

ITEM C15/03/2018**DRAFT BUDGET 2018/2019, 2019/2020, AND 2020/2021 FINANCIAL YEARS**

4/1/2 – 2018/2019

REPORT OF THE EXECUTIVE MAYOR**PURPOSE OF THE REPORT**

The purpose of this report is to table the Draft Budget for the 2018/2019 Medium Term Revenue and Expenditure Framework (MTREF) which takes into consideration ,where practical previous Budget Circulars addressing the format and guidelines to be adopted when preparing the Draft Budget. Further, to inform Council of key aspects that has influenced the compilation of the above-mentioned budget and to consider recommendations on the financing and approval of this budget. In addition preparation has been in compliance with the New Format Reform Initiatives Promulgated in terms of the Gazette No. 32141 Municipal Budget and Reporting Regulations (MBRR).Also to ensure that the Draft Budget will be prepared in compliance with the Regulations requirements of the Municipal Standard Chart of Accounts (mSCOA) – per MFMA Circular No. 80 and Government Gazette No. 37577 and addressing municipal revenue generation challenges. The Draft Budget also has been prepared on the basis of limiting non-priority spending and implementing stringent cost –containment measures as per MFMA circular 82.

BACKGROUND

It must be noted that in addition to complying with the new format in terms of Gazette no 32141, the budget has been prepared in terms of the MFMA Circular no 91 issued on the 7th March 2018.

Further, the MFMA requires that the Draft Budget be tabled before 1st April 2018 to comply with the Regulations and the final budget is to be adopted by Council before 31st May 2018.

It must be highlighted that currently there are IDP/ Budget related consultations being undertaken whereby extensive deliberations are held and following on from these meetings, the 2018/19 MTREF Budget is being prepared.

The consultation workshops will be held at all seven local municipalities as follows;

LOCAL MUNICIPALITY
Mkhondo
Dipaleseng
Dr Pixley Ka Isaka Seme
Lekwa
Msukaligwa
Chief Albert Luthuli
Govan Mbeki

OVERVIEW OF THE BUDGET PROCESS AND THE ALIGNMENT OF THE ANNUAL BUDGET WITH THE IDP

It must be noted and as referred to above the next five year Integrated Development Plan (IDP) is also being prepared and this process will permit the District to re-examine plans and strategies to include strategic matters reflected in the IDP. Also, to ensure that these plans contain strategies that informs Institutional and Financial Planning through the entire budget process and are in line with key national and provincial government policies and programmes.

Further, the final annual budget will be fully aligned to the IDP process and will be linked to 12 outcomes of Government illustrated per the MFMA Circular no. 54 and the role of Local Government which include the following:

- Improve the quality of basic education
- Improve health and life expectancy
- All people in South Africa protected and feel safe
- Decent employment through inclusive economic growth
- A skilled and capable workforce to support inclusive growth
- An efficient, competitive and responsive economic infrastructure network
- Vibrant, equitable and sustainable rural communities and food security
- Sustainable human settlements and improved quality of household life
- A responsive, accountable, effective and efficient local government system
- Protection and enhancement of environmental assets and natural resources
- A better South Africa, a better and safer Africa and world
- A development-orientated public service and inclusive citizenship

BUDGET FOR FINANCIAL YEARS ENDING 2018/19, 2019/20 and 2020/21

Factors influencing the budget

The inflation forecast recommended in terms of the MFMA Circular No 91 when preparing the 2018/19 budget and MTREF projections are as follows:

<u>Year</u>	<u>Percentage</u>
2018/2019	- 5.3%
2019/2020	- 5.4%
2020/2021	- 5.5%

FUNDING CHOICES AND MANAGEMENT ISSUES IN TERMS OF CIRCULAR NO.91

The Circulars reflects on the following aspects:

The Salary and Wage Collective Agreement for the period 01 July 2015 to 30th June 2018 has come to an end .The process is under consultation: therefore in the absence of other information from the South African Local Government Bargaining Council the salaries were increased by 10% for the 2018/2019 budget.

- General-Expenditure (Cost-containment measures and non-priority spending) –

Municipalities to continue to implement the cost-containment measures on the six focus areas namely;

- Consultancy fees
 - No credit cards
 - Travel and related costs
 - Advertising
 - Catering
 - Events costs and accommodation
- Budgeting for unfunded/ underfunded mandates
 - Furthermore, draft cost containment regulation has been issued by National Treasury on the 16th of February 2018 for comments. Comments on the draft regulations are due on the 30 March 2018.
 - In terms of the regulation municipalities would be required to develop and implement cost containment policy to be approved with the budget.
 - Municipalities are reminded to implement issues that were dealt with in previous circulars which are 48, 51, 54, 55, 66, 67 and 70.

INCOME PROJECTIONS OVER THE ENSUING YEARS

As illustrated per the table below is the Revenue Earning Projections in terms of the DORA Allocations, as well as corresponding expenditure allocations to be funded.

Detail	Budget 2018/2019 R	Budget 2019/2020	Budget 2020/2021
Revenue			
Grants	-295,145,000	-305,605,000	-337,231,000
Interest	-14,946,000	-15,842,760	-16,793,330
Income from tariffs	-2,756,000	-2,921,360	-3,096,650
Other income	-371,180	-393,450	-417,050
DWS funding - RBIG	-159,440,000	-309,631,000	-338,407,000
Contribution Accumulated Surplus	-21,219,130	-22,492,270	-23,841,790
Total income	-493,877,310	-656,885,840	-719,786,820

GRANT INCOME IN TERMS OF THE DIVISION OF REVENUE ACT (DORA)

Details	Budget 2018/19 R
GRANTS	
Equitable Share and Revenue Replacement Grant	282,406,000
Rural Roads Assets Management Systems Grant	2,314,000
Financial Management Grant	1,000,000
Expanded Public works Programme Grant	3,872,000
Infrastructure Skills Development Grant	5,553,000
Sub Total	295,145,000
Regional Bulk Infrastructure Grant	159,440,000
Total	454,585,000

OTHER INCOME

DESCRIPTION	BUDGET	BUDGET	BUDGET
	2018/20 19	2019/202 0	2020/2021
	R	R	R
DEPOSIT TENDERS	29,680	31,460	33,350
REFUND TELEPHONE	76,500	81,000	85,950
LGSETA INCOME	265,00 0	280,900	297,750
Total	371,18 0	393,450	417,050

The Revenue Replacement Grant and the Equitable Share, increases are approximately up to 2% per annum on a year-on-year basis. The unconditional grants are utilized to fund expenditure allocations in terms of the Administration of the act and departmental allocations.

The Department of Water and Sanitation (DWS) has agreed to allocate funding regarding the RBIG Projects are for the following Local Municipalities:

- Chief Albert Luthuli LM
- Msukaligwa LM
- Dipaleseng LM
- Mkhondo LM

Income from Tariffs

The tariff income earnings relate to income from the Laboratory operations and the Health monitoring operations on By-Laws for the MTREF period. Also, in this regard tariff income is likely to be earned from local municipalities and other stakeholders that will be utilising the services of the laboratory.

Interest & Other Income

Interest earnings are likely to be received from the major financial institutions where GSDM Investments are held. Other income comprises the sale of tenders and telephone recoupment, deposits on tenders etc.

EXPENDITURE PROJECTIONS OVER THE ENSUING YEARS

Outlined below are the overall expenditure projections for the ensuing years:-

EXPENDITURE			
Allocations to Municipalities	3 900 000	18 000 000	18 000 000
RBIG Allocations to Municipalities	159 440 000	309 631 000	338 407 000
Departmental Allocations	45 265 040	51 522 040	51 751 040
Admin of the Act	250 322 270	265 341 580	281 262 180
Capital Expenditure	34 950 000	10 850 000	9 050 000
TOTAL EXPENDITURE			
	493 877 310	655 344 620	698 470 220

Further, expenditure is applied with a view to addressing backlogs in mainly service delivery type of projects. The project expenditure referred to above mainly relate to Roads, Water, Sanitation, Electricity and Infrastructural Projects.

ALLOCATIONS TO LOCAL MUNICIPALITIES

Funding has also been provided for the Direct Allocations on behalf of Local Municipalities over the three year MTREF period. With regard to the Direct Allocations these amounts relate to project expenditure financed on behalf of the seven local municipalities, which predominantly relate to water quality testing projects.

Projects that have to been identified amount to R808 million over the 2018/19 MTREF three year period as per attached documents.

With regard to the Departmental Allocations, funds were mainly applied towards bursaries, people with disabilities, municipal health, co-operatives, LED and Tourism. ensuring that other subsidiary activities are performed adequately. The direct allocations must be prioritized and be in line with the powers and functions of the District Council.

DESCRIPTION	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
DEPARTMENTAL MM			
PROMOTION OF THE DISTRICT/COMM	1 600 000	1 600 000	1 600 000
PMSWORKSHOPS	200 000	200 000	200 000
TOTAL DEPARTMENTAL MM	1 800 000	1 800 000	1 800 000
DEPARTMENTAL ITS			
COMMUNYI HALLS	1 000 000	1 000 000	1 000 000
POTHOLE REPAIR	3 000 000	3 000 000	3 000 000
TOTAL DEPARTMENTAL ITS	4 000 000	4 000 000	4 000 000
DEPARTMENTAL CORPORATE SERVICES			
BURSARIES	2 000 000		
ISDG	5 553 000	6 500 000	6 000 000
TOTAL DEPARTMENTAL CORPORATE SERVICES	7 553 000	6 500 000	6 000 000
DEPARTMENTAL CSS			
MUNICIPAL HEALTH	1 300 000	1 940 000	2 056 000
REG LIBRARY & INFORMATION SERV	500 000	848 000	899 000
DISASTER MANGEMENT	1 000 000	1 548 000	1 641 000
ENVIROMENTAL SERVICES	1 149 000	5 458 000	5 785 000
TOTAL DEPARTMENTAL CSS	3 949 000	9 794 000	10 381 000
DEPARTMENTAL FINANCE			
EMERGENCY/CONTINGENCIES	500 000	500 000	500 000
OPERATION CLEAN AUDIT	1 000 000	1 000 000	1 000 000
TOTAL DEPARTMENTAL FINANCE	1 500 000	1 500 000	1 500 000
DEPARTMENTAL PLANNING			
REVENUE COLLECTION/DATA CLEANS	1 893 650	1 893 650	1 893 650
RURAL ROADS ASSET MAN SYSTEMS	2 314 000	2 451 000	2 593 000
TRADITIONAL AFFAIRS/PROJECTS	60 000	60 000	60 000
IDP - NEW AND UPDATE	350 000	350 000	350 000
LED, TOURISM AND AGRICULTURE	530 000	530 000	530 000
REGIONAL AIRPORT	1 700 000	1 700 000	1 700 000
REGIONAL AIRPORT (TRANFER DUTY)	300 000		
PHEZUKOMKHONO - ALBERT LUTHULI	1 551 360	1 551 360	1 551 360
PHEZUKOMKHONO - MSUKALIGWA	909 710	909 710	909 710
PHEZUKOMKHONO - GOVAN MBEKI	1 024 140	1 024 140	1 024 140
PHEZUKOMKHONO - MKHONDO	1 551 360	1 551 360	1 551 360
PHEZUKOMKHONO - LEKWA	1 008 990	1 008 990	1 008 990
PHEZUKOMKHONO - DIPALESENG	760 530	760 530	760 530
PHEZUKOMKHON - DR PIXLEY KA IS	959 300	959 300	959 300
CO - OPERATIVES	800 000	800 000	800 000
MUNICIPAL PLANNING SECTOR PLAN	250 000	250 000	250 000
RURAL AND AGRI DEVELOPMENT	500 000	500 000	500 000
FEASIBILITY STUDY	500 000	750 000	750 000
TOTAL DEPARTMENTAL PLANNING	16 963 040	16 300 040	16 442 040

DEPARTMENTAL OFFICE EXECUTIVE MAYOR			
DONATIONS	500,000	500,000	500,000
MAYORAL EXCELLANCE AWARDS	400,000	400,000	400,000
CO-ORDINATION HIV AND AIDS	700,000	700,000	700,000
YOUTH DEVELOPMENT	2,000,000	2,000,000	2,000,000
WOMEN'S DEVELOPMENT CAPACITY	200,000	200,000	200,000
RELIGIOUS AFFAIRS(MORAL REGENA	100,000	100,000	100,000
OFFICE - RIGHTS OF THE CHILD	500,000	500,000	500,000
PEOPLE WITH DISABILITY	250,000	250,000	250,000
MAYORAL IMBIZO'S	1,000,000	1,000,000	1,000,000
CULTURAL FESTIVALS(DONATIONS)	650,000	650,000	650,000
TOTAL DEPARTMENTAL OFFICE EXECUTIVE MAYOR	6,300,000	6,300,000	6,300,000
DEPARTMENTAL OFFICE SPEAKER			
CAPACITY BUILDING	600,000	600,000	600,000
COMMUNITY PARTICIPATION	2,300,000	2,300,000	2,300,000
VOTERS EDUCATION		-	-
TOTAL DEPARTMENTAL OFFICE SPEAKER	2,900,000	2,900,000	2,900,000
DEPARTMENTAL OFFICE CHIEF WHIP			
PROJECTS CHIEF WHIP	300,000	300,000	300,000
TOTAL DEPARTMENTAL OFFICE CHIEF WHIP	300,000	300,000	300,000
Total	45,265,040	49,394,040	49,623,040

ADMINISTRATION OF THE ACT

Illustrated below is the Administration of the Act expenditure over the three year MTREF period.

