



EXTRACT OUT OF MINUTES OF AN ORDINARY COUNCIL MEETING HELD ON 25 MAY 2022.

C1161. PART 2 - REPORT ON THE CHDM 2022/23 to 2025/26 MTREF BUDGET -

Purpose:

To table the 2022/23 Medium Term Revenue and Expenditure Framework Budget for consideration.

Authority:

Chris Hani District Municipality Council.

Background and legislation

The Constitution of the Republic of South Africa, Act 108 of 1996;
The Municipal Systems Act no.32 of 200, as amended and Regulations;
The Municipal Structures Act no.117 of 1998;
The Municipal Finance Management Act no.56 of 2003 and its Municipal Budget Reporting Regulations
MFMA Circulars 112 and 115; and
The Disaster Management Act no.57 of 2002 and Regulations.

Exposition of facts

1. Budget Assumptions

Description	2021/22	2022/23	2023/24	2024/25
National Treasury Headline Inflation	4.5%	4.8%	4.4%	4.5%
Salaries	6.5%	7.4% (4.9%+2.5%)	4.4%	4.4%
Free Basic Services Water	6kl	6kl	6kl	6k
Free Basic Services	4kl	4kl	4kl	4k



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Sanitation				
LG Equitable Allocation	600 621 000	654 460 000	694 535 000	736 185 000
Water Tariff	4%	4.8%	4.5%	4.5%
Sanitation Tariff	4%	4.8%	4.5%	4.5%
Sundry Revenue	4%	4.5%	4.5%	4.5%
Other Expenditure		4%	4%	4%

2. The following budget principles and guidelines were considered for the compilation of the 2022/2023 to 2025/2026 MTREF –

- ✦ National Treasury's MFMA Circulars were used as guidelines in compilation of the MTREF.
- ✦ Headline inflation predictions.
- ✦ National outcomes and priorities.
- ✦ The priorities and targets in relation to the key strategic focus areas as determined in the IDP.
- ✦ The 2021/2022 Adjustments Budget priorities, targets and base line allocations were taken as guideline for future revenue and expenditure stream projections.
- ✦ Tariff rates revenue stream increases should be affordable, and the NT guideline is that it generally should not exceed inflation as measured by the CPI, although many input costs in rendering services are beyond the control of the municipality and posing a challenge on continuous repair and maintenance. In addition, tariffs must be cost reflective, and should take into account the need to address infrastructure projects.
- ✦ The consideration made in the gazetted annual Division of Revenue Act for capital projects from funding of both National and Provincial.

3. The main challenges experienced during the compilation of the 2022/2023 to 2025/2026 MTREF can be summarised as follows –

- ✦ Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the budget, taking the cash and financial viability position into account.
- ✦ The increased costs associated with bulk water and electricity, placing upward pressure on tariff increases to consumers. Continued high tariff increases may soon render municipal services financially unaffordable.



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- ✦ Maintaining revenue collection rates at the targeted levels, despite the realities on the metering.
 - ✦ Depleted Capital Replacement Reserve that are being resuscitated to be enhanced gradually, impacting on the Municipality's ability to fund capital expenditure from internal sources.
 - ✦ The on-going difficulties in the national and local economy pre and post COVID-19 financial constraints.
 - ✦ Aging and poorly maintained water and sanitation infrastructure; and
4. The process followed during the compilation of the 2022/2023 to 2025/2026 MTREF can be summarised as follows –

The 2022/23 budget process commenced with Departmental Strategic sessions held during the month of February 2022, led by the Head of Departments or Directors. The purpose of these sessions was to review the envisaged strategies of the Municipality towards improved serviced delivery. An Institutional Strategic Planning session was also held from the 28 February to 01 March 2022 where it was a joint session with the Political Public Office Bearers, to deliberate on an institutional thrust in their political term of office. The IDP and Budget workshops with all Directorates were held from the 14 to 15 March 2022 to address the departmental budget requests. The last consultation was held with the Budget Steering Committee on the 17 March 2022, thereafter the Budget and Treasury Office (BTO) to develop an MTREF budget for the consolidated budget for CHDM and Chris Hani Development Agency (CHDA) and thereafter submit an institutional MTREF Budget, for Mayoral and Council's considerations. After the consideration by Mayoral and Council Committees, the tabled budget and IDP will be taken through a public participation or roadshow, preferable in April / May 2022.

