipalities. This includes conducting HCT awareness campaigns to increase the number of people who are aware of their HIV and TB status in order to improve their accessibility to available treatment opportunities and services, thereby reduce the number of people dying because of TB and HIV/AIDS. This also includes mobilizing people living with HIV/AIDS to live productive lives through empowerment, skills development and capacity building interventions. Anti-stigma and discrimination against people living with HIV including the LGBTI sectors are prioritised also focusing on improving their access to available services. It also provides for the improvement of the functionality of local and District AIDS councils, also focusing on strengthening leadership and accountability at political civil society structures of AIDS councils. The District Municipality is central with its major role of coordinating IGR ensuring that all sectors of Government and society maximise their participation in reaching out to all vulnerable and key populations with customised and targeted interventions.</p>
HIV/AIDS (OR TAMBO DM) & INKCIYO PROGRAMME
<p>The DIP prioritises focus on intensifying HIV and TB prevention programmes among young people in</p>

particular women and adolescent girls. This is informed by the reported higher HIV prevalence rate of 5,7% on youth in general and new infections of 8,5% among women on age group of 15-24 years. The Inkciyo Programme is the main programme focused on addressing this challenge through implementation of empowerment and capacity building programmes focused on young people on issues related to HIV/AIDS, including debates, lifestyle improvement, traditional values that support preventative measures etc. The DM also holds an annual Inkciyo awareness event as part of World AIDS day commemoration, whereby not less than 5000 young people are mobilized district wide to participate,

SPU'S - PHYSICALLY CHALLENGED

This provides for empowerment and capacity building for people living with disabilities to provide the necessary support for the improvement of their livelihoods

SPU'S - WOMEN

This provides for empowerment and capacity building for women to provide the necessary support for the improvement of their livelihoods. It includes conducting awareness programmes, dialogues, etc focusing on addressing issues of gender, human rights, health and wellness for the women, also including the men's sector

SPU'S - YOUTH

The Special Programmes Unit focuses on mainstreaming and advocacy for the interests and constitutional rights the vulnerable groups, including the youth. With the existing high rate of unemployment, poverty, young people dropping out of school and having nothing much to do in their communities, increasing rate of crime, drugs and alcohol abuse. The DM is implementing programmes that are focused on improving the livelihoods and economic prospects for the youth through empowerment and capacity building. This includes the youth development policy, annual youth summit or engagement, support to youth development initiatives, etc

SPU'S - OLD AGE

The Special Programmes Unit focuses on mainstreaming and advocacy for the interests and constitutional rights the vulnerable groups, including the elderly people in our communities. Over the years, the OR Tambo district has been faced with brutal killings of elderly people by the youth on allegations of witchcraft. The DM implements programmes focusing empowerment and capacity for the elderly. This includes their wellness programme, golden games encouraging healthy lifestyle of sport and exercise, etc.

INITIATION SUPPORT
Over the years, there has been an increasingly high rate of death of the initiates, young boys undergoing customary rights to manhood are dying and some irreversibly harmed and lose their manhood due to botched circumcision. The DM is coordinating all sectors of society and government departments to join hands in the fight against this challenge.
SPU'S - CHILDREN
Special Programmes Unit focuses on mainstreaming and advocacy for the interests of the vulnerable groups including the children, the orphans, the HIV infected and affected, the abused and those affected with poverty and are in any form of vulnerability as a result of that. Programmes implemented include empowerment and capacity building for children, holding and supporting awareness campaigns on issues of interest to the children. In Partnership with the Department of Education and the private sector (Anglo GOLD Ashante mining company), implement the Star schools programme, benefiting 22 best performing high schools in the district. The schools are supported to sustain their good record on achieving highest results for grade 12.
FINANCIAL ACADEMIC ASSISTANCE
The DM contributes to the improvement of livelihood in vulnerable and poverty stricken households by providing financial assistance to children with potential from these households to access tertiary qualification so as to improve the economic prospects of those families.

Rural Economic and Developmental Planning

Background

The ORTDM Department REDP is responsible for rural and economic development in the district. The ORTDM has its state owned company the Ntinga Development Agency. The district had recently re-aligned Kei Fresh Produce market and the Ntinga Development Agency to the requirements of both the MFMA and Municipal Systems Act.

Mandate

The Rural Economic and Development Planning (REDP) department, derives its mandate from S152(1) (c) (d) (e) of the Constitution of the Republic of South Africa, has a responsibility to promote social and economic development;

promote a safe and healthy environment; and

encourage the involvement of communities and community organisations in the matters of local government.

LED is also guided by National Framework for LED, NSDP, MSA, LED White Paper, IPAP, NDP, PGDP among other policies in its mandate to coordinate developmental initiatives of the district and monitor implementation of priority programmes.

The REDP department is also responsible for the proper functioning of its respective IGR structures to ensure aligned integrated development planning, coordinating capacity building initiatives in all the LED sectors for the district, implementation of REDP programmes as per the approved budget, and support LMs on economic development initiatives.

PROGRAMS FOR IMPLEMENTATION ON THE 2023/24 FINANCIAL YEAR

The department operates with FIVE sub-units listed as follows:

Spatial Planning & Land Use Management

Tourism

Rural Development, Resource Mobilization and Research

SMME Development

SPATIAL PLANNING AND LAND USE MANAGEMENT (SPLUM)

The main activities to be undertaken in that budget include:

The consultation meetings with Traditional Leaders of the District, on SPLUMA implementation

Development of Nyandeni LM Land Use Management Systems (LUMS) for urban and peri-urban areas

Operational costs of the District Municipal Planning Tribunal (DMPT)

The major concerns we have identified regarding this budget is that is likely to be insufficient as the bulk of it is expected to be used towards the development of LUMS. It is expected that during the 2023/2024 financial year the DMPT will have meetings, which will cost us to run them (frequency will be determined by the DMPT).

The SPLUM unit has also budgeted the development of Spatial Development Frameworks (SDFs) in the District. The unit will develop the Local Spatial Development Frameworks (LSDFs) for :

Ntlangano Node

Mpande Node

Mngazana Node and

Ntlaza Precinct Plan

BUDGET NARRATIVE FOR TOURISM SECTION FOR 2023/2024

Tourism play's crucial role in the district economy. It essentials that latent potential be tapped into through various actions, strategies and policies. Key levers such as routes, nodes, must be coupled with interventions such as concentrated marketing, and infrastructure provision to make sure that tourism reaches its full potential

Research and Development

The program seeks to conduct an analysis audit and facilitate the provision of infrastructure to and at tourist's attraction sites: access roads, signage, Water and Sanitation, Electricity, Ablution Facilities, Viewing Sites and Amenities. This programme seeks to give overall support to tourism product owners/entrepreneurs by: assessment the state of tourism Products Identification of training needs, create linkages to funding opportunities, assist on development

Planned for 2023/2024

Infrastructure Audit.

Development of Signage.

Support to SMME'S and Co-operatives.

Regional and Local Tourism Organisations.

This program faces huge financial constraints as its purpose is to support and facilitation of the establishment of Regional Tourism Organisations, with the formation of the Associations and Local Tourism Organisations with all Local Municipality which will feed to Regional Tourism Organisation. The purpose of this Structure is drive and manage tourism development of the O.R Tambo Region.

Planned for financial year 2023/2024

Ensure sitting of the Sector Forum Meetings

Support functionality and registration of the Local Tourism Organisations

Facilitate the establishment of the Regional Tourism Organisation.

Arts and Craft Development

This program is responsible for the assessment of skills, improving quality, capacity building, facilitate institutional arrangements, facilitate production centers and equipment , access to markets, quality control. Resource mobilization, liaising with sector department and stakeholders.

District Tourism Marketing

This program focuses on tourism marketing and Research on tourism information and management systems, Visitor arrivals, trends, destination marketing (print Media, Website, Social Media, Exhibitions, Shows, and Identify platforms).

Planned for financial year 2023/2024

Website Population.

Exhibit at the International Tourism Indaba and design & manufacture the new exhibition stand.

Development of Tourism DVD, brochure reprint

Graphic Design Training.

Development of promotional material

Tourism Education and Awareness

The program seeks to encourage participation local stakeholders in tourism planning by creating platforms such regional and local tourism forums, wherein experiences, challenges and solutions will be shared.

The main focal point on this program is to conduct awareness campaigns to create awareness focusing on host communities (where there are tourist activities) through activities such as Tourism Month & Heritage Activities in September, O.R Tambo Month in October, Festive Season Tourism Safety Awareness and Support of Festival Activities conducted together with Private Sector. The program also involves use of Media (Print and electronic), to engage learners and public to debates to support the cause for tourism, Events, Safety and security related activities with SAPS.

RURAL DEVELOPMENT & RESEARCH

RAFI (Rural Agro-Industries and Financial Initiative)

Given the vast amount of land and favourable climatic conditions in the Eastern side of the Eastern Cape, the O.R Tambo District has been identified as a potential food basket and agricultural primary production hub for the Eastern Cape Province. In tapping on this Economic and Comparative advantage, the O.R Tambo District Municipality intends to implement the Rural Agro-Industries and Financial Initiative (RAFI) as means to enhance primary production in the district.

he program seeks to implement a commercial pilot for large scale production of oil seeds / high cash crops (soya beans), and seed multiplication for the district. This program is implemented in partnership with the Government of Argentina. Currently 430ha pilot program is under implementation to consider the Argentinian technology of direct planting and no till. This program which will create more jobs once is implemented fully.

Development of LED Sector Plans

LED Strategy and Capacitation

The LED strategy has been reviewed to align it with key policy frameworks such as DDP, Sector Plans and other frameworks from national, provincial and district levels. Therefore, budget for 2023/2024 will be used to facilitate and co-ordinate implementation of sector plans DDP, Agriculture Development Strategy, Forest Development Strategy, development of Aquaculture Development Strategy. These strategies have key programs which brings Co-operatives and SMMEs into the main stream economy and job creation and thus contributing to radical economic transformation. The budget for 2020/21 for capacitation would help in training the people of the region in terms of the needs of the economy through HDR Council in order to align skills with the economy.

Sector Development Plans

As part of driving broad development within the region, its important to have plan on Rural Development hence we to development Rural Development Plan for the District which will be the key driver of development and helps to co-ordinate other sector plans. Therefore, the budget for 2023/2024 will be used to develop Rural Development Plan and facilitate its implementation in relation with sector plans. This plan together with LED Strategy will be tools to co-ordinate other sector departments on sharing of resources and expertise in fast tracking development within the region and help in creating sustainable jobs.

Agriculture Development Strategy

The Agricultural Sector has significant contribution to the GDP recently and has become one of the key focus areas for economic growth of the country. Therefore, our District has identified Agriculture development as one of its pillars for its economic growth and development. The Agriculture Development Strategy was developed to enhance Agriculture in order to boost economy and create sustainable jobs. Therefore, the budget for 2023/2024 will be used to facilitate implementation of the strategy as part radicalising development of agriculture through SMME/ Co-operative support as indicated above.

Agri-Parks Program.

The Agricultural sector is one of the drivers of the economy and key contributors to the GDP in the country. Therefore, the national government has developed Agri-Parks Programme in order to drive and re-engineer Agriculture development to boost economy of the country. Contrary to that, the O.R Tambo District Municipality is the net importer of all its food including vegetables, fruit and meat products. All Districts Municipalities have been earmarked as drivers of the programme in order to boost Agriculture. Given the fact that, O.R Tambo Region import fruit and vegetables at cost of R10 billion a year, the District Municipality wants to contribute to the implementation of Agri-Parks programme through development of FPSUs business plans as well as establishing Hydroponics Program in various Local Municipalities.

With a budget as part of promoting radical economic development and creating vibrant communities, the District has embarked on Number of Economic programs. Guided by the NDP, PDP, the IPAP, the District LED strategy document, the IDP and outcomes of the DDP Summit, the O.R Tambo District Municipality has explored number of areas with high potential for driving economic growth and job creation. Those include but not limited to:

Focusing on Agriculture & Agro-processing as one of the pillars with a specific focus on intensifying primary production

A need for investment on sustainable economic infrastructure, which includes industrial parks; alternative energy sources and modern communication technology as major drivers for creating a conducive environment for private investment.

Sustaining and development of Tourism & Ocean economic opportunities as highlighted through the Operation Phakisa methodologies

Tapping on the opportunities persuaded by Major National and Provincial driven Projects such as the Agri-Parks Program, Wild Coast SEZ, N2 Wild Coast road, Umzimvubu Dam, Mthatha airport Upgrade, Mthatha Presidential Infrastructure intervention Projects etc.

Programs for 2023/2024

Develop Business Plans for THREE Farmer Production Support Production Units in three LMs.

Establish FIVE Agri-Tech Incubation Centres for increased vegetable production.

Regional Industrial Development Program

The department aims to enhance industrial development for establishing factory for rural communities for tissue manufacturing, chemicals and enhanced capacity for the Auto-Motive Sector Incubation. A feasibility study for the Regional Auto-Motive Hub is envisaged in this program and intensive training on panel beating and Auto-Body repairs is also primary in this program.

Trade and Investment Promotion

The successful implementation of the programs mentioned above require collaboration of both government and private sector. Therefore, Trade and Investment Strategy was developed among other things to promote investment in the district. In this regard, a task team has been established to facilitate and co-ordinate investment activities within the region. Therefore budget for 2023/2024 will be used to facilitate and co-ordinate investment for the region including preparations for land and economic investment conference. This programme aimed at facilitating and creating conducive environment for radical economic transformation which will ultimately create sustainable jobs.

SMME, COOPERATIVES AND INFORMAL TRADE SUPPORT

The district plans to enhance job creation and support SMMEs, Cooperatives and Informal Trade enterprises on material, inputs and supplies necessary to unlock the potential of business in the rural communities. In addition the budget aims to ensure a fully established and operational Cooperatives Development Centre for the District.