Detail	Vote	Budget	Budget	Budget
		2018/2019	2019/2020	2020/2021
<u>COUNCIL</u>	-			
Executive Mayor & Mayoral Committee	100	9 663 100	10 242 880	10 857 450
Speaker, Chief Whip & Councillors	106	9 887 510	10 480 770	11 109 620
Council Support	096	16 588 880	17 584 220	18 639 280
TOTAL: Council		36 139 490	38 307 870	40 606 350
<u>MUNICIPAL MANAGER</u>	-			
Municipal Manager	101	7 471 110	7 919 370	8 394 530
Internal Audit	092	8 205 200	8 697 500	9 219 360
Communication	109	3 031 580	3 213 480	3 406 290
TOTAL: Municipal Manager		18 707 890	19 830 350	21 020 180
<u>PLANNING & ECONOMIC DEVELOPMENT</u>	-			

Planning Services	091	14 669 950	15 550 140	16 483 170
IDP	620	1 336 360	1 416 540	1 501 540
TOTAL: Planning & Economic Development		16 006 310	16 966 680	17 984 710
<u>CORPORATE SERVICES</u>				
	-			
Building	089 & 094	30 462 370	32 290 100	34 227 500
IT	095	12 573 480	13 327 880	14 127 560
Legal	097	5 462 160	5 789 880	6 137 290
Human Resources	098	8 597 620	9 113 460	9 660 280
Administration	099	21 220 270	22 493 490	23 843 110
TOTAL: Corporate Services		78 315 900	83 014 810	87 995 740
<u>FINANCE</u>				
	-			
Finance	107	17 111 010	18 137 670	19 225 930
Supply Chain Management	102	4 513 350	4 784 170	5 071 200
Budget and Treasury Office	610	1 983 200	2 102 200	2 228 330
MSIG	630	0	0	0
TOTAL: Finance		23 607 560	25 024 040	26 525 460
<u>MUNICIPAL INFRASTRUCTURE & SERVICES</u>				
	-			
Roads & Community Facilities	105	4 778 630	5 065 350	5 369 260
Infrastructure Maintenance	104	18 646 420	19 765 210	20 951 130
Water & Sanitation	093	13 402 640	14 206 780	15 059 200
TOTAL: Municipal Infrastructure & Services		36 827 690	39 037 340	41 379 590
<u>COMMUNITY & SOCIAL SERVICES</u>				
	-			
Community & Social Services	108	10 899 330	11 553 290	12 246 500
Municipal Health Services	103	22 091 980	23 417 510	24 822 550
Disaster Management	090	7 726 120	8 189 690	8 681 100
TOTAL: Community & Social Services		40 717 430	43 160 490	45 750 150
GRAND TOTAL				
		250 322 270	265 341 580	281 262 180

EXPENDITURE BREAKDOWN – With reference to the Administration of the Act Allocations

As referred to below are the expenditure categories relating to the Administration of the Act Financial figures.

Detail	Budget	Budget	Budget
	2018/2019	2019/2020	2020/2021
	R	R	R
Salaries and wages	126 124 360	133 691 780	141 713 340
Social Contributions	27 732 240	29 396 200	31 159 970
Councillor Allowances	13 632 790	14 450 760	15 317 800
Depreciation	21 219 130	22 492 270	23 841 790
Repair and Maintenance	10 954 600	11 611 880	12 308 610
General Expenditure	50 659 150	53 698 690	56 920 670
Total	250 322 270	265 341 580	281 262 180

FINANCING OF THE BUDGET

Outlined below is a summary of the Revenue and Expenditure for the three year MTREF Financial Years.

	BUDGET	BUDGET	BUDGET
	2018/2019	2019/2020	2020/2021
REVENUE			
Interest Investments	(14 946 000)	(15 842 760)	(16 793 330)
Total Grants & Subsidies	(295 145 000)	(305 605 000)	(337 231 000)
DWA Funding	(159 440 000)	(309 631 000)	(338 407 000)
Income from Tariffs	(2 756 000)	(2 921 360)	(3 096 650)
Other Revenue	(371 180)	(393 450)	(417 050)
Contribution accumulated Surplus	(21 219 130)	(22 492 270)	(23 841 790)
TOTAL REVENUE	(493 877 310)	(656 885 840)	(719 786 820)
EXPENDITURE			
Allocations to Municipalities	3 900 000	18 000 000	18 000 000
RBIG Allocations to Municipalities	159 440 000	309 631 000	338 407 000
Departmental Allocations	45 265 040	51 522 040	51 751 040
Admin of the Act	250 322 270	265 341 580	281 262 180
Capital Expenditure	34 950 000	10 850 000	9 050 000
TOTAL EXPENDITURE			
	493 877 310	655 344 620	698 470 220
SURPLUS/(DEFICIT)	-	1 541 220	21 316 600

CAPITAL BUDGET

The Capital Budget for the ensuing years are summarized as follows:

Description	BUDGET	BUDGET	BUDGET
	2018/2019	2019/2020	2020/2021
CAPITAL			
FURNITURE AND EQUIPMENT	1,000,000	1,000,000	1,000,000
COMPUTER EQUIPMENT	4,400,000	3,000,000	3,000,000
DISASTER CENTRE DR PIXLEY KA ISAKA SEME	21,000,000	1,000,000	-
LAB EQUIPMENT	3,850,000	3,850,000	3,050,000
YELLOW FLEET	-	1,000,000	1,000,000
DISASTER EQUIPMENT	1,500,000	-	-
FIELD TESTS KITS	500,000	-	-
CSS VEHICLES (4X4)	700,000	-	-
CSS VEHICLES (SEDANS)	1,000,000	-	-
VEHICLES	1,000,000	1,000,000	1,000,000
TOTAL	34,950,000	10,850,000	9,050,000

RECOMMENDATIONS

1. That the Draft Budget for 2018/2019, 2019/2020, and 2020/2021 **BE NOTED**. Refer Annexures A – 1 to A – 20 relating to administration votes and B -1 to B – 2 relating to allocations to municipalities and C-1 to C-14 relating to MFMA Circular 91.
2. That the draft multi-year Annual Budget of Capital and Operating Expenditure as illustrated per the table below for 2018/2019, 2019/2020, and 2020/2021, **BE NOTED**.
3. That the capital budget tabled below, **BE NOTED**.
4. That the IDP/Budget consultation meetings which will be held at the seven Local Municipalities **BE NOTED**.
5. That the projects for the Local Municipalities for the 2018/2019, 2019/2020, and 2020/2021 financial years, **be subjected to an annual review, BE NOTED**.
6. That, the following budget related policies be submitted to the By-Laws and

Policies Committee **be subjected to an annual review, BE NOTED:-**

- a) Supply Chain Management Policy
 - b) Cash Management and Investment Policy
 - c) Budget Policy
 - d) Fixed Assets Policy
 - e) Proposed Tariffs for Municipal Health and Environmental Services/ water quality services
 - f) Impairment of Sundry Debtors Policy
 - g) Virement Policy
 - h) Petty Cash Policy
 - i) Credit Control and Customer Care Policy
7. That the cost containment policy be submitted with the final budget for Council approval, **BE NOTED.**
8. That, the Municipal Manager be delegated to authorize the Quality Certificate relating to the Annual Budget and supporting documentation , **BE APPROVED.**

DRAFT BUDGET 2018/19**PROPERTY SERVICES**

Depar Account	Description	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
89	OPERATING EXPENDITURE			
89	REPAIRS AND MAINTENANCE			
89	235020 Maintenance system	420,000	445,200	471,910
89	235040 BUILDINGS	720,000	763,200	808,990
89	TOTAL REPAIRS AND MAINTENANCE	1,140,000	1,208,400	1,280,900
89	GENERAL EXPENDITURE OTHER			
89	260350 CLEANING SERVICES	265,000	280,900	297,750
89	260920 GARDENING SERVICES	300,000	318,000	337,080
89	261290 FURNITURE AND EQUIPMENT	-	-	-
89	261950 MUNICIPAL SERVICES	3,450,000	3,657,000	3,876,420
89	261960 SERVICES	900,000	954,000	1,011,240
89	262970 SECURITY	2,862,000	3,033,720	3,215,740
89	TOTAL GENERAL EXPENDITURE	7,777,000	8,243,620	8,738,230
89	TOTAL OPERATING EXPENDITURE	8,917,000	9,452,020	10,019,130
89	OPERATING(SURPLUS)/DEFICIT	8,917,000	9,452,020	10,019,130

DISASTER MANAGEMENT

Depar Account	Description	BUDGET 2018/2019	BUDGET 2018/2019	BUDGET 2020/2021
90	OPERATING REVENUE			
90	OTHER REVENUE			
90	60060 REFUND TELEPHONE	(110)	(120)	(130)
90	TOTAL OTHER REVENUE	(110)	(120)	(130)
90	TOTAL OPERATING REVENUE	(110)	(120)	(130)
90	OPERATING EXPENDITURE			
90	SALARIES AND WAGES			
90	200010 SALARIES	3,032,200	3,214,130	3,406,980
90	200020 HOUSING SUBSIDY	31,120	32,990	34,970
90	200060 LEAVE BONUS	252,690	267,850	283,920
90	200090 LEAVE COMMUTATION	30,000	31,800	33,710
90	200140 OVERTIME	-	-	-
90	200200 TELEPHONE ALLOWANCE	38,400	40,700	43,140
90	200220 TRAVEL ALLOWANCE	465,020	492,920	522,500
90	TOTAL SALARIES AND WAGES	3,849,430	4,080,390	4,325,220
90	SOCIAL CONTRIBUTIONS			
90	203010 GROUP INSURANCE	60,650	64,290	68,150
90	203020 MEDICAL AID CONTRIBUTION	199,370	211,330	224,010
90	203030 PENSIONFUND CONTRIBUTION	667,090	707,120	749,550
90	203040 UIF	14,280	15,140	16,050

	800	850	900
90 203050 BARGANING COUNCIL			
90 TOTAL SOCIAL CONTRIBUTIOND	942,190	998,730	1,058,660
90 DEPRECIATION			
90 230010 DEPRECIATION	127,200	134,830	142,920
90 TOTAL DEPRECIATION	127,200	134,830	142,920
90 REPAIRS AND MAINTENANCE			
90 235040 BUILDING	169,600	179,780	190,570
90 235060 VEHICLES	74,200	78,650	83,370
90 TOTAL REPAIRS AND MAINTENANCE	243,800	258,430	273,940
90 GENERAL EXPENDITURE OTHER			
90 260350 CLEANING MATERIAL	210,000	222,600	235,960
90 260570 DELEGATION COST	6,000	6,360	6,740
90 261950 MUNICIPAL SERVICES	63,600	67,420	71,470
90 262300 REFRESHMENTS	22,000	23,320	24,720
90 262410 RENTAL EQUIPMENT	10,000	10,600	11,240
90 262430 TRAVEL- AND SUBSISTANCE	31,800	33,710	35,730
90 262970 SECURITY	1,325,000	1,404,500	1,488,770
90 263190 STATIONERY	10,000	10,600	11,240
90 263340 TELEPHONE	100,700	106,740	113,140
90 263750 VEHICLE AND EQUIPMENT COST	784,400	831,460	881,350
90 TOTAL GENERAL EXPENDITURE	2,563,500	2,717,310	2,880,360
90 TOTAL OPERATING EXPENDITURE	7,726,120	8,189,690	8,681,100
90 OPERATING(SURPLUS)/DEFICIT	7,726,010	8,189,570	8,680,970

PLANNING

Depar Account Description	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
91 OPERATING REVENUE			
91 OTHER REVENUE			
91 60060 REFUND TELEPHONE	(6,890)	(7,300)	(7,740)
91 60090 DONATED ASSETS			
91 TOTAL OTHER REVENUE	(6,890)	(7,300)	(7,740)
91 TOTAL OPERATING REVENUE	(6,890)	(7,300)	(7,740)
91 OPERATING EXPENDITURE			
91 SALARIES AND WAGES			
91 200010 SALARIES	9,330,720	9,890,560	10,483,990
91 200020 HOUSING SUBSIDY	90,360	95,780	101,530
91 200060 LEAVE BONUS	875,100	927,610	983,270
91 200090 LEAVE COMMUTATION	30,000	31,800	33,710
91 200140 OVERTIME	20,000	21,200	22,470
91 200200 TELEPHONE	151,200	160,270	169,890
91 200220 TRAVEL ALLOWANCE	970,880	1,029,130	1,090,880
91 TOTAL SALARIES AND WAGES	11,468,260	12,156,350	12,885,740
91 SOCIAL CONTRIBUTIONS			
91 203010 GROUP INSURANCE	171,080	181,340	192,220

91	203020 MEDICAL AID CONTRIBUTION	484,350	513,410	544,210
91	203030 PENSIONFUND CONTRIBUTION	2,052,760	2,175,930	2,306,490
91	203040 UIF	44,620	47,300	50,140
91	203050 BARGANING COUNCIL	2,380	2,520	2,670
91	TOTAL SOCIAL CONTRIBUTIOND	2,755,190	2,920,500	3,095,730
91	GENERAL EXPENDITURE OTHER			
91	261290 FURNITURE AND EQUIPMENT	10,000	10,600	11,240
91	262300 REFRESHMENTS	30,000	31,800	33,710
91	262430 TRAVEL- AND SUBSISTANCE ALLOWA	300,000	318,000	337,080
91	263190 STATIONERY	80,000	84,800	89,890
91	263340 TELEPHONE	26,500	28,090	29,780
91	TOTAL GENERAL EXPENDITURE	446,500	473,290	501,700
91	TOTAL OPERATING EXPENDITURE	14,669,950	15,550,140	16,483,170
91	OPERATING(SURPLUS)/DEFICIT	14,663,060	15,542,840	16,475,430

INTERNAL AUDIT

Depar Account Description

	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021	
92	OPERATING REVENUE			
92	OTHER REVENUE			
92	60060 REFUND TELEPHONE	(1,910)	(2,020)	(2,140)
92	TOTAL OTHER REVENUE	(1,910)	(2,020)	(2,140)
92	TOTAL OPERATING REVENUE	(1,910)	(2,020)	(2,140)
92	OPERATING EXPENDITURE			
92	SALARIES AND WAGES			
92	200010 SALARIES	2,020,530	2,141,760	2,270,270
92	200020 HOUSING SUBSIDY	15,560	16,490	17,480
92	200060 LEAVE BONUS	168,380	178,480	189,190
92	200090 LEAVE COMMUTATION	30,000	31,800	33,710
92	200140 OVERTIME	5,000	5,300	5,620
92	200200 TELEPHONE	32,400	34,340	36,400
92	200220 TRAVEL ALLOWANCE	517,320	548,360	581,260
92	TOTAL SALARIES AND WAGES	2,789,190	2,956,530	3,133,930
92	SOCIAL CONTRIBUTIONS			
92	203010 GROUP INSURANCE	40,410	42,830	45,400
92	203020 MEDICAL AID CONTRIBUTION	136,330	144,510	153,180
92	203030 PENSIONFUND CONTRIBUTION	444,520	471,190	499,460
92	203040 UIF	8,930	9,470	10,040
92	203050 BARGANING COUNCIL	500	530	560
92	TOTAL SOCIAL CONTRIBUTIOND	630,690	668,530	708,640
92	GENERAL EXPENDITURE OTHER			
92	260160 AUDIT FEES	3,800,000	4,028,000	4,269,680
92	260165 ADHOC AUDITS/CONSULTANTS	400,000	424,000	449,440
92	260170 AUDIT COMMITTEE	318,000	337,080	357,300
92	260570 DELEGATION COST	35,000	37,100	39,330