5. The High-level Overview 2022/23 MTREF Budget can be summarised as follows (Operating Revenue and Capital + Operating Expenditure and Capital) –

Table 1: Overall Operating Revenue and Expenditure 2022/23 MTREF Budget

Anticipated Operating Revenue for 2022/2023 is estimated at R1,481, 644, 117 or R79,050,922 (5.34%) more than the 2021/2022 approved adjustments budget revenue of R1,402,593,195.



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The increase is because of the yearly tariff increase of 4.8% for water and sanitation sales and as well the inflationary increases for the other revenue items at 4%. The overall increase of the operating revenue is also because of increase of transfers and subsidies.

Table 2: Overall Total Grant Allocation per the DoRa - 2022/23 MTREF Budget

DC13 Chris Hani - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Total Revenue										1,644,257
	977,396	1,079,436	1,157,963	1,200,196	1,402,593	1,402,593	860,790	1,481,644	1,660,210	
Total Expenditure										1,455,001
	1,180,441	1,222,305	1,294,972	1,141,083	1,226,260	1,226,260	657,766	1,319,176	1,484,239	
Surplus/(Deficit)	(203,045)	(142,869)	(137,009)	59,113	176,334	176,334	203,024	162,468	175,971	189,257
Transfers and subsidies										466,482
	318,276	344,254	556,506	563,391	601,787	601,787	385,441	535,235	319,398	
Surplus/(Deficit) for the year										655,739
	115,231	201,384	419,498	622,504	778,120	778,120	588,465	697,703	495,369	

Type of Grants	2022/23	2023/24	2024/25
Equitable Share	654 460 000	694 535 000	736 185 000
Expanded Public Work Programme	3 630 000	-	-
Regional Bulk Infrastructure Grant	216 907 000	77 716 000	115 000 000
Financial Management Grant	1 000 000	1 000 000	1 000 000
Municipal Infrastructure Grant	330 451 000	346 034 000	362 613 000
Rural Road Asset Management	3 455 000	3 468 000	4 586 000
Water Services Infrastructure Grant	60 000 000	80 000 000	83 600 000
Municipal System Infrastructure Grant(in-kind)	2 857 000	2 440 000	2 440 000



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Total	1 272 760 000	1 205 193 000	1 305 424 000
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The total grants are estimated to be R1.2 billion for the 2022/23 financial year of which the largest grant allocation is LGES R654 million, followed by MIG R330 million, RBIG R216 million, WSIG R60 million, EPWP R3.6 million, RRAMS R3 million, MSIG R2.8 million and financial management R1 million.

6. The Operating Revenue Budget Overview 2022/23 MTREF Budget can be summarised as follows per Revenue Source–

Table 3: Overall Operating Revenue 2022/23 MTREF Budget (Table A4 Revenue only)

Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand										
Revenue By Source										
Service charges - water revenue	249,351	241,313	307,984	274,388	296,388	296,388	202,922	310,489	322,908	335,825
Service charges - sanitation revenue	56,116	59,193	62,660	67,784	73,206	73,206	53,674	76,730	79,799	82,991
Service charges - refuse revenue	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	–	–	–	–	–	–	–	–	–	–
Interest earned - external investments	35,664	20,714	7,527	39,351	39,351	39,351	7,529	40,925	42,562	44,691
Interest earned - outstanding debtors	38,687	57,781	62,769	51,285	51,285	51,285	68,904	53,593	55,737	57,966
Fines, penalties and forfeits	–	–	–	90	90	90	–	94	98	101
Licences and permits	–	–	61	273	273	273	43	284	295	307
Transfers and subsidies	596,832	698,412	714,682	678,553	688,528	688,528	475,243	734,668	883,355	835,902
Other revenue	747	2,021	987	85,470	250,470	250,470	52,276	261,742	272,211	283,100
Gains	–	2	1,292	3,000	3,000	3,000	–	3,120	3,245	3,375
Total Revenue	977,396	1,079,436	1,157,963	1,200,196	1,402,593	1,402,593	860,790	1,481,644	1,660,210	1,644,257

The overall operating revenue for 2022/2023 is estimated at R1,481, 644, 117 or R79,050,922 (5.34%) more than the 2021/2022 approved adjustments budget revenue of R1,402,593,195.

