

DRAFT BUDGET MTERF FOR 2019/20-21/2022



MATATIELE

LOCAL MUNICIPALITY

DRAFT ANNUAL BUDGET OF
MATATIELE LOCAL
MUNICIPALITY

2019/20 TO 2021/22
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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- **In the foyers of all municipal buildings**
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 - **At www.matatiele.gov.za**

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Abbreviations and Acronyms

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

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

Part 1 – Annual Budget

1.1 Mayor’s report

Honourable members of the council, allow me to table the following draft budget for 2019/20 MTERF:

PURPOSE

To present to Council the MTREF report for 2019/20 and two outer years 2020/21 and 2021/22 for consideration and recommendations for approval by Council before start of the 2019/2020 financial year.

LEGAL / STATUTORY REQUIREMENTS

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

BACKGROUND AND REASONING

The Budget was prepared according to the Zero Based Method. In terms of the method all votes and line items were reduced to zero and every amount allocated had to be motivated. General Managers were requested to hand their requests to the Chief Financial Officer for inclusion on the budget. The information was requested to reach the Chief Financial Officer by the 31st January 2019.

As required by the Municipal Finance Management Act (MFMA) and other relevant legislations, regulations and guidelines, the municipality started the processes of budget preparation from August 2018 to March 2019 as follows:

Budget process plan

On 30th July 2018, the IDP and Budget process plan as required by section 21 of the MFMA was submitted and approved by Council to ensure that municipality does not fail to prepare and approve its credible budget within the legislated time frames.

IDP review

As per the approved plan, the municipality on 19 – 23 November 2018, conducted its public consultative meetings with all 26 wards to review IDP for 2017-2022. The reviewed IDP has been used by the municipality to inform the draft budget for 2019/20 to 2021/20 (MTERF) for consideration and approval. The approved draft budget will then be subjected for comments and suggestions by stakeholders and public.

Madam Speaker, the draft budget is as follows:

Draft Budget

The draft budget of **R505, 351, 549** on total revenue, of **R388, 192, 049** on operating expenditure and of **R174, 384, 250** on capital expenditure to be tabled to council as tabulated below.

TOTAL BUDGET REVENUE

REVENUE SOURCE	APPROVED BUDGET 2018/19	ADJUSTMENTS BUDGET 2018/19	DRAFT BUDGET 2019/20	DRAFT BUDGET % ALLOCATION	BUDGET YEAR +2020/2021	BUDGET YEAR 2021/2022
Property Rates	35 612 498	42 000 000	44 100 000	9%	46 305 000	48 620 250
Service Charges	61 816 319	51 956 560	68 077 246	13%	71 481 108	75 055 163
Rental Of Facilities & Equipment	1 700 000	9 859 760	1 700 000	0%	1 785 000	1 874 250
Interest - Outstanding Debtors	5 966 840	1 700 000	10 224 923	2%	10 736 169	11 272 977
Interest - External Investment	8 900 877	8 900 877	13 000 000	3%	13 650 000	14 332 500
Fines, Penalties and Forfeits	2 330 531	5 966 840	2 093 696	0%	2 198 381	2 308 300
Licences & Permits	3 849 000	2 330 531	4 524 684	1%	4 750 918	4 988 464
Transfers & Subsidies Operational	215 541 500	110 897 642	242 798 750	48%	233 774 750	233 774 750
Transfers & Subsidies Capital	142 082 100	215 741 500	117 159 250	23%	104 392 250	104 392 250
Other Revenue	1 896 802	1 896 802	1 673 000	0%	1 756 650	1 844 483
Total Revenue	479 696 467	451 250 512	505 351 549	100%	490 830 226	498 463 387

Remarks:

- The revenue is anticipated to be R505, 351, 549 in the 2019/20 financial year. The adjusted budget for 2019/20 was R451, 250, 512. This is an increase of R54, 101, 037 from the adjustment budget.
- The property rates amount is calculated from the current valuation roll as implemented from 01st July 2018.

OPERATING EXPENDITURE

EXPENDITURE TYPE	APPROVED BUDGET 2018/19	ADJUSTMENTS BUDGET 2018/19	DRAFT BUDGET 2019/20	DRAFT BUDGET % ALLOCATION	BUDGET YEAR +2020/2021	BUDGET YEAR 2021/2022
Employee Related Costs	114 330 288	114 430 288	116 227 243	30%	122 038 605	128 140 536
Remuneration Of Councillors	20 227 228	20 227 228	22 763 486	6%	23 901 661	25 096 744
Debt Impairment	5 000 000	5 000 000	2 500 000	1%	2 625 000	2 756 250
Depreciation	15 547 718	15 547 718	31 447 764	8%	33 020 152	34 671 160
Repairs & Maintenance	12 710 015	13 110 015	40 600 000	10%	42 630 000	44 761 500
Bulk Purchases	42 000 000	42 000 000	47 900 000	12%	50 295 000	52 809 750
Contracted Services	63 863 298	74 865 089	46 003 900	12%	48 304 095	50 719 300
Other Material	6 258 228	5 953 228	6 531 500	2%	6 858 075	7 200 979
Other Expenditure	57 525 238	51 318 475	74 218 156	19%	77 929 063	81 825 516
Grants & Subsidies	150 000	150 000	-	0%	-	-
Total Expenditure	337 612 012	342 602 041	388 192 049	100%	407 601 651	427 981 734

Remarks:

- The operating expenditure that is anticipated to be spent is R388, 192, 049 in the 2019/20 financial year. The adjusted budget for 2018/19 was R342, 602, 041. This is an increase of R45, 590 008 from the adjustment budget.

CAPITAL EXPENDITURE

DEPARMRNT/MUNICIPAL VOTE	APPROVED BUDGET 2018/19	ADJUSTMENTS BUDGET 2018/19	DRAFT BUDGET 2019/20
Executive and Council	0	0	25 000
Other Admin	345 000	345 000	115 000
Budget & Treasury	6 390 000	6 390 000	4 750 000
Corporate Services	4 900 000	5 415 000	3 651 551
Community Services	6 415 000	2 189 000	7 340 000
Economic Development Planning	2 965 000	8 400 000	382 000
Infrastructure	121 067 100	127 956 242	158 120 699
Total	142 082 100	150 695 242	174 384 250

Remarks:

- The capital expenditure that is anticipated to be spent is R174, 384, 250 in the 2019/20 financial year. The adjusted budget for 2018/19 was R150, 695, 242 million. This is an increase of R23, 689, 008 from the adjustment budget. This was due to the following:
 - Increase in INEP from R43m to R70, 1m,
 - Increase to allocation CRR from R43m to R55, 5m.

CONDITIONAL GRANTS ALLOCATION

The municipality will receive both conditional and unconditional grants of R379, 1 million, (an increase from R359, 9 million from 2018/19) from national treasury and national government departments gazetted on Division of Revenue Act (DoRA) as tabulated below,

GRANTS & SUBSIDIES	ALLOCATION 2019/20	ALLOCATION 2020/21	ALLOCATION 2021/22
Equitable Share	234 919 000	249 849 000	266 265 000
EXPANDED PUBLIC WORKS PROGRAMME	3 257 000		
FINANCE MANAGEMENT GRANT	1 700 000	1 700 000	1 700 000
MUNICIPAL INFRASTRUCTURE GRANT	49 255 000	51 926 000	55 769 000
INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME	70 177 000	75 000 000	64 999 000
Library and Archives Services	650 000	650 000	677 000
TOTAL	359 958 000	379 125 000	389 410 000

The equitable share allocation is appropriated to fund municipal delivery of services through day to day operations and strategic social development programs. This is also used to top up some funding of capital projects.

Conditional capital grants (MIG & INEP) are appropriated to fund capital expenditure of roads construction, local economic development capital projects and electrification capital projects like rural electrification and sub-stations.

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

Further to the above conditional grants, the municipality has also been allocated the Llibrary management systems conditional grant by the Provincial Government as per provincial gazette as follows,

Grants and Subsidies	Allocation 2018/19	Allocation 2019/20
Library and Archives Services	600 000	650 000
Total	600 000	650 000

All the grants both conditional and unconditional form part of the municipal revenue budgeted for to fund the both operating and capital budget.

CAPITAL BUDGET 2019/20-2021/22

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

Capital projects budgeted for amount to R174, 384, 250. Own sources (CRR) available to fund these projects amount to R 57, 200, 000, MIG allocation for 2019/20 is R46, 792, 250, INEP R70, 177, 000 for electrical capital projects and Provincial allocation of R190, 000 for Library and Museum.

The capital budget per municipal departments is tabulated as below,

DEPARMNT/MUNICIPAL VOTE	APPROVED BUDGET 2018/19	ADJUSTMENTS BUDGET 2018/19	DRAFT BUDGET 2019/20	CAPITAL REPLACEMENT RESERVES	MIG	INEP	LIBRARY SUPPORT
Executive and Council	0	0	25 000				
Other Admin	345 000	345 000	115 000	115 000	-	-	-
Budget & Treasury	6 390 000	6 390 000	4 750 000	4 750 000	-	-	-
Corporate Services	4 900 000	5 415 000	3 651 551	3 651 551	-	-	-
Community Services	6 415 000	2 189 000	7 340 000	7 150 000	-	-	190 000
Economic Development Planning	2 965 000	8 400 000	382 000	382 000	-	-	
Infrastructure	121 067 100	127 956 242	158 120 699	41 151 449	46 792 250	70 177 000	
Total	142 082 100	150 695 242	174 384 250	57 200 000	46 792 250	70 177 000	190 000

Allocation of capital projects budgeted for as per area and as per ward is provided as per types of projects in departments budgeted under as follows,

ELECTRICAL PROJECTS

Electricity				80 702 000
315 KVA Minature Subsation (Engine Garage)	Upgrade of existing		19 CRR	300 000
630 KVA Minature Subsation (Shopprite)	Upgrade of existing		19 CRR	500 000
500KVA Minature Subsation (NeWJ- Sub 24)	Upgrade of existing		19 CRR	350 000
3 x 100 KVA Area C	Upgrade of existing		20 CRR	250 000
315 KVA Minature Subsation (Mountain View Sub 16)	Upgrade of existing		20 CRR	300 000
2 x 630 A Ring Main Unit	Upgrade of existing		20 CRR	300 000
Street Lights CDB	Upgrade of existing		19 CRR	1 000 000
High Mast Lights	Upgrade of existing	1&20	CRR	1 500 000
4 x Desk Top Computers	New		19 CRR	25 000
Substation - Eskom	New		19 CRR	6 000 000
Sehlabeng	DOE		4 INEP	6 600 000
Mngeni	DOE		7 INEP	9 500 000
Lufefeni	DOE		5 INEP	8 360 000
Makhoba	DOE		9 INEP	10 230 000
Mohapi # 2	DOE		13 INEP	7 370 000
Qili	DOE		18 INEP	6 886 000
Zitapile	DOE		22 INEP	6 490 000
Shenxa	DOE		26 INEP	8 668 000
Tlakanelo	DOE		13 INEP	6 073 000

Remarks

- The electricity department has a capital budget of R 80, 7 million for rural electrification and substation which will be funded from INEP and CRR. The amount to be funded from INEP will be R70, 1 million.

PROJECT MANAGEMENT

Project Management and O&M				60 218 699
Maluti Internal Streets -Phase 4	Upgrade	1	MIG	6 000 000
Matatiele CBD Internal Streets -Phase 2	Upgrade	19	MIG	10 265 766
Cedarville Internal Roads -Phase 3	Upgrade	26	MIG	1 750 000
Harry Gwala Internal Streets	Upgrade	20	MIG	1 750 000
Cedarville Sport Center	Upgrade	26	MIG	6 545 678
Sijoka Access Road	New	10	MIG	650 000
Lagrange Pedestrian Bridge	New	7	MIG	150 000
Extension of Matatiele Sport Center	New	20	MIG	7 204 244
Mabheleni AR and bridge	New	21	MIG	210 000
Mahangu AR and Bridge	New	9	MIG	1 750 000
Msukeni Access Road	New	21	MIG	1 750 000
T 13-Zwellitsha Access Road	New	8	MIG	250 000
Epiphany Access Road	New	22	MIG	375 000
Nongavu Access Road	New	18	MIG	190 000
Freystata Bridge	New	15	MIG	3 059 720
Nongavu Bridge	New	18	MIG	1 860 921
Ngwengane Bridge	New	7	MIG	3 030 921
Maralekeng Access Road	New	2	CRR	2 426 449
Nkasela Access Road	New	4	CRR	3 000 000
Ramatlil Access Road	New	6	MIG	-
Coshet Access Road	New	8	MIG	-
Mohapi Access Road	New	13	CRR	2 000 000
Moketsi Access Road	New	14	CRR	1 500 000
Lhaseng Access Road	New	15	MIG	-
Mbizweni Access Road	New	22	MIG	-
Madimong Access Road	New	3	MIG	-
Lulafeni Access Road	New	5	MIG	-
Mdeni- Manzini Access Road	New	7	CRR	3 000 000
Maqmathini Access Road	New	11	MIG	-
Sera Access Road	New	12	MIG	-
Mbobbo Access Road	New	16	MIG	-
Luxeni Access Road	New	17	MIG	-
Moring - Kweneng Access Road	New	24	MIG	-
S t Margaret Access Road	New	25	MIG	-
Phamotse Access Road	New	25	MIG	-
Ntal Mohlomi Multi-Purpose Centre	New	8	MIG	-
Mkhemane		22	CRR	1 500 000

Remarks

- The project management, operations and maintenance unit has a capital budget of R60, 2 million, for the construction of access roads, bridges and sports fields.
- The funding for MIG will be R46, 7m and from CRR will be R13, 4m.

mSCOA Implementation

The municipality since November 2016 has started the process of readiness for mSCOA in preparation for draft budget implementation and this has been achieved through acquisition of mSCOA compliant consolidated financial management system (Munsoft) which is already in full operation by the municipality.

2018/2019 – 2020/21 MTERF budget preparation have been prepared according to the new requirements of mSCOA regulations. Draft IDP and draft budget have been submitted to

National Treasury on the mSCOA format of seven segments. The final budget also will be submitted to National Treasury on mSCOA format as required.

Conclusion

The municipality to table the draft budget of R562, 5million which is subjected to public comments through public notices on local newspapers, municipal notice boards, municipal website and public meetings of every ward.

DESCRIPTION	APPROVED BUDGET	ADJUSTMENTS	DRAFT BUDGET	BUDGET YEAR	BUDGET YEAR
	2018/19	BUDGET 2018/19	2019/20	+2020/2021	2021/2022
Total Operating Budget	337 612 012	342 602 041	388 192 049	407 601 651	427 981 734
Total Capital Budget	142 082 100	160 019 242	174 359 250	167 994 364	163 643 647
Total Budget	479 694 113	502 621 283	562 551 299	575 596 015	591 625 381

Tariff of Charges

All charges excluding electricity and Refuse are proposed to increase by 5% for the 2019/20 financial year, proposed to start 1 July 2019.

PROPERTY RATES

Property rates tariff is proposed to increase by 5% for the 2019/20 financial year.

PROPERTY RATES

Property rates tariff is proposed to increase by 5% for the 2019/20 financial year as follows:

Categories	Rate Randages	Ratio in relation to residential property

	/Rand Value – c/R	
Residential property	0.010058	1:1
Farm property as defined in Section 8(2) (d)(i) and 8 (2) (f) (i) of the Act (being Farm property used for agricultural purposes and smallholdings used for agricultural purposes)	0.002515	1: 0.25
Agricultural property used predominantly for commercial and / or industrial purposes	0.01207	1:1.2
Smallholdings used predominantly for commercial and / or industrial purposes	0.01207	1: 1.2
Commercial / Business properties	0.01207	1: 1.2
Vacant Land	0.02012	1:2
Government/State Owned	0.02012	1:2
Industrial properties	0.01207	1:1.2
Public Service Infrastructure properties	0.002515	1:0.25
Municipal properties	0.01207	1:1.2

ASSESMENT RATES

Residential First R65 000 exempt 40% Rebate	0.0095791	5%
Vacant Land	0.019158	5%
Commercial 15% exempt Government	0.0115	5%
	0.019158	5%
Farms 70% rebate	0.002395	5%
Industrial 15% rebate	0.010948	5%
Municipal 100% rebate	0.010948	5%

ELECTRICITY

Draft Budget

The electricity tariff is proposed to increase by 7.64% - 9% subject to approval from NERSA.

REFUSE REMOVAL AND OTHER TARIFF OF CHARGES

Refuse tariffs are proposed to increase by 7% and all other tariffs are proposed to increase by 5%.