92	262300 REFRESHMENTS	10,000	10,600	11,240
92	262310 RISK MANAGEMENT	30,000	31,800	33,710
92	262430 TRAVEL- AND SUBSISTANCE ALLOWA	159,000	168,540	178,650
92	263190 STATIONERY	10,000	10,600	11,240
92	263340 TELEPHONE	23,320	24,720	26,200
92	TOTAL GENERAL EXPENDITURE	4,785,320.00	5,072,440.00	5,376,790.00
92	TOTAL OPERATING EXPENDITURE	8,205,200.00	8,697,500.00	9,219,360.00
92	OPERATING(SURPLUS)/DEFICIT	8,203,290.00	8,695,480.00	9,217,220.00

WATER AND SANITATION

Depar Account Description

	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021	
93	OPERATING REVENUE			
93	OTHER REVENUE			
93	10001 USER CHARGES	(2,332,000)	(2,471,920)	(2,620,240)
93	60060 REFUND TELEPHONE	(10,600)	(11,240)	(11,910)
93	TOTAL OTHER REVENUE	(2,342,600)	(2,483,160)	(2,632,150)
93	TOTAL OPERATING REVENUE	(2,342,600)	(2,483,160)	(2,632,150)
93	OPERATING EXPENDITURE			
93	SALARIES AND WAGES			
93	200010 SALARIES	6,672,580	7,072,930	7,497,310
93	200020 HOUSING SUBSIDY	40,680	43,120	45,710
93	200060 LEAVE BONUS	556,050	589,410	624,770
93	200090 LEAVE COMMUTATION	40,000	42,400	44,940
93	200140 OVERTIME	12,000	12,720	13,480
93	200200 TELEPHONE	73,200	77,590	82,250
93	200220 TRAVEL ALLOWANCE	840,000	890,400	943,820
93	TOTAL SALARIES AND WAGES	8,234,510	8,728,570	9,252,280
93	SOCIAL CONTRIBUTIONS			
93	203010 GROUP INSURANCE	133,460	141,470	149,960
93	203020 MEDICAL AID CONTRIBUTION	351,550	372,640	395,000
93	203030 PENSIONFUND CONTRIBUTION	1,467,970	1,556,050	1,649,410
93	203040 UIF	34,950	37,050	39,270
93	203050 BARGANING COUNCIL	2,000	2,120	2,250
93	TOTAL SOCIAL CONTRIBUTIOND	1,989,930	2,109,330	2,235,890
93	REPAIRS AND MAINTENANCE			
93	235040 BUILDINGS	201,400	213,480	226,290
93	235050 OFFICE EQUIPMENT	2,000	2,120	2,250
93	235060 VEHICLES	47,700	50,560	53,590
93	TOTAL REPAIRS AND MAINTENANCE	251,100	266,160	282,130
93	GENERAL EXPENDITURE OTHER			
93	260070 ADVERTISEMENTS	35,000	37,100	39,330
93	260350 CLEANING MATERIAL	106,000	112,360	119,100
93	260470 TECHNICAL SUPPORT	2,120,000	2,247,200	2,382,030
93	260570 DELEGATION COST	10,000	10,600	11,240

93	261290 EQUIPMENT AND FURNITURE	10,000	10,600	11,240
93	262140 POSTAGE	2,000	2,120	2,250
93	262270 RAILAGE / COURIER SERVICES	1,000	1,060	1,120
93	262300 REFRESHMENTS	7,000	7,420	7,870
93	262350 SAFETY CLOTHING	25,000	26,500	28,090
93	262430 TRAVEL- AND SUBSISTANCE ALLOWA	250,000	265,000	280,900
93	263190 STATIONERY	5,000	5,300	5,620
93	263280 SUBSCR. FEES: BOOKS/MAGAZINES	1,000	1,060	1,120
93	263340 TELEPHONE	153,700	162,920	172,700
93	263750 VEHICLE AND EQUIPMENT COST	201,400	213,480	226,290
93	TOTAL GENERAL EXPENDITURE	2,927,100	3,102,720	3,288,900
93	TOTAL OPERATING EXPENDITURE	13,402,640	14,206,780	15,059,200
93	OPERATING(SURPLUS)/DEFICIT	11,060,040	11,723,620	12,427,050

PROPERTY SERVICES(1)

Depar Account Description

	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021	
94	OPERATING REVENUE			
94	OTHER REVENUE			
94	60060 REFUND TELEPHONE	(2,540)	(2,690)	(2,850)
94	TOTAL OTHER REVENUE	(2,540)	(2,690)	(2,850)
94	TOTAL OPERATING REVENUE	(2,540)	(2,690)	(2,850)
94	OPERATING EXPENDITURE			
94	SALARIES AND WAGES			
94	200010 SALARIES	4,436,570	4,702,760	4,984,930
94	200020 HOUSING SUBSIDY	101,320	107,400	113,840
94	200060 LEAVE BONUS	369,720	391,900	415,410
94	200090 LEAVE COMMUTATION	30,000	31,800	33,710
94	200140 OVERTIME	265,000	280,900	297,750
94	200200 TELEPHONE	22,800	24,170	25,620
94	200220 TRAVEL ALLOWANCE	110,510	117,140	124,170
94	TOTAL SALARIES AND WAGES	5,335,920	5,656,070	5,995,430
94	SOCIAL CONTRIBUTIONS			
94	203010 GROUP INSURANCE	88,730	94,050	99,690
94	203020 MEDICAL AID CONTRIBUTION	421,350	446,630	473,430
94	203030 PENSIONFUND CONTRIBUTION	976,100	1,034,670	1,096,750
94	203040 U I F	40,200	42,610	45,170
94	203050 BARGANING COUNCIL	3,070	3,250	3,450
94	TOTAL SOCIAL CONTRIBUTIOND	1,529,450	1,621,210	1,718,490
94	DEPRECIATION			
94	230010 DEPRECIATION	13,780,000	14,606,800	15,483,210
94	TOTAL DEPRECIATION	13,780,000	14,606,800	15,483,210
94	GENERAL EXPENDITURE OTHER			
94	260350 CLEANING MATERIAL	800,000	848,000	898,880
94	262430 TRAVEL- AND SUBSISTENCE ALLOWA	100,000	106,000	112,360

		900,000	954,000	1,011,240
94	TOTAL GENERAL EXPENDITURE			
94	TOTAL OPERATING EXPENDITURE	21,545,370.00	22,838,080.00	24,208,370.00
94	OPERATING(SURPLUS)/DEFICIT	21,542,830.00	22,835,390.00	24,205,520.00
COMPUTER SERVICES				
Deepar Account Description		BUDGET	BUDGET	BUDGET
		2018/2019	2019/2020	2020/2021
95	OPERATING REVENUE			
95	OTHER REVENUE			
95	60060 REFUND TELEPHONE	(1,270)	(1,350)	(1,430)
95	TOTAL OTHER REVENUE	(1,270)	(1,350)	(1,430)
95	TOTAL OPERATING REVENUE	(1,270)	(1,350)	(1,430)
95	OPERATING EXPENDITURE			
95	SALARIES AND WAGES			
95	200010 SALARIES	1,803,410	1,911,610	2,026,310
95	200020 HOUSING SUBSIDY	12,560	13,310	14,110
95	200060 LEAVE BONUS	150,290	159,310	168,870
95	200090 LEAVE COMMUTATION	25,000	26,500	28,090
95	200140 OVERTIME	2,000	2,120	2,250
95	200200 TELEPHONE	21,600	22,900	24,270
95	200220 TRAVEL ALLOWANCE	120,000	127,200	134,830
95	TOTAL SALARIES AND WAGES	2,134,860	2,262,950	2,398,730
95	SOCIAL CONTRIBUTIONS			
95	203010 GROUP INSURANCE	18,810	19,940	21,140
95	203020 MEDICAL AID CONTRIBUTION	63,740	67,560	71,610
95	203030 PENSION	206,910	219,320	232,480
95	203040 U I F	7,140	7,570	8,020
95	203050 BARGANING COUNCIL	300	320	340
95	TOTAL SOCIAL CONTRIBUTIOND	296,900	314,710	333,590
95	REPAIRS AND MAINTENANCE			
95	235050 OFFICE EQUIPMENT	500,000	530,000	561,800
95	TOTAL REPAIRS AND MAINTENANCE	500,000	530,000	561,800
95	FINANCE COST			
95	240001 FINANCE COST	-	-	-
95	TOT. INT. EXPENSE - EXT.BORROW	-	-	-
95	GENERAL EXPENDITURE OTHER			
95	250010 OPERATING LEASE	212,000	224,720	238,200
95	261290 EQUIPMENT AND FURNITURE	150,000	159,000	168,540
95	260410 IT SERVICES	2,300,000	2,438,000	2,584,280
95	261500 LICENSES	3,259,720	3,455,300	3,662,620
95	262190 PROGRAM ALTERATIONS	900,000	954,000	1,011,240
95	262410 RENTAL EQUIPMENT	1,400,000	1,484,000	1,573,040
95	262430 TRAVEL & SUBSISTENCE	60,000	63,600	67,420
95	263190 STATIONERY	300,000	318,000	337,080
95	263340 TELEPHONE	1,060,000	1,123,600	1,191,020

		9,641,720	10,220,220	10,833,440
95	TOTAL GENERAL EXPENDITURE			
95	TOTAL OPERATING EXPENDITURE	12,573,480	13,327,880	14,127,560
95	OPERATING(SURPLUS)/DEFICIT	12,572,210	13,326,530	14,126,130
COUNCIL SUPPORT STAFF				
Depar Account Description		BUDGET	BUDGET	BUDGET
		2018/2019	2019/2020	2020/2021
96	OPERATING REVENUE			
96	OTHER REVENUE			
96	60060 TELEPHONE REFUND	(9,650)	(10,230)	(10,840)
96	TOTAL OTHER REVENUE	(9,650)	(10,230)	(10,840)
96	TOTAL OPERATING REVENUE	(9,650)	(10,230)	(10,840)
96	OPERATING EXPENDITURE			
96	SALARIES AND WAGES			
96	200010 SALARIES	11,759,110	12,464,660	13,212,540
96	200020 HOUSING SUBSIDY	43,700	46,320	49,100
96	200060 LEAVE BONUS	979,930	1,038,730	1,101,050
96	200090 LEAVE COMMUTATION	100,000	106,000	112,360
96	200140 OVERTIME	240,000	254,400	269,660
96	200200 TELEPHONE	324,000	343,440	364,050
96	200220 TRAVEL ALLOWANCE	1,020,840	1,082,090	1,147,020
96	TOTAL SALARIES AND WAGES	14,467,580	15,335,640	16,255,780
96	SOCIAL CONTRIBUTIONS			
96	203010 GROUP INSURANCE	127,260	134,900	142,990
96	203020 MEDICAL AID CONTRIBUTION	343,840	364,470	386,340
96	203030 PENSIONFUND CONTRIBUTION	1,365,370	1,447,290	1,534,130
96	203040 UIF	62,550	66,300	70,280
96	203050 BARGAINING COUNCIL	2,280	2,420	2,570
96	TOTAL SOCIAL CONTRIBUTIOND	1,901,300	2,015,380	2,136,310
96	GENERAL EXPENDITURE OTHER			
96	262430 TRAVEL & SUBSISTENCE	220,000	233,200	247,190
96	TOTAL GENERAL EXPENDITURE	220,000	233,200	247,190
96	TOTAL OPERATING EXPENDITURE	16,588,880	17,584,220	18,639,280
96	OPERATING(SURPLUS)/DEFICIT	16,579,230	17,573,990	18,628,440

LEGAL SECTION

Depar Account Description		BUDGET	BUDGET	BUDGET
		2018/2019	2019/2020	2020/2021
97	OPERATING REVENUE			
97	OTHER REVENUE			
97	60060 REFUND TELEPHONE	(1,590)	(1,690)	(1,790)
97	TOTAL OTHER REVENUE	(1,590)	(1,690)	(1,790)
97	TOTAL OPERATING REVENUE	(1,590)	(1,690)	(1,790)
97	OPERATING EXPENDITURE			

97	SALARIES AND WAGES			
97	200010 SALARIES	1,361,340	1,443,020	1,529,600
97	200020 HOUSING SUBSIDY	12,560	13,310	14,110
97	200060 LEAVE BONUS	113,450	120,260	127,480
97	200090 LEAVE COMMUTATION	25,000	26,500	28,090
97	200200 TELEPHONE	24,000	25,440	26,970
97	200220 TRAVEL ALLOWANCE	466,190	494,160	523,810
97	TOTAL SALARIES AND WAGES	2,002,540	2,122,690	2,250,060
97	SOCIAL CONTRIBUTIONS			
97	203010 GROUP INSURANCE	27,230	28,860	30,590
97	203020 MEDICAL AID CONTRIBUTION	66,120	70,090	74,300
97	203030 PENSIONFUND CONTRIBUTION	299,500	317,470	336,520
97	203040 UIF	3,570	3,780	4,010
97	203050 BARGANING COUNCIL	200	210	220
97	TOTAL SOCIAL CONTRIBUTIOND	396,620.00	420,410.00	445,640.00
97	GENERAL EXPENDITURE OTHER			
97	260570 DELEGATION COSTS	5,000	5,300	5,620
97	261290 EQUIPMENT AND FURNITURE	5,000	5,300	5,620
97	261450 LEGAL COSTS	3,000,000	3,180,000	3,370,800
97	262430 TRAVEL- AND SUBSISTENCE ALLOWA	53,000	56,180	59,550
97	TOTAL GENERAL EXPENDITURE	3,063,000	3,246,780	3,441,590
97	TOTAL OPERATING EXPENDITURE	5,462,160	5,789,880	6,137,290
97	OPERATING(SURPLUS)/DEFICIT	5,460,570	5,788,190	6,135,500

HUMAN RESOURCES

Depar Account Description

	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021	
98	OPERATING REVENUE			
98	OTHER REVENUE			
98	60060 REFUND TELEPHONE	(9,010)	(9,550)	(10,120)
98	TOTAL OTHER REVENUE	(9,010)	(9,550)	(10,120)
98	TOTAL OPERATING REVENUE	(9,010)	(9,550)	(10,120)
98	OPERATING EXPENDITURE			
98	SALARIES AND WAGES			
98	200010 SALARIES	3,157,390	3,346,830	3,547,640
98	200020 HOUSING SUBSIDY	18,560	19,670	20,850
98	200060 LEAVE BONUS	263,120	278,910	295,640
98	200090 LEAVE COMMUTATION	30,000	31,800	33,710
98	200140 OVERTIME	40,000	42,400	44,940
98	200200 TELEPHONE	30,000	31,800	33,710
98	200220 TRAVEL ALLOWANCE	354,700	375,980	398,540
98	TOTAL SALARIES AND WAGES	3,893,770	4,127,390	4,375,030
98	SOCIAL CONTRIBUTIONS			
98	203010 GROUP INSURANCE	63,150	66,940	70,960
98	203020 MEDICAL AID CONTRIBUTION	261,900	277,610	294,270