The Chris Hani District Municipality depends largely on Local Government Equitable Share (LGES) as well as service charges. The service charges consist of the following:

- LGES R 654,4 million;
- Water charges R 309.7 million; and
- Sanitation charges R 76,5 million; -

Services charges relating to water and sanitation constitutes the second biggest component of the revenue basket of the Municipality totalling R 369.6 million for the 2021/22 financial year and increasing to R 387.2 million for 2022/23, the growth constitute 4.8% in line with the CPI as recommended the relevant MFMA Budget Circulars.

The **interest on debtors** were estimated to a similarly to the service charges with the increase of 4.5% and estimated to be R53.6 million. This is also in line with the CPI recommended increases by that were outlined in the MFMA Budget Circular 112 and 115 as issued in December 2021 and March 2022.

The **interest on investment** were estimated to increase by 4% in the 2022/23 financial year and estimated to be R40.9 million. This is informed by the strategy of recovering the old outstanding debt, rollout of the SMART Meters, debt incentive schemes rollout and the appointment of the Debt Collectors.

Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. This is allocation is informed by the DoRa gazette as stipulated in the above Table 2

Other revenue is estimated to increase to be R261.7 million in 2022/23 financial year. This increase is informed by the VAT recoveries that the Municipality is receiving from the SARS assessment, tendering documentation, and other telephone recoveries.

The gains are estimated to be R3.1 million for the 2022/23 financial year, which is informed by the auction that will be conducted during the 2022/23 financial to dispose off the assets in line with the Council policies and other relevant regulations.



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Operating surpluses is estimated to increase to be R162.5 million in 2022/23 financial year. This is due to the inflationary tariff increases and other revenue enhancement strategies such as rollout of SMART Meters and appointment of Debt Collection Team.

7. The Operating Revenue Budget Overview 2022/23 MTREF Budget can be summarised as follows per Directorate –

Table 4: Overall Operating Revenue 2022/23 MTREF Budget per Directorate (Table A3 Revenue only)

DC13 Chris Hani - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A									
Vote Description	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue by Vote									
Vote 02 - Municipal Manager	–	–	682	422	122	122	399	–	–
Vote 03 - Budget & Treasury	600,875	625,297	722,957	784,758	945,727	945,727	1,014,839	1,069,289	1,126,315
Vote 04 - Community Services	7,361	5,902	545	1,400	1,400	1,400	1,141	394	409
Vote 05 - Corporate Services	2,734	4,271	2,483	1,574	975	975	1,488	–	–
Vote 06 - Planning & Development	2,932	1,183	4,453	806	2,006	2,006	980	–	–
Vote 07 - Technical Services	661,091	770,335	983,350	974,627	1,054,149	1,054,149	998,032	909,925	984,015
Vote 08 - Roadworks	20,679	16,701	–	–	–	–	–	–	–



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Total Revenue by Vote	1,295,672	1,423,690	1,714,469	1,763,587	2,004,380	2,004,380	2,016,880	1,979,608	2,110,739
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8. The Operating Expenditure Budget Overview 2022/23 MTREF Budget can be summarised as follows per Line Items –

Table 5: Overall Operating Expenditure 2022/23 MTREF Budget (Table A4 Expenditure only)

Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework			
				R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome
Expenditure By Type											
Employee related costs	342,167	342,074	379,973	362,920	372,920	372,920	319,695	400,535	418,819	438,341	
Remuneration of councillors	11,665	12,226	12,918	12,226	12,226	12,226	10,104	12,715	13,274	13,872	
Debt impairment	173,391	278,891	304,180	278,891	198,891	198,891	–	227,391	236,296	245,805	
Depreciation & asset impairment	152,026	157,913	181,858	157,838	157,838	157,838	–	180,000	187,920	196,376	
Finance charges	(30)	88	456	510	510	510	117	530	554	579	
Bulk purchases - electricity	–	–	–	–	–	–	–	–	–	–	
Inventory consumed	17,133	10,490	33,493	30,506	43,882	43,882	–	43,184	45,912	47,659	
Contracted services	248,183	168,380	182,088	166,912	229,221	229,221	170,702	241,544	290,402	278,104	
Transfers and subsidies	–	117,739	53,842	48,496	79,678	79,678	37,595	70,500	141,600	76,912	
Other expenditure	235,749	134,190	144,866	82,784	131,093	131,093	119,554	142,776	149,462	157,354	
Losses	156	315	1,298	–	–	–	–	–	–	–	
Total Expenditure	1,180,441	1,222,305	1,294,972	1,141,083	1,226,260	1,226,260	657,766	1,319,176	1,484,239	1,455,001	

