

SENQU

MUNICIPALITY

**MEDIUM TERM REVENUE AND
EXPENDITURE FRAMEWORK**

2019/2020 TO 2021/2022



SENQU
MUNICIPALITY

ANNUAL BUDGET OF

SENQU

MUNICIPALITY

2019/20 TO 2021/22

MEDIUM TERM REVENUE AND

EXPENDITURE FORECASTS

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Abbreviations and Acronyms

MM	Municipal Manager	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
FBS	Free basic services	MTREF	Medium-term Revenue and Expenditure Framework
GDP	Gross domestic product	NERSA	National Electricity Regulator South Africa
IDP	Integrated Development Strategy	PMS	Performance Management System
KPA	Key Performance Area	PPE	Property Plant and Equipment
KPI	Key Performance Indicator	SDBIP	Service Delivery Budget Implementation Plan
kWh	kilowatt		
LED	Local Economic Development		
MFMA	Municipal Financial Management Act Programme		



Part 1 – Annual Budget

1.1 Mayor’s Report

Honourable Speaker,

Honourable Chief Whip,

Honourable, Councilors,

Traditional Leaders serving in the Council,

Municipal Manager, Directors and staff members,

Representatives of organized business and all stakeholders,

Illustrious Members of the Community,

Ladies and Gentlemen,

I would like to take this opportunity to welcome everyone present. I have the honour to submit the 2019/2020 Medium Term Revenue and Expenditure Framework (The MTREF or Budget) to the Council for consideration.

Senqu Municipality must be commended for receiving a “clean audit opinion” for the fifth consecutive year. Not only have we managed to achieve five consecutive clean audits, we have also managed to maintain the delivery of high quality services to the residents in the municipal area through tough economic times. I would like to thank my fellow Councilors and the staff involved in this achievement.

The impact in respect of the implementation of mSCOA since 1st July 2017 marked the beginning of a new era in the municipal environment and as a municipality we remain committed to the overcome all the challenges to ensure that we maintain the audit benchmark set in previous financial years.

The 2019/2020 MTREF Framework assesses our achievements over the past few years and looks into the challenges that lie ahead. The unfavorable economic and investment climate and the high unemployment rate directly affects payment levels to the municipality as well as increased financial assistance in the form of subsidized services. For the budget year, we are providing free services to the indigent to the amount of R14,25 million. However, we need to recognise the people who are living in the mountainous areas and the services they need, even though it might put additional pressure on our financial resources.

The community needs, assesses current and future needs, so that future planning is targeted at meeting local priorities in the most equitable, effective and efficient way within the parameters of the Municipality’s mandate and resources. The community needs identified in the IDP are often perceived as a wish list and Municipalities are often seen as misleading the communities by allowing them to list their needs and or concerns as it creates expectations. It is however important to list all these needs as they also inform District, Provincial and National Planning.



A lot of work has been done in the rural areas in terms of service delivery, especially regarding electricity provision. The electricity network has improved, though there is still room for improvement.

There are poverty stricken areas which have resulted in a high crime rate, which can directly be linked to the high unemployment rate. The key challenge is to assist in creating an environment for job creation, which remains one of the most pressing concerns for the economy. Senqu Municipality supports job creation and is in the process of implementing job creation programs which will be integrated with the municipal IDP.

Planning as an institution is very important. The progress of the municipality depends on the quality of the planning. Good planning guarantees good decisions and is important to the municipality, because it gives a steady growth and prepares the municipality for a desired future. It is also important that a municipality have sufficient financial resources so that the funding of a new budget is credible. Our focus must be on spending the entire budget in a financial year. Projects must be finished within a financial year and creditors paid within 30 days.

Distinguished Guests,

This budget is largely based on submissions from the communities during the IDP process. Our capital budget totals R85,25 million for the 2019/20 budget year from which a total of 53 per cent, or R45,5 million, of the capital budget is funded from our own cash-backed Capital Replacement Reserve (or CRR). The other capital is funded from National and Provincial grants.

Cooperation and tolerance between politicians and the administration is essential for us to successfully address the challenges listed above. Politicians have to play an oversight role and administration must work on achieving the expectations from the community. It is important that there is implementation of what has been planned. Let's do just that!

Ladies and Gentlemen,

Leadership within local government has a significant role to play in strengthening the connection between the citizens and the government's overall priorities and spending plans. The National Development Plan (NDP) set out an integrated strategy for accelerating growth, eliminating poverty and reducing inequality by 2030. Local government is required to incorporate the objectives of the NDP and the National Growth Path in the budgets. Senqu municipality supports the goals of the NDP.

Our tariffs are competitive and are in line with the National Electricity Regulator of South Africa (NERSA) approved guidelines and intensive research of national, provincial and regional economic outlook and national prescripts. We strike a balance between electricity increases and increases for other basic commodities.

When compiling a MTREF, one needs to consider all factors which might influence the forecasts and plan accordingly. Our approach this year was to budget conservatively on special collection rates and services, thereby ensuring what is contained in expenditure will be achieved through revenue. We never, and still, believed in expenditure wish-lists and unrealistic revenue budgets which are in any case not allowed but being practiced, and it is exactly for that reason that I believe that we are in a financially sound position and our aim is to keep it as such.



Good People,

It is the function of the municipality to know what is going on in villages. There is poverty, underdevelopment and hopelessness in our communities. It is our duty to know people's needs, irrespective of which department's core function it is as people look up to the municipality for answers, particularly politicians.

Finally, I would like to thank the Community, the Councilors and the officials for their input into this budget. I believe it is really a community driven budget and although much more is needed we can only do what our finances allow us to do. I hope this budget will make a significant difference in our people's lives. Indeed, together we are building a better Senqu.

All of us, regardless of party affiliation from across the political spectrum, let's throw ourselves into the task of implementing this budget.

I thank you.

Enkosi!



1.2 Council Resolutions

(The following resolutions must be taken at the final budget approval. It is listed here as required by the Budget & Reporting Regulations and it is recommended that the Council approves and adopts the following resolutions for the annual budget, in accordance with section 24 of the Municipal Finance Management Act)

The Council of Senqu Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003) hereby tables the following draft budget resolutions:

- 1.1. The annual budget of the municipality for the financial year 2019/20 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification);
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote);
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type); and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source.
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables attached in the budget documentation:
 - 1.2.1. Budgeted Financial Position;
 - 1.2.2. Budgeted Cash Flows;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation;
 - 1.2.4. Asset management; and
 - 1.2.5. Basic service delivery measurement.
2. The Council of Senqu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tables for approval and adoption the following tariffs, related by-laws and related policy changes as attached in the budget documentation, with effect from 1 July 2019:
 - 2.1. the tariffs for property rates, related by-laws and related policy changes
 - 2.2. the tariffs for electricity, related by-laws and related policy changes
 - 2.3. the tariffs for the supply of water on behalf of Joe Gqabi District Municipality;
 - 2.4. the tariffs for sanitation services on behalf of Joe Gqabi District Municipality; and
 - 2.5. the tariffs for solid waste services, related by-laws and related policy changes
 - 2.6. the summary of policy changes and summary of by-law changes
3. The Council of Senqu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tables for approval and adoption with effect from 1 July 2019 the tariffs and related by-laws for other services, as set out in the attached budget documentation.



4. To give proper effect to the municipality's annual budget, the Council of Senqu Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 4.2. That the Draft Budget be advertised for public comments in accordance with chapter 4 of the Municipal Systems Act (Act 32 of 2000) and sections 22 & 23 of Municipal Finance Management Act, (Act 56 of 2003)

1.3 Executive Summary

The 2018 Medium Term Budget Policy Statement (MTBPS) noted that weak economic performance and revenue shortfalls had contributed to some slippage in fiscal projections. Since then, economic growth has remained subdued and the domestic GDP outlook has been revised down. Funding pressures from Eskom and other financially distressed state-owned companies have increased, with several requesting state support to continue operating.

The GDP growth rate is forecasted at 1.5 per cent in 2019, 1.7 per cent in 2020 and 2.1 per cent in 2021. The revisions take into account weaker investment outcomes in 2018, a more fragile recovery in household income and slower export demand than expected due to moderating global growth. Consumer inflation has also been revised down due to lower oil prices and food inflation than previously assumed.

The main risks to the economic outlook are continued policy uncertainty and deterioration in the finances of state-owned entities. These factors, alongside continued high unemployment and slow growth will continue to exert pressure on municipal revenue generation and collection levels.

Local government has a vital role to play in turning around the economy. In many areas of the country, municipal finances are under pressure. This is the result of the rising cost of delivering basic services and weak financial planning and controls, with poor management decisions leading to underinvestment in and insufficient maintenance of infrastructure. Municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

The compilation of the MTREF remains a huge challenge to balance the budget between the limited revenue resources available and the immense need to provide quality service delivery to our community. Tariff increases must be limited to be within the affordability levels of our community and must still promote economic growth to ensure financial sustainability.

With the compilation of the 2019/20 Medium-Term Revenue and Expenditure Framework (MTREF), each department had to review its business planning processes taking into account their individual departmental strategies. Business planning links back to priority needs and master planning, and essentially inform the detail operating budget appropriations and three-year capital program. National Treasury's MFMA Circular No. 94 was also used to guide the compilation of the 2019/20 MTREF.



The municipality is in a healthy financial position, however, it needs to at least stabilize and further strive to continuously better its financial position, coupled with acceptable levels of service delivery at affordable tariffs. The retention of sufficient cash-backed reserves is critical for the long-term sustainability of the municipality, and to this end the municipality is achieving this objective while also maintaining a balance on the Capital Replacement Reserve to a level where future external funding, excluding grants, be minimized.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2019/20 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2019/20 MTREF (R'000)

R thousand	Adjustments Budget	Budget Year	Budget Year +1	Budget Year +2
	2018/19	2019/20	2020/21	2021/22
Total Operating Revenue	227 779	239 767	250 403	265 217
Total Operating Expenditure	241 188	252 335	270 376	284 560
<i>Surplus/(Deficit) for the year</i>	(13 410)	(12 567)	(19 973)	(19 343)
Total Capital Revenue recognised	48 528	39 761	42 858	46 518
<i>Surplus/(Deficit) for the year</i>	35 119	27 194	22 884	27 175

As can be seen from the above, the municipality will operate at an operating deficit throughout the MTREF. An operating deficit is an indication that the municipality is not generating sufficient revenue to sustain its operating expenditure, let alone the fact that the operating budget is not contributing any revenue at all towards the capital program. It should also be noted that the operating budget also includes items such as depreciation and debt impairment which are not considered to be a “cash” expense. These items will not result in an immediate cash outflow. It should however be noted that non-cash items will eventually translate into cash outflow when for example the fully depreciated asset needs to be replaced.

Municipalities are advised, as a minimum, to prepare or strive towards a balanced budget (i.e. revenue equals expenditure). Although a balanced budget is not necessarily considered a funded budget, it will definitely contribute to the “funded budget principle” over the long run.

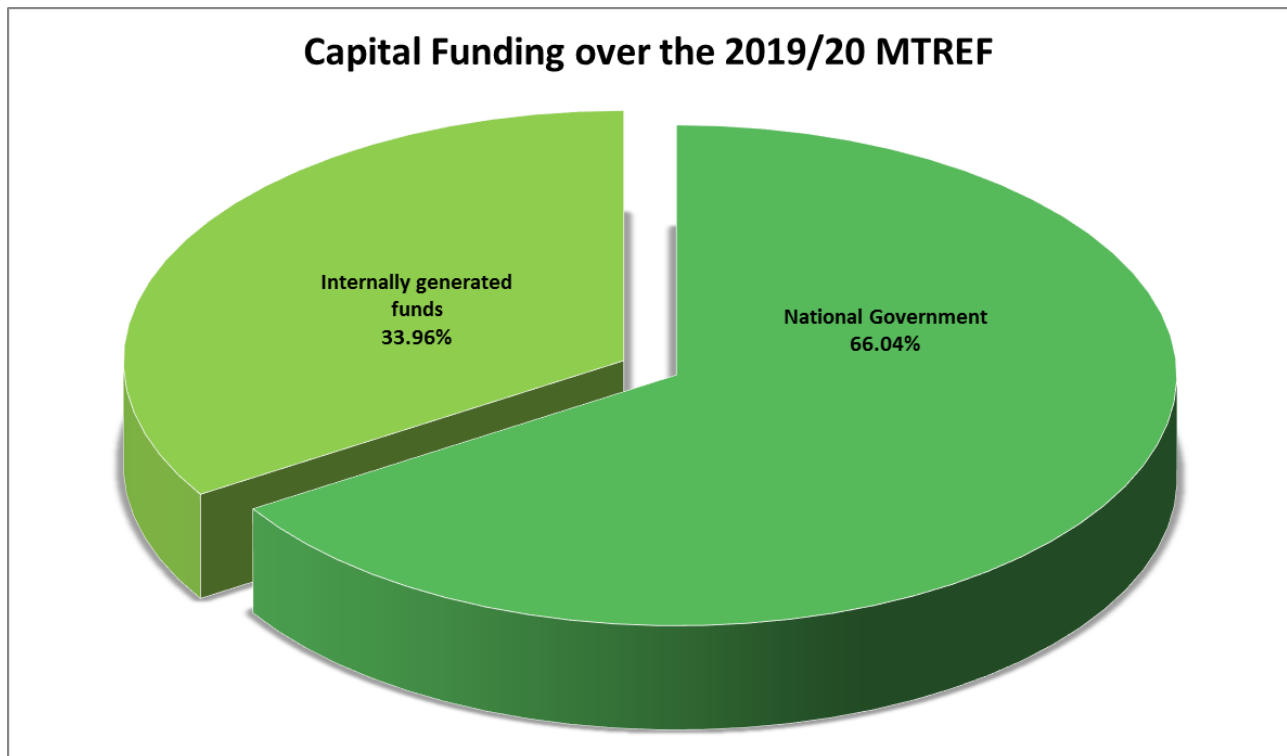
The municipality remains committed to a large capital program with a significant portion funded by grants from National Government.

Table 2 Total Capital Funding of the 2019/20 MTREF (R'000)

Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2019/20	2020/21	2021/22
Funded by:								
National Government	31 996	33 684	33 606	41 850	45 528	39 761	42 858	46 518
Provincial Government	-	-	-	3 000	3 000	-	-	-
Transfers recognised - capital	31 996	33 684	33 606	44 850	48 528	39 761	42 858	46 518
Internally generated funds	6 889	8 387	12 375	32 717	31 367	45 490	20 247	679
	38 885	42 071	45 981	77 567	79 895	85 250	63 104	47 198

The capital budget of R85,3 million for 2019/20 is 6,7 per cent more when compared to the 2018/19 Adjustment Budget. The increase can mainly be attributed to projects that rolled over from 2018/2019 to 2019/2020. The capital programme decreases to R63,1 million in 2020/21 and R47,2 million in 2021/22. The decrease is directly related to the decrease in proposed expenditure to be financed from internally generated funds.

A portion of the capital budget will be funded from own revenue (R66,42 million or 33,96%) over the MTREF with no anticipated borrowings and the main funding source being Grants to the value of R129,14 million (66,04%).





As indicated above no borrowing for capital projects is planned. The municipality is still well within the limits of its borrowing capacity, but will raise very limited loans in the near future in order to curtail possible rising debt servicing costs.

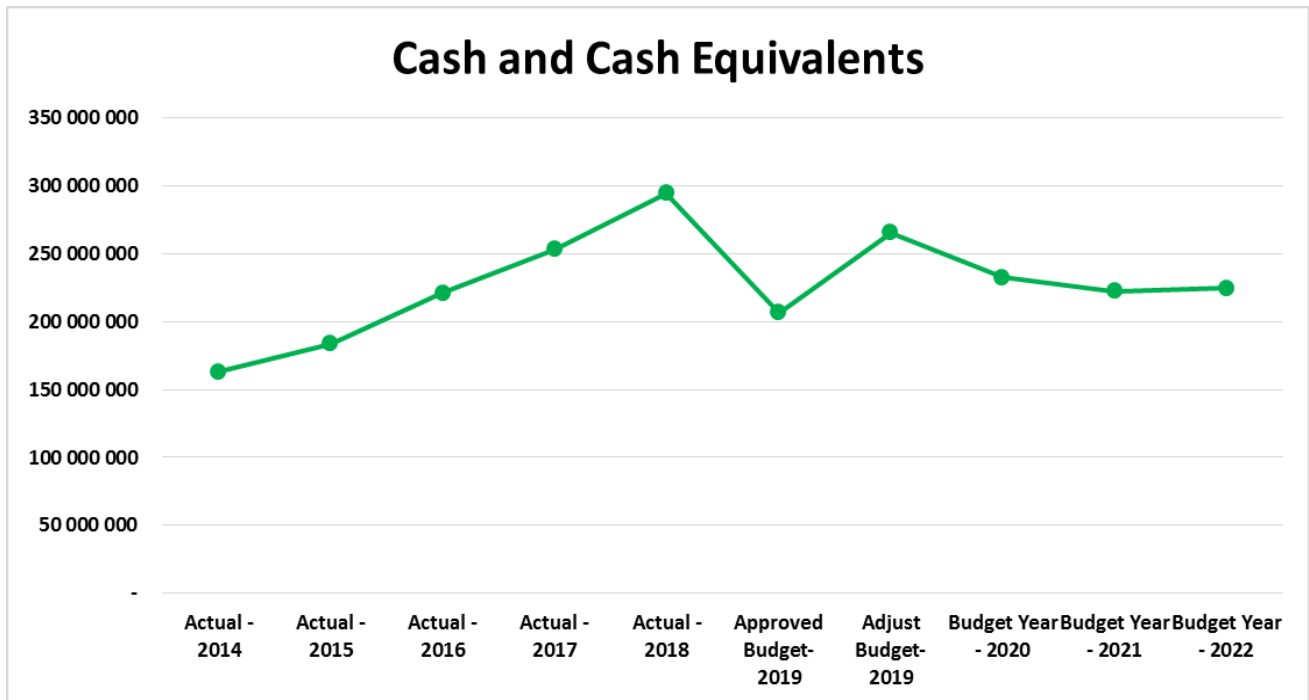
The municipality should be mindful of the fact that the large capital program, especially from internally generated funds, places enormous pressure on the accumulated cash reserves of the Senqu Municipality. This could significantly impact on the long term sustainability of the entity.

1.3.1 Financial Viability and Sustainability

Financial viability and sustainability is one of the major cornerstones that needs to remain intact to ensure that municipalities follow through on their constitutional obligation to deliver high quality basic services to the citizens of South Africa.

From the perspective of a municipality, the focus point of any sustainability and viability analysis revolves firmly around the municipality’s ability to implement policies that contributes to the preservation of cash resources over the long term.

Municipalities should as far possible approve budgets that are within their financial constraints. In other words, projected capital and operating expenditure should be financed from projected future revenue streams, thus eliminating the need to utilize accumulated funds from previous years. Currently, although still a funded budget, the proposed budget will have a negative impact on the projected cash position of the municipality as indicated below:



The downward trend over the MTREF is a serious threat to the financial viability and the ability of the municipality to provide basic services on a sustainable manner. This downward trend can mainly be attributed to the inability of the municipal budget to produce adequate cash resources to meet the proposed capital and operating program of the municipality.

1.4 Operating Revenue Framework

Section 18 of the Municipal Finance Management Act, 2003, which deals with the funding of expenditure, states as follows:

- (1) “An annual budget may only be funded from –
 - (a) Realistically anticipated revenue to be collected from the approved sources of revenue;
 - (b) Cash-backed accumulated funds from previous financial years’ surpluses not committed for other purposes; and
 - (c) Borrowed funds, but only for the capital budget referred to in section 17(2).
- (2) Revenue projections in the budget must be realistic, taking into account –
 - (a) projected revenue for the current year based on collection levels to date; and
 - (b) actual revenue collected in previous years.”

In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The following table is a summary of the 2019/20 MTREF (classified by main revenue source):

Table 3 Summary of revenue classified by main revenue source

Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2019/20	2020/21	2021/22
Revenue By Source								
Property rates	4 654	5 192	5 997	8 147	8 247	8 536	9 048	9 591
Service charges - electricity revenue	28 097	34 092	31 861	41 712	41 712	40 911	43 365	45 967
Service charges - refuse revenue	2 800	9 085	10 119	9 101	9 101	9 647	10 226	10 840
Rental of facilities and equipment	756	503	1 234	95	110	116	123	131
Interest earned - external investments	13 913	18 021	20 577	15 000	15 000	16 500	16 854	17 865
Interest earned - outstanding debtors	2 494	2 906	3 204	2 226	2 266	2 402	2 546	2 699
Fines, penalties and forfeits	324	159	411	57	158	168	178	188
Licences and permits	1 085	1 109	1 295	1 119	1 121	1 189	1 260	1 335
Agency services	1 080	1 138	975	843	943	999	1 059	1 123
Transfers and subsidies	149 152	140 468	144 367	144 318	144 318	157 443	163 775	173 392
Other revenue	6 092	4 703	10 030	1 586	4 803	1 857	1 968	2 086
Total Revenue (excluding capital transfers and contributions)	210 448	217 376	230 071	224 204	227 779	239 767	250 403	265 217



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

The percentage revenue increases slightly for the 2019/20 financial year when compared to the 2018/19 Adjustments Budget. This is mainly due to higher Equitable Share allocation as well as the increase in tariffs for Property Rates and Service Charges. In the two outer years of the MTREF the revenue increases further with 4,44 per cent and 5,92 per cent respectively for each of the two years.