98	203030 PENSIONFUND CONTRIBUTION	694,630	736,310	780,490
98	203040 U I F	16,070	17,030	18,050
98	203050 BARGANING COUNCIL	900	950	1,010
98	TOTAL SOCIAL CONTRIBUTIOND	1,036,650	1,098,840	1,164,780
98	GENERAL EXPENDITURE OTHER			
98	260070 ADVERTISEMENTS	371,000	393,260	416,860
98	261290 EQUIPMENT AND FURNITURE	5,000	5,300	5,620
98	262430 TRAVEL- AND SUBSISTENCE ALLOWA	212,000	224,720	238,200
98	262990 SERVICE TRAINING	650,000	689,000	730,340
98	262995 TRAINING BURSARIES	300,000	318,000	337,080
98	RECRUITMENT COST	30,000	31,800	33,710
98	263190 STATIONERY	10,000	10,600	11,240
98	263280 SUBSCR. FEES: BOOKS/MAGAZINES	1,000	1,060	1,120
98	263340 TELEPHONE	148,400	157,300	166,740
98	263460 TRAINING FUND	1,166,000	1,235,960	1,310,120
98	263880 WORKMAN'S COMPENSATION	773,800	820,230	869,440
98	TOTAL GENERAL EXPENDITURE	3,667,200	3,887,230	4,120,470
98	TOTAL OPERATING EXPENDITURE	8,597,620	9,113,460	9,660,280
98	OPERATING(SURPLUS)/DEFICIT	8,588,610	9,103,910	9,650,160

CORPORATE SERVICES

Depar Account	Description	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
99	OPERATING REVENUE			
99	GRANTS AND SUBSIDIES			
99	55095 DATA CLEANSING GRANT	-	-	-
99	55096 ISDG	(5,553,000)	(6,500,000)	(6,000,000)
99	TOTAL GRANTS AND SUBSIDIES	(5,553,000)	(6,500,000)	(6,000,000)
99	OTHER REVENUE			
99	60060 REFUND TELEPHONE	(7,840)	(8,310)	(8,810)
99	65010 LOSS ON DISPOSAL			
99	TOTAL OTHER REVENUE	(7,840)	(8,310)	(8,810)
99	TOTAL OPERATING REVENUE	(5,560,840)	(6,508,310)	(6,008,810)
99	OPERATING EXPENDITURE			
99	SALARIES AND WAGES			
99	200010 SALARIES	9,817,460	10,406,510	11,030,900
99	200020 HOUSING SUBSIDY	70,200	74,410	78,870
99	200060 LEAVE BONUS	859,830	911,420	966,110
99	200090 LEAVE COMMUTATION	80,000	84,800	89,890
99	200140 OVERTIME	400,000	424,000	449,440
99	200200 TELEPHONE ALLOWANCE	130,800	138,650	146,970
99	200220 TRAVEL ALLOWANCE	838,150	888,440	941,750
99	TOTAL SALARIES AND WAGES	12,196,440	12,928,230	13,703,930
99	SOCIAL CONTRIBUTIONS			
99	203010 GROUP INSURANCE	180,990	191,850	203,360

99	203020 MEDICAL AID CONTRIBUTION	820,440	869,670	921,850
99	203030 PENSIONFUND CONTRIBUTION	2,122,800	2,250,170	2,385,180
99	203040 U I F	56,570	59,960	63,560
99	203050 BARGANING COUNCIL	3,170	3,360	3,560
99	TOTAL SOCIAL CONTRIBUTIOND	3,183,970	3,375,010	3,577,510
99	DEPRECIATION			
99	230010 DEPRECIATION	3,190,600	3,382,040	3,584,960
99	TOTAL DEPRECIATION	3,190,600	3,382,040	3,584,960
99	REPAIRS AND MAINTENANCE			
99	235060 VEHICLES	243,800	258,430	273,940
99	TOTAL REPAIRS AND MAINTENANCE	243,800	258,430	273,940
99	GENERAL EXPENDITURE OTHER			
99	260570 DELEGATION COSTS	40,000	42,400	44,940
99	260830 ENTERTAINMENT	220,000	233,200	247,190
99	261290 EQUIPMENT AND FURNITURE	80,000	84,800	89,890
99	261500 LICENSES	6,360	6,740	7,140
99	262140 POSTING, STAMPS & TELEGRAPHS	10,000	10,600	11,240
99	262430 PROTECTIVE CLOTHING	424,000	449,440	476,410
99	262270 RAILAGE / COURIER SERVICES	2,000	2,120	2,250
99	262430 TRAVEL- AND SUBSISTENCE ALLOWA	604,200	640,450	678,880
99	263190 STATIONERY	100,000	106,000	112,360
99	263280 SUBSCR. FEES: BOOKS/MAGAZINES	2,000	2,120	2,250
99	263340 TELEPHONE	598,900	634,830	672,920
99	263750 VEHICLE AND EQUIPMENT COST	318,000	337,080	357,300
99	265100 LOSS ON DISPOSAL			
99	TOTAL GENERAL EXPENDITURE	2,405,460	2,549,780	2,702,770
99	TOTAL OPERATING EXPENDITURE	21,220,270	22,493,490	23,843,110
99	OPERATING(SURPLUS)/DEFICIT	15,659,430	15,985,180	17,834,300

EXECUTIVE MAYOR & COMMITTEE

Depar Account	Description	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
100	OPERATING REVENUE	-	-	-
100	OPERATING EXPENDITURE	-	-	-
100	SALARIES AND WAGES	-	-	-
100	200010 SALARIES	3,485,820	3,694,970	3,916,670
100	200200 TELEPHONE ALLOWANCE	285,600	302,740	320,900
100	200220 TRAVEL ALLOWANCE	1,394,870	1,478,560	1,567,270
100	TOTAL SALARIES AND WAGES	5,166,290	5,476,270	5,804,840
100	SOCIAL CONTRIBUTIONS			
100	203020 MEDICAL AID CONTRIBUTION	175,910	186,460	197,650
100	203030 PENSIONFUND CONTRIBUTION	522,880	554,250	587,510
100	TOTAL SOCIAL CONTRIBUTIOND	698,790	740,710	785,160
100	DEPRECIATION			
100	230010 DEPRECIATION	503,500	533,710	565,730

100	230020 IMPAIRMENT	-	-	-
100	TOTAL DEPRECIATION	503,500	533,710	565,730
100	REPAIRS AND MAINTENANCE			
100	235060 VEHICLES	-	-	-
100	TOTAL REPAIRS AND MAINTENANCE	-	-	-
100	GENERAL EXPENDITURE OTHER			
100	260570 DELEGATION COSTS	60,000	63,600	67,420
100	260830 ENTERTAINMENT	180,000	190,800	202,250
100	261290 EQUIPMENT AND FURNITURE	40,000	42,400	44,940
100	261500 LICENSES	55,120	58,430	61,940
100	261640 MEMBERSHIP FEE	1,272,000	1,348,320	1,429,220
100	262430 TRAVEL- AND SUBSISTENCE ALLOWA	950,000	1,007,000	1,067,420
100	262500 YEAR END FUNCTION	90,000	95,400	101,120
100	263190 STATIONERY	20,000	21,200	22,470
100	263280 SUBSCR. FEES: BOOKS/MAGAZINES	2,000	2,120	2,250
100	263340 TELEPHONE	445,200	471,910	500,220
100	VEHICLE AND EQUIPMENT COST	180,200	191,010	202,470
100	265100 LOSS ON DISPOSAL	-	-	-
100	265120 ACTUARIAL LOSS	-	-	-
100	62050 FAIR VALUE ADJUSTMENT	-	-	-
100	TOTAL GENERAL EXPENDITURE	3,294,520	3,492,190	3,701,720
100	TOTAL OPERATING EXPENDITURE	9,663,100	10,242,880	10,857,450
100	OPERATING(SURPLUS)/DEFICIT	9,663,100	10,242,880	10,857,450

MUNICIPAL MANAGER

Depar Account Description

	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021	
101	OPERATING REVENUE			
101	OTHER REVENUE			
101	60060 REFUND TELEPHONE	(1,520)	(1,610)	(1,710)
101	TOTAL OTHER REVENUE	(1,520)	(1,610)	(1,710)
101	TOTAL OPERATING REVENUE	(1,520)	(1,610)	(1,710)
101	OPERATING EXPENDITURE			
101	SALARIES AND WAGES			
101	200010 SALARIES	3,993,040	4,232,620	4,486,580
101	200020 HOUSING SUBSIDY	9,000	9,540	10,110
101	200060 LEAVE BONUS	381,670	404,570	428,840
101	200090 LEAVE COMMUTATION	200,000	212,000	224,720
101	200140 OVERTIME	3,000	3,180	3,370
101	200200 TELEPHONE	58,800	62,330	66,070
101	200220 TRAVEL ALLOWANCE	716,730	759,730	805,310
101	TOTAL SALARIES AND WAGES	5,362,240	5,683,970	6,025,000
101	SOCIAL CONTRIBUTIONS			
101	203010 GROUP INSURANCE	57,520	60,970	64,630
101	203020 MEDICAL AID CONTRIBUTION	199,580	211,550	224,240

101	203030 PENSIONFUND CONTRIBUTION	752,670	797,830	845,700
101	203040 U I F	12,500	13,250	14,050
101	203050 BARGANING COUNCIL	600	640	680
101	TOTAL SOCIAL CONTRIBUTIOND	1,022,870	1,084,240	1,149,300
101	DEPRECIATION			
101	230010 DEPRECIATION	556,500	589,890	625,280
101	TOTAL DEPRECIATION	556,500	589,890	625,280
101	FINANCE COST			
101	240001 FINANCE COST	-	-	-
101	TOT. INT. EXPENSE - EXT.BORROW	-	-	-
101	GENERAL EXPENDITURE OTHER			
101	260570 DELEGATION COSTS	50,000	53,000	56,180
101	260830 ENTERTAINMENT	50,000	53,000	56,180
101	261290 EQUIPMENT AND FURNITURE	5,000	5,300	5,620
101	261640 MEMBERSHIP FEES	10,600	11,240	11,910
101	262310 STAFF WELFARE	60,000	63,600	67,420
101	262430 TRAVEL- AND SUBSISTENCE ALLOWA	200,000	212,000	224,720
101	263190 STATIONERY	30,000	31,800	33,710
101	263280 SUBSCR. FEES: BOOKS/MAGAZINES	2,000	2,120	2,250
101	263340 TELEPHONE	121,900	129,210	136,960
101	RELOCATION COST	-	-	-
101	265120 ACTUARIAL LOSS	-	-	-
101	TOTAL GENERAL EXPENDITURE	529,500	561,270	594,950
101	TOTAL OPERATING EXPENDITURE	7,471,110.00	7,919,370.00	8,394,530.00
101	OPERATING(SURPLUS)/DEFICIT	7,469,590.00	7,917,760.00	8,392,820.00

SUPPLY CHAIN MANGEMENT

Depar Account Description

	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021	
102	OPERATING REVENUE			
102	INT.EARNED - EXTERNAL INVEST.			
102	25010 INTEREST INVESTMENTS	(11,130,000)	(11,797,800)	(12,505,670)
102	25020 BANK INTEREST CURRENT ACCOUNT	(3,816,000)	(4,044,960)	(4,287,660)
102	TOTAL INT. EARNED EXT. INVEST.	(14,946,000)	(15,842,760)	(16,793,330)
102	INT. EARNED - OUSTANDING DRS.			
102	30010 INTEREST DEBTORS	-	-	-
102	TOTAL INT. EARNED - OUTS. DRS.	-	-	-
102	GRANTS AND SUBSIDIES			
102	55020 EQUITABLE SHARE	-11,400,000	-12,682,000	(13,785,000)
102	55090 REVENUE REPLACEMENT GRANT	-271,006,000	-278,972,000	(286,516,000)
102	TOTAL GRANTS AND SUBSIDIES	(282,406,000)	(291,654,000)	(300,301,000)
102	OTHER REVENUE			
102	60030 DEPOSIT TENDERS	(29,680)	(31,460)	(33,350)
102	60060 REFUND TELEPHONE	(210)	(220)	(230)
102	60070 LGSETA INCOME	(265,000)	(280,900)	(297,750)

102	60080 SUNDRY	-	-	-
102	60100 RETENTION WRITTEN BACK	-	-	-
102	60120 INCOME FROM ENTITIES	-	-	-
102	TOTAL OTHER REVENUE	(294,890)	(312,580)	(331,330)
102	TOTAL OPERATING REVENUE	(297,646,890)	(307,809,340)	(317,425,660)
102	OPERATING EXPENDITURE			
102	SALARIES AND WAGES			
102	200010 SALARIES	2,430,940	2,576,800	2,731,410
102	200020 HOUSING SUBSIDY	25,120	26,630	28,230
102	200060 LEAVE BONUS	202,580	214,730	227,610
102	200090 LEAVE COMMUTATION	40,000	42,400	44,940
102	200140 OVERTIME	20,000	21,200	22,470
102	200200 TELEPHONE	12,000	12,720	13,480
102	200220 TRAVEL ALLOWANCE	235,460	249,590	264,570
102	TOTAL SALARIES AND WAGES	2,966,100	3,144,070	3,332,710
102	SOCIAL CONTRIBUTIONS			
102	203010 GROUP INSURANCE	48,620	51,540	54,630
102	203020 MEDICAL AID CONTRIBUTION	168,470	178,580	189,290
102	203030 PENSIONFUND CONTRIBUTION	534,810	566,900	600,910
102	203040 U I F	14,030	14,870	15,760
102	203050 BARGANING COUNCIL	800	850	900
102	TOTAL SOCIAL CONTRIBUTIOND	766,730	812,740	861,490
102	DEPRECIATION			
102	230010 DEPRECIATION	238,500	252,810	267,980
102	TOTAL DEPRECIATION	238,500	252,810	267,980
102	REPAIRS AND MAINTENANCE			
102	235050 OFFICE EQUIPMENT	2,120	2,250	2,390
102	TOTAL REPAIRS AND MAINTENANCE	2,120	2,250	2,390
102	INTEREST EXPENSE - EXT.BORROW.			
102	240001 FINANCE COST	-	-	-
102	TOT. INT. EXPENSE - EXT.BORROW	-	-	-
102	GENERAL EXPENDITURE OTHER			
102	260180 BANK COSTS	50,000	53,000	56,180
102	260190 BANKING SERVICE	45,000	47,700	50,560
102	260320 CFO FORUM	10,000	10,600	11,240
102	260570 DELEGATION COSTS	20,000	21,200	22,470
102	260830 ENTERTAINMENT	70,000	74,200	78,650
102	261290 EQUIPMENT AND FURNITURE	8,000	8,480	8,990
102	262140 POSTING, STAMPS & TELEGRAPHS	1,000	1,060	1,120
102	262270 RAILAGE / COURIER SERVICES	1,000	1,060	1,120
102	262430 TRAVEL- AND SUBSISTENCE ALLOWA	63,600	67,420	71,470
102	263190 STATIONERY	47,700	50,560	53,590
102	263280 SUBSCR. FEES: BOOKS/MAGAZINES	1,000	1,060	1,120
102	263340 TELEPHONE	222,600	235,960	250,120
102	TOTAL GENERAL EXPENDITURE	539,900	572,300	606,630