AUTHORITY

- Council

LABOUR IMPLICATIONS

- None

PARTIES CONSULTED

- Provincial Treasury

FINANCIAL IMPLICATIONS

- None

ANNEXURES

“A” – MFMA Circular 94

“B” - Budget schedules

“C” – Policies

“D” – Schedule A

“E” – Tariff of Charges

“F” – Standard Operating Procedures

“G” – Quality Certificate

RECOMMENDATIONS

Council resolves the following,

1. That, the draft budget of the municipality for the year 2019/20; and its indicative for the two projected outer years 2020/2021 and 2021/2020 as outlined on the report be tabled as set out in the following:
 - Operating Revenue by source of R505, 351, 549
 - Operating Expenditure by source of R388, 192, 049
 - Capital Expenditure by source and municipal vote of R174, 384, 250
 - Total budget of R562, 551, 299

2. That the council tables the following draft tariff increases for the 2019/20 financial year
 - Property rates tariff increase of 5% and first R65 000 property values as exemption, 40% rebates on all residential properties, 15% rebates on all commercial and government properties, 70% on farm properties, 15% rebates on industrial properties and 100% rebates to all municipal properties.
 - Refuse tariff increase of 7%.
 - Electricity tariff increase with 7, 64 – 9% subject to approval by NERSA.
 - That all other municipal tariff remains increase at an average of 5%.

3. That, council tables the reviewed policies as listed below,
 - 3.1. Appointment of consultant's policy,
 - 3.2. Banking and investments policy,
 - 3.3. Budget policy,
 - 3.4. Cash management policy,
 - 3.5. Cash shortage policy,
 - 3.6. Credit control and debt collection policy,
 - 3.7. Customer care policy,
 - 3.8. Customer incentive scheme policy,
 - 3.9. Data backup policy,
 - 3.10. Debt capacity policy,
 - 3.11. Donor finance policy,
 - 3.12. Electricity token policy,
 - 3.13. Entertainment & refreshments policy,
 - 3.14. Unclaimed deposits policy,
 - 3.15. Fraud prevention plan 2019-20,
 - 3.16. Gifts policy for officials,
 - 3.17. Grants & donation policy,
 - 3.18. GRAP framework policy,
 - 3.19. Indigent Policy,
 - 3.20. Cash-up Policy,
 - 3.21. Fixed Assets Policy,
 - 3.22. Payment Policy,
 - 3.23. Petty Cash Policy,
 - 3.24. Rates Policy,
 - 3.25. Special Services Policy,
 - 3.26. Strategy to improve Debtor policy,
 - 3.27. Supply Chain management Policy,
 - 3.28. Tariff Policy,
 - 3.29. Use of Credit Card Policy and
 - 3.30. Virement Policy.
 - 3.31. That, council approves the new infrastructure procurement and delivery management policy.

1.2 Council Resolutions

Council resolves the following,

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- (17) Grants & donation policy,
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- (19) Indigent Policy,

- (20) Cash-up Policy,
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- (23) Petty Cash Policy,
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- (26) Strategy to improve Debtor policy,
- (27) Supply Chain management Policy,
- (28) Tariff Policy,
- (29) Use of Credit Card Policy and
- (30) Virement Policy.

That, council approves the new infrastructure procurement and delivery management policy.

1.3 Executive Summary

BACKGROUND AND REASONING

The Budget was prepared according to the Zero Based Method. In terms of the method all votes and line items were reduced to zero and every amount allocated had to be motivated. General Managers were requested to hand their requests to the Chief Financial Officer for inclusion on the budget. The information was requested to reach the Chief Financial Officer by the 31st January 2019.

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The draft budget of **R505, 351, 549** on total revenue, of **R388, 192, 049** on operating expenditure and of **R174, 259, 250** on capital expenditure to be tabled to council as tabulated below.

TOTAL BUDGET REVENUE

REVENUE SOURCE	APPROVED BUDGET 2018/19	ADJUSTMENTS BUDGET 2018/19	DRAFT BUDGET 2019/20	DRAFT BUDGET % ALLOCATION	BUDGET YEAR +2020/2021	BUDGET YEAR 2021/2022
Property Rates	35 612 498	42 000 000	44 100 000	9%	46 305 000	48 620 250
Service Charges	61 816 319	51 956 560	68 077 246	13%	71 481 108	75 055 163
Rental Of Facilities & Equipment	1 700 000	9 859 760	1 700 000	0%	1 785 000	1 874 250
Interest - Outstanding Debtors	5 966 840	1 700 000	10 224 923	2%	10 736 169	11 272 977
Interest - External Investment	8 900 877	8 900 877	13 000 000	3%	13 650 000	14 332 500
Fines, Penalties and Forfeits	2 330 531	5 966 840	2 093 696	0%	2 198 381	2 308 300
Licences & Permits	3 849 000	2 330 531	4 524 684	1%	4 750 918	4 988 464
Transfers & Subsidies Operational	215 541 500	110 897 642	242 798 750	48%	233 774 750	233 774 750
Transfers & Subsidies Capital	142 082 100	215 741 500	117 159 250	23%	104 392 250	104 392 250
Other Revenue	1 896 802	1 896 802	1 673 000	0%	1 756 650	1 844 483
Total Revenue	479 696 467	451 250 512	505 351 549	100%	490 830 226	498 463 387

Remarks:

- The revenue is anticipated to be R505, 351, 549 in the 2019/20 financial year. The adjusted budget for 2019/20 was R451, 250, 512. This is an increase of R54, 101, 037 from the adjustment budget.
- The property rates amount is calculated from the previous valuation roll. The draft valuation roll is still on objection stage and will be finalised before the start of the new financial year.

OPERATING EXPENDITURE

EXPENDITURE TYPE	APPROVED BUDGET 2018/19	ADJUSTMENTS BUDGET 2018/19	DRAFT BUDGET 2019/20	DRAFT BUDGET % ALLOCATION	BUDGET YEAR +2020/2021	BUDGET YEAR 2021/2022
Employee Related Costs	114 330 288	114 430 288	116 227 243	30%	122 038 605	128 140 536
Remuneration Of Councillors	20 227 228	20 227 228	22 763 486	6%	23 901 661	25 096 744
Debt Impairment	5 000 000	5 000 000	2 500 000	1%	2 625 000	2 756 250
Depreciation	15 547 718	15 547 718	31 447 764	8%	33 020 152	34 671 160
Repairs & Maintanance	12 710 015	13 110 015	40 600 000	10%	42 630 000	44 761 500
Bulk Purchases	42 000 000	42 000 000	47 900 000	12%	50 295 000	52 809 750
Contracted Services	63 863 298	74 865 089	46 003 900	12%	48 304 095	50 719 300
Other Material	6 258 228	5 953 228	6 531 500	2%	6 858 075	7 200 979
Other Expenditure	57 525 238	51 318 475	74 218 156	19%	77 929 063	81 825 516
Grants & Subsidies	150 000	150 000	-	0%	-	-
Total Expenditure	337 612 012	342 602 041	388 192 049	100%	407 601 651	427 981 734

Remarks:

- The operating expenditure that is anticipated to be spent is R388, 192, 049 in the 2019/20 financial year. The adjusted budget for 2018/19 was R342, 602, 041. This is an increase of R45, 590 008 from the adjustment budget.

CAPITAL EXPENDITURE

DEPARMRNT/MUNICIPAL VOTE	APPROVED BUDGET 2018/19	ADJUSTMENTS BUDGET 2018/19	DRAFT BUDGET 2019/20
Executive and Council	0	0	25 000
Other Admin	345 000	345 000	115 000
Budget & Treasury	6 390 000	6 390 000	4 750 000
Corporate Services	4 900 000	5 415 000	3 651 551
Community Services	6 415 000	2 189 000	7 340 000
Economic Development Planning	2 965 000	8 400 000	382 000
Infrastructure	121 067 100	127 956 242	158 120 699
Total	142 082 100	150 695 242	174 384 250

Remarks:

- The capital expenditure that is anticipated to be spent is R174, 384, 250 in the 2019/20 financial year. The adjusted budget for 2018/19 was R150, 695, 242 million. This is an increase of R23, 689, 008 from the adjustment budget. This was due to the following:
 - Increase in INEP from R43m to R70, 1m,
 - Increase to allocation CRR from R43m to R55, 5m.

CONDITIONAL GRANTS ALLOCATION

The municipality will receive both conditional and unconditional grants of R379, 1 million, (an increase from R359, 9 million from 2018/19) from national treasury and national government departments gazetted on Division of Revenue Act (DoRA) as tabulated below,

GRANTS & SUBSIDIES	ALLOCATION 2019/20	ALLOCATION 2020/21	ALLOCATION 2021/22
Equitable Share	234 919 000	249 849 000	266 265 000
EXPANDED PUBLIC WORKS PROGRAMME	3 257 000		
FINANCE MANAGEMENT GRANT	1 700 000	1 700 000	1 700 000
MUNICIPAL INFRASTRUCTURE GRANT	49 255 000	51 926 000	55 769 000
INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME	70 177 000	75 000 000	64 999 000
Library and Archives Services	650 000	650 000	677 000
TOTAL	359 958 000	379 125 000	389 410 000

Further to the above conditional grants, the municipality has also been allocated the Library management systems conditional grant by the Provincial Government as per provincial gazette as follows,

Grants and Subsidies	Allocation 2018/19	Allocation 2019/20
Library and Archives Services	600 000	650 000
Total	600 000	650 000

All the grants both conditional and unconditional form part of the municipal revenue budgeted for to fund the both operating and capital budget.

CAPITAL BUDGET 2019/20-2021/22

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

Capital projects budgeted for amount to R174, 259, 250. Own sources (CRR) available to fund these projects amount to R 57, 200, 000, MIG allocation for 2019/20 is R46, 792, 250, INEP R70, 177, 000 for electrical capital projects and Provincial allocation of R190, 000 for Library and Museum.

The capital budget per municipal departments is tabulated as below,

DEPARTMENT/MUNICIPAL VOTE	APPROVED BUDGET 2018/19	ADJUSTMENTS BUDGET 2018/19	DRAFT BUDGET 2019/20	CAPITAL REPLACEMENT RESERVES	MIG	INEP	LIBRARY SUPPORT
Executive and Council	0	0	25 000				
Other Admin	345 000	345 000	115 000	115 000	-	-	-
Budget & Treasury	6 390 000	6 390 000	4 750 000	4 750 000	-	-	-
Corporate Services	4 900 000	5 415 000	3 651 551	3 651 551	-	-	-
Community Services	6 415 000	2 189 000	7 340 000	7 150 000	-	-	190 000
Economic Development Planning	2 965 000	8 400 000	382 000	382 000	-	-	
Infrastructure	121 067 100	127 956 242	158 120 699	41 151 449	46 792 250	70 177 000	
Total	142 082 100	150 695 242	174 384 250	57 200 000	46 792 250	70 177 000	190 000

Allocation of capital projects budgeted for as per area and as per ward is provided as per types of projects in departments budgeted under as follows,

ELECTRICAL PROJECTS

Electricity				80 702 000
315 KVA Minature Substation (Engine Garage)	Upgrade of existing		19 CRR	300 000
630 KVA Minature Substation (Shoprite)	Upgrade of existing		19 CRR	500 000
500KVA Minature Substation (NeWJ- Sub 24)	Upgrade of existing		19 CRR	350 000
3 x 100 KVA Area C	Upgrade of existing		20 CRR	250 000
315 KVA Minature Substation (Mountain View Sub 16)	Upgrade of existing		20 CRR	300 000
2 x 630 A Ring Main Unit	Upgrade of existing		20 CRR	300 000
Street Lights CDB	Upgrade of existing		19 CRR	1 000 000
High Mast Lights	Upgrade of existing	1&20	CRR	1 500 000
4 x Desk Top Computers	New		19 CRR	25 000
Substation - Eskom	New		19 CRR	6 000 000
Sehlabeng	DOE		4 INEP	6 600 000
Mngeni	DOE		7 INEP	9 500 000
Lufefeni	DOE		5 INEP	8 360 000
Makhoba	DOE		9 INEP	10 230 000
Mohapi # 2	DOE		13 INEP	3 685 000
Qili	DOE		18 INEP	6 886 000
Zitapile	DOE		22 INEP	6 490 000
Shenxa	DOE		26 INEP	8 668 000
Tlakanelo	DOE		13 INEP	6 073 000
Lukholweni	DOE		22 INEP	3 685 000

Remarks

- The electricity department has a capital budget of R 80, 7 million for rural electrification and substation which will be funded from INEP and CRR. The amount to be funded from INEP will be R70, 1 million.

PROJECT MANAGEMENT

Project Management and O&M				60 218 699
Maluti Internal Streets -Phase 4	Upgrade	1	MIG	6 000 000
Matatiele CBD Internal Streets -Phase 2	Upgrade	19	MIG	10 265 766
Cedarville Internal Roads -Phase 3	Upgrade	26	MIG	1 750 000
Harry Gwala Internal Streets	Upgrade	20	MIG	1 750 000
Cedarville Sport Center	Upgrade	26	MIG	6 545 678
Sijoka Access Road	New	10	MIG	650 000
Lagrange Pedestrian Bridge	New	7	MIG	150 000
Extension of Matatiele Sport Center	New	20	MIG	7 204 244
Mabheleni AR and bridge	New	21	MIG	210 000
Mahangu AR and Bridge	New	9	MIG	1 750 000
Msukeni Access Road	New	21	MIG	1 750 000
T13-Zwellis'ha Access Road	New	8	MIG	250 000
Epiphany Access Road	New	22	MIG	375 000
Nongavu Access Road	New	18	MIG	190 000
Freystata Bridge	New	15	MIG	3 059 720
Nongavu Bridge	New	18	MIG	1 860 921
Ngcwegane Bridge	New	7	MIG	3 030 921
Maralekeng Access Road	New	2	CRR	2 426 449
Nkasela Access Road	New	4	CRR	3 000 000
Rammati Access Road	New	6	MIG	-
Coshet Access Road	New	8	MIG	-
Mohapi Access Road	New	13	CRR	2 000 000
Moketsi Access Road	New	14	CRR	1 500 000
Lihaseg Access Road	New	15	MIG	-
Mbizweni Access Road	New	22	MIG	-
Madimong Access Road	New	3	MIG	-
Lufafeni Access Road	New	5	MIG	-
Mdeni- Manzini Access Road	New	7	CRR	3 000 000
Maqathini Access Road	New	11	MIG	-
Sera Access Road	New	12	MIG	-
Mboobo Access Road	New	16	MIG	-
Luxeni Access Road	New	17	MIG	-
Moring - Kweneng Access Road	New	24	MIG	-
St Margaret Access Road	New	25	MIG	-
Pharots'e Access Road	New	25	MIG	-
Ntai Mhloni Multi-Purpose Centre	New	8	MIG	-
Mkhemane		22	CRR	1 500 000

Remarks

- The project management, operations and maintenance unit has a capital budget of R60, 2 million, for the construction of access roads, bridges and sports fields.
- The funding for MIG will be R46, 7m and from CRR will be R13, 4m.

mSCOA Implementation

The municipality since November 2016 has started the process of readiness for mSCOA in preparation for draft budget implementation and this has been achieved through acquisition of mSCOA compliant consolidated financial management system (Munsoft) which is already in full operation by the municipality.

2018/2019 – 2020/21 MTERF budget preparation have been prepared according to the new requirements of mSCOA regulations. Draft IDP and draft budget have been submitted to National Treasury on the mSCOA format of seven segments. The final budget also will be submitted to National Treasury on mSCOA format as required.

Conclusion

The municipality to table the draft budget of R562, 5million which is subjected to public comments through public notices on local newspapers, municipal notice boards, municipal website and public meetings of every ward.

DESCRIPTION	APPROVED BUDGET	ADJUSTMENTS	DRAFT BUDGET	BUDGET YEAR	BUDGET YEAR
	2018/19	BUDGET 2018/19	2019/20	+2020/2021	2021/2022
Total Operating Budget	337 612 012	342 602 041	388 192 049	407 601 651	427 981 734
Total Capital Budget	142 082 100	160 019 242	174 359 250	167 994 364	163 643 647
Total Budget	479 694 113	502 621 283	562 551 299	575 596 015	591 625 381

Tariff of Charges

All charges excluding electricity and Refuse are proposed to increase by 5% for the 2019/20 financial year, proposed to start 1 July 2019.

PROPERTY RATES

Property rates tariff is proposed to increase by 5% for the 2019/20 financial year.