The overall operating expenditure for 2022/2023 is estimated at R 1,319,176,129 or R92,916,475 (7.04%) more than the adjustments budget expenditure of R 1,226,259,654 for 2021/2022. Employee related costs, contracted services, and other expenditures are the main cost drivers within the municipality and alternative operational efficiencies, or additional

revenue sources will have to be identified to lessen the impact of wage and tariff increases in future years.

The general CPIX rates was used for the operating expenses increases for 2022/23 was 4%, throughout the MTREF Budget period however, some of the expenditures do not increase with the same percentage points due to the assessment of the year -to date expenditures where the Municipality is trying to avoid any potential unauthorised expenditures.

A Salary and Wage Collective Agreement to be implemented from effective 1 July 2022 proposed an increase of 4.9%. The Municipality has budgeted for the 4.9% plus the notch increase of 2.5% totalling to 7.4%. Based on the proposed salary increase resulted to an increase of salary to R400.5 million, which represents a 6.89% growth when compared to the previous financial year. The total salary costs are informed by the salary projections related to the current structure amounting to R372 million, the vacant funded positions of R43 million and actuarial valuation costs of R12 million, therefore, the actual salary increase is in line with the proposed SALBC increase of 7.4% including the notch increase when compared to the R372.9 million of 2021/22 financial year.

The salary increases for Councillors is estimated to increase by 4% to R12.7 million for 2022/23 financial year.

The **debt impairment** is estimated to increase by 12.53% to R227 million, this has reduced as compared to the prior years due to the debt incentive scheme roll out and Council approved the write off for indigents and take-on balances from the Local Municipalities. With the rollout of the Debt Incentive Scheme, the appointment of Debt Collection Team and the rollout of SMART Meters, this expenditure item will further reduce.

The **depreciation and impairment** cost are estimated to be R180 million representing 14% increase due to new assets and impairment assessment that is being conducted currently for the 2021/22 AFS process.



The **water inventory** is estimated to be R30.7 million and represent an increase of 11.4% for 2022/23 financial year. Although this increase is more than the CPI index, however, this has considered the YTD expenditures for the 2021/22 financial year to avoid any potential unauthorised expenditures.

The **other materials** are estimated to be R16 million and represent an increase of 19.3% for 2022/23 financial year. Although this increase is more than the CPI index, however, this has considered the YTD expenditures related cleaning products of R2.5 million which was also considering the high demand of chemical usage for water treatment and purification. This is also a prudent measure to avoid any potential unauthorised expenditures.

The **contracted services** are estimated to be R241.5 million and represent an increase of 5.10% for 2022/23 financial year. Although this increase is more than the CPI index, however, this has considered the YTD as well as additional expenditures related to security services R58m, litigations R3.5m, repairs and maintenance of R77m, and other contracted services that includes both insource and outsourced. This increase is also influenced by the operational projects funded by MIG operational. This is also a prudent measure to avoid any potential unauthorised expenditures.

The **transfers and subsidies** are estimated to be R70.5 million and represent an increase of 2% for 2022/23 financial year. Although this increase is more than the CPI index, however, this has considered the YTD expenditures related to Rural sanitation with the local municipalities, R33million, CHDA subsidy R27.5 million, CDC subsidy, R8 million, Komani industrial park R2 million. This is also a prudent measure to avoid any potential unauthorised expenditures.

The **other expenditures** are estimated to be R142.78 million and represent an increase of 8.18% for 2022/23 financial year. Although this increase is more than the CPI index, however, this has considered the YTD as well as additional expenditures and inflationary price increases from suppliers for goods and services.