		4,513,350	4,784,170	5,071,200
102	TOTAL OPERATING EXPENDITURE			
102	OPERATING(SURPLUS)/DEFICIT	(293,133,540)	(303,025,170)	(312,354,460)
HEALTH				
Deepar Account	Description	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
103	OPERATING REVENUE			
103	OTHER REVENUE			
103	10010 HEALTH INCOME	(424,000)	(449,440)	(476,410)
103	60060 REFUND TELEPHONE	(2,120)	(2,250)	(2,390)
103	TOTAL OTHER REVENUE	(426,120)	(451,690)	(478,800)
103	TOTAL OPERATING REVENUE	(426,120)	(451,690)	(478,800)
103	OPERATING EXPENDITURE			
103	SALARIES AND WAGES			
103	200010 SALARIES	12,423,930	13,169,370	13,959,530
103	200020 HOUSING SUBSIDY	123,720	131,140	139,010
103	200060 LEAVE BONUS	1,035,330	1,097,450	1,163,300
103	200090 LEAVE COMMUTATION	200,000	212,000	224,720
103	200140 OVERTIME	20,000	21,200	22,470
103	200200 TELEPHONE	184,800	195,890	207,640
103	200220 TRAVEL ALLOWANCE	2,472,360	2,620,700	2,777,940
103	TOTAL SALARIES AND WAGES	16,460,140	17,447,750	18,494,610
103	SOCIAL CONTRIBUTIONS			
103	203010 GROUP INSURANCE	241,880	256,390	271,770
103	203020 MEDICAL AID CONTRIBUTION	840,260	890,680	944,120
103	203030 PENSIONFUND CONTRIBUTION	2,516,550	2,667,540	2,827,590
103	203040 U I F	64,250	68,110	72,200
103	203050 BARGANING COUNCIL	3,260	3,460	3,670
103	TOTAL SOCIAL CONTRIBUTIOND	3,666,200	3,886,180	4,119,350
103	REPAIRS AND MAINTENANCE			
103	235060 VEHICLES	31,800	33,710	35,730
103	TOTAL REPAIRS AND MAINTENANCE	31,800	33,710	35,730
103	GENERAL EXPENDITURE OTHER			
103	260570 DELEGATION COSTS	10,000	10,600	11,240
103	261290 EQUIPMENT AND FURNITURE	500,000	530,000	561,800
103	261640 MEMBERSHIP FEES	45,000	47,700	50,560
103	262140 POSTING, STAMPS & TELEGRAPHS	1,000	1,060	1,120
103	262300 REFRESHMENTS	15,000	15,900	16,850
103	262430 TRAVEL- AND SUBSISTENCE ALLOWA	900,000	954,000	1,011,240
103	262540 RENTAL OFFICES	212,000	224,720	238,200
103	262920 SAMPLE TAKING	100,000	106,000	112,360
103	263190 STATIONERY	30,000	31,800	33,710
103	263340 TELEPHONE	46,640	49,440	52,410
103	263750 VEHICLE AND EQUIPMENT COST	74,200	78,650	83,370
103	TOTAL GENERAL EXPENDITURE	1,933,840	2,049,870	2,172,860

103	TOTAL OPERATING EXPENDITURE	22,091,980	23,417,510	24,822,550
103	OPERATING(SURPLUS)/DEFICIT	21,665,860	22,965,820	24,343,750

MUNICIPAL INFRASTRUCTURE

Depar Account	Description	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
104	OPERATING REVENUE			
104	GRANTS AND SUBSIDIES			
104	55065 GRANT DWA	-159,440,000	-309,631,000	(338,407,000)
104	55070 GRANT COGTA	0	0	-
104	55080 GRANT RURAL ROADS	-2,314,000	-2,451,000	(25,930,000)
104	TOTAL GRANTS AND SUBSIDIES	(161,754,000)	(312,082,000)	(364,337,000)
104	OTHER REVENUE			
104	60060 REFUND TELEPHONE	(6,150)	(6,520)	(6,910)
104	65010 RPROFIT ON DISPOSAL			
104	TOTAL OTHER REVENUE	(6,150)	(6,520)	(6,910)
104	TOTAL OPERATING REVENUE	(161,760,150)	(312,088,520)	(364,343,910)
104	OPERATING EXPENDITURE			
104	SALARIES AND WAGES			
104	200010 SALARIES	4,703,580	4,985,790	5,284,940
104	200020 HOUSING SUBSIDY	40,700	43,140	45,730
104	200060 LEAVE BONUS	429,660	455,440	482,770
104	200090 LEAVE COMMUTATION	50,000	53,000	56,180
104	200140 OVERTIME	5,000	5,300	5,620
104	200200 TELEPHONE	82,800	87,770	93,040
104	200220 TRAVEL ALLOWANCE	690,350	731,770	775,680
104	TOTAL SALARIES AND WAGES	6,002,090	6,362,210	6,743,960
104	SOCIAL CONTRIBUTIONS			
104	203010 GROUP INSURANCE	77,770	82,440	87,390
104	203020 MEDICAL AID CONTRIBUTION	25,190	26,700	28,300
104	203030 PENSIONFUND CONTRIBUTION	1,034,790	1,096,880	1,162,690
104	203040 U I F	19,640	20,820	22,070
104	203050 BARGANING COUNCIL	990	1,050	1,110
104	TOTAL SOCIAL CONTRIBUTIOND	1,158,380	1,227,890	1,301,560
104	DEPRECIATION			
104	230010 DEPRECIATION	2,120,000	2,247,200	2,382,030
104	TOTAL DEPRECIATION	2,120,000	2,247,200	2,382,030
104	REPAIRS AND MAINTENANCE			
104	235040 BUILDINGS	4,369,320	4,631,480	4,909,370
104	235050 OFFICE EQUIPMENT	1,060	1,120	1,190
104	235060 VEHICLES	169,600	179,780	190,570
104	235080 FLEET MAINTENANCE	4,000,000	4,240,000	4,494,400
104	TOTAL REPAIRS AND MAINTENANCE	8,539,980	9,052,380	9,595,530
104	GENERAL EXPENDITURE OTHER			
104	260570 DELEGATION COSTS	26,000	27,560	29,210
104	260830 ENTERTAINMENT	63,600	67,420	71,470

104	261290	EQUIPMENT AND FURNITURE	10,000	10,600	11,240
104	261640	MEMBERSHIP FEES	15,370	16,290	17,270
104	262270	RAILAGE / COURIER SERVICES	1,000	1,060	1,120
104	262430	TRAVEL- AND SUBSISTENCE ALLOWA	212,000	224,720	238,200
104	263190	STATIONERY	20,000	21,200	22,470
104	263280	SUBSCR. FEES: BOOKS/MAGAZINES	1,000	1,060	1,120
104	263340	TELEPHONE	137,800	146,070	154,830
104	263750	VEHICLE AND EQUIPMENT COST	339,200	359,550	381,120
104	265100	LOSS ON DISPOSAL	-	-	-
104		TOTAL GENERAL EXPENDITURE	825,970	875,530	928,050

104		TOTAL OPERATING EXPENDITURE	18,646,420	19,765,210	20,951,130
104		OPERATING(SURPLUS)/DEFICIT	(143,113,730)	(292,323,310)	(343,392,780)

PLANNING, DEVELOPMENT AND IMPLEMENTATION

Depar Account	Description	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
105	OPERATING REVENUE			
105	GRANTS AND SUBSIDIES			
105	55040 GRANT - EPWP	(3,872,000)	(4,000,000)	(4,000,000)
105	TOTAL GRANTS AND SUBSIDIES	(3,872,000)	(4,000,000)	(4,000,000)
105	OTHER REVENUE			
105	60060 REFUND TELEPHONE	(4,240)	(4,490)	(4,760)
105	TOTAL OTHER REVENUE	(4,240)	(4,490)	(4,760)
105	TOTAL OPERATING REVENUE	(3,876,240)	(4,004,490)	(4,004,760)
105	OPERATING EXPENDITURE			
105	SALARIES AND WAGES			
105	200010 SALARIES	2,540,070	2,692,470	2,854,020
105	200020 HOUSING SUBSIDY	327,000	346,620	367,420
105	200060 LEAVE BONUS	211,680	224,380	237,840
105	200090 LEAVE COMMUTATION	40,000	42,400	44,940
105	200140 OVERTIME	30,000	31,800	33,710
105	200200 TELEPHONE	75,600	80,140	84,950
105	200220 TRAVEL ALLOWANCE	341,810	362,320	384,060
105	TOTAL SALARIES AND WAGES	3,566,160	3,780,130	4,006,940
105	SOCIAL CONTRIBUTIONS			
105	203010 GROUP INSURANCE	50,810	53,860	57,090
105	203020 MEDICAL AID CONTRIBUTION	279,940	296,740	314,540
105	203030 PENSION	558,820	592,350	627,890
105	203040 U I F	21,420	22,710	24,070
105	203050 BARGANING COUNCIL	1,190	1,260	1,340
105	TOTAL SOCIAL CONTRIBUTIOND	912,180	966,920	1,024,930
105	DEPRECIATION			
105	230010 DEPRECIATION	124,390	131,850	139,760
105	TOTAL DEPRECIATION	124,390	131,850	139,760
105	GENERAL EXPENDITURE OTHER			

105	260570 DELEGATION COSTS	3,500	3,710	3,930
105	261290 EQUIPMENT AND FURNITURE	500	530	560
105	262270 RAILAGE / COURIER SERVICES	500	530	560
105	262430 TRAVEL- AND SUBSISTENCE ALLOWA	100,000	106,000	112,360
105	263190 STATIONERY	2,000	2,120	2,250
105	263280 SUBSCR. FEES: BOOKS/MAGAZINES	500	530	560
105	263340 TELEPHONE	68,900	73,030	77,410
105	TOTAL GENERAL EXPENDITURE	175,900	186,450	197,630
105	TOTAL OPERATING EXPENDITURE	4,778,630	5,065,350	5,369,260
105	OPERATING(SURPLUS)/DEFICIT	902,390	1,060,860	1,364,500

SPEAKER, CHIEF WHIP AND COUNCIL

Depar Account Description

		BUDGET	BUDGET	BUDGET
		2018/2019	2019/2020	2020/2021
106	OPERATING REVENUE			
106	OPERATING EXPENDITURE			
106	SALARIES AND WAGES			
106	200010 SALARIES	4,871,870	5,164,180	5,474,030
106	200200 TELEPHONE ALLOWANCE	525,600	557,140	590,570
106	200220 TRAVEL ALLOWANCE	1,726,940	1,830,560	1,940,390
106	TOTAL SALARIES AND WAGES	7,124,410	7,551,880	8,004,990
106	SOCIAL CONTRIBUTIONS			
106	203020 MEDICAL AID CONTRIBUTION	87,590	92,850	98,420
106	203030 PENSION	555,710	589,050	624,390
106	TOTAL SOCIAL CONTRIBUTIOND	643,300	681,900	722,810
106	GENERAL EXPENDITURE OTHER			
106	260520 COMMITTEE - BY LAWS & POLICIES	50,000	53,000	56,180
106	260530 COMMITTEES	50,000	53,000	56,180
106	260570 DELEGATION COSTS	60,000	63,600	67,420
106	260830 ENTERTAINMENT	600,000	636,000	674,160
106	261290 EQUIPMENT AND FURNITURE	10,000	10,600	11,240
106	262430 TRAVEL- AND SUBSISTENCE ALLOWA	1,250,000	1,325,000	1,404,500
106	263190 STATIONERY	10,000	10,600	11,240
106	263280 SUBSCR. FEES: BOOKS/MAGAZINES	5,000	5,300	5,620
106	263340 TELEPHONE	84,800	89,890	95,280
106	TOTAL GENERAL EXPENDITURE	2,119,800	2,246,990	2,381,820
106	TOTAL OPERATING EXPENDITURE	9,887,510	10,480,770	11,109,620
106	OPERATING(SURPLUS)/DEFICIT	9,887,510	10,480,770	11,109,620

