

DRAFT BUDGET MTERF FOR 2020/2021-2022/2023



MATATIELE

LOCAL MUNICIPALITY

DRAFT ANNUAL BUDGET OF

MATATIELE LOCAL MUNICIPALITY

**2020/21 TO 2022/23
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

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Abbreviations and Acronyms

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

PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises
Mscosa	Municipal standard chart of accounts

Part 1 – Annual Budget

1.1 Mayor's report

Honourable members of the council, allow me to table the following draft budget for 2020/21-2022/23 MTREF:

To present to Council the draft MTREF report for 2020/21 and two outer years 2021/22 and 2022/23 for consideration and recommendations for approval by Council before start of the 2020/2021 financial year.

LEGAL / STATUTORY REQUIREMENTS

- Municipal Finance Management Act 56 of 2003, Chapter 4.
- Municipal System Act 32 of 2000.
- National Treasury Regulations and Guidelines.
- Municipal Budget and Reporting Regulations (reg 21, 22, 23, 24, 25, 26 and 27).
- Municipal Standard Chart of Accounts (mSCOA).

BACKGROUND AND REASONING

The Budget was prepared according to the Zero Based Method. In terms of the method all votes and line items were reduced to zero and every amount allocated had to be motivated. General Managers were requested to hand their requests to the Chief Financial Officer for inclusion on the budget. The information was requested to reach the Chief Financial Officer by the 27th January 2020.

As required by the Municipal Finance Management Act (MFMA) and other relevant legislations, regulations and guidelines, the municipality started the processes of budget preparation from August 2019 to March 2020 as follows:

Budget process plan

On 29th July 2019, the IDP and Budget process plan as required by section 21 of the MFMA was submitted and approved by Council to ensure that municipality does not fail to prepare and approve its credible budget within the legislated time frames.

IDP review

As per the approved plan, the municipality on the 18 – 21 November 2019, conducted its public consultative meetings with all 26 wards to review IDP for 2017-2021. The reviewed IDP has been used by the municipality to inform the draft budget for 2020/21 to 2022/23 (MTREF) for consideration. The tabled draft budget will then be subjected for comments and suggestions by stakeholders and public.

DRAFT BUDGET 2020/21 – 2022/23

Budgeted Financial Performance (revenue)

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand					
<u>Revenue By Source</u>					
Property rates	44 100 000	44 100 001	48 190 008	50 599 500	53 129 472
Service charges - electricity revenue	53 290 802	53 286 802	53 290 800	59 871 192	63 055 248
Service charges - water revenue	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-
Service charges - refuse revenue	14 786 444	14 790 444	15 525 768	16 302 060	17 117 160
Rental of facilities and equipment	1 700 000	815 000	500 004	525 000	551 256
Interest earned - external investments	13 000 000	13 000 000	14 649 996	15 382 500	16 151 628
Interest earned - outstanding debtors	10 224 923	11 236 924	11 798 772	12 388 704	13 008 144
Dividends received	-	-	-	-	-
Fines, penalties and forfeits	2 093 696	2 243 696	2 093 700	2 198 376	2 308 308
Licences and permits	4 524 684	4 534 684	4 524 696	4 750 932	4 988 484
Agency services	-	-	-	-	-
Transfers and subsidies-Operating	242 898 750	240 436 000	256 212 000	264 014 160	277 129 860
Transfers and subsidies-Capital	117 059 250	119 522 002	101 526 996	127 554 000	135 921 996
Other revenue	1 673 000	2 159 000	1 608 024	1 688 412	1 772 844
Gains	-	-	-	-	-
Total Revenue	505 351 549	506 124 553	509 920 764	555 274 836	585 134 400

Remarks;

- The revenue is anticipated to be R509, 920, 764 in the 2020/21 financial year. The adjusted budget for 2019/20 was R506, 124, 552. This is an increase of R3,796,175 from the current adjustment budget. Revenue budget for the indicative years 2021/22 and 2022/23 is anticipated to be R555,274,813 and R585,134,353 respectively.
- The property rates amount is calculated from the current valuation roll as implemented from 01st July 2020.
- It should be noted that transfers and subsidies from capital has decreased due to reduced grants allocation for the Municipal infrastructure grant and the integrated national electrification grant.

Budgeted Financial Performance (operating expenditure)

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand					
Expenditure By Type					
Employee related costs	120 607 804	122 505 193	125 230 692	131 492 340	138 066 936
Remuneration of councillors	22 763 488	22 795 323	20 717 052	21 752 916	22 840 548
Debt impairment	5 500 000	4 000 000	5 000 004	5 250 000	5 512 500
Depreciation & asset impairment	30 447 764	30 447 764	33 110 004	34 765 500	36 503 796
Finance charges	-	-	-	-	-
Bulk purchases	47 900 000	47 900 000	48 000 000	50 400 000	52 920 000
Other materials	4 631 500	6 014 500	5 191 512	5 451 072	5 723 640
Contracted services	88 322 925	94 209 893	101 848 992	106 941 444	112 288 476
Transfers and subsidies	-	-	-	-	-
Other expenditure	68 118 647	61 192 455	69 294 624	72 759 408	76 397 352
Losses	-	-	-	-	-
Total Expenditure	388 292 128	389 065 128	408 392 880	428 812 680	450 253 248

Remarks;

- The draft operating expenditure is anticipated to be R408, 392, 880 in the 2020/21 financial year. The adjusted budget for 2019/20 was R389,065,128. This is an increase of R19,317,756 from the current adjustment budget. For the two outer years 2021/22 and 2022/23 the operating expenditure budget is R428,812,527 and R450,253,154 respectively.
- An increase of 6.25% has been effected on employee related costs as per salary and wage collective agreement.

Budgeted Capital Expenditure by vote, and funding

Vote Description	Current Budget 2019/2020		2020/21 Medium Term Revenue & Expenditure Framework		
	Approved Budget	Adjustments Budget	Draft Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2020/21
Capital expenditure - Municipal Vote					
Executive and council	25 000	-	-	-	-
Budget and Administration	6 315 000	4 630 000	4 528 500	4 845 495	5 136 225
Corporate Services	3 731 551	8 348 426	3 050 000	3 263 500	3 459 310
Development and Planning	382 000	67 000	480 000	2 615 250	2 772 165
Community Services	7 760 000	1 050 000	6 270 000	6 708 900	7 111 434
Infrastructure	160 120 699	164 238 824	139 985 200	151 508 405	155 810 669
Internal Audit	50 000	50 000	-	-	-
Total Capital Expenditure	178 384 250	178 384 250	154 313 700	168 941 550	174 289 803
Funding Sources					
Municipal Infrastructure Grant (MIG)	46 792 250	46 792 250	46 489 200	53 054 000	56 068 000
Integrated National Electrification Programme (INEP)	70 177 000	70 177 000	52 591 000	74 500 000	79 854 000
Internally Generated Funding (CRR)	61 325 000	61 325 000	54 973 500	41 387 550	38 367 803
Library Support Grant	90 000	90 000	260 000	-	-
Total Funding Sources	178 384 250	178 384 250	154 313 700	168 941 550	174 289 803

Remarks;

Capital expenditure is the expenditure appropriated for items to be utilised over a period of time longer than 12 months to generate future income and derive economic benefit for the municipality.

- The capital expenditure is anticipated to be R154,313, 700 in the 2020/21 financial year. The adjusted budget for 2019/20 was R178, 384, 250 million. This is a decrease of R24,070, 550 from the adjustment budget due to the following:
 - Decrease in INEP from R70m to R52, 5m,
 - Decrease of MIG from R46.7m – R46,4m
 - Decrease of municipal reserves funding from R61,3m – R54,9 m

Transfers and grant receipts

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2021/22
R thousands					
RECEIPTS:					
Operating Transfers and Grants					
National Government:	242 338 750	239 876 000	255 022 000	267 930 000	281 432 000
Local Government Equitable Share	234 919 000	234 919 000	249 823 000	266 230 000	279 732 000
EPWP Incentive	3 257 000	3 257 000	3 499 000	-	-
Finance Management	1 700 000	1 700 000	1 700 000	1 700 000	1 700 000
Municipal Infrastructure Grant (MIG)	2 462 750	-	-	-	-
Provincial Government:	560 000	560 000	1 190 000	-	-
Sport and Recreation	560 000	560 000	1 190 000	-	-
Total Operating Transfers and Grants	242 898 750	240 436 000	256 212 000	267 930 000	281 432 000
Capital Transfers and Grants					
National Government:	116 969 250	119 432 000	101 527 000	127 554 000	135 922 000
Municipal Infrastructure Grant (MIG)	46 792 250	49 255 000	48 936 000	53 054 000	56 068 000
Integrated National Electrification Programme	70 177 000	70 177 000	52 591 000	74 500 000	79 854 000
Provincial Government:	90 000	90 000	-	-	-
Other capital transfers/grants [insert description]	90 000	90 000	-	-	-
Total Capital Transfers and Grants	117 059 250	119 522 000	101 527 000	127 554 000	135 922 000
TOTAL RECEIPTS OF TRANSFERS & GRANTS	359 958 000	359 958 000	357 739 000	395 484 000	417 354 000

Remarks;

- The municipality will receive both conditional and unconditional grants of R357, 7 million, (a decrease from R359, 9 million from 2019/20) from the allocations as gazetted on Division of Revenue Act (DoRA).
- The equitable share allocation is appropriated to fund municipal delivery of services through day to day operations and strategic social development programs.
- Conditional capital grants (MIG & INEP) are appropriated to fund capital expenditure of roads construction, local economic development capital projects and electrification projects.
- Conditional operational grants (EPWP & FMG) are appropriated to fund expenditures relate to EPWP programs and financial reforms respectively as per grants stipulated conditions.

The capital budget per municipal departments is tabulated as below,

Budget & Treasury

PROJECT DESCRIPTION	NEW OR UPGRADE OF EXISTING	REGION /WARD	BUDGET 2020/2021	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT
Revenue & Expenditure Management			1 000 000	1 000 000	-	-	-
Smart metering	Upgrade	19 & 20	1 000 000	1 000 000	-	-	-
			-	-	-	-	-
Supply Chain Management			3 000 000	3 000 000	-	-	-
Municipal Fleet	New	Admin	3 000 000	3 000 000	-	-	-
			-	-			
TOTAL BUDGET & TREASURY			4 000 000	4 000 000	-	-	-

Remarks;

- The total proposed budget for budget and treasury is R4, million, to be funded from the capital replacement reserves.
- Included on the capital projects is the smart metering project and procurement of municipal fleet

Other Administration

PROJECT DESCRIPTION	NEW OR UPGRADE OF EXISTING	REGION /WARD	BUDGET 2020/2021	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT
SPU & Communications			528 500	528 500	-	-	-
Outdoor billboards (welocme boards)	New	14, 19 & 20	500 000	500 000	-	-	-
Computer Equipment	New	Admin	20 000	20 000			
Corel Draw graphic software	New	Admin	8 500	8 500			
Total Admin			528 500	528 500	-	-	-

Remarks;

- The total proposed budget for other special programmes unit is R528 500 to be funded from the capital replacement reserves.
- Included on the budget is R500 000 allocated for the outdoor billboards.

Corporate Services

PROJECT DESCRIPTION	NEW OR UPGRADE OF EXISTING	REGION /WARD	BUDGET 2020/2021	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT	BUDGET +2021/2022	BUDGET +/2022/2023
Human Resources			200 000	200 000	-	-	-	-	-
Furniture & Equipmet	New	Admin	-	-	-	-	-	-	-
IPMS Electronic System	New\	Admin	200 000	200 000	-	-	-	-	-
				-	-	-	-	-	-
ICT			2 850 000	2 850 000	-	-	-	6 600 000	4 600 000
Computer Equipment	new and upgrades	Admin	300 000	300 000	-	-	-	500 000	500 000
Public Wi-Fi Rollout	new	19	500 000	500 000	-	-	-	1 200 000	1 200 000
Clock-in-System	new	Admin	450 000	450 000	-	-	-	-	-
Uninterrupted Power Supply (UPSs)	new/upgrade	Admin	500 000	500 000	-	-	-	800 000	800 000
Provision of Surveillance Cameras	new/upgrade	Admin	400 000	400 000	-	-	-	1 000 000	1 000 000
Network Cable Install /upgrade	Upgrade	Admin	300 000	300 000	-	-	-	600 000	-
Computer Equipment	new	All Wards	250 000	250 000	-	-	-	1 000 000	1 100 000
Network Cable (ICT Centres)	New	Varios Wards	150 000	150 000	-	-	-	1 500 000	-
				-	-	-	-		
TOTAL CORPORATE SERVICES			3 050 000	3 050 000	-	-	-	6 600 000	4 600 000

Remarks;

- The total proposed budget for corporate services is R3, million to be funded from the municipal reserves.

Economic Development and planning

PROJECT DESCRIPTION	NEW OR UPGRADE OF EXISTING	REGION /WARD	BUDGET 2020/2021	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT
Local Economic Development			450 000	450 000	-	-	-
Hawker Stalls	New	19	450 000	450 000	-	-	-
			-	-			
Planning			15 000	15 000	-	-	-
Computer Equipment	New	Admin	15 000	15 000			
			-	-			
EDP Governance			15 000	15 000	-	-	-
Furniture & Equipment	New	Admin	15 000	15 000			
				-			
TOTAL DEVELOPMENT AND PLANNING			480 000	480 000	-	-	-

Remarks;

- The proposed budget is R480 000 for economic development and planning, included on the budget is the procurement of hawker stalls with a budget of R450 000, to be funded from the municipal reserves.

Community Services

PROJECT DESCRIPTION	NEW OR UPGRADE OF EXISTING	REGION /WARD	BUDGET 2020/2021	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT
Public Amenities			1 560 000	1 300 000	-	-	260 000
Halls Cleaning Machinery Gear & Machinery	UPGRADE	All ward	200 000	200 000	-		
Furniture & Equipment (GRANT)	NEW	Admin	200 000	-	-		200 000
Netball Court	UPGRADE	20	50 000	50 000	-		
Open ground fencing	UPGRADE	20	200 000	200 000	-		
Construction of new blocks of public toilets	NEW	19	700 000	700 000	-		
Procure Jojo tanks	NEW	All wards	150 000	150 000	-		
Library laptops (Library Grant)	NEW	Admin	60 000	-			60 000
				-			
				-			
Public Participation			80 000	80 000	-	-	-
Computer Equipment		Admin	50 000	50 000			
Furniture & Equipment		Admin	30 000	30 000			
Public Safety			1 700 000	1 700 000	-	-	-
				-	-	-	-
Roadmarking Machine	New	All wards	200 000	200 000	-		
Traffic Signals (Robots)	Upgrade	19	1 200 000	1 200 000	-		
Traffic Management system	New	Admin	300 000	300 000	-		
				-	-	-	-
Solid Waste & Enviroment			2 930 000	2 930 000	-	-	-
Grass cutting Machines	New		30 000	30 000	-	-	-
weigh bridge	New		1 000 000	1 000 000	-	-	-
Landfill site remediation	Upgrade		400 000	400 000	-	-	-
cemetery development	New		1 000 000	1 000 000	-	-	-
Upgrade of landfill site & nature reserve	Upgrade		200 000	200 000	-	-	-
Furniture	New		160 000	160 000	-	-	-
Security guard houses at cemetery & nature reserve	New		100 000	100 000	-	-	-
Computer Equipment	New		40 000	40 000	-	-	-
TOTAL COMMUNITY SERVICES			6 270 000	6 010 000	-	-	260 000

Remarks;

- The total proposed budget for community services is R6,2 million, an amount of R260 000 will be funded from the Library support grant and R6, million will be funded ffrom the capital reserves.

INFRASTRUCTURE

Human settlements and building control

PROJECT DESCRIPTION	NEW OR UPGRADE OF EXISTING	REGION /WARD	BUDGET 2020/2021	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT
					-	-	-
Completion of Council Chamber & Offices	New	Admin	13 000 000	13 000 000	-	-	-
Renovation of Municipal Stores	Upgrade	Admin	800 000	800 000	-	-	-
Pound Structure	New	19	2 000 000	2 000 000	-	-	-
Total Human Settlements			15 800 000	15 800 000	-	-	-

Remarks;

- The proposed capital budget for human settlements is R15,8 million to be funded from the capital reserves.
- Included on the above is completion of council chambers, renovation of municipal stores and the construction of the Pound structure.

Electricity Unit

PROJECT DESCRIPTION	NEW OR UPGRADE OF EXISTING	REGION /WARD	BUDGET 2020/2021	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT
Hillside –Manzi (320)	New	7	5 975 000	-	-	5 975 000	-
Sifolweni (155)	New	7	3 565 000	-	-	3 565 000	-
Ngcwengana (147)	New	7	3 381 000	-	-	3 381 000	-
Mbombo (390)	New	9	8 970 000	-	-	8 970 000	-
Mnyamaneni (Kesa, Sdakeni) –(400)	New	18	9 200 000	-	-	9 200 000	-
Shenxa	Existing	26	6 400 000	-	-	6 400 000	-
Mohapi #2	Existing	13	3 600 000	-	-	3 600 000	-
Small Location-Mpofini (500)	New	22	11 500 000	-	-	11 500 000	-
Transformers	Upgrade	19& 20	800 000	800 000	-	-	-
50 x Electrical Poles	Upgrade	19	150 000	150 000	-	-	-
Substation Switch Gears	Upgrade	19	1 500 000	1 500 000	-	-	-
Installation of High Mast Lights & Street lights	New	19	2 500 000	2 500 000	-	-	-
Christmas Lights	New	19	250 000	250 000	-	-	-
Furniture	New	19	150 000	150 000	-	-	-
1500m MV Paper Cable	New	19	300 000	300 000	-	-	-
Replacement of 100 Street Lights & 6 High Mast Lights	New	01 & 26	-	-	-	-	-
			58 241 000	5 650 000	-	52 591 000	-

Remarks;

- The total capital budget for the electricity unit is R58,2 million, INEP will fund R52,5 million of the budget and R5,6 million will be funded from the capital reserves.
- This budget includes electrification in various wards and the upgrade of electricity infrastructure.

Project Management

PROJECT DESCRIPTION	NEW OR UPGRADE OF EXISTING	REGION /WARD	BUDGET 2020/2021	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT
Maluti Internal Streets -Phase 4	Upgrade	1	21 981 393	-	21 981 393	-	-
Matatiele CBD Internal Streets -Phase 2	Upgrade	19	5 492 032	-	5 492 032	-	-
Cedarville Internal Roads -Phase 3	Upgrade	26	11 245 000	-	11 245 000	-	-
Matatiele CBD Internal Streets -Phase 3	Upgrade	19	1 690 774	-	1 690 774	-	-
Cedarville Sport Center	New	26	975 000	975 000	-	-	-
Extension of Matatiele Sport Center	New	20	4 700 000	-	4 700 000	-	-
Freystata Bridge	New	15	920 000	-	920 000	-	-
Ngcwengane Bridge	New	7	460 000	-	460 000	-	-
Lagrange Pedestrian Bridge	New	7	480 000	480 000	-	-	-
Nkasela Access Road	New	4	8 000 000	8 000 000	-	-	-
Moiketsi Access Road	New	14	2 500 000	2 500 000	-	-	-
Mkhemane Access Road	New	22	6 000 000	6 000 000	-	-	-
Masakala AR	New	3	1 500 000	1 500 000	-	-	-
Total PMU			65 944 200	19 455 000	46 489 200	-	-

Remarks;

- The capital budget for project management unit is proposed to be R65,9million, a portion of R46,4 million to be funded from the municipal infrastructure grant and R19,7million will be funded from the capital reserves.
- The total capital budget for project management unit relates to construction, upgrade of existing road infrastructure and construction of sports fields and per the table above.

TOTAL BUDGET 2020/21-2022/23

Description	Current Year 2019/2020		2020/21 Medium Term Revenue & Expenditure		
	Original Budget	Adjusted Budget	Draft Budget 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Operating Expenditure Budget	388 292 128	389 065 128	408 392 883	428 812 527	450 253 154
Capital Expenditure Budget	178 384 250	178 384 250	154 313 700	168 941 550	174 289 803
	566 676 378	567 449 378	562 706 583	597 754 078	624 542 956

Remarks;

- The total draft budget is proposed to be R562,7 million, it should be noted that this is a decrease of R4,7 million from the current adjustments budget.
- The decrease is mainly as a result of decreased allocation on the capital grants

i.e. MIG and INEP.

Property Rates

Property rates tariff is proposed to increase by 5% for the 2020/21 financial year as follows:

Service Charges

- The electricity tariff is proposed to increase by 9-14% subject to approval from NERSA.
- Refuse tariffs are proposed to increase by 7% and all other tariffs are proposed to increase by 5%.