9. The Operating Expenditure Budget Overview 2022/23 MTREF Budget can be summarised as follows per Department –

Table 7: Overall Operating Expenditure 2022/23 MTREF Budget per Directorate (Table A3 Expenditure only)

DC13 Chris Hani - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Expenditure by Vote									
Vote 01 - Council	28,287	27,626	24,123	22,912	22,510	22,510	23,066	24,081	25,165
Vote 02 - Municipal Manager	64,208	68,257	51,159	53,961	87,835	87,835	86,938	90,400	94,522
Vote 03 - Budget & Treasury	78,245	75,564	114,409	78,218	102,621	102,621	101,764	106,549	111,659
Vote 04 - Community Services	86,421	46,422	59,370	55,416	56,631	56,631	58,448	60,875	63,116
Vote 05 - Corporate Services	173,958	144,520	167,821	112,187	150,972	150,972	162,711	169,461	178,606
Vote 06 - Planning & Development	69,263	41,916	40,163	31,109	30,659	30,659	34,872	35,383	36,975
Vote 07 - Technical Services	678,804	824,602	862,987	787,280	773,318	773,318	852,599	998,634	946,019
Vote 08 - Roadworks	18,794	21,919	1,645	–	1,712	1,712	1,778	1,856	1,940
Total Expenditure by Vote	1,197,979	1,250,825	1,321,676	1,141,083	1,226,260	1,226,260	1,322,176	1,487,239	1,458,001
Surplus/(Deficit) for the year	97,693	172,865	392,793	622,504	778,120	778,120	694,703	492,369	652,739

10. The Capital Expenditure Budget Overview 2022/23 MTREF Budget can be summarised as follows per Department –

Table 8: Overall Capital Expenditure 2022/23 MTREF Budget - Per function

Table A5 Budget Capital Expenditure per Functional Classification

Vote Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23
R thousand											



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Capital Expenditure - Functional										
Governance and administration	20,222	318	4,581	500	11,554	11,554	7,809	60,500	-	-
Executive and council										
Finance and administration	20,222	318	4,581	500	11,554	11,554	7,809	60,500	-	-
Internal audit										
Community and public safety	-	-	-	-	-	-	-	-	-	-
Community and social services										
Sport and recreation										
Public safety										
Housing										
Health										
Economic and environmental services	995	16,397	-	15,000	16,597	16,597	6,551	24,000	-	-
Planning and development	995	16,397	-	15,000	16,597	16,597	6,551	24,000	-	-
Road transport										
Environmental protection										
Trading services	1,532	130	(2,939)	563,391	601,787	601,787	404,909	531,235	319,398	466,482
Energy sources	874	-	(2,939)	529,041	580,256	580,256	382,703	491,835	292,598	450,482
Water management										
Waste water management	659	130	(0)	34,351	21,531	21,531	22,206	39,400	26,800	16,000
Waste management										
Other										
Total Capital Expenditure - Functional	22,749	16,845	1,642	578,891	629,938	629,938	419,269	615,735	319,398	466,482

Capital expenditure for the 2022/2023 financial year is estimated at R615,735,450 with a decrease of R 14,202,242 which is less than the adjustments budget capital expenditure of R 629,937,692 for 2021/2022. The available funding mix is very constrained due to the shrinking of the fiscus purse from the National government due to numerous impacts with COVID 19 included. This capital projects are funded from grants except for the CHDM assets OF R80.5 million that are to be funded from own funding although the Municipality is financially constraint to fund from own revenue.

The detailed capital projects from own funded are reflected below.

Table 9: Overall Capital Expenditure per Vote



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Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre- audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated											
Vote 01 - Council		-	-	-	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 03 - Budget & Treasury		-	-	-	-	-	-	-	-	-	-
Vote 04 - Community Services		-	318	1,414	-	-	-	-	-	-	-
Vote 05 - Corporate Services		-	-	-	500	-	-	2,407	60,500	-	-
Vote 06 - Planning & Development		-	-	3,167	-	5,854	5,854	-	-	-	-
Vote 07 - Technical Services		20,222	-	-	-	5,700	5,700	-	-	-	-
Vote 08 - Roadworks		-	-	-	15,000	16,597	16,597	6,551	20,000	-	-
Vote 09 - Entity: Chris Hani Development Agency		2,527	16,527	(2,939)	563,391	601,787	601,787	410,022	535,235	319,398	466,482
Vote 10 - Vote 10	2	-	-	-	-	-	-	-	-	-	-
Vote 11 - Vote 11		-	-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
	7	22,749	16,845	1,642	578,891	629,938	629,938	424,531	615,735	319,398	466,482