FINANCE

Depar Account Description

		BUDGET	BUDGET	BUDGET
		2018/2019	2019/2020	2020/2021
107	OPERATING REVENUE	-	-	-

107	OTHER REVENUE	-	-	-
107	60060 REFUND TELEPHONE	(5,720)	(6,060)	(6,420)
107	TOTAL OTHER REVENUE	(5,720)	(6,060)	(6,420)
107	TOTAL OPERATING REVENUE	(5,720)	(6,060)	(6,420)
107	OPERATING EXPENDITURE			
107	SALARIES AND WAGES			
107	200010 SALARIES	9,494,380	10,064,040	10,667,880
107	200020 HOUSING SUBSIDY	87,360	92,600	98,160
107	200060 LEAVE BONUS	885,760	938,910	995,240
107	200090 LEAVE COMMUTATION	200,000	212,000	224,720
107	200140 OVERTIME	80,000	84,800	89,890
107	200200 TELEPHONE	154,800	164,090	173,940
107	200220 TRAVEL ALLOWANCE	1,647,260	1,746,100	1,850,870
107	TOTAL SALARIES AND WAGES	12,549,560	13,302,540	14,100,700
107	SOCIAL CONTRIBUTIONS			
107	203010 GROUP INSURANCE	184,290	195,350	207,070
107	203020 MEDICAL AID CONTRIBUTION	531,420	563,310	597,110
107	203030 PENSION	2,015,170	2,136,080	2,264,240
107	203040 U I F	39,050	41,390	43,870
107	203050 BARGANING COUNCIL	2,080	2,200	2,330
107	TOTAL SOCIAL CONTRIBUTIOND	2,772,010	2,938,330	3,114,620
107	DEPRECIATION			
107	230010 DEPRECIATION	6,040	6,400	6,780
107	TOTAL DEPRECIATION	6,040	6,400	6,780
107	REPAIRS AND MAINTENANCE			
107	235050 OFFICE EQUIPMENT	2,000	2,120	2,250
107	TOTAL REPAIRS AND MAINTENANCE	2,000	2,120	2,250
107	GENERAL EXPENDITURE OTHER			
107	260180 BANK COSTS	45,000	47,700	50,560
107	260570 DELEGATION COSTS	35,000	37,100	39,330
107	260830 ENTERTAINMENT	55,000	58,300	61,800
107	261260 INSURANCE	1,200,000	1,272,000	1,348,320
107	261290 EQUIPMENT AND FURNITURE	10,000	10,600	11,240
107	261640 MEMBERSHIP FEES	15,000	15,900	16,850
107	262140 POSTING, STAMPS & TELEGRAPHS	-	-	-
107	262270 RAILAGE / COURIER SERVICES	-	-	-
107	262430 TRAVEL- AND SUBSISTENCE ALLOWA	265,000	280,900	297,750
107	263190 STATIONERY	60,000	63,600	67,420
107	263280 SUBSCR. FEES: BOOKS/MAGAZINES	1,000	1,060	1,120
107	263340 TELEPHONE	95,400	101,120	107,190
107	TOTAL GENERAL EXPENDITURE	1,781,400	1,888,280	2,001,580
107	TOTAL OPERATING EXPENDITURE	17,111,010	18,137,670	19,225,930
107	OPERATING(SURPLUS)/DEFICIT	17,105,290	18,131,610	19,219,510

COMMUNITY & SOCIAL SERVICES

Depar Account	Description	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
108	OPERATING REVENUE			
108	OTHER REVENUE			
108	60060 REFUND TELEPHONE	(2,330)	(2,470)	(2,620)
108	TOTAL OTHER REVENUE	(2,330)	(2,470)	(2,620)
108	TOTAL OPERATING REVENUE	(2,330)	(2,470)	(2,620)
108	OPERATING EXPENDITURE			
108	SALARIES AND WAGES			
108	200010 SALARIES	5,895,990	6,249,750	6,624,740
108	200020 HOUSING SUBSIDY	52,680	55,840	59,190
108	200060 LEAVE BONUS	586,730	621,930	659,250
108	200090 LEAVE COMMUTATION	50,000	53,000	56,180
108	200140 OVERTIME	45,000	47,700	50,560
108	200200 TELEPHONE	105,600	111,940	118,660
108	200220 TRAVEL ALLOWANCE	1,242,810	1,317,380	1,396,420
108	TOTAL SALARIES AND WAGES	7,978,810	8,457,540	8,965,000
108	SOCIAL CONTRIBUTIONS			
108	203010 GROUP INSURANCE	101,870	107,980	114,460
108	203020 MEDICAL AID CONTRIBUTION	394,100	417,750	442,820
108	203030 PENSION	1,286,370	1,363,550	1,445,360
108	203040 UIF	28,570	30,280	32,100
108	203050 BARGANING COUNCIL	1,490	1,580	1,670
108	TOTAL SOCIAL CONTRIBUTIOND	1,812,400	1,921,140	2,036,410
108	DEPRECIATION			
108	230010 DEPRECIATION	572,400	606,740	643,140
108	230020 IMPAIRMENT	-	-	-
108	TOTAL DEPRECIATION	572,400	606,740	643,140
108	GENERAL EXPENDITURE OTHER			
108	260570 DELEGATION COSTS	30,000	31,800	33,710
108	260830 ENTERTAINMENT	50,000	53,000	56,180
108	261290 EQUIPMENT AND FURNITURE	7,000	7,420	7,870
108	262270 RAILAGE / COURIER SERVICES	600	640	680
108	262430 TRAVEL- AND SUBSISTANCE ALLOWA	380,000	402,800	426,970
108	263190 STATIONERY	12,000	12,720	13,480
108	263280 SUBSCR. FEES: BOOKS/MAGAZINES	1,000	1,060	1,120
108	263340 TELEPHONE	55,120	58,430	61,940
108	265100 LOSS ON DISPOSAL			
108	TOTAL GENERAL EXPENDITURE	535,720	567,870	601,950
108	TOTAL OPERATING EXPENDITURE	10,899,330	11,553,290	12,246,500
108	OPERATING(SURPLUS)/DEFICIT	10,897,000	11,550,820	12,243,880

COMMUNICATION

Depar Account	Description	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
---------------	-------------	---------------------	---------------------	---------------------

109	OPERATING REVENUE			
109	OTHER REVENUE			
109	60060 REFUND TELEPHONE	(2,540)	(2,690)	(2,850)
109	TOTAL OTHER REVENUE	(2,540)	(2,690)	(2,850)
109	TOTAL OPERATING REVENUE	(2,540)	(2,690)	(2,850)
109	OPERATING EXPENDITURE			
109	SALARIES AND WAGES			
109	200010 SALARIES	1,746,870	1,851,680	1,962,780
109	200020 HOUSING SUBSIDY	19,120	20,270	21,490
109	200060 LEAVE BONUS	145,580	154,310	163,570
109	200090 LEAVE COMMUTATION	10,000	10,600	11,240
109	200140 OVERTIME	80,000	84,800	89,890
109	200200 TELEPHONE	21,600	22,900	24,270
109	200220 TRAVEL ALLOWANCE	264,410	280,270	297,090
109	TOTAL SALARIES AND WAGES	2,287,580	2,424,830	2,570,330
109	SOCIAL CONTRIBUTIONS			
109	203010 GROUP INSURANCE	34,940	37,040	39,260
109	203020 MEDICAL AID CONTRIBUTION	91,010	96,470	102,260
109	203030 PENSION	384,320	407,380	431,820
109	203040 UIF	8,930	9,470	10,040
109	203050 BARGANING COUNCIL	500	530	560
109	TOTAL SOCIAL CONTRIBUTIOND	519,700	550,890	583,940
109	GENERAL EXPENDITURE OTHER			
109	261290 EQUIPMENT AND FURNITURE	5,000	5,300	5,620
109	262270 RAILAGE / COURIER SERVICES	1,000	1,060	1,120
109	262430 TRAVEL- AND SUBSISTANCE ALLOWA	130,000	137,800	146,070
109	263190 STATIONERY	2,500	2,650	2,810
109	263280 SUBSCR. FEES: BOOKS/MAGAZINES	1,000	1,060	1,120
109	263340 TELEPHONE	84,800	89,890	95,280
109	TOTAL GENERAL EXPENDITURE	224,300	237,760	252,020
109	TOTAL OPERATING EXPENDITURE	3,031,580	3,213,480	3,406,290
109	OPERATING(SURPLUS)/DEFICIT	3,029,040	3,210,790	3,403,440

BUDGET & TREASURY

Depar Account	Description	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
610	OPERATING REVENUE			
610	GRANTS AND SUBSIDIES			
610	55040 GRANT	(1,000,000)	(1,000,000)	(1,000,000)
610	TOTAL GRANTS AND SUBSIDIES	(1,000,000)	(1,000,000)	(1,000,000)
610	OTHER REVENUE			
610	60060 TELEPHONE REFUND	(150)	(160)	(170)
610	TOTAL OTHER REVENUE	(150)	(160)	(170)
610	TOTAL OPERATING REVENUE	(1,000,150)	(1,000,160)	(1,000,170)
610	OPERATING EXPENDITURE			

610	SALARIES AND WAGES			
610	200010 SALARIES	1,181,690	1,252,590	1,327,750
610	200020 HOUSING SUBSIDY	9,560	10,130	10,740
610	200060 LEAVE BONUS	98,480	104,390	110,650
610	200090 LEAVE COMMUTATION	40,000	42,400	44,940
610	200140 OVERTIME	50,000	53,000	56,180
610	200200 TELEPHONE	12,000	12,720	13,480
610	200220 TRAVEL ALLOWANCE	217,000	230,020	243,820
610	TOTAL SALARIES AND WAGES	1,608,730	1,705,250	1,807,560
610	SOCIAL CONTRIBUTIONS			
610	203010 GROUP INSURANCE	12,650	13,410	14,210
610	203020 MEDICAL AID CONTRIBUTION	35,000	37,100	39,330
610	203030 PENSION FUND CONTRIBUTION	138,970	147,310	156,150
610	203040 U I F	7,750	8,220	8,710
610	203050 BARGANING COUNCIL	100	110	120
610	TOTAL SOCIAL CONTRIBUTIOND	194,470	206,150	218,520
610	GENERAL EXPENDITURE OTHER			
610	262430 TRAVEL AND SUBSISTANCE	30,000	31,800	33,710
610	262990 SERVICE TRAINING	150,000	159,000	168,540
610	TOTAL GENERAL EXPENDITURE	180,000	190,800	202,250
610	TOTAL OPERATING EXPENDITURE	1,983,200	2,102,200	2,228,330
610	OPERATING(SURPLUS)/DEFICIT	983,050	1,102,040	1,228,160

IDP		BUDGET	BUDGET	BUDGET
Deepar Account	Description	2018/2019	2019/2020	2020/2021
620	OPERATING REVENUE			
620	OTHER REVENUE			
620	60060 REFUND TELEPHONE	(110)	(120)	(130)
620	TOTAL OTHER REVENUE	(110)	(120)	(130)
620	TOTAL OPERATING REVENUE	(110)	(120)	(130)
620	OPERATING EXPENDITURE			
620	SALARIES AND WAGES			
620	200010 SALARIES	791,490	838,980	889,320
620	200020 HOUSING SUBSIDY	6,000	6,360	6,740
620	200060 LEAVE BONUS	65,960	69,920	74,120
620	200090 LEAVE COMMUTATION	15,000	15,900	16,850
620	200200 TELEPHONE	12,000	12,720	13,480
620	200220 TRAVEL ALLOWANCE	80,000	84,800	89,890
620	TOTAL SALARIES AND WAGES	970,450	1,028,680	1,090,400
620	SOCIAL CONTRIBUTIONS			
620	203010 GROUP INSURANCE	15,830	16,780	17,790
620	203020 MEDICAL AID	50,680	53,720	56,940
620	203030 PENSIONFUND CONTRIBUTION	174,130	184,580	195,650
620	203040 UIF	3,570	3,780	4,010

ALBERT LUTHULI

Depart Account Cc Description		BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
130	GRANTS TRANSFER			
130	256703 WATER QUALITY TESTING	400,000	-	-
130	TOTAL GRANTS TRANSFER	400,000	-	-

MSUKALIGWA

Depart Account Cc Description		BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
150	GRANTS TRANSFER			
150	256713 WATER QUALITY TESTING	650,000	-	-
150	TOTAL GRANTS TRANSFER	650,000	-	-

GOVAN MBEKI

Depart Account Cc Description		BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
160	GRANTS TRANSFER			
160	256721 WATER QUALITY TESTING	600,000	-	-
160	TOTAL GRANTS TRANSFER	600,000	-	-

MKHONDO

Depart Account Cc Description		BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
172	GRANTS TRANSFER			
172	256734 WATER QUALITY TESTING	700,000	-	-
172	TOTAL GRANTS TRANSFER	700,000	-	-

LEKWA

Depart Account Cc Description		BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
180	GRANTS TRANSFER			
180	256744 WATER QUALITY TESTING	400,000	-	-
180	TOTAL GRANTS TRANSFER	400,000	-	-

DIPALESENG

Depart Account Cc Description		BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
184	GRANTS TRANSFER			
184	256754 WATER QUALITY TESTING	400,000	-	-
184	TOTAL GRANTS TRANSFER	400,000	-	-

DR PIXLEY KA ISAKA SEME

Depart Account Cc Description		BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
190	GRANTS TRANSFER			
190	256761 WATER QUALITY TESTING	750,000	-	-
190	TOTAL GRANTS TRANSFER	750,000	-	-

RBIG ALABERT LUTHULI

Depart Account C\ Description		BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
330	GRANTS TRANSFER			
330	256664 REGIONAL BULK EMPULUZI/METULA	20,000,000	52,284,000	100,000,000
330	256779 LUSHUSHWANE BULK WATER SCHEME	41,622,000	57,000,000	-
330	EERSSTEHOEK EKULENDENI BULK WATER	-	20,347,000	30,000,000
330	TOTAL GRANTS TRANSFER	61,622,000	129,631,000	130,000,000

RBIG MSUKALIGWA

Depart Account C\ Description		BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
350	GRANTS TRANSFER			
350	MSUKALIGWA BWSS	10,000,000	30,000,000	68,407,000
350	TOTAL GRANTS TRANSFER	10,000,000	30,000,000	68,407,000

RBIG DIPALESENG

Depart Account C\ Description		BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
384	GRANTS TRANSFER			
384	256666 REGIONAL BULK BALFOUR/SIYATHEM	20,818,000	100,000,000	100,000,000
384	256784 BALFOUR WASTE WATER TREATMENT	42,000,000	10,000,000	-
384	TOTAL GRANTS TRANSFER	62,818,000	110,000,000	100,000,000

RBIG MKHONDO

Depart Account C\ Description		BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
372	GRANTS TRANSFER			
372	25678 AMSTERDAM BULK WATER	25,000,000	40,000,000	40,000,000
372	TOTAL GRANTS TRANSFER	25,000,000	40,000,000	40,000,000
	Gert Sibande	3,900,000	-	-
	RBIG	159,440,000	309,631,000	338,407,000
	Total	163,340,000	309,631,000	338,407,000



NATIONAL TREASURY

MFMA Circular No. 91

Municipal Finance Management Act No. 56 of 2003

Municipal Budget Circular for the 2018/19 MTREF

CONTENTS

1. THE SOUTH AFRICAN ECONOMY AND INFLATION TARGETS.....	2
2. KEY FOCUS AREAS FOR THE 2018/19 BUDGET PROCESS	3
2.1 LOCAL GOVERNMENT GRANTS AND ADDITIONAL ALLOCATIONS.....	3
2.2 DROUGHT DISASTER RELIEF	5
2.3 PARTICIPATION IN RT15-2016 VODACOM TRANSVERSAL CONTRACT- FOR THE SUPPLY AND DELIVERY OF MOBILE COMMUNICATION SERVICES TO THE STATE.....	5
3. THE REVENUE BUDGET	5
3.1 ESKOM BULK TARIFF INCREASES.....	6
4. FUNDING CHOICES AND MANAGEMENT ISSUES.....	6
4.1 MANAGEMENT ISSUES.....	6
4.2 EMPLOYEE RELATED COSTS	7
4.3 REMUNERATION OF COUNCILORS	7
5. CONDITIONAL GRANT TRANSFERS TO MUNICIPALITIES.....	7
5.1 CRITERIA FOR THE ROLLOVER OF CONDITIONAL GRANT FUNDS	7
5.2 UNSPENT CONDITIONAL GRANT FUNDS FOR 2017/18.....	9
6. THE MUNICIPAL BUDGET AND REPORTING REGULATIONS.....	9
6.1 THE IMPACT OF VAT INCREASE ON TARIFFS	9
6.2 SCHEDULE A - VERSION TO BE USED FOR THE 2018/19 MTREF	10
6.3 ASSISTANCE WITH THE COMPILATION OF BUDGETS	10
7. BUDGET PROCESS AND SUBMISSIONS FOR THE 2018/19 MTREF	11
7.1 BUDGETING FOR THE AUDITED YEARS ON SCHEDULE A (MSCOA).....	11
7.2 SUBMITTING BUDGET DOCUMENTATION AND SCHEDULES FOR 2018/19 MTREF	12
7.3 BUDGET REFORM RETURNS TO THE LOCAL GOVERNMENT DATABASE FOR PUBLICATION.....	13
7.4 UPLOAD OF THE MSCOA BUDGET DATA STRINGS TO THE LG UPLOAD PORTAL.....	13
7.5 PUBLICATION OF BUDGETS ON MUNICIPAL WEBSITES	13

Introduction

This budget circular is a follow-up to the one issued in December 2017. It guides municipalities with their preparation of the 2018/19 Medium Term Revenue and Expenditure Framework (MTREF) and, as with previous annual budget circulars it should be read within this context. Among the objectives of this Circular, is to support municipalities with giving effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR) within the current economic climate. The key focus of this Circular is the grant allocations per the 2018 Budget Review and the 2018 Division of Revenue Bill.