Co-operatives have been supported in previous financial years but their contribution to the economy of the region is minimal due the fact that, they are not able to sustain themselves due to a number of challenges such as lack of financial management, lack of entrepreneurial knowledge, lack of skills, lack of access to market and lack of sufficient financial support. These challenges will be addressed through the planned SMME/Co-operative Funding Policy for the district, HRD Council which focuses on skills development, Partnerships we have with other sectors such as ECDC, DTI and other departments. Therefore, the budget for 2023/2024 will be used support co-operatives with inputs, training and facilitate access to market. The District Municipality will improve its monitoring and assistance to Co-operatives and SMMEs through the development and implementation of SMME/Co-operative Funding Policy which will be processed to council for approval. The development of this Policy also aims to strengthen our economic cluster through IGR in order to create sustainable jobs and bring SMMEs/Co-operatives to the main stream economy.

Community Services

Disaster Risk Management	Budget will be used to ensure integrated approach to disaster risk due to the covid 19 pandemic ensuring that sufficient PPEs are in place. Management focusing on building resilience, improved institutional capacity to mitigate and respond to disasters through programmes like Disaster Management Information System; Scientific Disaster Management; Skills Development and Capacity Building; Stipend for emergency volunteers- who are used to do community awareness programmes on disaster management and Disaster preparedness and response- This programme serves as an immediate intervention whenever an strikes
Fire Emergency Services	Budget for Fire Fighting Services covers matters like uniform and protective clothing, Business and Public building inspections in terms of compliance to fire prevention; stipend for volunteers who assist in building community awareness on fire emergency services; Firefighting equipment that focuses on purchasing fire trucks.
Municipal Health Services	Budget is to ensure that all the health protocols are observed within the district and ensuring the the health regulations are followed in gatherings, events and workplaces. Municipal health services establishment focusing in establishing Satellite Offices in Local Municipalities; Primary Health Care- focussing in coordinating National Health Insurance programme; municipal health services which includes testing of water, taking food samples, inspecting funeral parlours and waste management landfill sites.

Legislative Services

This report will concentrate more on cost drivers.

COUNCIL AND COMMITTEES

According to MFMA Calendar and the Structures Act, there are 12 council meetings to be held in a financial year. This includes compliance reports and ordinary council meetings.

In addition to the above, there are 2 Open Council meetings which include SODA and Taking Council to the People”.

In line with Municipal Oversight Model, oversight committees have a responsibility of analysing performance reports of the departments and conduct project visits (when it is necessary). In the process, MMCs and HODs are called for engagement sessions by each committee. This includes sitting of 14 committee meetings twice per quarter to look at the quarterly reports of the departments.

Since O.R Tambo District municipality is vast and rural in nature, councillors attending Council meetings need to be accommodated whenever they attend council and committee meetings since they are preceded by Caucus (and study groups) meetings which usually sit in the evenings of the previous day. Most committee meetings take for about 5 hours long since O.R. Tambo has 5 local municipalities under its jurisdiction. Circular 82 of MFMA has been taken into consideration in instances where meetings go beyond 3pm for part-time councillors.

In addition to that, there are councillors identified for capacity building in areas relating to Council business (excluding tertiary institutions), whose accommodation needs to be budgeted for.

The above amount excludes S&T travelling claims for councillors and other municipal programmes from other departments.

MPAC OVERSIGHT ROADSHOWS

The Council adopted Circular 63 of MFMA for the adoption of the Annual report. The process includes taking of the report to communities, inviting comments. After the report has been tabled, the MPAC committee embarks on oversight roadshows and project verification. This process takes about 4 months to conclude.

In addition to the above, MPAC has an overall responsibility of interrogating all the departments quarterly and mid-term reports.

PUBLIC PARTICIPATION

The programmes under public participation include the following programmes:

Moral Regeneration movement

Public Participation Forum

Community Education Programmes (Speaker's Outreaches)

Support to functionality of ward committees

District Speaker's Forums

WHIPPERY SERVICES

The unit is responsible for the following activities that need to be financed:

Sitting of study groups (caucuses) for each committee meeting

Sitting of caucus meetings for each council meeting

Multi party meetings

Whippery Forums

District Chief Whips meetings

Troika meetings

Extended Troika meetings

Constituency meetings

RESEARCH

For each and every committee to be in a position to analyse the departmental report, the reports need to be taken to researchers. For researchers to be fully effective, they have to develop Research Agenda.

2022/2023 BUDGET OVERVIEW

Ntinga O.R. Tambo Development Agency SOC LTD is operating as a wholly owned implementing agent of the parent municipality, O.R. Tambo District Municipality (ORTDM). The amended mandate is mainly derived from the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) and Section 84(1)(a)(b)(d)(k)(m)(n) & (p) of Municipal Structures Act, 1998 (Act 117 of 1998).

The entity is mandated to carry out the following activities:

Socio-economic development with special focus on agro-processing, manufacturing and oceans economy.

Fresh produce markets and abattoirs.

and any other activity agreed upon with the parent municipality, provincial and national government and the private sector (any other related function, in partnership with either Public or Private Sector)".

In implementing the above mandate the Entity has developed a strategy anchored on the following four goals:-

Goal 1: Enhanced and Enabled Full Value Chains (upstream and downstream) for Agricultural Produce, Markets, Abattoirs and Aquaculture.

Goal 2: Diversified Partnerships that Promote Inclusive Socio-economic Development and Growth.

Goal 3: Promoted trade and investment opportunities in the district.

Goal 4: Dynamic, Capable and Sustainable State Owned Company.

This budget is aligned to the four goals.

Municipal Grant Funding

The Entity's proposed grant funding for the financial year 2023/2024 amounts to R 52,5m excluding VAT.

The Entity's summarized budgeted statement of financial performance is as follows:-

Description	2022/23 Original Budget	2022/23 Adjustment Budget	2023/24	2023/24	2024/25
Grant funding (ORTDM)	49,553,214	49,553,214	52,526,407	55,677,991	59,018,671

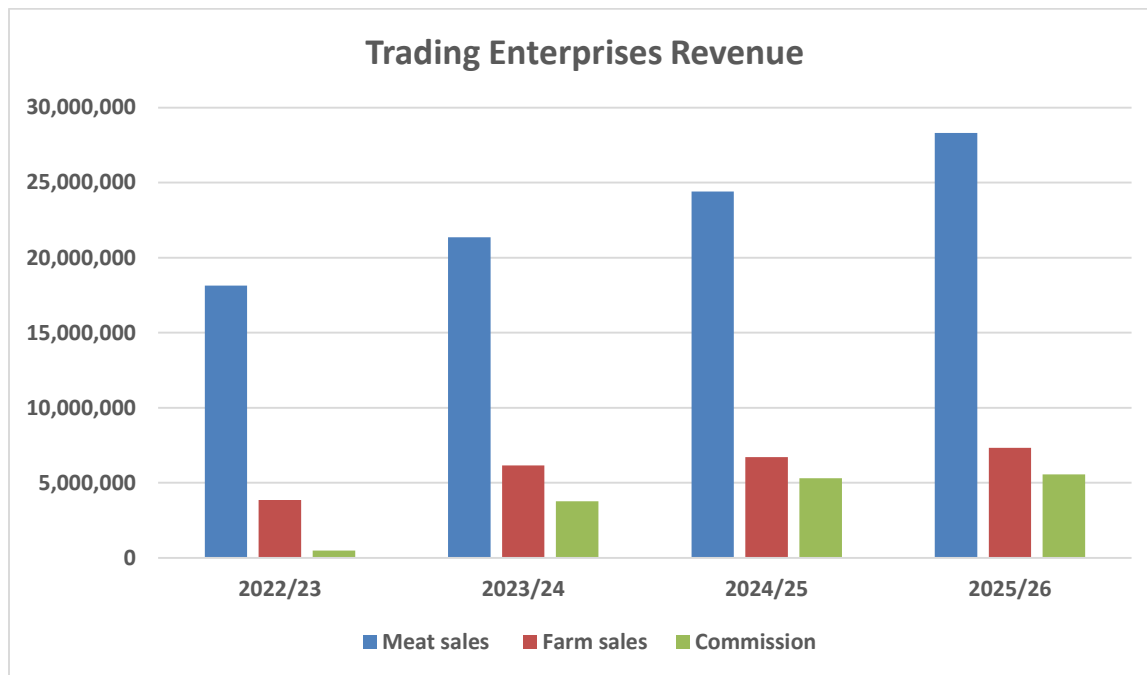
Enterprises revenue	31,151,350	22,471,853	31,285,303	36,425,618	41,204,596
Other revenue	4,915,000	10,672,800	7,575,000	5,209,500	5,306,125
Total revenue	85,619,565	82,697,867	91,386,710	97,314,109	105,573,492
Total operational expenditure	82,463,426	79,906,102	88,206,015	96,048,574	99,571,924
Surplus/(Deficit) for the year	3,156,139	2,791,766	3,180,695	1,265,536	6,001,568

Trading Enterprises

Under Goal One, a strategic goal focusing on enhancing agricultural value chains is being pursued by the entity whereby local production is being facilitated. Furthermore, the entity is operating farms which are used as the production facility for crops that are sold at the fresh produce market as well as livestock that is slaughtered and sold at the abattoir. A budget is set for the purchase and exchange of cows to be fattened at the farms and then slaughter at the abattoir for sale.

In order to maximize the production capacity of the Abattoir, a Meat Market is planned in this financial year. The introduction of the Meat Market will significantly increase the abattoir revenue.

Meat sales make up the biggest component of revenue generated by trading enterprises as graphically presented below.



It must be noted that selling prices fluctuate from time to time during the year depending on open market conditions. Below are average prices/tariffs/rates that will be used by the trading enterprises in buying stock or servicing customers.

Description	2022/23 Budget year	2023/24 Budget year	2024/25 Budget year	2025/26 Budget year
Average prices for procurement of livestock				
Purchase of cattle (price per kg)	R21.22	R22.28	R23.40	24,57
Purchase of pigs (price per kg)	R25.73	R27.01	R28.36	29,78
Purchase of sheep	R29.40	R30.87	R32.41	34,03

Description	2022/23	2023/24	2024/25	2025/26
	Budget year	Budget year	Budget year	Budget year
(price per kg)				
Abattoir slaughter and cutting fees				
Cattle Slaughter fee	R560.00	R600.00	R650.00	R702.00
Beef Cutting fee	R2.50/Kg	R3.00/Kg	4.00/Kg	4.00/Kg
Sheep Slaughter Fee	R150.00	R165.00	R170.00	R175.00
Mutton Cutting Fee	R65.00	R75.00	R90.00	R105.00
Pigs slaughter Fee	3.50/kg	4.00/kg	4.00-4.50/kg	4.00-4.50/kg
Pork Cutting Fee	2.00/Kg	2.50/Kg	2.50/Kg	3.00/Kg
Parking daily rates				
Trailers	R 58.00	R 62.99	R 68.02	R 68.02
Kombi, Truck (less than 8tonne)	R 75.82	R 81.88	R 88.43	R 88.43
TLBS	R 58.32	R 62.99	R 68.02	R 73.00
Truck 8tonne	R 93.31	R 100.78	R 108.84	R 117,5
Tractor & Cars	R 69.98	R 75.58	R 81.63	R 88,16
Parking monthly rates				
Trailers	R 817.69	883.11	953.76	1030

Description	2022/23 Budget year	2023/24 Budget year	2024/25 Budget year	2025/26 Budget year
Kombi, Truck (less than 8tonne)	R 1,184.58	1,279.35	1,381.70	1,492
TLBS	R 1,963.61	2,120.70	2,290.36	2,474
Truck 8tonne	R 2,140.35	2,311.57	2,496.50	2,696
Tractor & Cars	R 917.28	990.66	1,069.91	1,156
Bus	R 978.39	1,056.66	1,141.19	1,232
Forklift (Monthly Rental)	R 6,383.80	6,894.51	7,446.07	8,042
Forklift (Hourly Rate)	R 272.10	293.87	317.37	343
Horse & Trailer (Monthly)	R 5,668.70	6,122.20	6,611.98	7,141
Office space monthly rental				
Rater per square meter	R193.68	R209.17	R225.90	244
Market stalls monthly rental				
Flat rate	R 705.44	R 761.87	R 822.82	889.00
				-
Storage monthly rental				
Rate per square meter for fully ventilated storage				135.00

Description	2022/23 Budget year	2023/24 Budget year	2024/25 Budget year	2025/26 Budget year
	R107.71	R115.79	R125.05	
Rate per square meter for other storage facilities	R131.95	R142.51	R153.91	166.00
Open space (flat rate)	R 6,254.85	R 6,880.34	R 7,568.37	8,174.00
Potato washing and packaging				
Price per bag	R 4.55	R 4.91	R 5.30	R 6.00
Fresh Produce Market buyers' cards	R 32.50	35.00	37.80	41.00

Strategic Partnerships

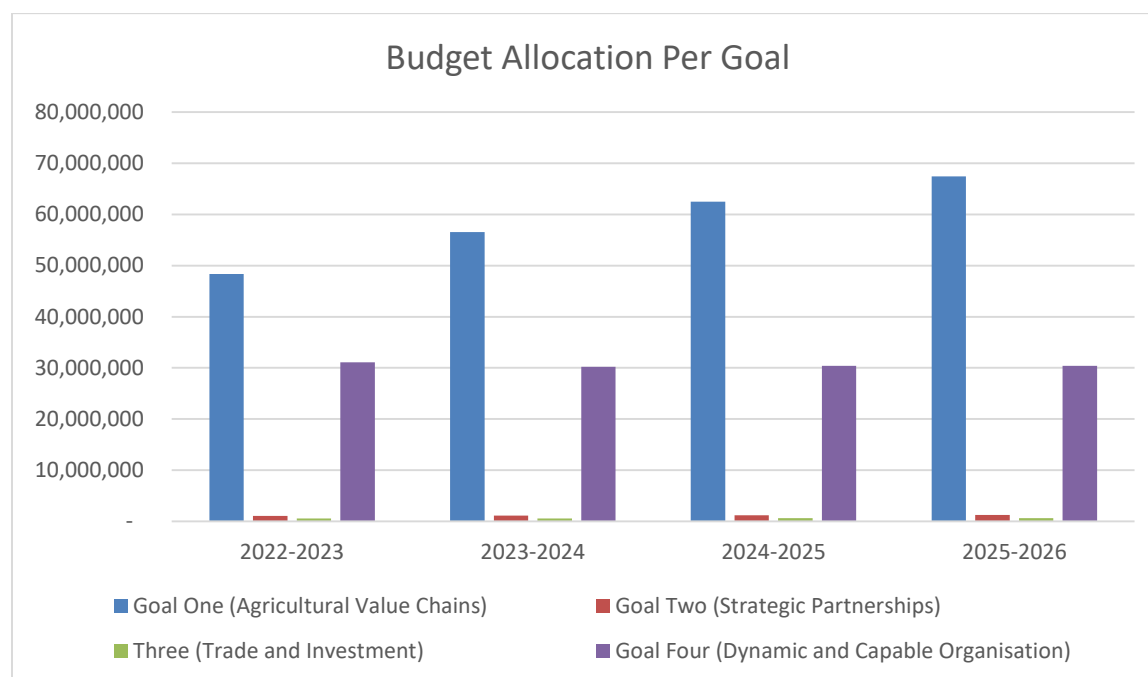
Under Goal Two,

The entity is playing a pivotal role in key local economic development initiatives such as oceans economy, special economic zone, industrial parks etc. It is working in collaboration with the rural economic development and planning department of the parent municipality as well as local municipalities.