PROPERTY RATES

Property rates tariff is proposed to increase by 5% for the 2019/20 financial year as follows:

Categories	Rate Randages /Rand Value – c/R	Ratio in relation to residential property
Residential property	0.009297	1:1
Farm property as defined in Section 8(2) (d)(i) and 8 (2) (f) (i) of the Act (being Farm property used for agricultural purposes and smallholdings used for agricultural purposes)	0.002324	1: 0.25
Agricultural property used predominantly for commercial and / or industrial purposes	0.011156	1:1.2
Smallholdings used predominantly for commercial and / or industrial purposes	0.011156	1: 1.2
Commercial / Business properties	0.011156	1: 1.2
Industrial properties	0.011156	1:1.2
Public Service Infrastructure properties	0.002324	1:0.25
Municipal properties	0.011156	1:1.2

ASSESMENT RATES

Residential	0.009123	5%
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First R55 000 exempt		
35% Rebate		
Vacant Land	0.019905	5%
Commercial	0.010948	5%
10% exempt		
Government	0.019905	5%
Farms	0.002281	5%
65% rebate		
Industrial	0.010948	5%
10% rebate		
Municipal	0.010948	5%
100% rebate		

ELECTRICITY

Draft Budget

The electricity tariff is proposed to increase by 7.64% - 9% subject to approval from NERSA.

REFUSE REMOVAL AND OTHER TARIFF OF CHARGES

Refuse tariffs are proposed to increase by 7% and all other tariffs are proposed to increase by 5%.

Operating Revenue Framework

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 85 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

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

Table 1 -Summary of revenue classified by main revenue source

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	24 194	25 919	25 727	35 612	42 000	42 000	-	44 100	46 305	48 620
Service charges - electricity revenue	2	47 025	47 633	48 494	51 957	51 957	51 957	-	53 291	55 955	58 753
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	7 619	8 657	9 451	9 860	9 860	9 860	-	14 786	15 526	16 302
Rental of facilities and equipment		588	732	956	1 700	1 700	1 700	-	1 700	1 785	1 874
Interest earned - external investments		4 279	7 061	8 989	8 901	10 100	10 100	-	13 000	13 650	14 333
Interest earned - outstanding debtors		5 393	7 206	9 273	5 967	7 467	7 467	-	10 225	10 736	11 273
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		2 737	802	1 296	2 331	2 681	2 681	-	2 094	2 198	2 308
Licences and permits		2 395	3 793	3 598	3 849	3 849	3 849	-	4 525	4 751	4 988
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies-Operational		182 560	170 764	186 586	215 542	215 855	215 855	-	242 899	258 165	274 974
Transfers and subsidies-Capital		82 226	143 839	136 428	98 435	107 049	107 049	-	117 059	124 424	118 079
Other revenue	2	1 868	7 085	1 444	1 897	1 447	1 447	854	1 673	1 704	1 789
Gains on disposal of PPE		(287)	-	-	-	-	-	-	-	-	-
Total Revenue		360 598	423 491	432 242	436 049	453 963	453 963	854	505 352	535 200	553 294

1.4.1 Property Rates

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

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

The following stipulations in the Property Rates Policy are highlighted:

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

In this regard the following stipulations are relevant:

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

Additional:

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

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

Table 2- Operating Transfers and Grant Receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		183 069	176 032	190 287	214 942	214 942	214 942	242 339	254 145	270 753
Local Government Equitable Share		176 266	170 266	185 808	207 642	207 642	207 642	234 919	249 849	266 265
EPWP Incentive		1 780	1 790	2 780	3 185	3 185	3 185	1 700	1 700	1 700
Finance Management		1 600	1 625	1 699	1 700	1 700	1 700	3 257	-	-
Municipal Infrastructure Grant (MIG)		2 493	2 351	-	2 415	2 415	2 415	2 463	2 596	2 788
Municipal Systems Improvement		930	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	460	600	912	-	560	600	630
Sport and Recreation		-	-	460	600	912	-	560	600	630
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	183 069	176 032	190 747	215 542	215 854	214 942	242 899	254 745	271 383
Capital Transfers and Grants										
National Government:		77 374	127 012	122 175	98 436	106 349	106 349	116 969	124 330	117 980
Municipal Infrastructure Grant (MIG)		47 374	47 012	46 057	57 276	61 306	61 306	46 792	49 330	52 981
Integrated National Electrification Programme		30 000	80 000	76 118	41 160	45 042	45 042	70 177	75 000	64 999
Provincial Government:		-	-	9 306	-	700	-	90	-	-
ELECTRIFICATION SUPPORT		-	-	9 306	-	700	-	90	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
IDP SUPPORT		-	-	-	-	-	-	-	-	-
Other grant providers:		-	11 559	787	-	-	-	-	-	-
[insert description]		-	11 559	787	-	-	-	-	-	-
Total Capital Transfers and Grants	5	77 374	138 571	132 268	98 436	107 049	106 349	117 059	124 330	117 980
TOTAL RECEIPTS OF TRANSFERS & GRANTS		260 443	314 603	323 014	313 977	322 902	321 290	359 958	379 075	389 363

The municipality operational grants budget amounts to R242, 899 million for 2019/2020, included in this amount is the equitable share allocation, the operational grants budget equates to % of the total revenue budget.

Table 3 Comparison of rated levies for the 2019/20 financial year

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

Table 4 Comparison between current electricity charges and increases

WITHOUT VAT	New Tariff VAT Excluded 2018/2019	Increase for 2019/2020	New Tariff VAT Excluded 2019/2020
Scale 1: Domestic Consumers			
Basic charge, single or three phase per household per month. Plus the following kWh charges per month.	R 384.30	6.84%	R 441.95
0-50	R 0.85	6.84%	R 0.98
51-350	R 1.11	6.84%	R 1.27
600 over	R 1.57	6.84%	R 1.80
	R 1.88	6.84%	R 2.16
Scale 2: Commercial & Other Consumers			
Basic charge of consumers with the following kVA installed per month			
0 - 25 KVA	R 433.21	6.84%	R 498.20
26 - 64 KVA	R 1 588.65	6.84%	R 1 826.94
65 KVA and more	R 9 295.51	6.84%	R 10 689.83
plus the following kWh charge per month:			
0 - 2000 kWh	R 1.70	6.84%	R 1.95
2000 - and more	R 1.70	6.84%	R 1.95

Waste Removal and Impact of Tariff Increases

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

A 5 per cent increase in the waste tariff is proposed from for the 2019/20 budget year.

The following table compares current and proposed amounts payable for the 2019/20 MTREF

Table 6 Comparison between current waste removal fees and increases

	WITHOUT VAT	New Tariff VAT Excluded 2018/2019	Increase for 2019/2020	New Tariff VAT Excluded 2019/2020
1.1	<i>Domestic Removals</i>			
(a)	Every owner or occupier of premises from which refuse is removed twice weekly shall pay the Council a fee of per bag per month.	R 123.89	7%	R 145.19
1.2	<i>Commercial Removals</i>			
(a)	Each individual/separate business shall be charged a basic service charge per month.	R 185.82	7%	R 217.77
1.3	In addition to 1.2 every owner or occupier of business premises from which refuse is removed, shall pay the Council a fee of per bag per month, removal twice weekly.	R 185.82	7%	R 217.77
1.4	Provided that Council may at any time conclude separate agreements with commercial users who require that refuse be removed more than twice a week. The above tariff shall be the applicable tariff.			
1.5	<i>Removal from Separate Consumers on same Premises</i>			
	Where refuse is removed from shops and dwellings or flats situated on the same premises such shops and dwellings or flats shall be regarded as separately occupied buildings, and the charges for the removal of refuse shall be as prescribed in applicable scales.			
1.6	<i>Availability Charge</i>			
	A availability fee , is charged to any vacant commercial even located in the town areas of Cedarville, Matatiele and Maluti.	R 210.00	7%	R 246.10
	A availability fee , is charged to any vacant domestic even located in the town areas of Cedarville, Matatiele and Maluti.	R 105.00	7%	R 123.05

1.3.1 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

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

Table 7 EC441 MATATIELE LOCAL MUNICIPALITY Table SA14 – Household bills

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20 % incr.	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Rand/cent											
Monthly Account for Household - 'Middle Income Range'											
Rates and services charges:											
Property rates		307.35	322.72	355.79	355.79	355.79	355.79	5.0%	373.58	392.26	411.87
Electricity: Basic levy		208.78	219.21	247.76	247.76	247.76	247.76	6.8%	264.71	280.80	303.41
Electricity: Consumption		628.15	659.56	745.45	745.45	745.45	745.45	6.8%	796.44	844.86	902.74
Water: Basic levy		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Water: Consumption		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sanitation		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Refuse removal		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
sub-total		1 144.28	1 201.49	1 349.00	1 349.00	1 349.00	1 349.00	6.4%	1 434.73	1 517.92	1 618.01
VAT on Services											
Total large household bill:		1 144.28	1 201.49	1 349.00	1 349.00	1 349.00	1 349.00	6.4%	1 434.73	1 517.92	1 618.01
% increase/-decrease			5.0%	12.3%	-	-	-		6.4%	5.8%	6.6%
Monthly Account for Household - 'Affordable Range'											
Rates and services charges:											
Property rates		307.35	322.72	355.79	0.05	54 814.00	54 814.00	5.0%	54 814.00	57 554.70	60 432.44
Electricity: Basic levy		208.78	219.21	247.76	0.07	50.00	50.00	6.8%	50.00	53.04	57.32
Electricity: Consumption		628.15	659.56	745.45	-	-	-	6.8%	-	-	-
Water: Basic levy		-	-	-	-	-	-	-	-	-	-
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-	-
Refuse removal		-	50.85	117.99	0.05	126.25	126.25	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
sub-total		1 144.28	1 252.35	1 466.99	0.17	54 990.25	54 990.25	#####	54 864.01	57 607.75	60 489.75
VAT on Services											
Total small household bill:		1 144.28	1 252.35	1 466.99	0.17	54 990.25	54 990.25	#####	54 864.01	57 607.75	60 489.75
% increase/-decrease			9.4%	17.1%	(100.0%)	#####	-		(0.2%)	5.0%	5.0%
Monthly Account for Household - 'Indigent' Household receiving free basic services											
Rates and services charges:											
Property rates		30 000.00	30 000.00	30 000.00	55 000.00	55 000.00	55 000.00	18.2%	65 000.00	65 000.00	65 000.00
Electricity: Basic levy											
Electricity: Consumption		50.00	50.00	50.00	50.00	50.00	50.00	-	50.00	50.00	50.00
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		69 346.37	72 813.69	76 454.37	117.99	117.99	117.99	23.1%	145.19	145.19	145.19
Other											
sub-total		99 396.37	102 863.69	106 504.37	55 167.99	55 167.99	55 167.99	18.2%	65 195.19	65 195.19	65 195.19
VAT on Services											
Total small household bill:		99 396.37	102 863.69	106 504.37	55 167.99	55 167.99	55 167.99	18.2%	65 195.19	65 195.19	65 195.19
% increase/-decrease			3.5%	3.5%	(48.2%)	-	-		18.2%	-	-

Operating Expenditure Framework

The Municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

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

Table 8 Summary of operating expenditure by standard classification item

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure By Type											
Employee related costs	2	80 676	86 312	101 317	114 330	116 049	116 049	-	116 513	122 339	128 456
Remuneration of councillors		16 875	16 987	18 636	20 227	20 227	20 227	-	22 763	23 902	25 097
Debt impairment	3	6 682	1 194	(66)	5 000	5 000	5 000	-	5 500	5 775	6 064
Depreciation & asset impairment	2	22 850	32 720	51 771	15 548	15 548	15 548	-	31 448	33 020	34 671
Finance charges		5	42	8	-	-	-	-	-	-	-
Bulk purchases	2	34 111	36 714	37 197	42 000	42 000	42 000	-	47 900	50 295	52 810
Other materials	8	-	2 182	4 551	6 258	6 203	6 203	-	6 532	6 858	7 201
Contracted services		15 099	64 700	68 201	82 832	87 508	87 508	-	86 618	90 949	95 496
Transfers and subsidies		18 517	-	-	150	150	150	-	-	-	-
Other expenditure	4, 5	66 015	42 927	34 495	51 267	54 230	54 230	-	71 018	74 569	78 298
Loss on disposal of PPE		-	208	45 641	-	-	-	-	-	-	-
Total Expenditure		260 831	283 987	361 750	337 612	346 914	346 914	-	388 292	407 707	428 092

The budgeted allocation for employee related costs for the 2019/20 financial year totals

R116, 5 million, which equals 30 per cent of the total operating expenditure. The municipality has estimated an increase of 8 % for the 2019/2020.

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

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2019/20 financial year this amount equates to R5,5 million and escalates to R6, million by 2021/22. While this expenditure is

considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R31, 4 million for the 2019/20 financial and equates to 8 per cent of the total operating expenditure.

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

Other material comprises of amongst others materials for maintenance.

For 2019/20 budget year the appropriation against this group of expenditure is by 2 per cent and continues to grow at 3 and 5 per cent for the two outer years.

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

1.3.2 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2019/20 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

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

Table 9 Repairs and maintenance by expenditure item

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
					Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome						
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		-	-	-	6 770	6 770	-	5 057	5 310	5 575
Roads Infrastructure		-	-	-	6 770	6 770	-	5 057	5 310	5 575
Roads		-	-	-	6 770	6 770	-	5 057	5 310	5 575
Community Assets		-	-	-	960	1 060	-	1 000	1 050	1 103
Community Facilities		-	-	-	550	650	-	750	788	827
Halls		-	-	-	-	-	-	100	105	110
Public Open Space		-	-	-	250	-	-	-	-	-
Nature Reserves		-	-	-	-	-	-	-	-	-
Public Ablution Facilities		-	-	-	300	650	-	650	683	717
Capital Spares		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	410	410	-	250	263	276
Indoor Facilities		-	-	-	-	-	-	-	-	-
Outdoor Facilities		-	-	-	410	410	-	250	263	276
Capital Spares		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	2 800	3 560	-	3 610	3 791	3 980
Operational Buildings		-	-	-	2 800	3 560	-	3 610	3 791	3 980
Municipal Offices		-	-	-	2 750	3 560	-	3 610	3 791	3 980
Yards		-	-	-	50	-	-	-	-	-
Machinery and Equipment		-	-	-	2 180	2 550	-	530	557	584
Machinery and Equipment		-	-	-	2 180	2 550	-	530	557	584
Total Repairs and Maintenance Expenditure	1	-	-	-	12 710	13 940	-	10 197	10 707	11 242

For the 2019/20 financial year repairs and maintenance is budgeted at R10, 1 million this equates to 3 % of the total operating budget, this increase to R11, million in the 2021/22 outer year.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 17 000 or more indigent households during the 2019/2020 financial year, a process reviewed annually.

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

1.4 Capital expenditure

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

Table 10 2019/20 Medium-term capital budget per vote

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Admin		-	2 359	-	-	-	-	-	-	-	-
Vote 3 - Corporate		-	-	-	-	-	-	-	-	-	-
Vote 4 - Development and Planning		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community		-	3 141	-	-	-	-	-	-	-	-
Vote 6 - Infrastructure		-	133 330	-	-	-	-	-	83 982	92 380	96 999
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	138 830	-	-	-	-	-	83 982	92 380	96 999
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and council		-	-	1	-	-	-	-	25	28	29
Vote 2 - Budget and Admin		42	-	1 330	6 735	6 735	92	-	8 522	9 374	9 842
Vote 3 - Corporate		2 127	-	151	5 415	5 415	1 219	-	3 880	4 268	4 481
Vote 4 - Development and Planning		1 399	-	62	2 965	2 213	1 412	-	77 801	85 581	89 860
Vote 5 - Community		9 576	-	181	5 300	7 650	183	-	-	-	-
Vote 6 - Infrastructure		88 337	-	89 235	121 067	137 280	141 284	-	-	-	-
Vote 7 - Internal Audit		23	-	47	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		101 503	-	91 006	141 482	159 293	144 189	-	90 227	99 250	104 212
Total Capital Expenditure - Vote		101 503	138 830	91 006	141 482	159 293	144 189	-	174 209	191 630	201 212

The total capital expenditure budget for the 2019/20 budget year amounts R174, 259 million, this will be funded as follow;

Source of Funding	Budget 2019/20	% allocation
Municipal Infrastructure Grant	R 46 792 250	27%
Integrated National Electrification Programme	R 70 177 000	40%
Capital Replacement Reserve	R 57 200 000	33%