Table 4 Summary of revenue classified by municipal vote (including capital transfers)

Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2019/20	2020/21	2021/22
Revenue by Vote								
Vote 1 - Executive & Council	7 212	6 485	6 948	7 015	7 015	7 254	7 597	7 959
Vote 2 - Planning & Development	8 388	1 891	6 327	1 944	1 944	1 984	2 088	2 238
Vote 3 - Corporate Services	230	2 242	5 385	104	3 224	182	193	205
Vote 4 - Budget & Treasury	99 139	99 718	104 884	103 112	103 411	113 206	119 087	126 124
Vote 5 - Road Transport	24 030	39 224	34 068	43 965	47 072	41 498	41 188	44 113
Vote 9 - Community & Social Services	13 783	1 588	1 648	1 634	1 634	1 642	1 650	1 721
Vote 10 - Sport & Recreation	2 362	2	0	-	8	8	9	10
Vote 11 - Public Safety	2 251	105	106	83	84	89	95	100
Vote 12 - Electricity	55 426	64 969	66 916	74 745	75 463	73 925	79 288	84 679
Vote 13 - Waste Management	29 665	34 836	37 413	36 452	36 452	39 738	42 065	44 587
Total Revenue by Vote	242 486	251 059	263 696	269 054	276 307	279 528	293 261	311 735

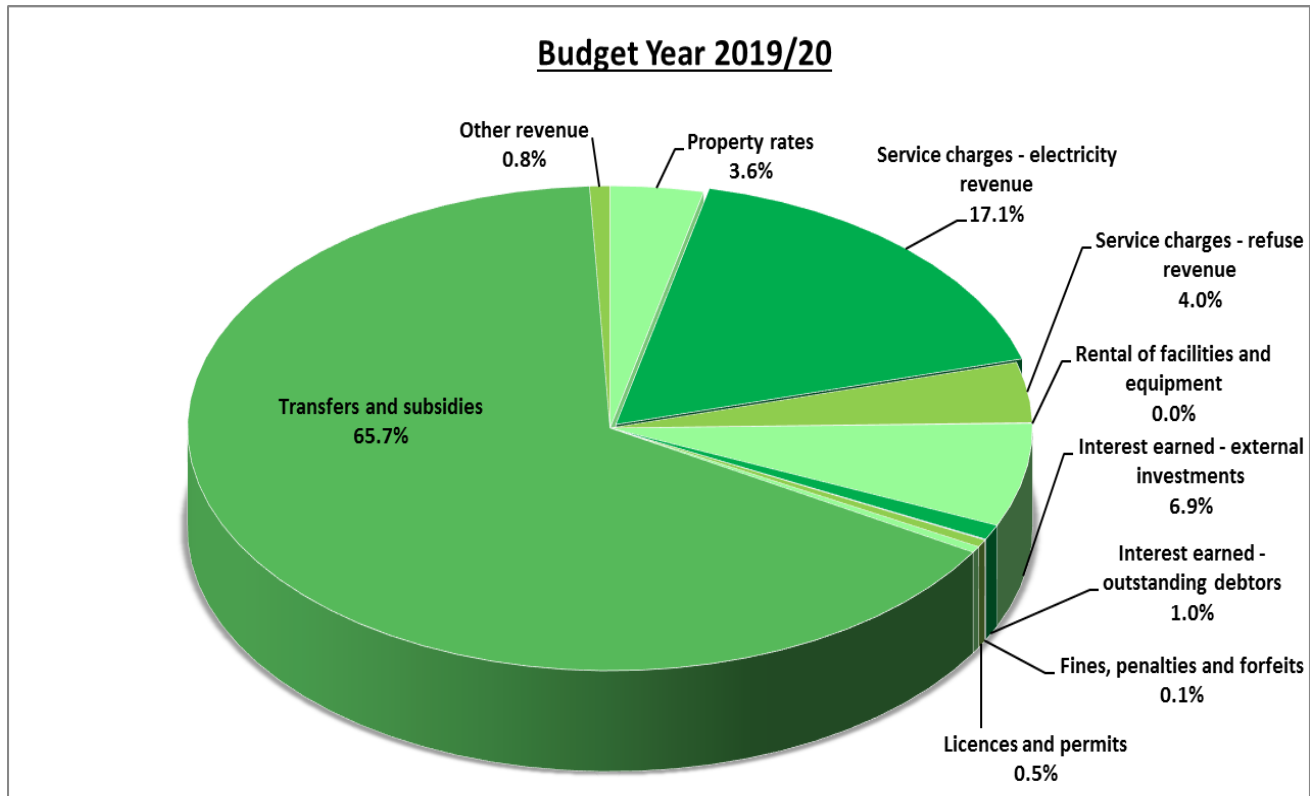
Table 5 Percentage growth in revenue base by main revenue source

Description R thousand	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework					
	Adjusted	%	Budget Year	%	Budget Year	%	Budget Year	%
	Budget		2019/20		2020/21		2021/22	
Revenue By Source								
Property rates	8 247	3.6%	8 536	3.6%	9 048	3.6%	9 591	3.6%
Service charges - electricity revenue	41 712	18.3%	40 911	17.1%	43 365	17.3%	45 967	17.3%
Service charges - refuse revenue	9 101	4.0%	9 647	4.0%	10 226	4.1%	10 840	4.1%
Rental of facilities and equipment	110	0.0%	116	0.0%	123	0.0%	131	0.0%
Interest earned - external investments	15 000	6.6%	16 500	6.9%	16 854	6.7%	17 865	6.7%
Interest earned - outstanding debtors	2 266	1.0%	2 402	1.0%	2 546	1.0%	2 699	1.0%
Fines, penalties and forfeits	158	0.1%	168	0.1%	178	0.1%	188	0.1%
Licences and permits	1 121	0.5%	1 189	0.5%	1 260	0.5%	1 335	0.5%
Agency services	943	0.4%	999	0.4%	1 059	0.4%	1 123	0.4%
Transfers and subsidies	144 318	63.4%	157 443	65.7%	163 775	65.4%	173 392	65.4%
Other revenue	4 803	2.1%	1 857	0.8%	1 968	0.8%	2 086	0.8%
Total Revenue (excluding capital transfers and contributions)	227 779	100%	239 767	100%	250 403	100%	265 217	100%
Total Revenue from Rates and Service Charges	61 436	27.0%	61 612	25.7%	65 309	26.1%	69 227	26.1%

Revenue generated from rates and services charges forms an important percentage of the revenue basket for the Municipality, but measured against other municipalities e.g. the Western Cape, the percentage is relatively low. Rates and service charge revenues comprise between 25.7 and 26.1 per cent of the total revenue mix over the MTREF period.

As can be seen on the graph on the next page, Senqu municipality is to a very large degree dependent on grants (Equitable share) to sustain the budget. The unconditional Equitable Share Grant is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis.

Approximately 66% of the revenue basket can be attributed to equitable share. This, together with the lower percentage for rates and service charge revenues, is an indication of the high unemployment rate in the area and the focus on job creation projects were therefore treated as a priority in this budget.



The table below gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term (Please note that a portion of the Equitable share grant as per Dora is allocated to “Nat Gov: Councillor Remuneration” grant):

Table 6 Operating Transfers and Grant Receipts

Description	Current Year	2019/20 Medium Term Revenue & Expenditure Framework		
	2018/19	Budget Year	Budget Year	Budget Year
R thousand	Full Year Forecast	2019/20	+1 2020/21	+2 2021/22
EXPENDITURE:				
<u>Operating expenditure of Transfers and Grants</u>				
National Government:	142 818	155 943	162 275	171 830
Local Government Equitable Share	129 419	142 681	150 953	160 000
Finance Management	1 700	1 700	1 700	1 700
Nat Gov : Councillor Remuneration	7 015	7 254	7 597	7 959
Municipal Infrastructure Grant (MIG)	1 888	1 924	2 025	2 171
Nat Gov : EPWP Incentive Grant	2 796	2 384	-	-
Provincial Government:	1 500	1 500	1 500	1 562
Libraries	1 500	1 500	1 500	1 562
Total operating expenditure of Transfers and Grants:	144 318	157 443	163 775	173 392



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 2019/20 in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups

The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies its Credit Control Policy stringently, but there are always situations where there are defaults on payment. The contribution for bad debt is about 12 per cent of the revenue for rates, service charges, interest on debtors and rent of facilities on credit, and equates to R7,50 million in 2019/2020 increasing to R11,71 million in 2021/2022. This increase forms part of the revenue enhancement strategy that the municipality is busy implementing.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

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

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R60 000;
- The limit for indigent households is twice the amount of government pension grant.

The municipality applied a differential rating system whereby the cent amount in the rand for different categories of property may differ. Relief measures related to different categories of properties and different categories of owners of properties are used when the following is taken into consideration:

- The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes;
- Promotion of social and economic development of the municipality; and
- Promotion of job creation.

Vacant properties are rated higher, as the municipality is encouraging owners of vacant land to develop it and that the vacant land should not be used for speculation purposes by owners.



The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2019/20 financial year are as follows:

Table 7 Comparison of proposed rates to be levied for the 2019/20 financial year

Tariff Code	Property Category	Tariff 2018/2019	Tariff 2019/2020
RES001	Residential properties	0.6825	0.0070
IND001	Industrial properties	0.9078	0.0094
BUS001	Business and Commercial properties	0.8873	0.0091
AGR001	Agricultural properties used for Agricultural Purpose	0.1706	0.0018
AGR002	Agricultural Properties used for Commercial / Industrial Purposes	0.1706	0.0018
AGR003	Agricultural Properties used for Eco- Tourism, Conversation, Trading In or Hunting of Game	0.1706	0.0018
AGR004	Agricultural Properties not used for Any Purpose/ Purpose Unknown to Municipality	0.1706	0.0018
PSI001	Public Service Infrastructure properties	0.0341	0.0000
GOV001	Properties owned by an municipality and used by state Provincial/National purposes	0.8873	0.0091
GOV002	Properties owned by Public Benefit Organisations and used for specified public benefit activities	0.0000	0.0000
GOV003	State- Owned Properties that Provide Local Services	0.8873	0.0091
GOV004	State/ Owned Properties that Provide Regional/ Municipal District-Wide Services	0.8873	0.0091
GOV005	State/ Owned Properties that Provide Provincial/ National Services	0.8873	0.0091
PRA001	Protected areas	0.0000	0.0000
MUN001	Municipal properties	0.0000	0.0000
PMM001	Public monuments and memorials	0.0000	0.0000
UPA001	Unregistered Properties (Administrative Purposes)	0.0000	0.0000
CLR001	Communal land and Land Reform Beneficiaries	0.0000	0.0000
PWV001	Place of Worship and Vicarage	0.0000	0.0000
VAC001	Vacant Land	1.0238	0.0105

1.4.2 Sale of Water and Sanitation and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

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



The Water-and Sanitation function was transferred to Joe Gqabi District Municipality on 1 July 2012 and for that reason Senqu Municipality does not advertise or consult on the tariffs for these services.

1.4.3 Sale of Electricity and Impact of Tariff Increases

The National Energy Regulator of South Africa (NERSA) proposed a 9.41 per cent guideline increase for municipal electricity tariffs for 2019/20. This increase is required to curb the downward trend experienced as a result of large bulk tariff increases experienced in recent years.

Table 8 Electricity Surplus/(Deficit)

Description	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2019/20	Budget Year 2020/21	Budget Year 2021/22
Operating Revenue	75 463	73 925	79 288	84 679
Operating Expenditure	52 186	54 448	58 404	61 449
Surplus/(Deficit) for the year	23 277	19 477	20 884	23 230
% Profit	30.85%	26.35%	26.34%	27.43%

Compared to the revenue and expenditure per function in Schedule A2, it should be noted that the revenue figures above does not include indigent rebates financed from equitable share (refer to Schedule SA1) as well as any capital grant revenue (if any). Expenditure only relates to operating expenditure.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for customers over the MTREF period:



Table 9 Comparison between current electricity charges and increases

DESCRIPTION	Tariff 2018/2019	Tariff 2019/2020
	Rounded Off	Rounded Off
Domestic (Pre-paid metering) single phase 0-60 AMP FBS	c/kwh	c/kwh
Basic / Availability Charge – per month	0.00	0.00
Energy Charge – per Unit (kWh) (1 – 50kWh)	0.00	-
Energy Charge – per Unit (kWh) (51 – 350kWh)	117.59	128.65
Energy Charge – per Unit (kWh) (351 - 600kWh)	184.99	202.40
Energy Charge – per Unit (kWh) (> 600kWh)	202.19	221.22
Also see Council's Free Basic Services & Indigent Subsidy Support Policy		
Domestic (Pre-paid metering) single phase 0-60 AMP FBS		
Basic / Availability Charge – per month	0.00	0.00
Energy Charge – per Unit (kWh) (1 – 50kWh)	91.43	100.04
Energy Charge – per Unit (kWh) (51 – 350kWh)	117.59	128.65
Energy Charge – per Unit (kWh) (351 - 600kWh)	184.99	202.40
Energy Charge – per Unit (kWh) (> 600kWh)	202.19	221.22
Domestic (Pre-paid metering) three phase 0-60 AMP		
Basic / Availability Charge – per month	0.00	0.00
Energy Charge – per Unit (kWh) (1 – 50kWh)	0.00	101.5381
Energy Charge – per Unit (kWh) (51 – 350kWh)	0.00	130.5829
Energy Charge – per Unit (kWh) (351 - 600kWh)	0.00	205.4374
Energy Charge – per Unit (kWh) (> 600kWh)	0.00	224.5395
Domestic : Demand 0 -60 Amp (Credit Metering)		
Basic / Availability Charge -per month	149.67	163.76
Energy Charge – per Unit (kWh) (1 – 50kWh)	91.43	100.04
Energy Charge – per Unit (kWh) (51 – 350kWh)	115.10	125.93
Energy Charge – per Unit (kWh) (351 - 600kWh)	165.23	180.78
Energy Charge – per Unit (kWh) (> 600kWh)	192.12	210.20
Domestic : Demand 60 Amp + (Credit Metering)		
Basic / Availability Charge -per month	353.32	386.57
Energy Charge – per Unit (kWh) (1 – 50kWh)	91.43	100.04
Energy Charge – per Unit (kWh) (51 – 350kWh)	115.10	125.93
Energy Charge – per Unit (kWh) (351 - 600kWh)	165.23	180.78
Energy Charge – per Unit (kWh) (> 600kWh)	192.12	210.20
Commercial (Pre -paid metering) 0 -100 AMP		
Energy Charge -per Unit (KWh) consumed	203.33	222.46
Commercial: Small / Medium - (Credit Metering) 0-60 AMP		
Basic / Availability Charge - per month	437.63	478.81
Energy Charge - per unit (KWh) consumed	169.43	185.37
Commercial: Large - (Credit Metering) 0 to undifined AMP		
Basic / Availability Charge - per month	1 277.61	1 397.84
Energy Charge - per unit (KWh) consumed	170.79	186.87
Network / Demand Charge - per unit (KVA) consumed	69.18	75.69
Farms 0 to undifined AMP		
Basic / Availability Charge per month	430.57	471.08
Energy Charge -per Unit (KWh) consumed	166.32	181.97
Network Demand Charge - (KVA) per Unit	68.63	75.09
Consumer Deposits (to be paid prior to connection)		
Domestic / Residential	1 696.51	1 856.15
Business / Commercial (Small / Medium): 0 - 60 Amp	4 241.23	4 640.33
Business / Commercial / Industrial: 60 -150 Amp	11 592.67	12 683.54
Businesses / Commercial / Industrial: 150 Amp +	21 206.24	23 201.75
Other		
New Connection (to be paid in advance)		
Re - connecting existing connection	424.15	464.07
Re - connecting (after default / dis-connection)	466.57	510.47
Test Meter (Not Refundable)	424.15	464.07

1.4.4 Waste Removal and Impact of Tariff Increases

An average tariff increase of 6 per cent for refuse removal services from 1 July 2019 is proposed. This increase was required to ensure that the tariff charged is more cost reflective due to the increase in fuel and other costs involved to provide these services. There are also significant rehabilitation provisions included in the budget that needs to be funded.

Table 10 Waste Management Surplus/(Deficit)

Description	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year	Budget Year	Budget Year
		2019/20	2020/21	2021/22
Operating Revenue	36 452	39 738	42 065	44 587
Operating Expenditure	30 642	33 339	36 395	38 312
Surplus/(Deficit) for the year	5 810	6 399	5 671	6 275
% Profit	15.94%	16.10%	13.48%	14.07%

Compared to the revenue and expenditure per function in Schedule A2, it should be noted that the revenue figures above does not include indigent rebates financed from equitable share (refer to Schedule SA1) as well as any capital grant revenue (if any). Expenditure only relates to operating expenditure.

The following table compares current and proposed amounts payable from 1 July 2019:

Table 11 Comparison between current waste removal fees and increases

	Tariff 2018/2019 EXCL VAT	Tariff 2019/2020 EXCL VAT
Domestic Consumers (per month for one removal per week)	134.57	142.64
Additional removal (per load or part thereof)	134.57	142.64
Commercial Consumers (per month for two removals per week)	288.00	305.28
Additional removal (per load or part thereof)	288.00	305.28
Government Departments (Schools, hotels, SAPS, prison, hospitals, etc) (per month for two removals per week)	1 707.66	1 810.12
Additional removal (per load or part thereof)	288.00	305.28
Garden Refuse (per load) (to be paid in advance)	288.00	305.28
Building Rubble (per load) (to be paid in advance)	499.28	529.24
Cleaning of erven	288.00	305.28



Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on various households.

Table 12 Impact of tariff increases on households

Description	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework			
	Full Year Forecast	Budget Year 2019/20 % incr.	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Rand/cent					
<u>Monthly Account for Household - 'Middle Income Range'</u>					
Rates and services charges:					
Property rates	822.99	3.0%	847.68	915.50	997.89
Electricity : Basic levy	141.81	9.4%	155.15	167.56	182.64
Electricity : Consumption	2 267.65	9.4%	2 481.04	2 679.52	2 920.68
Refuse removal	143.45	6.0%	152.06	164.22	179.00
Total large household bill:	3 375.90	7.7%	3 635.93	3 926.81	4 280.22
% increase/-decrease	-		7.7%	8.0%	9.0%
<u>Monthly Account for Household - 'Affordable Range'</u>					
Rates and services charges:					
Property rates	198.38	3.0%	204.33	220.68	240.54
Electricity : Basic levy	142.80	9.4%	156.23	168.73	183.92
Electricity : Consumption	1 010.08	9.4%	1 105.13	1 193.54	1 300.95
Refuse removal	143.37	6.0%	151.97	164.13	178.90
Total small household bill:	1 494.63	8.2%	1 617.67	1 747.08	1 904.32
% increase/-decrease	-		8.2%	8.0%	9.0%
<u>Monthly Account for Household - 'Indigent' Household receiving free basic services</u>					
Rates and services charges:					
Property rates	127.73	3.0%	131.56	142.09	154.88
Electricity : Consumption	389.73	9.4%	426.40	460.51	501.96
Refuse removal	143.37	6.0%	151.97	164.13	178.90
Total small household bill:	660.83	7.4%	709.93	766.73	835.73
% increase/-decrease	-		7.4%	8.0%	9.0%

1.5 Operating Expenditure Framework

Municipalities are still urged to implement the cost containment measures on six focus areas namely, consultancy fees, no credit cards, travel and related costs, advertising, catering, events costs and accommodation. With the implementation of cost containment measures, municipalities must control unnecessary spending on nice-to-have items and non-essential and non-priority activities.

The following table is a high level summary of the 2019/20 budget and MTREF (classified per main type of operating expenditure):

Table 13 Summary of operating expenditure by standard classification item

Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2019/20	2020/21	2021/22
Expenditure By Type								
Employee related costs	62 173	71 967	81 280	87 122	85 236	88 932	94 089	99 106
Remuneration of councillors	11 064	10 736	11 704	13 355	12 955	13 522	14 225	14 964
Debt impairment	4 241	5 029	6 348	4 963	5 963	7 500	11 134	11 713
Depreciation & asset impairment	18 154	19 676	21 933	22 290	20 272	21 058	22 153	23 305
Finance charges	2 530	2 824	2 876	3 163	3 016	3 133	3 296	3 467
Bulk purchases	23 771	32 543	25 599	34 506	35 691	36 750	38 661	40 671
Other materials	-	-	-	13 179	14 223	14 511	15 542	16 350
Contracted services	21 180	22 477	20 206	28 298	33 312	35 717	37 575	39 529
Transfers and subsidies	-	210	-	290	586	609	640	674
Other expenditure	29 068	31 725	30 039	29 097	29 935	30 603	33 061	34 781
Loss on disposal of PPE	290	158	2 455	-	-	-	-	-
Total Expenditure	172 471	197 343	202 441	236 264	241 188	252 335	270 376	284 560

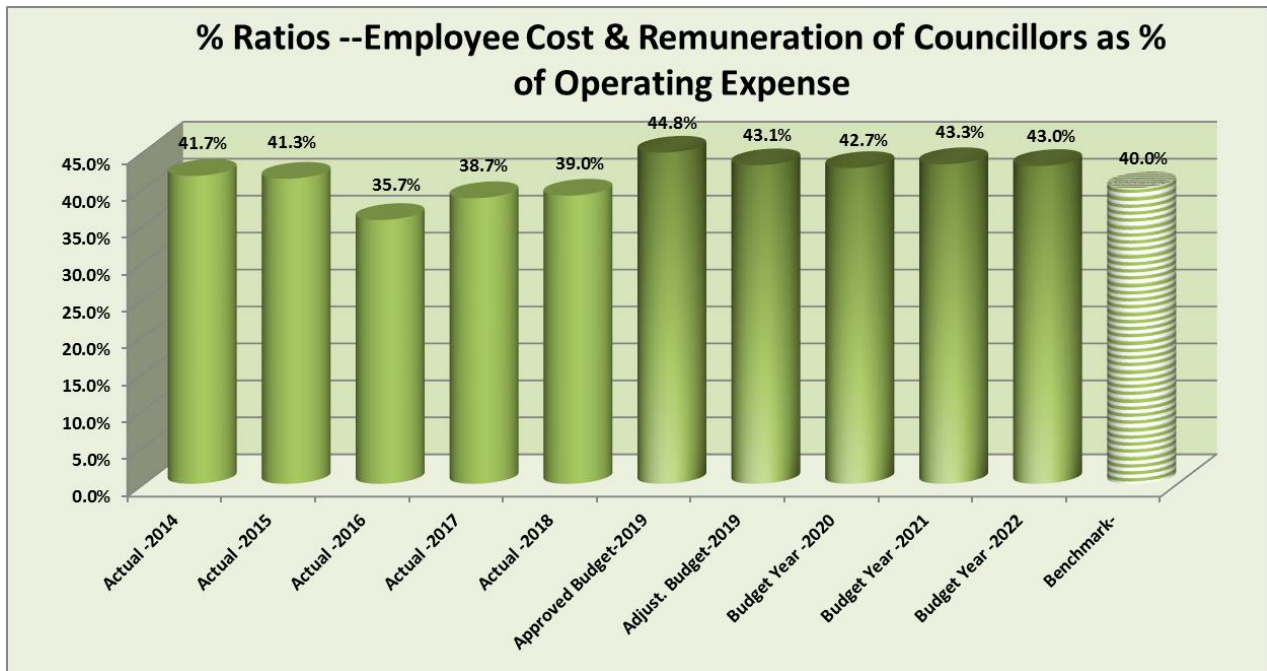
The budgeted allocation for employee related costs for the 2019/20 financial year totals R88,93 million, which equals 35,24 per cent of the total operating expenditure. This percentage is set to remain very constant over the two outer years of the MTREF at 34.80 per cent and 34.83 per cent respectively. However, before the municipality reaches any conclusions with regards to levels of employee related costs of the municipality, the municipality should assess the impact of any items that could distort these figures. The municipality should for example exclude any non-cash expenditure (Depreciation and Debt Impairment) in order to compare it with other municipalities on a more equal basis.

A detailed analysis regarding employee related costs as set out in MBRR Tables SA22 - 24 in this document.