The strategy is to forge strategic partnerships with relevant national and provincial departments that has funding for these initiatives. In the current financial year, the Entity has secured a tender with DALRRD to support them in their vegetable value chain development interventions.

Budget Breakdown per Goal

The 2023/2024 proposed annual budget is summarized as follows:-



The total proposed annual budget for the 2023/2024 financial year amounts to R88,2 million and the bulk of it relates to Goal One followed by Goal Four. The 2022/2023 budget has been adjusted from R82,4m to R79,9m.

1.5. Capital budget

The capital budget comprises of the following:-

	2022/23	2023/24
Plant and machinery	1,855,506	2,102,073
Computer equipment	361,000	369,800

Furniture and equipment	89,000	68,400
Motor vehicles	0	600,000
Total	2,305,506	3,140,273

The bulk amount under plant and machinery goes to the construction of the planned Meat Market at Kei Fresh Meat Market and the establishment of the new Market Agent.

Our computer equipment is aging and we need to replace it. We also need to buy a delivery van for the Abattoir for the 2023/24 financial year.

RESOLUTIONS

In compliance with Local Government: Municipal Finance Management Act Section, the Board of Directors approves the 2023/2024 proposed budget of the Entity. The Board of Directors submits the proposed budget not later than 150 days before the start of the entity's financial year. The parent municipality considers the proposed budget of the entity and assessed the entity's priorities and objectives. This will then be formalised in a service delivery agreement to be entered into by the two parties.

EXECUTIVE SUMMARY

The 2023/2024 proposed budget amounts to R 88,2 Million and capital budget amounts to R3,1 Million. This gives a total 2023/2024 budget of R91,3 Million compared to the previous 2022/2023 financial year budget of R82,2 Million.

Grant funding from the parent municipality for 2022/2023 financial year is R49,5 Million. For the 2023/2024 financial year is R 52,5 Million, R55,6 Million for the 2024/2025 financial year and R 59 Million for the 2025/26 financial year.

South Africa's GDP increased at an annualised rate of 3,5% in the first quarter (January to March) of 2022 when compared to the previous quarter (October to December) of 2021. Year to year budget increase is estimated to be approximately 4%. There is a 4% estimated increase in salaries and wages budget.

The introduction of the Meat Market at Kei Fresh Produce Market will increase the Abattoir revenue dramatically during the 2023/24 financial year, the meat will be supplied by the Abattoir. Abattoir revenue is expected to grow at an average rate of 16% on a year to year basis.

Funds that are not readily required for operational requirements are invested in call deposits in line with the investment policy. Net assets position is expected to be sound into the foreseeable future with assets exceeding liabilities.

SUPPORTING DOCUMENTATION

Overview of annual budget process

There is an agreement in place between the entity and the parent municipality. This agreement is based on the mandate given to the Entity. As part of the integrated development plan of the parent municipality activities to be carried out by the entity are outlined. In addition to this, the Board of Directors develops and adopts a strategy of implementing the mandate. All of these are then used to inform budget proposals. Heads of departments prepare departmental budgets for submission to Chief Financial Officer for checking alignment with the strategy as well as consolidation.

The consolidated budget is then considered by the Board Committee before it is discussed and approved by the Board of Directors.

Overview of alignment of annual budget with service delivery agreement

Ntinga is a wholly owned municipal entity of O.R. Tambo District Municipality. The parent municipality appoints the Board of Directors. As a means of oversight the parent municipality is represented in meetings of Board of Directors. Financial reports of the entity are submitted to the parent municipality monthly. Furthermore, quarterly performance reports and financial reports are subject of discussions by Council of the parent municipality. The entity is also subjected to Municipal Public Accounts Committee processes.

Overview of budget related policies

Listed below are Ntinga's budgeted related policies.

Asset management policy

Credit control policy

Fleet management policy

Banking and Investment policy

Leave policy

Performance management policy

Budget policy

Overview of budget assumptions

The budget proposals are based on the following assumptions:-

Medium Term Expenditure Framework (MTEF) Guide was used to inform some of the budget proposals.

Improved returns on investments made on projects such as the abattoir and the fresh produce market are expected in the 2023/2024 financial year.

Year to year price increase is estimated to be approximately 3,5%. This is informed by the struggling economic outlook.

The Entity is attending to operational challenges in service centers such as the farms, fresh produce market and the abattoir. There is a strategy that links operations of the three trading enterprises being Adam Kok Farms, Abattoir and the Fresh Produce Market thereby maximizing return on investment.

The Entity has budgeted for depreciation in value of assets.

Overview of budget funding

The budget is partly funded from grant funding from the Parent Municipality.

Own revenue in the form of the fresh produce market commission, crop and livestock sales and the abattoir operations is expected to improve.

Legislation compliance status

Ntinga is fully implementing all legislation that is applicable to it. There are no delays in implementation and there is no application for such.

Other supporting information on expenditure

Estimates of year to year budgets are based on the costing of projects and programmes.

Accommodation and travel budget will be utilized for all employees within the institution. This is mainly based on travelling to be done by staff when performing their duties as well as training requirements and workshops that will be attended to skill and capacitate employees.

Board and committees' fees budget have been made available for board and committee meetings. It is expected that the Board and its Committees will hold a minimum of four meetings each during the year. The budget includes all board related expenses such as travelling and accommodation.

QUALITY CERTIFICATION BY CHIEF EXECUTIVE OFFICER

I, Loyiso Mbiko, Chief Executive Officer of Ntinga O.R. Tambo Development Agency SOC LTD hereby certify that the 2023/2024 proposed budget has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the proposed annual budget is consistent with the integrated development plan of the parent municipality and the Entity's strategy.

L. Mbiko

Chief Executive Officer

Table 27 MBRR Table A7 - Budget cash flow statement

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates									–	–	–
Service charges		–	43,802	318,944	290,658	290,658	290,658	147,426	308,097	327,986	358,638
Other revenue			427,851	561,618	1,179,728	1,179,728	1,179,728	753,417	136,575	144,598	163,589
Transfers and Subsidies - Operational	1	–	89,289	33,546	61,542	61,542	61,542	274,767	1,315,272	1,215,178	1,260,330
Transfers and Subsidies - Capital	1	–	362,881	749,774	983,274	983,274	983,274	829,497	1,008,756	1,252,959	1,345,412
Interest		–	6,118	10,790	6,500	30,000	30,000	31,091	30,000	31,470	32,949
Dividends									–	–	–
Payments											
Suppliers and employees		–	(576,226)	(1,583,253)	(1,278,375)	(1,278,375)	(1,278,375)	(1,984,499)	(1,291,481)	(1,532,037)	(1,634,696)
Interest									–	–	–
Transfers and Subsidies	1								–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES											
		–	353,714	91,419	1,243,326	1,266,826	1,266,826	51,699	1,507,219	1,440,153	1,526,222
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									–	–	–
Decrease (increase) in non-current receivables		753	111	(249)	217	–	–	(277)	832	–	–
Decrease (increase) in non-current investments		–	–	–	5,253	–	–	–	5,253	–	–
Payments											
Capital assets		–	284,977	(1,037)	(1,104,347)	(1,104,347)	(1,104,347)	(417,535)	(1,266,106)	(1,350,753)	(1,427,863)
NET CASH FROM/(USED) INVESTING ACTIVITIES											
		753	285,088	(1,287)	(1,098,877)	(1,104,347)	(1,104,347)	(417,812)	(1,260,021)	(1,350,753)	(1,427,863)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits		4	(4)	–	–	–	–	–	(84)	(4)	(4)
Payments											
Repayment of borrowing									–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES											
		4	(4)	–	–	–	–	–	(84)	(4)	(4)
NET INCREASE/ (DECREASE) IN CASH HELD											
		758	638,798	90,132	144,449	162,479	162,479	(366,112)	247,114	89,396	98,354
Cash/cash equivalents at the year begin:	2	270,130	322,956	397,403	36,600	36,600	36,600	–	252,213	499,327	588,723
Cash/cash equivalents at the year end:	2	270,887	961,754	487,535	181,049	199,079	199,079	(366,112)	499,327	588,723	687,077

It can be seen that the cash levels of the District Municipality increased from 2019/20 to 2021/22 period owing directly to a net increase in cash.

The approved 2023/2024 MTREF budget provide for a R247.1 million in increase in cash held.

The 2023/2024 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term and shows cash available equivalent to the depreciation which will assist the municipality in asset renewal in future.

Cash and cash equivalents totals R499 million as at the end of the 2023/2024 financial year and R588 million and R687million in two outer years.

Cash Backed Reserves/Accumulated Surplus Reconciliation

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

What are the predicted cash and investments that are available at the end of the budget year?

How are those funds used?

What is the net funds available or funding shortfall?

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

Table 28 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	270,887	961,754	487,535	181,049	199,079	199,079	(365,796)	499,327	588,723	687,077
Other current investments > 90 days		52,068	(595,437)	(103,734)	(25,035)	(19,565)	(19,565)	1,121,381	—	0	0
Non current Investments	1	—	—	—	5,253	5,253	5,253	—	—	—	—
Cash and investments available:		322,956	366,317	383,801	161,267	184,767	184,767	755,584	499,327	588,723	687,077
Application of cash and investments											
Unspent conditional transfers		453,195	245,743	227,708	—	(295,202)	(295,202)	954,656	—	—	—
Unspent borrowing											
Statutory requirements	2										
Other working capital requirements	3	348,099	64,266	37,236	49,647	50,347	50,347	(801,918)	122,708	216,388	239,934
Other provisions											
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		801,294	310,009	264,944	49,647	(244,855)	(244,855)	152,738	122,708	216,388	239,934
Surplus(shortfall)		(478,338)	56,308	118,857	111,620	429,622	429,622	602,846	376,618	372,335	447,143

From the table it can be seen that for the period 2019/20 the deficit was from R478 million then in 2021/22 surplus of R118 million. . As part of the budgeting and planning guidelines that informed the compilation of the 2023/2024 MTREF the end objective of the medium-term framework was to ensure

the budget is funded aligned to section 18 of the MFMA. The debtor's collection will increase to 68.5% in 2023/2024 due to the current economic upturn as a result of the economy being fully opened after covid 19. It is projected that the consumers will from now on have the means to pay their debt which will result in the positive cash outcome for the municipality.

As can be seen the budget has been modelled to progressively move from actual surpluses to higher surplus of R376.6 million in 2023/2024 to R447.1 million in 2025/2026.

The following is a breakdown of the application of this funding:

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. For 2021/2022 MTREF there was unspent conditional Grants.

In other working capital requirements, a key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the District Municipality in 2021/2022 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality.

For 2021/22 audited outcome, the working capital amounted to R37 million. In 2023/24 MTREF amounted to R122.7 million in 2023/24 and increased to R239.9 million in 2025/26 resulting in the surplus of cash in 2024/25 MTREF of R376.6 million, R372.3 million and R447.1 million respectively

It can be concluded that the District Municipality has a surplus against the cash backed and accumulated surpluses reconciliation.

Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 29 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	270,887	961,754	487,535	181,049	199,079	199,079	(365,796)	499,327	588,723	687,077
Cash + investments at the yr end less applications - R'000	18(1)b	2	(478,338)	56,308	118,857	111,620	429,622	429,622	602,846	376,618	372,335	447,143
Cash year end/monthly employee/supplier payments	18(1)b	3	3.1	10.3	5.2	1.9	2.1	2.1	(5.7)	4.8	5.4	6.0
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	435,945	389,819	316,428	1,275,891	813,633	813,633	335,292	1,322,579	1,433,448	1,539,610
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	3.2%	(4.8%)	22.5%	(6.0%)	(6.0%)	(45.2%)	(0.7%)	(1.1%)	(1.3%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	149.1%	277.2%	122.6%	122.6%	122.6%	362.7%	51.3%	37.1%	37.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7		6.5%	25.4%	30.8%	27.0%	27.0%	0.0%	31.0%	31.0%	31.0%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - inc/(decr)	18(1)a	11	N.A.	(12.0%)	(29.9%)	50.6%	0.0%	0.0%	16.2%	(19.9%)	9.4%	17.3%
Long term receivables % change - inc/(decr)	18(1)a	12	N.A.	14.7%	(28.8%)	35.4%	0.0%	0.0%	(21.4%)	(100.0%)	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.9%	1.2%	0.3%	0.3%	1.2%	1.2%	1.0%	1.1%	1.2%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	4.9%	3.3%	5.0%	0.0%	0.1%	0.1%	0.0%	0.5%	0.5%	0.5%

Cash/cash equivalent position

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

The forecasted cash and cash equivalents for the 2023/2024 MTREF shows R499 million then R588 million and R687 million at end of MTREF.

Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 28,. The reconciliation is intended to be a relatively

simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2023/2024 MTREF the indicative outcome is a surplus of R1.3 billion, R1.4 billion and R1.5 billion respectively.

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

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc. For 2023/2024 resulted in (0 percent) then in 2025/2026 amounted to 2 percent.

Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 74.4 per cent for MTREF. Given that the assumed collection rate was based on a 68.5 per cent performance target and the free basic component in determining the collection rate is reduced hence the targeted collection is 68.5 per cent. The cash flow statement has been conservatively determined. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues as a result of economic downturn due to epidemic. The provision has been appropriated at average of 31 per cent over the MTREF.

Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent timing discount has been factored into the cash position forecasted over the entire financial year.

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

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. District Municipality will not undertake any borrowing.

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

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

Consumer debtors change (Current and Non-current)

The purposes of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the District Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 42 MBRR SA34C.

Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 41 MBRR SA34b.

Expenditure on grants and reconciliations of unspent funds

Table 30 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		1,432,075	1,493,355	1,337,874	1,019,674	1,064,318	1,064,318	1,106,941	1,146,869	1,201,494
Local Government Equitable Share		1,423,616	1,477,638	1,325,944	1,006,132	1,004,104	1,004,104	1,098,132	1,144,869	1,199,394
Expanded Public Works Programme Integrated Grant		8,554	12,532	9,930	11,542	11,542	11,542	6,809	–	–
Local Government Financial Management Grant		–	–	2,000	2,000	2,000	2,000	2,000	2,000	2,100
Municipal Disaster Relief Grant		(96)	3,184	–	–	46,672	46,672	–	–	–
Provincial Government:		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	24,858	24,858	24,858	49,726	53,640	51,398
Specify (Add grant description)		–	–	–	24,858	24,858	24,858	49,726	53,640	51,398
Other grant providers:		–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants:		1,432,075	1,493,355	1,337,874	1,044,532	1,089,177	1,089,177	1,156,667	1,200,509	1,252,892
Capital expenditure of Transfers and Grants										
National Government:		67	1,273	504	1,031,274	736,072	736,072	1,190,909	1,271,959	1,345,412
Metro Informal Settlements Partnership Grant		–	–	–	–	–	–	–	–	–
Municipal Disaster Relief Grant		–	–	–	–	–	–	–	–	–
Municipal Emergency Housing Grant		–	0	906	48,000	48,000	48,000	182,153	19,000	–
Municipal Infrastructure Grant		(152)	1,273	(402)	730,131	534,929	534,929	764,752	801,594	839,997
Regional Bulk Infrastructure Grant		–	–	–	200,000	100,000	100,000	160,849	317,444	365,536
Rural Road Asset Management Systems Grant		–	–	–	3,143	3,143	3,143	3,155	3,296	3,444
Water Services Infrastructure Grant		219	–	–	50,000	50,000	50,000	80,000	130,625	136,435
Provincial Government:		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	55,673	55,673	55,673	–	–	–
Specify (Add grant description)		–	–	–	55,673	55,673	55,673	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		67	1,273	504	1,086,947	791,745	791,745	1,190,909	1,271,959	1,345,412
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		1,432,141	1,494,627	1,338,378	2,131,479	1,880,922	1,880,922	2,347,575	2,472,468	2,598,304

Councillor and employee benefits

Table 31 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		15,399	15,386	16,717	17,440	17,440	17,440	18,365	19,264	20,170
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance										
Cellphone Allowance		1,304	192	779	1,867	1,867	1,867	1,966	2,062	2,159
Housing Allowances		–	–	–	–	100	100	–	–	–
Other benefits and allowances		3,918	4,076	1,560	4,922	4,922	4,922	5,183	5,437	5,693
Sub Total - Councillors		20,621	19,653	19,056	24,229	24,329	24,329	25,514	26,764	28,022
% increase	4		(4.7%)	(3.0%)	27.1%	0.4%	–	4.9%	4.9%	4.7%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		9,231	8,810	8,834	16,905	16,905	16,905	17,801	18,673	19,551
Pension and UIF Contributions		194	194	351	27	27	27	28	30	31
Medical Aid Contributions		–	–	–	56	56	56	59	62	65
Overtime										
Performance Bonus		352	395	357	565	565	565	595	624	654
Motor Vehicle Allowance		1,729	1,679	1,856	2,892	2,892	2,892	3,045	3,195	3,345
Cellphone Allowance	3	473	7	21	26	26	26	27	28	30
Housing Allowances	3	240	140	30	311	311	311	327	343	359
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6	–	230	328	766	766	766	806	846	886
Entertainment										
Scarcity										
Acting and post related allowance		–	–	–	–	–	–	–	–	–
In kind benefits										
Sub Total - Senior Managers of Municipality		12,219	11,455	11,778	21,547	21,547	21,547	22,689	23,801	24,919
% increase	4		(6.3%)	2.8%	82.9%	–	–	5.3%	4.9%	4.7%
Other Municipal Staff										
Basic Salaries and Wages		385,845	409,287	446,482	427,495	427,495	427,495	450,152	472,210	494,404
Pension and UIF Contributions		74,467	82,243	92,864	79,280	79,280	79,280	83,482	87,572	91,688
Medical Aid Contributions		19,783	21,478	22,621	29,481	29,481	29,481	31,044	32,565	34,096
Overtime		58,379	60,671	43,269	20,728	20,728	20,728	21,827	22,896	23,973
Performance Bonus		28,765	29,454	29,023	37,193	37,193	37,193	39,164	41,084	43,014
Motor Vehicle Allowance	3	31,770	34,523	35,028	39,438	39,438	39,438	41,528	43,563	45,610
Cellphone Allowance	3	5,429	5,528	5,425	3,618	3,618	3,618	3,810	3,996	4,184
Housing Allowances	3	18,992	20,216	20,226	23,705	23,705	23,705	24,962	26,185	27,416
Other benefits and allowances	3	–	43,517	–	147	147	147	155	163	171
Payments in lieu of leave		1,174	10,473	–	231	231	231	243	255	267
Long service awards		251	(895)	(2,383)	231	231	231	243	255	267
Post-retirement benefit obligations	6	33,904	38,303	27,486	6,789	6,789	6,789	7,149	7,499	7,852
Entertainment										
Scarcity										
Acting and post related allowance		2,586	1,339	2,335	327	327	327	465	487	510
In kind benefits										
Sub Total - Other Municipal Staff		661,344	756,138	722,376	668,664	668,664	668,664	704,223	738,730	773,451
% increase	4		14.3%	(4.5%)	(7.4%)	–	–	5.3%	4.9%	4.7%
Total Parent Municipality		694,184	787,247	753,210	714,440	714,540	714,540	752,426	789,295	826,392
			13.4%	(4.3%)	(5.1%)	0.0%	–	5.3%	4.9%	4.7%
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Entertainment										
Scarcity										
Acting and post related allowance										
In kind benefits										
Sub Total - Board Members of Entities		–	–	–	–	–	–	–	–	–
% increase	4			–	–	–	–	–	–	–
Senior Managers of Entities										
Basic Salaries and Wages	1	–	–	–	6,645	6,645	6,645	9,228	9,482	9,482
Pension and UIF Contributions	1	–	–	–	753	753	753	3,856	4,123	4,169
Medical Aid Contributions										
Overtime										
Performance Bonus		–	–	–	455	455	455	1,287	1,361	1,361
Motor Vehicle Allowance	3	–	–	–	920	920	920	3,191	3,360	3,382
Cellphone Allowance	3	–	–	–	53	53	53	446	473	473
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										

Senior Managers of Entities										
Basic Salaries and Wages		-	-	-	6,645	6,645	6,645	9,228	9,482	9,482
Pension and UIF Contributions		-	-	-	753	753	753	3,856	4,123	4,169
Medical Aid Contributions										
Overtime										
Performance Bonus		-	-	-	455	455	455	1,287	1,361	1,361
Motor Vehicle Allowance	3	-	-	-	920	920	920	3,191	3,360	3,382
Cellphone Allowance	3	-	-	-	53	53	53	446	473	473
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Entertainment										
Scarcity										
Acting and post related allowance										
In kind benefits										
Sub Total - Senior Managers of Entities		-	-	-	8,828	8,828	8,828	18,008	18,799	18,868
% increase	4		-	-	-	-	-	104.0%	4.4%	0.4%
Other Staff of Entities										
Basic Salaries and Wages		-	-	-	30,464	30,464	30,464	23,691	25,369	25,720
Pension and UIF Contributions		-	-	-	3,740	3,740	3,740	-	-	-
Medical Aid Contributions										
Overtime		-	-	-	106	106	106	196	201	202
Performance Bonus		-	-	-	2,220	2,220	2,220	1,068	1,134	1,166
Motor Vehicle Allowance	3	-	-	-	3,804	3,804	3,804	-	-	-
Cellphone Allowance	3	-	-	-	903	903	903	788	833	852
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	257	257	257	257	270	270
Long service awards										
Post-retirement benefit obligations	6									
Entertainment										
Scarcity										
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits										
Sub Total - Other Staff of Entities		-	-	-	41,495	41,495	41,495	26,000	27,807	28,210
% increase	4		-	-	-	-	-	(37.3%)	6.9%	1.5%
Total Municipal Entities		-	-	-	50,322	50,322	50,322	44,008	46,606	47,078
TOTAL SALARY, ALLOWANCES & BENEFITS		694,184	787,247	753,210	764,763	764,863	764,863	796,434	835,901	873,469
% increase	4		13.4%	(4.3%)	1.5%	0.0%	-	4.1%	5.0%	4.5%
TOTAL MANAGERS AND STAFF	5.7	673,563	767,593	734,154	740,534	740,534	740,534	770,920	809,137	845,448

Table 32 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		783,837	-	1,401,667			2,185,504
Chief Whip								-
Executive Mayor			979,797	-	379,544			1,359,341
Deputy Executive Mayor			-	-	-			-
Executive Committee								-
Total for all other councillors			16,600,899		5,367,777			21,968,676
Total Councillors	8	-	18,364,533	-	7,148,988			25,513,521
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1,902,567	2,222	-	-		1,904,789
Chief Finance Officer			1,008,629	2,933	590,263	-		1,601,825
SM					806,470			806,470
SM D01			1,304,025	1,286	201,617	93,251		1,600,179
SM D02			980,175	1,806	201,617	-		1,183,598
SM D03			1,366,061	1,996	134,412	98,420		1,600,889
SM D04			1,293,143	1,996	201,617	104,133		1,600,889
SM D05			1,299,272	1,989	201,617	98,003		1,600,881
SM D06			1,250,532	60,965	289,392	-		1,600,889
SM D07			1,330,069	1,996	268,823	-		1,600,888
SM D08			1,113,164	1,996	403,234	82,494		1,600,888
SM D09			1,120,333	1,996	201,617	68,391		1,392,337
SM D10			1,330,069	2,222	268,823			1,601,114
SM D11			1,598,893	1,996	-	-		1,600,889
SM D12			903,720	1,996	436,282	50,340		1,392,338
								-
List of each official with packages >= senior manager								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total Senior Managers of the Municipality	8,10	-	17,800,652	87,395	4,205,784	595,032		22,688,863

Review of Organisational Structure

There is a process underway to review the Organizational Structure for the approval by council. Departments have been reduced to six with amalgamation of departments. Human settlements department and Technical services have been amalgamated in water and sanitation department. Legislative services and office of Executive Mayor have been amalgamated in Office of Municipal Manager. The structure will be approved when the budget is adopted and will commence on 01 July 2023 and the following sequence of processes will be undertaken being:

1. Job Description writing
2. Job Evaluation
3. Costing of Organizational Structure
4. Recruitment of Employees

3.4 Monthly targets for revenue, expenditure and cash flow

Table 34 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand																
Revenue																
Exchange Revenue																
Service charges - Electricity													-	-	-	-
Service charges - Water		27,416	21,234	23,550	26,498	20,965	11,637	11,809	26,816	38,325	20,927	26,154	25,225	280,555	294,302	308,135
Service charges - Waste Water Management		12,761	9,884	10,961	12,334	9,759	5,416	5,496	12,481	17,839	9,741	12,174	11,741	130,587	136,985	143,424
Service charges - Waste Management													-	-	-	-
Sale of Goods and Rendering of Services		3,210	3,210	3,210	3,210	3,210	3,210	3,210	3,210	3,210	3,210	3,210	3,210	38,520	41,279	46,180
Agency services													-	-	-	-
Interest													-	-	-	-
Interest earned from Receivables		1,836	1,754	2,383	949	2,657	1,207	1,929	1,836	1,973	1,836	1,836	1,836	22,030	23,349	25,207
Interest earned from Current and Non Current Assets		2,500	2,387	3,255	1,276	3,633	1,631	2,628	2,500	2,689	2,500	2,500	2,500	30,000	31,470	32,949
Dividends													-	-	-	-
Rent on Land													-	-	-	-
Rental from Fixed Assets		3	3	3	3	3	3	3	3	3	3	3	3	40	42	44
Licence and permits													-	-	-	-
Operational Revenue		19	19	19	19	19	19	19	19	19	19	19	19	231	244	259
Non-Exchange Revenue																
Property rates													-	-	-	-
Surcharges and Taxes		10,846	12,494	12,127	14,273	12,561	13,996	5,116	12,504	10,778	6,593	6,788	10,472	128,546	133,397	146,736
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences or permits													-	-	-	-
Transfer and subsidies - Operational		452,113	6,361	4,361	4,361	379,906	4,361	4,361	6,063	307,702	4,361	4,361	4,361	1,182,672	1,248,704	1,316,008
Interest													-	-	-	-
Fuel Levy													-	-	-	-
Operational Revenue													-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Discontinued Operations													-	-	-	-
Total Revenue (excluding capital transfers and contributions)		510,704	57,345	59,870	62,923	432,713	41,480	34,572	65,433	382,537	49,190	57,045	59,367	1,813,181	1,909,773	2,018,942
Expenditure																
Employee related costs		64,244	64,244	64,244	64,244	64,244	64,244	64,244	64,244	64,244	64,244	64,244	64,241	770,920	809,137	845,448
Remuneration of councillors		2,126	2,126	2,126	2,126	2,126	2,126	2,126	2,126	2,126	2,126	2,126	2,126	25,514	26,764	28,022
Bulk purchases - electricity													-	-	-	-
Inventory consumed		8,113	8,713	8,713	9,113	8,713	8,713	9,063	8,713	8,713	9,063	9,413	(15,896)	81,146	83,375	86,139
Debt impairment		10,626	10,626	10,626	10,626	10,626	10,626	10,626	10,626	10,626	10,626	10,626	10,626	127,508	133,755	140,042
Depreciation and amortisation		19,946	19,946	19,946	19,946	19,946	19,946	19,946	19,946	19,946	19,946	19,946	19,946	239,349	245,197	253,500
Interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services		13,575	5,892	16,306	18,518	10,149	13,282	19,331	10,505	9,803	17,312	7,837	14,944	157,453	168,378	176,089
Transfers and subsidies		4,464	5,070	7,018	4,804	4,589	7,089	4,689	8,435	8,435	4,819	4,609	6,654	67,113	70,947	74,964
Irrecoverable debts written off			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operational costs		34,147	16,494	14,920	21,510	14,528	14,446	19,231	15,720	14,815	19,284	13,620	13,692	212,407	210,626	220,424
Losses on disposal of Assets		8	8	8	8	8	8	8	8	8	8	8	8	100	105	115
Other Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		157,248	133,119	143,906	150,894	134,929	140,480	149,264	136,756	138,715	147,427	132,429	116,341	1,681,510	1,748,284	1,824,744
Surplus/(Deficit)		353,456	(75,773)	(84,036)	(87,971)	297,784	(98,999)	(114,693)	243,822	243,822	(98,237)	(75,384)	(56,974)	131,671	161,489	194,198
Transfers and subsidies - capital (monetary allocations)		287,794	15,179	15,179	15,179	324,817	15,179	15,179	15,179	441,683	15,179	15,179	15,179	1,190,909	1,271,959	1,345,412
Transfers and subsidies - capital (in-kind)													-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		641,250	(60,594)	(68,857)	(72,791)	622,601	(83,820)	(99,513)	(56,144)	685,506	(83,058)	(60,205)	(41,795)	1,322,579	1,433,448	1,539,610
Income Tax													-	-	-	-
Surplus/(Deficit) after income tax		641,250	(60,594)	(68,857)	(72,791)	622,601	(83,820)	(99,513)	(56,144)	685,506	(83,058)	(60,205)	(41,795)	1,322,579	1,433,448	1,539,610
Share of Surplus/Deficit attributable to Joint Venture													-	-	-	-
Share of Surplus/Deficit attributable to Minorities													-	-	-	-
Surplus/(Deficit) attributable to municipality		641,250	(60,594)	(68,857)	(72,791)	622,601	(83,820)	(99,513)	(56,144)	685,506	(83,058)	(60,205)	(41,795)	1,322,579	1,433,448	1,539,610
Share of Surplus/Deficit attributable to Associate													-	-	-	-
Intercompany/Parent subsidiary transactions													-	-	-	-
Surplus/(Deficit) for the year	1	641,250	(60,594)	(68,857)	(72,791)	622,601	(83,820)	(99,513)	(56,144)	685,506	(83,058)	(60,205)	(41,795)	1,322,579	1,433,448	1,539,610

Table 35 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

May 2023

Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand																
Revenue by Vote																
Vote 01 - Council & Committees		80,727	-	-	-	67,918	-	-	-	55,110	-	-	-	203,755	208,392	218,322
Vote 02 - Finance & Administration		169,615	4,406	3,275	1,295	144,235	1,651	2,648	2,519	116,779	2,519	2,519	2,519	453,980	473,781	495,903
Vote 03 - Planning & Development		35,111	-	-	-	28,378	-	-	1,702	21,645	-	-	-	86,836	84,493	89,147
Vote 04 - Health		10,708	-	-	-	9,009	-	-	-	7,310	-	-	-	27,028	28,352	29,685
Vote 05 - Community & Social Services		8,509	-	-	-	7,159	-	-	-	5,809	-	-	-	21,478	22,530	23,589
Vote 06 - Housing		22,327	15,411	15,411	15,411	21,230	15,411	15,411	15,411	20,133	15,411	15,411	15,411	202,389	40,228	22,225
Vote 07 - Public Safety		29,832	-	-	-	25,098	-	-	-	20,365	-	-	-	75,295	78,984	82,697
Vote 08 - Sports & Recreation		2,352	-	-	-	1,979	-	-	-	1,606	-	-	-	5,936	6,227	6,520
Vote 09 - Environmental		3,640	-	-	-	3,062	-	-	-	2,485	-	-	-	9,187	9,521	9,969
Vote 10 - Roads		12,121	-	-	-	7,543	-	-	-	6,121	-	-	-	25,784	27,034	28,298
Vote 11 - Water		414,163	45,340	48,996	54,029	432,847	32,230	24,325	53,612	558,109	39,071	46,926	49,249	1,798,897	2,102,664	2,250,152
Vote 12 - Tourism		2,025	-	-	-	1,704	-	-	-	1,383	-	-	-	5,112	5,362	5,614
Vote 13 - Development Agency		7,368	7,368	7,368	7,368	7,368	7,368	7,368	7,368	7,368	7,368	7,368	7,368	88,414	94,163	102,233
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		798,498	72,525	75,049	78,103	757,530	56,660	49,751	80,612	824,221	64,369	72,224	74,547	3,004,089	3,181,732	3,364,354
Expenditure by Vote to be appropriated																
Vote 01 - Council & Committees		18,152	17,498	17,355	17,706	17,614	16,791	16,749	18,299	17,708	17,760	17,791	17,140	210,564	208,392	218,322
Vote 02 - Finance & Administration		50,652	24,133	22,671	38,796	22,276	22,108	37,248	21,738	21,106	35,741	21,036	21,278	338,784	353,132	369,634
Vote 03 - Planning & Development		5,707	6,648	8,276	6,122	6,137	7,302	5,967	6,167	8,833	6,057	6,052	6,757	80,027	84,493	89,147
Vote 04 - Health		2,157	2,149	2,379	2,249	2,177	2,474	2,169	2,169	2,407	2,149	2,149	2,399	27,028	28,352	29,685
Vote 05 - Community & Social Services		1,623	1,623	1,873	1,623	1,623	2,273	1,623	2,145	2,051	1,623	1,623	1,774	21,478	22,530	23,589
Vote 06 - Housing		1,316	1,316	1,864	1,506	1,316	2,244	1,316	1,696	1,864	1,696	1,316	2,434	19,886	20,861	21,841
Vote 07 - Public Safety		4,540	4,540	5,055	4,540	4,565	5,655	4,540	4,540	5,580	4,640	4,540	5,555	58,295	61,151	64,025
Vote 08 - Sports & Recreation		453	453	543	573	453	561	453	453	606	453	463	473	5,936	6,227	6,520
Vote 09 - Environmental		652	662	902	682	672	952	652	652	1,002	662	652	1,042	9,187	9,521	9,969
Vote 10 - Roads		928	928	928	928	928	928	928	928	928	928	928	928	11,135	11,680	12,229
Vote 11 - Water		58,223	60,323	68,773	63,323	64,323	66,023	64,773	65,123	63,373	62,873	62,973	67,914	768,012	810,645	848,510
Vote 12 - Tourism		314	314	755	314	314	636	314	314	726	314	374	426	5,112	5,362	5,614
Vote 13 - Development Agency		12,531	12,531	12,531	12,531	12,531	12,531	12,531	12,531	12,531	12,531	12,531	12,531	150,376	155,326	158,916
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		157,248	133,119	143,906	150,894	134,929	140,480	149,264	136,756	138,715	147,427	132,429	140,650	1,705,819	1,777,675	1,858,001
Surplus/(Deficit) before assoc.		641,250	(60,594)	(68,857)	(72,791)	622,601	(83,820)	(99,513)	(56,144)	685,506	(83,058)	(60,205)	(66,104)	1,298,270	1,404,057	1,506,353
Income Tax														-	-	-
Share of Surplus/Deficit attributable to Minorities														-	-	-
Intercompany/Parent subsidiary transactions														-	-	-
Surplus/(Deficit)	1	641,250	(60,594)	(68,857)	(72,791)	622,601	(83,820)	(99,513)	(56,144)	685,506	(83,058)	(60,205)	(66,104)	1,298,270	1,404,057	1,506,353

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Table 36 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

May 2023

Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand																
Revenue - Functional																
Governance and administration		249,628	4,406	3,275	1,295	211,553	1,651	2,648	2,519	171,401	2,519	2,519	2,519	655,934	680,388	712,359
Executive and council		73,966	–	–	–	62,229	–	–	–	50,494	–	–	–	186,689	190,872	199,843
Finance and administration		171,857	4,406	3,275	1,295	146,121	1,651	2,648	2,519	118,309	2,519	2,519	2,519	459,639	479,439	501,966
Internal audit		3,806	–	–	–	3,202	–	–	–	2,598	–	–	–	9,606	10,077	10,550
Community and public safety		73,729	15,411	15,411	15,411	64,475	15,411	15,411	15,411	55,222	15,411	15,411	15,411	332,125	176,321	164,716
Community and social services		20,354	–	–	–	17,124	–	–	–	13,895	–	–	–	51,373	53,890	56,423
Sport and recreation		2,352	–	–	–	1,979	–	–	–	1,606	–	–	–	5,936	6,227	6,520
Public safety		17,987	–	–	–	15,133	–	–	–	12,279	–	–	–	45,400	47,624	49,863
Housing		22,327	15,411	15,411	15,411	21,230	15,411	15,411	15,411	20,133	15,411	15,411	15,411	202,389	40,228	22,225
Health		10,708	–	–	–	9,009	–	–	–	7,310	–	–	–	27,028	28,352	29,685
Economic and environmental services		58,953	7,368	7,368	7,368	46,951	7,368	7,368	9,070	38,105	7,368	7,368	7,368	212,021	216,997	231,513
Planning and development		43,192	7,368	7,368	7,368	36,346	7,368	7,368	9,070	29,500	7,368	7,368	7,368	177,050	180,441	193,246
Road transport		12,121	–	–	–	7,543	–	–	–	6,121	–	–	–	25,784	27,034	28,298
Environmental protection		3,640	–	–	–	3,062	–	–	–	2,485	–	–	–	9,187	9,521	9,969
Trading services		414,163	45,340	48,996	54,029	432,847	32,230	24,325	53,612	558,109	39,071	46,926	49,249	1,798,897	2,102,664	2,250,152
Energy sources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Water management		414,163	45,340	48,996	54,029	432,847	32,230	24,325	53,612	558,109	39,071	46,926	49,249	1,798,897	2,102,664	2,250,152
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other		2,025	–	–	–	1,704	–	–	–	1,383	–	–	–	5,112	5,362	5,614
Total Revenue - Functional		798,498	72,525	75,049	78,103	757,530	56,660	49,751	80,612	824,221	64,369	72,224	74,547	3,004,089	3,181,732	3,364,354
Expenditure - Functional																
Governance and administration		68,654	41,481	39,877	56,352	39,740	38,750	53,847	39,887	38,664	53,351	38,677	38,268	547,547	559,636	585,978
Executive and council		16,721	16,118	16,123	16,256	16,250	15,163	15,368	16,923	16,338	16,348	16,173	15,718	193,498	190,872	199,843
Finance and administration		51,134	24,610	23,053	39,273	22,754	22,586	37,726	22,221	21,589	36,224	21,514	21,759	344,443	358,687	375,585
Internal audit		798	753	700	823	736	1,000	753	743	737	778	990	790	9,606	10,077	10,550
Community and public safety		10,090	10,082	11,715	10,492	10,134	13,207	10,102	11,004	12,507	10,562	10,092	12,635	132,623	139,121	145,660
Community and social services		3,797	3,797	4,562	3,797	3,822	5,562	3,797	4,319	5,265	3,897	3,797	4,962	51,373	53,890	56,423
Sport and recreation		453	453	543	573	453	561	453	453	606	453	463	473	5,936	6,227	6,520
Public safety		2,367	2,367	2,367	2,367	2,367	2,367	2,367	2,367	2,367	2,367	2,367	2,367	28,400	29,791	31,192
Housing		1,316	1,316	1,864	1,506	1,316	2,244	1,316	1,696	1,864	1,696	1,316	2,434	19,886	20,861	21,841
Health		2,157	2,149	2,379	2,249	2,177	2,474	2,169	2,169	2,407	2,149	2,149	2,399	27,028	28,352	29,685
Economic and environmental services		19,969	20,919	22,787	20,414	20,419	21,864	20,229	20,429	23,445	20,329	20,314	21,408	252,525	262,910	272,239
Planning and development		18,389	19,329	20,957	18,804	18,819	19,984	18,649	18,849	21,515	18,739	18,734	19,438	232,203	241,709	250,041
Road transport		928	928	928	928	928	928	928	928	928	928	928	928	11,135	11,680	12,229
Environmental protection		652	662	902	682	672	952	652	652	1,002	662	652	1,042	9,187	9,521	9,969
Trading services		58,223	60,323	68,773	63,323	64,323	66,023	64,773	65,123	63,373	62,873	62,973	67,914	768,012	810,645	848,510
Energy sources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Water management		58,223	60,323	68,773	63,323	64,323	66,023	64,773	65,123	63,373	62,873	62,973	67,914	768,012	810,645	848,510
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other		314	314	755	314	314	636	314	314	726	314	374	426	5,112	5,362	5,614
Total Expenditure - Functional		157,248	133,119	143,906	150,894	134,929	140,480	149,264	136,756	138,715	147,427	132,429	140,650	1,705,819	1,777,675	1,858,001
Surplus/(Deficit) before assoc.		641,250	(60,594)	(68,857)	(72,791)	622,601	(83,820)	(99,513)	(56,144)	685,506	(83,058)	(60,205)	(66,104)	1,298,270	1,404,057	1,506,353
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	641,250	(60,594)	(68,857)	(72,791)	622,601	(83,820)	(99,513)	(56,144)	685,506	(83,058)	(60,205)	(66,104)	1,298,270	1,404,057	1,506,353