1.5 Annual Budget Tables

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

Table 11 MBRR Table A1 - Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands										
Financial Performance										
Property rates	24 194	25 919	25 727	35 612	42 000	42 000	-	44 100	46 305	48 620
Service charges	54 645	56 290	57 945	61 816	61 816	61 816	-	68 077	71 481	75 055
Investment revenue	4 279	7 061	8 989	8 901	10 100	10 100	-	13 000	13 650	14 333
Transfers recognised - operational	182 560	170 764	186 586	215 542	215 855	215 855	-	242 899	258 165	274 974
Other own revenue	12 694	19 618	16 567	15 743	17 143	17 143	854	20 216	21 175	22 233
Total Revenue (excluding capital transfers and contributions)	278 372	279 653	295 814	337 614	346 914	346 914	854	388 292	410 776	435 216
Employee costs	80 676	86 312	101 317	114 330	116 049	116 049	-	116 513	122 339	128 456
Remuneration of councillors	16 875	16 987	18 636	20 227	20 227	20 227	-	22 763	23 902	25 097
Depreciation & asset impairment	22 850	32 720	51 771	15 548	15 548	15 548	-	31 448	33 020	34 671
Finance charges	5	42	8	-	-	-	-	-	-	-
Materials and bulk purchases	34 111	38 896	41 748	48 258	48 203	48 203	-	54 432	57 153	60 011
Transfers and grants	18 517	-	-	150	150	150	-	-	-	-
Other expenditure	87 797	109 029	148 270	139 099	146 737	146 737	-	163 136	171 293	179 858
Total Expenditure	260 831	283 987	361 750	337 612	346 914	346 914	-	388 292	407 707	428 092
Surplus/(Deficit)	17 541	(4 334)	(65 936)	2	0	0	854	0	3 069	7 124
Transfers and subsidies - capital (monetary allocation)	82 226	143 839	136 428	98 435	107 049	107 049	-	117 059	124 424	118 079
Contributions recognised - capital & contributed assets	-	-	-	43 647	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	99 768	139 504	70 492	142 084	107 049	107 049	854	117 059	127 493	125 202
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	99 768	139 504	70 492	142 084	107 049	107 049	854	117 059	127 493	125 202
Capital expenditure & funds sources										
Capital expenditure	101 503	139 948	137 438	142 082	160 019	160 019	-	174 259	191 685	201 269
Transfers recognised - capital	101 503	119 568	137 438	98 436	107 049	107 049	-	117 059	142 342	157 786
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	43 647	52 995	37 141	-	57 200	49 343	43 483
Total sources of capital funds	101 503	119 568	137 438	142 082	160 043	144 189	-	174 259	191 685	201 269
Financial position										
Total current assets	92 612	131 188	188 093	69 103	69 103	69 103	-	89 504	92 761	96 522
Total non current assets	704 315	820 749	940 377	896 369	896 369	896 369	-	981 359	1 057 735	1 141 185
Total current liabilities	35 273	41 435	64 628	35 533	44 459	44 459	-	54 174	59 591	62 571
Total non current liabilities	24 442	25 262	27 767	26 948	26 948	26 948	-	30 200	32 314	34 899
Community wealth/Equity	737 211	885 240	1 036 076	902 992	894 066	894 066	-	958 492	1 028 633	1 107 884
Cash flows										
Net cash from (used) operating	119 092	169 885	182 017	118 985	44 045	44 045	-	176 730	192 856	193 833
Net cash from (used) investing	(101 169)	(146 258)	(134 060)	(98 435)	(147 788)	(147 788)	-	(174 179)	(191 597)	(201 177)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	48 411	71 912	119 869	26 387	16 126	16 126	-	122 419	123 678	116 334
Cash backing/surplus reconciliation										
Cash and investments available	48 411	71 912	119 869	42 242	42 242	42 242	-	49 047	51 006	53 403
Application of cash and investments	(11 276)	(5 003)	3 316	10 252	22 184	22 184	-	25 680	30 159	32 147
Balance - surplus (shortfall)	59 687	76 914	116 553	31 990	20 058	20 058	-	23 367	20 847	21 256
Asset management										
Asset register summary (WDV)	704 315	813 340	860 041	978 312	996 501	-	-	1 167 030	187 582	1 337 318
Depreciation	22 850	32 720	51 771	15 548	15 548	-	-	31 448	33 020	34 671
Renewal and Upgrading of Existing Assets	-	-	-	6 230	8 190	-	-	3 730	4 103	4 308
Repairs and Maintenance	-	-	-	12 710	13 940	-	-	10 197	10 707	11 242
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	19 274	19 274	19 274	16 537	16 537	17 364	18 232
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sew erage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2019/20, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 12 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
Revenue - Functional										
Governance and administration		200 755	367 201	231 055	305 239	270 680	-	304 530	322 855	342 836
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		200 755	367 201	231 055	305 239	270 680	-	304 530	322 855	342 836
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		21 083	-	4 500	9 185	10 197	-	11 026	11 537	12 114
Community and social services		21 083	-	4 500	4 785	5 797	-	4 937	5 143	5 401
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	4 400	4 400	-	6 089	6 394	6 713
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		1 413	-	47 651	61 730	65 661	-	50 815	53 564	57 489
Planning and development		1 413	-	47 651	625	525	-	145	152	160
Road transport		-	-	-	61 105	65 136	-	50 670	53 412	57 329
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		137 348	56 290	148 838	103 543	107 425	-	138 981	147 244	140 855
Energy sources		137 348	56 290	148 838	93 631	97 513	-	124 132	131 653	124 484
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	9 912	9 912	-	14 849	15 591	16 371
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	360 599	423 491	432 044	479 696	453 963	-	505 352	535 200	553 294
Expenditure - Functional										
Governance and administration		117 387	283 987	198 118	183 264	190 219	-	235 009	246 759	259 097
Executive and council		32 669	-	29 197	29 282	29 854	-	32 023	33 624	35 305
Finance and administration		84 719	283 987	168 921	150 642	156 787	-	199 338	209 305	219 771
Internal audit		-	-	-	3 339	3 579	-	3 648	3 830	4 022
Community and public safety		46 913	-	15 643	25 623	28 189	-	29 409	30 880	32 424
Community and social services		46 913	-	15 643	9 491	11 254	-	11 955	12 552	13 180
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	16 132	16 936	-	17 454	18 327	19 244
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		16 205	-	84 490	60 986	-	-	46 202	48 512	50 938
Planning and development		16 205	-	84 490	20 024	-	-	20 233	21 245	22 307
Road transport		-	-	-	40 962	-	-	25 969	27 268	28 631
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		80 326	-	63 499	67 739	128 505	-	77 672	81 555	85 633
Energy sources		80 326	-	63 499	49 750	-	-	55 716	58 501	61 426
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	17 990	128 505	-	21 956	23 054	24 206
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	260 831	283 987	361 750	337 612	346 914	-	388 292	407 707	428 092
Surplus/(Deficit) for the year		99 769	139 504	70 294	142 084	107 049	-	117 059	127 493	125 202

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

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

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
Vote 1 - Executive and council		–	–	–	–	–	–	–	–	–
Vote 2 - Budget and Admin		200 584	367 201	231 055	304 859	270 300	303 211	304 180	322 488	342 451
Vote 3 - Corporate		171	–	–	380	380	366	350	368	386
Vote 4 - Development and Planning		1 413	–	47 651	625	525	602	145	152	160
Vote 5 - Community		21 083	–	4 500	19 097	20 109	14 738	25 875	27 128	28 484
Vote 6 - Infrastructure		137 348	56 290	148 838	154 736	162 649	149 816	174 802	185 065	181 814
Vote 7 - Internal Audit		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	360 599	423 491	432 044	479 696	453 963	468 732	505 352	535 200	553 294
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and council		32 669	–	29 197	29 282	29 854	28 184	32 023	33 624	35 305
Vote 2 - Budget and Admin		48 200	283 987	132 302	85 376	87 291	82 174	134 462	141 185	148 244
Vote 3 - Corporate		36 518	–	36 619	65 266	69 496	62 819	64 876	68 120	71 526
Vote 4 - Development and Planning		16 205	–	84 490	20 024	19 034	19 273	20 233	21 245	22 307
Vote 5 - Community		46 913	–	15 643	43 613	45 829	41 977	51 365	53 933	56 630
Vote 6 - Infrastructure		80 326	–	63 499	90 712	91 832	87 310	81 685	85 769	90 058
Vote 7 - Internal Audit		–	–	–	3 339	3 579	3 214	3 648	3 830	4 022
Total Expenditure by Vote	2	260 831	283 987	361 750	337 612	346 914	324 952	388 292	407 707	428 092
Surplus/(Deficit) for the year	2	99 769	139 504	70 294	142 084	107 049	143 780	117 059	127 493	125 202

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

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

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	24 194	25 919	25 727	35 612	42 000	42 000	-	44 100	46 305	48 620
Service charges - electricity revenue	2	47 025	47 633	48 494	51 957	51 957	51 957	-	53 291	55 955	58 753
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	7 619	8 657	9 451	9 860	9 860	9 860	-	14 786	15 526	16 302
Rental of facilities and equipment		588	732	956	1 700	1 700	1 700	-	1 700	1 785	1 874
Interest earned - external investments		4 279	7 061	8 989	8 901	10 100	10 100	-	13 000	13 650	14 333
Interest earned - outstanding debtors		5 393	7 206	9 273	5 967	7 467	7 467	-	10 225	10 736	11 273
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		2 737	802	1 296	2 331	2 681	2 681	-	2 094	2 198	2 308
Licences and permits		2 395	3 793	3 598	3 849	3 849	3 849	-	4 525	4 751	4 988
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		182 560	170 764	186 586	215 542	215 855	215 855	-	242 899	258 165	274 974
Other revenue	2	1 868	7 085	1 444	1 897	1 447	1 447	854	1 673	1 704	1 789
Gains on disposal of PPE		(287)	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		278 372	279 653	295 814	337 614	346 914	346 914	854	388 292	410 776	435 216
Expenditure By Type											
Employee related costs	2	80 676	86 312	101 317	114 330	116 049	116 049	-	116 513	122 339	128 456
Remuneration of councillors		16 875	16 987	18 636	20 227	20 227	20 227	-	22 763	23 902	25 097
Debt impairment	3	6 682	1 194	(66)	5 000	5 000	5 000	-	5 500	5 775	6 064
Depreciation & asset impairment	2	22 850	32 720	51 771	15 548	15 548	15 548	-	31 448	33 020	34 671
Finance charges		5	42	8	-	-	-	-	-	-	-
Bulk purchases	2	34 111	36 714	37 197	42 000	42 000	42 000	-	47 900	50 295	52 810
Other materials	8	-	2 182	4 551	6 258	6 203	6 203	-	6 532	6 858	7 201
Contracted services		15 099	64 700	68 201	82 832	87 508	87 508	-	86 618	90 949	95 496
Transfers and subsidies		18 517	-	-	150	150	150	-	-	-	-
Other expenditure	4, 5	66 015	42 927	34 495	51 267	54 230	54 230	-	71 018	74 569	78 298
Loss on disposal of PPE		-	208	45 641	-	-	-	-	-	-	-
Total Expenditure		260 831	283 987	361 750	337 612	346 914	346 914	-	388 292	407 707	428 092
Surplus/(Deficit)		17 541	(4 334)	(65 936)	2	0	0	854	0	3 069	7 124
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	43 647	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		99 768	139 504	70 492	142 084	107 049	107 049	854	117 059	127 493	125 202
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		99 768	139 504	70 492	142 084	107 049	107 049	854	117 059	127 493	125 202
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		99 768	139 504	70 492	142 084	107 049	107 049	854	117 059	127 493	125 202
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		99 768	139 504	70 492	142 084	107 049	107 049	854	117 059	127 493	125 202

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

1. Total revenue is R388,2 million (excluding capital and escalates to R435,2, million by 2021/22.
2. Revenue to be generated from property rates is R44, 1 million in the 2019/20 financial year and increases to R48,6 million by 2021/22 which represents 11 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality's own revenue.

3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R68, million for the 2019/20 financial year and increasing to R75, million by 2021/22. For the 2019/20 financial year services charges amount to 18 per cent of the total revenue base. This growth can mainly be attributed to the increase in the bulk prices of electricity.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. The percentage share of this revenue source increases each year as per the allocations on the DORA.
5. Bulk purchases amounts to R47 million and increases to R52 million for 2021/22. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

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

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote	1										
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Admin		-	2 359	-	-	-	-	-	-	-	-
Vote 3 - Corporate		-	-	-	-	-	-	-	-	-	-
Vote 4 - Development and Planning		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community		-	3 141	-	-	-	-	-	-	-	-
Vote 6 - Infrastructure		-	133 330	-	-	-	-	-	83 982	92 380	96 999
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	138 830	-	-	-	-	-	83 982	92 380	96 999
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and council		-	-	1	-	-	-	-	25	28	29
Vote 2 - Budget and Admin		42	-	1 330	6 735	6 735	92	-	8 522	9 374	9 842
Vote 3 - Corporate		2 127	-	151	5 415	5 415	1 219	-	3 880	4 268	4 481
Vote 4 - Development and Planning		1 399	-	62	2 965	2 213	1 412	-	77 801	85 581	89 860
Vote 5 - Community		9 576	-	181	5 300	7 650	183	-	-	-	-
Vote 6 - Infrastructure		88 337	-	89 235	121 067	137 280	141 284	-	-	-	-
Vote 7 - Internal Audit		23	-	47	-	-	-	-	50	-	-
Capital single-year expenditure sub-total		101 503	-	91 006	141 482	159 293	144 189	-	90 277	99 250	104 212
Total Capital Expenditure - Vote		101 503	138 830	91 006	141 482	159 293	144 189	-	174 259	191 630	201 212

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

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

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

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

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
ASSETS											
Current assets											
Cash		48 411	71 912	119 869	19 845	19 845	19 845	–	21 050	21 050	21 050
Call investment deposits		–	–	–	22 397	22 397	22 397	–	27 997	29 956	32 353
Consumer debtors	1	31 724	41 662	55 518	12 914	12 914	12 914	–	26 010	27 307	28 672
Other debtors	1	11 512	7 795	11 734	12 933	12 933	12 933	–	13 198	13 198	13 198
Current portion of long-term receivables		–	9 150	–	–	–	–	–	–	–	–
Inventory	2	966	670	974	1 014	1 014	1 014	–	1 250	1 250	1 250
Total current assets		92 612	131 188	188 093	69 103	69 103	69 103	–	89 504	92 761	96 522
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		21 614	20 457	20 020	22 695	22 695	22 695	–	23 175	21 279	19 868
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	682 280	797 779	918 736	873 232	873 232	873 232	–	957 492	1 035 731	1 120 516
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		421	2 513	1 621	442	442	442	–	692	725	802
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		704 315	820 749	940 377	896 369	896 369	896 369	–	981 359	1 057 735	1 141 185
TOTAL ASSETS		796 926	951 937	1 128 471	965 472	965 472	965 472	–	1 070 863	1 150 495	1 237 708
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	–	–	–	–	–	–	–	–	–	–
Consumer deposits		279	282	291	398	398	398	–	–	–	–
Trade and other payables	4	33 816	39 968	63 526	34 737	43 663	43 663	–	54 174	59 591	62 571
Provisions		1 179	1 185	811	398	398	398	–	–	–	–
Total current liabilities		35 273	41 435	64 628	35 533	44 459	44 459	–	54 174	59 591	62 571
Non current liabilities											
Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions		24 442	25 262	27 767	26 948	26 948	26 948	–	30 200	32 314	34 899
Total non current liabilities		24 442	25 262	27 767	26 948	26 948	26 948	–	30 200	32 314	34 899
TOTAL LIABILITIES		59 715	66 698	92 395	62 480	71 407	71 407	–	84 374	91 905	97 470
NET ASSETS	5	737 211	885 240	1 036 076	902 992	894 066	894 066	–	986 489	1 058 590	1 140 237
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		647 292	798 155	868 654	90 215	99 141	99 141	–	155 859	167 741	175 177
Reserves	4	89 919	87 085	167 422	812 777	794 924	794 924	–	830 630	890 849	965 060
TOTAL COMMUNITY WEALTH/EQUITY	5	737 211	885 240	1 036 076	902 992	894 066	894 066	–	986 489	1 058 590	1 140 237

1. Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 17 Table A7 - Budgeted Cash Flow Statement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		24 194	25 919	25 727	35 612	43 063	43 063	-	38 367	40 285	42 300
Service charges		54 645	54 321	57 945	61 816	49 034	49 034	-	48 906	51 351	53 919
Other revenue		16 923	12 352	6 072	9 776	8 417	8 417	-	8 945	9 339	9 806
Government - operating	1	175 071	159 992	186 586	215 542	213 440	213 440	-	242 899	258 165	274 974
Government - capital	1	87 911	152 934	136 428	98 435	47 257	47 257	-	117 059	124 424	118 079
Interest		9 672	14 266	18 262	14 868	9 201	9 201	-	23 225	24 386	25 605
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(249 317)	(231 600)	(248 996)	(316 914)	(326 217)	(326 217)	-	(302 670)	(315 095)	(330 850)
Finance charges		(5)	(34)	(8)				-	-	-	-
Transfers and Grants	1		(18 265)		(150)	(150)	(150)	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		119 092	169 885	182 017	118 985	44 045	44 045	-	176 730	192 856	193 833
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		335	823		43 647			-	-	-	-
Decrease (increase) in non-current debtors								-	-	-	-
Decrease (increase) other non-current receivables			(8 627)					-	-	-	-
Decrease (increase) in non-current investments			375					-	-	-	-
Payments											
Capital assets		(101 503)	(138 829)	(134 060)	(142 082)	(147 788)	(147 788)	-	(174 179)	(191 597)	(201 177)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(101 169)	(146 258)	(134 060)	(98 435)	(147 788)	(147 788)	-	(174 179)	(191 597)	(201 177)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		17 924	23 628	47 957	20 550	(103 743)	(103 743)	-	2 551	1 259	(7 344)
Cash/cash equivalents at the year begin:	2	30 487	48 284	71 912	5 837	119 869	119 869	-	119 869	122 419	123 678
Cash/cash equivalents at the year end:	2	48 411	71 912	119 869	26 387	16 126	16 126	-	122 419	123 678	116 334

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 2019/20 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. The estimated surplus for the 2019/20 MTREF is based on enhancing the going concern principle of the municipality, the surplus is estimated at R26 million and R93 million in 2021/22 outer year .