Employee Related Costs Increase

- As per circular NO.: 02/2020 from SALGA the salary and wage increase shall be 6.25% for the period 1 July 2020 to 30 June 2021, the municipality has effected the increase as stipulated on the circular.

1.2 Council Resolutions

Council resolves the following,

1. That, the draft budget of the municipality for the year 2020/21; and its indicative for the two projected outer years 2021/2022 and 2022/2023 as outlined on the report be tabled as set out in the following:
 - Operating Revenue by source of R509, 920,727
 - Operating Expenditure by source of R408, 392, 883
 - Capital Expenditure by source and municipal vote of R154, 313, 700
 - Total budget of R562, 706, 583
2. That the council tables the following draft tariff increases for the 2020/21 financial year:
 - Property rates tariff increase of 5% and first R65 000 property values as exemption, 40% rebates on all residential properties, 15% rebates on all commercial and government properties, 70% on farm properties, 15% rebates on industrial properties and 100% rebates to all municipal properties.
 - Refuse tariff increase of 7%.

- Electricity tariff increase with 9 – 14% subject to approval by NERSA.
 - That all other municipal tariff remains increase at an average of 5%.
 - That the new proposed rental charges for the tennis court be approved.
3. That, council tables the reviewed policies as listed below,
- 3.1 Appointment of consultant's policy,
 - 3.2 Banking and investments policy,
 - 3.3 Budget policy,
 - 3.4 Cash management policy,
 - 3.5 Cash shortage policy,
 - 3.6 Credit control and debt collection policy,
 - 3.7 Cost containment policy,
 - 3.8 Customer care policy,
 - 3.9 Customer incentive scheme policy,
 - 3.10 Data backup policy,
 - 3.11 Debt capacity policy,
 - 3.12 Donor finance policy,
 - 3.13 Electricity token policy,
 - 3.14 Entertainment & refreshments policy,
 - 3.15 Unclaimed deposits policy,
 - 3.16 Fraud prevention plan 2020-21,
 - 3.17 Gifts policy for officials,
 - 3.18 Grants & donation policy,
 - 3.19 GRAP framework policy,
 - 3.20 Impairment and write off policy,
 - 3.21 Cash-up Policy,
 - 3.22 Fixed Assets Policy,
 - 3.23 Payment Policy,
 - 3.24 Petty Cash Policy,
 - 3.25 Rates Policy,
 - 3.26 Special Services Policy,
 - 3.27 Strategy to improve Debtor policy,
 - 3.28 Supply Chain Management Policy,
 - 3.29 Tariff Policy,
 - 3.30 Use of Credit Card Policy and
 - 3.31 Virement Policy.
 - 3.32 Infrastructure procurement and delivery management policy.
 - 3.33 Amended Indigent Policy of 2020/21

1.3 Executive Summary

DRAFT BUDGET 2020/21 – 2022/23

Budgeted Financial Performance (revenue)

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand					
Revenue By Source					
Property rates	44 100 000	44 100 001	48 190 008	50 599 500	53 129 472
Service charges - electricity revenue	53 290 802	53 286 802	53 290 800	59 871 192	63 055 248
Service charges - water revenue	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-
Service charges - refuse revenue	14 786 444	14 790 444	15 525 768	16 302 060	17 117 160
Rental of facilities and equipment	1 700 000	815 000	500 004	525 000	551 256
Interest earned - external investments	13 000 000	13 000 000	14 649 996	15 382 500	16 151 628
Interest earned - outstanding debtors	10 224 923	11 236 924	11 798 772	12 388 704	13 008 144
Dividends received	-	-	-	-	-
Fines, penalties and forfeits	2 093 696	2 243 696	2 093 700	2 198 376	2 308 308
Licences and permits	4 524 684	4 534 684	4 524 696	4 750 932	4 988 484
Agency services	-	-	-	-	-
Transfers and subsidies-Operating	242 898 750	240 436 000	256 212 000	264 014 160	277 129 860
Transfers and subsidies-Capital	117 059 250	119 522 002	101 526 996	127 554 000	135 921 996
Other revenue	1 673 000	2 159 000	1 608 024	1 688 412	1 772 844
Gains	-	-	-	-	-
Total Revenue	505 351 549	506 124 553	509 920 764	555 274 836	585 134 400

Remarks;

- The revenue is anticipated to be R509, 920, 727 in the 2020/21 financial year. The adjusted budget for 2019/20 was R506, 124, 552. This is an increase of R3,796,175 from the current adjustment budget. Revenue budget for the indicative years 2021/22 and 2022/23 is anticipated to be R555,274,813 and R585,134,353 respectively.
- The property rates amount is calculated from the current valuation roll as implemented from 01st July 2020.
- It should be noted that transfers and subsidies from capital has decreased due to reduced grants allocation for the Municipal infrastructure grant and the integrated national electrification grant.

Budgeted Financial Performance (operating expenditure)

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand					
Expenditure By Type					
Employee related costs	120 607 804	122 505 193	125 230 692	131 492 340	138 066 936
Remuneration of councillors	22 763 488	22 795 323	20 717 052	21 752 916	22 840 548
Debt impairment	5 500 000	4 000 000	5 000 004	5 250 000	5 512 500
Depreciation & asset impairment	30 447 764	30 447 764	33 110 004	34 765 500	36 503 796
Finance charges	-	-	-	-	-
Bulk purchases	47 900 000	47 900 000	48 000 000	50 400 000	52 920 000
Other materials	4 631 500	6 014 500	5 191 512	5 451 072	5 723 640
Contracted services	88 322 925	94 209 893	101 848 992	106 941 444	112 288 476
Transfers and subsidies	-	-	-	-	-
Other expenditure	68 118 647	61 192 455	69 294 624	72 759 408	76 397 352
Losses	-	-	-	-	-
Total Expenditure	388 292 128	389 065 128	408 392 880	428 812 680	450 253 248

Remarks;

- The draft operating expenditure is anticipated to be R408, 392, 884 in the 2020/21 financial year. The adjusted budget for 2019/20 was R389,065,128. This is an increase of R19,317,756 from the current adjustment budget. For the two outer years 2021/22 and 2022/23 the operating expenditure budget is R428,812,527 and R450,253,154 respectively.
- An increase of 6.25% has been effected on employee related costs as per salary and wage collective agreement.

Budgeted Capital Expenditure by vote, and funding

Vote Description	Current Budget 2019/2020		2020/21 Medium Term Revenue & Expenditure Framework		
	Approved Budget	Adjustments Budget	Draft Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2020/21
Capital expenditure - Municipal Vote					
Executive and council	25 000	-	-	-	-
Budget and Administration	6 315 000	4 630 000	4 528 500	4 845 495	5 136 225
Corporate Services	3 731 551	8 348 426	3 050 000	3 263 500	3 459 310
Development and Planning	382 000	67 000	480 000	2 615 250	2 772 165
Community Services	7 760 000	1 050 000	6 270 000	6 708 900	7 111 434
Infrastructure	160 120 699	164 238 824	139 985 200	151 508 405	155 810 669
Internal Audit	50 000	50 000	-	-	-
Total Capital Expenditure	178 384 250	178 384 250	154 313 700	168 941 550	174 289 803
Funding Sources					
Municipal Infrastructure Grant (MIG)	46 792 250	46 792 250	46 489 200	53 054 000	56 068 000
Integrated National Electrification Programme (INEP)	70 177 000	70 177 000	52 591 000	74 500 000	79 854 000
Internally Generated Funding (CRR)	61 325 000	61 325 000	54 973 500	41 387 550	38 367 803
Library Support Grant	90 000	90 000	260 000	-	-
Total Funding Sources	178 384 250	178 384 250	154 313 700	168 941 550	174 289 803

Remarks;

Capital expenditure is the expenditure appropriated for items to be utilised over a period of time longer than 12 months to generate future income and derive economic benefit for the municipality.

- The capital expenditure is anticipated to be R154,313, 700 in the 2020/21 financial year. The adjusted budget for 2019/20 was R178, 384, 250 million. This is a decrease of R24,070, 550 from the adjustment budget due to the following:
 - Decrease in INEP from R70m to R52, 5m,
 - Decrease of MIG from R46.7m – R46,4m
 - Decrease of municipal reserves funding from R61,3m – R54,9 m

Transfers and grant receipts

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2021/22
R thousands					
RECEIPTS:					
Operating Transfers and Grants					
National Government:	242 338 750	239 876 000	255 022 000	267 930 000	281 432 000
Local Government Equitable Share	234 919 000	234 919 000	249 823 000	266 230 000	279 732 000
EPWP Incentive	3 257 000	3 257 000	3 499 000	-	-
Finance Management	1 700 000	1 700 000	1 700 000	1 700 000	1 700 000
Municipal Infrastructure Grant (MIG)	2 462 750	-	-	-	-
Provincial Government:	560 000	560 000	1 190 000	-	-
Sport and Recreation	560 000	560 000	1 190 000	-	-
Total Operating Transfers and Grants	242 898 750	240 436 000	256 212 000	267 930 000	281 432 000
Capital Transfers and Grants					
National Government:	116 969 250	119 432 000	101 527 000	127 554 000	135 922 000
Municipal Infrastructure Grant (MIG)	46 792 250	49 255 000	48 936 000	53 054 000	56 068 000
Integrated National Electrification Programme	70 177 000	70 177 000	52 591 000	74 500 000	79 854 000
Provincial Government:	90 000	90 000	-	-	-
Other capital transfers/grants [insert description]	90 000	90 000	-	-	-
Total Capital Transfers and Grants	117 059 250	119 522 000	101 527 000	127 554 000	135 922 000
TOTAL RECEIPTS OF TRANSFERS & GRANTS	359 958 000	359 958 000	357 739 000	395 484 000	417 354 000

Remarks;

- The municipality will receive both conditional and unconditional grants of R357, 7 million, (a decrease from R359, 9 million from 2019/20) from the allocations as gazetted on Division of Revenue Act (DoRA).
- The equitable share allocation is appropriated to fund municipal delivery of services through day to day operations and strategic social development programs.
- Conditional capital grants (MIG & INEP) are appropriated to fund capital expenditure of roads construction, local economic development capital projects and electrification projects.

- Conditional operational grants (EPWP & FMG) are appropriated to fund expenditures relate to EPWP programs and financial reforms respectively as per grants stipulated conditions.

The capital budget per municipal departments is tabulated as below,

Budget & Treasury

PROJECT DESCRIPTION	NEW OR UPGRADE OF EXISTING	REGION /WARD	BUDGET 2020/2021	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT
Revenue & Expenditure Management			1 000 000	1 000 000	-	-	-
Smart metering	Upgrade	19 & 20	1 000 000	1 000 000	-	-	-
			-	-	-	-	-
Supply Chain Management			3 000 000	3 000 000	-	-	-
Municipal Fleet	New	Admin	3 000 000	3 000 000	-	-	-
			-	-	-	-	-
TOTAL BUDGET & TREASURY			4 000 000	4 000 000	-	-	-

Remarks;

- The total proposed budget for budget and treasury is R4, million, to be funded from the capital replacement reserves.
- Included on the capital projects is the smart metering project and procurement of municipal fleet

Other Administration

PROJECT DESCRIPTION	NEW OR UPGRADE OF EXISTING	REGION /WARD	BUDGET 2020/2021	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT
SPU & Communications			528 500	528 500	-	-	-
Outdoor billboards (welocme boards)	New	14,19 &20	500 000	500 000	-	-	-
Computer Equipment	New	Admin	20 000	20 000			
Corel Draw graphic software	New	Admin	8 500	8 500			
Total Admin			528 500	528 500	-	-	-

Remarks;

- The total proposed budget for other special programmes unit is R528 500 to be funded from the capital replacement reserves.
- Included on the budget is R500 000 allocated for the outdoor billboards.

Corporate Services

PROJECT DESCRIPTION	NEW OR UPGRADE OF EXISTING	REGION /WARD	BUDGET 2020/2021	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT	BUDGET +2021/2022	BUDGET +/2022/2023
Human Resources			200 000	200 000	-	-	-	-	-
Furniture & Equipment	New	Admin	-	-	-	-	-	-	-
IPMS Electronic System	New\	Admin	200 000	200 000	-	-	-	-	-
				-	-	-	-	-	-
ICT			2 850 000	2 850 000	-	-	-	6 600 000	4 600 000
Computer Equipment	new and upgrades	Admin	300 000	300 000	-	-	-	500 000	500 000
Public Wi-Fi Rollout	new	19	500 000	500 000	-	-	-	1 200 000	1 200 000
Clock- in-System	new	Admin	450 000	450 000	-	-	-	-	-
Uninterrupted Power Supply (UPSs)	new/upgrade	Admin	500 000	500 000	-	-	-	800 000	800 000
Provision of Surveillance Cameras	new/upgrade	Admin	400 000	400 000	-	-	-	1 000 000	1 000 000
Network Cable Install /upgrade	Upgrade	Admin	300 000	300 000	-	-	-	600 000	-
Computer Equipment	new	All Wards	250 000	250 000	-	-	-	1 000 000	1 100 000
Network Cable (ICT Centres)	New	Varios Wards	150 000	150 000	-	-	-	1 500 000	-
				-	-	-	-		
TOTAL CORPORATE SERVICES			3 050 000	3 050 000	-	-	-	6 600 000	4 600 000

Remarks;

- The total proposed budget for corporate services is R3, million to be funded from the municipal reserves.

Economic Development and planning

PROJECT DESCRIPTION	NEW OR UPGRADE OF EXISTING	REGION /WARD	BUDGET 2020/2021	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT
Local Economic Development			450 000	450 000	-	-	-
Hawker Stalls	New	19	450 000	450 000	-	-	-
			-	-			
Planning			15 000	15 000	-	-	-
Computer Equipment	New	Admin	15 000	15 000			
			-	-			
EDP Governance			15 000	15 000	-	-	-
Furniture & Equipment	New	Admin	15 000	15 000			
				-			
TOTAL DEVELOPMENT AND PLANNING			480 000	480 000	-	-	-

Remarks;

- The proposed budget is R480 000 for economic development and planning, included on the budget is the procurement of hawker stalls with a budget of R450 000, to be funded from the municipal reserves.

Community Services

PROJECT DESCRIPTION	NEW OR UPGRADE OF EXISTING	REGION /WARD	BUDGET 2020/2021	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT
Public Amenities			1 560 000	1 300 000	-	-	260 000
Halls Cleaning Machinery Gear & Machinery	UPGRADE	All ward	200 000	200 000	-		
Furniture & Equipment (GRANT)	NEW	Admin	200 000	-	-		200 000
Netball Court	UPGRADE	20	50 000	50 000	-		
Open ground fencing	UPGRADE	20	200 000	200 000	-		
Construction of new blocks of public toilets	NEW	19	700 000	700 000	-		
Procure Jojo tanks	NEW	All wards	150 000	150 000	-		
Library laptops (Library Grant)	NEW	Admin	60 000	-			60 000
				-			
				-			
Public Participation			80 000	80 000	-	-	-
Computer Equipment		Admin	50 000	50 000			
Furniture & Equipment		Admin	30 000	30 000			
Public Safety			1 700 000	1 700 000	-	-	-
				-	-	-	-
Roadmarking Machine	New	All wards	200 000	200 000	-		
Traffic Signals (Robots)	Upgrade	19	1 200 000	1 200 000	-		
Traffic Management system	New	Admin	300 000	300 000	-		
				-	-	-	-
Solid Waste & Enviroment			2 930 000	2 930 000	-	-	-
Grass cutting Machines	New		30 000	30 000	-	-	-
weigh bridge	New		1 000 000	1 000 000	-	-	-
Landfill site remediation	Upgrade		400 000	400 000	-	-	-
cemetery development	New		1 000 000	1 000 000	-	-	-
Upgrade of landfill site & nature reserve	Upgrade		200 000	200 000	-	-	-
Furniture	New		160 000	160 000	-	-	-
Security guard houses at cemetery & nature reserve	New		100 000	100 000	-	-	-
Computer Equipment	New		40 000	40 000	-	-	-
TOTAL COMMUNITY SERVICES			6 270 000	6 010 000	-	-	260 000

Remarks;

- The total proposed budget for community services is R6,2 million, an amount of R260 000 will be funded from the Library support grant and R6, million will be funded ffrom the capital reserves.

INFRASTRUCTURE

Human settlements and building control

PROJECT DESCRIPTION	NEW OR UPGRADE OF EXISTING	REGION /WARD	BUDGET 2020/2021	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT
					-	-	-
Completion of Council Chamber & Offices	New	Admin	13 000 000	13 000 000	-	-	-
Renovation of Municipal Sores	Upgrade	Admin	800 000	800 000	-	-	-
Pound Structure	New	19	2 000 000	2 000 000	-	-	-
Total Human Settlements			15 800 000	15 800 000	-	-	-

Remarks;

- The proposed capital budget for human settlements is R15,8 million to be funded from the capital reserves.
- Included on the above is completion of council chambers, renovation of municipal stores and the construction of the Pound structure.

Electricity Unit

PROJECT DESCRIPTION	NEW OR UPGRADE OF EXISTING	REGION /WARD	BUDGET 2020/2021	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT
Hillside –Manzi (320)	New	7	5 975 000	-	-	5 975 000	-
Sifolweni (155)	New	7	3 565 000	-	-	3 565 000	-
Ngcwengana (147)	New	7	3 381 000	-	-	3 381 000	-
Mbombo (390)	New	9	8 970 000	-	-	8 970 000	-
Mnyamaneni (Kesa, Sdakeni) –(400)	New	18	9 200 000	-	-	9 200 000	-
Shenxa	Existing	26	6 400 000	-	-	6 400 000	-
Mohapi #2	Existing	13	3 600 000	-	-	3 600 000	-
Small Location-Mpofini (500)	New	22	11 500 000	-	-	11 500 000	-
Transformers	Upgrade	19& 20	800 000	800 000	-	-	-
50 x Electrical Poles	Upgrade	19	150 000	150 000	-	-	-
Substation Switch Gears	Upgrade	19	1 500 000	1 500 000	-	-	-
Installation of High Mast Lights & Street lights	New	19	2 500 000	2 500 000	-	-	-
Christmas Lights	New	19	250 000	250 000	-	-	-
Furniture	New	19	150 000	150 000	-	-	-
1500m MV Paper Cable	New	19	300 000	300 000	-	-	-
Replacement of 100 Street Lights & 6 High Mast Lights	New	01 & 26	-	-	-	-	-
			58 241 000	5 650 000	-	52 591 000	-

Remarks;

- The total capital budget for the electricity unit is R58,2 million, INEP will fund R52,5 million of the budget and R5,6 million will be funded from the capital reserves.
- This budget includes electrification in various wards and the upgrade of electricity infrastructure.

Project Management

PROJECT DESCRIPTION	NEW OR UPGRADE OF EXISTING	REGION /WARD	BUDGET 2020/2021	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT
Maluti Internal Streets -Phase 4	Upgrade	1	21 981 393	-	21 981 393	-	-
Matatiele CBD Internal Streets -Phase 2	Upgrade	19	5 492 032	-	5 492 032	-	-
Cedarville Internal Roads -Phase 3	Upgrade	26	11 245 000	-	11 245 000	-	-
Matatiele CBD Internal Streets -Phase 3	Upgrade	19	1 690 774	-	1 690 774	-	-
Cedarville Sport Center	New	26	975 000	975 000	-	-	-
Extension of Matatiele Sport Center	New	20	4 700 000	-	4 700 000	-	-
Freystata Bridge	New	15	920 000	-	920 000	-	-
Ngcwengane Bridge	New	7	460 000	-	460 000	-	-
Lagrange Pedestrian Bridge	New	7	480 000	480 000	-	-	-
Nkasela Access Road	New	4	8 000 000	8 000 000	-	-	-
Moiketsi Access Road	New	14	2 500 000	2 500 000	-	-	-
Mkhemane Access Road	New	22	6 000 000	6 000 000	-	-	-
Masakala AR	New	3	1 500 000	1 500 000	-	-	-
Total PMU			65 944 200	19 455 000	46 489 200	-	-

Remarks;

- The capital budget for project management unit is proposed to be R65,9million, a portion of R46,4 million to be funded from the municipal infrastructure grant and R19,7million will be funded from the capital reserves.
- The total capital budget for project management unit relates to construction, upgrade of existing road infrastructure and construction of sports fields and per the table above.