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Table 37 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 01 - Council & Committees		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Finance & Administration		5,700	-	500	7,050	-	1,000	5,500	2,000	-	5,500	-	-	27,250	28,497	29,791
Vote 03 - Planning & Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Community & Social Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Housing		15,179	15,179	15,319	15,179	15,179	15,389	15,179	15,179	15,179	15,179	15,179	15,179	182,503	19,367	384
Vote 07 - Public Safety		-	-	-	-	-	10,000	-	-	-	-	-	7,000	17,000	17,833	18,671
Vote 08 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Environmental		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Roads		1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	14,650	15,354	16,069
Vote 11 - Water		86,000	94,800	99,755	99,284	103,197	66,600	64,700	83,600	87,900	83,600	82,044	73,223	1,024,704	1,269,702	1,362,948
Vote 12 - Tourism		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Development Agency		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	108,100	111,200	116,795	122,735	119,598	94,210	86,600	102,000	104,300	105,500	98,444	96,623	1,266,106	1,350,753	1,427,863
Single-year expenditure to be appropriated																
Vote 01 - Council & Committees		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Finance & Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Planning & Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Community & Social Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Environmental		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Roads		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Tourism		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Development Agency		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	2	108,100	111,200	116,795	122,735	119,598	94,210	86,600	102,000	104,300	105,500	98,444	96,623	1,266,106	1,350,753	1,427,863

May 2023

Table 38 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital Expenditure - Functional	1															
<i>Governance and administration</i>		5,700	–	500	7,050	–	1,000	5,500	2,000	–	5,500	–	–	27,250	28,497	29,791
Executive and council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance and administration		5,700	–	500	7,050	–	1,000	5,500	2,000	–	5,500	–	–	27,250	28,497	29,791
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		15,179	15,179	15,319	15,179	15,179	25,389	15,179	15,179	15,179	15,179	15,179	22,179	199,503	37,200	19,056
Community and social services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	10,000	–	–	–	–	–	7,000	17,000	17,833	18,671
Housing		15,179	15,179	15,319	15,179	15,179	15,389	15,179	15,179	15,179	15,179	15,179	15,179	182,503	19,367	384
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	14,650	15,354	16,069
Planning and development		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Road transport		1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	14,650	15,354	16,069
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>		86,000	94,800	99,755	99,284	103,197	66,600	64,700	83,600	87,900	83,600	82,044	73,223	1,024,704	1,269,702	1,362,948
Energy sources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Water management		86,000	94,800	99,755	99,284	103,197	66,600	64,700	83,600	87,900	83,600	82,044	73,223	1,024,704	1,269,702	1,362,948
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Other</i>		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	2	108,100	111,200	116,795	122,735	119,598	94,210	86,600	102,000	104,300	105,500	98,444	96,623	1,266,106	1,350,753	1,427,863
Funded by:																
National Government		101,442	110,242	113,197	111,124	111,640	79,042	76,642	99,042	103,342	99,042	97,486	88,665	1,190,909	1,271,959	1,345,412
Provincial Government		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital		101,442	110,242	113,197	111,124	111,640	79,042	76,642	99,042	103,342	99,042	97,486	88,665	1,190,909	1,271,959	1,345,412
Borrowing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds		6,658	958	3,598	11,611	7,958	15,168	9,958	2,958	958	6,458	958	7,958	75,197	78,794	82,451
Total Capital Funding		108,100	111,200	116,795	122,735	119,598	94,210	86,600	102,000	104,300	105,500	98,444	96,623	1,266,106	1,350,753	1,427,863

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Table 39 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2023/24												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Cash Receipts By Source													1		
Property rates												-			
Service charges - electricity revenue												-			
Service charges - water revenue	17,459	17,459	17,459	17,459	17,459	17,459	17,459	17,459	17,459	17,459	17,459	17,459	209,506	223,030	243,874
Service charges - sanitation revenue	8,216	8,216	8,216	8,216	8,216	8,216	8,216	8,216	8,216	8,216	8,216	8,216	98,591	104,955	114,764
Service charges - refuse revenue												-			
Rental of facilities and equipment	3	3	3	3	3	3	3	3	3	3	3	3	40	42	44
Interest earned - external investments	2,500	2,387	3,255	1,276	3,633	1,631	2,628	2,500	2,689	2,500	2,500	2,500	30,000	31,470	32,949
Interest earned - outstanding debtors												-			
Dividends received												-			
Fines, penalties and forfeits												-			
Licences and permits												-			
Agency services												-			
Transfers and Subsidies - Operational	445,313	966	966	966	374,809	966	966	966	304,307	966	966	966	1,133,119	1,215,178	1,260,330
Other revenue	26,557	26,557	26,557	26,557	26,557	26,557	26,557	26,557	26,557	26,557	26,557	26,557	318,687	144,556	163,545
Cash Receipts by Source	500,048	55,588	56,456	54,477	430,677	54,832	55,829	55,701	359,231	55,701	55,701	55,701	1,789,944	1,719,232	1,815,506
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	84,063	84,063	84,063	84,063	84,063	84,063	84,063	84,063	84,063	84,063	84,063	84,063	1,008,756	1,252,959	1,345,412
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Deparm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)												-			
Proceeds on Disposal of Fixed and Intangible Assets												-			
Short term loans												-			
Borrowing long term/refinancing												-			
Increase (decrease) in consumer deposits	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(84)	(4)	(4)
Decrease (increase) in non-current receivables	69	69	69	69	69	69	69	69	69	69	69	69	832	-	-
Decrease (increase) in non-current investments	438	438	438	438	438	438	438	438	438	438	438	438	5,253	-	-
Total Cash Receipts by Source	584,611	140,151	141,020	139,040	515,240	139,395	140,393	140,264	443,794	140,264	140,264	140,264	2,804,701	2,972,187	3,160,914
Cash Payments by Type															
Employee related costs	61,183	61,183	61,183	61,183	61,183	61,183	61,183	61,183	61,183	61,183	61,183	61,181	734,198	770,174	806,372
Remuneration of councillors	2,126	2,126	2,126	2,126	2,126	2,126	2,126	2,126	2,126	2,126	2,126	2,126	25,514	26,764	28,022
Interest												-			
Bulk purchases - electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisitions - water & other inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services												-			
Transfers and subsidies - other municipalities												-			
Transfers and subsidies - other												-			
Other expenditure	52,938	35,285	33,711	40,301	33,319	33,237	38,022	34,511	33,606	38,075	32,411	32,483	437,898	636,129	695,951
Cash Payments by Type	116,248	98,595	97,020	103,610	96,629	96,547	101,332	97,820	96,915	101,385	95,720	95,790	1,197,610	1,433,066	1,530,344
Other Cash Flows/Payments by Type															
Capital assets	108,100	111,200	116,795	122,735	119,598	94,210	86,600	102,000	104,300	105,500	98,444	96,623	1,266,106	1,350,753	1,427,863
Repayment of borrowing												-			
Other Cash Flows/Payments	7,823	7,823	7,823	7,823	7,823	7,823	7,823	7,823	7,823	7,823	7,823	7,823	93,871	98,971	104,352
Total Cash Payments by Type	232,170	217,618	221,638	234,167	224,049	198,579	195,754	207,643	209,038	214,707	201,986	200,236	2,557,587	2,882,790	3,062,560
NET INCREASE/(DECREASE) IN CASH HELD	352,441	(77,467)	(80,618)	(95,127)	291,191	(59,184)	(55,362)	(67,379)	234,756	(74,443)	(61,722)	(59,972)	247,114	89,396	98,354
Cash/cash equivalents at the month/year begin:	252,213	604,653	527,186	446,568	351,441	642,633	583,449	528,087	460,708	695,464	621,021	559,299	252,213	499,327	588,723
Cash/cash equivalents at the month/year end:	604,653	527,186	446,568	351,441	642,633	583,449	528,087	460,708	695,464	621,021	559,299	499,327	499,327	588,723	687,077

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Contracts having future budgetary implications

In terms of the District Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years).

Capital expenditure details

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

Table 40 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23	2023/24 Medium Term Revenue &
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R thousand	1							Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		45,226	20,759	789	988,274	669,670	669,670	1,014,359	1,258,836	1,351,565
Roads Infrastructure		–	–	–	3,143	3,143	3,143	3,155	3,296	3,444
Roads		–	–	–	3,143	3,143	3,143	3,155	3,296	3,444
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–

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Drainage Collection									
Storm water									
Conveyance									
Attenuation									
Electrical Infrastructure	–	–	–	–	–	–	–	–	–
Power Plants	–	–	–	–	–	–	–	–	–
HV Substations									
HV Switching Station									
HV Transmission									
Conductors									
MV Substations									
MV Switching Stations									
MV Networks									
LV Networks									
Capital Spares									

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Water Supply Infrastructure	44,736	17,542	952	623,806	472,654	472,654	627,669	1,255,540	1,348,121
Dams and Weirs	–	–	–	–	–	–	–	–	–
Boreholes	1,896	–	–	3,000	4,304	4,304	3,103	3,255	3,408
Reservoirs									
Pump Stations	4,030	378	807	5,000	6,420	6,420	23,000	–	–
Water Treatment Works	–	–	–	111,631	46,478	46,478	187,149	–	–
Bulk Mains	–	–	–	–	–	–	–	–	–
Distribution	(1,809)	(0)	(402)	504,175	411,951	411,951	414,417	1,252,286	1,344,714
Distribution Points	39,618	17,165	547	–	3,500	3,500	–	–	–
PRV Stations									
Capital Spares									

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	1,002	–	–	–	–	–	–	–	–
Sanitation Infrastructure	491	3,217	(163)	361,325	193,873	193,873	383,535	–	–
Pump Station									
Reticulation	491	1,860	(163)	319,825	188,031	188,031	349,659	–	–
Waste Water Treatment Works	–	–	–	9,000	2,000	2,000	–	–	–
Outfall Sewers	–	1,273	–	32,500	3,842	3,842	33,876	–	–
Toilet Facilities	–	84	–	–	–	–	–	–	–
Capital Spares									
Solid Waste Infrastructure	–	–	–	–	–	–	–	–	–
Landfill Sites									
Waste Transfer Stations									
Waste Processing									

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Facilities									
Waste Drop-off Points									
Waste Separation Facilities									
Electricity Generation Facilities									
Capital Spares									
Rail Infrastructure	–	–	–	–	–	–	–	–	–
Rail Lines									
Rail Structures									
Rail Furniture									
Drainage Collection									
Storm water Conveyance									
Attenuation									
MV Substations									

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LV Networks									
Capital Spares									
Coastal Infrastructure	–	–	–	–	–	–	–	–	–
Sand Pumps									
Piers									
Revetments									
Promenades									
Capital Spares									
Information and Communication Infrastructure	–	–	–	–	–	–	–	–	–
Data Centres									
Core Layers									
Distribution Layers									
Capital Spares									

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Community Assets	10,433	23,723	890	8,600	33,006	33,006	9,495	9,960	10,428
Community Facilities	10,433	23,723	890	8,600	33,006	33,006	9,495	9,960	10,428
Halls									
Centres	10,045	22,895	890	6,600	6,600	6,600	9,495	9,960	10,428
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations									
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria									

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Police									
Parks									
Public Open Space	388	828	–	2,000	26,406	26,406	–	–	–
Nature Reserves									
Public Ablution Facilities									
Markets									
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals									
Capital Spares									
Sport and Recreation Facilities	–	–	–	–	–	–	–	–	–
Indoor Facilities									

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Outdoor Facilities								
Capital Spares								
Heritage assets	–	–	–	–	–	–	–	–
Monuments								
Historic Buildings								
Works of Art								
Conservation Areas								
Other Heritage								
Investment properties	–	–	–	–	–	–	–	–
Revenue Generating	–	–	–	–	–	–	–	–
Improved Property								
Unimproved Property								

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Non-revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property									
Unimproved Property									
Other assets	403	0	906	50,333	52,133	52,133	1,350	20,416	1,483
Operational Buildings	–	–	–	2,333	4,133	4,133	1,000	1,049	1,098
Municipal Offices	–	–	–	–	1,800	1,800	1,000	1,049	1,098
Pay/Enquiry Points									
Building Plan Offices	–	–	–	2,333	2,333	2,333	–	–	–
Workshops									
Yards									
Stores									
Laboratories									