1. The South African economy and inflation targets

The 2018 Budget Review emphasised that, although global risk factors remain elevated, the world economy continues to provide a supportive platform for South Africa to expand trade and investment. The world economic growth is at its highest since 2014 and continues to gather pace with Gross Domestic Product (GDP) growth increasing across all major economies.

South Africa has experienced a period of protracted economic weakness which diminishes private investment. This may be attributed to domestic constraints, associated to political uncertainty, and declining business and consumer confidence. The local economy is beginning to recover after a short recession in early 2017 however the improvement is insufficient. Growth has remained stagnant at less than 2 per cent and unemployment remains high at 26.7 per cent. The prerequisites for increased revenue and expanded service delivery are more rapid growth, investment and job creation.

The GDP growth rate is forecasted at 1.5 per cent in 2018, 1.8 per cent in 2019 and 2.1 per cent in 2020. Statistics South Africa's December 2017 economic statistics showed an unexpected improvement in the economic outlook, largely as a result of growth in agriculture and mining.

The main risks to the economic outlook are continued policy uncertainty and deterioration in the finances of state-owned entities. The drought experienced in several provinces poses significant risks to agriculture and tourism for the period ahead, and this may threaten jobs in these sectors. The current water crisis in the Western Cape and other provinces will affect economic growth. While the drought's impact is uncertain much depends on how long it will prevail; the extent to which specific catchment areas are affected; and the success of mitigation measures.

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

The following macro-economic forecasts must be considered when preparing the 2018/19 MTREF municipal budgets.

Table 1: Macroeconomic performance and projections, 2017 - 2020

Fiscal year	2017/18	2018/19	2019/20	2020/21
	Estimate		Forecast	
Consumer Price Inflation (CPI)	5.3%	5.3%	5.4%	5.5%
Real GDP growth	1.0%	1.5%	1.8%	2.1%

Source: 2018 Budget Review.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

2. Key focus areas for the 2018/19 budget process

2.1 Local government grants and additional allocations

Since the 2017 Medium Term Budget Policy Statement (MTBPS) reprioritisation and reductions undertaken have affected planned spending for 2018/19. Local government direct and indirect transfers absorb 18.8 per cent of the reductions. A total of R13.9 billion has been cut from direct local government conditional grant allocations for the Medium Term Expenditure Framework (MTEF) period ahead since the 2017 MTBPS was tabled. Indirect grants to local government have been reduced by an additional R2.2 billion.

The reductions did not affect all conditional grants, and not all grants were reduced by the same percentage. The infrastructure conditional grants, particularly the larger ones, were mainly affected as this was considered the most practical approach. The overall impact of reducing this funding affects capital programmes; therefore local government's share of the reductions is higher than their share of the division of revenue, given that municipalities receive a number of infrastructure grants. The average reductions over the medium term are 3.5 per cent of local government allocations.

Conditional grant funding targets delivery of national government's service delivery priorities. It is imperative that municipalities understand and comply with the conditions stipulated in the Division of Revenue Act (DoRA) in order to access this funding. The equitable share and the sharing of the general fuel levy constitute additional unconditional funding, of which the equitable share is designed to fund the provision of free basic services to disadvantaged communities.

Allocations to the local government equitable share will continue to grow over the next three years, alongside a significant reduction in conditional grants. The total value of conditional grants directly transferred to local government increases from R43.3 billion in 2018/19 to R44.8 billion in 2019/20 and R47.8 billion in 2020/21.

Large municipalities are expected to invest more of their own resources, offsetting some of the impact of reductions to infrastructure grants, while building partnerships with the private sector for infrastructure delivery over the period ahead.

The 2018 Budget provides for R382.8 billion to be transferred directly to local government and a further R21.8 billion allocated to indirect grants for the 2018 MTREF. Direct transfers to local government over the medium term account for 9 per cent of national government's non-interest expenditure. Total direct allocations to local government grow at an annual average rate of 7.5 per cent over the MTEF period. The total spending on local government increases to 9.5 per cent of national non-interest expenditure when adding indirect transfers.

Municipalities are reminded that all allocations included in their budgets must correspond to the allocations listed in the Division of Revenue Bill. All the budget documentation can be accessed from the National Treasury website by clicking on the link below:
<http://www.treasury.gov.za/documents/national%20budget/2018/>

Changes to local government allocations

Unconditional grants

An amount of R3.4 billion is added to the *local government equitable share* over the medium term to compensate for the rising costs of providing free basic services to the growing number of indigent households. This covers the likely above-inflation increases in the costs of bulk water and electricity. This also allows for faster increases in the allocations to poorer and rural municipalities through the redistributive components of the equitable share formula. This allocation is in addition to the previous increases and an above inflation growth rate for the baseline in 2020/21. This means that the local government equitable share grows at an annual average rate of 10.4 per cent over the MTEF.

Conditional grants

The most substantial reduction has been applied to the largest grant – the *municipal infrastructure grant*. However, the structure of the formula used to allocate this grant reduces the impact of reductions on smaller municipalities. Project-based grants, such as those in the electricity and water sectors, have identified projects that will be postponed as a result of the adjustments. These changes do not affect any water augmentation projects in drought-affected areas.

Reductions to the *public transport network grant* are much larger in the outer years of the MTEF. This allows for the Department of Transport and the National Treasury to review the sustainability of public transport plans and to assess whether some cities should put projects on hold while they revisit system design.

The 2017 MTBPS announced a new funding mechanism to support recovery plans for municipalities that face a financial crisis, as provided for in section 139(5) of the Constitution. A *new municipal restructuring grant* will be introduced to help municipalities in financial crisis to implement reforms to turn themselves around. The National Treasury will consult with national departments, provinces and South African Local Government Association (SALGA) on the design of the grant and its coordination with other capacity-building programmes during 2018. The grant is intended to be a short-term intervention that will fund the turnaround of struggling municipalities. It will help identified municipalities that are in financial distress, but have demonstrated a commitment to implementing the necessary reforms. If needed, the intervention powers outlined in section 139 of the Constitution may also be used as part of the broader approach to turning around these municipalities.

The municipal restructuring grant will be made available within the parameters of the existing legal framework and will not provide bailouts to municipalities. It will fund the implementation of specific outputs in support of a financial recovery plan approved by a municipal council. The council must demonstrate political buy-in by adopting such a plan, and the municipality must also commit its own resources to implementing parts of the plan.

Smaller cities face some of the same urban development challenges as major metropolitan areas. These cities will be eligible for a *new integrated urban development grant* from 2019/20. Cities will have to meet planning and performance criteria to receive the grant, which will be funded through a shift of funds from the municipal infrastructure grant. The new grant will require cities to plan for a programme of infrastructure investment, funded from grants and own revenues, rather than just standalone projects. This aligns with the policy set out in the Integrated Urban Development Framework (IUDF) approved by Cabinet in April 2016. This approach will be piloted in uMhlathuze and Polokwane local municipalities in 2018/19. Eligible municipalities will be invited to apply for the grant during 2018. The application process is set out in clause 27(5) of the 2018 Division of Revenue Bill.

2.2 Drought disaster relief

Severe drought conditions are affecting large parts of the country, and placing extreme strain on the supply of water to the nearly 4 million people in the City of Cape Town. Some smaller towns in the Northern Cape, Eastern Cape and Western Cape, as well as Nelson Mandela Bay Metro, are also facing severe water shortages. The drought has been classified as a national disaster by the National Disaster Management Centre. Government is committed to managing available supply to ensure basic needs are met, while implementing plans to improve long-term sustainability in a water stressed country.

Government is prepared to provide financial assistance as deemed necessary:

- A provisional allocation of R6 billion has been set aside in 2018/19 for drought relief in several provinces, to assist the water sector and to augment public investment projects supported by improved infrastructure planning. Some of these funds may be allocated to support water augmentation projects in an Adjustments Budget, however, the full costs of new schemes will eventually have to be recovered from water users through tariffs.
- The Division of Revenue Act allows for conditional grant funds to be reallocated for disaster relief. Such additional funding may be used in 2017/18 for immediate interventions such as accelerating groundwater development.
- Disaster relief grants for provinces and municipalities are R423.7 million in 2017/18 and R472.9 million in 2018/19. This may be quickly released to assist in the event of an emergency.
- If agricultural employment is seriously destabilised, government can temporarily increase the intake on the Working for Water Programme. These short-term jobs will provide a substitute employment option, while helping to improve runoff in catchment areas by removing alien vegetation.

2.3 Participation in RT15-2016 Vodacom transversal contract- for the supply and delivery of mobile communication services to the state

When municipalities make an application to the Office of the Chief Procurement Officer (OCPO) to participate in the RT15-2016 transversal contract's account management service offering in respect of smart meters, they must comply with the process that will be communicated in an MFMA Circular that will soon be issued. In terms of the application process municipalities are expected to provide evidence of adequate operating budget provision over the MTREF. The Circular will include pre-conditions for eligibility to participate, such as adequate resourcing and technology platform to fulfil their obligation as envisaged by the Smart Utility Management Solution; and capability to sustain the implementation effort in the longer term.

3. The revenue budget

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3 to 6 per cent target band; therefore municipalities are required to **justify all increases in excess of the projected inflation target for 2018/19** in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups. In addition municipalities should

include a detail of their revenue growth assumptions for the different service charges in the budget narrative.

Local government also confronts tough fiscal choices in the face of financial and institutional problems that result in service-delivery breakdowns and unpaid bills. Municipalities can offset these trends by improving own revenue collection, working more efficiently and implementing cost containment measures.

3.1 Eskom bulk tariff increases

The National Energy Regulator of South Africa (NERSA) published their "Municipal Tariff Guideline Increase, Benchmarks and Proposed Timelines for Municipal Tariff Approval Process for the 2018/19 Financial Year" on 28 February 2018. Municipalities are encouraged to download the full guideline document (available at www.nersa.org.za) and study it carefully. The guideline includes an update to the average cost structure used to determine the municipal tariff increase. It also sets out proposed timeframes for the approval of municipal tariffs. NERSA invites comments on the guideline to be submitted by 20 March 2018.

The NERSA document proposes a 6.84 per cent guideline increase for municipal electricity tariffs for 2018/19. This is based on a bulk tariff increase for municipalities of 7.32 per cent.

Municipalities are urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving fully cost-reflective tariffs that will help them achieve financial sustainability. Municipalities in arrears with Eskom should ensure that their payment arrangements are effected in their 2018/19 MTREF budget.

It should be noted that the guideline increase for municipal tariffs and the bulk tariff increase that Eskom will charge municipalities are both lower than the 8 per cent used to calculate the free basic electricity subsidies provided through the local government equitable share formula.

4. Funding choices and management issues

4.1 Management issues

Many municipalities continue to face institutional challenges and mismanagement that result in service delivery failures, bad debt accumulation, limited cash flows and consequent non-payment of creditors. Eskom and water boards are owed the greater percentage of the total municipal creditors; and protracted non-payment undermines the financial sustainability of these state-owned entities.

The non-payment of creditors is a symptom of underlying problems which include, among others, weaknesses in revenue collection and underinvestment in asset maintenance and renewal, which compromises the reliability of delivering basic services. There are too many municipalities that fail to adopt credible budgets and this means that even if they adhere to their budgeted plans, they will not be financially sustainable.

The national and provincial departments collectively owe municipalities and while much of the historic debt has been verified by the Department of Public Works there are departments that do not have sufficient funds to settle these debts. The Department of Public Works continues to facilitate the ongoing government debt verification and settlement process.

In order to achieve financial sustainability, municipalities must demonstrate the political will to implement the changes required to improve their performance. Where municipalities

consistently fail to deliver their mandates, the Constitution provides for provincial and/or national government to intervene.

Government will introduce a conditional grant in the outer years of the 2018 MTEF to provide support to municipalities facing financial crises. This grant funding will only be accessible to municipalities that have demonstrated the political will to implement reforms necessary to turn themselves around. The grant will be designed and consulted during 2018.

4.2 Employee related costs

The *Salary and Wage Collective Agreement* for the period 01 July 2015 to 31 June 2018 has come to an end. The process is under consultation; therefore, in the absence of other information from the South African Local Government Bargaining Council communication will be provided at a later stage.

4.3 Remuneration of councilors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. Any overpayment to councilors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councilor(s) concerned.

5. Conditional Grant Transfers to Municipalities

This section provides guidance to municipalities with regard to the preparation for the 2017/18 unspent conditional grant and roll-over process and should be referenced to previous annual budget circulars.

5.1 Criteria for the rollover of conditional grant funds

Section 22 of the 2017 Division of Revenue Act (DoRA) requires that any conditional grants which are not spent at the end of the municipal financial year must revert to the National Revenue Fund, unless the receiving officer, provincial treasury and transferring national officer proves to the satisfaction of National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.