TOTAL BUDGET 2020/21-2022/23

Description	Current Year 2019/2020		2020/21 Medium Term Revenue & Expenditure		
	Original Budget	Adjusted Budget	Draft Budget 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Operating Expenditure Budget	388 292 128	389 065 128	408 392 883	428 812 527	450 253 154
Capital Expenditure Budget	178 384 250	178 384 250	154 313 700	168 941 550	174 289 803
	566 676 378	567 449 378	562 706 583	597 754 078	624 542 956

Remarks;

- The total draft budget is proposed to be R562,7 million, it should be noted that this is a decrease of R4,7 million from the current adjustments budget.
- The decrease is mainly as a result of decreased allocation on the capital grants i.e. MIG and INEP.

PROPOSED TARIFF INCREASES AND BUDGET ASSUMPTIONS

Property Rates

Property rates tariff is proposed to increase by 5% for the 2020/21 financial year as follows:

Service Charges

- The electricity tariff is proposed to increase by 9-14% subject to approval from NERSA.
- Refuse tariffs are proposed to increase by 7% and all other tariffs are proposed to increase by 5%.

Categories	Rate Randages /Rand Value – c/R	Ratio in relation to residential property
Residential property	0.010058	1:1
Farm property as defined in Section 8(2) (d)(i) and 8 (2) (f) (i) of the Act (being Farm property used for agricultural purposes and smallholdings used for agricultural purposes)	0.0025145	1: 0.25
Agricultural property used predominantly for commercial and / or industrial purposes	0.0025145	1:0.25

Smallholdings used predominantly for commercial and / or industrial purposes	0.0025145	1: 0.25
Commercial / Business properties	0.0120696	1: 1.2
Industrial properties	0.0120696	1:1.2
Public Service Infrastructure properties	0.0025145	1:0.25
Municipal properties	0.0120696	1:1.2

ASSESMENT RATES

Residential	0.010058	5%
First R65 000 exempt		
40% Rebate		
Vacant Land	0.020116	5%
Commercial	0.0120696	5%
15% exempt		
Government	0.020116	5%
Farms	0.0025145	5%
70% rebate		
Industrial	0.0120696	5%
15% rebate		

Municipal	0.0120696	5%
100% rebate		

- Rental of Facilities

For the 2020/21 draft budget the following charges are proposed as new for the Tennis court rental;

	WITHOUT VAT	CurrentTariff VAT Excluded 2018/2019	Increase for 2019/2020	New Tariff VAT Excluded 2019/2020	Increase for 2020/2021	New Tariff VAT Excluded 2020/2021
	<i>Tennis Court Rental</i>					
	<i>PER PRACTICE</i>					
	<i>Practice sessions maximum of 3 hours per session</i>	R -	R -	R -		
	<i>Fees per player – (below the age of 18)</i>	R -	R -	R -		R 26.09
	<i>(18 and above)</i>					R 95.65
	<i>PER MATCH</i>					
	<i>Fees per Match – (below the age of 18)</i>	R -	R -	R -		R 104.35
	<i>(18 and above)</i>	R -	R -	R -		R 182.61
	<i>SEASON TICKETS (SIX MONTHS)</i>					
	<i>Fees per Practice per person – (below the age of 18)</i>	R -	R -	R -		R 191.30
	<i>(18 and above)</i>	R -	R -	R -		R 573.91
	<i>YEAR TICKETS (12 MONTHS)</i>					
	<i>Fees per Practice – (below the age of 18)</i>	R -	R -	R -		R 486.96
	<i>(18 and above)</i>	R -	R -	R -		R 973.91

Employee Related Costs Increase

- As per circular NO.: 02/2020 from SALGA the salary and wage increase shall be 6.25% for the period 1 July 2020 to 30 June 2021, the municipality has effected the increase as stipulated on the circular.

Budget Related Policies

- Budget related policies have been reviewed for the 2020/21 budget, with the following proposed amendment on the indigent policy;

Current Policy	Proposed Policy
The validity period of assistance will be for the duration that the applicant remains indigent. Households, in terms of the audit and review process, will be subjected to scrutiny to determine any change in status. Households may have to re-apply after every second year if the situation has not changed.	The indigent register will be valid for a period of twelve months after which the applicants will be required to reapply. The application period will only be open once in a financial year (the register will be updated once a year).

Operating Revenue Framework

For Matatiele Local 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. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 85 per cent annual collection rate for property rates and other key service charges;

- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2020/21 MTREF (classified by main revenue source):

Table 1 -Summary of revenue classified by main revenue source

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	25 919	25 727	43 280	44 100	44 100	44 100	44 100	48 190	50 600	53 129
Service charges - electricity revenue	2	47 633	48 494	51 157	53 291	53 287	53 287	53 287	53 291	59 871	63 055
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	8 657	9 451	10 009	14 786	14 790	14 790	14 790	15 526	16 302	17 117
Rental of facilities and equipment		732	956	853	1 700	815	815	815	500	525	551
Interest earned - external investments		7 061	8 989	10 495	13 000	13 000	13 000	13 000	14 650	15 383	16 152
Interest earned - outstanding debtors		7 206	9 273	9 614	10 225	11 237	11 237	11 237	11 799	12 389	13 008
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		802	1 296	3 471	2 094	2 244	2 244	2 244	2 094	2 198	2 308
Licences and permits		3 793	3 598	3 279	4 525	4 535	4 535	4 535	4 525	4 751	4 988
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies-Operational		170 764	186 586	212 645	242 899	240 436	240 436	240 436	256 212	264 014	277 130
Transfers and subsidies-Capital		143 839	136 428	107 817	117 059	119 522	119 522	104 795	101 527	127 554	135 922
Other revenue	2	7 085	1 444	19 531	1 673	2 159	2 159	2 159	1 608	1 688	1 773
Gains		-	-	-	-	-	-	-	-	-	-
Total Revenue		423 491	432 242	472 151	505 352	506 125	506 125	491 398	509 921	555 275	585 134

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No.51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio to residential properties to be 1:025. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17 (h) of the MPRA). In addition to this rebate, a further R50 000 reduction on the market value of a property will be granted in terms of the municipality's own Property Rates Policy i.e. the market value less R 65 000.00;
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a minimum total rebate of 40 per cent will be granted to owners of rateable property if the total gross income of the applicant and/or his/her spouse, if any, is the following:
 - Income not exceeding R5 000.00

In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse.
- The applicant must submit proof of his/her age, identity and also proof of the annual income from a social pension;
- The applicant's account must be paid in full, or if not, an arrangement to the debt should be in place; and
- The property must be categorized as residential.

Additional:

- Residential properties a 40% rebate
- Properties categorized commercial 15% rebate on rates.
- Farms/ Smallholdings used for agricultural purposes 70% rebates.
- The municipality may award a 100 per cent grant in aid on the assessment rates of rate-able properties of certain Classes such as churches, registered welfare organizations, institutions or organizations performing charitable work, Sports grounds used for purposes of amateur sport.

In considering changes in property rates, cognizance was taken of the local economic conditions such as the gradual recovery in the property market, trends in household incomes and unemployment. Excessive increases in property rates and other tariffs are likely to be counterproductive, resulting in higher levels of non-payment and increased bad debts.

Table 2- Operating Transfers and Grant Receipts

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		176 032	193 039	214 943	242 339	239 876	239 876	255 022	264 014	277 130
Local Government Equitable Share		170 266	185 808	207 642	234 919	234 919	234 919	249 823	262 314	275 430
Expanded Public Works Programme Integrated		1 790	2 780	3 185	3 257	3 257	3 257	3 499	–	–
Local Government Financial Management Grant		1 625	1 699	1 701	1 700	1 700	1 700	1 700	1 700	1 700
Municipal Infrastructure Grant		2 351	2 752	2 415	2 463	–	–	–	–	–
Provincial Government:		–	1 246	676	560	560	560	1 190	–	–
Human Settlement Development		–	–	–	–	–	–	–	–	–
IDP		–	778	–	–	–	–	–	–	–
Libraries, Archives and Museums		–	8	168	–	–	–	–	–	–
		–	459	508	560	560	560	1 190	–	–
		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	176 032	194 284	215 618	242 899	240 436	240 436	256 212	264 014	277 130
Capital Transfers and Grants										
National Government:		127 012	119 423	104 386	116 969	119 432	119 432	101 527	127 554	135 922
Integrated National Electrification Programme (Municipal Infrastructure Grant (MIG)		47 012	76 118	43 080	70 177	70 177	70 177	52 591	74 500	79 854
		80 000	43 306	61 306	46 792	49 255	49 255	48 936	53 054	56 068
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Provincial Government:		–	1	557	90	90	90	–	–	–
Libraries, Archives and Museums		–	1	557	90	90	90	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other grant providers:		–	9 306	2 874	–	–	–	–	–	–
Electrification Programme		–	9 306	2 874	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	127 012	128 730	107 817	117 059	119 522	119 522	101 527	127 554	135 922
TOTAL RECEIPTS OF TRANSFERS & GRANTS		303 044	323 014	323 436	359 958	359 958	359 958	357 739	391 568	413 052

The municipality operational grants budget amounts to R357, 739 million for 2020/21 year, included in this amount is the equitable share allocation, the operational grants budget equates to 50% of the total revenue budget.

Table 3 Comparison of rated levies for the 2020/21 financial year

CATEGORY	CURRENT TARIFF 2018/2019	PROPOSED TARIFF (EFFECTIVE FROM 1ST JULY 2019)
Residential	0.0095791	0.009297
Vacant Land	0.019158	0.019905
Commercial	0.0115	0.010948
Farms	0.0023948	0.002324
Government	0.919158	0.019905
Industrial	0.0023948	0.010948
Municipal	0.0115	0.010948

Table 4 Comparison between current electricity charges and increases

	WITHOUT VAT	CurrentTariff VAT Excluded 2018/2019	Increase for 2019/2020	New Tariff VAT Excluded 2019/2020	Increase for 2020/2021	New Tariff VAT Excluded 2020/2021
6.1	Scale 1: Domestic Consumers			R -		
				R -		
(a)	Basic charge, single or three phase per household per month. Plus the following kWh charges per month.	R 384.30	13.07%	R 434.53	13.07%	R 491.33
	0-50	R 0.85	13.07%	R 0.96	13.07%	R 1.09
	51-350	R 1.11	13.07%	R 1.25	13.07%	R 1.42
	351-600	R 1.57	13.07%	R 1.77	13.07%	R 2.00
	600 over	R 1.88	13.07%	R 2.12	13.07%	R 2.40
(b)	Scale 2: Commercial & Other Consumers					
	Basic charge of consumers with the following kVA installed per month					
	0 - 25 KVA	R 426.16	13.07%	R 481.86	13.07%	R 544.84
	Commercial unit charge:	R 1.67	13.07%	R 1.89	13.07%	R 2.14
	26 - 64 KVA	R 1 588.65	13.07%	R 1 796.28	13.07%	R 2 031.06
	Commercial unit charge:	R 1.70	13.07%	R 1.92	13.07%	R 2.17
	65 KVA and more	R 9 295.51	13.07%	R 10 510.43	13.07%	R 11 884.14
	Commercial unit charge:	R 1.70	13.07%	R 1.92	13.07%	R 2.17

Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as fuel and oil and the employee related cost.

A 7 per cent increase in the waste tariff is proposed from for the 2020/21 budget year.

The following table compares current and proposed amounts payable for the 2020/21 MTREF

Table 6 Comparison between current waste removal fees and increases

	WITHOUT VAT	CurrentTariff VAT Excluded 2018/2019	Increase for 2019/2020	New Tariff VAT Excluded 2019/2020	Increase for 2020/2021	New Tariff VAT Excluded 2020/2021
1	REFUSE REMOVAL CHARGES					
1.1	<i>Domestic Removals</i>					
(a)	Every owner or occupier of premises from which refuse is removed twice weekly shall pay the Council a fee of per bag per month.	R 123.89	7%	R 132.56	7%	R 141.84
1.2	<i>Commercial Removals</i>					
(a)	Each individual/separate business shall be charged a basic service charge per month.	R 185.82	7%	R 198.83	7%	R 212.75
1.3	In addition to 1.2 every owner or occupier of business premises from which refuse is removed, shall pay the Council a fee of per bag per month, removal twice weekly.	R 185.82	7%	R 198.83	7%	R 212.75
1.4	Provided that Council may at any time conclude separate agreements with commercial users who require that refuse be removed more than twice a week. The above tariff shall be the applicable tariff.					
1.5	<i>Removal from Separate Consumers on same Premises</i>					
	Where refuse is removed from shops and dwellings or flats situated on the same premises such shops and dwellings or flats shall be regarded as separately occupied buildings, and the charges for the removal of refuse shall be as prescribed in applicable scales.					
1.6	<i>Availability Charge</i>			R -		
	A availability fee , is charged to any vacant commercial even located in the town areas of Cedarville, Matatiele and Maluti.	R 210.00	7%	R 224.70	7%	R 240.43
	A availability fee , is charged to any vacant domestic even located in the town areas of Cedarville, Matatiele and Maluti.	R 105.00	7%	R 112.35	7%	R 120.21

1.3.1 Overall impact of tariff increases on households

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.

Note that in all instances the overall impact of the tariff increases on household bills has been kept between 5 and 7 per cent.

Table 7 EC441 MATATIELE LOCAL MUNICIPALITY Table SA14 – Household bills

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21 % incr.	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates			322.72	355.79	355.79	355.79	355.79	0.05	392.26	411.87	432.46
Electricity: Basic levy			219.21	247.76	247.76	247.76	247.76	0.13	297.17	335.80	379.46
Electricity: Consumption			659.56	745.45	745.45	745.45	745.45	0.13	894.13	1 010.36	1 141.71
Water: Basic levy			n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Water: Consumption			n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sanitation			n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Refuse removal								0.05	139.19	146.14	153.46
Other			n/a	n/a	n/a	n/a	n/a		n/a	n/a	n/a
sub-total		-	1 201.49	1 349.00	1 349.00	1 349.00	1 349.00	0.28	1 722.75	1 904.17	2 107.09
VAT on Services											
Total large household bill:		-	1 201.49	1 349.00	1 349.00	1 349.00	1 349.00	0.28	1 722.75	1 904.17	2 107.09
% increase/-decrease			5.0%	12.3%	-	-	-		27.7%	10.5%	10.7%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates			322.72	355.79	0.05	0.05	0.05	0.05	392.25	411.87	432.46
Electricity: Basic levy			219.21	247.76	0.07	0.07	0.07	0.13	491.33	555.20	627.38
Electricity: Consumption			659.56	745.45	-	-	-	0.13	951.86	1 075.60	1 215.44
Water: Basic levy			-	-	-	-	-	n/a	n/a	n/a	n/a
Water: Consumption			-	-	-	-	-	n/a	n/a	n/a	n/a
Sanitation			-	-	-	-	-	n/a	n/a	n/a	n/a
Refuse removal			50.85	117.99	0.05	0.05	0.05		139.19	146.14	153.45
Other											
sub-total		-	1 252.35	1 466.99	0.17	0.17	0.17	11 614.47	1 974.63	2 188.81	2 428.73
VAT on Services											
Total small household bill:		-	1 252.35	1 466.99	0.17	0.17	0.17	11 614.47	1 974.63	2 188.81	2 428.73
% increase/-decrease			9.4%	17.1%	(100.0%) -6.83	(100.0%) -6.83	(100.0%) -6.83		1 161 447.1%	10.8%	11.0%
Monthly Account for Household - 'Indigent'	3										
Household receiving free basic services											
Rates and services charges:											
Property rates			30 000.00	30 000.00	55 000.00	55 000.00	55 000.00	0.05	65 000.00	65 000.00	65 000.00
Electricity: Basic levy											
Electricity: Consumption			50.00	50.00	50.00	50.00	50.00	-	50.00	50.00	50.00
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal			72 813.69	76 454.37	117.99	117.99	117.99	0.05	139.19	146.14	153.45
Other											
sub-total		-	102 863.69	106 504.37	55 167.99	55 167.99	55 167.99	0.18	65 189.19	65 196.14	65 203.45
VAT on Services											
Total small household bill:		-	102 863.69	106 504.37	55 167.99	55 167.99	55 167.99	0.18	65 189.19	65 196.14	65 203.45

Operating Expenditure Framework

The Municipality's expenditure framework for the 2020/21 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;
- Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2020/21 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by standard classification item

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Expenditure By Type											
Employee related costs	2	86 312	101 317	109 968	120 608	122 505	122 505	71 988	125 231	131 492	138 067
Remuneration of councillors		16 987	18 635	19 626	22 763	22 795	22 795	12 997	20 717	21 753	22 841
Debt impairment	3	1 194	(66)	5 848	5 500	4 000	4 000	–	5 000	5 250	5 513
Depreciation & asset impairment	2	32 720	51 771	130	30 448	30 448	30 448	–	33 110	34 766	36 504
Finance charges		42	8	5	–	–	–	2	–	–	–
Bulk purchases	2	36 714	37 197	39 280	47 900	47 900	47 900	27 141	48 000	50 400	52 920
Other materials	8	2 182	4 551	3 646	4 632	6 015	6 015	2 237	5 192	5 451	5 724
Contracted services		64 700	68 201	67 838	88 323	94 210	94 210	49 599	101 849	106 941	112 288
Transfers and subsidies		–	–	150	–	–	–	–	–	–	–
Other expenditure	4, 5	42 927	34 495	40 836	68 119	61 192	61 192	26 090	69 295	72 759	76 397
Losses		208	45 641	122 899	–	–	–	–	–	–	–
Total Expenditure		283 987	361 749	410 226	388 292	389 065	389 065	190 055	408 393	428 813	450 253

The budgeted allocation for employee related costs for the 2020/21 financial year totals R125, 2 million, which equals 31 per cent of the total operating expenditure. The municipality has effected an increase of 6.25 % for the 2020/2021 budget year .

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

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2020/21 financial year this amount equates to R5,million and escalates to R5,5, million by 2023/23.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 Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R33, 1 million for the 2020/21 financial and equates to 8 per cent of the total operating expenditure.

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

Other material comprises of amongst others materials for maintenance. For 2020/21 budget year the appropriation against this group of expenditure is by 2 per cent and continues to grow at 3 and 5 per cent for the two outer years.

Other expenditure comprises of various line items relating to the daily operations of the municipality. The appropriation for this group of expenditures equates to 15 per cent for 2019/20.

1.3.2 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2020/21 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

The table below provides a breakdown of the repairs and maintenance in relation expenditure items:

Table 9 Repairs and maintenance by expenditure item

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		–	(161)	(2 658)	5 457	4 457	4 457	6 998	7 348	7 715
Roads Infrastructure		–	(161)	(2 658)	5 457	4 457	4 457	6 998	7 348	7 715
Roads		–	(161)	(2 658)	5 457	4 457	4 457	6 998	7 348	7 715
Community Assets		–	104	(1)	13 500	12 679	12 679	10 230	10 742	11 279
Community Facilities		–	104	(1)	750	785	785	1 180	1 239	1 301
Halls		–	–	–	100	100	100	100	105	110
Centres		–	–	–	–	–	–	–	–	–
Crèches		–	–	–	–	–	–	–	–	–
Clinics/Care Centres		–	–	–	–	–	–	–	–	–
Fire/Ambulance Stations		–	104	–	–	–	–	–	–	–
Testing Stations		–	–	–	–	–	–	–	–	–
Museums		–	–	–	–	–	–	–	–	–
Galleries		–	–	–	–	–	–	–	–	–
Theatres		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Cemeteries/Crematoria		–	–	–	–	–	–	–	–	–
Police		–	–	–	–	–	–	–	–	–
Parks		–	–	–	–	–	–	–	–	–
Public Open Space		–	–	–	–	–	–	210	221	232
Nature Reserves		–	–	–	–	–	–	–	–	–
Public Ablution Facilities		–	–	–	650	685	685	750	788	827
Markets		–	–	–	–	–	–	–	–	–
Stalls		–	–	(1)	–	–	–	120	126	132
Abattoirs		–	–	–	–	–	–	–	–	–
Airports		–	–	–	–	–	–	–	–	–
Taxi Ranks/Bus Terminals		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	12 750	11 894	11 894	9 050	9 503	9 978
Indoor Facilities		–	–	–	–	–	–	–	–	–
Outdoor Facilities		–	–	–	12 750	11 894	11 894	9 050	9 503	9 978
Capital Spares		–	–	–	–	–	–	–	–	–
Other assets		–	(232)	(3 223)	3 510	3 940	3 940	1 210	1 271	1 334
Operational Buildings		–	(232)	(3 223)	3 510	3 940	3 940	1 210	1 271	1 334
Municipal Offices		–	(232)	(3 223)	3 510	3 940	3 940	1 210	1 271	1 334
Machinery and Equipment		–	(14)	505	1 550	2 235	2 235	1 225	1 286	1 351
Machinery and Equipment		–	(14)	505	1 550	2 235	2 235	1 225	1 286	1 351
Transport Assets		–	–	–	–	–	–	2 500	2 625	2 756
Transport Assets		–	–	–	–	–	–	2 500	2 625	2 756
Land		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Repairs and Maintenance Expenditure	1	–	(303)	(5 376)	24 017	23 311	23 311	22 163	23 271	24 435

For the 2020/21 financial year repairs and maintenance is budgeted at R22, 1 million this equates to 5 % of the total operating budget, this increase to R24, 4 million in the 2022/23 outer year.