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Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									
Housing	403	0	906	48,000	48,000	48,000	350	19,367	384
Staff Housing									
Social Housing	403	0	906	48,000	48,000	48,000	350	19,367	384
Capital Spares									
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–
Intangible Assets	178	910	–	1,000	1,300	1,300	20,500	21,423	22,387

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Servitudes									
Licences and Rights	178	910	–	1,000	1,300	1,300	20,500	21,423	22,387
Water Rights									
Effluent Licenses									
Solid Waste Licenses									
Computer Software and Applications	178	910	–	–	–	–	500	523	546
Load Settlement Software Applications									
Unspecified	–	–	–	1,000	1,300	1,300	20,000	20,900	21,841
Computer Equipment	429	49	–	720	720	720	1,500	1,568	1,638
Computer Equipment	429	49	–	720	720	720	1,500	1,568	1,638

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Furniture and Office Equipment	3,251	3,687	577	–	500	500	2,000	2,098	2,197
Furniture and Office Equipment	3,251	3,687	577	–	500	500	2,000	2,098	2,197
Machinery and Equipment	1,346	249	57	53,320	53,670	53,670	1,500	1,574	1,647
Machinery and Equipment	1,346	249	57	53,320	53,670	53,670	1,500	1,574	1,647
Transport Assets	3,758	19,508	–	2,100	1,000	1,000	27,000	28,323	29,654
Transport Assets	3,758	19,508	–	2,100	1,000	1,000	27,000	28,323	29,654
Land	–	–	–	–	–	–	–	–	–
Land									

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Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Living resources		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Policing and Protection										
Zoological plants and animals										
Immature		-	-	-	-	-	-	-	-	-
Policing and Protection										
Zoological plants and animals										
Total Capital										

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Expenditure on new assets		65,023	68,886	3,219	1,104,347	812,098	812,098	1,259,856	1,344,197	1,420,999
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Table 41 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		2,393	2,369	–	–	250	250	4,000	4,196	4,393
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Roads										
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		2,393	2,233	–	–	250	250	4,000	4,196	4,393
Dams and Weirs										
Boreholes										
Reservoirs		–	–	–	–	–	–	–	–	–
Pump Stations		2,393	2,233	–	–	250	250	4,000	4,196	4,393
Water Treatment Works		–	–	–	–	–	–	–	–	–
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	136	–	–	–	–	–	–	–
Pump Station		–	136	–	–	–	–	–	–	–
Reticulation		–	–	–	–	–	–	–	–	–

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Other assets	967	19	170	-	250	250	2,250	2,360	2,471
Operational Buildings	-	19	170	-	250	250	2,250	2,360	2,471
Municipal Offices	-	19	170	-	250	250	250	262	275
Pay/Enquiry Points									
Building Plan Offices	-	-	-	-	-	-	2,000	2,098	2,197
Workshops									
Yards									
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									
Housing	967	-	-	-	-	-	-	-	-
Staff Housing	967	-	-	-	-	-	-	-	-
Social Housing									
Capital Spares									
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
Intangible Assets	-	-	-	-	-	-	-	-	-

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Zoo's, Marine and Non-biological Animals										
<u>Living resources</u>		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Policing and Protection										
Zoological plants and animals										
Immature		-	-	-	-	-	-	-	-	-
Policing and Protection										
Zoological plants and animals										
Total Capital Expenditure on renewal of existing asse	1	3,361	2,388	170	-	500	500	6,250	6,556	6,864
Renewal of Existing Assets as % of total capex		4.9%	3.3%	5.0%	0.0%	0.1%	0.1%	0.5%	0.5%	0.5%
Renewal of Existing Assets as % of deprechn"		1.1%	0.7%	0.1%	0.0%	0.3%	0.3%	2.6%	2.7%	2.7%

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Table 42 - MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand										
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		49,007	74,389	13,265	12,300	59,123	59,123	64,342	72,495	75,667
Roads Infrastructure		1,425	4,114	460	300	300	300	2,000	2,098	2,197
Roads		1,425	4,114	460	300	300	300	2,000	2,098	2,197
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		24,951	67,590	9,957	1,500	50,522	50,522	48,342	50,711	53,094
Dams and Weirs		–	–	–	–	–	–	–	–	–
Boreholes		873	1,076	–	–	800	800	2,000	2,098	2,197
Reservoirs		777	–	–	–	–	–	1,000	1,049	1,098
Pump Stations		–	1,179	4,224	–	–	–	5,000	5,245	5,492
Water Treatment Works		–	–	28	–	46,672	46,672	30,342	31,829	33,325
Bulk Mains										
Distribution		23,301	65,335	5,705	1,500	3,050	3,050	10,000	10,490	10,983
Distribution Points										

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Capital Spares	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	22,631	2,684	2,848	8,500	8,301	8,301	14,000	19,686	20,376
Pump Station	10,438	2,684	1,264	-	-	-	6,000	6,294	6,590
Reticulation	841	-	-	1,500	-	-	-	5,000	5,000
Waste Water Treatment Works	-	-	-	-	-	-	3,000	3,147	3,295
Outfall Sewers									
Toilet Facilities	11,352	-	1,584	7,000	8,301	8,301	5,000	5,245	5,492
Capital Spares									
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Landfill Sites									
Waste Transfer Stations									
Waste Processing Facilities									
Waste Drop-off Points									
Waste Separation Facilities									
Electricity Generation Facilities									
Capital Spares									
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Rail Lines									
Rail Structures									
Rail Furniture									
Drainage Collection									
Storm water Conveyance									
Attenuation									
MV Substations									
LV Networks									
Capital Spares									
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Sand Pumps									
Piers									
Revetments									
Promenades									
Capital Spares									
Information and Communication Infrastructure	-	-	-	2,000	-	-	-	-	-
Data Centres									
Core Layers									
Distribution Layers	-	-	-	2,000	-	-	-	-	-
Capital Spares									

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Other assets	6,064	3,306	2,950	3,172	3,172	3,172	2,660	2,802	2,926
Operational Buildings	6,064	3,306	2,950	3,172	3,172	3,172	2,660	2,802	2,926
Municipal Offices	6,064	3,306	2,950	3,111	3,111	3,111	2,630	2,769	2,896
Pay/Enquiry Points									
Building Plan Offices	–	–	–	30	30	30	–	–	–
Workshops									
Yards									
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots	–	–	–	30	30	30	30	33	30
Capital Spares									
Housing	–	–	–	–	–	–	–	–	–
Staff Housing									
Social Housing									
Capital Spares									

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<u>Intangible Assets</u>		5,252	5,286	6,983	3,500	3,250	3,250	3,250	3,396	3,549
Servitudes										
Licences and Rights		5,252	5,286	6,983	3,500	3,250	3,250	3,250	3,396	3,549
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications		5,252	5,286	6,983	3,500	3,250	3,250	3,250	3,396	3,549
Load Settlement Software Applications										
Unspecified										
<u>Computer Equipment</u>		288	522	–	–	–	–	–	–	–
Computer Equipment		288	522	–	–	–	–	–	–	–
<u>Furniture and Office Equipment</u>		204	111	365	500	350	350	150	157	165
Furniture and Office Equipment		204	111	365	500	350	350	150	157	165
<u>Machinery and Equipment</u>		226	281	110	278	278	278	133	146	161
Machinery and Equipment		226	281	110	278	278	278	133	146	161
<u>Transport Assets</u>		1,321	1,190	1,572	2,415	2,065	2,065	2,400	2,518	2,636
Transport Assets		1,321	1,190	1,572	2,415	2,065	2,065	2,400	2,518	2,636
<i>Zoological plants and animals</i>										
Total Repairs and Maintenance Expenditure	1	62,362	85,085	25,245	22,165	68,238	68,238	72,935	81,514	85,104
R&M as a % of PPE		0.9%	34444.0%	10219.5%	9332.7%	28731.9%	28731.9%	29525.4%	32998.2%	34451.4%
R&M as % Operating Expenditure		3.9%	5.0%	1.6%	1.5%	4.5%	4.5%	7.1%	4.8%	4.9%

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Legislation compliance status

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

In year reporting

Reporting to National Treasury in electronic format was not fully complied with on a monthly basis since there are returns that the district municipality was unable to prepare due to the capacity challenges (staff shortages) in the unit.

Internship programme

The District Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

Budget and Treasury Office (BTO)

The Budget and Treasury Office has been established in accordance with the MFMA, but council has approved the proposed structure that will be in compliance with the requirements of MFMA for establishment of BTO office.

Audit Committee

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The Audit Committee is yet to be appointed as the previous committee term has recently expired.

Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2023/2024 MTREF in June 2023 directly aligned and informed by the 2023/2024 MTREF.

Annual Report

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

MFMA Training

Senior management of the district municipality and the all the staff the Budget and Treasury office have registered for the minimum competency level program required by National Treasury.

MSCOA compliance

Other supporting documents

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Table 43 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
REVENUE ITEMS:											
Service charges - Water	6										
Total Service charges - Water		218,010	239,824	241,297	266,434	266,434	266,434	181,453	280,555	294,302	308,135
Less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
Less Cost of Free Basis Services (6 kilolitres per indigent household per month)		–	–	–	–	–	–		–	–	–
Net Service charges - Water		218,010	239,824	241,297	266,434	266,434	266,434	181,453	280,555	294,302	308,135
Service charges - Waste Water Management											
Total Service charges - Waste Water Management		56,824	60,340	62,456	124,014	124,014	124,014	55,886	130,587	136,985	143,424
Less Revenue Foregone (in excess of free sanitation service to indigent households)											
Less Cost of Free Basis Services (free sanitation service to indigent households)		–	–	–	–	–	–		–	–	–
Net Service charges - Waste Water Management		56,824	60,340	62,456	124,014	124,014	124,014	55,886	130,587	136,985	143,424
Service charges - Waste Management	6										

EXPENDITURE ITEMS:											
<u>Employee related costs</u>											
Basic Salaries and Wages	2	395,076	418,098	455,316	481,510	481,510	481,510	375,376	500,872	525,734	549,157
Pension and UIF Contributions		74,661	82,436	93,215	83,800	83,800	83,800	72,508	87,366	91,725	95,889
Medical Aid Contributions		19,783	21,478	22,621	29,537	29,537	29,537	19,705	31,103	32,627	34,160
Overtime		58,379	60,671	43,269	20,834	20,834	20,834	12,237	22,023	23,097	24,174
Performance Bonus		29,117	29,849	29,380	40,434	40,434	40,434	24,835	42,115	44,203	46,194
Motor Vehicle Allowance		33,499	36,202	36,884	47,055	47,055	47,055	30,642	47,764	50,118	52,337
Cellphone Allowance		5,902	5,534	5,446	4,599	4,599	4,599	2,606	5,070	5,330	5,539
Housing Allowances		19,232	20,356	20,256	24,016	24,016	24,016	16,762	25,289	26,528	27,775
Other benefits and allowances		–	43,517	–	147	147	147	88	155	163	171
Payments in lieu of leave		1,174	10,473	–	488	488	488	2,489	500	525	537
Long service awards		251	(895)	(2,383)	231	231	231	250	243	255	267
Post-retirement benefit obligations	4	33,904	38,533	27,815	7,555	7,555	7,555	5,630	7,956	8,345	8,738
Entertainment											
Scarcity											
Acting and post related allowance		2,586	1,339	2,335	327	327	327	1,754	465	487	510
In kind benefits											
sub-total	5	673,563	767,593	734,154	740,534	740,534	740,534	564,880	770,920	809,137	845,448
<u>Less: Employees costs capitalised to PPE</u>											
Total Employee related costs	1	673,563	767,593	734,154	740,534	740,534	740,534	564,880	770,920	809,137	845,448
<u>Depreciation and amortisation</u>											
Depreciation of Property, Plant & Equipment		240,723	235,587	231,450	179,414	159,414	159,414	158,798	179,757	188,567	197,439
Lease amortisation		993	855	323	243	243	243	239	–	–	–
Capital asset impairment		72,351	119,077	31,021	10,804	10,804	10,804	792	59,592	56,630	56,061
Total Depreciation and amortisation	1	314,068	355,519	262,794	190,461	170,461	170,461	159,829	239,349	245,197	253,500
<u>Bulk purchases - electricity</u>											
Electricity bulk purchases											
Total bulk purchases	1	–	–	–	–	–	–	–	–	–	–
<u>Transfers and grants</u>											
Cash transfers and grants		44,627	44,527	46,557	49,553	49,553	49,553	40,174	49,553	52,526	55,678
Non-cash transfers and grants		38,841	59,114	14,786	9,220	12,673	12,673	4,117	17,560	18,420	19,286
Total transfers and grants	1	83,468	103,642	61,343	58,773	62,227	62,227	44,291	67,113	70,947	74,964
<u>Contracted Services</u>											
Outsourced Services		47,366	51,115	39,255	48,352	51,694	51,694	38,647	55,679	58,453	61,225
Consultants and Professional Services		38,418	34,142	68,259	20,960	14,836	14,836	7,775	23,327	22,592	23,627
Contractors		72,040	92,632	19,981	26,100	69,738	69,738	41,222	78,448	87,334	91,238
Total contracted services		157,823	177,889	127,495	95,413	136,268	136,268	87,645	157,453	168,378	176,089
<u>Operational Costs</u>											
Collection costs											
Contributions to 'other' provisions											
Audit fees		7,575	10,527	11,401	12,400	13,855	13,855	10,204	13,155	14,528	15,196
Other Operational Costs		221,343	213,160	223,429	141,341	179,835	179,835	146,564	199,252	196,099	205,229
Total Operational Costs	1	228,919	223,688	234,830	153,741	193,691	193,691	156,768	212,407	210,626	220,424