Table 10: Overall Capital Expenditure for the 2022/23 MTREF Budget – Funding source



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Table A5 Budget Capital Expenditure per Funding Classification

Vote Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand										
Funded by:										
National Government	1,355	16,527	(3,044)	563,391	596,787	596,787	410,022	535,235	319,398	466,482
Provincial Government										
District Municipality	-	-	105	-	5,000	5,000	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)										
Transfers recognised - capital	1,355	16,527	(2,939)	563,391	601,787	601,787	410,022	535,235	319,398	466,482
Borrowing										
Internally generated funds	21,393	318	4,581	15,500	28,151	28,151	14,360	80,500	-	-
Total Capital Funding	22,749	16,845	1,642	578,891	629,938	629,938	424,381	615,735	319,398	466,482

Capital expenditure for the 2022/2023 financial year is estimated at R615, 735 million with a decrease of R14.20 million less than the adjustments budget capital expenditure of R629, 938 million for 2021/2022. The available funding mix is very constrained due to the shrinking of the fiscus purse from the National government due to numerous impacts with COVID 19 included. This capital projects are funded from grants except for the CHDM assets OF R80.5 million that are to be funded from own funding although the Municipality is financially constraint to fund from own revenue. The detailed capital projects from own funded are reflected below.

The projected own funded capital projects are as follows:

Office furniture	R1,500,000
Computer Equipment	R12,000,000
Electronic Document Management System	R10,000,000
Fire Trucks (4)	R24,000,000
Compactor Trucks (4)	R 8,000,000
New Vehicles	R 5,000,000
CHDM Villages	R20,000,000
TOTAL CHDM ASSETS – CRR FUNDING	R80,500,000

10. BUDGET SCHEDULES AND OTHER SUPPORTING DOCUMENTATION

- (i) The following budget tables have been completed and are attached as Annexure A: -
- ✦ Table A1 – Budget Summary;
 - ✦ Table A2 – Budgeted Financial Performance (Revenue and Expenditure by standard classification);
 - ✦ Table A3 – Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote);
 - ✦ Table A4 – Budgeted Financial Performance (Revenue by Source and Expenditure by type);
 - ✦ Table A5 – Budgeted Capital Expenditure by Vote, standard classification and funding;
 - ✦ Table A6 – Budgeted Financial Position;
 - ✦ Table A7 – Budgeted Cash Flows;
 - ✦ Table A8 – Cash Backed reserves / accumulated surplus reconciliation;

- ✦ Table A9 – Asset Management; and
 - ✦ Table A10 - Basic service delivery measurement.
- (ii) The supporting schedules SA1 to SA 38 are also included as part of Annexure A.
- (iii) The most recent MFMA Budget Circular no 112 and 115 is included in the budget documentation as Annexure G.

Financial Implications

As per the attached

Other Parties Consulted:

Head of Departments

Finance Standing Committee,

Budget Steering Committee

DP/PMS Sections and Chris Hani District Agency Mayoral
Committee

Resolutions:

It was resolved that:

- 1) Council **approve** the Annual Budget of the Municipality for the 2022/23 MTREF and the multi-year and single year capital appropriations as set out in the following tables.
- 2) Council **approve** the Annual Budget of the Municipality for the 2022/23 MTREF and the multi-year and single year capital appropriations as set out in the following tables be noted.
- 3) Council **approve** The Operating Revenue of R 1,481,644, 117 for the 2022/23 annual MTREF budget and its two 2023/24 and 2024/25 as reflected in Table 1 and 3 above be noted.
- 4) Council **approve** The Operating Expenditure of R 1,319,176,129 for the 2022/23 annual MTREF budget and its two 2023/24 and 2024/25 as reflected in Table 1 and 5 above be noted and be forwarded to Council for approval be noted.



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- 5) Council **approve** The Capital Expenditure of R615,735,450 for the 2022/23 annual MTREF budget and its two 2023/24 and 2024/25 as reflected in Table 8 above be noted.
- 6) Council **approve** the Capital Funding of R615,735,450 for the 2022/23 annual MTREF budget and its two 2023/24 and 2024/25 as reflected in Table 8 above be noted.
- 7) Council **approve** the proposed total cost to municipality expenses for the salary, allowances and benefits of the Executive Mayor, Speaker, Deputy Executive Mayor, Chief Whip, Mayoral Committee members, ordinary councillors, Municipal Manager (MM), Chief Financial Officer (CFO) and Other Directors as set out in SA23 included in Annexure D be noted.
- 8) Council **approve** the **Annexure A** reflecting the Budget schedules A1 to A10 and SA1 to SA 38, **Annexure B** capital budget per department, **Annexure C** (summaries of the capital budget) be noted.