1.5.2 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 Municipality's Indigent Policy. The target is to register 17 000 or more indigent households during the 2020/21 financial year, a process reviewed annually.

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

1.4 Capital expenditure

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

Table 10 2020/21 Medium-term capital budget per vote

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate		-	-	-	-	-	-	-	-	-	-
Vote 4 - Development and Planning		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community		-	-	-	-	-	-	-	-	-	-
Vote 6 - Infrastructure		-	-	-	-	-	-	-	-	-	-
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and council		-	(190)	(1 319)	5 000	3 300	3 300	1 831	3 000	3 150	-
Vote 2 - Finance and Admin		-	29 882	47 813	1 315	1 330	1 330	127 827	1 529	1 575	1 654
Vote 3 - Corporate		-	(124)	(416)	3 732	5 633	5 633	2 948	3 130	1 523	1 599
Vote 4 - Development and Planning		-	(49 022)	(94 833)	62 601	62 251	62 251	(48 773)	66 424	73 482	77 517
Vote 5 - Community		-	21 777	21 515	7 785	520	520	21 781	6 190	6 732	5 287
Vote 6 - Infrastructure		-	(3 140)	(7 120)	97 902	105 300	105 300	76 437	74 041	82 480	88 233
Vote 7 - Internal Audit		-	(12 694)	(12 694)	50	50	50	(12 694)	-	-	-
Capital single-year expenditure sub-total		-	(13 512)	(47 055)	178 384	178 384	178 384	169 355	154 314	168 942	174 290
Total Capital Expenditure - Vote		-	(13 512)	(47 055)	178 384	178 384	178 384	169 355	154 314	168 942	174 290
Funded by:											
National Government		110 568	91 035	124 378	116 969	116 969	116 969	116 969	99 080	127 554	135 922
Provincial Government		9 000			90	90	90	90	260	-	-
District Municipality					-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)			-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	119 568	91 035	124 378	117 059	117 059	117 059	117 059	99 340	127 554	135 922
Borrowing	6				-	-	-	-	-	-	-
Internally generated funds		20 380			61 325	61 325	61 325	61 325	54 974	41 388	38 368
Total Capital Funding	7	139 948	91 035	124 378	178 384	178 384	178 384	178 384	154 314	168 942	174 290

1.5 Annual Budget Tables

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 2020/21 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 11 MBRR Table A1 - Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands										
Financial Performance										
Property rates	25 919	25 727	43 280	44 100	44 100	44 100	44 100	48 190	50 600	53 129
Service charges	56 290	57 945	61 166	68 077	68 077	68 077	68 077	68 817	76 173	80 172
Investment revenue	7 061	8 989	10 495	13 000	13 000	13 000	13 000	14 650	15 383	16 152
Transfers recognised - operational	170 764	186 586	212 645	242 899	240 436	240 436	240 436	256 212	264 014	277 130
Other own revenue	19 618	16 567	36 748	20 216	20 989	20 989	20 989	20 525	21 551	22 629
Total Revenue (excluding capital transfers and contributions)	279 653	295 814	364 333	388 292	386 603	386 603	386 603	408 394	427 721	449 212
Employee costs	86 312	101 317	109 968	120 608	122 505	122 505	71 988	125 231	131 492	138 067
Remuneration of councillors	16 987	18 635	19 626	22 763	22 795	22 795	12 997	20 717	21 753	22 841
Depreciation & asset impairment	32 720	51 771	130	30 448	30 448	30 448	—	33 110	34 766	36 504
Finance charges	42	8	5	—	—	—	2	—	—	—
Materials and bulk purchases	38 896	41 748	42 926	52 532	53 915	53 915	29 379	53 192	55 851	58 644
Transfers and grants	—	—	150	—	—	—	—	—	—	—
Other expenditure	109 029	148 270	237 421	161 942	159 402	159 402	75 689	176 144	184 951	194 198
Total Expenditure	283 987	361 749	410 226	388 292	389 065	389 065	190 055	408 393	428 813	450 253
Surplus/(Deficit)	(4 335)	(65 935)	(45 893)	0	(2 463)	(2 463)	196 548	1	(1 092)	(1 041)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	143 839	136 428	107 817	117 059	119 522	119 522	104 795	101 527	127 554	135 922
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	139 504	70 493	61 924	117 059	117 059	117 059	301 343	101 528	126 462	134 881
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	139 504	70 493	61 924	117 059	117 059	117 059	301 343	101 528	126 462	134 881
Capital expenditure & funds sources										
Capital expenditure	139 948	91 035	124 378	178 384	178 384	178 384	178 384	154 314	168 942	174 290
Transfers recognised - capital	119 568	91 035	124 378	117 059	117 059	117 059	117 059	99 340	127 554	135 922
Borrowing	—	—	—	—	—	—	—	—	—	—
Internally generated funds	20 380	—	—	61 325	61 325	61 325	61 325	54 974	41 388	38 368
Total sources of capital funds	139 948	91 035	124 378	178 384	178 384	178 384	178 384	154 314	168 942	174 290
Financial position										
Total current assets	84 933	178 175	257 913	227 035	227 035	227 035	227 035	240 940	255 633	263 202
Total non current assets	704 315	938 708	986 844	1 134 780	1 134 780	1 134 780	1 134 780	1 118 390	1 141 813	1 155 983
Total current liabilities	35 665	3 160	96 378	96 378	96 378	96 378	96 378	97 388	98 409	99 440
Total non current liabilities	25 621	27 482	27 114	27 114	27 114	27 114	27 114	27 398	27 685	27 976
Community wealth/Equity	727 962	1 086 240	1 121 264	1 238 324	1 238 324	1 238 324	1 238 324	1 234 543	1 271 351	1 291 769
Cash flows										
Net cash from (used) operating	156 152	182 116	139 352	137 732	135 909	135 909	135 909	126 459	152 248	161 937
Net cash from (used) investing	(132 524)	(134 060)	(135 223)	(178 384)	(178 384)	(178 384)	(178 384)	(154 314)	(168 942)	(174 290)
Net cash from (used) financing	—	—	—	—	—	—	—	—	—	—
Cash/cash equivalents at the year end	72 038	119 967	123 998	83 345	81 522	81 522	81 522	97 442	80 748	68 395
Cash backing/surplus reconciliation										
Cash and investments available	48 411	119 869	123 997	83 345	81 522	81 522	81 522	97 442	109 916	115 584
Application of cash and investments	(110)	(53 341)	(37 251)	(77 740)	(79 026)	(79 026)	(79 026)	(77 940)	(79 541)	(80 702)
Balance - surplus (shortfall)	48 521	173 210	161 248	161 085	160 547	160 547	160 547	175 381	189 457	196 286
Asset management										
Asset register summary (WDV)	525 879	675 977	761 825	821 598	745 793	745 793	745 793	763 927	786 173	792 933
Depreciation	32 720	51 771	48 469	30 448	30 448	30 448	30 448	33 110	34 766	36 504
Renewal and Upgrading of Existing Assets	—	505	13 215	8 230	5 050	5 050	5 050	43 259	48 545	49 190
Repairs and Maintenance	—	(303)	(5 376)	24 017	23 311	23 311	23 311	22 163	23 271	24 435
Free services										
Cost of Free Basic Services provided	—	—	—	—	—	—	—	—	—	—
Revenue cost of free services provided	—	—	—	19 274	—	—	17 954	17 954	18 852	19 794
Households below minimum service level										
Water:	—	—	—	—	—	—	—	—	—	—
Sanitation/sewerage:	—	—	—	—	—	—	—	—	—	—
Energy:	—	—	—	—	—	—	—	—	—	—
Refuse:	—	—	—	—	—	—	—	—	—	—

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms 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 surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2019/20, when a small surplus is reflected.
5. 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 12 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		367 201	231 253	295 341	304 530	305 726	305 726	325 819	342 025	359 041
Executive and council		—	—	—	—	—	—	—	—	—
Finance and administration		367 201	231 253	295 341	304 530	305 726	305 726	325 819	342 025	359 041
Internal audit		—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		—	4 500	7 258	11 026	10 406	10 406	11 958	7 633	8 014
Community and social services		—	41	1 125	4 937	4 317	4 317	5 719	1 082	1 136
Sport and recreation		—	—	—	—	—	—	—	—	—
Public safety		—	4 459	6 133	6 089	6 089	6 089	6 239	6 551	6 879
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		—	47 651	64 741	50 815	49 925	49 925	49 081	53 206	56 228
Planning and development		—	638	865	145	350	350	145	152	160
Road transport		—	47 013	63 877	50 670	49 575	49 575	48 936	53 054	56 068
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		56 290	148 838	104 810	138 981	140 068	140 068	123 062	152 411	161 851
Energy sources		47 633	139 287	94 680	124 132	125 140	125 140	107 474	136 043	144 665
Water management		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		8 657	9 551	10 131	14 849	14 928	14 928	15 588	16 367	17 186
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Revenue - Functional	2	423 491	432 243	472 151	505 352	506 125	506 125	509 921	555 275	585 134
Expenditure - Functional										
<i>Governance and administration</i>		283 987	198 118	286 376	231 762	205 342	205 342	210 318	220 834	231 876
Executive and council		—	29 197	27 748	31 926	36 238	36 238	29 119	30 575	32 103
Finance and administration		283 987	166 012	255 557	195 928	164 887	164 887	177 074	185 928	195 224
Internal audit		—	2 909	3 071	3 908	4 218	4 218	4 125	4 331	4 548
<i>Community and public safety</i>		—	15 643	27 388	31 101	27 659	27 659	36 488	38 313	40 228
Community and social services		—	1 958	10 768	12 259	12 309	12 309	15 466	16 239	17 051
Sport and recreation		—	—	—	—	—	—	—	—	—
Public safety		—	13 685	16 620	18 842	15 350	15 350	21 023	22 074	23 177
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		—	84 490	34 147	48 631	77 206	77 206	79 612	83 593	87 772
Planning and development		—	15 518	13 148	22 054	22 094	22 094	25 939	27 236	28 598
Road transport		—	68 972	21 000	26 577	55 112	55 112	53 673	56 357	59 174
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		—	63 499	62 315	76 798	78 858	78 858	81 975	86 074	90 377
Energy sources		—	51 639	46 033	56 551	56 801	56 801	57 536	60 412	63 433
Water management		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		—	11 860	16 283	20 247	22 057	22 057	24 439	25 661	26 944
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Expenditure - Functional	3	283 987	361 750	410 226	388 292	389 065	389 065	408 393	428 813	450 253
Surplus/(Deficit) for the year		139 504	70 492	61 924	117 059	117 059	117 059	101 528	126 462	134 881

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and

capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
- Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

Table 13 Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote	1									
Vote 1 - Executive and council		–	–	–	250	250	250	300	315	331
Vote 2 - Finance and Admin		–	232 577	291 789	303 930	304 981	304 981	325 169	341 343	358 325
Vote 3 - Corporate		–	3 615	3 552	350	495	495	350	368	386
Vote 4 - Development and Planning		–	638	865	50 600	49 610	49 610	49 081	53 206	56 228
Vote 5 - Community		–	14 051	17 388	25 875	25 334	25 334	27 546	24 000	25 200
Vote 6 - Infrastructure		–	181 361	158 556	124 347	125 455	125 455	107 474	136 043	144 665
Vote 7 - Internal Audit		–	–	–	–	–	–	–	–	–
Vote 15 -		423 491	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	423 491	432 242	472 151	505 352	506 125	506 125	509 921	555 275	585 134
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and council		–	26 388	27 748	40 228	39 440	39 440	38 616	40 547	42 574
Vote 2 - Finance and Admin		–	129 089	202 198	118 539	88 224	88 224	97 654	102 537	107 664
Vote 3 - Corporate		–	60 981	56 430	63 183	62 962	62 962	64 560	67 788	71 178
Vote 4 - Development and Planning		–	16 738	13 148	40 735	69 249	69 249	72 510	76 136	79 942
Vote 5 - Community		–	30 906	43 670	57 252	60 215	60 215	66 289	69 604	73 084
Vote 6 - Infrastructure		–	94 740	67 032	64 447	64 757	64 757	64 637	67 869	71 262
Vote 7 - Internal Audit		–	2 909	–	3 908	4 218	4 218	4 125	4 331	4 548
Vote 15 -		439 655	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	439 655	361 750	410 226	388 292	389 065	389 065	408 393	428 813	450 253
Surplus/(Deficit) for the year	2	(16 164)	70 492	61 924	117 059	117 059	117 059	101 528	126 462	134 881

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 Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 14 Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	25 919	25 727	43 280	44 100	44 100	44 100	44 100	48 190	50 600	53 129
Service charges - electricity revenue	2	47 633	48 494	51 157	53 291	53 287	53 287	53 287	53 291	59 871	63 055
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	8 657	9 451	10 009	14 786	14 790	14 790	14 790	15 526	16 302	17 117
Rental of facilities and equipment		732	956	853	1 700	815	815	815	500	525	551
Interest earned - external investments		7 061	8 989	10 495	13 000	13 000	13 000	13 000	14 650	15 383	16 152
Interest earned - outstanding debtors		7 206	9 273	9 614	10 225	11 237	11 237	11 237	11 799	12 389	13 008
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		802	1 296	3 471	2 094	2 244	2 244	2 244	2 094	2 198	2 308
Licences and permits		3 793	3 598	3 279	4 525	4 535	4 535	4 535	4 525	4 751	4 988
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		170 764	186 586	212 645	242 899	240 436	240 436	240 436	256 212	264 014	277 130
Other revenue	2	7 085	1 444	19 531	1 673	2 159	2 159	2 159	1 608	1 688	1 773
Gains		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		279 653	295 814	364 333	388 292	386 603	386 603	386 603	408 394	427 721	449 212
Expenditure By Type											
Employee related costs	2	86 312	101 317	109 968	120 608	122 505	122 505	71 988	125 231	131 492	138 067
Remuneration of councillors		16 987	18 635	19 626	22 763	22 795	22 795	12 997	20 717	21 753	22 841
Debt impairment	3	1 194	(66)	5 848	5 500	4 000	4 000	-	5 000	5 250	5 513
Depreciation & asset impairment	2	32 720	51 771	130	30 448	30 448	30 448	-	33 110	34 766	36 504
Finance charges		42	8	5	-	-	-	2	-	-	-
Bulk purchases	2	36 714	37 197	39 280	47 900	47 900	47 900	27 141	48 000	50 400	52 920
Other materials	8	2 182	4 551	3 646	4 632	6 015	6 015	2 237	5 192	5 451	5 724
Contracted services		64 700	68 201	67 838	88 323	94 210	94 210	49 599	101 849	106 941	112 288
Transfers and subsidies		-	-	150	-	-	-	-	-	-	-
Other expenditure	4, 5	42 927	34 495	40 836	68 119	61 192	61 192	26 090	69 295	72 759	76 397
Losses		208	45 641	122 899	-	-	-	-	-	-	-
Total Expenditure		283 987	361 749	410 226	388 292	389 065	389 065	190 055	408 393	428 813	450 253
Surplus/(Deficit)		(4 335)	(65 935)	(45 893)	0	(2 463)	(2 463)	196 548	1	(1 092)	(1 041)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		143 839	136 428	107 817	117 059	119 522	119 522	104 795	101 527	127 554	135 922
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		139 504	70 493	61 924	117 059	117 059	117 059	301 343	101 528	126 462	134 881
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		139 504	70 493	61 924	117 059	117 059	117 059	301 343	101 528	126 462	134 881
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		139 504	70 493	61 924	117 059	117 059	117 059	301 343	101 528	126 462	134 881
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		139 504	70 493	61 924	117 059	117 059	117 059	301 343	101 528	126 462	134 881

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

1. Total revenue is R408,3 million (excluding capital and escalates to R449,2, million by 2022/23.
2. Revenue to be generated from property rates is R48, 1 million in the 2020/21 financial year and increases to R53,1 million by 2022/23 which represents 12 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality's own revenue.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R68,8 million for the 2020/21 financial year and increasing to R75,8 million by 2022/23. For the 2020/21 financial year services charges amount to 17 per cent of the total operating revenue base. This growth can mainly be attributed to the increase in the bulk prices of electricity.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. The percentage share of this revenue source increases each year as per the allocations on the DORA.
5. Bulk purchases amounts to R48 million and increases to R52 million for 2022/23. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
6. Employee related costs and bulk purchases 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.

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

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate		-	-	-	-	-	-	-	-	-	-
Vote 4 - Development and Planning		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community		-	-	-	-	-	-	-	-	-	-
Vote 6 - Infrastructure		-	-	-	-	-	-	-	-	-	-
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and council		-	(190)	(1 319)	5 000	3 300	3 300	1 831	3 000	3 150	-
Vote 2 - Finance and Admin		-	29 882	47 813	1 315	1 330	1 330	127 827	1 529	1 575	1 654
Vote 3 - Corporate		-	(124)	(416)	3 732	5 633	5 633	2 948	3 130	1 523	1 599
Vote 4 - Development and Planning		-	(49 022)	(94 833)	62 601	62 251	62 251	(48 773)	66 424	73 482	77 517
Vote 5 - Community		-	21 777	21 515	7 785	520	520	21 781	6 190	6 732	5 287
Vote 6 - Infrastructure		-	(3 140)	(7 120)	97 902	105 300	105 300	76 437	74 041	82 480	88 233
Vote 7 - Internal Audit		-	(12 694)	(12 694)	50	50	50	(12 694)	-	-	-
Capital single-year expenditure sub-total		-	(13 512)	(47 055)	178 384	178 384	178 384	169 355	154 314	168 942	174 290
Total Capital Expenditure - Vote		-	(13 512)	(47 055)	178 384	178 384	178 384	169 355	154 314	168 942	174 290

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations..