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

The expenditure on Employee Cost and Remuneration of Councillors is still towards the upper limits of the industry norms (between 25% and 40%) as depicted in the following graph:



The provision of debt impairment was determined based on an annual collection rate of 90 per cent and the Debt Write-off Policy of the Municipality. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality’s realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality’s Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard totals R21,06 million for the 2019/20 financial year and equates to 8,35 per cent of the total operating expenditure. The appropriation increases to R23,31 million over the MTREF.

The Municipality is limiting its borrowing in order to keep finance charges to the absolute minimum. Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1,24 per cent (R3,13 million) of operating expenditure excluding annual redemption for 2019/20. This percentage is set to remain constant over the two outer years of the MTREF at 1.22 per cent.

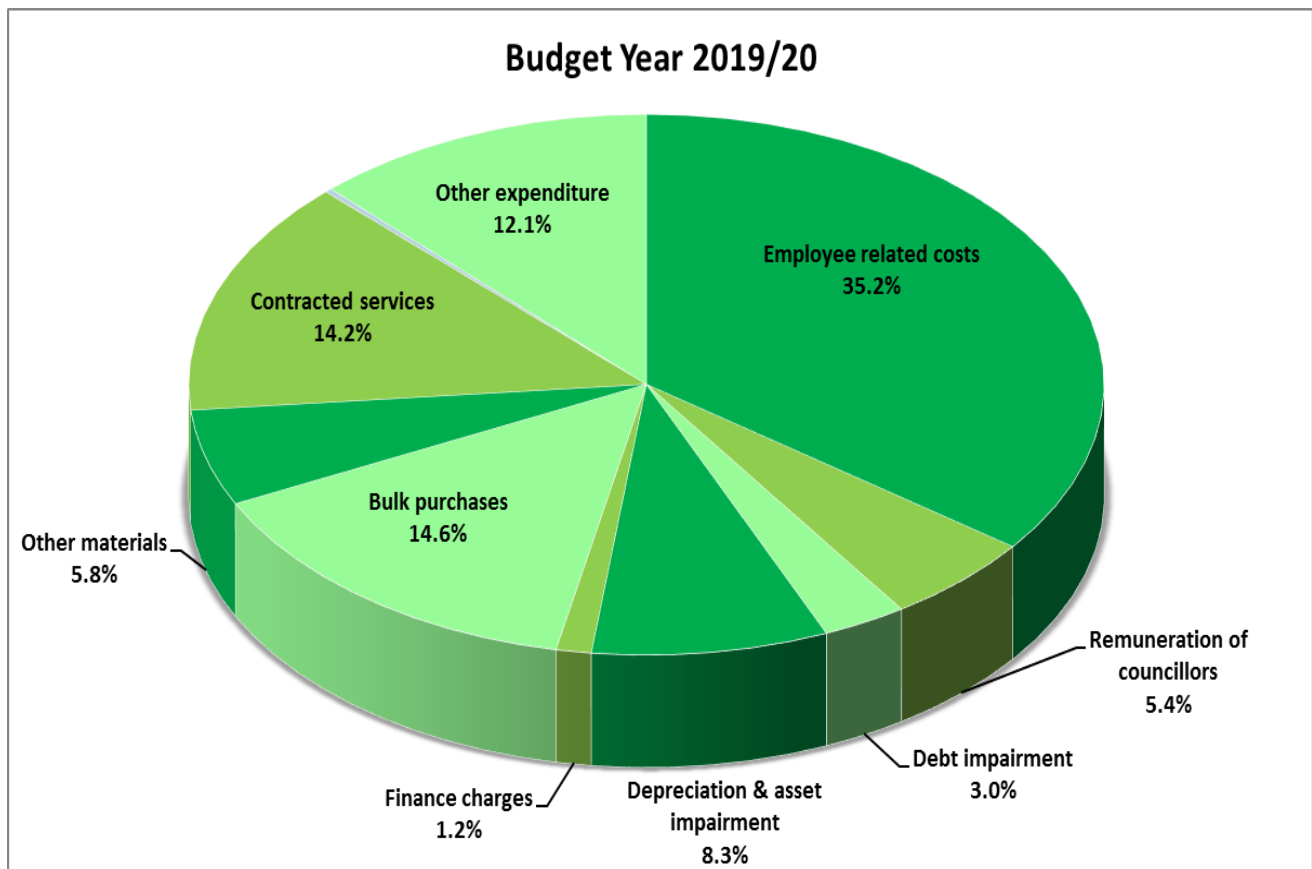
Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. Although the municipality is not in control of the increase in the cost of bulk purchases, the municipality could still implement measures to reduce distribution losses as well as internal consumption. Electricity bulk purchases represents 14,56 per cent of expenditure for 2019/20 and this percentage decrease slightly over the MTREF to 14,29 per cent for 2021/22.

Other materials consist out of all items that are accounted for using inventory accounts in the mSCOA structure. Included in Others materials is an amount of R13,08 million over the MTREF for Repairs and Maintenance.

Contracted services consists of the delivery of primary services and the classification was largely influenced by the mSCOA chart of accounts. An amount of R21,71 million over the MTREF for Repairs and Maintenance is classified under Contracted Services.

Other expenditure comprises of various line items relating to the daily operations of the municipality (including repairs and maintenance as well as operating grant expenditure). This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

Main operational expenditure categories for the 2019/20 financial year (R'000)





1.5.1 Priority given to repairs and maintenance

National Treasury observed that budget appropriations for asset renewal as part of the capital program and operational repairs and maintenance of existing asset infrastructure is still not receiving adequate priority by municipalities, regardless of guidance supplied in previous Budget Circulars. Asset management is a strategic imperative for any municipality and needs to be prioritized as a spending objective in the budget of municipalities.

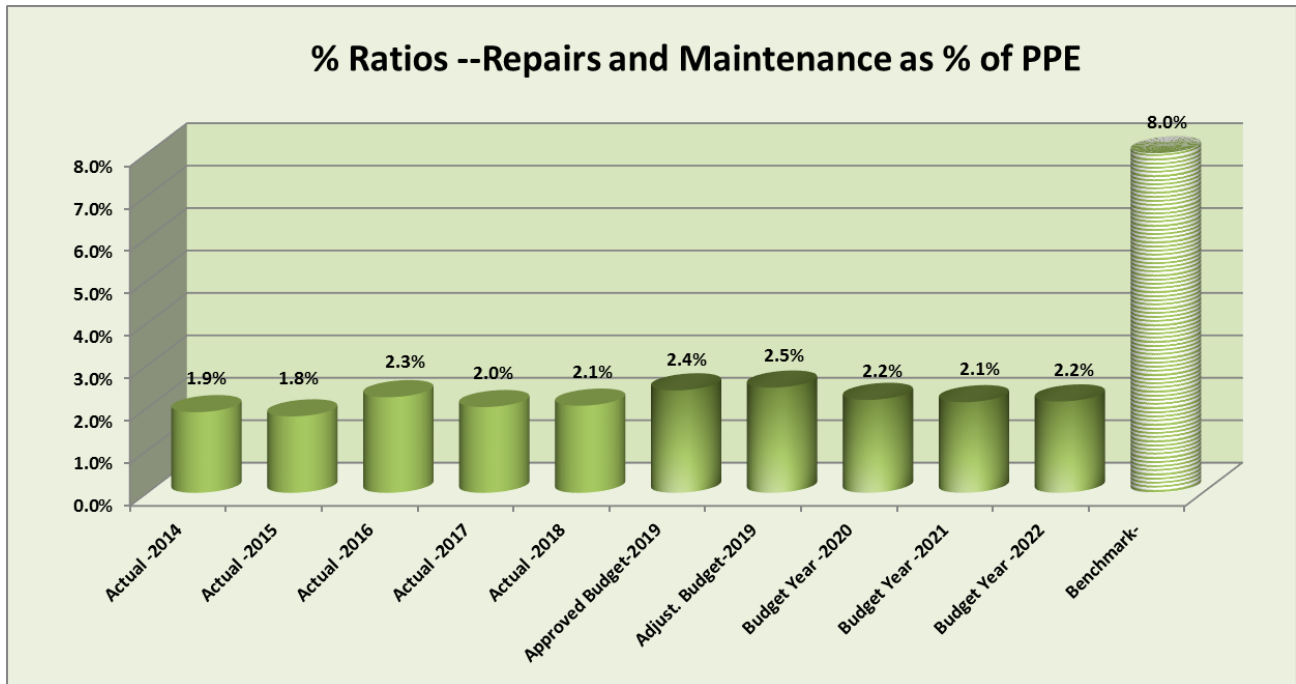
Municipalities must ensure they prioritize asset management and take into consideration the following:

- 1) 40 per cent of its Capital Budget should be allocated to the renewal/upgrading of existing assets it.
- 2) Operational repairs and maintenance should not be less than 8 per cent of the asset value (write down value) of the municipality’s Property Plant and Equipment (PPE)

Currently the municipality is not achieving these targets as indicated below:

Table 14 Repairs and maintenance per asset class

Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and Maintenance by Asset Class	6 780	6 776	7 898	10 288	11 009	11 129	11 726	12 336
<i>Roads Infrastructure</i>	1 312	1 192	1 843	2 000	2 100	1 754	1 903	2 002
<i>Storm water Infrastructure</i>	24	5	14	292	292	304	320	336
<i>Electrical Infrastructure</i>	924	783	752	946	961	1 028	1 054	1 108
<i>Solid Waste Infrastructure</i>	44	177	208	238	239	316	333	350
Infrastructure	2 304	2 158	2 816	3 477	3 592	3 402	3 609	3 797
<i>Community Facilities</i>	531	657	1 368	1 933	1 969	2 067	2 152	2 264
<i>Sport and Recreation Facilities</i>	58	29	58	122	181	188	198	208
Community Assets	588	686	1 426	2 055	2 150	2 255	2 350	2 472
<i>Operational Buildings</i>	689	762	500	934	1 042	1 078	1 140	1 200
Other Assets	689	762	500	934	1 042	1 078	1 140	1 200
<i>Furniture and Office Equipment</i>	499	386	362	415	515	535	563	592
<i>Machinery and Equipment</i>	294	169	1 023	1 275	1 398	1 458	1 538	1 618
<i>Transport Assets</i>	2 405	2 615	1 771	2 132	2 311	2 401	2 526	2 657
TOTAL EXPENDITURE OTHER ITEMS	24 935	26 231	26 116	32 578	31 281	32 187	33 880	35 642
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	24.2%	25.7%	37.6%	51.7%	57.9%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	0.0%	0.0%	0.0%	84.3%	101.4%	152.2%	147.4%	117.3%
<i>R&M as a % of PPE</i>	2.3%	2.0%	2.1%	2.4%	2.5%	2.2%	2.1%	2.2%
<i>Renewal and upgrading and R&M as a % of PPE</i>	2.0%	2.0%	2.0%	6.0%	7.0%	8.0%	8.0%	7.0%



The expenditure on repairs and maintenance is well below acceptable levels. It should however be noted that the municipality is currently not allocating items such as employee related cost utilized in repairs and maintenance projects to the repairs and maintenance line items. This is mainly due to a lack of a costing system to provide for such allocations. It is anticipated that the full implementation of mSCOA will correct this deficiency.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality’s Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilizing the municipality’s unconditional equitable share grant, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act.

Tariffs for indigent households are set out below:

- Rates free of charge to the value based on the market value of the property to the maximum of R60 000
- 50 kWh free electricity per month
- Free refuse x 4 removals per month



The cost associated with indigent subsidies amounts to R12,08 million in 2019/20 and increases to R12,73 million and R13,39 million in the 2 outer years respectively. These figures are disclosed under operating expenditure projects and include items such as Bulk purchases, Contracted services, Other materials and Other expenditure in table A4 of the budget schedules. This do not include the Property rates rebates and the 50 kWh electricity provided to indigents. These amounts are disclosed in table A10 of the budget schedules.

1.6 Capital expenditure

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

Table 15 2019/20 Medium-term capital budget per vote

Vote Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year	Budget Year +1	Budget Year +2
R thousand								
Capital expenditure - Vote								
Multi-year expenditure to be appropriated								
Vote 2 - Planning & Development	30	-	-	-	-	-	-	-
Vote 3 - Corporate Services	-	265	3 044	4 500	5 910	9 317	1 825	868
Vote 5 - Road Transport	17 278	18 725	24 660	20 204	24 899	34 129	40 515	32 138
Vote 9 - Community & Social Services	11 994	-	633	2 000	1 200	3 726	-	-
Vote 10 - Sport & Recreation	1 696	8 155	1 001	-	791	3 100	-	-
Vote 11 - Public Safety	-	-	-	-	5 000	1 931	-	-
Vote 12 - Electricity	2 349	3 473	6 176	8 183	9 061	4 700	6 377	7 275
Vote 13 - Waste Management	502	288	2 599	11 621	23 053	19 574	-	-
Capital multi-year expenditure sub-total	33 849	30 907	38 113	46 508	69 914	76 477	48 717	40 281
Single-year expenditure to be appropriated								
Vote 1 - Executive & Council	213	58	1 272	935	1 094	191	201	211
Vote 2 - Planning & Development	75	1 552	70	150	184	246	259	272
Vote 3 - Corporate Services	1 004	336	90	1 122	293	488	660	695
Vote 4 - Budget & Treasury	519	1 025	686	546	844	2 264	2 984	3 139
Vote 5 - Road Transport	1 195	2 224	3 093	5 360	4 401	2 158	1 474	1 551
Vote 9 - Community & Social Services	201	1 945	1 180	-	159	600	-	-
Vote 10 - Sport & Recreation	-	43	158	1 950	224	216	-	-
Vote 11 - Public Safety	20	-	438	7 632	570	-	-	-
Vote 12 - Electricity	867	3 761	229	1 884	1 753	1 986	1 740	95
Vote 13 - Waste Management	942	220	652	11 480	459	625	7 069	953
Capital single-year expenditure sub-total	5 036	11 164	7 869	31 059	9 981	8 773	14 387	6 917
Total Capital Expenditure - Vote	38 885	42 071	45 981	77 567	79 895	85 250	63 104	47 198



The following table provides more information on the breakdown of the capital budget.

Table 16 Asset Management

Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand								
CAPITAL EXPENDITURE								
Total New Assets	38 885	42 071	45 981	58 766	59 345	53 205	30 455	19 866
<i>Roads Infrastructure</i>	13 425	17 189	24 190	25 454	29 200	29 629	515	6 542
<i>Storm water Infrastructure</i>	3 853	2 455	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	2 349	7 220	6 176	8 283	9 228	4 700	6 377	7 275
<i>Solid Waste Infrastructure</i>	502	340	3 018	12 120	10 013	5 580	-	-
Infrastructure	20 129	27 204	33 384	45 857	48 441	39 909	6 892	13 817
Community Facilities	4 331	2 321	2 619	7 712	5 550	2 757	-	-
Sport and Recreation Facilities	1 626	7 600	774	250	224	216	-	-
Community Assets	5 957	9 920	3 392	7 962	5 774	2 973	-	-
Operational Buildings	8 724	2 088	3 279	200	420	4 000	10 000	-
Other Assets	8 724	2 088	3 279	200	420	4 000	10 000	-
Licences and Rights	85	247	32	600	400	69	72	76
Intangible Assets	85	247	32	600	400	69	72	76
Computer Equipment	383	1 143	487	1 137	1 842	1 057	1 032	1 086
Furniture and Office Equipment	594	329	304	110	110	230	242	255
Machinery and Equipment	1 075	715	3 492	1 200	858	1 868	8 401	2 355
Transport Assets	1 937	425	1 610	1 700	1 500	3 100	3 815	2 278
Total Renewal of Existing Assets	-	-	-	8 500	7 370	16 767	1 825	868
<i>Roads Infrastructure</i>	-	-	-	-	-	850	-	-
Infrastructure	-	-	-	-	-	850	-	-
Community Facilities	-	-	-	2 100	1 420	4 600	-	-
Sport and Recreation Facilities	-	-	-	1 100	300	2 000	-	-
Community Assets	-	-	-	3 200	1 720	6 600	-	-
Operational Buildings	-	-	-	5 300	5 650	9 317	1 825	868
Other Assets	-	-	-	5 300	5 650	9 317	1 825	868
Total Upgrading of Existing Assets	-	-	-	10 301	13 180	15 278	30 825	26 464
<i>Roads Infrastructure</i>	-	-	-	-	-	500	30 000	25 596
<i>Solid Waste Infrastructure</i>	-	-	-	10 301	13 180	13 994	-	-
Infrastructure	-	-	-	10 301	13 180	14 494	30 000	25 596
Operational Buildings	-	-	-	-	-	784	825	868
Other Assets	-	-	-	-	-	784	825	868



Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Total Capital Expenditure	38 885	42 071	45 981	77 567	79 895	85 250	63 104	47 198
<i>Roads Infrastructure</i>	13 425	17 189	24 190	25 454	29 200	30 979	30 515	32 138
<i>Storm water Infrastructure</i>	3 853	2 455	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	2 349	7 220	6 176	8 283	9 228	4 700	6 377	7 275
<i>Solid Waste Infrastructure</i>	502	340	3 018	22 421	23 193	19 574	-	-
Infrastructure	20 129	27 204	33 384	56 158	61 621	55 253	36 892	39 413
Community Facilities	4 331	2 321	2 619	9 812	6 970	7 357	-	-
Sport and Recreation Facilities	1 626	7 600	774	1 350	524	2 216	-	-
Community Assets	5 957	9 920	3 392	11 162	7 494	9 573	-	-
Operational Buildings	8 724	2 088	3 279	5 500	6 070	14 101	12 650	1 735
Other Assets	8 724	2 088	3 279	5 500	6 070	14 101	12 650	1 735
Licences and Rights	85	247	32	600	400	69	72	76
Intangible Assets	85	247	32	600	400	69	72	76
Computer Equipment	383	1 143	487	1 137	1 842	1 057	1 032	1 086
Furniture and Office Equipment	594	329	304	110	110	230	242	255
Machinery and Equipment	1 075	715	3 492	1 200	858	1 868	8 401	2 355
Transport Assets	1 937	425	1 610	1 700	1 500	3 100	3 815	2 278
TOTAL CAPITAL EXPENDITURE - Asset class	38 885	42 071	45 981	77 567	79 895	85 250	63 104	47 198

Much emphasis was placed on roads as one of the main economic drivers within the region. An amount of R30,98 million for road - and bridge projects were budgeted for 2019/20 and R93,63 million over the MTREF period. A total of R18,35 million over the MTREF is allocated to electrical infrastructure projects.

A significant portion of the MIG funding were allocated to Solid Waste Sites within the Senqu Area. An amount of R19,57 million has been provided for Solid Waste Infrastructure projects for the 2019/20 budget year.

The allocation to sport facilities amounts to R2,22 million for 2019/20. R7,36 million is allocated towards community facilities, of which R826k is allocated to cemeteries, R1,93 million towards animal pounds and R3,5 million towards community halls. A further R28,49 million was allocated for municipal buildings over the MTREF period.

1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2019/20 budget and MTREF to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 17 MBRR Table A1 - Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands								
Financial Performance								
Property rates	4 654	5 192	5 997	8 147	8 247	8 536	9 048	9 591
Service charges	30 896	43 177	41 980	50 813	50 813	50 558	53 591	56 807
Investment revenue	13 913	18 021	20 577	15 000	15 000	16 500	16 854	17 865
Transfers recognised - operational	149 152	140 468	144 367	144 318	144 318	157 443	163 775	173 392
Other own revenue	11 832	10 517	17 150	5 926	9 401	6 730	7 134	7 562
Total Revenue (excluding capital transfers and contributions)	210 448	217 376	230 071	224 204	227 779	239 767	250 403	265 217
Employee costs	62 173	71 967	81 280	87 122	85 236	88 932	94 089	99 106
Remuneration of councillors	11 064	10 736	11 704	13 355	12 955	13 522	14 225	14 964
Depreciation & asset impairment	18 154	19 676	21 933	22 290	20 272	21 058	22 153	23 305
Finance charges	2 530	2 824	2 876	3 163	3 016	3 133	3 296	3 467
Materials and bulk purchases	23 771	32 543	25 599	47 686	49 914	51 261	54 203	57 021
Transfers and grants	-	210	-	290	586	609	640	674
Other expenditure	54 779	59 389	59 048	62 358	69 210	73 820	81 770	86 022
Total Expenditure	172 471	197 343	202 441	236 264	241 188	252 335	270 376	284 560
Surplus/(Deficit)	37 977	20 033	27 630	(12 060)	(13 410)	(12 567)	(19 973)	(19 343)
Transfers and subsidies - capital (monetary allocation)	31 956	33 684	33 606	44 850	48 528	39 761	42 858	46 518
Contributions recognised - capital & contributed assets	83	-	19	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	70 016	53 716	61 255	32 790	35 119	27 194	22 884	27 175
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	70 016	53 716	61 255	32 790	35 119	27 194	22 884	27 175
Capital expenditure & funds sources								
Capital expenditure	38 885	42 071	45 981	77 567	79 895	85 250	63 104	47 198
Transfers recognised - capital	31 996	33 684	33 625	44 850	48 528	39 761	42 858	46 518
Borrowing	-	-	-	-	-	-	-	-
Internally generated funds	6 889	8 387	12 356	32 717	31 367	45 490	20 247	679
Total sources of capital funds	38 885	42 071	45 981	77 567	79 895	85 250	63 104	47 198



Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands								
Financial position								
Total current assets	242 383	278 119	318 202	233 392	289 498	256 522	243 330	251 841
Total non current assets	324 428	365 501	416 431	461 923	479 294	543 486	584 436	608 329
Total current liabilities	26 518	31 904	38 874	33 062	35 511	36 829	38 626	40 367
Total non current liabilities	31 192	31 885	30 366	36 564	32 583	35 286	38 363	41 850
Community wealth/Equity	509 101	579 831	665 393	625 688	700 699	727 892	750 777	777 952
Cash flows								
Net cash from (used) operating	76 794	74 809	87 768	57 062	51 580	53 275	53 880	59 868
Net cash from (used) investing	(38 636)	(41 833)	(45 981)	(77 567)	(79 895)	(85 250)	(63 104)	(47 198)
Net cash from (used) financing	(700)	(724)	(696)	(766)	(763)	(773)	(784)	(796)
Cash/cash equivalents at the year end	220 917	253 169	294 260	206 321	265 182	232 433	222 425	234 298
Cash backing/surplus reconciliation								
Cash and investments available	220 917	253 169	294 260	206 321	265 182	232 433	222 425	234 298
Application of cash and investments	(7 691)	(387)	6 307	175 690	232 602	214 068	210 299	225 207
Balance - surplus (shortfall)	228 609	253 556	287 953	30 631	32 579	18 365	12 126	9 092
Asset management								
Asset register summary (WDV)	323 313	364 216	415 333	460 637	478 008	542 200	583 151	607 043
Depreciation	18 154	19 455	18 218	22 290	20 272	21 058	22 153	23 305
Renewal and Upgrading of Existing Assets	-	-	-	18 801	20 550	32 045	32 650	27 331
Repairs and Maintenance	6 780	6 776	7 898	10 288	11 009	11 129	11 726	12 336
Free services								
Cost of Free Basic Services provided	9 566	-	-	571	571	605	642	680
Revenue cost of free services provided	1 620	1 747	3 962	2 044	2 044	2 166	2 296	2 434
Households below minimum service level								
Energy:	-	7	8	8	8	8	9	9
Refuse:	-	34	36	38	38	41	44	46



Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The accumulated surplus is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows a sharp decline over the MTREF. This will in turn result in a sharp decline in the CRR.



Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional								
Governance and administration	114 195	108 206	117 076	110 146	113 545	120 531	126 760	134 163
Executive and council	7 212	6 485	6 948	7 015	7 015	7 254	7 597	7 959
Finance and administration	101 427	101 722	110 128	103 131	106 530	113 277	119 163	126 204
Internal audit	5 556	–	–	–	–	–	–	–
Community and public safety	18 370	1 683	1 752	1 714	1 723	4 289	4 456	4 695
Community and social services	13 757	1 576	1 645	1 631	1 631	1 639	1 647	1 718
Sport and recreation	2 362	2	0	–	8	8	9	10
Public safety	2 251	105	106	83	84	2 641	2 800	2 968
Economic and environmental services	24 831	41 345	40 536	45 994	49 121	41 041	40 689	43 608
Planning and development	3 089	2 121	6 469	2 029	2 049	2 095	2 206	2 362
Road transport	21 742	39 224	34 068	43 965	47 072	38 946	38 482	41 245
Trading services	85 091	99 805	104 329	111 197	111 915	113 664	121 353	129 266
Energy sources	55 426	64 969	66 916	74 745	75 463	73 925	79 288	84 679
Waste management	29 665	34 836	37 413	36 452	36 452	39 738	42 065	44 587
Other	–	20	3	3	3	3	3	3
Total Revenue - Functional	242 486	251 059	263 696	269 054	276 307	279 528	293 261	311 735
Expenditure - Functional								
Governance and administration	72 802	74 690	82 122	94 073	96 519	101 126	108 203	113 878
Executive and council	23 518	23 496	23 130	27 831	27 589	28 448	30 333	31 914
Finance and administration	26 928	49 573	57 340	63 444	66 188	69 749	74 809	78 741
Internal audit	22 357	1 621	1 651	2 798	2 741	2 929	3 061	3 223
Community and public safety	15 900	15 697	17 807	11 973	13 724	15 995	16 985	17 883
Community and social services	5 967	7 311	8 824	9 154	9 860	10 199	10 843	11 416
Sport and recreation	1 036	1 420	1 756	1 891	2 067	2 166	2 272	2 392
Public safety	8 897	6 966	7 227	928	1 798	3 630	3 870	4 075
Economic and environmental services	31 259	36 436	36 597	43 868	42 204	41 298	43 891	46 199
Planning and development	14 020	13 354	14 423	16 409	17 089	18 817	20 116	21 175
Road transport	17 115	22 951	22 016	27 309	24 948	22 311	23 591	24 830
Environmental protection	124	132	158	150	167	170	184	194
Trading services	51 638	69 054	64 426	84 586	87 063	92 195	99 454	104 661
Energy sources	34 905	46 285	39 413	49 453	52 186	54 448	58 404	61 449
Waste water management	2 272	2 370	3 553	3 956	4 236	4 408	4 655	4 901
Waste management	14 460	20 399	21 460	31 176	30 642	33 339	36 395	38 312
Other	872	1 466	1 489	1 765	1 678	1 720	1 842	1 940
Total Expenditure - Functional	172 471	197 343	202 441	236 264	241 188	252 335	270 376	284 560
Surplus/(Deficit) for the year	70 016	53 716	61 255	32 790	35 119	27 194	22 884	27 175



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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.



Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year	Budget Year +1	Budget Year +2
Revenue by Vote								
Vote 1 - Executive & Council	7 212	6 485	6 948	7 015	7 015	7 254	7 597	7 959
Vote 2 - Planning & Development	8 388	1 891	6 327	1 944	1 944	1 984	2 088	2 238
Vote 3 - Corporate Services	230	2 242	5 385	104	3 224	182	193	205
Vote 4 - Budget & Treasury	99 139	99 718	104 884	103 112	103 411	113 206	119 087	126 124
Vote 5 - Road Transport	24 030	39 224	34 068	43 965	47 072	41 498	41 188	44 113
Vote 9 - Community & Social Services	13 783	1 588	1 648	1 634	1 634	1 642	1 650	1 721
Vote 10 - Sport & Recreation	2 362	2	0	-	8	8	9	10
Vote 11 - Public Safety	2 251	105	106	83	84	89	95	100
Vote 12 - Electricity	55 426	64 969	66 916	74 745	75 463	73 925	79 288	84 679
Vote 13 - Waste Management	29 665	34 836	37 413	36 452	36 452	39 738	42 065	44 587
Total Revenue by Vote	242 486	251 059	263 696	269 054	276 307	279 528	293 261	311 735
Expenditure by Vote to be appropriated								
Vote 1 - Executive & Council	23 518	25 117	24 781	30 629	30 330	31 377	33 394	35 136
Vote 2 - Planning & Development	20 901	15 135	16 286	18 891	19 483	21 264	22 733	23 930
Vote 3 - Corporate Services	15 993	25 371	29 912	32 002	33 901	35 880	37 899	39 890
Vote 4 - Budget & Treasury	22 666	23 237	26 589	30 197	31 051	32 604	35 564	37 434
Vote 5 - Road Transport	21 378	23 189	22 016	27 309	24 948	25 119	26 587	27 985
Vote 6 - Waste Water Management	2 272	2 370	3 553	3 956	4 236	4 408	4 655	4 901
Vote 9 - Community & Social Services	6 444	7 853	9 447	9 833	10 547	10 908	11 599	12 212
Vote 10 - Sport & Recreation	1 036	1 420	1 756	1 891	2 067	2 166	2 272	2 392
Vote 11 - Public Safety	9 332	6 966	7 227	789	1 745	822	873	919
Vote 12 - Electricity	34 905	46 285	39 413	49 453	52 186	54 448	58 404	61 449
Vote 13 - Waste Management	14 026	20 399	21 460	31 315	30 694	33 339	36 395	38 312
Total Expenditure by Vote	172 471	197 343	202 441	236 264	241 188	252 335	270 376	284 560
Surplus/(Deficit) for the year	70 016	53 716	61 255	32 790	35 119	27 194	22 884	27 175

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

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



Table 20 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand								
Revenue By Source								
Property rates	4 654	5 192	5 997	8 147	8 247	8 536	9 048	9 591
Service charges - electricity revenue	28 097	34 092	31 861	41 712	41 712	40 911	43 365	45 967
Service charges - refuse revenue	2 800	9 085	10 119	9 101	9 101	9 647	10 226	10 840
Rental of facilities and equipment	756	503	1 234	95	110	116	123	131
Interest earned - external investments	13 913	18 021	20 577	15 000	15 000	16 500	16 854	17 865
Interest earned - outstanding debtors	2 494	2 906	3 204	2 226	2 266	2 402	2 546	2 699
Fines, penalties and forfeits	324	159	411	57	158	168	178	188
Licences and permits	1 085	1 109	1 295	1 119	1 121	1 189	1 260	1 335
Agency services	1 080	1 138	975	843	943	999	1 059	1 123
Transfers and subsidies	149 152	140 468	144 367	144 318	144 318	157 443	163 775	173 392
Other revenue	6 092	4 703	10 030	1 586	4 803	1 857	1 968	2 086
Total Revenue (excluding capital transfers and contributions)	210 448	217 376	230 071	224 204	227 779	239 767	250 403	265 217
Expenditure By Type								
Employee related costs	62 173	71 967	81 280	87 122	85 236	88 932	94 089	99 106
Remuneration of councillors	11 064	10 736	11 704	13 355	12 955	13 522	14 225	14 964
Debt impairment	4 241	5 029	6 348	4 963	5 963	7 500	11 134	11 713
Depreciation & asset impairment	18 154	19 676	21 933	22 290	20 272	21 058	22 153	23 305
Finance charges	2 530	2 824	2 876	3 163	3 016	3 133	3 296	3 467
Bulk purchases	23 771	32 543	25 599	34 506	35 691	36 750	38 661	40 671
Other materials	-	-	-	13 179	14 223	14 511	15 542	16 350
Contracted services	21 180	22 477	20 206	28 298	33 312	35 717	37 575	39 529
Transfers and subsidies	-	210	-	290	586	609	640	674
Other expenditure	29 068	31 725	30 039	29 097	29 935	30 603	33 061	34 781
Loss on disposal of PPE	290	158	2 455	-	-	-	-	-
Total Expenditure	172 471	197 343	202 441	236 264	241 188	252 335	270 376	284 560
Surplus/(Deficit)	37 977	20 033	27 630	(12 060)	(13 410)	(12 567)	(19 973)	(19 343)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	31 956	33 684	33 606	44 850	48 528	39 761	42 858	46 518
Transfers and subsidies - capital (in-kind - all)	83	-	19	-	-	-	-	-
Surplus/(Deficit) for the year	70 016	53 716	61 255	32 790	35 119	27 194	22 884	27 175

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

1. Table A4 represents the revenue per source as well as the expenditure per type. This classification is aligned to the GRAP disclosures in the annual financial statements of the municipality.



Table 21 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand								
Capital expenditure - Vote								
Multi-year expenditure to be appropriated								
Vote 2 - Planning & Development	30	-	-	-	-	-	-	-
Vote 3 - Corporate Services	-	265	3 044	4 500	5 910	9 317	1 825	868
Vote 5 - Road Transport	17 278	18 725	24 660	20 204	24 899	34 129	40 515	32 138
Vote 9 - Community & Social Services	11 994	-	633	2 000	1 200	3 726	-	-
Vote 10 - Sport & Recreation	1 696	8 155	1 001	-	791	3 100	-	-
Vote 11 - Public Safety	-	-	-	-	5 000	1 931	-	-
Vote 12 - Electricity	2 349	3 473	6 176	8 183	9 061	4 700	6 377	7 275
Vote 13 - Waste Management	502	288	2 599	11 621	23 053	19 574	-	-
Capital multi-year expenditure sub-total	33 849	30 907	38 113	46 508	69 914	76 477	48 717	40 281
Single-year expenditure to be appropriated								
Vote 1 - Executive & Council	213	58	1 272	935	1 094	191	201	211
Vote 2 - Planning & Development	75	1 552	70	150	184	246	259	272
Vote 3 - Corporate Services	1 004	336	90	1 122	293	488	660	695
Vote 4 - Budget & Treasury	519	1 025	686	546	844	2 264	2 984	3 139
Vote 5 - Road Transport	1 195	2 224	3 093	5 360	4 401	2 158	1 474	1 551
Vote 9 - Community & Social Services	201	1 945	1 180	-	159	600	-	-
Vote 10 - Sport & Recreation	-	43	158	1 950	224	216	-	-
Vote 11 - Public Safety	20	-	438	7 632	570	-	-	-
Vote 12 - Electricity	867	3 761	229	1 884	1 753	1 986	1 740	95
Vote 13 - Waste Management	942	220	652	11 480	459	625	7 069	953
Capital single-year expenditure sub-total	5 036	11 164	7 869	31 059	9 981	8 773	14 387	6 917
Total Capital Expenditure - Vote	38 885	42 071	45 981	77 567	79 895	85 250	63 104	47 198
Capital Expenditure - Functional								
Governance and administration	1 755	3 644	5 093	7 103	8 141	12 260	5 670	4 912
Executive and council	213	95	1 272	335	694	123	129	136
Finance and administration	519	1 363	3 821	6 168	7 047	12 069	5 469	4 701
Internal audit	1 022	2 185	-	600	400	69	72	76
Community and public safety	13 911	8 770	3 567	11 582	7 944	9 573	-	-
Community and social services	13 891	484	1 814	2 000	1 359	4 326	-	-
Sport and recreation	-	8 155	1 160	1 950	1 015	3 316	-	-
Public safety	20	131	594	7 632	5 570	1 931	-	-
Economic and environmental services	18 559	19 665	27 823	25 714	29 483	36 532	42 248	33 961
Planning and development	86	1 416	70	150	184	246	259	272
Road transport	18 473	18 248	27 752	25 564	29 300	36 287	41 990	33 689
Trading services	4 660	9 989	9 498	33 168	34 327	26 886	15 186	8 324
Energy sources	3 216	7 187	6 404	10 067	10 815	6 686	8 117	7 370
Waste water management	-	2 455	-	-	-	-	-	-
Waste management	1 444	347	3 094	23 101	23 512	20 199	7 069	953
Other	-	4	-	-	-	-	-	-
Total Capital Expenditure - Functional	38 885	42 071	45 981	77 567	79 895	85 250	63 104	47 198
Funded by:								
National Government	31 996	33 684	33 606	41 850	45 528	39 761	42 858	46 518
Provincial Government	-	-	-	3 000	3 000	-	-	-
Other transfers and grants	-	-	19	-	-	-	-	-
Transfers recognised - capital	31 996	33 684	33 625	44 850	48 528	39 761	42 858	46 518
Internally generated funds	6 889	8 387	12 356	32 717	31 367	45 490	20 247	679
Total Capital Funding	38 885	42 071	45 981	77 567	79 895	85 250	63 104	47 198

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

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital program is funded from National, Provincial and Other grants and transfers, Public Donations and internally generated funds from current and prior year surpluses.



Table 22 MBRR Table A6 - Budgeted Financial Position

Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand								
ASSETS								
Current assets								
Cash	903	3 805	2 052	36 753	60 636	58 570	74 641	96 859
Call investment deposits	220 015	249 364	292 208	169 567	204 545	173 863	147 784	137 439
Consumer debtors	10 447	10 528	10 126	13 550	10 338	10 199	7 096	3 805
Other debtors	9 496	13 650	13 119	12 630	13 088	13 088	13 088	13 088
Inventory	1 523	772	697	891	891	802	722	650
Total current assets	242 383	278 119	318 202	233 392	289 498	256 522	243 330	251 841
Non current assets								
Investment property	22 201	28 312	30 323	33 541	33 375	33 375	33 375	33 375
Property, plant and equipment	300 892	335 511	384 692	426 143	444 032	508 277	549 284	573 234
Intangible	220	393	318	953	601	548	492	434
Other non-current assets	1 115	1 286	1 098	1 286	1 286	1 286	1 286	1 286
Total non current assets	324 428	365 501	416 431	461 923	479 294	543 486	584 436	608 329
TOTAL ASSETS	566 811	643 620	734 633	695 315	768 792	800 008	827 766	860 169
LIABILITIES								
Current liabilities								
Borrowing	820	830	840	855	855	871	887	904
Consumer deposits	1 342	1 432	1 564	1 579	1 642	1 724	1 811	1 901
Trade and other payables	14 866	19 610	24 961	19 131	20 529	21 031	21 855	22 592
Provisions	9 490	10 032	11 509	11 497	12 484	13 203	14 074	14 970
Total current liabilities	26 518	31 904	38 874	33 062	35 511	36 829	38 626	40 367
Non current liabilities								
Borrowing	12 028	11 201	10 360	9 505	9 505	8 634	7 747	6 843
Provisions	19 164	20 684	20 006	27 060	23 078	26 652	30 616	35 007
Total non current liabilities	31 192	31 885	30 366	36 564	32 583	35 286	38 363	41 850
TOTAL LIABILITIES	57 710	63 789	69 240	69 627	68 093	72 115	76 989	82 218
NET ASSETS	509 101	579 831	665 393	625 688	700 699	727 892	750 777	777 952
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)	488 862	552 391	613 647	398 179	421 084	468 378	499 447	516 133
Reserves	20 239	27 440	51 746	227 510	279 615	259 514	251 330	261 819
TOTAL COMMUNITY WEALTH/EQUITY	509 101	579 831	665 393	625 688	700 699	727 892	750 777	777 952



Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.



Table 23 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates	2 776	3 871	4 658	7 199	7 422	7 516	7 935	8 424
Service charges	21 285	39 436	33 428	44 903	45 732	44 517	47 001	49 895
Other revenue	29 532	5 396	14 181	3 689	6 112	4 315	4 573	4 848
Government - operating	121 584	139 805	140 045	144 318	144 318	157 443	163 775	173 392
Government - capital	36 857	34 892	42 159	44 850	48 528	39 761	42 858	46 518
Interest	13 913	18 021	20 577	16 967	15 000	18 615	19 087	20 236
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(148 034)	(165 255)	(166 241)	(201 411)	(211 930)	(215 151)	(227 414)	(239 304)
Finance charges	(1 119)	(1 146)	(1 038)	(3 163)	(3 016)	(3 133)	(3 296)	(3 467)
Transfers and Grants	-	(210)	-	(290)	(586)	(609)	(640)	(674)
NET CASH FROM/(USED) OPERATING ACTIVITIES	76 794	74 809	87 768	57 062	51 580	53 275	53 880	59 868
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	248	238	-	-	-	-	-	-
Payments								
Capital assets	(38 885)	(42 071)	(45 981)	(77 567)	(79 895)	(85 250)	(63 104)	(47 198)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(38 636)	(41 833)	(45 981)	(77 567)	(79 895)	(85 250)	(63 104)	(47 198)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Increase (decrease) in consumer deposits	103	91	132	75	78	82	86	91
Payments								
Repayment of borrowing	(802)	(815)	(827)	(841)	(841)	(855)	(871)	(887)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(700)	(724)	(696)	(766)	(763)	(773)	(784)	(796)
NET INCREASE/ (DECREASE) IN CASH HELD	37 458	32 252	41 091	(21 271)	(29 078)	(32 748)	(10 009)	11 874
Cash/cash equivalents at the year begin:	183 460	220 917	253 169	227 591	294 259	265 182	232 433	222 425
Cash/cash equivalents at the year end:	220 917	253 169	294 260	206 321	265 182	232 433	222 425	234 298

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The investment in capital infrastructure, which is much higher than the cash generated by operations, is the main reason for the annual decline in cash resources.



Table 24 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year	Budget Year +1	Budget Year +2
Cash and investments available								
Cash/cash equivalents at the year end	220 917	253 169	294 260	206 321	265 182	232 433	222 425	234 298
Cash and investments available:	220 917	253 169	294 260	206 321	265 182	232 433	222 425	234 298
Application of cash and investments								
Unspent conditional transfers	11 144	11 688	15 919	9 678	10 203	10 203	10 203	10 203
Other working capital requirements	(18 836)	(12 076)	(9 612)	(13 058)	(9 954)	(9 107)	(5 563)	(2 039)
Other provisions	-	-	-	-	12 484	13 203	14 074	14 970
Reserves to be backed by cash/investments	-	-	-	179 070	219 868	199 768	191 584	202 072
Total Application of cash and investments:	(7 691)	(387)	6 307	175 690	232 602	214 068	210 299	225 207
Surplus(shortfall)	228 609	253 556	287 953	30 631	32 579	18 365	12 126	9 092

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality’s budget must be “funded”. The municipality’s budget is cash-funded and thus in compliance with the requirements of the MFMA.
4. As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.



Table 25 MBRR Table A9 - Asset Management

Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year	Budget Year +1	Budget Year +2
R thousand								
CAPITAL EXPENDITURE								
Total New Assets	38 885	42 071	45 981	58 766	59 345	53 205	30 455	19 866
<i>Roads Infrastructure</i>	13 425	17 189	24 190	25 454	29 200	29 629	515	6 542
<i>Storm water Infrastructure</i>	3 853	2 455	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	2 349	7 220	6 176	8 283	9 228	4 700	6 377	7 275
<i>Solid Waste Infrastructure</i>	502	340	3 018	12 120	10 013	5 580	-	-
Infrastructure	20 129	27 204	33 384	45 857	48 441	39 909	6 892	13 817
Community Facilities	4 331	2 321	2 619	7 712	5 550	2 757	-	-
Sport and Recreation Facilities	1 626	7 600	774	250	224	216	-	-
Community Assets	5 957	9 920	3 392	7 962	5 774	2 973	-	-
Operational Buildings	8 724	2 088	3 279	200	420	4 000	10 000	-
Other Assets	8 724	2 088	3 279	200	420	4 000	10 000	-
Licences and Rights	85	247	32	600	400	69	72	76
Intangible Assets	85	247	32	600	400	69	72	76
Computer Equipment	383	1 143	487	1 137	1 842	1 057	1 032	1 086
Furniture and Office Equipment	594	329	304	110	110	230	242	255
Machinery and Equipment	1 075	715	3 492	1 200	858	1 868	8 401	2 355
Transport Assets	1 937	425	1 610	1 700	1 500	3 100	3 815	2 278
Total Renewal of Existing Assets	-	-	-	8 500	7 370	16 767	1 825	868
<i>Roads Infrastructure</i>	-	-	-	-	-	850	-	-
Infrastructure	-	-	-	-	-	850	-	-
Community Facilities	-	-	-	2 100	1 420	4 600	-	-
Sport and Recreation Facilities	-	-	-	1 100	300	2 000	-	-
Community Assets	-	-	-	3 200	1 720	6 600	-	-
Operational Buildings	-	-	-	5 300	5 650	9 317	1 825	868
Other Assets	-	-	-	5 300	5 650	9 317	1 825	868
Total Upgrading of Existing Assets	-	-	-	10 301	13 180	15 278	30 825	26 464
<i>Roads Infrastructure</i>	-	-	-	-	-	500	30 000	25 596
<i>Solid Waste Infrastructure</i>	-	-	-	10 301	13 180	13 994	-	-
Infrastructure	-	-	-	10 301	13 180	14 494	30 000	25 596
Operational Buildings	-	-	-	-	-	784	825	868
Other Assets	-	-	-	-	-	784	825	868
Total Capital Expenditure	38 885	42 071	45 981	77 567	79 895	85 250	63 104	47 198
<i>Roads Infrastructure</i>	13 425	17 189	24 190	25 454	29 200	30 979	30 515	32 138
<i>Storm water Infrastructure</i>	3 853	2 455	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	2 349	7 220	6 176	8 283	9 228	4 700	6 377	7 275
<i>Solid Waste Infrastructure</i>	502	340	3 018	22 421	23 193	19 574	-	-
Infrastructure	20 129	27 204	33 384	56 158	61 621	55 253	36 892	39 413
Community Facilities	4 331	2 321	2 619	9 812	6 970	7 357	-	-
Sport and Recreation Facilities	1 626	7 600	774	1 350	524	2 216	-	-
Community Assets	5 957	9 920	3 392	11 162	7 494	9 573	-	-
Operational Buildings	8 724	2 088	3 279	5 500	6 070	14 101	12 650	1 735
Other Assets	8 724	2 088	3 279	5 500	6 070	14 101	12 650	1 735
Licences and Rights	85	247	32	600	400	69	72	76
Intangible Assets	85	247	32	600	400	69	72	76
Computer Equipment	383	1 143	487	1 137	1 842	1 057	1 032	1 086
Furniture and Office Equipment	594	329	304	110	110	230	242	255
Machinery and Equipment	1 075	715	3 492	1 200	858	1 868	8 401	2 355
Transport Assets	1 937	425	1 610	1 700	1 500	3 100	3 815	2 278
TOTAL CAPITAL EXPENDITURE - Asset class	38 885	42 071	45 981	77 567	79 895	85 250	63 104	47 198



Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year	Budget Year +1	Budget Year +2
R thousand								
ASSET REGISTER SUMMARY - PPE (WDV)	323 313	364 216	415 333	460 637	478 008	542 200	583 151	607 043
<i>Roads Infrastructure</i>	95 109	92 982	109 625	135 865	130 389	152 605	173 902	196 343
<i>Storm water Infrastructure</i>	27 377	44 363	42 971	37 400	41 573	40 120	38 593	36 985
<i>Electrical Infrastructure</i>	12 788	20 618	25 883	34 150	34 098	37 746	43 016	49 126
<i>Solid Waste Infrastructure</i>	13 969	13 773	16 264	35 481	28 252	47 584	47 329	47 061
Infrastructure	149 243	171 736	194 742	242 896	234 312	278 055	302 840	329 516
Community Assets	31 968	40 438	41 925	54 775	56 444	63 781	61 430	58 957
Investment properties	22 201	28 312	30 323	33 541	33 375	33 375	33 375	33 375
Other Assets	91 059	70 573	94 609	105 129	101 648	114 891	126 639	127 425
Intangible Assets	220	393	318	953	601	548	492	434
Computer Equipment	1 985	2 530	2 229	3 163	3 240	3 434	3 558	3 689
Furniture and Office Equipment	3 393	3 044	2 592	1 604	1 871	1 239	573	(127)
Machinery and Equipment	13 758	14 058	15 631	12 164	14 199	13 688	19 586	19 308
Transport Assets	9 486	8 921	8 072	6 412	7 425	8 295	9 764	9 573
Land	-	24 212	24 893	-	24 893	24 893	24 893	24 893
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	323 313	364 216	415 333	460 637	478 008	542 200	583 151	607 043
EXPENDITURE OTHER ITEMS	24 935	26 231	26 116	32 578	31 281	32 187	33 880	35 642
Depreciation	18 154	19 455	18 218	22 290	20 272	21 058	22 153	23 305
Repairs and Maintenance by Asset Class	6 780	6 776	7 898	10 288	11 009	11 129	11 726	12 336
<i>Roads Infrastructure</i>	1 312	1 192	1 843	2 000	2 100	1 754	1 903	2 002
<i>Storm water Infrastructure</i>	24	5	14	292	292	304	320	336
<i>Electrical Infrastructure</i>	924	783	752	946	961	1 028	1 054	1 108
<i>Solid Waste Infrastructure</i>	44	177	208	238	239	316	333	350
Infrastructure	2 304	2 158	2 816	3 477	3 592	3 402	3 609	3 797
<i>Community Facilities</i>	531	657	1 368	1 933	1 969	2 067	2 152	2 264
<i>Sport and Recreation Facilities</i>	58	29	58	122	181	188	198	208
Community Assets	588	686	1 426	2 055	2 150	2 255	2 350	2 472
<i>Operational Buildings</i>	689	762	500	934	1 042	1 078	1 140	1 200
Other Assets	689	762	500	934	1 042	1 078	1 140	1 200
Furniture and Office Equipment	499	386	362	415	515	535	563	592
Machinery and Equipment	294	169	1 023	1 275	1 398	1 458	1 538	1 618
Transport Assets	2 405	2 615	1 771	2 132	2 311	2 401	2 526	2 657
TOTAL EXPENDITURE OTHER ITEMS	24 935	26 231	26 116	32 578	31 281	32 187	33 880	35 642
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	24.2%	25.7%	37.6%	51.7%	57.9%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	0.0%	0.0%	0.0%	84.3%	101.4%	152.2%	147.4%	117.3%
<i>R&M as a % of PPE</i>	2.3%	2.0%	2.1%	2.4%	2.5%	2.2%	2.1%	2.2%
<i>Renewal and upgrading and R&M as a % of PPE</i>	2.0%	2.0%	2.0%	6.0%	7.0%	8.0%	8.0%	7.0%



Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal and upgrade of existing assets, as well as spending on repairs and maintenance by asset class in line with the mSCOA classifications.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations for the 2019/20 budget year.



Table 26 MBRR Table A10 - Basic Service Delivery Measurement

Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Budget Year	Budget Year +1	Budget Year +2
Household service targets								
Energy:								
Electricity (at least min.service level)	-	29 869	31 661	33 149	33 149	35 801	39 739	45 700
Electricity - prepaid (min.service level)	-	986	1 045	1 094	1 094	1 368	1 655	1 953
<i>Minimum Service Level and Above sub-total</i>	-	30 855	32 706	34 243	34 243	37 169	41 394	47 653
Other energy sources	-	7 191	7 622	7 981	7 981	8 460	9 136	9 410
<i>Below Minimum Service Level sub-total</i>	-	7 191	7 622	7 981	7 981	8 460	9 136	9 410
Total number of households	-	38 046	40 329	42 224	42 224	45 629	50 531	57 064
Refuse:								
Removed at least once a week	-	5 136	5 444	5 700	5 700	5 871	6 223	6 597
<i>Minimum Service Level and Above sub-total</i>	-	5 136	5 444	5 700	5 700	5 871	6 223	6 597
Using communal refuse dump	-	34 289	36 346	38 055	38 055	41 099	43 565	45 743
<i>Below Minimum Service Level sub-total</i>	-	34 289	36 346	38 055	38 055	41 099	43 565	45 743
Total number of households	-	39 425	41 791	43 755	43 755	46 970	49 788	52 340
Cost of Free Basic Services provided - Formal Settlements (R'000)								
Electricity/other energy (50kwh per indigent household per month)	5 081	-	-	571	571	605	642	680
Refuse (removed once a week for indigent households)	4 485	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)								
	-	-	-	-	-	-	-	-
Total cost of FBS provided	9 566	-	-	571	571	605	642	680
Highest level of free service provided per household								
Property rates (R value threshold)	60 000	60 000	60 000	60 000	60 000	60 000	60 000	60 000
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50
Refuse (average litres per week)	140	140	140	140	140	140	140	140
Revenue cost of subsidised services provided (R'000)								
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	1 620	1 747	3 962	2 044	2 044	2 166	2 296	2 434
Total revenue cost of subsidised services provided	1 620	1 747	3 962	2 044	2 044	2 166	2 296	2 434



Part 2 – Supporting Documentation

1.8 Overview of the annual budget process

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

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

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

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

1.8.1 IDP and Service Delivery and Budget Implementation Plan

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2018) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 31 August 2018.

Key dates applicable to the process were:

**Table 27 IDP and Service Delivery and Budget Implementation Plan**

Planning Phase (1st August – 31 August 2018) Phase 0
<ul style="list-style-type: none"> • Adopt Process plan - 27 July 2018 • Integrated Participatory Planning Forum (IPPF) - 21 August 2018
Strategizing Phase (1st September – 31 December 2018) Phase 1: Status Quo
<ul style="list-style-type: none"> • IDP process plan with Schedule of key deadlines advertised - August 2018 • Public participation programme from 4 September 2018 – 19 October 2018 • IDP Representative & Public Participation Forum - 20 November 2018
Preparing Phase (22 November– 26 February 2019) Phase 2: Strategies
<ul style="list-style-type: none"> • Departments to meet to discuss adjustment budget, projects and strategies for next year - 22-30 November 2018 • Meeting with PT – 8 February 2019 • Municipal Strategic session- 11-15 February 2019 • Meetings with Sector Departments - 26 February 2019
Tabling and Finalizing Phase (27 February – 31 May 2019) Phase 3: Projects (Feb-March) Phase 4: Integration (Feb – March) Phase 5: Approval (March – May 2019)
<ul style="list-style-type: none"> • IDP Representative & Public Participation Forum -5 March 2019 (Draft IDP & budget) • Mayor tables draft budget, draft resolutions, draft service delivery agreements and draft budget related policies and tariff increases by 29 March 2019 • Council Approve draft IDP & Budget -29 March 2019 • Council interacts with public 1 April – 3 May 2019 • Public comment period 5 April – 3 May 2019 • Meeting with PT – 12 April 2019 • IDP Rep & Public Participation Forum (PMS) - 16 May 2019 • Council approves final budget, system of delegations & IDP - 31 May 2019 • Final IDP Submitted to MEC for Local Government - 4 June 2019 • Summaries of the adopted IDP and Budget published - 4 June 2019 • SDBIP and draft performance agreements of S56 Managers approved by Council - 25 June 2019 • SDBIP made public - 8 July 2019
Monitoring & Evaluation Phase (ongoing)
<ul style="list-style-type: none"> • IDP & Budget Steering Committee receive and discuss quarterly SDBIP reports quarterly • IDP & Budget Steering Committee receive and discuss mid-year performance report



The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

The IDP has been taken into a business and financial planning process leading up to the 2019/20 MTREF, based on the approved 2018/19 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

1.8.2 Community Consultation

A full consultation process will be carried out during April 2019. During this process members of the community will be given the opportunity to provide inputs and comments on the draft budget presented to them. The comments and inputs will be reviewed and where viable the proposed changes will be incorporated into the final budget to be approved by Council at the end of May 2019.

1.9 Overview of alignment of annual budget with IDP

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

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

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

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



The 2019/20 MTREF has therefore been directly informed by the IDP process and the following tables provide the reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 28 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
			Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand						
To ensure that the traffic section operates effectively and efficiently	TRAFFIC	BSD01	2 408	2 552	2 705	2 867
To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water	ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE	BSD02	44 665	38 946	38 482	41 245
To ensure effective management and maintenance of indoor recreational community facilities	INDOOR RECREATIONAL COMMUNITY FACILITIES	BSD03	87	93	98	104
To ensure effective management, construction and maintenance of cemeteries and pauper burials	CEMETRIES AND PAUPER BURIAL	BSD04	39	42	44	47
To construct, maintain, identify, establish and upgrade existing urban sportsfields	SPORTS	BSD05	8	8	9	10
To provide library services to all residents	LIBRARIES	BSD06	1 504	1 505	1 505	1 567
To maintain and control the municipal commonage / To maintain and effectively operate the pounds	LICENSING AND CONTROL OF ANIMALS	BSD08	87	92	98	104
To improve the quality of life for residents by increasing the % of households receiving basic refuse collection/ To reduce waste through awareness campaigns/To effectively manage and reduce waste	WASTE MANAGEMENT	BSD09	36 452	39 738	42 065	44 587
That all registered indigent households receive free basic electricity and refuse removal	FREE BASIC SERVICES	BSD10	(2 044)	(2 166)	(2 296)	(2 434)
To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment in order to reduce losses and ensure compliance/To reduce Senou electricity backlogs by assisting Eskom with electrification of rural areas as identified by Council.	ELECTRICITY AND STREET LIGHTING	BSD11	75 463	73 925	79 288	84 679
To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report / To ensure that Council and ExCo meetings are held quarterly and to track Council resolutions taken / To ensure good governance through the monitoring of the implementation of the OPCAR and Audit action plan	OVERSIGHT	GGPP03	7 015	7 254	7 597	7 959
To promote interactive communication with customers around service delivery issues / To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as IPPF etc	CUSTOMER CARE & PUBLIC PARTICIPATION	GGPP04	105	111	118	125



Strategic Objective	Goal	Goal Code	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
			Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand						
To ensure the financial viability of the municipality by applying the Cogta prescribed ratios for debt coverage, outstanding service debtors to revenue and cost coverage / To expand and protect the municipal revenue base by providing accurate bills for services rendered / To annually report on the % of the Municipality's budget actually spent on capital projects identified a particular financial year in terms of the Municipality's IDP	FINANCIAL MANAGEMENT	MFMV03	105 339	115 250	121 253	128 421
To ensure compliance with the MFMA and MSA requirements regarding the adjustment budget and annual budget development and submission requirements	BUDGET COMPILATION	MFMV05	116	123	130	138
To ensure that the organisational structure of the Municipality is aligned to its present and future staffing needs and requirements / To ensure effective management of staff and policy and procedure processes through job descriptions, leave management and clock in systems	RECRUITMENT, SELECTION AND EMPLOYEE MANAGEMENT	MTID03	22	23	24	26
To ensure that municipal buildings and assets are maintained and secured/To provide office space and parking by building new offices and renovating existing buildings	BUILDINGS	MTID09	16	17	18	19
To ensure that Municipal information is kept secure and filed and archived according to legislation	RECORDS MANAGEMENT	MTID10	3 081	31	33	35
To develop a new SDF and implement SPLUMA regulations / To ensure adherence to town planning and building control legislation /To manage urbanisation of existing urban areas	SPATIAL PLANNING	MTID12	56	60	63	67
To ensure capital Infrastructure management and reporting	PMU REPORTING	MTID14	1 888	1 924	2 025	2 171
Total Revenue (excluding capital transfers and contributions)			276 307	279 528	293 261	311 735



Table 29 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Current Year	2019/20 Medium Term Revenue & Expenditure Framework		
			2018/19	Budget Year	Budget Year	Budget Year
R thousand			Full Year Forecast	2019/20	+1 2020/21	+2 2021/22
To ensure that the traffic section operates effectively and efficiently	TRAFFIC	BSD01	5 275	5 111	5 432	5 721
To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water	ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE	BSD02	23 097	23 601	24 933	26 241
To ensure effective management and maintenance of indoor recreational community facilities	INDOOR RECREATIONAL COMMUNITY FACILITIES	BSD03	5 432	5 604	5 981	6 296
To ensure effective management, construction and maintenance of cemeteries and pauper burials	CEMETRIES AND PAUPER BURIAL	BSD04	2 393	2 491	2 623	2 760
To construct, maintain, identify, establish and upgrade existing urban sportsfields	SPORTS	BSD05	1 880	1 960	2 067	2 176
To provide library services to all residents	LIBRARIES	BSD06	1 926	2 000	2 126	2 239
To create a healthy and sustainable environment by maintaining and developing public open spaces	PARKS AND PUBLIC OPEN SPACES	BSD07	354	376	390	410
To maintain and control the municipal commonage / To maintain and effectively operate the pounds	LICENSING AND CONTROL OF ANIMAL	BSD08	1 604	1 673	1 770	1 864
To improve the quality of life for residents by increasing the % of households receiving basic refuse collection/ To reduce waste through awareness campaigns/To effectively manage and reduce waste	WASTE MANAGEMENT	BSD09	22 706	24 066	26 634	28 043
That all registered indigent households receive free basic electricity and refuse removal	FREE BASIC SERVICES	BSD10	11 780	12 082	12 735	13 397
To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment in order to reduce losses and ensure compliance/To reduce Senqu electricity backlogs by assisting Eskom with electrification of rural areas as identified by Council.	ELECTRICITY AND STREET LIGHTING	BSD11	44 526	46 650	50 177	52 794
To promote and instil good governance practices within Senqu municipality	RISK & FRAUD PREVENTION	GGPP01	1 203	1 255	1 326	1 397
To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report / To ensure that Council and Ex Co meetings are held quarterly and to track Council resolutions taken / To ensure good governance through the monitoring of the implementation of the OPCAR and Audit action plan	OVERSIGHT	GGPP03	30 377	31 397	33 403	35 146
To promote interactive communication with customers around service delivery issues / To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as IPPF etc	CUSTOMER CARE & PUBLIC PARTICIPATION	GGPP04	6 089	6 803	7 097	7 470
To promote the mainstreaming and upliftment of HIV and AIDS, women and children, youth, people with disabilities and the elderly into municipal Socio-Economic Programmes and Projects	MAINSTREAMING	GGPP05	1 096	1 167	1 198	1 260



Strategic Objective	Goal	Goal Code	Current Year	2019/20 Medium Term Revenue & Expenditure Framework		
			2018/19	Budget Year	Budget Year	Budget Year
R thousand			Full Year Forecast	2019/20	+1 2020/21	+2 2021/22
To promote responsible tourism and arts and heritage through continued support to local initiatives	TOURISM	LED01	1 124	1 151	1 236	1 301
To promote and attract development in the local economy through implementation of the LED strategy	LOCAL ECONOMIC DEVELOPMENT	LED02	7 675	7 989	8 409	8 850
To ensure the efficient and effective procurement of goods and services	SUPPLY CHAIN MANAGEMENT (ADMINISTRATION AND REPORTING)	MFMV01	3 277	3 396	3 606	3 796
To ensure monitoring of Municipal Assets per Department through regular asset checks and reporting	ASSET MANAGEMENT	MFMV02	1 490	1 545	1 643	1 730
To ensure the financial viability of the municipality by applying the Cogta prescribed ratios for debt coverage, outstanding service debtors to revenue and cost coverage / To expand and protect the municipal revenue base by providing accurate bills for services rendered / To annually report on the % of the Municipality's budget actually spent on capital projects identified a particular financial year in terms of the Municipality's IDP	FINANCIAL MANAGEMENT	MFMV03	13 431	19 086	21 243	22 360
To ensure compliance with the MFMA and MSA requirements regarding the adjustment budget and annual budget development and submission requirements	BUDGET COMPILATION	MFMV05	6 806	2 319	2 454	2 581
To develop and submit S 71 reports as per MFMA guidelines and prescripts	REPORTING	MFMV06	1 458	1 513	1 603	1 687
To ensure an continually secure, effective and efficient ICT service through implementation of ICT policies and plans and upgrading of ICT equipment	IT	MFMV07	4 136	4 301	4 539	4 778
To develop and implement an effective HR strategy / To develop, adopt and implement the workplace skills plan (WSDP) / To submit the skills plan and annual training report as legislated	SKILLS DEVELOPMENT	MTID01	2 750	2 686	2 945	3 098
To ensure that the organisational structure of the Municipality is aligned to its present and future staffing needs and requirements / To ensure effective management of staff and policy and procedure processes through job descriptions, leave management and clock in systems	RERUITMENT, SELECTION AND EMPLOYEE MANAGEMENT	MTID03	5 647	6 125	6 526	6 871
To ensure the physical and mental well-being of employees through the implementation of an employee wellness programme	EMPLOYEE WELLNESS PROGRAMME	MTID04	655	651	716	753
To ensure that all Senou buildings and staff adhere to and implement OHS legislation	OCCUPATIONAL HEALTH AND SAFETY	MTID05	82	85	90	94
To ensure that the Municipality implements sound management controls in order to mitigate against unnecessary litigation	LEGAL SERVICES	MTID07	4 055	4 189	4 436	4 667
To review and implement departmental policies, procedures, procedure manuals and bylaws annually	POLICIES AND BY-LAWS	MTID08	449	466	490	516
To ensure that municipal buildings and assets are maintained and secured	BUILDINGS	MTID09	6 832	7 107	7 492	7 885
To ensure that Municipal information is kept secure and filed and archived according to legislation	RECORDS MANAGEMENT	MTID10	8 014	8 316	8 804	9 267
To ensure that a system of departmental and individual performance management system is implemented	PERFORMANCE MANAGEMENT AND REPORTING	MTID11	6 833	6 980	7 501	7 894
To develop a new SDF and implement SPLUMA regulations / To ensure adherence to town planning and building control legislation / To manage urbanisation of existing urban areas	SPATIAL PLANNING	MTID12	3 389	4 790	5 069	5 336
To ensure capital infrastructure management and reporting	PMU REPORTING	MTID14	3 347	3 402	3 687	3 882
Total Expenditure			241 188	252 335	270 376	284 560



Table 30 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Current Year	2019/20 Medium Term Revenue & Expenditure Framework		
			2018/19	Budget Year	Budget Year	Budget Year
R thousand			Full Year Forecast	2019/20	+1 2020/21	+2 2021/22
To ensure that the traffic section operates effectively and efficiently	TRAFFIC	BSD01	80	4 078	10 082	87
To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water	ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE	BSD02	29 220	32 208	31 907	33 602
To ensure effective management and maintenance of indoor recreational community facilities	INDOOR RECREATIONAL COMMUNITY FACILITIES	BSD03	1 059	3 500	-	-
To ensure effective management, construction and maintenance of cemeteries and pauper burials	CEMETRIES AND PAUPER BURIAL	BSD04	300	826	-	-
To construct, maintain, identify, establish and upgrade existing urban sportsfields	SPORTS	BSD05	524	2 216	-	-
To create a healthy and sustainable environment by maintaining and developing public open spaces	PARKS AND PUBLIC OPEN SPACES	BSD07	491	1 100	-	-
To maintain and control the municipal commonage / To maintain and effectively operate the pounds	LICENSING AND CONTROL OF ANIMAL	BSD08	5 570	1 931	-	-
To improve the quality of life for residents by increasing the % of households receiving basic refuse collection/ To reduce waste through awareness campaigns/To effectively manage and reduce waste	WASTE MANAGEMENT	BSD09	23 512	20 199	7 069	953
To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment in order to reduce losses and ensure compliance/To reduce Senqu electricity backlogs by assisting Eskom with electrification of rural areas as identified by Council.	ELECTRICITY AND STREET LIGHTING	BSD11	10 815	6 686	8 117	7 370
To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report / To ensure that Council and ExCo meetings are held quarterly and to track Council resolutions taken / To ensure good governance through the monitoring of the implementation of the OPCAR and Audit action plan	OVERSIGHT	GGPP03	1 094	191	201	211
To promote interactive communication with customers around service delivery issues / To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as IPPF etc	CUSTOMER CARE & PUBLIC PARTICIPATION	GGPP04	43	45	47	50
To ensure the efficient and effective procurement of goods and services	SUPPLY CHAIN MANAGEMENT (ADMINISTRATION AND REPORTING)	MFMV01	-	784	825	868
To annually assess and report on the % of the budget spent on implementing its WSP and financial viability as expressed by the following ratios: / To annually report on the % of the Municipality's budget actually spent on capital projects identified a particular financial year in terms of the Municipality's IDP / To expand and protect the municipal revenue base by providing accurate bills for services rendered	FINANCIAL MANAGEMENT	MFMV03	60	-	-	-



Strategic Objective	Goal	Goal Code	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
			Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand						
To ensure compliance with the MFMA and MSA requirements regarding the adjustment budget and annual budget development and submission requirements	BUDGET COMPILATION	MFMV05	211	337	355	373
To develop and submit S 71 reports as per MFMA guidelines and prescripts	REPORTING	MFMV06	-	800	1 443	1 518
To ensure an continually secure, effective and efficient ICT service through implementation of ICT policies and plans and upgrading of ICT equipment	IT	MFMV07	573	343	361	380
To ensure that the Municipality implements sound management controls in order to mitigate against unnecessary litigation	LEGAL SERVICES	MTID07	41	42	44	47
To ensure that municipal buildings and assets are maintained and secured	BUILDINGS	MTID09	6 070	9 667	2 340	1 410
To ensure that Municipal information is kept secure and filed and archived according to legislation	RECORDS MANAGEMENT	MTID10	49	51	53	56
To ensure that a system of departmental and individual performance management system in implemented	PERFORMANCE MANAGEMENT AND REPORTING	MTID11	-	197	207	218
To ensure development and adoption of the IDP and budget process plan and IDP s per legislated timeframes /	INTEGRATED DEVELOPMENT PLANNING	MTID13	114	-	-	-
To co-ordinate meetings of the IDP Rep forum and IDP and Budget steering committee Meetings						
To ensure capital infrastructure management and reporting	PMU REPORTING	MTID14	70	49	52	54
Total Capital Expenditure			79 895	85 250	63 104	47 198

Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee’s performance.