When applying to retain unspent conditional allocations committed to identifiable projects or requesting a rollover in terms of section 22(2) of the DoRA, municipalities must include the following information with their submission to National Treasury:

1. A formal letter, signed by the accounting officer must be addressed to the **National Treasury** requesting the rollover of unspent conditional grants in terms of section 22(2) of the 2017 DoRA;
2. A list of all the projects that are linked to the unspent conditional grants and a breakdown of how much was allocated and spent per project;
3. The following evidence indicating that work on each of the projects has commenced, as applicable to the specific rollover(s):
 - a) Proof that the project tender was published and the period for tender submissions closed before 31 March;
 - b) Proof that a contractor or service provider was appointed for delivery of the project before 31 March; or

- c) Proof of a project tender, appointment of contractor or service provider for delivery of service before 30 June in cases where additional funding was allocated during the course of the final year of the project; and
 - d) Evidence that all projects linked to an allocation will be fully utilised by 30 June 2019 (attach cash flow projection for the applicable grant).
4. A progress report (also in percentages) on the status of each project's implementation (**attach a visible implementation plan**);
 5. The value of the committed project funding, and the conditional allocation from the funding source;
 6. Reasons why the grants were not fully spent during the year of original allocation per the DoRA;
 7. Municipalities must not include previous year's unspent conditional grants as a rollover request. Rollover of rollovers will not be considered;
 8. An indication of the time-period within which the funds are to be spent if the roll over is approved; and
 9. Proof that the Chief Financial Officer and Municipal Manager are permanently appointed.

No rollover requests will be considered for municipalities with vacant or acting Chief Financial Officers and Municipal Managers for a period exceeding 6 months from the date of vacancy.

If any of the above information is not provided or the application is received by National Treasury (Intergovernmental Relations Division) after 31 August 2018, the application will be declined.

In addition, National Treasury will also consider the following information when assessing rollover applications; and reserves the right to decline an application should there be non-performance by the municipality in any of these areas:

1. Compliance with the in-year reporting requirements in terms of sections 71 and 72 of the MFMA and section 12 of the 2017 DoRA, including the municipal manager and chief financial officer signing-off on the information sent to National Treasury;
2. Submission of the pre-audited Annual Financial Statements information to National Treasury by 31 August 2018;
3. Accurate disclosure of grant performance in the 2017/18 pre-audited Annual Financial Statements, (i.e. correct disclosure of grant receipts and spending in the notes to the AFS);
4. The National Treasury will not consider requests to approve the entire allocation to the municipality as there should be a minimum spend of 50 per cent of the allocation per programme;
5. Cash available in the bank (net position including short term investments) as at 30 June 2018 and in line with the cash flow statements to finance the roll-over request;
6. No approval will be granted to municipalities requesting a roll-over of the same grant for the third consecutive time;
7. Incorporation of the Appropriation Statement;
8. No roll over application project constituted through Regulation 32 of the Municipal Supply Chain Management Regulations (Gazette No.27636) will be approved. Projects linked to additional funding and disasters are exempted;
9. If the full amount that is requested for roll over is not entirely cash backed, such a roll over will not be approved. National Treasury will not approve portions of roll over requests; and
10. Evidence that the roll over application is linked to invoices that were issued within the last 30 days of the municipal financial year end.

5.2 Unspent conditional grant funds for 2017/18

The process to ensure the return of unspent conditional grants for the 2017/18 financial year will be managed in accordance with section 22 of the DoRA. In addition to the previous MFMA circulars, the following practical arrangements will apply:

- Step 1: Municipalities must submit their June 2018 conditional grant expenditure reports according to section 71 of the MFMA reflecting all accrued expenditure on conditional grants and further ensure that expenditure reported to both National Treasury and national transferring officers reconcile.
- Step 2: When preparing the Annual Financial Statements a municipality must determine the portion of each national conditional grant allocation that remained unspent as at 30 June 2018. These amounts MUST exclude all interest earned on conditional grants, retentions and VAT related to conditional grant spending that has been reclaimed from SARS, which must be disclosed separately.
- Step 3: If the receiving officer wants to motivate in terms of section 22(2) of the 2017 DoRA that the unspent funds are committed to identifiable projects, the roll over application pack must be submitted to National Treasury by 31 August 2018.

National Treasury will not consider any rollover requests that are incomplete or received after this deadline.

- Step 4: National Treasury will confirm in writing whether or not the municipality may retain any of the unspent funds as a rollover based on criteria outlined above by 22 October 2018 or whether it will agree to any alternative payment arrangement or schedules.
- Step 5: National Treasury will communicate the unspent conditional grants amount by 05 November 2018. A municipality must return the remaining unspent conditional grant funds that are not subject to a specific repayment arrangement to the National Revenue Fund by 19 November 2018.
- Step 6: Any unspent conditional grant funds that should have, but has not been repaid to the National Revenue Fund by 19 November 2018, and for which a municipality has not requested a repayment arrangement, will be offset against the municipality's 03 December 2018 equitable share allocation.

All other issues pertaining to Appropriation Statement and reporting on approved roll overs are addressed in the Annexure to MFMA Circular No. 86.

6. The Municipal Budget and Reporting Regulations

6.1 The impact of VAT increase on tariffs

VAT will increase from 14 per cent to 15 per cent from April 2018. In terms of Section 7(4) of Value-Added Tax Act (No. 89 of 1991), the VAT increase takes effect on 1 April. It is a tax increase as result of tax legislation that municipalities must implement and not an increase of tariffs by the municipalities. Therefore Section 28(6) of the Municipal Finance Management Act, 2003 (No. 56 of 2003) (MFMA), is not applicable in this regard.

Whether the additional amount is recoverable from the customer or not, the supplier must account for VAT on any supplies made on or after 1 April 2018 at the increased VAT rate.

The South African Revenue Service issued a guideline on how the increase in VAT must be implemented. The guideline is available on the link below:

<http://www.sars.gov.za/AllDocs/OpsDocs/Guides/LAPD-VAT-G13%20-%20VAT%20Pocket%20Guide%20on%20the%20VAT%20rate%20increase%20on%201%20April%202018%20-%20External%20Guide.pdf>

6.2 Schedule A - version to be used for the 2018/19 MTREF

National Treasury has released Version 6.2 of Schedule A1 (the Excel Formats) which is aligned to version 6.2 of the mSCOA classification framework which must be used when compiling the 2018/19 MTREF budget. **ALL** municipalities **MUST** use this version for the preparation of their 2018/19 MTREF budget.

It is imperative that all municipalities prepare their 2018/19 MTREF budgets in their mSCOA financial systems and that the A1 schedule be produced directly from their financial system. All financial systems must have this functionality to assist and prepare budgets.

Special attention must be given to the supporting schedules in the prescribed A1 Schedule. Where detailed data is housed in a sub-system e.g. human resource data for SA22 to SA24, this data must be extracted from the sub-system into the applicable supporting sheet.

The following supporting tables will be included for perusal and sign-off during the verification process of the 2018 MTREF: SA11, SA12a, SA13a, SA14, SA22, SA23, SA24, SA25, SA27, SA36, SA37 and SA38.

It is therefore important to focus on the additional supporting data as well as the financial data submitted on A1 to A10 during the verification process undertaken with National Treasury, the provincial treasuries and all municipalities.

Download Version 6.2 of Schedule A1 by clicking [HERE](#)

The Municipal Budget and Reporting Regulations, formats and associated guides are available on National Treasury's website at:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx>

6.3 Assistance with the compilation of budgets

In cases where the municipality requires advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury official:

Province	Responsible NT officials	Tel. No.	Email
Eastern Cape	Bernard Mokgabodi	012-315 5936	Bernard.Mokgabodi@treasury.gov.za
	Matjatji Mashoeshoe	012-315 5553	Matjatji.Mashoeshoe@treasury.gov.za
Free State	Jordan Maja	012-315 5663	Jordan.Maja@treasury.gov.za
	Cethekile Moshane	012-315 5079	Cethekile.moshane@treasury.gov.za
Gauteng	Kgomotso Baloyi	012-315 5866	Kgomotso.Baloyi@treasury.gov.za

	Nomxolisi Mawulana	012-315 5460	Nomxolisi.Mawulana@treasury.gov.za
KwaZulu-Natal	Bernard Mokgabodi	012-315 5936	Bernard.Mokgabodi@treasury.gov.za
	Johan Botha	012-315 5171	Johan.Botha@treasury.gov.za
Limpopo	Una Rautenbach	012-315 5700	Una.Rautenbach@treasury.gov.za
	Sifiso Mabaso	012-315 5952	Sifiso.Mabaso@treasury.gov.za
Mpumalanga	Willem Voigt	012-315 5830	Willem.Voigt@treasury.gov.za
	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
Northern Cape	Jordan Maja	012-315 5663	Jordan.Maja@treasury.gov.za
	Anthony Moseki	012-315 5174	Anthony.Moseki@treasury.gov.za
North West	Sadesh Ramjathan	012-315 5101	Sadesh.Ramjathan@treasury.gov.za
	Makgabo Mabotja	012-315 5156	Makgabo.Mabotja@treasury.gov.za
Western Cape	Vuyo Mbunge	012-315 5661	Vuyo.Mbunge@treasury.gov.za
	Kevin Bell	012-315 5725	Kevin.Bell@treasury.gov.za
Technical issues with Excel formats	Elsabe Rossouw	012-315 5534	Iqdataqueries@treasury.gov.za

National Treasury, together with the provincial treasuries, will undertake a compliance check and, where municipalities have not provided complete budget information, the municipal budgets will be returned to the mayors and municipal managers of the affected municipalities for the necessary corrections. Municipal managers are reminded that the annual budget must be accompanied by a quality certificate and council resolution in accordance with the format specified in item 31 of Schedule A of the Municipal Budget and Reporting Regulations. In addition to the above compliance check, the mSCOA data strings will be assessed to determine whether the municipalities are compliant.

The National Treasury herewith emphasises that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, ***they will be required to return to the municipal council and table a complete budget document aligned to the requirement of the Municipal Budget and Reporting Regulations.***

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year monitoring reports for both the parent municipality and its entity or entities. The following must be compiled:

- An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats;
- An annual budget, adjustments budget and monthly financial reports for the entity in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats.

The Schedule A that the municipality submits to National Treasury must be a consolidated budget for the municipality (plus entities) and the budget of the parent municipality. Schedules D must be submitted for each entity.

7. Budget process and submissions for the 2018/19 MTREF

7.1 Budgeting for the audited years on Schedule A (mSCOA)

According to international learning practices, it is appropriate to reclassify historical information in accordance with the changes that occur in the Standard Chart of Accounts. Municipalities must capture the reclassified audit outcomes for 2014/15 to 2016/17 in version 6.2 of the Schedule A when compiling 2018/19 MTREF budgets.

The amalgamated municipalities must complete the 2016/17 audited years, current year (2017/18) and the 2018/19 MTREF budgets.

7.2 Submitting budget documentation and schedules for 2018/19 MTREF

To facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(i) of the MFMA requires that, **immediately** after an annual budget is tabled in the municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 29 March 2018, the final date of submission of the electronic budget documents and corresponding electronic returns is **Tuesday, 03 April 2018**. The deadline for submission of hard copies including council resolution is **Friday, 06 April 2018**.
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury **within ten working days** after the council has approved the annual budget. If the council only approves the annual budget on 30 June 2018, the final date for such a submission is **Friday, 13 July 2018**, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A (version 6.2) of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and ALL the supporting tables (SA1 – SA38) in both printed and electronic formats;
- the draft service delivery and budget implementation plan in both printed and electronic format;
- the draft integrated development plan;
- the council resolution;
- signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations;
- the budget locking certificate; and
- schedules D specific for the entities.

Municipalities are required to send electronic versions of documents and the A1 schedule to lgdocuments@treasury.gov.za. Any problems experienced in this regard can be addressed with Elsabe Rossouw at Elsabe.Rossouw@treasury.gov.za. Budget related documents and schedules may also be uploaded using the LG Upload Portal at <https://portals.treasury.gov.za/sites/LGUploadPortal/SitePages/Home.aspx>

Municipalities are required to send printed submissions of their budget documents and council resolution to:

For couriered documents

Ms Linda Kruger
National Treasury
40 Church Square
Pretoria, 0002

For posted documents

Ms Linda Kruger
National Treasury
Private Bag X115
Pretoria, 0001

In addition to the above-mentioned budget documentation, metropolitan municipalities must submit the draft Built Environment Performance Plan (BEPP) tabled in council by 31 March 2018 to Yasmin.coovadia@treasury.gov.za. If the BEPP documents are too large to be sent via email (exceeds 4MB) please submit to yasmin.coovadia@gmail.com or send to Yasmin Coovadia via Dropbox; any problems experienced in this regard can be addressed with Yasmin.Coovadia@treasury.gov.za. Hard copies of the BEPP may be sent to Yasmin Coovadia, National Treasury, 3rd floor 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001.

7.3 Budget reform returns to the Local Government Database for publication

Municipalities are required to continue to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database for publication purposes. All returns are to be sent to lgdatabase@treasury.gov.za. Although there is some mis-alignment between the *m*SCOA classification and the budget return forms, municipalities must find the best fit to represent their 2018 MTREF budget figures as the publications will still be based on the budget returns for 2018/19.

Municipalities must submit returns for both the **tabled** budget and the final **adopted** budget as this will assist the National and provincial treasuries with the annual benchmark process. The current electronic returns may be downloaded from National Treasury's website at the following link: http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx.

The tabled and adopted budget data strings submitted to the Local Government Database and Reporting system should also be consolidated figures.

7.4 Upload of the *m*SCOA budget data strings to the LG upload portal

Municipalities must upload the *m*SCOA data strings for the tabled (**TABB**) and adopted (**ORGB**) budget to the upload portal. The budget data strings must be accompanied by the IDP project details data strings (**PRTA** and **PROR**). The deadlines for submission of the MBRR documents are also applicable to the *m*SCOA data strings. Refer to paragraph 7.2 above.

7.5 Publication of budgets on municipal websites

In terms of section 75 of the MFMA, all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (including the audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting transparency and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, <http://mfma.treasury.gov.za/Pages/Default.aspx>. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

Contact



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post Private Bag X115, Pretoria 0001

Phone 012 315 5009

Fax 012 395 6553

Website <http://www.treasury.gov.za/default.aspx>

JH Hattingh

Chief Director: Local Government Budget Analysis

07 March 2018