3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 16 MBRR Table A6 -Budgeted Financial Position
Explanatory notes to Table A6 - Budgeted Financial Position

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
ASSETS											
Current assets											
Cash	1	6 216	3 412	11 401	47 225	6 794	6 794	6 794	9 801	30 187	37 910
Call investment deposits	1	42 194	116 456	112 597	36 120	74 728	74 728	74 728	87 641	79 730	77 672
Consumer debtors	1	34 176	54 629	88 239	97 491	99 277	99 277	99 277	96 237	97 916	99 270
Other debtors		1 380	3 677	44 702	45 226	45 263	45 263	45 263	46 277	46 806	47 342
Current portion of long-term receivables		—	—	—	—	—	—	—	—	—	—
Inventory	2	966	—	974	974	974	974	974	984	994	1 005
Total current assets		84 933	178 175	257 913	227 035	227 035	227 035	227 035	240 940	255 633	263 202
Non current assets											
Long-term receivables		—	—	—	—	—	—	—	—	—	—
Investments		—	—	—	—	—	—	—	—	—	—
Investment property		21 614	17 738	35 575	35 575	35 575	35 575	35 575	35 947	36 324	36 705
Investment in Associate		—	—	—	—	—	—	—	—	—	—
Property, plant and equipment	3	682 280	919 348	950 856	1 098 713	1 098 713	1 098 713	1 098 713	1 082 116	1 105 382	1 119 182
Biological		—	—	—	—	—	—	—	—	—	—
Intangible		421	1 621	413	413	413	413	413	326	107	95
Other non-current assets		—	—	—	80	80	80	80	—	—	—
Total non current assets		704 315	938 708	986 844	1 134 780	1 134 780	1 134 780	1 134 780	1 118 390	1 141 813	1 155 983
TOTAL ASSETS		789 248	1 116 882	1 244 756	1 361 816	1 361 816	1 361 816	1 361 816	1 359 329	1 397 445	1 419 184
LIABILITIES											
Current liabilities											
Bank overdraft	1	—	—	—	—	—	—	—	—	—	—
Borrowing	4	—	—	—	—	—	—	—	—	—	—
Consumer deposits		1 046	—	1 255	1 255	1 255	1 255	1 255	1 268	1 282	1 295
Trade and other payables	4	28 582	(5 586)	80 832	80 832	80 832	80 832	80 832	81 679	82 535	83 400
Provisions		6 037	8 746	14 291	14 291	14 291	14 291	14 291	14 440	14 592	14 745
Total current liabilities		35 665	3 160	96 378	96 378	96 378	96 378	96 378	97 388	98 409	99 440
Non current liabilities											
Borrowing		—	—	—	—	—	—	—	—	—	—
Provisions		25 621	27 482	27 114	27 114	27 114	27 114	27 114	27 398	27 685	27 976
Total non current liabilities		25 621	27 482	27 114	27 114	27 114	27 114	27 114	27 398	27 685	27 976
TOTAL LIABILITIES		61 286	30 642	123 492	123 492	123 492	123 492	123 492	124 787	126 094	127 416
NET ASSETS	5	727 962	1 086 240	1 121 264	1 238 324	1 238 324	1 238 324	1 238 324	1 234 543	1 271 351	1 291 769
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		419 200	699 976	668 804	785 864	785 864	785 864	785 864	777 341	809 358	824 934
Reserves	4	308 761	386 264	452 460	452 460	452 460	452 460	452 460	457 202	461 993	466 835
TOTAL COMMUNITY WEALTH/EQUITY	5	727 962	1 086 240	1 121 264	1 238 324	1 238 324	1 238 324	1 238 324	1 234 543	1 271 351	1 291 769

1. Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and

cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 17 Table A7 - Budgeted Cash Flow Statement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		25 919	22 711	23 042	39 707	39 702	39 702	39 702	43 386	45 556	47 834
Service charges		46 680	57 945	61 166	64 170	64 906	64 906	64 906	66 547	73 399	77 240
Other revenue		5 068	1 444	1 468	8 516	8 200	8 200	8 200	7 620	8 001	8 401
Transfers and Subsidies - Operational	1	159 992	196 599	201 157	242 899	240 436	240 436	240 436	256 212	264 014	277 130
Transfers and Subsidies - Capital	1	152 935	134 060	114 823	117 059	119 522	119 522	119 522	101 527	127 554	135 922
Interest		14 266	18 262	20 109	23 225	21 759	21 759	21 759	26 449	27 771	29 160
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(230 659)	(248 897)	(282 258)	(357 844)	(358 617)	(358 617)	(358 617)	(375 283)	(394 047)	(413 749)
Finance charges		(34)	(8)	(5)	-	-	-	-	-	-	-
Transfers and Grants	1	(18 016)	-	(150)	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		156 152	182 116	139 352	137 732	135 909	135 909	135 909	126 459	152 248	161 937
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		823	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		5 106	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		375	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(138 829)	(134 060)	(135 223)	(178 384)	(178 384)	(178 384)	(178 384)	(154 314)	(168 942)	(174 290)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(132 524)	(134 060)	(135 223)	(178 384)	(178 384)	(178 384)	(178 384)	(154 314)	(168 942)	(174 290)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		23 628	48 056	4 129	(40 652)	(42 476)	(42 476)	(42 476)	(27 855)	(16 694)	(12 353)
Cash/cash equivalents at the year begin:	2	48 411	71 912	119 869	123 997	123 997	123 997	123 997	125 297	97 442	80 748
Cash/cash equivalents at the year end:	2	72 038	119 967	123 998	83 345	81 522	81 522	81 522	97 442	80 748	68 395

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. The 2020/21 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. The estimated surplus for the 2020/21 MTREF is based on enhancing the going concern principle of the municipality, the cash and cash equivalents is estimated at R91 million and R68 million in 2022/23 outer year .

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

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	72 038	119 967	123 998	83 345	81 522	81 522	81 522	97 442	80 748	68 395
Other current investments > 90 days		(23 628)	(99)	(0)	—	—	—	—	—	29 168	47 189
Non current assets - Investments	1	—	—	—	—	—	—	—	—	—	—
Cash and investments available:		48 411	119 869	123 997	83 345	81 522	81 522	81 522	97 442	109 916	115 584
Application of cash and investments											
Unspent conditional transfers		4 030	(5 586)	3 236	3 236	3 236	3 236	3 236	3 270	3 304	3 339
Unspent borrowing		—	—	—	—	—	—	—	—	—	—
Statutory requirements	2										
Other working capital requirements	3	(4 140)	(47 755)	(40 487)	(80 976)	(82 262)	(82 262)	(82 262)	(81 210)	(82 845)	(84 041)
Other provisions											
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(110)	(53 341)	(37 251)	(77 740)	(79 026)	(79 026)	(79 026)	(77 940)	(79 541)	(80 702)
Surplus(shortfall)		48 521	173 210	161 248	161 085	160 547	160 547	160 547	175 381	189 457	196 286

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. Considering the requirements of section 18 of the MFMA, it can be concluded that the tabled 2020/21 MTREF is funded.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2020/21 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 18 A9 - Asset Management

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	—	72 157	19 744	170 154	173 334	173 334	111 055	120 397	125 100
Roads Infrastructure		—	30 888	64 432	44 469	42 659	42 659	19 860	20 853	22 257
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	(3 338)	(76 954)	80 727	75 727	75 727	58 091	79 960	85 587
Water Supply Infrastructure		—	—	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		—	—	—	1 500	—	—	1 000	1 050	1 103
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	(1)	530	2 235	2 235	950	525	551
Infrastructure		—	27 550	(12 522)	127 226	120 621	120 621	79 901	102 388	109 498
Community Facilities		—	104	35 022	1 150	—	—	1 750	1 260	1 323
Sport and Recreation Facilities		—	(148)	2 450	13 350	17 250	17 250	5 875	8 611	9 042
Community Assets		—	(42)	37 472	14 500	17 250	17 250	7 625	9 871	10 365
Heritage Assets		—	—	—	80	80	80	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Operational Buildings		—	—	—	—	—	—	—	—	—
Housing		—	47	(10 195)	17 400	28 128	28 128	16 000	3 150	3 308
Other Assets		—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets		—	—	(10 195)	17 400	28 128	28 128	16 000	3 150	3 308
Servitudes		—	—	—	680	—	—	—	—	—
Licences and Rights		—	23	23	—	—	—	209	—	—
Intangible Assets		—	23	23	—	—	—	209	—	—
Computer Equipment		—	16 502	16 422	3 419	3 765	3 765	2 100	998	1 047
Furniture and Office Equipment		—	3 781	4 825	1 650	1 650	1 650	540	—	—
Machinery and Equipment		—	2 100	2 384	130	30	30	1 380	840	882
Transport Assets		—	22 195	24 904	6 500	3 300	3 300	3 300	3 150	—
Land		—	—	(43 568)	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Total Renewal of Existing Assets	2	—	—	—	—	—	—	—	—	—
Roads Infrastructure		—	—	—	—	—	—	—	—	—
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	—	—	—	—	—	—	—	—
Water Supply Infrastructure		—	—	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		—	—	—	—	—	—	400	—	—
Rail Infrastructure		—	—	—	—	—	—	—	2 637	988
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		—	—	1 885	6 350	3 750	3 750	41 409	46 655	47 208
Community Facilities		—	—	—	500	200	200	—	—	—
Sport and Recreation Facilities		—	—	—	130	100	100	—	—	—
Community Assets		—	—	—	630	300	300	50	—	—
Heritage Assets		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Operational Buildings		—	—	—	—	—	—	—	—	—
Housing		—	—	9	200	—	—	800	840	882
Other Assets		—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets		—	—	9	200	—	—	800	840	882
Servitudes		—	—	—	50	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	—	—	—
Intangible Assets		—	—	—	—	—	—	—	—	—
Computer Equipment		—	—	(1)	—	—	—	—	—	—
Furniture and Office Equipment		—	—	—	—	—	—	—	—	—
Machinery and Equipment		—	—	—	—	—	—	—	—	—
Transport Assets		—	—	505	11 322	1 000	1 000	1 000	1 050	1 103
Land		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Total Capital Expenditure	4	—	72 663	32 960	178 384	178 384	178 384	154 314	168 942	174 290
Roads Infrastructure		—	30 888	65 854	49 069	44 909	44 909	60 469	84 870	68 475
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	(3 388)	(76 490)	82 477	77 227	77 227	58 491	79 960	85 587
Water Supply Infrastructure		—	—	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		—	—	—	1 500	—	—	1 400	3 687	2 090
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	(1)	530	2 235	2 235	950	525	551
Infrastructure		—	27 550	(10 638)	133 576	124 371	124 371	121 310	149 043	156 703
Community Facilities		—	104	35 022	1 650	200	200	1 750	1 260	1 323
Sport and Recreation Facilities		—	(148)	2 450	13 480	17 350	17 350	5 925	8 611	9 042
Community Assets		—	(42)	37 472	15 130	17 550	17 550	7 675	9 871	10 365
Heritage Assets		—	—	—	80	80	80	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Operational Buildings		—	—	—	—	—	—	—	—	—
Housing		—	47	(10 186)	17 600	28 128	28 128	16 800	3 990	4 190
Other Assets		—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets		—	—	(10 186)	17 600	28 128	28 128	16 800	3 990	4 190
Servitudes		—	—	—	730	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	—	—	—
Intangible Assets		—	23	23	—	—	—	209	—	—
Computer Equipment		—	16 502	16 422	3 419	3 765	3 765	2 100	998	1 047
Furniture and Office Equipment		—	3 781	4 825	1 650	1 650	1 650	540	—	—
Machinery and Equipment		—	2 100	2 384	1 130	1 030	1 030	2 380	1 890	1 985
Transport Assets		—	22 195	24 904	6 500	3 300	3 300	3 300	3 150	—
Land		—	—	(43 568)	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
TOTAL CAPITAL EXPENDITURE - Asset class		—	72 663	32 960	178 384	178 384	178 384	154 314	168 942	174 290
ASSET REGISTER SUMMARY - PPE (WDV)	5	525 879	675 977	761 825	821 598	745 793	745 793	763 927	786 173	792 933
Roads Infrastructure		323 409	465 585	464 030	541 502	441 095	441 095	455 453	477 809	484 475
Storm water Infrastructure		—	(2 282)	(2 282)	(2 282)	(2 282)	(2 282)	(2 306)	(2 330)	(2 355)
Electrical Infrastructure		—	(680)	(816)	75 661	2 984	2 984	14 675	33 986	37 218
Water Supply Infrastructure		—	—	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		—	—	(360)	(360)	(360)	(360)	(364)	(367)	(371)
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	372	371	902	2 607	2 607	1 325	904	934
Infrastructure		323 409	465 585	464 030	541 502	441 095	441 095	455 453	477 809	484 475
Community Assets		—	90 449	125 421	127 621	125 571	125 571	128 435	129 166	130 563
Heritage Assets		21 814	—	—	80	80	80	—	—	—
Investment properties		74 614	17 738	35 575	35 575	35 575	35 575	39 947	36 324	36 705
Other Assets		33 209	—	69 939	(5 724)	(6 097)	(6 097)	70 772	71 518	72 271
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Servitudes		421	1 621	413	413	413	413	326	107	95
Licences and Rights		—	16 173	16 271	19 666	19 963	19 963	18 041	17 086	17 284
Intangible Assets		—	3 003	14 155	14 262	14 192	14 192	14 283	13 865	13 987
Computer Equipment		—	763	1 461	(28 857)	1 491	1 491	2 706	2 174	2 224
Furniture and Office Equipment		—	15 857	13 703	20 203	16 653	16 653	16 827	13 808	13 808
Machinery and Equipment		—	64 247	20 858	96 856	96 856	96 856	21 076	21 297	21 520
Transport Assets		—	—	—	—	—	—	—	—	—
Land		72 412	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	525 879	675 977	761 825	821 598	745 793	745 793	763 927	786 173	792 933
EXPENDITURE OTHER ITEMS		32 720	51 468	43 093	54 465	53 759	53 759	55 273	58 037	60 938
Depreciation	7	32 720	51 771	48 469	30 448	30 448	30 448	33 110	34 766	36 504
Repairs and Maintenance by Asset Class	3	—	(303)	(5 376)	24 017	23 311	23 311	22 163	23 271	24 435
Roads Infrastructure		—	(161)	(2 658)	5 457	4 457	4 457	6 998	7 348	7 715
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	—	—	—	—	—	—	—	—
Water Supply Infrastructure		—	—	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		—	—	—	—	—	—	—	—	—
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		—	(761)	(2 658)	5 457	4 457	4 457	6 998	7 348	7 715
Community Facilities		—	104	(1)	750	785	785	1 180	1 239	1 301
Sport and Recreation Facilities		—	—	—	12 750	11 894	11 894	1 890	3 503	3 978
Community Assets		704	—	(1)	73 500	72 50				

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 9 per cent of PPE.

Table 19 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Total cost of FBS provided		-	-	-	-	-	-	-	-	-
Highest level of free service provided per household										
Property rates (R value threshold)		55 000	55 000	55 000	65 000	65 000	65 000	65 000	65 000	65 000
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)					19 274			17 954	18 852	19 794
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates	6									
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided		-	-	-	19 274	-	-	17 954	18 852	19 794

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for 19000 households to be registered as indigent in 2020/21, and therefore entitled to receiving Free Basic Services. The number is to be maintained at 19 000 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
3. It is anticipated that these Free Basic Services will cost the municipality R17 million in 2020/21, increasing to R19 million in 2020/20. This is covered by the municipality's equitable share allocation from national government.

2 Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

1. The process followed in compiling the 2020/21 Budget can be summarised as follows:
 - a) Council Adopted a Budget Timetable in August 2019.
 - b) The Budget & Finance Standing Committee Compiled Budget Assumptions and recommended same to Council for adoption. During this meeting the Budget, Tariff, Rates, Indigent and SCM Policies were reviewed. ;
 - c) The CFO presented the Budget Assumptions and Guideline to the General Manager in October 2019;
 - d) IDP / Budget Outreaches will be held in 06-10 April 2020. Councillors, Managers and support staff were divided in six (6) teams and all wards were visited during one (1) week.

2.2 Overview of alignment of annual budget with IDP

The development of the IDP of 2018-2022 and the 2020/21 Budget Compilation were done simultaneously. During the Community Participation Process IDP priorities and the implications it will have on the current and future budgets were discussed. Community input in this regard was invited and included in both the IDP and the 2020/2021 Budget. Only capital items listed in the IDP was included in the Budget, funds permitting.

The Municipal Departments are aligned with the 5 Local Government Key Performance Areas. The Department's strategies are therefore linked to the 5 KRA's Details of the Budgets allocated to the various departments are reflected in schedules SA4-6.

The Departmental SDBIP contains projects and programmes listed in the IDP. The General Manager's performances plan is linked to the Departmental SDBIP.

The SDBIP marries the Performance Management System with the budget and the IDP. Thus the strategic Direction mapped out in the IDP is matched with financial resources and delivery of services as specified in the PMS.

The SDBIP allows the budget to be implemented fully as it identifies:

- The Strategic Imperative – Through link with the IDP.
- The Financial Imperative – Through links with the Budget
- The Performance Imperative – Through links to the PMS

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South Africa society can only be realised 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 other, 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 Nation 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 City, 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 City strategically complies with the key national and provincial priorities.

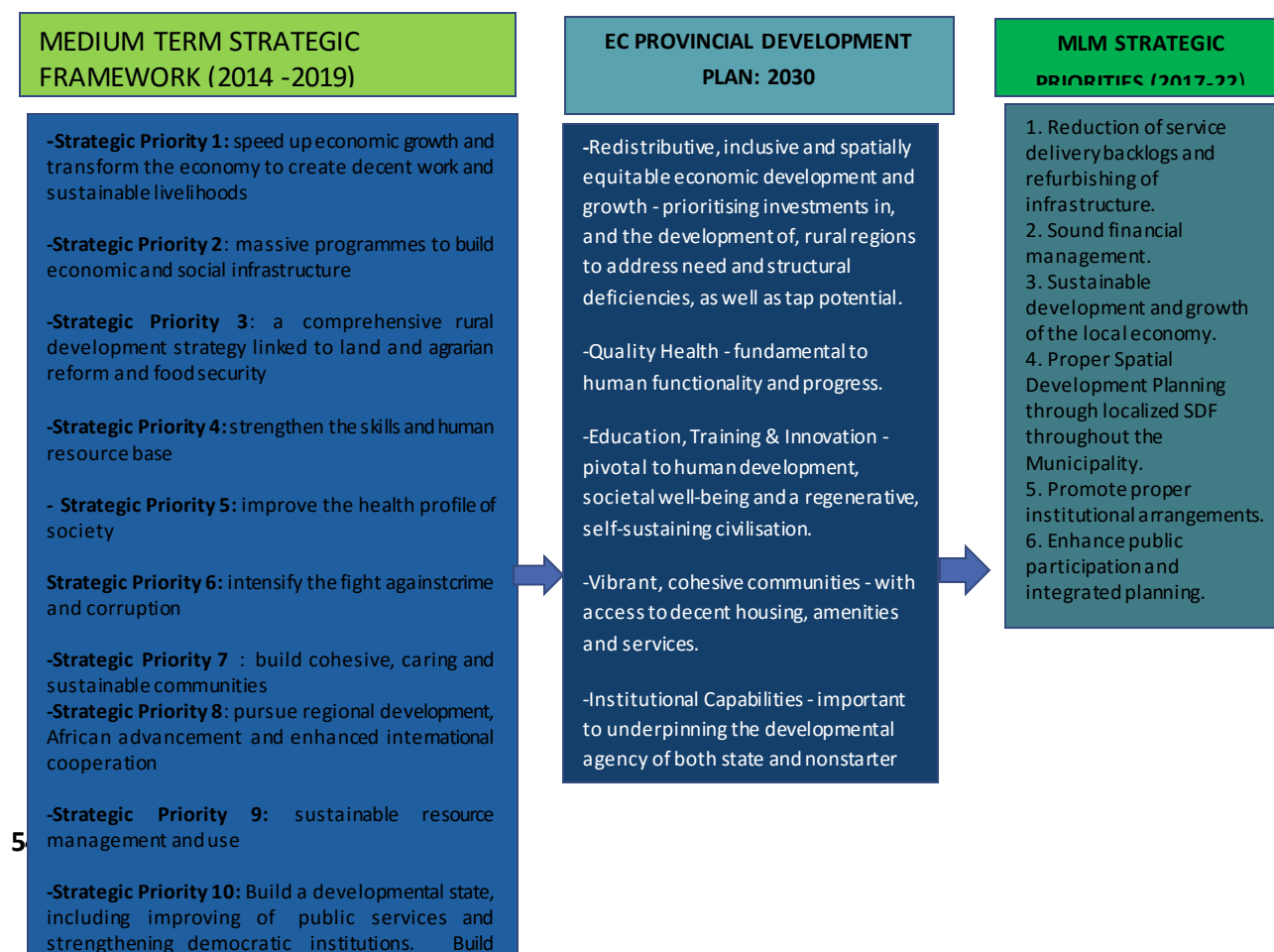
The aim of the revision cycle was develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

The national and provision priorities, policies

- Green Paper on National Strategic
- Government Programme of Action
- Development Facilitation Act of
- Provincial Growth and Development
- National and Provincial Spatial Development Perspectives;
- Relevant Sector plans such as transportation, Legislation and policy;
- National Key Performance Indicators (NKPI's);
- Accelerated and Shared Growth
- National Spatial Development
- 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 2016/2017 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives



In order to ensure integrated and focused service delivery between all spheres of government it was important for the city to align its budget with that of national and provincial government. All spheres of government place a high priority on infrastructure 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. Provision of quality basic service and infrastructure which includes, amongst others:
 - Provide Electricity
 - Provide Water
 - Provide Sanitation
 - Provide Waste Removal
 - Provide Housing
 - Provide Roads and Storm Water
 - Provide Public Transport
 - Provide City Planning Service; and
 - Maintaining the Infrastructure of the municipality
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
3. Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the Provincial Department of Health to provide primary health care services;
 - Extending waste removal services and ensuring effective city cleansing;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.1 Integrated Social Services for empowered and sustained communities
 - Work with Provincial Departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the Revenue Management Strategy.
- 5.1 Promote sound governance through:
 - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
 - Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 4.3 Optimal institutional transformation to ensure capacity to achieve set objectives
 - Review of the organizational structure to optimize the use of personal;

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

In addition to the five-year IDP, the City 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 City 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 City's IDP, associated scrolal plans and strategies, and the allocation of resources of the City 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 planning cycles as well as changing environments were taken into consideration in the compilation for the fourth revised IDP, including;

- Strengthening the analysis and strategic planning processes of the City;
- Initiating zoned 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.