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Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Inventory Consumed (Project Maintenance)											
Contracted Services		57,110	79,799	18,262	18,665	64,988	64,988	39,741	69,685	78,118	81,554
Other Expenditure		5,252	5,286	6,983	3,500	3,250	3,250	3,563	3,250	3,396	3,549
Total Repairs and Maintenance Expenditure	9	62,362	85,085	25,245	22,165	68,238	68,238	43,304	72,935	81,514	85,104

Inventory Consumed											
Inventory Consumed - Water		12	44	29,608	50,300	50,300	50,300	–	54,146	57,333	60,097
Inventory Consumed - Other		–	–	–	17,945	17,945	17,945	–	27,000	26,042	26,042
Total Inventory Consumed & Other Material		12	44	29,608	68,245	68,245	68,245	–	81,146	83,375	86,139

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Table 44 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 01 - Council & Committees	Vote 02 - Finance & Administration	Vote 03 - Planning & Development	Vote 04 - Health	Vote 05 - Community & Social Services	Vote 06 - Housing	Vote 07 - Public Safety	Vote 08 - Sports & Recreation	Vote 09 - Environmental	Vote 10 - Roads	Vote 11 - Water	Vote 12 - Tourism	Vote 13 - Development Agency	Vote 14 -	Vote 15 - Other	Total
R thousand	1																
Revenue																	
Exchange Revenue																	
Service charges - Electricity																	-
Service charges - Water												280,555		-			280,555
Service charges - Waste Water Management												130,587					130,587
Service charges - Waste Management																	-
Sale of Goods and Rendering of Services			-	-										38,520			38,520
Agency services																	-
Interest																	-
Interest earned from Receivables												21,730		300			22,030
Interest earned from Current and Non Current Assets			30,000														30,000
Dividends																	-
Rent on Land																	-
Rental from Fixed Assets			-											40			40
Licence and permits																	-
Operational Revenue			231									-		-			231
Non-Exchange Revenue																	
Property rates																	-
Surcharges and Taxes		-	-	-	-		-	-		-	-	128,546					128,546
Fines, penalties and forfeits														-			-
Licences or permits																	-
Transfer and subsidies - Operational		203,755	423,749	86,836	27,028	21,478	20,236	75,295	5,936	9,187	22,629	231,879	5,112	49,553			1,182,672
Interest																	-
Fuel Levy																	-
Operational Revenue																	-
Gains on disposal of Assets		-		-	-		-	-	-		-	-		-			-
Other Gains			-											-			-
Discontinued Operations																	-
Total Revenue (excluding capital transfers and contributions)		203,755	453,980	86,836	27,028	21,478	20,236	75,295	5,936	9,187	22,629	793,296	5,112	88,414	-	-	1,813,181
Expenditure																	
Employee related costs		135,180	211,929	16,404	23,551	19,363	14,404	53,920	5,394	6,828	6,351	229,865	3,724	44,008			770,920
Remuneration of councillors		25,514															25,514
Bulk purchases - electricity																	-
Inventory consumed			27,000									54,146		-			81,146
Debt impairment			-	-	-		-	-			-	127,508		-			127,508
Depreciation and amortisation		-	-	-	-		-	-	-		-	176,000		63,349			239,349
Interest																	-
Contracted services		16,052	44,813	2,775	970	930	2,280	560	140	1,500	4,620	77,942	845	4,027			157,453
Transfers and subsidies		1,400		60,553		-	2,160	3,000	-		-						67,113
Irrecoverable debts written off																	-
Operational costs		32,418	80,542	294	2,507	1,185	1,042	815	402	859	164	75,698	543	15,937			212,407
Losses on disposal of Assets		-	-	-	-		-	-	-		-	-		100			100
Other Losses																	-
Total Expenditure		210,564	364,284	80,027	27,028	21,478	19,886	58,295	5,936	9,187	11,135	741,159	5,112	127,420	-	-	1,681,510
Surplus/(Deficit)		(6,809)	89,695	6,809	(0)	-	350	17,000	-	0	11,495	52,137	0	(39,007)	-	-	131,671
Transfers and subsidies - capital (monetary allocations)							182,153	-			3,155	1,005,601					1,190,909
Transfers and subsidies - capital (in-kind)																	-
Surplus/(Deficit) after capital transfers & contributions		(6,809)	89,695	6,809	(0)	-	182,503	17,000	-	0	14,650	1,057,738	0	(39,007)	-	-	1,322,579

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Table 45 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
ASSETS											
Trade and other receivables from exchange transactions											
Electricity											
Water		344,200	383,896	426,624	222,440	222,440	222,440	511,302	241,351	387,005	482,658
Waste											
Waste Water		90,517	92,724	104,486	241,522	241,522	241,522	130,615	188,990	350,473	427,718
Other trade receivables from exchange transactions		266,962	214,072	168,776	50,344	50,344	50,344	175,701	65,391	81,743	99,616
Gross: Trade and other receivables from exchange transactions		701,679	690,692	699,886	514,306	514,306	514,306	817,618	495,732	819,220	1,009,991
Less: Impairment for debt		(444,005)	(463,625)	(540,806)	(278,046)	(278,046)	(278,046)	(540,806)	(275,814)	(578,604)	(727,646)
Impairment for Electricity											
Impairment for Water		(254,199)	(272,072)	(313,675)	(169,740)	(169,740)	(169,740)	(313,675)	(86,705)	(260,694)	(355,923)
Impairment for Waste											
Impairment for Waste Water		(66,894)	(65,072)	(75,896)	(42,430)	(42,430)	(42,430)	(75,896)	(83,232)	(126,034)	(170,848)
Impairment for other trade receivables from exchange transactions		(122,913)	(126,481)	(151,234)	(65,876)	(65,876)	(65,876)	(151,234)	(105,876)	(191,876)	(200,876)
Total net Trade and other receivables from Exchange Transactions		257,674	227,067	159,081	236,259	236,259	236,259	276,812	219,919	240,615	282,345
Receivables from non-exchange transactions											
Property rates		-	-	-	-	-	-	-	-	-	-
Less: Impairment of Property rates		-	-	-	-	-	-	-	-	-	-
Net Property rates		-	-	-	-	-	-	-	-	-	-
Other receivables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-
Impairment for other receivables from non-exchange transactions		(3,399)	(3,399)	(2,200)	-	-	-	(2,200)	-	-	-
Net other receivables from non-exchange transactions		(3,399)	(3,399)	(2,200)	-	-	-	(2,200)	-	-	-
Total net Receivables from non-exchange transactions		(3,399)	(3,399)	(2,200)	-	-	-	(2,200)	-	-	-
Inventory											
Water											
Opening Balance		201	189	145	122	122	122	122	(178)	676	1,038
System Input Volume		-	-	41,025	50,000	50,000	50,000	-	55,000	57,695	60,407
Water Treatment Works		-	-	-	-	-	-	-	-	-	-
Bulk Purchases		-	-	41,025	50,000	50,000	50,000	-	55,000	57,695	60,407
Natural Sources		-	-	-	-	-	-	-	-	-	-
Authorised Consumption	6	(12)	(44)	(29,608)	(50,300)	(50,300)	(50,300)	-	(54,146)	(57,333)	(60,097)
Billed Authorised Consumption		-	-	(29,608)	(45,637)	(45,637)	(45,637)	-	(49,250)	(52,192)	(54,801)
Billed Metered Consumption		-	-	(29,608)	(45,637)	(45,637)	(45,637)	-	(49,250)	(52,192)	(54,801)
Free Basic Water		-	-	(14,065)	(1,263)	(1,263)	(1,263)	-	(1,326)	(1,392)	(1,462)
Subsidised Water		-	-	-	-	-	-	-	-	-	-
Revenue Water		-	-	(15,542)	(44,374)	(44,374)	(44,374)	-	(47,924)	(50,800)	(53,340)
Billed Unmetered Consumption		-	-	-	-	-	-	-	-	-	-
UnBilled Authorised Consumption											
Unbilled Metered Consumption		-	-	-	(4,651)	(4,651)	(4,651)	-	(4,883)	(5,127)	(5,281)
Unbilled Unmetered Consumption		(12)	(44)	-	(13)	(13)	(13)	-	(13)	(14)	(15)
Water Losses		-	-	(11,440)	-	-	-	-	-	-	-
Apparent losses		-	-	(11,440)	-	-	-	-	-	-	-
Unauthorised Consumption		-	-	(11,440)	-	-	-	-	-	-	-
Customer Meter Inaccuracies		-	-	-	-	-	-	-	-	-	-
Real losses		-	-	-	-	-	-	-	-	-	-
Leakage on Transmission and Distribution Mains		-	-	-	-	-	-	-	-	-	-
Leakage and Overflows at Storage Tanks/Reservoirs		-	-	-	-	-	-	-	-	-	-
Leakage on Service Connections up to the point of Customer Meter		-	-	-	-	-	-	-	-	-	-
Data Transfer and Management Errors		-	-	-	-	-	-	-	-	-	-
Unavoidable Annual Real Losses		-	-	-	-	-	-	-	-	-	-
Non-revenue Water		(12)	(44)	(11,440)	(4,663)	(4,663)	(4,663)	-	(4,896)	(5,141)	(5,296)
Closing Balance Water		189	145	122	(178)	(178)	(178)	122	676	1,038	1,348

Opening Balance		-	-	-	-	-	-	-	(945)	(445)	2,355
Acquisitions		-	-	-	17,000	17,000	17,000	-	27,500	28,842	30,194
Issues	7	-	-	-	(17,945)	(17,945)	(17,945)	-	(27,000)	(26,042)	(26,042)
Adjustments	8	-	-	-	-	-	-	-	-	-	-
Write-offs	9	-	-	-	-	-	-	-	-	-	-
Closing balance - Consumables Standard Rated		-	-	-	(945)	(945)	(945)	-	(445)	2,355	6,507
Zero Rated		-	-	-	-	-	-	-	-	-	-

Closing Balance - Inventory & Consumables		189	145	122	(1,122)	(1,122)	(1,122)	122	231	3,393	7,854
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		9,885,942	10,403,155	10,655,770	9,745,763	8,970,512	8,970,512	11,087,580	11,263,382	11,064,592	11,525,308
Leases recognised as PPE	3	-	-	-	-	-	-	-	-	-	-
Less: Accumulated depreciation		3,026,238	3,254,496	3,408,263	3,383,976	3,383,976	3,383,976	3,493,936	3,574,079	3,773,297	3,981,921
Total Property, plant and equipment (PPE)	2	6,859,704	7,148,659	7,247,507	6,361,787	5,586,536	5,586,536	7,593,644	7,689,302	7,291,295	7,543,388
LIABILITIES											
Current liabilities - Financial liabilities											
Short term loans (other than bank overdraft)		-	150,000	144	-	-	-	-	-	-	-
Current portion of long-term liabilities		-	150,000	144	-	-	-	-	-	-	-
Total Current liabilities - Financial liabilities		-	150,000	144	-	-	-	-	-	-	-
Trade and other payables from exchange transactions											
Trade and other payables from exchange transactions	5	348,099	398,932	473,891	340,236	340,936	340,936	196,404	235,486	305,614	346,803
Other trade payables from exchange transactions		-	-	-	-	-	-	-	-	-	-
Trade payables from Non-exchange transactions: Unspent conditional Grants		453,195	245,743	227,708	-	(295,202)	(295,202)	954,656	-	-	-
Trade payables from Non-exchange transactions: Other		-	-	-	-	-	-	-	-	-	-
VAT		197,133	213,058	219,478	390	390	390	230,639	700	850	950
Total Trade and other payables from exchange transactions	2	998,427	857,733	921,077	340,626	46,124	46,124	1,381,700	236,186	306,464	347,753
Non-current liabilities - Financial liabilities											
Borrowing	4	-	-	4,119	-	-	-	4,119	-	-	-
Other financial liabilities		-	-	-	-	-	-	-	-	-	-
Total Non-current liabilities - Financial liabilities		-	-	4,119	-	-	-	4,119	-	-	-
Provisions											
Retirement benefits		-	-	-	-	-	-	-	-	-	-
Refuse landfill site rehabilitation		-	-	-	-	-	-	-	-	-	-
Other		-	(7,427)	(7,427)	-	-	-	(7,427)	-	-	-
Total Provisions		-	(7,427)	(7,427)	-	-	-	(7,427)	-	-	-
CHANGES IN NET ASSETS											
Accumulated surplus/(deficit)											
Accumulated surplus/(deficit) - opening balance		6,322,489	6,438,613	6,680,255	5,084,903	5,044,808	5,044,808	6,851,930	6,733,876	6,192,318	6,412,636
GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		6,322,489	6,438,613	6,680,255	5,084,903	5,044,808	5,044,808	6,851,930	6,733,876	6,192,318	6,412,636
Surplus/(Deficit)		435,945	389,819	316,428	1,275,891	813,633	813,633	335,292	1,322,579	1,433,448	1,539,610
Transfers to/from Reserves		-	-	-	-	51,070	51,070	-	49,554	54,650	55,916
Depreciation offsets		-	-	-	-	-	-	-	-	-	-
Other adjustments		(176,794)	(1,707)	(112,424)	-	-	-	81,730	-	-	-
Accumulated Surplus/(Deficit)	1	6,581,640	6,826,725	6,884,259	6,360,794	5,909,510	5,909,510	7,268,952	8,106,010	7,680,416	8,008,163
Reserves											
Housing Development Fund		-	-	-	-	-	-	-	-	-	-
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
Other reserves		-	-	-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	17,977	-	-	-
Total Reserves	2	-	-	-	-	-	-	17,977	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	6,581,640	6,826,725	6,884,259	6,360,794	5,909,510	5,909,510	7,286,929	8,106,010	7,680,416	8,008,163

Municipal manager's quality certificate

I, municipal manager of OR Tambo District Municipality , hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of OR Tambo District Municipality (DC15)

Signature _____

Date _____