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

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



Table 31 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
		Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Vote 2 - Planning & Development					
Function 1 - Community					
Sub-function 1 - Other					
<i>Hawker Stalls</i>	Completion of project	600	-	-	-
Vote 3 - Corporate Services					
Function 1 - Buildings					
Sub-function 1 - Other Buildings					
<i>Upgrade Second Floor Building</i>	Completion of project	5 500	8 533	1 000	-
<i>Municipal Parking Bay</i>	Completion of project	260	-	-	-
<i>Renovations Mayoral Residence</i>	Completion of project	150	784	825	868
Vote5 - Road Transport					
Function 1 - Roads					
Sub-function 1 - Access Roads					
<i>Construction of 6 km Access Roads with Storm Water control W1</i>	Completion of project to the specification of the engineers	2 000	4 000	-	-
<i>Construction of 6 km Access Roads with Storm Water control W2</i>	Completion of project to the specification of the engineers	354	4 000	-	6 000
<i>Construction of 6 km Access Roads with Storm Water control W7</i>	Completion of project to the specification of the engineers	200	-	-	-
<i>Tienbank Property Access Construction</i>	Completion of project to the specification of the engineers		490	515	542
Sub-function 2 - Surfaced Roads					
<i>Herschel Paved Roads</i>	Completion of project to the specification of the engineers	770	-	-	-
<i>Tienbank Paved Roads</i>	Completion of project to the specification of the engineers	4 170	-	-	-
<i>Roads between Esilindini and Frans</i>	Completion of project to the specification of the engineers	2 000	5 000	-	-
<i>New Rest Construction - Paving</i>	Completion of project to the specification of the engineers	-	500	30 000	25 596
<i>Barkly East Pavements</i>	Completion of project to the specification of the engineers	3 701	-	-	-
<i>Boysi Nondala Paved Roads</i>	Completion of project to the specification of the engineers	13 868	16 139	-	-
Function 2 - Road Structures					
Sub-function 1 - Bridges					
<i>Bridge Ward 5</i>	Completion of project to the specification of the engineers	887	-	-	-
<i>Transwilger Bridge</i>	Completion of project to the specification of the engineers	-	850	-	-
Function 3 - Road and Traffic Regulation					
Sub-function 1 - Municipal Offices					
<i>Driving Licence and Testing Centre Sterkspruit</i>	Completion of project to the specification of the engineers	-	4 000	10 000	-



Description	Unit of measurement	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
		Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Vote9 - Community & Social Services					
Function 1 - Community Halls					
Sub-function 1 - Buildings					
<i>Renovations (Barkly East Town Hall)</i>	Renovation of the hall to specifications	900	3 500	-	-
Function 2 - Cemeteries					
Sub-function 1 - Cemeteries					
<i>Construction of New Cemetery in Barkly East</i>	Completion of project to the specification of the engineers	300	226	-	-
<i>EIA Herschel & Sterkspruit Cemeteries</i>	Completion of project to the specification of the engineers	-	600	-	-
Vote10 - Sport & Recreation					
Function 1 - Sport Facilities					
Sub-function 1 - Sport Facilities					
<i>Kwezi Naledi Sportsfields Fence</i>	Fully functional sport facilities	300	2 000	-	-
Function 2 - Parks and Gardens					
Sub-function 1 - Parks and Gardens					
<i>Establishment of Park (Lady Grey)</i>	Completion of project to the specification of the engineers	-	2 000	-	-
<i>Renovations Kwezi Naledi Node</i>	Completion of project to the specification of the engineers	400	1 100	-	-
Vote11 - Public Safety					
Function 1 - Public Safety					
Sub-function 1 - Pounds					
<i>Construction of Lady Grey Animal Pound</i>	Fully functional animal pound	5 000	1 931	-	-
Vote12 - Electricity					
Function 1 - Electricity distribution					
Sub-function 1 - Infrastructure					
<i>Pre-Paid Electricity Meters</i>	Completion of project to the specification of the engineers	1 700	1 500	2 000	2 000
<i>DOE Projects - Pre Engineering Costs - Rural Connections</i>	Completion of project to the specification of the engineers	7 361	3 200	4 377	5 275
Vote13 - Waste Management					
Function 1 - Refuse					
Sub-function 1 - Waste sites Infrastructure					
<i>Solid Waste Site - Sterkspruit</i>	Completion of project to satisfy specifications of the engineers	2 370	4 500	-	-
<i>Solid Waste Site - Herschel</i>	Completion of project to satisfy specifications of the engineers	550	350	-	-
<i>Solid Waste Site - Rossouw</i>	Completion of project to satisfy specifications of the engineers	350	320	-	-
<i>Solid Waste Site - Rhodes</i>	Completion of project to satisfy specifications of the engineers	350	410	-	-
<i>Upgrade BE Solid Waste Site</i>	Completion of project to satisfy specifications of the engineers	9 032	11 212	-	-
<i>Upgrade LG Solid Waste Site</i>	Completion of project to satisfy specifications of the engineers	4 148	2 782	-	-
<i>Old Sterkspruit SWS Compliance & Rehabilitation Construction</i>	Completion of project to satisfy specifications of the engineers	6 253	-	-	-

The following table sets out the municipalities main performance objectives and benchmarks for the 2019/20 MTREF. (Derived from the National Treasury formats)

Table 32 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
		Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Borrowing Management</u>					
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.6%	1.6%	1.5%	1.5%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	4.6%	4.8%	4.8%	4.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>					
Gearing	Long Term Borrowing/ Funds & Reserves	3.4%	3.3%	3.1%	2.6%
<u>Liquidity</u>					
Current Ratio	Current assets/current liabilities	8.2	7.0	6.3	6.2
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	7.1	5.9	5.3	5.3
Liquidity Ratio	Monetary Assets/Current Liabilities	7.5	6.3	5.8	5.8
<u>Revenue Management</u>					
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	90.0%	90.0%	88.1%	87.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		90.0%	88.1%	87.7%	87.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	10.3%	9.7%	8.1%	6.4%
<u>Creditors Management</u>					
Creditors to Cash and Investments		1.5%	1.8%	2.0%	2.0%
<u>Other Indicators</u>					
Employee costs	Employee costs/(Total Revenue - capital revenue)	37.4%	37.1%	37.6%	37.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	43.1%	42.7%	43.3%	43.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.8%	4.6%	4.7%	4.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.2%	10.1%	10.2%	10.1%
<u>IDP regulation financial viability indicators</u>					
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	5.0	4.1	4.1	4.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	39.6%	39.3%	32.2%	25.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	16.4	13.7	12.2	12.2



Performance indicators and benchmarks

1.9.1.1 *Borrowing Management*

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

The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2019/20 MTREF:

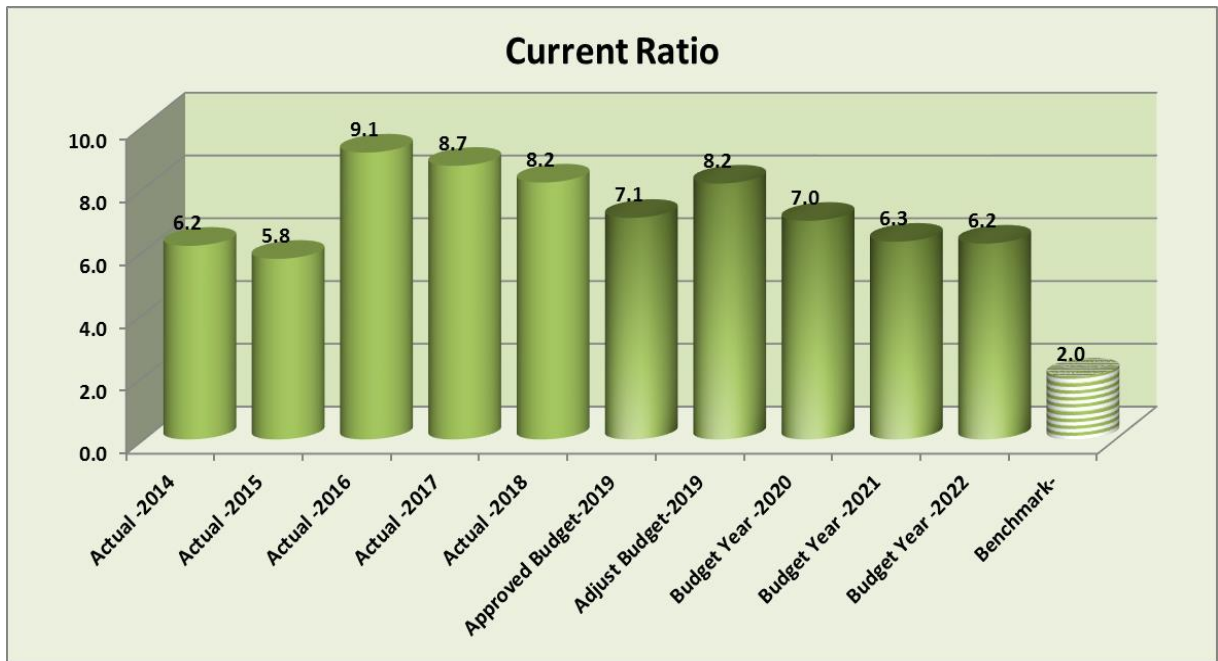
- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has fluctuated between 1,5 and 1,6 per cent over the MTREF.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality does not intend borrowing any money during the MTREF period.

1.9.1.2 *Safety of Capital*

The *gearing ratio* is a measure of the total long term borrowings over funds and reserves.

1.9.1.3 *Liquidity*

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 2, hence at no point in time should this ratio be less than 2. This ratio is above this norm set for the entire MTREF as depicted on the graph on the next page. There is however a decline as a result of the declining cash resources over the MTREF at the Senqu Municipality. This could significantly impact on the long term sustainability of the entity.



- The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2019/20 financial year the ratio is 6,3 and this ratio is projected to decline to 5,8 in 2021/22. Although these ratios are still considered to be healthy, the municipality should put in place measures to stem the downward trend in the liquidity ratio.

1.9.1.4 Revenue Management

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

1.9.1.5 Creditors Management

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



1.9.1.6 Other Indicators

- Employee costs as a percentage of operating revenue increase slightly over the MTREF from 37,1 per cent to 37,4 per cent. As discussed previously in this report, the employee related costs at the municipality is slightly above the industry norms and the room for any upward adjustments are very restricted.
- Repairs and maintenance as percentage of operating revenue is increasing slightly over the MTREF. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only be determined when a costing system is implemented.

1.10 Overview of budget related-policies and municipal by-laws

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies as well as by-laws. As per section 21 of the MFMA, all budget related policies were reviewed and in certain cases amended. Municipal by-laws were also reviewed during the year, but no amendments were made.

Table 33 - List of all budget related policies

<u>Policy Name</u>	<u>Date Reviewed</u>	<u>Amendments Made</u>
Asset Management and Insurance Policy	March 2019	Yes
Borrowing & Funding & Reserves Policy	March 2019	No
Cash Management Banking Investment Policy	March 2019	No
Credit Control & Debt Collection Policy	March 2019	Yes
Free Basic Services & Indigent Subsidy Support Policy	March 2019	Yes
Property Rates & Valuation Policy	March 2019	No
Supply Chain Management Policy	March 2019	Yes
Tariff & Services Policy	March 2019	No



<u>Policy Name</u>	<u>Date Reviewed</u>	<u>Amendments Made</u>
Virement Policy	March 2019	No
Cost Containment Policy	March 2019	Yes
Liquidity Policy	March 2019	No

1.10.1 Challenges

Potential Service Delivery inefficiencies may result if proposed amendments are not adopted.

1.10.2 Financial Implications

Potential Financial losses may occur if policies are not amended due to inefficiencies left unaddressed.

1.10.3 Legal Implications

To comply with Section 21 (1) (b) (ii) of the Municipal Finance Management Act 56 of 2003

1.10.4 Recommendations

That the Committee Members take note of the Reviewal of all the Budget Related Policies and that the amendments be adopted with the approval of the 2018/19 MTREF.

1.11 Overview of budget assumptions

1.11.1 External factors

During the first half of this year, South Africa experienced a technical recession. That is, declining of the two consecutive quarters of Gross Domestic Product (GDP), driven primarily by contractions in agriculture and mining. The 2018 projected GDP growth forecast has been revised down from 1.5 per cent to 0.7 per cent. Growth is expected to recover gradually to over 2 per cent in 2021 as confidence returns and investment gathers pace.

1.11.2 General inflation outlook and its impact on the municipal activities

The inflation outlook for South Africa is indicated below and has been taken into consideration in the compilation of the 2019/20 MTREF.

Table 1: Macroeconomic performance and projections 2018 -2021

Fiscal Year	2018/19 Estimates	2020/21		
		2019/20	Forecast	2021/22
Consumer Price Inflation (CPI)	4.7%	5.2%	5.4%	5.4%
Real GDP Growth	0.7%	1.5%	1.7%	2.1%

Source: 2019 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.

1.11.3 Credit rating outlook

The credit outlook of South Africa remained under pressure, given the fact that the credit rating remained unchanged in “Junk” Status.

Interest rates for borrowing and investment of funds

The Reserve Bank has kept the repo rate unchanged at 6.75%, in line with the expectations of most economists and analysts.

In order to counter inflation, excessive growth of the available funds (money) must be prevented. To this end the commercial banks must keep interest rates at a level which prevents an excessive growth in bank lending. In order to achieve this the central bank sets the level of the repo (repurchase) rate, thereby influencing the interest rates that banks pass on to their customers for products such as mortgages, business and personal loans and savings.

1.11.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (90 per cent) of annual billings. Cash flow is assumed to be 90 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash inflow once the performance has been carefully monitored.



1.11.5 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

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

1.11.6 Salary increases

The South African Local Government Association entered into a three-year Salary and Wage Collective Agreement for the period 1 July 2018 to 30 June 2021. The preparation of the 2019/20 MTREF constitutes implementation of the second year of the agreement which municipalities must implement as follows:

- 2018/19 Financial Year – 7 per cent
- 2019/20 Financial Year – average CPI + 1,5 per cent
- 2020/21 Financial Year – average CPI + 1,25 per cent

1.11.7 Impact of national, provincial and local policies

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

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

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

1.11.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2019/20 MTREF of which performance has been factored into the cash flow budget.

1.12 Overview of budget funding

1.12.1 Medium-term outlook: operating revenue

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

Table 34 Operating revenue over medium-term

Description R thousand	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework					
	Adjusted	%	Budget	%	Budget	%	Budget	%
	Budget		Year 2019/20		Year 2020/21		Year 2021/22	
Revenue By Source								
Property rates	8 247	3.6%	8 536	3.6%	9 048	3.6%	9 591	3.6%
Service charges - electricity revenue	41 712	18.3%	40 911	17.1%	43 365	17.3%	45 967	17.3%
Service charges - refuse revenue	9 101	4.0%	9 647	4.0%	10 226	4.1%	10 840	4.1%
Rental of facilities and equipment	110	0.0%	116	0.0%	123	0.0%	131	0.0%
Interest earned - external investments	15 000	6.6%	16 500	6.9%	16 854	6.7%	17 865	6.7%
Interest earned - outstanding debtors	2 266	1.0%	2 402	1.0%	2 546	1.0%	2 699	1.0%
Fines, penalties and forfeits	158	0.1%	168	0.1%	178	0.1%	188	0.1%
Licences and permits	1 121	0.5%	1 189	0.5%	1 260	0.5%	1 335	0.5%
Agency services	943	0.4%	999	0.4%	1 059	0.4%	1 123	0.4%
Transfers and subsidies	144 318	63.4%	157 443	65.7%	163 775	65.4%	173 392	65.4%
Other revenue	4 803	2.1%	1 857	0.8%	1 968	0.8%	2 086	0.8%
Total Revenue (excluding capital transfers and contributions)	227 779	100%	239 767	100%	250 403	100%	265 217	100%
Total Revenue from Rates and Service Charges	61 436	27.0%	61 612	25.7%	65 309	26.1%	69 227	26.1%

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

Investment revenue contributes significantly to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detailed investment information and investment particulars by maturity.

Table 35 MBRR SA15 – Detail Investment Information

Investment type	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand					
<u>Parent municipality</u>					
Deposits - Bank	169 567	204 545	173 863	147 784	137 439
Total:	169 567	204 545	173 863	147 784	137 439

Table 36 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Type of Investment	Capital Guarantee (Yes/ No)	Opening balance	Interest to be realised	Closing Balance
Name of institution & investment ID					
<u>Parent municipality</u>					
Standard Bank 38 848 973 1 - 005	32 day	32 day	47 094	5 194	-
Standard Bank 38 848 606 6 - 001	Call Deposit	Call Deposit	5 358	484	5 842
Standard Bank 38 848 916 2 - 002	Call Deposit	Call Deposit	104 911	10 822	115 733
					-
TOTAL INVESTMENTS AND INTEREST			157 363		173 863

1.12.2 Cash Flow Management

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

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

Table 37 MBRR Table A7 - Budget cash flow statement

Description	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	7 199	7 422	7 516	7 935	8 424
Service charges	44 903	45 732	44 517	47 001	49 895
Other revenue	3 689	6 112	4 315	4 573	4 848
Government - operating	144 318	144 318	157 443	163 775	173 392
Government - capital	44 850	48 528	39 761	42 858	46 518
Interest	16 967	15 000	18 615	19 087	20 236
Payments					
Suppliers and employees	(201 411)	(211 930)	(215 151)	(227 414)	(239 304)
Finance charges	(3 163)	(3 016)	(3 133)	(3 296)	(3 467)
Transfers and Grants	(290)	(586)	(609)	(640)	(674)
NET CASH FROM/(USED) OPERATING ACTIVITIES	57 062	51 580	53 275	53 880	59 868
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments					
Capital assets	(77 567)	(79 895)	(85 250)	(63 104)	(47 198)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(77 567)	(79 895)	(85 250)	(63 104)	(47 198)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Increase (decrease) in consumer deposits	75	78	82	86	91
Payments					
Repayment of borrowing	(841)	(841)	(855)	(871)	(887)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(766)	(763)	(773)	(784)	(796)
NET INCREASE/ (DECREASE) IN CASH HELD	(21 271)	(29 078)	(32 748)	(10 009)	11 874
Cash/cash equivalents at the year begin:	227 591	294 259	265 182	232 433	222 425
Cash/cash equivalents at the year end:	206 321	265 182	232 433	222 425	234 298

1.12.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality’s budget must be ‘funded’. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected).

It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 38 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description R thousand	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash and investments available					
Cash/cash equivalents at the year end	206 321	265 182	232 433	222 425	234 298
Cash and investments available:	206 321	265 182	232 433	222 425	234 298
Application of cash and investments					
Unspent conditional transfers	9 678	10 203	10 203	10 203	10 203
Other working capital requirements	(13 058)	(9 954)	(9 107)	(5 563)	(2 039)
Other provisions	-	12 484	13 203	14 074	14 970
Reserves to be backed by cash/investments	179 070	219 868	199 768	191 584	202 072
Total Application of cash and investments:	175 690	232 602	214 068	210 299	225 207
Surplus(shortfall)	30 631	32 579	18 365	12 126	9 092

From the above table it can be seen that the cash and investments available over the MTREF will be sufficient to cover all commitments. Commitments include the following:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors.

High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be at least 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations. The municipality's levels are for 13 months.

- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the Capital Replacement Reserve, Employee Benefits Reserves and the Valuation Roll Reserve.

1.12.4 Funding compliance measurement

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

Table 39 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Funding measures						
Cash/cash equivalents at the year end - R'000	18(1)b	206 321	265 182	232 433	222 425	234 298
Cash + investments at the yr end less applications - R'000	18(1)b	30 631	32 579	18 365	12 126	9 092
Cash year end/monthly employee/supplier payments	18(1)b	13.2	16.4	13.7	12.2	12.2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	32 790	35 119	27 194	22 884	27 175
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	16.9%	(5.8%)	(5.9%)	0.0%	0.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	86.0%	86.6%	85.6%	85.3%	85.4%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	8.4%	10.1%	12.7%	17.8%	17.6%
Capital payments % of capital expenditure	18(1)c;19	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a			100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	12.6%	(10.5%)	(0.6%)	(13.3%)	(16.3%)
Long term receivables % change - incr(decr)	18(1)a	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	2.4%	2.5%	2.2%	2.1%	2.2%
Asset renewal % of capital budget	20(1)(vi)	11.0%	9.2%	19.7%	2.9%	1.8%

1.12.4.1 Cash/cash equivalent position

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

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable. This could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2019/20 MTREF shows R232,43 million, R222,43 million and R234,29 million for each respective financial year.



1.12.4.2 Cash plus investments less application of funds

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

1.12.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. The ratio is at 13.7, well above the benchmark indicators.

1.12.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2019/20 MTREF the indicative outcome is a surplus of R27,19 million, R22,88 million and R27,18 million.

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

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

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

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue.



1.12.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 90 per cent performance target, the cash flow statement has been conservatively determined. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

1.12.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

1.12.4.8 Capital payments percentage of capital expenditure

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

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

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers and therefore no percentage is being shown as outstanding.