- 9) Council **approve** the Municipal Basic Services as contained in Annexure D for the 2022/23 budget year be noted.
- 10) Council **approve** the following Municipal Basic Services tariff increases for the 2022/23 MTREF Annual Budget of the Municipality be noted.
- 11) Council **approve** water for 4.8%, (ii) Sanitation 4.8% (iii) Flat rates 4.8%.
- 12) Council **approve** To takes note of MFMA Budget Circular No.'s 112 and 115 attached as Annexure E be noted and be forwarded to Council for approval.
- 13) Council **approve** the Annual Reviewed and New Budget Related Policies of the Chris Hani District Municipality for the 2022/23 MTREF be noted and approved as set out in the annexures.
- 14) Council **approve** that the budget was prepare and developed on the version 6.6 of the mSCOA classification framework be noted and be forwarded to Council for approval.



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- 15) Council **approves** the Indigent subsidy be granted and approved for the registered indigent in terms of the Indigent Policy be noted and be forwarded to Council for approval.
- 16) Council **approves** the Consolidated Annual Budget of the Municipality for the 2022/23 MTREF and the multi-year and single year capital appropriations as set out in the annexures as tables be noted and be forwarded to Council for approval.
- 17) Council **approves** the Annual Budget of the Chris Hani Development Agency for the 2022/23 MTREF and the multi-year and single year capital appropriations as set out in the annexures as tables be noted and be forwarded to Council for approval as follows:
- 18) Council **approves** budgeted Financial Performance (Revenue by source and Expenditure by Type);
- 19) Council **approves** budgeted Financial Position; (iii) Budgeted Cash Flow.

This is certified as a true copy of the original.

MR. G. MASHIYI
MUNICIPAL MANAGER

(An official delegated with authority to
Prepare the record of proceedings and
Implement council resolutions)

CLLR J. CENGANI
SPEAKER OF COUNCIL

(In his capacity as the chairperson
of the council)



**2022/23 MTREF BUDGET SUPPORTING
DOCUMENTATION FOR CHRIS HANI DISTRICT
MUNICIPALITY**



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DISTRICT MUNICIPALITY
**SUSTAINING GROWTH
THROUGH OUR PEOPLE**

ANNEXURE A
MUNICIPAL BUDGET REPORTING
REGULATIONS A-SCHEDULES

(Budget schedules A1 to A10 and SA1 to SA 38),

ANNEXURE B
MUNICIPAL BUDGET REPORTING
REGULATIONS A-SCHEDULES

(Capital budget per department)

ANNEXURE C
MUNICIPAL BUDGET REPORTING
REGULATIONS A-SCHEDULES

(Summaries of the capital budget)

ANNEXURE D
MUNICIPAL TARIFFS FOR 2022/23 MTREF
BUDGET

ANNEXURE E

MFMA BUDGET CIRCULARS

MFMA Budget Circular No.'s 112 and 115

ANNEXURE F

BUDGETED RELATED POLICIES
2022/23 MTREF BUDGET AND SUPPORTING

DOCUMENTATION FOR CHRIS HANI DISTRICT MUNICIPALITY

LIST OF BUDGETED RELATED POLICIES

- 1.1 Asset Management Policy
- 1.2 Inventory Management Policy
- 1.3 Contracts Management Policy
- 1.4 Budget Implementation and Monitoring Policy
- 1.5 Credit Control, Debt Collection and Write-off Policy
- 1.6 Incident Management Policy
- 1.7 Cash Management and Investment Policy.
- 1.8 Indigent Support Policy
- 1.9 SCM Policy
- 1.10 Loss Control Policy
- 1.11 User Accounts Management Policy

- 1.12 Unauthorised, Irregular, Fruitless and Wasteful Expenditure Policy
- 1.13 Tariff Policy.
- 1.14 Funding Reserves Policy.
- 1.15 Revenue Management By-Law.
- 1.16 Virements Policy.
- 1.17 Unallocated Deposits Policy