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

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
R thousand													
To improve revenue enhancement through broadening revenue base and improving revenue collection				360 598	423 491	432 242	465 315	439 581	–	484 349	513 147	530 139	
To promote safer, informed and secure communities							4 400	4 400	–	6 089	6 394	6 713	
To achieve sound environmental management and land use conservation management							9 912	9 912	–	14 849	15 591	16 371	
To ensure implementation of SDF AND LUMPS in in line with the SDF							70	70	–	65	68	72	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	360 598	423 491	432 242	479 696	453 963	453 963	505 352	535 200	553 294

Table 20MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
R thousand													
.To Support the development of SMME to participate in a diversified and growing To build a healthy competent and effective workforce To ensure full compliance with legislative requirements of MFMA MPRA and financial To improve the provision basic services to rural and urban communities in the To maintain municipal infrastructure and public amenities To promote a coherent and interactive communication and participation with customers To Provide Land for Residential Commercial and Industrial Development To Strengthen integrated planning performance monitoring and evaluation of										11 168	11 726	12 313	
Allocations to other priorities													
Total Expenditure				1	283 987	361 749	410 226	388 292	389 065	389 065	408 393	428 813	450 253

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews 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:

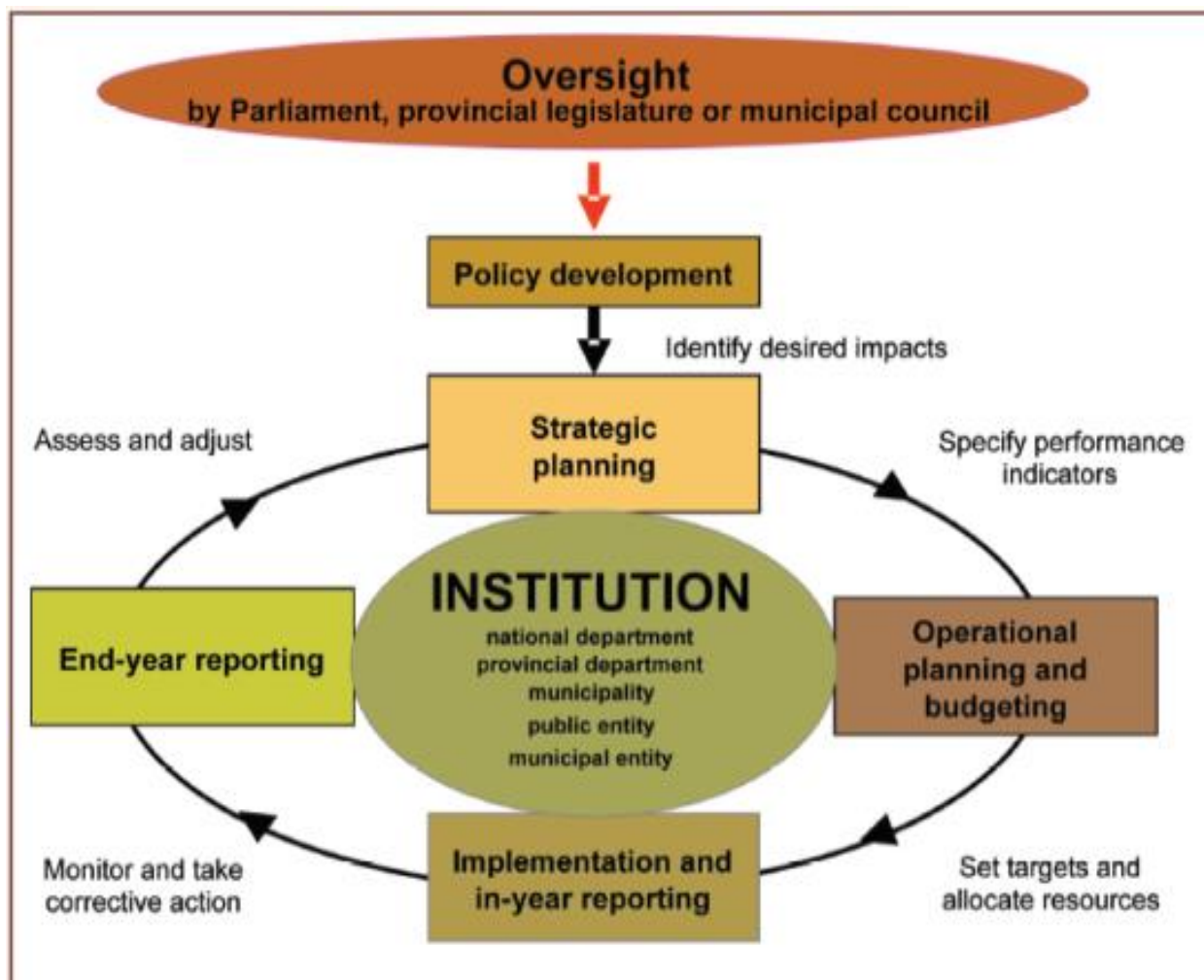


Figure 5 Planning, Budgeting and Reporting Cycle

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

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitor 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 (marking changes where necessary)

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

Figure 6 Definition of performance information concepts

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

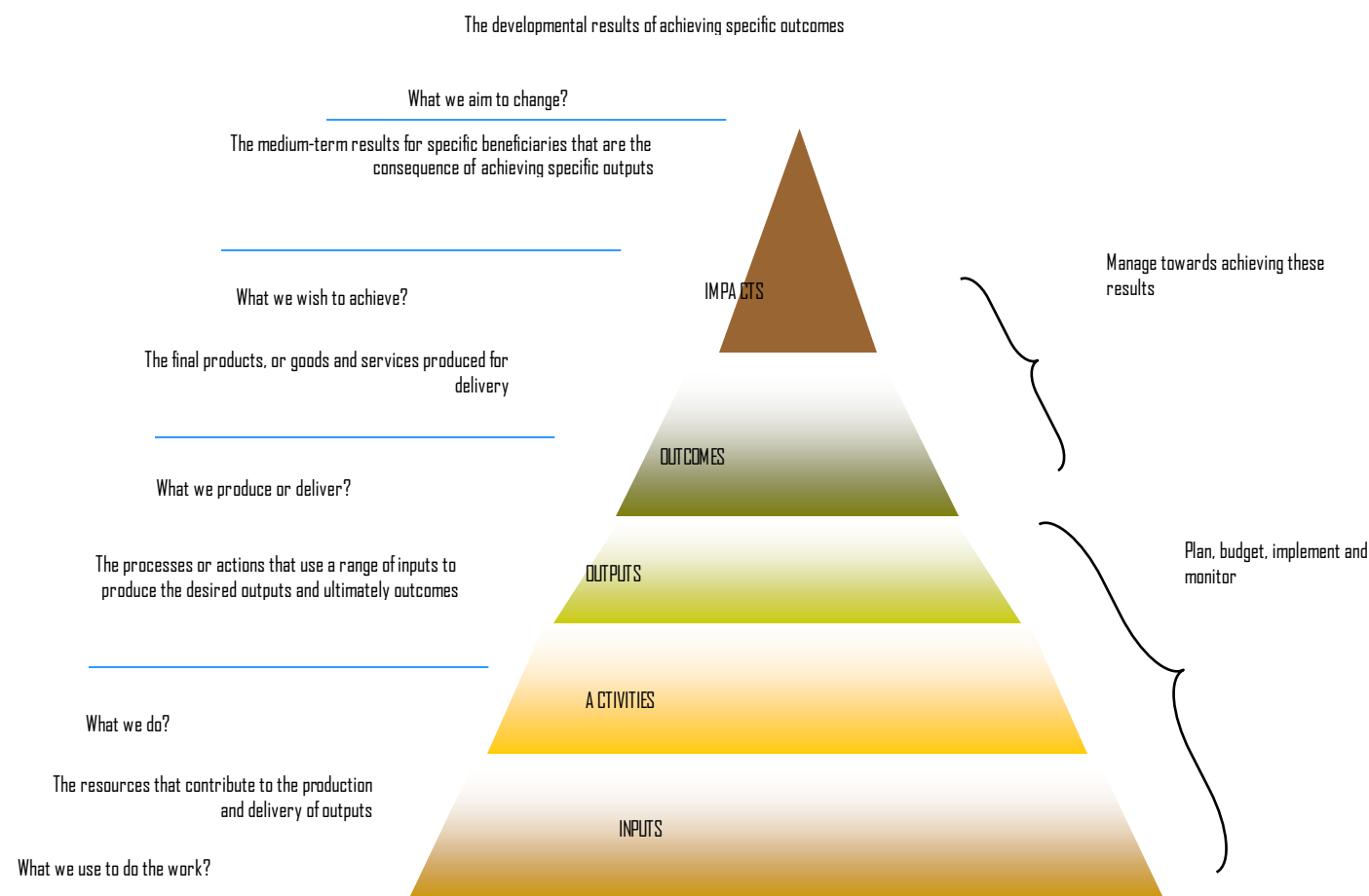


Figure 6 Definition of performance information concepts

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

Table 21MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	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%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	2.4	56.4	2.7	2.4	2.4	2.4	2.4	2.5	2.6	2.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 day s/current liabilities	2.4	56.4	2.7	2.4	2.4	2.4	2.4	2.5	2.6	2.6
Liquidity Ratio	Monetary Assets/Current Liabilities	1.4	37.9	1.3	0.9	0.8	0.8	0.8	1.0	1.1	1.2
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	94.5%	96.4%	80.6%	80.6%	92.6%	93.3%	93.3%	93.3%	94.0%	93.8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		88.3%	96.4%	80.6%	92.6%	93.3%	93.3%	93.3%	94.0%	93.8%	93.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	12.7%	19.7%	36.5%	36.8%	37.4%	37.4%	37.4%	34.9%	33.8%	32.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		31.9%	0.0%	32.4%	48.2%	49.3%	49.3%	49.3%	41.7%	50.8%	60.6%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	30.9%	34.3%	30.2%	31.1%	31.7%	31.7%	18.6%	30.7%	30.7%	30.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	35.4%	42.7%	37.4%	36.9%	37.6%	37.6%		35.7%	35.8%	35.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	-0.1%	-1.5%	6.2%	6.0%	6.0%		5.4%	5.4%	5.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	11.7%	17.5%	0.0%	7.8%	7.9%	7.9%	0.0%	8.1%	8.1%	8.1%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	6.0	5.4	6.5	6.7	6.7	6.7	5.5	5.5	5.6	5.9
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	42.9%	68.9%	126.3%	125.3%	127.9%	127.9%	127.9%	121.3%	113.7%	109.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.9	6.0	5.7	3.2	3.1	3.1	5.7	3.5	2.8	2.3

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Matatiele Local Municipality's borrowing strategy is primarily informed by the affordability of debt repayment. The structure of the Municipality's debt portfolio is dominated by annuity loans.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2020/21 MTREF the current ratio is 1.4 in the 2020/21 financial year and 1.3 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.3.1.6 Other Indicators

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

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

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

For the 2020/21 financial year 19 000 registered indigents have been provided for in the budget with this figured increasing to 21 000 by 2022/23. In terms of the Municipality's indigent policy registered households are entitled to 50 kWh of electricity and free waste removal as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 52.

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

2.4 OVERVIEW OF BUDGET RALATED POLICIES

As listed hereunder are all the policies that are current adopted by

Matatiele Local Municipality. All these policies can be viewed on the official municipal website www.matatiele.gov.za

Budget Related Policies

- 2.1. Appointment of consultant's policy,
- 2.2. Banking and investments policy,
- 2.3. Budget policy,
- 2.4. Cash management policy,
- 2.5. Cash shortage policy,
- 2.6. Credit control and debt collection policy,
- 2.7. Cost containment policy ,
- 2.8. Customer care policy,
- 2.9. Customer incentive scheme policy,
- 2.10. Data backup policy,
- 2.11. Debt capacity policy,
- 2.12. Donor finance policy,
- 2.13. Electricity token policy,
- 2.14. Entertainment & refreshments policy,
- 2.15. Unclaimed deposits policy,
- 2.16. Fraud prevention plan 2020-21,
- 2.17. Gifts policy for officials,
- 2.18. Grants & donation policy,
- 2.19. GRAP framework policy,
- 2.20. Impairment and write off policy,
- 2.21. Cash-up Policy,
- 2.22. Fixed Assets Policy,
- 2.23. Payment Policy,
- 2.24. Petty Cash Policy,
- 2.25. Rates Policy,
- 2.26. Special Services Policy,
- 2.27. Strategy to improve Debtor policy,
- 2.28. Supply Chain Management Policy,
- 2.29. Tariff Policy,
- 2.30. Use of Credit Card Policy and
- 2.31. Virement Policy.
- 2.32. Infrastructure procurement and delivery management policy.
- 2.33. Amended Indigent Policy of 2020/21

Overview of Budget Assumptions

Arising from the above Overview of Economic Analysis, the following Budget Assumptions were made and are affected in the 2020/21 budget:

✚ Estimate Salary Increases

- 2020/21 – 6.25%
- 2021/22 – 7%
- 2022/23 – 7%

✚ Debt Impairment: the overall collection levels are estimate around 85% overall for the MLM.

Payment levels for the following revenue streams have been estimated as follows:

- Property Rates (85% in 2020/21)
- Electricity (90% in 2020/21)
- Refuse (90% in 2020/21)

✚ Other expenditure: In order to accommodate the increases in salaries, bulk purchases, debt

Impairment and depreciation, it means that all other expenditure will increase at a reduced rate or maintained at the current levels;

✚ Matatiele Local Municipality will continue with its current powers and functions;

✚ The Budget is based on current service levels.

✚ Government grants for the years 2020/21- 2022/23 are as per the Division of Revenue Act, assuming that all allocations will be received;

✚ Growth in staff related costs has been provided for in the budget at 6.25% per annum, growth in the remaining expense items range from 0% to 10%;

✚ Provision has been made for tariff increases relating to services at an average rate of 5% per annum; and

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

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

Table 1 Breakdown of the operating revenue over the medium-term

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

- The revenue strategy is a function of key components such as:
 - Growth in the municipality and economic development;
 - Revenue management and enhancement;
 - Achievement of a 85 per cent annual collection rate for consumer revenue;
 - National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and the ability to extend new services and obtain cost recovery levels.

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

The proposed tariff increases for the 2020/21 MTREF on the different revenue categories are:

Proposed tariff increases over the medium-term- solid waste removal

	WITHOUT VAT	CurrentTariff VAT Excluded 2018/2019	Increase for 2019/2020	New Tariff VAT Excluded 2019/2020	Increase for 2020/2021	New Tariff VAT Excluded 2020/2021
1	REFUSE REMOVAL CHARGES					
1.1	<i>Domestic Removals</i>					
(a)	Every owner or occupier of premises from which refuse is removed twice weekly shall pay the Council a fee of per bag per month.	R 123.89	7%	R 132.56	7%	R 141.84
1.2	<i>Commercial Removals</i>					
(a)	Each individual/separate business shall be charged a basic service charge per month.	R 185.82	7%	R 198.83	7%	R 212.75
1.3	In addition to 1.2 every owner or occupier of business premises from which refuse is removed, shall pay the Council a fee of per bag per month, removal twice weekly.	R 185.82	7%	R 198.83	7%	R 212.75
1.4	Provided that Council may at any time conclude separate agreements with commercial users who require that refuse be removed more than twice a week. The above tariff shall be the applicable tariff.					
1.5	<i>Removal from Separate Consumers on same Premises</i>					
	Where refuse is removed from shops and dwellings or flats situated on the same premises such shops and dwellings or flats shall be regarded as separately occupied buildings, and the charges for the removal of refuse shall be as prescribed in applicable scales.					
1.6	<i>Availability Charge</i>			R -		
	A availability fee , is charged to any vacant commercial even located in the town areas of Cedarville, Matatiele and Maluti.	R 210.00	7%	R 224.70	7%	R 240.43
	A availability fee , is charged to any vacant domestic even located in the town areas of Cedarville, Matatiele and Maluti.	R 105.00	7%	R 112.35	7%	R 120.21

Proposed tariff increases over the medium-term- Electricity

	WITHOUT VAT	CurrentTariff VAT Excluded 2018/2019	Increase for 2019/2020	New Tariff VAT Excluded 2019/2020	Increase for 2020/2021	New Tariff VAT Excluded 2020/2021
6	ELECTRICITY CHARGES			R -		
	Electricity tariff subject to National Electricity Regulator S.A approval			R -		
	The charges payable by consumers for the supply of electricity shall be as follows:			R -		
6.1	Scale 1: Domestic Consumers			R -		
(a)	Basic charge, single or three phase per household per month. Plus the following kWh charges per month.	R 384.30	13.07%	R 434.53	13.07%	R 491.33
	0-50	R 0.85	13.07%	R 0.96	13.07%	R 1.09
	51-350	R 1.11	13.07%	R 1.25	13.07%	R 1.42
	351-600	R 1.57	13.07%	R 1.77	13.07%	R 2.00
	600 over	R 1.88	13.07%	R 2.12	13.07%	R 2.40
(b)	Scale 2: Commercial & Other Consumers					
	Basic charge of consumers with the following kVA installed per month					
	0 - 25 KVA	R 426.16	13.07%	R 481.86	13.07%	R 544.84
	<u>Commercial unit charge:</u>	R 1.67	13.07%	R 1.89	13.07%	R 2.14
	26 - 64 KVA	R 1 588.65	13.07%	R 1 796.28	13.07%	R 2 031.06
	<u>Commercial unit charge:</u>	R 1.70	13.07%	R 1.92	13.07%	R 2.17
	65 KVA and more	R 9 295.51	13.07%	R 10 510.43	13.07%	R 11 884.14
	<u>Commercial unit charge:</u>	R 1.70	13.07%	R 1.92	13.07%	R 2.17

Table 2MBRR SA16 – Investment particulars by maturity

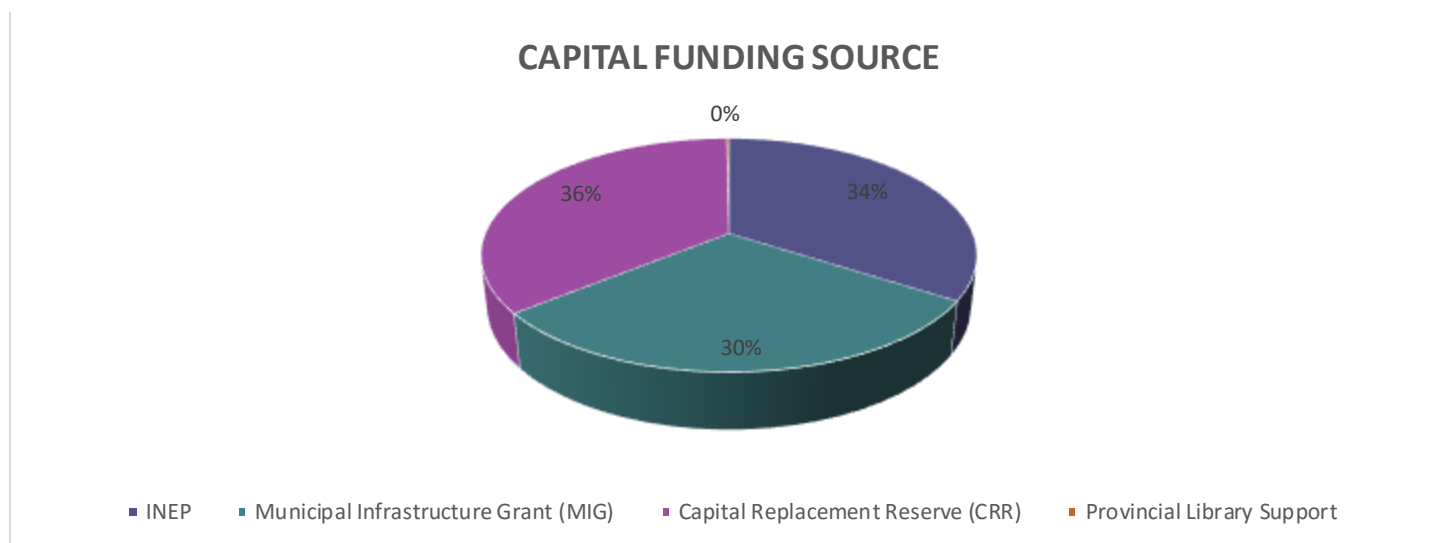
Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														
CALL ACC STD		DAILY	CALL	YES	5%		0			24 106	108		10 300	-
CALL ACC STD		DAILY	CALL	YES	5%		0			10 150	40		40	
CALL ACC FNB		DAILY	MONEY MARKET	YES	5%		0			6 805	30			
NEDBANK 32 DAY CALL		32 DAY		YES	7%		0			5 605	33		33	
NEDBANK		DAILY	DAILY CALL	YES	6%		0			16 055	321	(10 027 393.97)	168	
NEDBANK MIG ACC		DAILY	DAILY CALL	YES	6%		0			20 004	215		215	
NEDBANK DOE ACC		DAILY	DAILY CALL	YES	6%		0			17 936	105	(786 972.50)	105	
NEDBANK RETENTION ACC		DAILY	DAILY CALL	YES	6%		0			5 506	38	(5 732 240.18)	10 038	
NEDBANK SMARTGRID		DAILY	DAILY CALL	YES	6%		0			5 087	27		27	
NEDBANK MAN OF PLANT		DAILY	DAILY CALL	YES	6%		0			49	0		0	
NEDBANK ELECTRIFICATION		DAILY	DAILY CALL	YES	5%		0			5 111	27		27	
FNB ESTABLISHMENT PLAN		DAILY	MONEY MARKET	YES	5%		0			245	1		1	
FNB HOUSING DEV FUND		DAILY	MONEY MARKET	YES	5%		0			50 011	305		305	
FNB TOURISM		DAILY	MONEY MARKET	YES	5%		0			178				
Municipality sub-total										166 848		(16 547)	21 260	-
Entities														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	1									166 848		(16 547)	21 260	-

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2020/21 medium-term capital programme:
Sources of capital revenue for the 2020/21 financial year

FUNDING OF CAPITAL BUDGET	2020/21
INEP	R 52 591 000
Municipal Infrastructure Grant (MIG)	R 46 489 200
Capital Replacement Reserve (CRR)	R 54 973 500
Provincial Library Support	R260 000
TOTAL	154 313 700

The above table is graphically represented as follows for the 2020/21 financial year.