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

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	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	1	48 411	71 912	119 869	26 387	16 126	16 126	-	122 419	123 678	116 334
Other current investments > 90 days		(0)	-	(0)	15 855	26 116	26 116	-	(73 373)	(72 672)	(62 931)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		48 411	71 912	119 869	42 242	42 242	42 242	-	49 047	51 006	53 403
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(11 276)	(5 003)	3 316	10 252	22 184	22 184	-	25 680	30 159	32 147
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(11 276)	(5 003)	3 316	10 252	22 184	22 184	-	25 680	30 159	32 147
Surplus(shortfall)		59 687	76 914	116 553	31 990	20 058	20 058	-	23 367	20 847	21 256

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. From the table it can be seen that for the period 2019/20 the surplus is R23million and decreases to R35million in 2021/22. For the rest of the MTREF a surplus is indicated.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the tabled 2019/20 MTREF is funded.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2019/20 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 9 per cent of PPE.

Table 19 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Total cost of FBS provided		-	-	-	-	-	-	-	-	-
Highest level of free service provided per household										
Property rates (R v value threshold)		55 000	55 000	55 000	55 000	55 000	55 000	65 000	65 000	65 000
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (R and per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Revenue cost of subsidised services provided (R'000)										
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	9									
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	19 274	19 274	19 274	16 537	17 364	18 232
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates	6									
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided		-	-	-	19 274	19 274	19 274	16 537	17 364	18 232

References

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for 19000 households to be registered as indigent in 2019/20, and therefore entitled to receiving Free Basic Services. The number is to be maintained at 19 000 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
3. It is anticipated that these Free Basic Services will cost the municipality R19 million in 2019/20, increasing to R21 million in 2020/20. This is covered by the municipality's equitable share allocation from national government.

2 Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

1. The process followed in compiling the 2019/20 Budget can be summarised as follows:
 - a) Council Adopted a Budget Timetable in August 2018.
 - b) The Budget & Finance Standing Committee Compiled Budget Assumptions and recommended same to Council for adoption. During this meeting the Budget, Tariff, Rates, Indigent and SCM Policies were reviewed. ;
 - c) The CFO presented the Budget Assumptions and Guideline to the General Manager in October 2018;
 - d) IDP / Budget Outreaches will be held in 08-12 April 2019. Councillors, Managers and support staff were divided in six (6) teams and all wards were visited during one (1) week.

2.2 Overview of alignment of annual budget with IDP

The development of the IDP of 2018-2022 and the 2019/2020 Budget Compilation were done simultaneously. During the Community Participation Process IDP priorities and the implications it will have on the current and future budgets were discussed. Community input in this regard was invited and included in both the IDP and the 2019/2020 Budget. Only capital items listed in the IDP was included in the Budget, funds permitting.

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

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

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

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

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

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

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

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

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

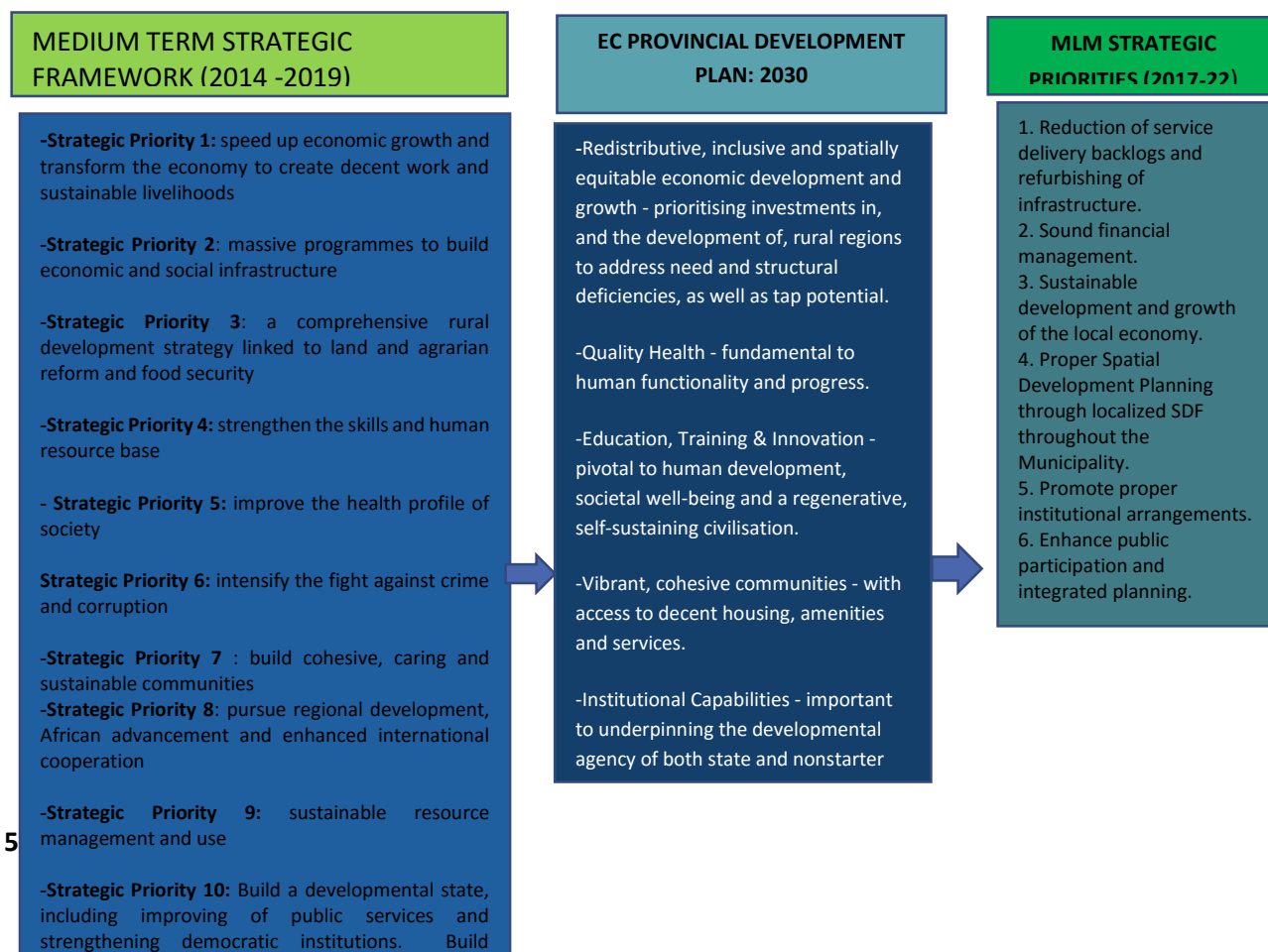
The aim of the revision cycle was develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and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

The national and provision priorities, policies

- Green Paper on National Strategic
- Government Programme of Action
- Development Facilitation Act of
- Provincial Growth and Development
- National and Provincial Spatial Development Perspectives;
- Relevant Sector plans such as transportation, Legislation and policy;
- National Key Performance Indicators (NKPI's);
- Accelerated and Shared Growth
- National Spatial Development
- The National Priority Outcomes

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/2017 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives



In order to ensure integrated and focused service delivery between all spheres of government it was important for the city to align its budget with that of national and provincial government. All spheres of government place a high priority on infrastructure development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements. Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

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

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

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

In addition to the five-year IDP, the City undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the City so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the City's IDP, associated scrotal plans and strategies, and the allocation of resources of the City and other service delivery partners.

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

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

Lessons learned with Previous IDP revision planning cycles as well as changing environments were taken into consideration in the compilation for the fourth revised IDP, including;

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

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

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

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

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
To ensure full compliance with legislative requirements of MFMA, MPRA and financial relevant regulations and national treasury guides and reforms to improve financial management and its viability				190 755	274 187	221 895	276 570	160 336	-	271 071	293 650	308 333
.To create a favourable environment for promoting a growing and sustainable local economy					-	47 651	61 730	65 661	-	14 849	15 591	16 371
To Support the development of SMME to participate in a diversified and growing economy				-	-	-	20 024	-	-	20 233	21 245	22 307
To Provide support to indigent households with the municipality				10 000	9 800	9 160	14 000	14 000		10 193	10 703	11 238
To provide suitable and conducive working conditions for municipal staff and councillors				36 518	-	36 619	12 823	13 423	-	11 194	11 754	12 341
Promote good governance in providing efficient administrative support to council, council committees and management committees				-	-	-	38 107	40 827	-	38 066	39 969	41 968
To protect the interests of the Municipality and ensure compliance with legal requirements.				-	-	-	7 216	7 066	-	6 283	6 597	6 927
To promote a coherent and interactive communication and participation with customers and stakeholders around service delivery issues				-	-	-	6 680	6 680	-	7 808	8 198	8 608
To promote social cohesion and the mainstreaming of designated groups into municipal Socio-Economic programmes and projects				23 557	-	46 426	(99 538)	38 921	346 914	8 596		
Allocations to other priorities												
Total Expenditure			1	260 831	283 987	361 750	337 612	346 914	346 914	388 292	407 707	428 092

2.3 Measurable performance objectives and indicators

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

planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

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

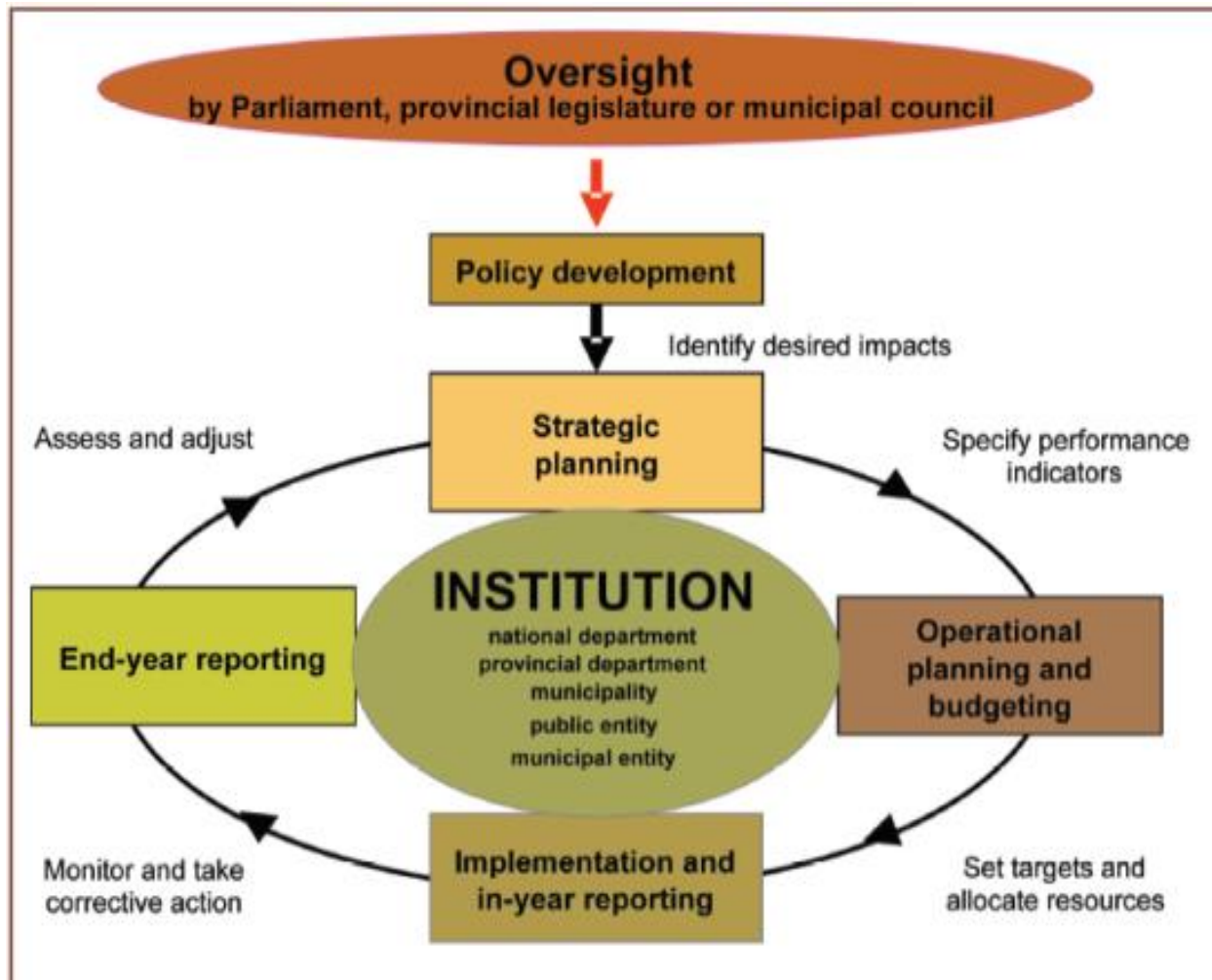


Figure 5 Planning, Budgeting and Reporting Cycle

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

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitor and checking on the progress against plan);

- Measurement (indicators of success)
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (marking changes where necessary)