1.12.4.10 Consumer debtors change (Current and Non-current)

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



1.12.4.11 *Repairs and maintenance expenditure level*

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

1.12.4.12 *Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

1.13 Expenditure on grants and reconciliations of unspent funds

Table 40 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand					
EXPENDITURE:					
<u>Operating expenditure of Transfers and Grants</u>					
National Government:	142 818	142 818	155 943	162 275	171 830
Local Government Equitable Share	129 419	129 419	142 681	150 953	160 000
Finance Management	1 700	1 700	1 700	1 700	1 700
Nat Gov : Councillor Remuneration	7 015	7 015	7 254	7 597	7 959
Municipal Infrastructure Grant (MIG)	1 888	1 888	1 924	2 025	2 171
Nat Gov : EPWP Incentive Grant	2 796	2 796	2 384	-	-
Provincial Government:	1 500	1 500	1 500	1 500	1 562
Libraries	1 500	1 500	1 500	1 500	1 562
Total operating expenditure of Transfers and Grants:	144 318	144 318	157 443	163 775	173 392
<u>Capital expenditure of Transfers and Grants</u>					
National Government:	41 850	45 528	39 761	42 858	46 518
Municipal Infrastructure Grant (MIG)	35 867	38 867	36 561	38 481	41 243
Integrated National Electrification Programme	5 983	6 661	3 200	4 377	5 275
Provincial Government:	3 000	3 000	-	-	-
Provincial Public Works Roads Infrastructure	3 000	3 000	-	-	-
Total capital expenditure of Transfers and Grants	44 850	48 528	39 761	42 858	46 518
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	189 168	192 846	197 204	206 633	219 910

Table 41 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand					
Operating transfers and grants:					
National Government:					
Balance unspent at beginning of the year	-	-	-	-	-
Current year receipts	142 818	142 818	155 943	162 275	171 830
Conditions met - transferred to revenue	142 818	142 818	155 943	162 275	171 830
Conditions still to be met - transferred to liabilities	-	-	-	-	-
Provincial Government:					
Balance unspent at beginning of the year	9 678	10 203	-	-	-
Current year receipts	1 500	1 500	1 500	1 500	1 562
Conditions met - transferred to revenue	1 500	1 500	1 500	1 500	1 562
Conditions still to be met - transferred to liabilities	9 678	10 203	-	-	-
Total operating transfers and grants revenue	144 318	144 318	157 443	163 775	173 392
Total operating transfers and grants - CTBM	9 678	10 203	-	-	-
Capital transfers and grants:					
National Government:					
Balance unspent at beginning of the year	-	3 678	-	-	-
Current year receipts	41 850	41 850	39 761	42 858	46 518
Conditions met - transferred to revenue	41 850	45 528	39 761	42 858	46 518
Conditions still to be met - transferred to liabilities	-	-	-	-	-
Provincial Government:					
Balance unspent at beginning of the year	-	-	-	-	-
Current year receipts	3 000	3 000	-	-	-
Conditions met - transferred to revenue	3 000	3 000	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-
Total capital transfers and grants revenue	44 850	48 528	39 761	42 858	46 518
TOTAL TRANSFERS AND GRANTS REVENUE	189 168	192 846	197 204	206 633	219 910
TOTAL TRANSFERS AND GRANTS - CTBM	9 678	10 203	-	-	-



1.14 Allocations and Grants made by the municipality

The following cash allocations are provided for in the proposed budget of the municipality:

Table 42 Allocations and Grants made by the municipality

Description	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand					
<u>Cash Transfers to other municipalities</u>					
<i>Joe Gqabi District Municipality</i>	250	550	571	601	632
Total Cash Transfers To Municipalities:	250	550	571	601	632
<u>Cash Transfers to Organisations</u>					
<i>Grants and donations in aid</i>	40	36	37	39	41
Total Cash Transfers To Organisations	40	36	37	39	41
TOTAL CASH TRANSFERS AND GRANTS	290	586	609	640	674



1.15 Councilor and employee benefits

Table 43 MBRR SA22 - Summary of councilor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Councillors (Political Office Bearers plus Other)					
Basic Salaries and Wages	11 553	11 153	11 641	12 246	12 883
Cellphone Allowance	1 622	1 622	1 693	1 781	1 873
Other benefits and allowances	180	180	188	198	208
Sub Total - Councillors	13 355	12 955	13 522	14 225	14 964
% increase	14.1%	(3.0%)	4.4%	5.2%	5.2%
Senior Managers of the Municipality					
Basic Salaries and Wages	11 263	10 710	10 863	11 781	12 394
Pension and UIF Contributions	32	32	34	36	38
Performance Bonus	1 786	1 786	1 812	1 965	2 067
Cellphone Allowance	66	66	67	72	76
Sub Total - Senior Managers of Municipality	13 147	12 594	12 775	13 854	14 575
% increase	26.8%	(4.2%)	1.4%	8.4%	5.2%
Other Municipal Staff					
Basic Salaries and Wages	53 514	54 963	57 473	60 462	63 606
Pension and UIF Contributions	9 374	9 227	9 780	10 367	10 989
Medical Aid Contributions	4 456	4 577	4 852	5 143	5 451
Overtime	180	63	66	69	73
Performance Bonus	2 022	708	740	779	819
Cellphone Allowance	550	403	422	444	467
Housing Allowances	499	385	402	423	445
Other benefits and allowances	1 480	518	542	570	600
Long service awards	277	289	302	318	334
Post-retirement benefit obligations	1 624	1 509	1 578	1 660	1 747
Sub Total - Other Municipal Staff	73 976	72 642	76 157	80 234	84 531
% increase	4.3%	(1.8%)	4.8%	5.4%	5.4%
Total Parent Municipality	100 478	98 191	102 454	108 313	114 070
	8.1%	(2.3%)	4.3%	5.7%	5.3%
TOTAL SALARY, ALLOWANCES & BENEFITS	100 478	98 191	102 454	108 313	114 070
% increase	8.1%	(2.3%)	4.3%	5.7%	5.3%
TOTAL MANAGERS AND STAFF	87 122	85 236	88 932	94 089	99 106

**Table 44 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	Total Package
Rand per annum					
<u>Councillors</u>					
Speaker	751 813	-	55 316	-	807 129
Chief Whip	390 445	-	55 316	-	445 761
Executive Mayor	940 374	-	55 316	-	995 690
Executive Committee	1 352 635	-	221 264	-	1 573 899
Total for all other councillors	8 205 570	-	1 493 534	-	9 699 104
Total Councillors	11 640 837	-	1 880 746		13 521 583
<u>Senior Managers of the Municipality</u>					
Municipal Manager (MM)	2 327 835	2 006	-	391 682	2 721 523
Chief Finance Officer	1 537 454	21 118	13 600	320 887	1 893 059
Technical Services	1 502 662	1 446	12 329	223 516	1 739 953
Community and Social Services	2 261 601	2 775	14 758	309 526	2 588 659
Corporate and Support Services	1 672 251	4 510	14 501	284 954	1 976 215
Development and Town Planning Services	1 560 929	1 805	11 611	281 453	1 855 798
Total Senior Managers of the Municipality	10 862 731	33 660	66 798	1 812 018	12 775 208
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	22 503 568	33 660	1 947 544	1 812 018	26 296 791



Table 45 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2017/18			Current Year 2018/19			Budget Year 2019/20		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	-	-	37	-	-	37	-	-	37
Municipal employees									
Municipal Manager and Senior Managers	-	-	6	-	-	6	-	-	6
Other Managers	-	13	2	-	13	2	-	18	1
Professionals	-	37	-	-	38	-	-	39	-
<i>Finance</i>	-	5	-	-	6	-	-	6	-
<i>Spatial/town planning</i>	-	1	-	-	1	-	-	1	-
<i>Information Technology</i>	-	1	-	-	1	-	-	1	-
<i>Roads</i>	-	1	-	-	1	-	-	1	-
<i>Electricity</i>	-	-	-	-	-	-	-	1	-
<i>Refuse</i>	-	6	-	-	6	-	-	-	-
<i>Other</i>	-	23	-	-	23	-	-	29	-
Technicians	-	5	9	-	5	9	-	13	-
<i>Finance</i>	-	-	9	-	-	9	-	1	-
<i>Spatial/town planning</i>	-	-	-	-	-	-	-	1	-
<i>Information Technology</i>	-	-	-	-	-	-	-	1	-
<i>Electricity</i>	-	3	-	-	3	-	-	2	-
<i>Refuse</i>	-	-	-	-	-	-	-	3	-
<i>Other</i>	-	2	-	-	2	-	-	5	-
Clerks (Clerical and administrative)	-	51	-	-	51	-	-	49	-
Service and sales workers	-	7	-	-	7	-	-	7	-
Plant and Machine Operators	-	23	-	-	23	-	-	23	-
Elementary Occupations	-	87	-	-	87	-	-	122	-
TOTAL PERSONNEL NUMBERS	-	223	54	-	224	54	-	271	44
% increase					0.4%			21.0%	(18.5%)
Total municipal employees headcount									
Finance personnel headcount	-	35	9	-	35	9	-	30	1
Human Resources personnel headcount	-	5	-	-	5	-	-	6	-

1.16 Monthly targets for revenue, expenditure and cash flow

Table 46 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand															
Revenue By Source															
Property rates	2 134	597	512	597	512	512	597	512	597	683	597	683	8 536	9 048	9 591
Service charges - electricity revenue	4 091	4 091	3 682	3 477	3 068	2 864	3 068	3 068	3 273	3 273	3 273	3 682	40 911	43 365	45 967
Service charges - refuse revenue	804	804	804	804	804	804	804	804	804	804	804	804	9 647	10 226	10 840
Rental of facilities and equipment	10	10	10	10	10	10	10	10	10	10	10	10	116	123	131
Interest earned - external investments	1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 375	16 500	16 854	17 865
Interest earned - outstanding debtors	200	200	200	200	200	200	200	200	200	200	200	200	2 402	2 546	2 699
Fines, penalties and forfeits	14	14	14	14	14	14	14	14	14	14	14	14	168	178	188
Licences and permits	99	99	99	99	99	99	99	99	99	99	99	99	1 189	1 260	1 335
Agency services	83	83	83	83	83	83	83	83	83	83	83	83	999	1 059	1 123
Transfers and subsidies	51 058	-	-	1 500	66 325	-	-	-	38 561	-	-	-	157 443	163 775	173 392
Other revenue	153	153	176	153	153	153	153	153	153	153	153	153	1 857	1 968	2 086
Total Revenue (excluding capital transfers and contributions)	60 021	7 426	6 955	8 313	72 643	6 114	6 404	6 318	45 169	6 694	6 608	7 103	239 767	250 403	265 217
Expenditure By Type															
Employee related costs	7 198	7 198	7 198	7 198	9 751	7 198	7 198	7 198	7 198	7 198	7 198	7 198	88 932	94 089	99 106
Remuneration of councillors	1 127	1 127	1 127	1 127	1 127	1 127	1 127	1 127	1 127	1 127	1 127	1 127	13 522	14 225	14 964
Debt impairment	625	625	625	625	625	625	625	625	625	625	625	625	7 500	11 134	11 713
Depreciation & asset impairment	1 745	1 745	1 745	1 745	1 745	1 804	1 745	1 745	1 745	1 745	1 745	1 804	21 058	22 153	23 305
Finance charges	153	153	801	153	153	153	153	153	801	153	153	153	3 133	3 296	3 467
Bulk purchases	3 063	3 063	3 063	3 063	3 063	3 063	3 063	3 063	3 063	3 063	3 063	3 063	36 750	38 661	40 671
Other materials	1 168	1 168	1 198	1 198	1 235	1 168	1 198	1 198	1 333	1 198	1 198	1 250	14 511	15 542	16 350
Contracted services	2 846	2 846	2 857	2 918	3 516	2 830	2 841	2 857	2 918	2 825	2 960	3 504	35 717	37 575	39 529
Transfers and subsidies	-	-	571	-	37	-	-	-	-	-	-	-	609	640	674
Other expenditure	2 402	3 383	2 620	2 402	2 620	2 402	2 402	2 402	2 620	2 390	2 372	2 590	30 603	33 061	34 781
Total Expenditure	20 327	21 307	21 804	20 429	23 871	20 370	20 352	20 367	21 429	20 324	20 442	21 314	252 335	270 376	284 560
Surplus/(Deficit)	39 694	(13 881)	(14 849)	(12 116)	48 772	(14 256)	(13 948)	(14 049)	23 740	(13 630)	(13 833)	(14 211)	(12 567)	(19 973)	(19 343)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	12 723	-	-	-	17 097	-	-	-	9 940	-	-	-	39 761	42 858	46 518
Surplus/(Deficit)	52 417	(13 881)	(14 849)	(12 116)	65 869	(14 256)	(13 948)	(14 049)	33 680	(13 630)	(13 833)	(14 211)	27 194	22 884	27 175



Table 47 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote															
Vote 1 - Executive & Council	2 321	-	-	-	3 119	-	-	-	1 814	-	-	-	7 254	7 597	7 959
Vote 2 - Planning & Development	621	5	5	5	832	5	5	5	486	5	5	5	1 984	2 088	2 238
Vote 3 - Corporate Services	13	13	36	13	13	13	13	13	13	13	13	13	182	193	205
Vote 4 - Budget & Treasury	32 675	2 044	1 959	2 044	38 771	1 959	2 044	1 959	23 446	2 130	2 044	2 130	113 206	119 087	126 124
Vote 5 - Road Transport	12 675	213	213	213	16 959	213	213	213	9 949	213	213	213	41 498	41 188	44 113
Vote 9 - Community & Social Services	12	12	12	1 512	12	12	12	12	12	12	12	12	1 642	1 650	1 721
Vote 10 - Sport & Recreation	1	1	1	1	1	1	1	1	1	1	1	1	8	9	10
Vote 11 - Public Safety	7	7	7	7	7	7	7	7	7	7	7	7	89	95	100
Vote 12 - Electricity	14 353	4 198	3 788	3 584	16 821	2 970	3 175	3 175	11 313	3 379	3 379	3 788	73 925	79 288	84 679
Vote 13 - Waste Management	10 065	934	934	934	13 204	934	934	934	8 068	934	934	934	39 738	42 065	44 587
Total Revenue by Vote	72 744	7 426	6 955	8 313	89 740	6 114	6 404	6 318	55 109	6 694	6 608	7 103	279 528	293 261	311 735
Expenditure by Vote to be appropriated															
Vote 1 - Executive & Council	2 484	2 708	2 484	2 484	3 025	2 484	2 484	2 484	2 484	2 484	2 484	3 292	31 377	33 394	35 136
Vote 2 - Planning & Development	1 739	1 769	1 739	1 739	2 273	1 740	1 739	1 739	1 739	1 739	1 739	1 567	21 264	22 733	23 930
Vote 3 - Corporate Services	2 947	2 987	3 988	2 947	3 364	3 004	2 947	2 947	3 417	2 963	2 947	1 421	35 880	37 899	39 890
Vote 4 - Budget & Treasury	2 488	2 488	2 488	2 488	3 546	2 488	2 488	2 488	2 488	2 488	2 592	4 071	32 604	35 564	37 434
Vote 5 - Road Transport	2 002	2 250	2 115	2 042	2 300	2 002	2 042	2 042	2 115	2 014	2 013	2 181	25 119	26 587	27 985
Vote 6 - Waste Water Management	370	371	370	370	430	354	354	370	370	339	370	339	4 408	4 655	4 901
Vote 9 - Community & Social Services	877	984	916	877	1 033	877	877	877	916	877	877	916	10 908	11 599	12 212
Vote 10 - Sport & Recreation	179	179	179	179	197	180	179	179	179	179	179	180	2 166	2 272	2 392
Vote 11 - Public Safety	60	60	73	60	123	60	60	60	73	60	60	73	822	873	919
Vote 12 - Electricity	4 439	4 741	4 642	4 501	4 627	4 439	4 439	4 439	4 838	4 439	4 439	4 464	54 448	58 404	61 449
Vote 13 - Waste Management	2 741	2 771	2 809	2 741	2 953	2 741	2 741	2 741	2 809	2 741	2 741	2 809	33 339	36 395	38 312
Total Expenditure by Vote	20 327	21 307	21 804	20 429	23 871	20 370	20 352	20 367	21 429	20 324	20 442	21 314	252 335	270 376	284 560
Surplus/(Deficit)	52 417	(13 881)	(14 849)	(12 116)	65 869	(14 256)	(13 948)	(14 049)	33 680	(13 630)	(13 833)	(14 211)	27 194	22 884	27 175



Table 48 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional															
Governance and administration	35 001	2 048	1 986	2 048	41 894	1 963	2 048	1 963	25 264	2 134	2 048	2 134	120 531	126 760	134 163
Executive and council	2 321	-	-	-	3 119	-	-	-	1 814	-	-	-	7 254	7 597	7 959
Finance and administration	32 680	2 048	1 986	2 048	38 775	1 963	2 048	1 963	23 451	2 134	2 048	2 134	113 277	119 163	126 204
Community and public safety	232	232	232	1 732	232	232	232	232	232	232	232	232	4 289	4 456	4 695
Community and social services	12	12	12	1 512	12	12	12	12	12	12	12	12	1 639	1 647	1 718
Sport and recreation	1	1	1	1	1	1	1	1	1	1	1	1	8	9	10
Public safety	220	220	220	220	220	220	220	220	220	220	220	220	2 641	2 800	2 968
Economic and environmental services	13 092	14	14	14	17 588	14	14	14	10 232	14	14	14	41 041	40 689	43 608
Planning and development	630	14	14	14	842	14	14	14	495	14	14	14	2 095	2 206	2 362
Road transport	12 462	0	0	0	16 746	0	0	0	9 736	0	0	0	38 946	38 482	41 245
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	24 418	5 131	4 722	4 517	30 025	3 904	4 108	4 108	19 381	4 313	4 313	4 722	113 664	121 353	129 266
Energy sources	14 353	4 198	3 788	3 584	16 821	2 970	3 175	3 175	11 313	3 379	3 379	3 788	73 925	79 288	84 679
Waste management	10 065	934	934	934	13 204	934	934	934	8 068	934	934	934	39 738	42 065	44 587
Other	0	0	0	0	0	0	0	0	0	0	0	0	3	3	3
Total Revenue - Functional	72 744	7 426	6 955	8 313	89 740	6 114	6 404	6 318	55 109	6 694	6 608	7 103	279 528	293 261	311 735
Expenditure - Functional															
Governance and administration	8 024	8 288	9 065	8 024	10 044	8 081	8 024	8 024	8 494	8 040	8 128	8 890	101 126	108 203	113 878
Executive and council	2 310	2 534	2 310	2 310	2 815	2 310	2 310	2 310	2 310	2 310	2 310	2 310	28 448	30 333	31 914
Finance and administration	5 540	5 580	6 581	5 540	7 020	5 598	5 540	5 540	6 010	5 557	5 644	5 598	69 749	74 809	78 741
Internal audit	174	174	174	174	210	174	174	174	174	174	174	982	2 929	3 061	3 223
Community and public safety	1 290	1 462	1 351	1 290	1 534	1 291	1 290	1 290	1 351	1 262	1 261	1 323	15 995	16 985	17 883
Community and social services	826	933	852	826	928	826	826	826	852	826	826	852	10 199	10 843	11 416
Sport and recreation	179	179	179	179	197	180	179	179	179	179	179	180	2 166	2 272	2 392
Public safety	285	350	320	285	409	285	285	285	320	257	256	291	3 630	3 870	4 075
Economic and environmental services	3 329	3 542	3 421	3 370	4 064	3 329	3 370	3 370	3 421	3 370	3 370	3 343	41 298	43 891	46 199
Planning and development	1 541	1 570	1 541	1 541	2 013	1 541	1 541	1 541	1 541	1 541	1 541	1 368	18 817	20 116	21 175
Road transport	1 776	1 960	1 868	1 817	2 014	1 776	1 817	1 817	1 868	1 817	1 817	1 964	22 311	23 591	24 830
Environmental protection	12	12	12	12	37	12	12	12	12	12	12	12	170	184	194
Trading services	7 550	7 883	7 821	7 612	8 010	7 535	7 535	7 550	8 017	7 519	7 550	7 612	92 195	99 454	104 661
Energy sources	4 439	4 741	4 642	4 501	4 627	4 439	4 439	4 439	4 838	4 439	4 439	4 464	54 448	58 404	61 449
Waste water management	370	371	370	370	430	354	354	370	370	339	370	339	4 408	4 655	4 901
Waste management	2 741	2 771	2 809	2 741	2 953	2 741	2 741	2 741	2 809	2 741	2 741	2 809	33 339	36 395	38 312
Other	133	133	146	133	218	133	133	133	146	133	133	146	1 720	1 842	1 940
Total Expenditure - Functional	20 327	21 307	21 804	20 429	23 871	20 370	20 352	20 367	21 429	20 324	20 442	21 314	252 335	270 376	284 560
Surplus/(Deficit)	52 417	(13 881)	(14 849)	(12 116)	65 869	(14 256)	(13 948)	(14 049)	33 680	(13 630)	(13 833)	(14 211)	27 194	22 884	27 175



Table 49 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Multi-year expenditure to be appropriated															
Vote 3 - Corporate Services	-	-	196	196	196	196	569	1 896	2 275	1 801	1 991	-	9 317	1 825	868
Vote 5 - Road Transport	1 516	2 468	2 776	2 901	2 568	2 087	2 471	4 652	4 050	3 224	3 432	1 982	34 129	40 515	32 138
Vote 9 - Community & Social Services	-	-	-	16	52	16	16	32	1 315	1 315	599	366	3 726	-	-
Vote 10 - Sport & Recreation	841	550	545	182	545	127	127	182	-	-	-	-	3 100	-	-
Vote 11 - Public Safety	-	4	205	269	269	126	126	269	253	253	158	-	1 931	-	-
Vote 12 - Electricity	136	1 206	671	939	671	327	68	136	136	136	136	136	4 700	6 377	7 275
Vote 13 - Waste Management	424	334	722	644	485	294	767	2 096	3 170	3 209	3 727	3 703	19 574	-	-
Capital multi-year expenditure sub-total	2 917	4 563	5 116	5 146	4 786	3 173	4 145	9 262	11 200	9 939	10 044	6 187	76 477	48 717	40 281
Single-year expenditure to be appropriated															
Vote 1 - Executive & Council	-	-	-	69	88	-	-	34	-	-	-	-	191	201	211
Vote 2 - Planning & Development	-	-	-	-	118	-	-	-	-	-	127	-	246	259	272
Vote 3 - Corporate Services	-	-	-	-	138	-	-	350	-	-	-	-	488	660	695
Vote 4 - Budget & Treasury	-	-	-	196	539	196	196	-	1 078	59	-	-	2 264	2 984	3 139
Vote 5 - Road Transport	-	-	1 483	283	391	-	-	-	-	-	-	-	2 158	1 474	1 551
Vote 9 - Community & Social Services	-	-	-	-	-	-	-	200	200	200	-	-	600	-	-
Vote 10 - Sport & Recreation	-	-	43	-	65	-	-	65	-	43	-	-	216	-	-
Vote 12 - Electricity	-	-	-	-	1 586	-	-	400	-	-	-	-	1 986	1 740	95
Vote 13 - Waste Management	34	15	-	-	176	-	-	-	400	-	-	-	625	7 069	953
Capital single-year expenditure sub-total	34	15	1 526	548	3 101	196	196	1 049	1 678	302	127	-	8 773	14 387	6 917
Total Capital Expenditure	2 951	4 577	6 643	5 694	7 887	3 369	4 341	10 311	12 878	10 240	10 171	6 187	85 250	63 104	47 198