The Municipality's capital funding is dependant highly on the external grants as allocated on the DORA.

The following table is of the Municipality's borrowing liability, which is not applicable for the 2020/21 as we have no long term debt

Table 3MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorised by type R thousand	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality										
Annuity and Bullet Loans		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	-	-	-	-	-	-	-	-
Unspent Borrowing - Categorised by type										
Parent municipality										
Long-Term Loans (annuity/reducing balance)		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Total Unspent Borrowing	1	-	-	-	-	-	-	-	-	-

Table 41 MBRR Table SA 18 - Capital transfers and grants receipts

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
RECEIPTS:									
Capital Transfers and Grants									
#REF!	127 012	119 423	104 386	116 969	119 432	119 432	101 527	127 554	135 922
Integrated National Electrification Programme	47 012	76 118	43 080	70 177	70 177	70 177	52 591	74 500	79 854
Municipal Infrastructure Grant (MIG)	80 000	43 306	61 306	46 792	49 255	49 255	48 936	53 054	56 068
	-	-	-	-	-	-	-	-	-
	-	1	557	90	90	90	-	-	-
Libraries, Archives and Museums	-	1	557	90	90	90	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	9 306	2 874	-	-	-	-	-	-
Electrification Programme	-	9 306	2 874	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	127 012	128 730	107 817	117 059	119 522	119 522	101 527	127 554	135 922

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understanding ability for councillors and management. Some specific features include:

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

Table 42 MBRR Table A7 - Budget cash flow statement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		25 919	22 711	23 042	39 707	39 702	39 702	39 702	43 386	45 556	47 834
Service charges		46 680	57 945	61 166	64 170	64 906	64 906	64 906	66 547	73 399	77 240
Other revenue		5 068	1 444	1 468	8 516	8 200	8 200	8 200	7 620	8 001	8 401
Transfers and Subsidies - Operational	1	159 992	196 599	201 157	242 899	240 436	240 436	240 436	256 212	264 014	277 130
Transfers and Subsidies - Capital	1	152 935	134 060	114 823	117 059	119 522	119 522	119 522	101 527	127 554	135 922
Interest		14 266	18 262	20 109	23 225	21 759	21 759	21 759	26 449	27 771	29 160
Dividends		—			—	—	—	—	—	—	—
Payments											
Suppliers and employees		(230 659)	(248 897)	(282 258)	(357 844)	(358 617)	(358 617)	(358 617)	(375 283)	(394 047)	(413 749)
Finance charges		(34)	(8)	(5)	—	—	—	—	—	—	—
Transfers and Grants	1	(18 016)	—	(150)	—	—	—	—	—	—	—
NET CASH FROM/(USED) OPERATING ACTIVITIES		156 152	182 116	139 352	137 732	135 909	135 909	135 909	126 459	152 248	161 937
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		823			—	—	—	—	—	—	—
Decrease (increase) in non-current receivables		5 106			—	—	—	—	—	—	—
Decrease (increase) in non-current investments		375			—	—	—	—	—	—	—
Payments											
Capital assets		(138 829)	(134 060)	(135 223)	(178 384)	(178 384)	(178 384)	(178 384)	(154 314)	(168 942)	(174 290)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(132 524)	(134 060)	(135 223)	(178 384)	(178 384)	(178 384)	(178 384)	(154 314)	(168 942)	(174 290)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans					—	—	—	—	—	—	—
Borrowing long term/refinancing					—	—	—	—	—	—	—
Increase (decrease) in consumer deposits					—	—	—	—	—	—	—
Payments											
Repayment of borrowing					—	—	—	—	—	—	—
NET CASH FROM/(USED) FINANCING ACTIVITIES		—	—	—	—	—	—	—	—	—	—
NET INCREASE/ (DECREASE) IN CASH HELD		23 628	48 056	4 129	(40 652)	(42 476)	(42 476)	(42 476)	(27 855)	(16 694)	(12 353)
Cash/cash equivalents at the year begin:	2	48 411	71 912	119 869	123 997	123 997	123 997	123 997	125 297	97 442	80 748
Cash/cash equivalents at the year end:	2	72 038	119 967	123 998	83 345	81 522	81 522	81 522	97 442	80 748	68 395

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

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

Table 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	72 038	119 967	123 998	83 345	81 522	81 522	81 522	97 442	80 748	68 395
Other current investments > 90 days		(23 628)	(99)	(0)	–	–	–	–	–	29 168	47 189
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		48 411	119 869	123 997	83 345	81 522	81 522	81 522	97 442	109 916	115 584
<u>Application of cash and investments</u>											
Unspent conditional transfers		4 030	(5 586)	3 236	3 236	3 236	3 236	3 236	3 270	3 304	3 339
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	(4 140)	(47 755)	(40 487)	(80 976)	(82 262)	(82 262)	(82 262)	(81 210)	(82 845)	(84 041)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(110)	(53 341)	(37 251)	(77 740)	(79 026)	(79 026)	(79 026)	(77 940)	(79 541)	(80 702)
Surplus(shortfall)		48 521	173 210	161 248	161 085	160 547	160 547	160 547	175 381	189 457	196 286

2.6.5 Funding compliance measurement

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

Table 44MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	72 038	119 967	123 998	83 345	81 522	81 522	81 522	97 442	80 748	68 395
Cash + investments at the yr end less applications - R'000	18(1)b	2	48 521	173 210	161 248	161 085	160 547	160 547	160 547	175 381	189 457	196 286
Cash year end/monthly employee/supplier payments	18(1)b	3	3.9	6.0	5.7	3.2	3.1	3.1	5.7	3.5	2.8	2.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	139 504	70 493	61 924	117 059	117 059	117 059	301 343	101 528	126 462	134 881
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(4.2%)	18.8%	1.4%	(6.0%)	(6.0%)	(6.0%)	(1.7%)	2.3%	(0.8%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	76.3%	81.9%	60.7%	84.9%	84.7%	84.7%	84.7%	85.5%	85.6%	85.6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	1.5%	(0.1%)	5.6%	4.9%	3.6%	3.6%	0.0%	4.3%	4.1%	4.1%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	(992.2%)	(287.4%)	100.0%	100.0%	100.0%	105.3%	100.0%	100.0%	100.0%
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 - incr(decr)	18(1)a	11	N.A.	64.0%	128.0%	7.4%	1.3%	0.0%	0.0%	(1.4%)	1.5%	1.3%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	(0.0%)	(0.6%)	2.2%	2.1%	2.1%	2.0%	2.0%	2.1%	2.2%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
High Level Outcome of Funding Compliance												
Total Operating Revenue			279 653	295 814	364 333	388 292	386 603	386 603	386 603	408 394	427 721	449 212
Total Operating Expenditure			283 987	361 749	410 226	388 292	389 065	389 065	190 055	408 393	428 813	450 253
Surplus/(Deficit) Budgeted Operating Statement			(4 335)	(65 935)	(45 893)	0	(2 463)	(2 463)	196 548	1	(1 092)	(1 041)
Surplus/(Deficit) Considering Reserves and Cash Backing			48 521	173 210	161 248	161 085	160 547	160 547	160 547	175 381	189 457	196 286
MTREF Funded (1) / Unfunded (0)		15	1	1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗		15	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

2.6.5.1 Cash/cash equivalent position

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

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 43, on page 84. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. It is especially important to consider the position should the municipality be faced with an expected disaster that threatens revenue collection such as rate boycotts. As part of the 2020/21 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.3 and then increase slightly to 9 for outer years. As indicated above the Municipality aims to archive at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.5.4 Surplus/deficit excluding depreciation offsets

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

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

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

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

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 present). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 9% for the respective financial year of the 2019/20 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 5 per cent, with the increase in electricity at 1.88 per cent it is to be expected that the increase in revenue exceed the inflation target figures.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 85 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

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

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

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

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

2.6.5.10 Consumer debtors change (Current and Non-current)

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

2.6.5.11 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.

2.6.5.12 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.

Table 45 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		176 032	193 039	214 943	242 339	239 876	239 876	255 022	264 014	277 130
Local Government Equitable Share		170 266	185 808	207 642	234 919	234 919	234 919	249 823	262 314	275 430
Expanded Public Works Programme Integrated Grant		1 790	2 780	3 185	3 257	3 257	3 257	3 499	–	–
Local Government Financial Management Grant		1 625	1 699	1 701	1 700	1 700	1 700	1 700	1 700	1 700
Municipal Infrastructure Grant		2 351	2 752	2 415	2 463	–	–	–	–	–
Provincial Government:		–	1 246	676	560	560	560	1 190	–	–
Human Settlement Development			778	–	–	–	–	–	–	–
IDP			8	168	–	–	–	–	–	–
Libraries, Archives and Museums			459	508	560	560	560	1 190	–	–
0										
District Municipality:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>										
Other grant providers:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>										
Total operating expenditure of Transfers and Grants		176 032	194 284	215 618	242 899	240 436	240 436	256 212	264 014	277 130
Capital expenditure of Transfers and Grants										
National Government:		127 012	119 423	104 386	116 969	119 432	119 432	101 527	127 554	135 922
Integrated National Electrification Programme (Municipal Infrastructure Grant)		47 012	76 118	43 080	70 177	70 177	70 177	52 591	74 500	79 854
Municipal Infrastructure Grant (MIG)		80 000	43 306	61 306	46 792	49 255	49 255	48 936	53 054	56 068
0										
Provincial Government:		–	1	557	90	90	90	–	–	–
Libraries, Archives and Museums			1	557	90	90	90	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>										
Other grant providers:		–	9 306	2 874	–	–	–	–	–	–
<i>Electrification Programme</i>			9 306	2 874	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		127 012	128 730	107 817	117 059	119 522	119 522	101 527	127 554	135 922
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		303 044	323 014	323 436	359 958	359 958	359 958	357 739	391 568	413 052

2.8 Table 4MBRR SA23 - Summary of councillor and staff benefits

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contribution	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		512 926	–	243 136			756 062
Chief Whip			498 202	–	213 575			711 777
Executive Mayor			617 924	46 344	268 931			933 200
Deputy Executive Mayor			–	–	–			–
Executive Committee			3 142 662	165 117	1 539 491			4 847 270
Total for all other councillors			7 976 595	685 318	4 806 809			13 468 722
Total Councillors	8	–	12 748 310	896 779	7 071 942			20 717 031
Senior Managers of the Municipality	5							
Municipal Manager (MM)			991 528	15 454	541 968	–		1 548 950
Chief Finance Officer			450 164	9 112	461 046	–		920 322
General Manager : Community Services			266 736	66 815	934 757	–		1 268 308
General Manager : Corporate Services			563 064	53 591	370 837	–		987 492
General Manager : Economic Development & Planning			369 750	12 654	883 759			1 266 163
General Manager : Infrastructure			472 362	9 117	427 455			908 934
<i>List of each official with packages >= senior manager</i>								
Total Senior Managers of the Municipality	8,10	–	3 113 603	166 743	3 619 822	–		6 900 169
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	–	15 861 913	1 063 522	10 691 764	–		27 617 200

Table 49 MBRR SA24–Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2018/19			Current Year 2019/20			Budget Year 2020/21		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		61	–	61	61	–	60	51	–	51
Board Members of municipal entities	4				–	–	–			
Municipal employees	5				–	–	–			
Municipal Manager and Senior Managers	3	6	–	6	6	–	4	6	–	6
Other Managers	7	20	–	20	21	–	19	21	–	21
Professionals		44	40	4	153	138	3	87	84	3
Finance		11	10	1	40	35	–	19	19	–
Spatial/town planning		2	2	–	14	13	–	4	4	–
Information Technology		1	1	–	9	8	–	1	1	–
Roads		6	3	3	–	–	–	7	4	3
Electricity		6	6	–	–	–	–			
Water					–	–	–			
Sanitation					–	–	–			
Refuse					–	–	–	1	1	–
Other		18	18	–	90	82	3	55	55	–
Technicians		102	102	–	6	6	–	58	58	–
Finance		18	18	–	–	–	–	8	8	–
Spatial/town planning		2	2	–	–	–	–	–	–	–
Information Technology		4	4	–	1	1	–	7	7	–
Roads		3	3	–	–	–	–	9	9	–
Electricity					3	3	–	3	3	–
Water					–	–	–			
Sanitation					–	–	–			
Refuse		1	1	–	–	–	–	1	1	–
Other		74	74	–	2	2	–	30	30	–
Clerks (Clerical and administrative)		48	48	–	–	66	2	65	39	26
Service and sales workers		25	25	–	–	44	1			
Skilled agricultural and fishery workers					2	2	–			
Craft and related trades		9	9	–	–	–	–			
Plant and Machine Operators		13	13	–	3	3	–	15	15	–
Elementary Occupations		93	93	–	178	157	–	96	96	–
TOTAL PERSONNEL NUMBERS	9	421	330	91	430	416	89	399	292	107
% increase		40.3%	72.8%	(11.7%)	2.1%	26.1%	(2.2%)	(7.2%)	(29.8%)	20.2%
Total municipal employees headcount	6, 10	331	270	61	331	270	61			
Finance personnel headcount	8, 10	40	34	6	40	34	6			
Human Resources personnel headcount	8, 10	13	12	1	13	12	1			

2.9 Monthly targets for revenue, expenditure and cash flow
Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand																
Revenue By Source																
Property rates		4 016	4 016	4 016	4 016	4 016	4 016	4 016	4 016	4 016	4 016	4 016	4 016	48 190	50 600	53 129
Service charges - electricity revenue		4 441	4 441	4 441	4 441	4 441	4 441	4 441	4 441	4 441	4 441	4 441	4 441	53 291	59 871	63 055
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		1 294	1 294	1 294	1 294	1 294	1 294	1 294	1 294	1 294	1 294	1 294	1 294	15 526	16 302	17 117
Rental of facilities and equipment		42	42	42	42	42	42	42	42	42	42	42	42	500	525	551
Interest earned - external investments		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	15 383	16 152
Interest earned - outstanding debtors		983	983	983	983	983	983	983	983	983	983	983	983	11 799	12 389	13 008
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		174	174	174	174	174	174	174	174	174	174	174	174	2 094	2 198	2 308
Licences and permits		377	377	377	377	377	377	377	377	377	377	377	377	4 525	4 751	4 988
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		21 351	21 351	21 351	21 351	21 351	21 351	21 351	21 351	21 351	21 351	21 351	21 351	256 212	264 014	277 130
Other revenue		134	134	134	134	134	134	134	134	134	134	134	134	1 608	1 688	1 773
Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		34 033	34 033	34 033	34 033	34 033	34 033	34 033	34 033	34 033	34 033	34 033	34 033	408 394	427 721	449 212
Expenditure By Type																
Employee related costs		10 436	10 436	10 436	10 436	10 436	10 436	10 436	10 436	10 436	10 436	10 436	10 436	125 231	131 492	138 067
Remuneration of councillors		1 726	1 726	1 726	1 726	1 726	1 726	1 726	1 726	1 726	1 726	1 726	1 726	20 717	21 753	22 841
Debt impairment		417	417	417	417	417	417	417	417	417	417	417	417	5 000	5 250	5 513
Depreciation & asset impairment		2 759	2 759	2 759	2 759	2 759	2 759	2 759	2 759	2 759	2 759	2 759	2 759	33 110	34 766	36 504
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases		4 000	4 000	4 000	4 000	4 000	4 000	4 000	4 000	4 000	4 000	4 000	4 000	48 000	50 400	52 920
Other materials		433	433	433	433	433	433	433	433	433	433	433	433	5 192	5 451	5 724
Contracted services		8 487	8 487	8 487	8 487	8 487	8 487	8 487	8 487	8 487	8 487	8 487	8 487	101 849	106 941	112 288
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		5 775	5 775	5 775	5 775	5 775	5 775	5 775	5 775	5 775	5 775	5 775	5 775	69 295	72 759	76 397
Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		34 033	34 033	34 033	34 033	34 033	34 033	34 033	34 033	34 033	34 033	34 033	34 033	408 393	428 813	450 253
Surplus/(Deficit)																
		0	0	0	0	0	0	0	0	0	0	0	0	1	(1 092)	(1 041)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	101 527	127 554	135 922
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions																
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	101 528	126 462	134 881

Table 5MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote																
Vote 1 - Executive and council		25	25	25	25	25	25	25	25	25	25	25	25	300	315	331
Vote 2 - Finance and Admin		27 097	27 097	27 097	27 097	27 097	27 097	27 097	27 097	27 097	27 097	27 097	27 097	325 169	341 343	358 325
Vote 3 - Corporate		29	29	29	29	29	29	29	29	29	29	29	29	350	368	386
Vote 4 - Development and Planning		4 090	4 090	4 090	4 090	4 090	4 090	4 090	4 090	4 090	4 090	4 090	4 090	49 081	53 206	56 228
Vote 5 - Community		2 296	2 296	2 296	2 296	2 296	2 296	2 296	2 296	2 296	2 296	2 296	2 296	27 546	24 000	25 200
Vote 6 - Infrastructure		8 956	8 956	8 956	8 956	8 956	8 956	8 956	8 956	8 956	8 956	8 956	8 956	107 474	136 043	144 665
Vote 7 - Internal Audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue by Vote		42 493	42 493	42 493	42 493	42 493	42 493	42 493	42 493	42 493	42 493	42 493	42 493	509 921	555 275	585 134
Expenditure by Vote to be appropriated																
Vote 1 - Executive and council		3 218	3 218	3 218	3 218	3 218	3 218	3 218	3 218	3 218	3 218	3 218	3 218	38 616	40 547	42 574
Vote 2 - Finance and Admin		8 138	8 138	8 138	8 138	8 138	8 138	8 138	8 138	8 138	8 138	8 138	8 138	97 654	102 537	107 664
Vote 3 - Corporate		5 380	5 380	5 380	5 380	5 380	5 380	5 380	5 380	5 380	5 380	5 380	5 380	64 560	67 788	71 178
Vote 4 - Development and Planning		6 043	6 043	6 043	6 043	6 043	6 043	6 043	6 043	6 043	6 043	6 043	6 043	72 510	76 136	79 942
Vote 5 - Community		5 524	5 524	5 524	5 524	5 524	5 524	5 524	5 524	5 524	5 524	5 524	5 524	66 289	69 604	73 084
Vote 6 - Infrastructure		5 386	5 386	5 386	5 386	5 386	5 386	5 386	5 386	5 386	5 386	5 386	5 386	64 637	67 869	71 262
Vote 7 - Internal Audit		344	344	344	344	344	344	344	344	344	344	344	344	4 125	4 331	4 548
Total Expenditure by Vote		34 033	34 033	34 033	34 033	34 033	34 033	34 033	34 033	34 033	34 033	34 033	34 033	408 393	428 813	450 253
Surplus/(Deficit) before assoc.		8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	101 528	126 462	134 881
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	101 528	126 462	134 881

Table 6MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Single-year expenditure to be appropriated																
Vote 1 - Executive and council		250	250	250	250	250	250	250	250	250	250	250	250	3 000	3 150	–
Vote 2 - Finance and Admin		127	127	127	127	127	127	127	127	127	127	127	127	1 529	1 575	1 654
Vote 3 - Corporate		261	261	261	261	261	261	261	261	261	261	261	261	3 130	1 523	1 599
Vote 4 - Development and Planning		5 535	5 535	5 535	5 535	5 535	5 535	5 535	5 535	5 535	5 535	5 535	5 535	66 424	73 482	77 517
Vote 5 - Community		516	516	516	516	516	516	516	516	516	516	516	516	6 190	6 732	5 287
Vote 6 - Infrastructure		6 170	6 170	6 170	6 170	6 170	6 170	6 170	6 170	6 170	6 170	6 170	6 170	74 041	82 480	88 233
Vote 7 - Internal Audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total	2	12 859	12 859	12 859	12 859	12 859	12 859	12 859	12 859	12 859	12 859	12 859	12 859	154 314	168 942	174 290
Total Capital Expenditure	2	12 859	12 859	12 859	12 859	12 859	12 859	12 859	12 859	12 859	12 859	12 859	12 859	154 314	168 942	174 290