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

Figure 6 Definition of performance information concepts

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

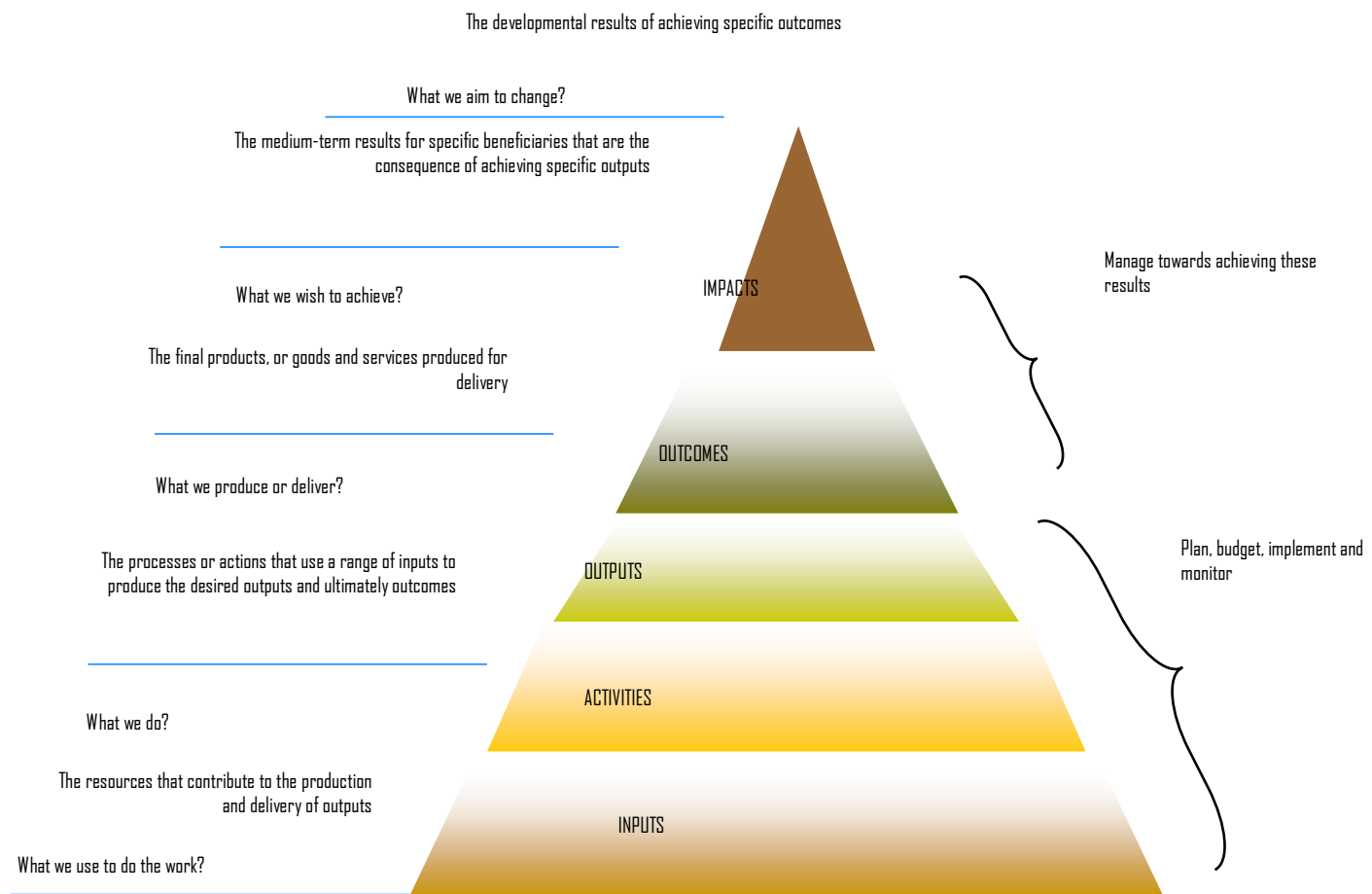


Figure 6 Definition of performance information concepts

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

Table 21MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing / Own Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	2.6	3.2	2.9	1.9	1.6	1.6	-	1.7	1.6	1.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 day s/current liabilities	2.6	3.2	2.9	1.9	1.6	1.6	-	1.7	1.6	1.5
Liquidity Ratio	Monetary Assets/Current Liabilities	1.4	1.7	1.9	1.2	1.0	1.0	-	0.9	0.9	0.9
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.0%	87.1%	100.0%	100.0%	88.7%	88.7%	0.0%	77.8%	77.8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.0%	97.6%	100.0%	100.0%	88.7%	88.7%	0.0%	77.8%	77.8%	77.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	15.5%	21.0%	22.7%	7.7%	7.5%	7.5%	0.0%	10.1%	9.9%	9.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		69.9%	55.6%	53.0%	131.6%	270.8%	270.8%	0.0%	44.3%	48.2%	53.8%
Other Indicators											
	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	29.0%	30.9%	34.3%	33.9%	33.5%	33.5%	0.0%	30.0%	29.8%	29.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	33.9%	39.9%	39.3%	37.6%		35.9%	35.6%	35.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	3.8%	4.0%	0.0%		2.6%	2.6%	2.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	8.2%	11.7%	17.5%	4.6%	4.5%	4.5%	0.0%	8.1%	8.0%	8.0%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	6.7	6.0	7.3	13.3	13.3	13.3	0.0	6.0	6.0	6.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	54.4%	70.7%	79.5%	26.1%	24.5%	24.5%	0.0%	34.4%	33.9%	33.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.9	3.9	6.0	1.1	0.7	0.7	-	4.7	4.6	4.1

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Matatiele Local Municipality's borrowing strategy is primarily informed by the affordability of debt repayment. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2018/2019 MTREF:

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2019/20 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.3.1.2 Safety of Capital

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

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2019/20 MTREF the current ratio is 1.4 in the 2019/20 financial year and 1.3 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately.

2.3.1.4 Revenue Management

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

2.3.1.5 Creditors Management

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

2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to increase over the MTREF.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases

increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

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

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

For the 2019/20 financial year 19 000 registered indigents have been provided for in the budget with this figured increasing to 21 000 by 2021/22. In terms of the Municipality's indigent policy registered households are entitled to 50 kWh of electricity and free waste removal as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 34.

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

2.4 OVERVIEW OF BUDGET RALATED POLICIES

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

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

Budget Related Policies

- 3.1. (1) Appointment of consultant's policy,
- (2) Banking and investments policy,
- (3) Budget policy,
- (4) Cash management policy,
- (5) Cash shortage policy,
- (6) Credit control and debt collection policy,
- (7) Customer care policy,
- (8) Customer incentive scheme policy,
- (9) Data backup policy,
- (10) Debt capacity policy,
- (11) Donor finance policy,
- (12) Electricity token policy,
- (13) Entertainment & refreshments policy,
- (14) Unclaimed deposits policy,
- (15) Fraud prevention plan 2019-20,
- (16) Gifts policy for officials,
- (17) Grants & donation policy,
- (18) GRAP framework policy,
- (19) Indigent Policy,
- (20) Cash-up Policy,
- (21) Fixed Assets Policy,
- (22) Payment Policy,
- (23) Petty Cash Policy,
- (24) Rates Policy,
- (25) Special Services Policy,
- (26) Strategy to improve Debtor policy,
- (27) Supply Chain management Policy,
- (28) Tariff Policy,
- (29) Use of Credit Card Policy and
- (30) Virement Policy.
- (31) Infrastructure procurement and delivery

Overview of Budget Assumptions

Arising from the above Overview of Economic Analysis, the following Budget Assumptions were made and are affected in the 2019/20 budget:

Estimate Salary Increases

- 2019/20 – 8%
- 2020/21 – 8%
- 2021/22 – 8%

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

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

- Property Rates (80% in 2019 / 2020)
- Electricity (80% in 2019 / 2020)
- Refuse (95% in 2019 / 2020)

Bulk Electricity purchases: MLM has assumed tariff increase of 7.62% from Eskom and will increase its tariffs with 6.84 % subject to NERSA approval.;

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

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

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

The Budget is based on current service levels.

Government grants for the years 2019/2020 to 2021/2022 are as per the Division of Revenue Act, assuming that all allocations will be received;

Growth in staff related costs has been provided for in the budget at 8% per annum, growth in the remaining expense items range from 0% to 10%;

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

Provision was made to contribute to the Provision for Leave Reserve. However, staff will be encouraged to redeem their leave.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

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

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

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

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

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

The proposed tariff increases for the 2019/20 MTREF on the different revenue categories are:

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

	WITHOUT VAT	New Tariff VAT Excluded 2018/2019	Increase for 2019/2020	New Tariff VAT Excluded 2019/2020
1.1	<i>Domestic Removals</i>			
(a)	Every owner or occupier of premises from which refuse is removed twice weekly shall pay the Council a fee of per bag per month.	R 123.89	7%	R 145.19
1.2	<i>Commercial Removals</i>			
(a)	Each individual/separate business shall be charged a basic service charge per month.	R 185.82	7%	R 217.77
1.3	In addition to 1.2 every owner or occupier of business premises from which refuse is removed, shall pay the Council a fee of per bag per month, removal twice weekly.	R 185.82	7%	R 217.77
1.4	Provided that Council may at any time conclude separate agreements with commercial users who require that refuse be removed more than twice a week. The above tariff shall be the applicable tariff.			
1.5	<i>Removal from Separate Consumers on same Premises</i>			
	Where refuse is removed from shops and dwellings or flats situated on the same premises such shops and dwellings or flats shall be regarded as separately occupied buildings, and the charges for the removal of refuse shall be as prescribed in applicable scales.			
1.6	<i>Availability Charge</i>			
	A availability fee , is charged to any vacant commercial erven located in the town areas of Cedarville, Matatiele and Maluti.	R 210.00	7%	R 246.10
	A availability fee , is charged to any vacant domestic erven located in the town areas of Cedarville, Matatiele and Maluti.	R 105.00	7%	R 123.05

Proposed tariff increases over the medium-term- Electricity

WITHOUT VAT		New Tariff VAT Excluded 2018/2019	Increase for 2019/2020	New Tariff VAT Excluded 2019/2020
Scale 1: Domestic Consumers				
(a)	Basic charge, single or three phase per household per month. Plus the following kWh charges per month.	R 384.30	6.84%	R 441.95
	0-50	R 0.85	6.84%	R 0.98
	51-350	R 1.11	6.84%	R 1.27
	600 over	R 1.57	6.84%	R 1.80
		R 1.88	6.84%	R 2.16
Scale 2: Commercial & Other Consumers				
(b)	Basic charge of consumers with the following kVA installed per month			
	0 - 25 KVA	R 433.21	6.84%	R 498.20
	26 - 64 KVA	R 1 588.65	6.84%	R 1 826.94
	65 KVA and more	R 9 295.51	6.84%	R 10 689.83
	plus the following kWh charge per month:			
	0 - 2000 kWh	R 1.70	6.84%	R 1.95
	2000 - and more	R 1.70	6.84%	R 1.95

Table 2MBRR SA16 – Investment particulars by maturity

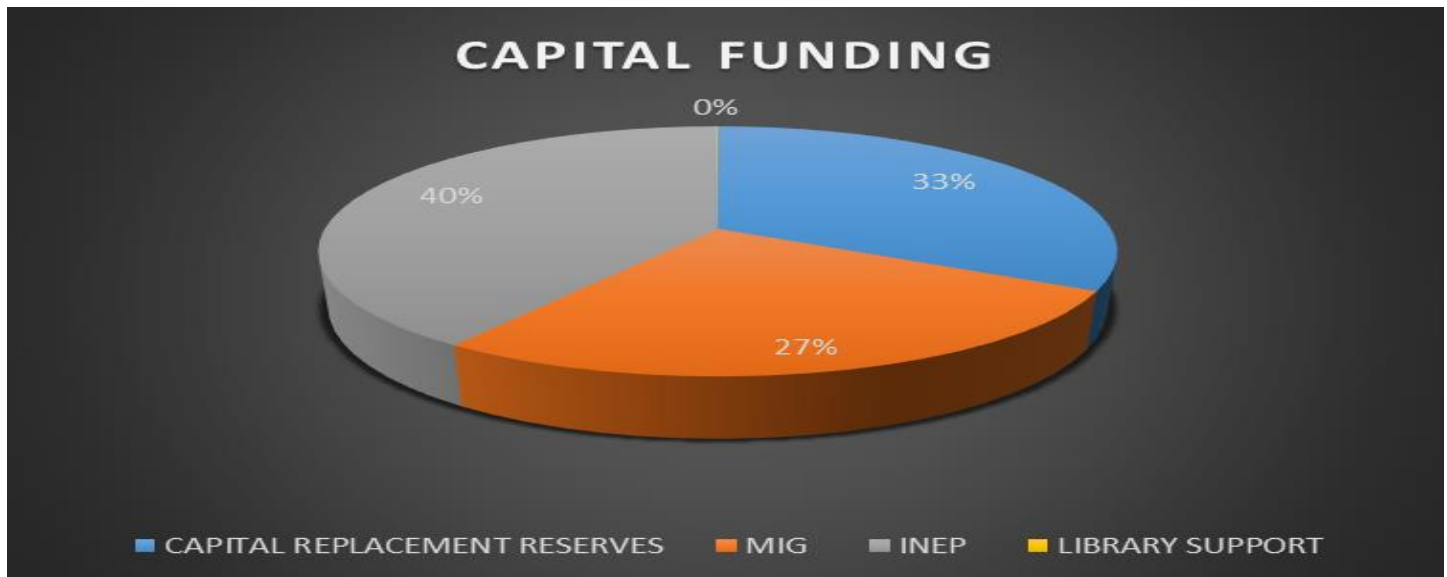
Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														
CALL ACC STD		DAILY	CALL	YES	5%		0			24 106	108		10 300	-
CALL ACC STD		DAILY	CALL	YES	5%		0			10 150	40		40	-
CALL ACC FNB		DAILY	MONEY MARKET	YES	5%		0			6 805	30			-
NEDBANK 32 DAY CALL		32 DAY	32 DAY	YES	7%		0			5 605	33		33	-
NEDBANK		DAILY	DAILY CALL	YES	6%		0			16 055	321	(10 027 393.97)	168	-
NEDBANK MIG ACC		DAILY	DAILY CALL	YES	6%		0			20 004	215		215	-
NEDBANK DOE ACC		DAILY	DAILY CALL	YES	6%		0			17 536	105	(786 972.50)	105	-
NEDBANK RETENTION ACC			DAILY CALL	YES	6%		0			5 506	38	(5 732 240.18)	10 038	-
NEDBANK SMARTGRID		DAILY	DAILY CALL	YES	6%		0			5 087	27		27	-
NEDBANK MAN OF PLANT		DAILY	DAILY CALL	YES	6%		0			49	0		0	-
NEDBANK ELECTRIFICATION		DAILY	DAILY CALL	YES	5%		0			5 111	27		27	-
FNB ESTABLISHMENT PLAN		DAILY	MONEY MARKET	YES	5%		0			245	1		1	-
FNB HOUSING DEV FUND		DAILY	MONEY MARKET	YES	5%		0			50 011	305		305	-
FNB TOURISM		DAILY	MONEY MARKET	YES	5%		0			178				-
Municipality sub-total										166 848		(16 547)	21 260	-
Entities														
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	1									166 848		(16 547)	21 260	-

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2019/20 medium-term capital programme:
Sources of capital revenue for the 2019/20 financial year

FUNDING OF CAPITAL BUDGET	2019/2020
INEP	R 70 177 000
Municipal Infrastructure Grant (MIG)	57 200 000
Capital Replacement Reserve (CRR)	R 46 792 250
Provincial Library Support	90 000
TOTAL	174 259 250

The above table is graphically represented as follows for the 2019/20 financial year.



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

The following table is of the Municipality’s borrowing liability, which is not applicable for the 2019/20 as we have no long term debt

Table 3MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorised by type	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality										
Annuity and Bullet Loans		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Entities										
Annuity and Bullet Loans		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	-	-	-	-	-	-	-	-

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

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
RECEIPTS:	1, 2									
Capital Transfers and Grants										
National Government:		77 374	127 012	122 175	98 436	106 349	106 349	116 969	124 330	117 980
Municipal Infrastructure Grant (MIG)		47 374	47 012	46 057	57 276	61 306	61 306	46 792	49 330	52 981
Integrated National Electrification Programme		30 000	80 000	76 118	41 160	45 042	45 042	70 177	75 000	64 999
Provincial Government:		-	-	9 306	-	700	-	90	-	-
ELECTRIFICATION SUPPORT		-	-	9 306	-	700	-	90	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
IDP SUPPORT		-	-	-	-	-	-	-	-	-
Other grant providers:		-	11 559	787	-	-	-	-	-	-
[insert description]		-	11 559	787	-	-	-	-	-	-
Total Capital Transfers and Grants	5	77 374	138 571	132 268	98 436	107 049	106 349	117 059	124 330	117 980
TOTAL RECEIPTS OF TRANSFERS & GRANTS		260 443	314 603	323 014	313 977	322 902	321 290	359 958	379 075	389 363

2.6.3 Cash Flow Management

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

- Clear separation of receipts and payments within each cash flow category;
 - Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be 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 42 MBRR Table A7 - Budget cash flow statement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		24 194	25 919	25 727	35 612	43 063	43 063	-	38 367	40 285	42 300
Service charges		54 645	54 321	57 945	61 816	49 034	49 034	-	48 906	51 351	53 919
Other revenue		16 923	12 352	6 072	9 776	8 417	8 417	-	8 945	9 339	9 806
Government - operating	1	175 071	159 992	186 586	215 542	213 440	213 440	-	242 899	258 165	274 974
Government - capital	1	87 911	152 934	136 428	98 435	47 257	47 257	-	117 059	124 424	118 079
Interest		9 672	14 266	18 262	14 868	9 201	9 201	-	23 225	24 386	25 605
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(249 317)	(231 600)	(248 996)	(316 914)	(326 217)	(326 217)	-	(302 670)	(315 095)	(330 850)
Finance charges		(5)	(34)	(8)				-	-	-	-
Transfers and Grants	1		(18 265)		(150)	(150)	(150)	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		119 092	169 885	182 017	118 985	44 045	44 045	-	176 730	192 856	193 833
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		335	823		43 647			-	-	-	-
Decrease (Increase) in non-current debtors								-	-	-	-
Decrease (increase) other non-current receivables			(8 627)					-	-	-	-
Decrease (increase) in non-current investments			375					-	-	-	-
Payments											
Capital assets		(101 503)	(138 829)	(134 060)	(142 082)	(147 788)	(147 788)	-	(174 179)	(191 597)	(201 177)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(101 169)	(146 258)	(134 060)	(98 435)	(147 788)	(147 788)	-	(174 179)	(191 597)	(201 177)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		17 924	23 628	47 957	20 550	(103 743)	(103 743)	-	2 551	1 259	(7 344)
Cash/cash equivalents at the year begin:	2	30 487	48 284	71 912	5 837	119 869	119 869	-	119 869	122 419	123 678
Cash/cash equivalents at the year end:	2	48 411	71 912	119 869	26 387	16 126	16 126	-	122 419	123 678	116 334

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

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

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

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	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	1	48 411	71 912	119 869	26 387	16 126	16 126	-	122 419	123 678	116 334
Other current investments > 90 days		(0)	-	(0)	15 855	26 116	26 116	-	(73 373)	(72 672)	(62 931)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		48 411	71 912	119 869	42 242	42 242	42 242	-	49 047	51 006	53 403
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(11 276)	(5 003)	3 316	10 252	22 184	22 184	-	25 680	30 159	32 147
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(11 276)	(5 003)	3 316	10 252	22 184	22 184	-	25 680	30 159	32 147
Surplus(shortfall)		59 687	76 914	116 553	31 990	20 058	20 058	-	23 367	20 847	21 256

2.6.5 Funding compliance measurement

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

Table 44MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	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	1	48 411	71 912	119 869	26 387	16 126	16 126	–	122 419	123 678	116 334
Cash + investments at the yr end less applications - R'000	18(1)b	2	59 687	76 914	116 553	31 990	20 058	20 058	–	23 367	20 847	21 256
Cash year end/monthly employee/supplier payments	18(1)b	3	2.9	3.9	6.0	1.1	0.7	0.7	–	4.7	4.6	4.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	99 768	139 504	70 492	142 084	107 049	107 049	854	117 059	127 493	125 202
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(1.7%)	(4.2%)	10.4%	0.6%	(6.0%)	(106.0%)	2.1%	(1.0%)	(1.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	104.3%	90.9%	89.5%	94.7%	83.1%	83.1%	0.0%	72.7%	72.7%	72.7%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	8.5%	1.5%	(0.1%)	5.1%	4.8%	4.8%	0.0%	4.9%	4.9%	4.9%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	100.0%	147.3%	100.4%	92.8%	102.5%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	35.6%	14.8%	(61.6%)	0.0%	0.0%	(100.0%)	51.7%	3.3%	3.4%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	1.5%	1.6%	0.0%	0.0%	1.1%	1.0%	1.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.6.5.1 Cash/cash equivalent position

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

2.6.5.2 Cash plus investments less application of funds

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

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. It is especially important to consider the position should the municipality be faced with an expected disaster that threatens revenue collection such as rate boycotts. As part of the 2019/2020 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.3 and then increase slightly to 9 for outer years. As indicated above the Municipality aims to archive at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.5.4 Surplus/deficit excluding depreciation offsets

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

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

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

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

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

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate

was based on a 85 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

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

2.6.5.8 Capital payments percentage of capital expenditure

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

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

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

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

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

2.6.5.10 Consumer debtors change (Current and Non-current)

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

2.6.5.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

2.6.5.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability.