Table 50 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional															
Governance and administration	-	-	196	461	961	392	765	2 281	3 354	1 860	1 991	-	12 260	5 670	4 912
Executive and council	-	-	-	-	88	-	-	34	-	-	-	-	123	129	136
Finance and administration	-	-	196	392	873	392	765	2 246	3 354	1 860	1 991	-	12 069	5 469	4 701
Internal audit	-	-	-	69	-	-	-	-	-	-	-	-	69	72	76
Community and public safety	841	554	794	466	931	269	269	747	1 768	1 811	757	366	9 573	-	-
Community and social services	-	-	-	16	52	16	16	232	1 515	1 515	599	366	4 326	-	-
Sport and recreation	841	550	589	182	610	127	127	246	-	43	-	-	3 316	-	-
Public safety	-	4	205	269	269	126	126	269	253	253	158	-	1 931	-	-
Economic and environmental services	1 516	2 468	4 260	3 185	3 078	2 087	2 471	4 652	4 050	3 224	3 560	1 982	36 532	42 248	33 961
Planning and development	-	-	-	-	118	-	-	-	-	-	127	-	246	259	272
Road transport	1 516	2 468	4 260	3 185	2 959	2 087	2 471	4 652	4 050	3 224	3 432	1 982	36 287	41 990	33 689
Trading services	594	1 555	1 393	1 582	2 918	620	836	2 632	3 706	3 345	3 863	3 839	26 886	15 186	8 324
Energy sources	136	1 206	671	939	2 257	327	68	536	136	136	136	136	6 686	8 117	7 370
Waste management	458	349	722	644	661	294	767	2 096	3 570	3 209	3 727	3 703	20 199	7 069	953
Total Capital Expenditure - Functional	2 951	4 577	6 643	5 694	7 887	3 369	4 341	10 311	12 878	10 240	10 171	6 187	85 250	63 104	47 198
Funded by:															
National Government	1 701	3 644	3 746	4 093	3 601	2 425	2 706	4 714	4 468	3 668	3 797	1 198	39 761	42 858	46 518
Transfers recognised - capital	1 701	3 644	3 746	4 093	3 601	2 425	2 706	4 714	4 468	3 668	3 797	1 198	39 761	42 858	46 518
Internally generated funds	1 250	933	2 897	1 601	4 287	944	1 635	5 598	8 410	6 572	6 374	4 989	45 490	20 247	679
Total Capital Funding	2 951	4 577	6 643	5 694	7 887	3 369	4 341	10 311	12 878	10 240	10 171	6 187	85 250	63 104	47 198



Table 51 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Receipts By Source																
Property rates	1 879	526	451	526	451	451	526	451	526	601	526	601	7 516	7 935	8 424	
Service charges - electricity revenue	3 602	3 602	3 242	3 062	2 702	2 522	2 702	2 702	2 882	2 882	2 882	3 242	36 023	38 033	40 375	
Service charges - refuse revenue	708	708	708	708	708	708	708	708	708	708	708	708	8 495	8 969	9 521	
Rental of facilities and equipment	9	9	9	9	9	9	9	9	9	9	9	9	103	108	115	
Interest earned - external investments	1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 375	1 375	16 500	16 854	17 865	
Interest earned - outstanding debtors	176	176	176	176	176	176	176	176	176	176	176	176	2 115	2 233	2 370	
Fines, penalties and forfeits	14	14	14	14	14	14	14	14	14	14	14	14	168	178	188	
Licences and permits	99	99	99	99	99	99	99	99	99	99	99	99	1 189	1 260	1 335	
Agency services	83	83	83	83	83	83	83	83	83	83	83	83	999	1 059	1 123	
Transfer receipts - operational	51 058	-	-	1 500	66 325	-	-	-	38 561	-	-	-	157 443	163 775	173 392	
Other revenue	153	153	176	153	153	153	153	153	153	153	153	153	1 857	1 968	2 086	
Cash Receipts by Source	59 156	6 745	6 333	7 705	72 094	5 589	5 845	5 769	44 586	6 100	6 025	6 460	232 406	242 372	256 794	
Other Cash Flows by Source																
Transfer receipts - capital	12 723	-	-	-	17 097	-	-	-	9 940	-	-	-	39 761	42 858	46 518	
Increase (decrease) in consumer deposits	7	7	7	7	7	7	7	7	7	7	7	7	82	86	91	
Total Cash Receipts by Source	71 886	6 752	6 339	7 712	89 198	5 596	5 851	5 776	54 533	6 107	6 032	6 467	272 249	285 316	303 403	
Cash Payments by Type																
Employee related costs	6 878	6 878	6 878	6 878	9 317	6 878	6 878	6 878	6 878	6 878	6 878	6 878	84 976	89 554	94 118	
Remuneration of councillors	1 127	1 127	1 127	1 127	1 127	1 127	1 127	1 127	1 127	1 127	1 127	1 127	13 522	14 225	14 964	
Finance charges	153	153	801	153	153	153	153	153	801	153	153	153	3 133	3 296	3 467	
Bulk purchases - Electricity	3 049	3 049	3 049	3 049	3 049	3 049	3 049	3 049	3 049	3 049	3 049	3 049	36 593	38 406	40 443	
Other materials	1 156	1 156	1 186	1 186	1 222	1 156	1 186	1 186	1 319	1 186	1 186	1 237	14 360	15 359	16 186	
Contracted services	2 834	2 834	2 844	2 906	3 501	2 818	2 829	2 844	2 906	2 813	2 948	3 489	35 565	37 327	39 307	
Transfers and grants - other	-	-	571	-	37	-	-	-	-	-	-	-	609	640	674	
Other expenditure	2 365	3 331	2 580	2 365	2 580	2 365	2 365	2 365	2 580	2 353	2 336	2 551	30 135	32 543	34 285	
Cash Payments by Type	17 562	18 528	19 036	17 664	20 986	17 547	17 587	17 602	18 659	17 559	17 677	18 484	218 892	231 350	243 445	
Other Cash Flows/Payments by Type																
Capital assets	2 951	4 577	6 643	5 694	7 887	3 369	4 341	10 311	12 878	10 240	10 171	6 187	85 250	63 104	47 198	
Repayment of borrowing	-	-	428	-	-	-	-	-	428	-	-	-	855	871	887	
Total Cash Payments by Type	20 513	23 105	26 106	23 358	28 873	20 916	21 928	27 914	31 965	27 800	27 848	24 672	304 998	295 324	291 529	
NET INCREASE/(DECREASE) IN CASH HELD	51 373	(16 353)	(19 767)	(15 646)	60 325	(15 319)	(16 077)	(22 137)	22 568	(21 693)	(21 817)	(18 205)	(32 748)	(10 009)	11 874	
Cash/cash equivalents at the month/year begin:	265 182	316 554	300 201	280 434	264 788	325 113	309 794	293 717	271 580	294 148	272 455	250 638	265 182	232 433	222 425	
Cash/cash equivalents at the month/year end:	316 554	300 201	280 434	264 788	325 113	309 794	293 717	271 580	294 148	272 455	250 638	232 433	232 433	222 425	234 298	



1.17 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

1.18 Capital expenditure details

The following five tables present details of the Municipality's capital expenditure program, firstly on new assets, then the renewal of assets, then the repair and maintenance of assets, then the depreciation per asset class and finally the upgrade of assets.



Table 52 MBRR SA34a - Capital expenditure on new assets by asset class

Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on new assets by Asset Class/Sub-class								
Infrastructure	20 129	27 204	33 384	45 857	48 441	39 909	6 892	13 817
Roads Infrastructure	13 425	17 189	24 190	25 454	29 200	29 629	515	6 542
<i>Roads</i>	12 961	16 820	21 080	25 454	28 313	29 629	515	6 542
<i>Road Structures</i>	464	368	3 110	-	887	-	-	-
Storm water Infrastructure	3 853	2 455	-	-	-	-	-	-
<i>Storm water Conveyance</i>	3 853	2 455	-	-	-	-	-	-
Electrical Infrastructure	2 349	7 220	6 176	8 283	9 228	4 700	6 377	7 275
<i>MV Networks</i>	342	3 731	3 769	5 983	7 361	3 200	4 377	5 275
<i>LV Networks</i>	2 007	3 488	2 406	2 300	1 867	1 500	2 000	2 000
Solid Waste Infrastructure	502	340	3 018	12 120	10 013	5 580	-	-
<i>Landfill Sites</i>	502	340	3 018	12 120	10 013	5 580	-	-
Community Assets	5 957	9 920	3 392	7 962	5 774	2 973	-	-
Community Facilities	4 331	2 321	2 619	7 712	5 550	2 757	-	-
<i>Halls</i>	-	33	1 795	-	159	-	-	-
<i>Centres</i>	-	-	438	7 212	5 000	1 931	-	-
<i>Cemeteries/Crematoria</i>	4 232	337	-	500	300	826	-	-
<i>Public Open Space</i>	70	555	386	-	91	-	-	-
<i>Public Ablution Facilities</i>	-	70	-	-	-	-	-	-
<i>Stalls</i>	30	1 326	-	-	-	-	-	-
Sport and Recreation Facilities	1 626	7 600	774	250	224	216	-	-
<i>Outdoor Facilities</i>	1 626	7 600	774	250	224	216	-	-
Other assets	8 724	2 088	3 279	200	420	4 000	10 000	-
Operational Buildings	8 724	2 088	3 279	200	420	4 000	10 000	-
<i>Municipal Offices</i>	8 724	1 823	251	200	160	4 000	10 000	-
<i>Yards</i>	-	265	3 028	-	260	-	-	-
Intangible Assets	85	247	32	600	400	69	72	76
Licences and Rights	85	247	32	600	400	69	72	76
<i>Computer Software and Applications</i>	85	247	32	600	400	69	72	76
Computer Equipment	383	1 143	487	1 137	1 842	1 057	1 032	1 086
Computer Equipment	383	1 143	487	1 137	1 842	1 057	1 032	1 086
Furniture and Office Equipment	594	329	304	110	110	230	242	255
Furniture and Office Equipment	594	329	304	110	110	230	242	255
Machinery and Equipment	1 075	715	3 492	1 200	858	1 868	8 401	2 355
Machinery and Equipment	1 075	715	3 492	1 200	858	1 868	8 401	2 355
Transport Assets	1 937	425	1 610	1 700	1 500	3 100	3 815	2 278
Transport Assets	1 937	425	1 610	1 700	1 500	3 100	3 815	2 278
Total Capital Expenditure on new assets	38 885	42 071	45 981	58 766	59 345	53 205	30 455	19 866



Table 53 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand								
Capital expenditure on renewal of existing assets by Asset Class/Sub-class								
Infrastructure	-	-	-	-	-	850	-	-
Roads Infrastructure	-	-	-	-	-	850	-	-
<i>Road Structures</i>	-	-	-	-	-	850	-	-
Community Assets	-	-	-	3 200	1 720	6 600	-	-
Community Facilities	-	-	-	2 100	1 420	4 600	-	-
<i>Halls</i>	-	-	-	1 500	900	3 500	-	-
<i>Public Open Space</i>	-	-	-	600	520	1 100	-	-
Sport and Recreation Facilities	-	-	-	1 100	300	2 000	-	-
<i>Outdoor Facilities</i>	-	-	-	1 100	300	2 000	-	-
Other assets	-	-	-	5 300	5 650	9 317	1 825	868
Operational Buildings	-	-	-	5 300	5 650	9 317	1 825	868
<i>Municipal Offices</i>	-	-	-	5 300	5 650	9 317	1 825	868
Total Capital Expenditure on renewal of existing assets	-	-	-	8 500	7 370	16 767	1 825	868



Table 54 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand								
Repairs and maintenance expenditure by Asset Class/Sub-class								
Infrastructure	2 304	2 158	2 816	3 477	3 592	3 402	3 609	3 797
Roads Infrastructure	1 312	1 192	1 843	2 000	2 100	1 754	1 903	2 002
<i>Roads</i>	1 312	1 192	1 843	2 000	2 100	1 754	1 903	2 002
Storm water Infrastructure	24	5	14	292	292	304	320	336
<i>Storm water Conveyance</i>	24	5	14	292	292	304	320	336
Electrical Infrastructure	924	783	752	946	961	1 028	1 054	1 108
<i>MV Networks</i>	346	183	255	354	417	434	457	481
<i>LV Networks</i>	578	600	497	592	544	594	597	628
Solid Waste Infrastructure	44	177	208	238	239	316	333	350
<i>Landfill Sites</i>	44	177	146	102	89	92	97	102
<i>Waste Transfer Stations</i>	-	-	62	136	150	224	236	248
Community Assets	588	686	1 426	2 055	2 150	2 255	2 350	2 472
Community Facilities	531	657	1 368	1 933	1 969	2 067	2 152	2 264
<i>Halls</i>	416	424	528	826	885	939	968	1 018
<i>Libraries</i>	2	-	2	3	4	4	5	5
<i>Cemeteries/Crematoria</i>	113	233	827	1 091	1 069	1 112	1 168	1 228
<i>Public Open Space</i>	-	-	12	13	11	11	12	12
Sport and Recreation Facilities	58	29	58	122	181	188	198	208
<i>Outdoor Facilities</i>	58	29	58	122	181	188	198	208
Other assets	689	762	500	934	1 042	1 078	1 140	1 200
Operational Buildings	689	762	500	934	1 042	1 078	1 140	1 200
<i>Municipal Offices</i>	436	436	352	777	782	807	855	900
<i>Stores</i>	253	327	148	157	261	271	285	300
Furniture and Office Equipment	499	386	362	415	515	535	563	592
Furniture and Office Equipment	499	386	362	415	515	535	563	592
Machinery and Equipment	294	169	1 023	1 275	1 398	1 458	1 538	1 618
Machinery and Equipment	294	169	1 023	1 275	1 398	1 458	1 538	1 618
Transport Assets	2 405	2 615	1 771	2 132	2 311	2 401	2 526	2 657
Transport Assets	2 405	2 615	1 771	2 132	2 311	2 401	2 526	2 657
Total Repairs and Maintenance Expenditure	6 780	6 776	7 898	10 288	11 009	11 129	11 726	12 336



Table 55 MBRR SA34d - Depreciation by asset class

Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Depreciation by Asset Class/Sub-class								
Infrastructure	10 485	11 211	9 961	12 797	11 079	11 509	12 108	12 737
Roads Infrastructure	8 752	9 590	7 668	10 516	8 435	8 763	9 218	9 698
<i>Roads</i>	8 575	9 590	7 668	10 306	8 435	8 763	9 218	9 698
<i>Road Structures</i>	29	-	-	210	-	-	-	-
<i>Road Furniture</i>	148	-	-	-	-	-	-	-
Storm water Infrastructure	1 240	1 034	1 271	1 474	1 398	1 452	1 528	1 607
<i>Storm water Conveyance</i>	1 240	1 034	1 271	1 474	1 398	1 452	1 528	1 607
Electrical Infrastructure	342	436	810	506	1 013	1 052	1 107	1 165
<i>MV Networks</i>	238	341	703	248	773	803	845	889
<i>LV Networks</i>	103	95	107	258	240	249	262	276
Solid Waste Infrastructure	151	151	212	300	233	242	255	268
<i>Landfill Sites</i>	151	151	212	300	233	242	255	268
Community Assets	1 440	2 596	1 956	1 776	2 151	2 235	2 351	2 473
Community Facilities	914	2 047	1 430	1 231	1 573	1 634	1 719	1 808
<i>Halls</i>	112	759	528	548	581	603	635	668
<i>Cemeteries/Crematoria</i>	112	337	460	194	506	526	553	582
<i>Public Open Space</i>	44	-	56	51	61	64	67	71
<i>Public Ablution Facilities</i>	261	261	-	-	-	-	-	-
<i>Stalls</i>	-	305	-	-	-	-	-	-
<i>Taxi Ranks/Bus Terminals</i>	386	386	386	438	425	441	464	488
Sport and Recreation Facilities	526	549	526	545	579	601	632	665
<i>Outdoor Facilities</i>	526	549	526	545	579	601	632	665
Other assets	699	748	650	792	826	858	902	949
Operational Buildings	699	748	650	792	826	858	902	949
<i>Municipal Offices</i>	699	748	650	681	715	743	782	822
<i>Yards</i>	-	-	-	79	79	82	87	91
<i>Stores</i>	-	-	-	31	31	32	34	36
Intangible Assets	68	70	106	103	117	122	128	135
Servitudes	-	-	-	-	-	-	-	-
Licences and Rights	68	70	106	103	117	122	128	135
<i>Computer Software and Applications</i>	68	70	106	103	117	122	128	135
Computer Equipment	621	661	755	755	831	863	908	955
Computer Equipment	621	661	755	755	831	863	908	955
Furniture and Office Equipment	751	141	755	957	831	863	908	955
Furniture and Office Equipment	751	141	755	957	831	863	908	955
Machinery and Equipment	2 046	1 965	2 082	2 615	2 290	2 379	2 502	2 633
Machinery and Equipment	2 046	1 965	2 082	2 615	2 290	2 379	2 502	2 633
Transport Assets	2 044	2 062	1 952	2 495	2 147	2 230	2 346	2 468
Transport Assets	2 044	2 062	1 952	2 495	2 147	2 230	2 346	2 468
Total Depreciation	18 154	19 455	18 218	22 290	20 272	21 058	22 153	23 305

Table 56 MBRR SA34e - Capital expenditure on the upgrade of existing assets by asset class

Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand								
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class								
Infrastructure	-	-	-	10 301	13 180	14 494	30 000	25 596
Roads Infrastructure	-	-	-	-	-	500	30 000	25 596
Roads	-	-	-	-	-	500	30 000	25 596
Solid Waste Infrastructure	-	-	-	10 301	13 180	13 994	-	-
Landfill Sites	-	-	-	10 301	13 180	13 994	-	-
Other assets	-	-	-	-	-	784	825	868
Operational Buildings	-	-	-	-	-	784	825	868
Stores	-	-	-	-	-	784	825	868
Total Capital Expenditure on upgrading of existing assets	-	-	-	10 301	13 180	15 278	30 825	26 464

Table 57 MBRR SA35 - Future financial implications of the capital budget

No future implications identified on the capital budget beyond the MTREF period.

Table 58 MBRR SA36 - Detailed capital budget per municipal vote

Full detail with regards to the capital budget is available in Table SA 36 accompanying this report.

Table 59 MBRR SA37 - Projects delayed from previous financial year/s

No projects delayed from previous financial years were identified on the capital budget over the MTREF period.

Table 60 MBRR SA38 - Consolidated detailed operational projects

Full detail with regards to the Consolidated detailed operational is available in Table SA 38 accompanying this report.



1.19 Legislation compliance status

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

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and is currently employing 5 interns undergoing training in various divisions of the Financial Services Department, Risk Management and Internal audit unit.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detailed SDBIP document is at a draft stage and will be finalised after approval of the 2019/20 MTREF in May 2019, directly aligned and informed by the 2019/20 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
Budget related policies will be reviewed and updated if so required for final submission with the approval of the 2019/20 MTREF.



1.20 Other supporting documents

All other supporting schedules are included in the A-Schedules accompanying this report.

1.21 Service Delivery Standards

Below is the Schedule of Service Delivery Standards for Senqu Municipality.



Table 61 Schedule of Service Delivery Standards

Standard	Description	Ref	Year C-2	Year C-1	Year C-0	Current year			Service Level
			Actual Outcome	Actual Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	
Solid Waste Removal									
	Premise based removal (Residential Frequency)								
	Premise based removal (Business Frequency)								
	Bulk Removal (Frequency)								
	Removal Bags provided(Yes/No)								
	Garden refuse removal Included (Yes/No)								
	Street Cleaning Frequency in CBD								
	Street Cleaning Frequency in areas excluding CBD								
	How soon are public areas cleaned after events (24hours/48hours/longer)								
	Clearing of illegal dumping (24hours/48hours/longer)								
	Recycling or environmentally friendly practices(Yes/No)								
	Licensed landfill site(Yes/No)								
Electricity Service									
	What is your electricity availability percentage on average per month?								
	Do your municipality have a ripple control in place that is operational? (Yes/No)								
	How much do you estimate is the cost saving in utilizing the ripple control system?								
	What is the frequency of meters being read? (per month, per year)								
	Are estimated consumption calculated at consumption over (two month's/three month's/longer period)								
	On average for how long does the municipality use estimates before reverting back to actual readings? (months)								
	Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)								
	Are accounts normally calculated on actual readings? (Yes/no)								
	Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)								
	How long does it take to replace faulty meters? (days)								
	Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)								
	How effective is the action plan in curbing line losses? (Good/Bad)								
	How soon does the municipality provide a quotation to a customer upon a written request? (days)								
	How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)								
	How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)								
	How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)								
Road Infrastructure Services									
	Time taken to repair a single pothole on a major road? (Hours)								
	Time taken to repair a single pothole on a minor road? (Hours)								
	Time taken to repair a road following an open trench service crossing? (Hours)								
	Time taken to repair walkways? (Hours)								
Property valuations									
	How long does it take on average from completion to the first account being issued? (one month/three months or longer)								
	Do you have any special rating properties? (Yes/No)								



Standard	Description	Ref	Year C-2	Year C-1	Year C-0	Current year			Service Level
			Actual Outcome	Actual Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	
Financial Management									
	Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)								
	Are the financial statement outsourced? (Yes/No)								
	Are there Council adopted business process restructuring the flow and management of documentation feeding to Trial Balance?								
	How long does it take for an Tax/Invoice to be paid from the date it has been received?								
	Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?								
Administration									
	Reaction time on enquiries and requests?								
	Time to respond to a verbal customer enquiry or request? (working days)								
	Time to respond to a written customer enquiry or request? (working days)								
	Time to resolve a customer enquiry or request? (working days)								
	What percentage of calls are not answered? (5%,10% or more)								
	How long does it take to respond to voice mails? (hours)								
	Does the municipality have control over locked enquiries? (Yes/No)								
	Is there a reduction in the number of complaints or not? (Yes/No)								
	How long does it take to open an account to a new customer? (1 day/ 2 days/ a week or longer)								
	How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?								
Community safety and licensing services									
	How long does it take to register a vehicle? (minutes)								
	How long does it take to renew a vehicle license? (minutes)								
	How long does it take to issue a duplicate registration certificate vehicle? (minutes)								
	How long does it take to de-register a vehicle? (minutes)								
	How long does it take to renew a drivers license? (minutes)								
	What is the average reaction time of the fire service to an incident? (minutes)								
	What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)								
	What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)								
Economic development									
	How many economic development projects does the municipality drive?								
	How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?								
	What percentage of the projects have created sustainable job security?								
	Does the municipality have any incentive plans in place to create a conducive environment for economic development? (Yes/No)								
Other Service delivery and communication									
	Is a information package handed to the new customer? (Yes/No)								
	Does the municipality have training or information sessions to inform the community? (Yes/No)								
	Are customers treated in a professional and humanly manner? (Yes/No)								



1.22 Municipal Manager's quality certificate

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

Print Name _____

Municipal Manager of Senqu Municipality

Signature _____

Date _____