Table 7MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand															
Cash Receipts By Source													1		
Property rates	3 616	3 616	3 616	3 616	3 616	3 616	3 616	3 616	3 616	3 616	3 616	3 616	43 386	45 556	47 834
Service charges - electricity revenue	3 968	3 968	3 968	3 968	3 968	3 968	3 968	3 968	3 968	3 968	3 968	3 968	47 621	53 526	56 374
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	1 577	1 577	1 577	1 577	1 577	1 577	1 577	1 577	1 577	1 577	1 577	1 577	18 926	19 872	20 866
Rental of facilities and equipment	42	42	42	42	42	42	42	42	42	42	42	42	500	525	551
Interest earned - external investments	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	15 383	16 152
Interest earned - outstanding debtors	983	983	983	983	983	983	983	983	983	983	983	983	11 799	12 389	13 008
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	134	134	134	134	134	134	134	134	134	134	134	134	1 608	1 688	1 773
Licences and permits	377	377	377	377	377	377	377	377	377	377	377	377	4 525	4 751	4 988
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies - Operational	21 351	21 351	21 351	21 351	21 351	21 351	21 351	21 351	21 351	21 351	21 351	21 351	256 212	264 014	277 130
Other revenue	82	82	82	82	82	82	82	82	82	82	82	82	987	1 037	1 089
Cash Receipts by Source	33 351	33 351	33 351	33 351	33 351	33 351	33 351	33 351	33 351	33 351	33 351	33 351	400 214	418 741	439 764
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	8 461	101 527	127 554	135 922
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on Disposal of Fixed and Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	41 812	41 812	41 812	41 812	41 812	41 812	41 812	41 812	41 812	41 812	41 812	41 812	501 741	546 295	575 686
Cash Payments by Type															
Employee related costs	10 436	10 436	10 436	10 436	10 436	10 436	10 436	10 436	10 436	10 436	10 436	10 436	125 231	131 492	138 067
Remuneration of councillors	1 726	1 726	1 726	1 726	1 726	1 726	1 726	1 726	1 726	1 726	1 726	1 726	20 717	21 753	22 841
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity	4 000	4 000	4 000	4 000	4 000	4 000	4 000	4 000	4 000	4 000	4 000	4 000	48 000	50 400	52 920
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	433	433	433	433	433	433	433	433	433	433	433	433	5 192	5 451	5 724
Contracted services	8 487	8 487	8 487	8 487	8 487	8 487	8 487	8 487	8 487	8 487	8 487	8 487	101 849	106 941	112 288
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	6 191	6 191	6 191	6 191	6 191	6 191	6 191	6 191	6 191	6 191	6 191	6 191	74 295	78 009	81 910
Cash Payments by Type	31 274	31 274	31 274	31 274	31 274	31 274	31 274	31 274	31 274	31 274	31 274	31 274	375 283	394 047	413 749
Other Cash Flows/Payments by Type															
Capital assets	12 859	12 859	12 859	12 859	12 859	12 859	12 859	12 859	12 859	12 859	12 859	12 859	154 314	168 942	174 290
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	44 133	44 133	44 133	44 133	44 133	44 133	44 133	44 133	44 133	44 133	44 133	44 133	529 597	562 989	588 039
NET INCREASE/(DECREASE) IN CASH HELD	(2 321)	(2 321)	(2 321)	(2 321)	(2 321)	(2 321)	(2 321)	(2 321)	(2 321)	(2 321)	(2 321)	(2 321)	(27 855)	(16 694)	(12 353)
Cash/cash equivalents at the month/year begin:	125 297	122 976	120 654	118 333	116 012	113 691	111 369	109 048	106 727	104 406	102 084	99 763	125 297	97 442	80 748
Cash/cash equivalents at the month/year end:	122 976	120 654	118 333	116 012	113 691	111 369	109 048	106 727	104 406	102 084	99 763	97 442	97 442	80 748	68 395

2.10 Contracts having future budgetary implications

In terms of the Municipality’s Supply Chain Management Policy, there were no contracts awarded beyond the medium-term revenue and expenditure framework (three years). See table attached:-

Table

Description	Ref	Preceding Years	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework			Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Total Contract Value
		Total	Original Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
R thousand	1,3													
Parent Municipality:														
<u>Revenue Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Expenditure Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Capital Expenditure Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Entities:														
<u>Revenue Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Expenditure Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Capital Expenditure Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-

2.11 Capital expenditure details

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

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		–	27 550	(12 522)	127 226	120 621	120 621	79 901	102 388	109 498
Roads Infrastructure		–	30 888	64 432	44 469	42 659	42 659	19 860	20 853	22 257
Roads		–	30 888	64 432	44 469	42 659	42 659	19 860	20 853	22 257
Electrical Infrastructure		–	(3 338)	(76 954)	80 727	75 727	75 727	58 091	79 960	85 587
Power Plants		–	–	–	–	–	–	–	–	–
HV Substations		–	3 921	3 921	6 000	3 000	3 000	–	–	–
MV Substations		–	–	–	250	200	200	–	–	–
MV Switching Stations		–	–	–	–	–	–	1 500	1 575	1 654
MV Networks		–	(7 259)	(80 874)	71 677	71 177	71 177	54 391	76 075	81 508
LV Networks		–	–	–	2 800	1 350	1 350	2 200	2 310	2 426
Solid Waste Infrastructure		–	–	–	1 500	–	–	1 000	1 050	1 103
Landfill Sites		–	–	–	1 500	–	–	1 000	1 050	1 103
Information and Communication Infrastructure		–	–	(1)	530	2 235	2 235	950	525	551
Data Centres		–	–	(1)	530	2 235	2 235	450	–	–
Core Layers		–	–	–	–	–	–	–	–	–
Distribution Layers		–	–	–	–	–	–	500	525	551
Capital Spares		–	–	–	–	–	–	–	–	–

R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure on new assets by Asset Class/Sub-class										
Community Assets		–	(42)	37 472	14 500	17 250	17 250	7 625	9 871	10 365
Community Facilities		–	104	35 022	1 150	–	–	1 750	1 260	1 323
Halls		–	–	33 677	–	–	–	–	–	–
Libraries		–	–	1 334	–	–	–	–	–	–
Cemeteries/Crematoria		–	–	–	–	–	–	50	–	–
Police		–	–	–	–	–	–	–	–	–
Parks		–	–	–	–	–	–	–	–	–
Public Open Space		–	–	–	50	–	–	500	525	551
Nature Reserves		–	–	–	–	–	–	50	–	–
Public Ablution Facilities		–	–	–	800	–	–	700	735	772
Markets		–	104	11	–	–	–	–	–	–
Stalls		–	–	–	300	–	–	450	–	–
Sport and Recreation Facilities		–	(146)	2 450	13 350	17 250	17 250	5 875	8 611	9 042
Indoor Facilities		–	–	–	–	–	–	–	–	–
Outdoor Facilities		–	(146)	2 450	13 350	17 250	17 250	5 875	8 611	9 042
Capital Spares		–	–	–	–	–	–	–	–	–
Heritage assets		–	–	–	80	80	80	–	–	–
Monuments		–	–	–	–	–	–	–	–	–
Historic Buildings		–	–	–	–	–	–	–	–	–
Works of Art		–	–	–	80	80	80	–	–	–
Conservation Areas		–	–	–	–	–	–	–	–	–
Other Heritage		–	–	–	–	–	–	–	–	–
Other assets		–	47	(10 195)	17 400	28 128	28 128	16 000	3 150	3 308
Operational Buildings		–	47	(10 195)	17 400	28 128	28 128	16 000	3 150	3 308
Municipal Offices		–	127	(11 920)	17 000	27 098	27 098	15 000	2 100	2 205
Yards		–	–	–	400	–	–	1 000	1 050	1 103
Depots		–	(81)	1 724	–	1 030	1 030	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	680	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	680	–	–	–	–	–

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1									
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>										
<u>Intangible Assets</u>		–	23	23	–	–	–	209	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	23	23	–	–	–	209	–	–
<i>Water Rights</i>		–	–	–	–	–	–	–	–	–
<i>Effluent Licenses</i>		–	–	–	–	–	–	–	–	–
<i>Solid Waste Licenses</i>		–	–	–	–	–	–	–	–	–
<i>Computer Software and Applications</i>		–	23	23	–	–	–	209	–	–
<i>Load Settlement Software Applications</i>		–	–	–	–	–	–	–	–	–
<i>Unspecified</i>		–	–	–	–	–	–	–	–	–
<u>Computer Equipment</u>		–	16 502	16 422	3 419	3 765	3 765	2 100	998	1 047
Computer Equipment		–	16 502	16 422	3 419	3 765	3 765	2 100	998	1 047
<u>Furniture and Office Equipment</u>		–	3 781	4 825	220	160	160	540	–	–
Furniture and Office Equipment		–	3 781	4 825	220	160	160	540	–	–
<u>Machinery and Equipment</u>		–	2 100	2 384	130	30	30	1 380	840	882
Machinery and Equipment		–	2 100	2 384	130	30	30	1 380	840	882
<u>Transport Assets</u>		–	22 195	24 904	6 500	3 300	3 300	3 300	3 150	–
Transport Assets		–	22 195	24 904	6 500	3 300	3 300	3 300	3 150	–
<u>Land</u>		–	–	(43 568)	–	–	–	–	–	–
Land		–	–	(43 568)	–	–	–	–	–	–
<u>Zoo's, Marine and Non-biological Animals</u>		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure on new assets	1	–	72 157	19 744	170 154	173 334	173 334	111 055	120 397	125 100

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1									
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>										
Infrastructure		-	(161)	(2 658)	5 457	4 457	4 457	6 998	7 348	7 715
Roads Infrastructure		-	(161)	(2 658)	5 457	4 457	4 457	6 998	7 348	7 715
Roads		-	(161)	(2 658)	5 457	4 457	4 457	6 998	7 348	7 715
Community Assets		-	104	(1)	13 500	12 679	12 679	10 230	10 742	11 279
Community Facilities		-	104	(1)	750	785	785	1 180	1 239	1 301
Halls		-	-	-	100	100	100	100	105	110
Centres		-	-	-	-	-	-	-	-	-
Crèches		-	-	-	-	-	-	-	-	-
Clinics/Care Centres		-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations		-	104	-	-	-	-	-	-	-
Testing Stations		-	-	-	-	-	-	-	-	-
Museums		-	-	-	-	-	-	-	-	-
Galleries		-	-	-	-	-	-	-	-	-
Theatres		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria		-	-	-	-	-	-	-	-	-
Police		-	-	-	-	-	-	-	-	-
Parks		-	-	-	-	-	-	-	-	-
Public Open Space		-	-	-	-	-	-	210	221	232
Nature Reserves		-	-	-	-	-	-	-	-	-
Public Ablution Facilities		-	-	-	650	685	685	750	788	827
Markets		-	-	-	-	-	-	-	-	-
Stalls		-	-	(1)	-	-	-	120	126	132
Abattoirs		-	-	-	-	-	-	-	-	-
Airports		-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	12 750	11 894	11 894	9 050	9 503	9 978
Indoor Facilities		-	-	-	-	-	-	-	-	-
Outdoor Facilities		-	-	-	12 750	11 894	11 894	9 050	9 503	9 978
Capital Spares		-	-	-	-	-	-	-	-	-
Other assets		-	(232)	(3 223)	3 510	3 940	3 940	1 210	1 271	1 334
Operational Buildings		-	(232)	(3 223)	3 510	3 940	3 940	1 210	1 271	1 334
Municipal Offices		-	(232)	(3 223)	3 510	3 940	3 940	1 210	1 271	1 334
Machinery and Equipment		-	(14)	505	1 550	2 235	2 235	1 225	1 286	1 351
Machinery and Equipment		-	(14)	505	1 550	2 235	2 235	1 225	1 286	1 351
Transport Assets		-	-	-	-	-	-	2 500	2 625	2 756
Transport Assets		-	-	-	-	-	-	2 500	2 625	2 756
Land		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	-	(303)	(5 376)	24 017	23 311	23 311	22 163	23 271	24 435

2.13 Legislation compliance status

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

1. In year reporting

Reporting to National Treasury uploading financial and non-financial information on the portal was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme

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

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2020/21 MTREF in May 2020 directly aligned and informed by the 2020/21 MTREF.

6. Annual Report

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

2.14 Other supporting documents

Table 65 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - Executive and council	Vote 2 - Finance and Admin	Vote 3 - Corporate	Vote 4 - Development and Planning	Vote 5 - Community	Vote 6 - Infrastructur e	Vote 7 - Internal Audit	Vote 8 -	Vote 9 -	Vote 10 -	Vote 11 -	Vote 12 -	Vote 13 -	Vote 14 -	Vote 15 -	Total
R thousand	1																
Revenue By Source																	
Property rates		-	48 190	-	-	-	-	-	-	-	-	-	-	-	-	-	48 190
Service charges - electricity revenue		-	-	-	-	-	53 291	-	-	-	-	-	-	-	-	-	53 291
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	15 526	-	-	-	-	-	-	-	-	-	-	15 526
Rental of facilities and equipment		-	-	-	-	500	-	-	-	-	-	-	-	-	-	-	500
Interest earned - external investments		-	14 650	-	-	-	-	-	-	-	-	-	-	-	-	-	14 650
Interest earned - outstanding debtors		-	10 406	-	-	-	1 393	-	-	-	-	-	-	-	-	-	11 799
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	2 074	20	-	-	-	-	-	-	-	-	-	2 094
Licences and permits		-	-	-	47	4 478	-	-	-	-	-	-	-	-	-	-	4 525
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue		300	400	350	98	280	180	-	-	-	-	-	-	-	-	-	1 608
Transfers and subsidies		-	251 523	-	-	4 689	-	-	-	-	-	-	-	-	-	-	256 212
Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		300	325 169	350	145	27 546	54 883	-	-	-	-	-	-	-	-	-	408 394
Expenditure By Type																	
Employee related costs		5 750	23 556	26 469	23 136	33 345	10 460	2 515	-	-	-	-	-	-	-	-	125 231
Remuneration of councillors		20 717	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20 717
Debt impairment		-	5 000	-	-	-	-	-	-	-	-	-	-	-	-	-	5 000
Depreciation & asset impairment		300	600	700	30 010	950	550	-	-	-	-	-	-	-	-	-	33 110
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases		-	-	-	-	-	48 000	-	-	-	-	-	-	-	-	-	48 000
Other materials		130	520	220	1 970	992	1 320	40	-	-	-	-	-	-	-	-	5 192
Contracted services		3 380	40 434	19 937	12 185	23 278	1 885	750	-	-	-	-	-	-	-	-	101 849
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		8 339	27 545	17 234	5 209	7 725	2 423	820	-	-	-	-	-	-	-	-	69 295
Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		38 616	97 654	64 560	72 510	66 289	64 637	4 125	-	-	-	-	-	-	-	-	408 393
Surplus/(Deficit)		(38 316)	227 515	(64 210)	(72 365)	(38 743)	(9 754)	(4 125)	-	-	-	-	-	-	-	-	1
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	-	48 936	-	52 591	-	-	-	-	-	-	-	-	-	101 527
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(38 316)	227 515	(64 210)	(23 429)	(38 743)	42 837	(4 125)	-	-	-	-	-	-	-	-	101 528

Table 8MBRR Table SA3 –

Supporting detail to Statement of Financial Position

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
ASSETS											
Consumer debtors											
Consumer debtors		72 553	94 133	134 411	148 316	148 609	148 609	148 609	147 039	149 447	151 548
Less: Provision for debt impairment		(38 377)	(39 504)	(46 172)	(50 826)	(49 333)	(49 333)	(49 333)	(50 802)	(51 531)	(52 278)
Total Consumer debtors	2	34 176	54 629	88 239	97 491	99 277	99 277	99 277	96 237	97 916	99 270
Debt impairment provision											
Balance at the beginning of the year		(38 377)	(39 571)	(33 349)	(45 352)	(45 352)	(45 352)	(45 352)	(45 827)	(46 307)	(46 793)
Contributions to the provision		—	66	(12 003)	—	—	—	—	—	—	—
Bad debts written off		—	—	(820)	(5 474)	(3 981)	(3 981)	(3 981)	(4 975)	(5 224)	(5 485)
Balance at end of year		(38 377)	(39 504)	(46 172)	(50 826)	(49 333)	(49 333)	(49 333)	(50 802)	(51 531)	(52 278)
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		828 486	1 001 441	1 078 789	1 248 800	1 248 800	1 248 800	1 248 800	1 244 200	1 270 460	1 287 352
Leases recognised as PPE	3	—	—	—	—	—	—	—	—	—	—
Less: Accumulated depreciation		146 206	82 093	127 933	150 087	150 087	150 087	150 087	162 083	165 079	168 170
Total Property, plant and equipment (PPE)	2	682 280	919 348	950 856	1 098 713	1 098 713	1 098 713	1 098 713	1 082 116	1 105 382	1 119 182
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		—	—	—	—	—	—	—	—	—	—
Current portion of long-term liabilities		—	—	—	—	—	—	—	—	—	—
Total Current liabilities - Borrowing		—	—	—	—	—	—	—	—	—	—
Trade and other payables											
Trade Payables		22 980	—	40 181	40 181	40 181	40 181	40 181	40 602	41 028	41 458
Other creditors	5	—	—	—	—	—	—	—	—	—	—
Unspent conditional transfers		4 030	(5 586)	3 236	3 236	3 236	3 236	3 236	3 270	3 304	3 339
VAT		1 573	—	37 415	37 415	37 415	37 415	37 415	37 807	38 203	38 604
Total Trade and other payables	2	28 582	(5 586)	80 832	80 832	80 832	80 832	80 832	81 679	82 535	83 400
Non current liabilities - Borrowing											
Borrowing	4	—	—	—	—	—	—	—	—	—	—
Finance leases (including PPP asset element)		—	—	—	—	—	—	—	—	—	—
Total Non current liabilities - Borrowing		—	—	—	—	—	—	—	—	—	—
Provisions - non-current											
Retirement benefits		10 789	11 231	10 060	10 060	10 060	10 060	10 060	10 165	10 272	10 379
Refuse landfill site rehabilitation		11 352	12 443	13 260	13 260	13 260	13 260	13 260	13 398	13 539	13 681
Other		3 479	3 808	3 795	3 795	3 795	3 795	3 795	3 835	3 875	3 916
Total Provisions - non-current		25 621	27 482	27 114	27 114	27 114	27 114	27 114	27 398	27 685	27 976
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		428 450	578 586	650 880	668 804	668 804	668 804	668 804	675 813	682 896	690 053
GRAP adjustments		—	—	—	—	—	—	—	—	—	—
Restated balance		428 450	578 586	650 880	668 804	668 804	668 804	668 804	675 813	682 896	690 053
Surplus/(Deficit)		139 504	70 493	61 924	117 059	117 059	117 059	301 343	101 528	126 462	134 881
Transfers to/from Reserves		—	—	—	—	—	—	—	—	—	—
Depreciation offsets		—	—	—	—	—	—	—	—	—	—
Other adjustments		—	—	—	—	—	—	—	—	—	—
Accumulated Surplus/(Deficit)	1	567 954	649 079	712 804	785 864	785 864	785 864	970 148	777 341	809 358	824 934
Reserves											
Housing Development Fund		1 666	1 666	1 666	1 666	1 666	1 666	1 666	1 683	1 701	1 719
Capital replacement		40 673	120 367	183 391	183 391	183 391	183 391	183 391	185 313	187 255	189 217
Self-insurance		—	—	—	—	—	—	—	—	—	—
Other reserves		176 504	176 504	179 676	179 676	179 676	179 676	179 676	181 559	183 462	185 384
Revaluation		89 919	87 728	87 728	87 728	87 728	87 728	87 728	88 647	89 576	90 515
Total Reserves	2	308 761	386 264	452 460	452 460	452 460	452 460	452 460	457 202	461 993	466 835
TOTAL COMMUNITY WEALTH/EQUITY	2	876 715	1 035 343	1 165 264	1 238 324	1 238 324	1 238 324	1 422 608	1 234 543	1 271 351	1 291 769