Table 45 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		183 069	176 032	190 287	214 942	214 942	214 942	242 339	254 145	270 753
Local Government Equitable Share		176 266	170 266	185 808	207 642	207 642	207 642	234 919	249 849	266 265
EPWP Incentive		1 780	1 790	2 780	3 185	3 185	3 185	1 700	1 700	1 700
Finance Management		1 600	1 625	1 699	1 700	1 700	1 700	3 257	-	-
Municipal Infrastructure Grant (MIG)		2 493	2 351	-	2 415	2 415	2 415	2 463	2 596	2 788
Municipal Systems Improvement		930	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	460	600	912	-	560	600	630
Sport and Recreation		-	-	460	600	912	-	560	600	630
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		183 069	176 032	190 747	215 542	215 854	214 942	242 899	254 745	271 383
Capital expenditure of Transfers and Grants										
National Government:		77 374	127 012	122 175	98 436	106 349	106 349	116 969	124 330	117 980
Municipal Infrastructure Grant (MIG)		47 374	47 012	46 057	57 276	61 306	61 306	46 792	49 330	52 981
Integrated National Electrification Programme		30 000	80 000	76 118	41 160	45 042	45 042	70 177	75 000	64 999
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	9 306	-	700	-	90	-	-
ELECTRIFICATION SUPPORT		-	-	9 306	-	700	-	90	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
IDP SUPPORT		-	-	-	-	-	-	-	-	-
Other grant providers:		-	11 559	787	-	-	-	-	-	-
[insert description]		-	11 559	787	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		77 374	138 571	132 268	98 436	107 049	106 349	117 059	124 330	117 980
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		260 443	314 603	323 014	313 977	322 902	321 290	359 958	379 075	389 363

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

Summary of Employee and Councillor remuneration	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		-	-	-	12 438	12 438	12 438	13 093	13 748	14 435
Pension and UIF Contributions		-	-	-	733	733	733	189	198	208
Medical Aid Contributions		-	-	-	91	91	91	949	996	1 046
Motor Vehicle Allowance		-	-	-	129	129	129	173	182	191
Cellphone Allowance		-	-	-	2 535	2 535	2 535	2 577	2 706	2 841
Housing Allowances		-	-	-	4 301	4 301	4 301	5 782	6 071	6 375
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		-	-	-	20 227	20 227	20 227	22 763	23 902	25 097
% increase	4		-	-	-	-	-	12.5%	5.0%	5.0%
% increase	4		-	-	-	-	-	-	-	-
Other Municipal Staff										
Basic Salaries and Wages		-	-	79 220	90 924	92 233	87 515	94 197	98 907	103 853
Pension and UIF Contributions		-	-	1 712	880	880	847	770	808	849
Medical Aid Contributions		-	-	3 298	3 636	3 636	3 500	4 187	4 397	4 617
Overtime		-	-	2 392	2 350	2 760	2 262	553	580	609
Performance Bonus		-	-	3 553	7 008	7 008	6 745	6 593	6 923	7 269
Motor Vehicle Allowance	3	-	-	3 170	3 603	3 603	3 468	3 448	3 621	3 802
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	3 717	3 930	3 930	3 782	4 264	4 477	4 701
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	2 494	1 000	1 000	963	1 650	1 733	1 819
Long service awards		-	-	743	1 000	1 000	963	850	893	937
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		-	-	100 301	114 330	116 049	110 043	116 513	122 339	128 456
% increase	4		-	-	14.0%	1.5%	(5.2%)	5.9%	5.0%	5.0%
Total Parent Municipality		-	-	100 301	134 558	136 276	130 270	139 277	146 241	153 553
			-	-	34.2%	1.3%	(4.4%)	6.9%	5.0%	5.0%

Table 49 MBRR SA24–Summary of personnel numbers

Summary of Personnel Numbers Number	Ref 1,2	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)		56	–	56	61	–	61	61	–	61
Board Members of municipal entities	4							61	–	61
Municipal employees	5							61	–	61
Municipal Manager and Senior Managers	3	6	–	6	6	–	6	61	–	61
Other Managers	7	22	–	22	20	–	20	61	–	61
Professionals		99	85	6	44	40	4	26	22	4
<i>Finance</i>		40	39	1	11	10	1	11	10	1
<i>Spatial/town planning</i>		8	8	–	2	2	–	2	2	–
<i>Information Technology</i>		1	1	–	1	1	–	1	1	–
<i>Roads</i>		31	26	1	6	3	3	6	3	3
<i>Electricity</i>		8	5	1	6	6	–	6	6	–
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>		11	6	3						
<i>Other</i>					18	18	–			
Technicians		5	5	2	102	102	–	102	102	–
<i>Finance</i>		–	–	–	18	18	–	18	18	–
<i>Spatial/town planning</i>		2	2	1	2	2	–	2	2	–
<i>Information Technology</i>		3	3	1	4	4	–	4	4	–
<i>Roads</i>		–	–	–	3	3	–	3	3	–
<i>Electricity</i>		–	–	–						
<i>Water</i>		–	–	–						
<i>Sanitation</i>		–	–	–						
<i>Refuse</i>		–	–	–	1	1	–	1	1	–
<i>Other</i>		–	–	–	74	74	–	74	74	–
Clerks (Clerical and administrative)		–	–	–	48	48	–	48	48	–
Service and sales workers		–	–	–	25	25	–	25	25	–
Skilled agricultural and fishery workers		–	–	–						
Craft and related trades		–	–	–	9	9	–	9	9	–
Plant and Machine Operators		9	–	9	13	13	–	13	13	–
Elementary Occupations		103	101	2	93	93	–	93	93	–
TOTAL PERSONNEL NUMBERS	9	300	191	103	421	330	91	621	312	309
% increase					40.3%	72.8%	(11.7%)	47.5%	(5.5%)	239.6%
Total municipal employees headcount	6, 10	40	36	6	331	270	61	331	270	61
Finance personnel headcount	8, 10	12	8	4	40	34	6	40	34	6
Human Resources personnel headcount	8, 10				13	12	1	13	12	1

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

Description	Ref	Budget Year 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 Source																
Property rates		3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	44 100	46 305	48 620
Service charges - electricity revenue		4 441	4 441	4 441	4 441	4 441	4 441	4 441	4 441	4 441	4 441	4 441	4 441	53 291	55 955	58 753
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	14 786	14 786	15 526	16 302
Rental of facilities and equipment		142	142	142	142	142	142	142	142	142	142	142	142	1 700	1 785	1 874
Interest earned - external investments		1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	13 000	13 650	14 333
Interest earned - outstanding debtors		852	852	852	852	852	852	852	852	852	852	852	852	10 225	10 736	11 273
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		174	174	174	174	174	174	174	174	174	174	174	174	2 094	2 198	2 308
Licences and permits		377	377	377	377	377	377	377	377	377	377	377	377	4 525	4 751	4 988
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		20 242	20 242	20 242	20 242	20 242	20 242	20 242	20 242	20 242	20 242	20 242	20 242	242 899	258 165	274 974
Other revenue		139	139	139	139	139	139	139	139	139	139	139	139	1 673	1 704	1 789
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		31 125	31 125	31 125	31 125	31 125	31 125	31 125	31 125	31 125	31 125	31 125	45 912	388 292	410 776	435 216
Expenditure By Type																
Employee related costs		9 709	9 709	9 709	9 709	9 709	9 709	9 709	9 709	9 709	9 709	9 709	9 709	116 513	122 339	128 456
Remuneration of councillors		1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	22 763	23 902	25 097
Debt impairment		458	458	458	458	458	458	458	458	458	458	458	458	5 500	5 775	6 064
Depreciation & asset impairment		2 621	2 621	2 621	2 621	2 621	2 621	2 621	2 621	2 621	2 621	2 621	2 621	31 448	33 020	34 671
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases		3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	47 900	50 295	52 810
Other materials		544	544	544	544	544	544	544	544	544	544	544	544	6 532	6 858	7 201
Contracted services		13 136	13 136	13 136	13 136	13 136	13 136	13 136	13 136	13 136	13 136	13 136	(57 882)	86 618	90 949	95 496
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		-	-	-	-	-	-	-	-	-	-	-	71 018	71 018	74 569	78 298
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		32 358	32 358	32 358	32 358	32 358	32 358	32 358	32 358	32 358	32 358	32 358	32 357	388 292	407 707	428 092
Surplus/(Deficit)		(1 232)	(1 232)	(1 232)	(1 232)	(1 232)	(1 232)	(1 232)	(1 232)	(1 232)	(1 232)	(1 232)	13 554	0	3 069	7 124
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	117 059	124 424	118 079
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		8 523	8 523	8 523	8 523	8 523	8 523	8 523	8 523	8 523	8 523	8 523	23 309	117 059	127 493	125 202
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	8 523	8 523	8 523	8 523	8 523	8 523	8 523	8 523	8 523	8 523	8 523	23 309	117 059	127 493	125 202

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

Description	Ref	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 Vote																
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Admin		25 348	25 348	25 348	25 348	25 348	25 348	25 348	25 348	25 348	25 348	25 348	25 348	304 180	322 488	342 451
Vote 3 - Corporate		29	29	29	29	29	29	29	29	29	29	29	29	350	368	386
Vote 4 - Development and Planning		2	2	2	2	2	2	2	2	2	2	2	118	145	160	
Vote 5 - Community		2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	25 875	27 128	28 484	
Vote 6 - Infrastructure		14 567	14 567	14 567	14 567	14 567	14 567	14 567	14 567	14 567	14 567	14 567	174 802	185 065	181 814	
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		42 103	42 103	42 103	42 103	42 103	42 103	42 103	42 103	42 103	42 103	42 219	505 352	535 200	553 294	
Expenditure by Vote to be appropriated																
Vote 1 - Executive and council		2 669	2 669	2 669	2 669	2 669	2 669	2 669	2 669	2 669	2 669	2 669	32 023	33 624	35 305	
Vote 2 - Budget and Admin		10 330	10 330	10 330	10 330	10 330	10 330	10 330	10 330	10 330	10 330	20 832	134 462	141 185	148 244	
Vote 3 - Corporate		5 406	5 406	5 406	5 406	5 406	5 406	5 406	5 406	5 406	5 406	5 406	64 876	68 120	71 526	
Vote 4 - Development and Planning		1 686	1 686	1 686	1 686	1 686	1 686	1 686	1 686	1 686	1 686	1 686	20 233	21 245	22 307	
Vote 5 - Community		4 280	4 280	4 280	4 280	4 280	4 280	4 280	4 280	4 280	4 280	4 280	51 365	53 933	56 630	
Vote 6 - Infrastructure		6 807	6 807	6 807	6 807	6 807	6 807	6 807	6 807	6 807	6 807	6 807	81 685	85 769	90 058	
Vote 7 - Internal Audit		304	304	304	304	304	304	304	304	304	304	304	3 648	3 830	4 022	
Total Expenditure by Vote		31 483	31 483	31 483	31 483	31 483	31 483	31 483	31 483	31 483	31 483	41 985	388 292	407 707	428 092	
Surplus/(Deficit) before assoc.		10 620	10 620	10 620	10 620	10 620	10 620	10 620	10 620	10 620	10 620	234	117 059	127 493	125 202	
Taxation													-	-	-	
Attributable to minorities													-	-	-	
Share of surplus/ (deficit) of associate													-	-	-	
Surplus/(Deficit)	1	10 620	10 620	10 620	10 620	10 620	10 620	10 620	10 620	10 620	10 620	234	117 059	127 493	125 202	

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

Description	Ref	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	
R thousand																	
Multi-year expenditure to be appropriated	1																
Vote 1 - Executive and council		-	-	25	-	-	-	-	-	-	-	-	(25)	-	-	-	
Vote 2 - Budget and Admin		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 3 - Corporate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 4 - Development and Planning		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 5 - Community		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 6 - Infrastructure		6 999	6 999	6 999	6 999	6 999	6 999	6 999	6 999	6 999	6 999	6 999	6 999	83 982	92 380	96 999	
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital multi-year expenditure sub-total	2	6 999	6 999	7 024	6 999	6 999	6 999	6 999	6 999	6 999	6 999	6 999	6 974	83 982	92 380	96 999	
Single-year expenditure to be appropriated																	
Vote 1 - Executive and council		-	-	-	25	-	-	-	-	-	-	-	-	25	28	29	
Vote 2 - Budget and Admin		710	710	710	710	710	710	710	710	710	710	710	710	8 522	9 374	9 842	
Vote 3 - Corporate		35	35	35	35	35	35	35	35	35	35	35	3 499	3 880	4 268	4 481	
Vote 4 - Development and Planning		6 483	6 483	6 483	6 483	6 483	6 483	6 483	6 483	6 483	6 483	6 483	6 483	77 801	85 581	89 860	
Vote 5 - Community		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 6 - Infrastructure		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-	50	50	-	-	
Capital single-year expenditure sub-total	2	7 228	7 228	7 228	7 253	7 228	7 228	7 228	7 228	7 228	7 228	7 228	10 742	90 277	99 250	104 212	
Total Capital Expenditure	2	14 227	14 227	14 252	14 252	14 227	14 227	14 227	14 227	14 227	14 227	14 227	17 716	174 259	191 630	201 212	

Table 7MBRR 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	3 197	3 197	3 197	3 197	3 197	3 197	3 197	3 197	3 197	3 197	3 197	3 197	38 367	40 285	42 300	
Service charges - electricity revenue	2 843	2 843	2 843	2 843	2 843	2 843	2 843	2 843	2 843	2 843	2 843	2 843	34 119	35 825	37 617	
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - refuse revenue	1 232	1 232	1 232	1 232	1 232	1 232	1 232	1 232	1 232	1 232	1 232	1 232	14 786	15 526	16 302	
Rental of facilities and equipment	142	142	142	142	142	142	142	142	142	142	142	142	1 700	1 785	1 874	
Interest earned - external investments	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	13 000	13 650	14 333	
Interest earned - outstanding debtors	852	852	852	852	852	852	852	852	852	852	852	852	10 225	10 736	11 273	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits	87	87	87	87	87	87	87	87	87	87	87	87	1 047	1 099	1 154	
Licences and permits	377	377	377	377	377	377	377	377	377	377	377	377	4 525	4 751	4 988	
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer receipts - operational	20 242	20 242	20 242	20 242	20 242	20 242	20 242	20 242	20 242	20 242	20 242	20 242	242 899	258 165	274 974	
Other revenue	139	139	139	139	139	139	139	139	139	139	139	139	1 673	1 704	1 789	
Cash Receipts by Source	30 195	30 195	30 195	30 195	30 195	30 195	30 195	30 195	30 195	30 195	30 195	30 195	362 341	383 527	406 604	
Other Cash Flows by Source																
Transfer receipts - capital	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	117 059	124 424	118 079	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) other non-current receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Receipts by Source	39 950	39 950	39 950	39 950	39 950	39 950	39 950	39 950	39 950	39 950	39 950	39 950	479 400	507 951	524 683	
Cash Payments by Type																
Employee related costs	9 709	9 709	9 709	9 709	9 709	9 709	9 709	9 709	9 709	9 709	9 709	9 709	116 513	122 339	128 456	
Remuneration of councillors	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	22 763	23 902	25 097	
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bulk purchases - Electricity	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	47 900	50 295	52 810	
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other materials	544	544	544	544	544	544	544	544	544	544	544	544	6 532	6 858	7 201	
Contracted services	13 136	13 136	13 136	13 136	13 136	13 136	13 136	13 136	13 136	13 136	13 136	13 136	157 636	165 518	173 794	
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure	(4 056)	(4 056)	(4 056)	(4 056)	(4 056)	(4 056)	(4 056)	(4 056)	(4 056)	(4 056)	(4 056)	(4 056)	(48 674)	(53 816)	(56 507)	
Cash Payments by Type	25 223	25 223	25 223	25 223	25 223	25 223	25 223	25 223	25 223	25 223	25 223	25 222	302 670	315 095	330 850	
Other Cash Flows/Payments by Type																
Capital assets	14 515	14 515	14 515	14 515	14 515	14 515	14 515	14 515	14 515	14 515	14 515	14 515	174 179	191 597	201 177	
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Payments by Type	39 737	39 737	39 737	39 737	39 737	39 737	39 737	39 737	39 737	39 737	39 737	39 737	476 849	506 692	532 027	
NET INCREASE/(DECREASE) IN CASH HELD	213	213	213	213	213	213	213	213	213	213	213	213	2 551	1 259	(7 344)	
Cash/cash equivalents at the month/year begin:	119 869	120 081	120 294	120 506	120 719	120 931	121 144	121 356	121 569	121 782	121 994	122 207	119 869	122 419	123 678	
Cash/cash equivalents at the month/year end:	120 081	120 294	120 506	120 719	120 931	121 144	121 356	121 569	121 782	121 994	122 207	122 419	122 419	123 678	116 334	

2.10 Contracts having future budgetary implications

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

Table

Description	Ref	Preceding Years	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework			Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Total Contract Value
		1,3	Original Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:														
Revenue Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Entities:														
Revenue Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-

2.11 Capital expenditure details

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

Detailed Capital expenditure

EC441 Matatiele - Supporting Table SA36 Detailed capital budget

Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Latitude	2019/20 Medium Term Revenue & Expenditure Framework					
												Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
Parent municipality:																	
<i>List all capital projects grouped by Function</i>																	
CORE FUNCTION: SOLID WASTE	CEMETERY DEVELOPMENT	55 785				To improve the provision basic services to rural and urban communities in the municipality.			Whole of the Municipality						400		
CORE FUNCTION: SOLID WASTE	Meal Waste Bins	55 795				To improve the provision basic services to rural and urban communities in the municipality.			Whole of the Municipality						50		
CORE FUNCTION: SOLID WASTE	LANDFILL WEIGHBRIDGE	55 781				To improve the provision basic services to rural and urban communities in the municipality.			Whole of the Municipality						1 500		
CORE FUNCTION: SOLID WASTE	ROAD UPGRADE LANDFILL SITE	55 780				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 20						100		
CORE FUNCTION: SOLID WASTE	BONGA REHABILITATION	55 777				To improve the provision basic services to rural and urban communities in the municipality.			Whole of the Municipality						500		
CORE FUNCTION: SOLID WASTE	TOURISM TRAIL NATURE RESERVE	55 780				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 19						80		
Finance and Administration: Revenue	Smart Meeting	216				To improve the provision basic services to rural and urban communities in the municipality.			Whole of the Municipality						1 000		
Community Halls and Facilities: Public	MUSEUM ARTIFACTS (GRANT)	55 783				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 19						80		
Community Halls and Facilities: Public	FENCING OF OPEN GROUNDS	55 798				To improve the provision basic services to rural and urban communities in the municipality.			Whole of the Municipality						100		
Community Halls and Facilities: Public	BLOCKS OF PUBLIC TOILES	55 781				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 19						800		
Community Halls and Facilities: Public	Refurbishment of tennis court	55 787				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 20						80		
Community Halls and Facilities: Public	Refurbishment of Netball Court	55 788				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 20						50		
Community Halls and Facilities: Public	SPORT FIELD MARKING MACHINE	38 734				To improve the provision basic services to rural and urban communities in the municipality.			Whole of the Municipality						50		
Planning and Development: LED	SHAWKER SHELTER	55 782				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 19						300		
Finance and Administration: SCM &	MUNICIPAL FLEET	36 654				To provide suitable and conducive working conditions for municipal staff and councilors			Administrative or Head Office (Including Satellite Offices)						3 500		
Public Safety: Civil Defence (3074)	Fire Engine Truck	55 786				To provide suitable and conducive working conditions for municipal staff and councilors			Whole of the Municipality						1 500		
Road Transport: Project Operators	SPORT CENTRE	4				To improve the provision basic services to rural and urban communities in the municipality.			Administrative or Head Office (Including Satellite Offices)						7 204		
Road Transport: Project Operators	CEDARVILLE SPORT CENTRE	-				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 26						6 546		
Road Transport: Project Operators	SUKKA ACCESS ROAD	55				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 10						650		
Road Transport: Project Operators	INSUENI ACCESS ROAD	62				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 21						1 750		
Road Transport: Project Operators	EPHRAHY ACCESS ROAD	63				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 22						375		
Road Transport: Project Operators	NOMGANU ACCESS ROAD	64				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 18						150		
Road Transport: Project Operators	MATATIELE INTERNAL ROAD PHASE	68				To improve the provision basic services to rural and urban communities in the municipality.			Administrative or Head Office (Including Satellite Offices)						10 266		
Road Transport: Project Operators	MARHELEN ACC ROAD	69				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 21						210		
Road Transport: Project Operators	Lagrange Pedestrian Bridge	72				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 8						150		
Road Transport: Project Operators	CEDARVILLE INTERN STREETS PHO	86				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 26						1 750		
Road Transport: Project Operators	Freydale Bridge	213				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 15						3 060		
Road Transport: Project Operators	HERRY GNLA PARK ACCESS ROAD	22 087				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 20						1 750		
Road Transport: Project Operators	MALUTI INTERNAL STREETS PHASE	41 842				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 1						6 000		
Road Transport: Project Operators	NGCOWENGE BRIDGE	41 845				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 7						3 031		
Road Transport: Project Operators	NOMGANU BRIDGE	41 846				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 18						1 861		
Road Transport: Project Operators	MAHANGU BRIDGE	41 847				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 9						1 750		
Road Transport: Project Operators	TISZIMELITSHA ACCESS ROAD	42 288				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 6						250		
Road Transport: Project Operators	MARALAKENG ACCESS ROAD	55 724				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 15						2 426		
Road Transport: Project Operators	NKASLA ACCESS ROAD	55 741				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 4						3 000		
Road Transport: Project Operators	MKHAMENE ACCESS ROAD	55 742				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 22						1 500		
Road Transport: Project Operators	MIDENI MANZINI ACCESS ROAD	55 743				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 7						3 000		
Road Transport: Project Operators	MOHAPI ACCESS ROAD	55 744				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 13						2 000		
Road Transport: Project Operators	MOKETSI ACCESS ROAD	55 745				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 14						1 500		
Roads: ROAD TRANSPORT HUMA	COUNCIL CHAMBERS	28				To provide suitable and conducive working conditions for municipal staff and councilors			Ward:Ward 20						15 000		
Roads: ROAD TRANSPORT HUMA	POUND STRUCTURE	55 797				To create a favourable environment for promoting a growing and sustainable local economy			Whole of the Municipality						2 000		
Roads: ROAD TRANSPORT HUMA	MUSEUM RENOVATION	55 796				To create a favourable environment for promoting a growing and sustainable local economy			Administrative or Head Office (Including Satellite Offices)						200		
Energy Sources: Electricity (404)	Street lights CBO	55 793				To provide a healthy, safe, secure and productive work environment			Ward:Ward 19						1 000		
Energy Sources: Electricity (404)	MOUNTAIN VIEW SUBSTATION NEW	7				To provide a healthy, safe, secure and productive work environment			Ward:Ward 20						6 000		
Energy Sources: Electricity (404)	HIGH MAST LIGHTS	41 858				To provide a healthy, safe, secure and productive work environment			Whole of the Municipality						1 500		
Energy Sources: Electricity (404)	SELABENG	55 731				To provide a healthy, safe, secure and productive work environment			Ward:Ward 4						6 600		
Energy Sources: Electricity (404)	MINGENI	55 732				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 7						9 500		
Energy Sources: Electricity (404)	LUFEFENI	55 733				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 5						8 360		
Energy Sources: Electricity (404)	Makhoza Electrification	55 734				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 9						10 230		
Energy Sources: Electricity (404)	MOHAPI #2	55 735				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 13						3 685		
Energy Sources: Electricity (404)	OLI	55 736				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 18						6 886		
Energy Sources: Electricity (404)	ZITAPLE	55 737				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 22						6 480		
Energy Sources: Electricity (404)	SHEKHA	55 738				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 26						6 868		
Energy Sources: Electricity (404)	TLHAKHELO	55 739				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 13						6 073		
Energy Sources: Electricity (404)	Likhohleni Electrification	55 787				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 22						3 685		
Energy Sources: Electricity (404)	500 KVIA MINATURE SUBSTATION (N	55 728				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 19						350		
Energy Sources: Electricity (404)	500 KVIA MINATURE SUBSTATION (S	55 727				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 19						500		
Energy Sources: Electricity (404)	2 X 630 A RING MAIN UNIT	55 728				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 20						300		
Energy Sources: Electricity (404)	315 KVIA MINATURE SUBSTATION (N	55 730				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 20						300		
Energy Sources: Electricity (404)	3 x 100 KVIA Harry Gwala (Area C)	55 788				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 20						250		
Energy Sources: Electricity (404)	315 KVIA MINATURE SUBSTATION (E	55 725				To improve the provision basic services to rural and urban communities in the municipality.			Ward:Ward 19						300		
Finance and Administration: Inform	NETWORK ESTABLISHMENT	21 870				To improve the provision basic services to rural and urban communities in the municipality.			Whole of the Municipality						800		
												181 701					
Parent Capital expenditure												-	-	174 239	191 665	201 265	

2.13 Legislation compliance status

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

1. In year reporting

Reporting to National Treasury 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 has employed five interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

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

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2019/2020 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.

2.14 Other supporting documents

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

Description	Ref	Vote 1 - Executive and council	Vote 2 - Budget and Admin	Vote 3 - Corporate	Vote 4 - Development and Planning	Vote 5 - Community	Vote 6 - Infrastructur e	Vote 7 - Internal Audit	Total
R thousand	1								
Revenue By Source									
Property rates		–	44 100	–	–	–	–	–	44 100
Service charges - electricity revenue		–	–	–	–	–	53 291	–	53 291
Service charges - water revenue		–	–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–
Service charges - refuse revenue		–	–	–	–	14 786	–	–	14 786
Rental of facilities and equipment		–	–	–	–	500	1 200	–	1 700
Interest earned - external investments		–	13 000	–	–	–	–	–	13 000
Interest earned - outstanding debtors		–	9 911	–	–	–	314	–	10 225
Dividends received		–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	–	1 924	170	–	2 094
Licences and permits		–	–	–	47	4 478	–	–	4 525
Agency services		–	–	–	98	–	–	–	98
Other revenue		–	900	–	–	280	395	–	1 575
Transfers and subsidies		–	236 619	–	–	3 817	2 463	–	242 899
Gains on disposal of PPE		–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		–	304 530	–	145	25 785	57 833	–	388 292
Expenditure By Type									
Employee related costs		2 521	57 818	–	8 859	23 218	22 010	2 088	116 513
Remuneration of councillors		22 763	–	–	–	–	–	–	22 763
Debt impairment		–	5 500	–	–	–	–	–	5 500
Depreciation & asset impairment		–	31 448	–	–	–	–	–	31 448
Finance charges		–	–	–	–	–	–	–	–
Bulk purchases		–	–	–	–	–	47 900	–	47 900
Other materials		240	1 125	–	320	1 107	3 660	80	6 532
Contracted services		1 200	52 310	–	7 310	20 884	4 164	750	86 618
Transfers and subsidies		–	–	–	–	–	–	–	–
Other expenditure		5 298	51 138	–	3 744	6 157	3 952	730	71 018
Loss on disposal of PPE		–	–	–	–	–	–	–	–
Total Expenditure		32 023	199 338	–	20 233	51 365	81 685	3 648	388 292
Surplus/(Deficit)		(32 023)	105 191	–	(20 088)	(25 580)	(23 852)	(3 648)	0
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	–	–	–	90	116 969	–	117 059
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(32 023)	105 191	–	(20 088)	(25 490)	93 117	(3 648)	117 059

Table 8MBRR Table SA3 –

Supporting detail to Statement of Financial Position

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
ASSETS											
Call investment deposits											
Call deposits		-	-	-	22 397	22 397	22 397	-	27 997	29 956	32 353
Other current investments		-	-	-	-	-	-	-	-	-	-
Total Call investment deposits	2	-	-	-	22 397	22 397	22 397	-	27 997	29 956	32 353
Consumer debtors											
Consumer debtors		31 724	41 662	55 518	12 914	12 914	12 914	-	26 010	27 307	28 672
Less: Provision for debt impairment		-	-	-	-	-	-	-	-	-	-
Total Consumer debtors	2	31 724	41 662	55 518	12 914	12 914	12 914	-	26 010	27 307	28 672
Debt impairment provision											
Balance at the beginning of the year		-	-	-	-	-	-	-	-	-	-
Contributions to the provision		-	-	-	-	-	-	-	-	-	-
Bad debts written off		-	-	-	-	-	-	-	-	-	-
Balance at end of year		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		682 280	797 779	918 736	888 780	888 780	888 780	-	988 939	1 068 751	1 155 187
Leases recognised as PPE	3	-	-	-	-	-	-	-	-	-	-
Less: Accumulated depreciation		-	-	-	15 548	15 548	15 548	-	31 448	33 020	34 671
Total Property, plant and equipment (PPE)	2	682 280	797 779	918 736	873 232	873 232	873 232	-	957 492	1 035 731	1 120 516
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		-	-	-	-	-	-	-	-	-	-
Current portion of long-term liabilities		-	-	-	-	-	-	-	-	-	-
Total Current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-
Trade and other payables											
Trade Payables	5	33 816	39 968	63 526	34 737	43 663	43 663	-	54 174	59 591	62 571
Other creditors		-	-	-	-	-	-	-	-	-	-
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
VAT		-	-	-	-	-	-	-	-	-	-
Total Trade and other payables	2	33 816	39 968	63 526	34 737	43 663	43 663	-	54 174	59 591	62 571
Non-current liabilities - Borrowing											
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Finance leases (including PPP asset element)		-	-	-	-	-	-	-	-	-	-
Total Non-current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions - non-current											
Retirement benefits		-	-	-	-	-	-	-	-	-	-
List other major provision items		-	-	-	-	-	-	-	-	-	-
Refuse landfill site rehabilitation		-	-	-	-	-	-	-	-	-	-
Other		24 442	25 262	27 767	26 948	26 948	26 948	-	30 200	32 314	34 899
Total Provisions - non-current		24 442	25 262	27 767	26 948	26 948	26 948	-	30 200	32 314	34 899
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		-	-	-	828 325	828 325	828 325	-	955 519	955 519	955 519
GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		-	-	-	828 325	828 325	828 325	-	955 519	955 519	955 519
Surplus/(Deficit)		99 768	139 504	70 492	142 084	107 049	107 049	854	117 059	127 493	125 202
Appropriations to Reserves		-	-	-	(57 176)	-	-	-	-	-	-
Transfers from Reserves		-	-	-	-	-	-	-	-	-	-
Depreciation offsets		-	-	-	-	-	-	-	-	-	-
Other adjustments		-	-	-	-	-	-	-	-	-	-
Accumulated Surplus/(Deficit)	1	99 768	139 504	70 492	913 233	935 374	935 374	854	1 072 578	1 083 012	1 080 721
Reserves											
Housing Development Fund		-	-	-	-	-	-	-	-	-	-
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
Other reserves											
Revaluation		89 919	87 085	167 422	90 215	99 141	99 141	-	830 630	890 849	965 060
Total Reserves	2	89 919	87 085	167 422	90 215	99 141	99 141	-	830 630	890 849	965 060
TOTAL COMMUNITY WEALTH/EQUITY	2	189 687	226 590	237 914	1 003 448	1 034 515	1 034 515	854	1 903 208	1 973 861	2 045 782