

DRAFT ANNUAL BUDGET OF

MBIZANA LOCAL MUNICIPALITY



2019/20 TO 2021/22

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

Copies of this document can be viewed:

- **In the mayor's office, and office of the Municipal Manager**
- **Municipal library**
- **At www.mbizana.gov.za**

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Abbreviations and Acronyms

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

Part 1 – Annual Budget

1.1 Mayor's Report

The council of Mbizana Local Municipality, as elected by the communities, has a responsibility of ensuring that basic service delivery is provided for all within its jurisdiction. This is the provision of the Constitution of the Republic of South Africa which is the supreme law of the land. The Municipal Finance Management Act No. 56 of 2003, section 16, provides that a municipality must compile an annual budget before the start of the financial year. A draft budget must be tabled 90 days before the start of the financial year, which means that for a 2019/20 Annual Budget, the draft budget must be tabled to council by March 31, 2019. This draft budget is in response and compliance to the afore-mentioned prescripts. This budget will then be taken to communities for consultation where comments will be solicited and incorporated when the final budget is being prepared for council to approve at least 30 days before the start of the budget year.

The municipality's development priorities are basic service delivery (Roads, storm water drainage, transport infrastructure, electrification, housing and land use management, educational facilities, community services and related matters, and recreational facilities) and Local Economic Development (agriculture and farming, forestry, tourism development, SMME support, Business, trade and manufacturing).

a) Water and sanitation backlogs

In Mbizana, the current implementation of the Greater Mbizana Regional scheme will take care of at least 85% backlogs after completion and connection to the existing infrastructure.

According to the District Municipality, Mbizana has a total backlog of 31 146 households with no access to Sanitation which translates to 64.34 %.

The estimated backlog for RDP sanitation service delivery is 17423 (36 %) households with no access RDP Sanitation, and 31146(64%) have access to RDP Sanitation (Ventilated Improved Pit-latrines (VIP Toilets)). Out of 31 wards only 8 wards with no sanitation services.

b) Road Maintenance backlogs

Due the bad conditions of access roads in the entire municipal area, the municipality moved towards insourcing the maintenance of these roads by acquiring own plant. This is in an attempt to maximize the available resources to ensure we maintain as much roads as possible while creating enough capacity within the municipality. The municipality has allocated over R13 million within the next three years to support the municipal plant in the maintenance of road infrastructure. The next year's budget allocated is about R4 million which will supplement our own plant.

The municipality has purchased internal plant consisting of Grader, Roller, Water Cart, and Tipper trucks that will be utilised for the rehabilitation and maintenance of existing gravel access roads.

This new plant was an addition on the existing plant that the municipality already has. The municipality already has a fully-fledged construction plant (Grader, Roller, water cart, Excavator and tipper trucks).

EPWP contract labourers to maintain the storm water drainage and also to fix the small to medium potholes within our CBD roads are being utilised.

It is planned that a total of 150m² of pothole patching will be completed by the end of the current financial year as the service provider was appointed earlier in the financial year

In 2019/20 financial year, 190m² is planned to be maintained using both service providers and internal plants.

c) Electrification backlogs and planning

In conjunction with Eskom the Municipality has managed to reduce electricity backlogs from 19000 (39 %) households in 2011 to 9701 (20%) in 2018. This backlog will be further reduced once the on-going projects are completed.

The municipality and Eskom did a 5 year electrification master plan which when completed the municipality would have reached a universal access within its area of Jurisdiction.

Once the projects that are currently under implementation are completed the municipality will be left with a backlog figure of approximately 16 671 households with no electricity.

There is a general increase of electricity demand in Mbizana as new households are constructed. It is against this that the INEP Allocation for 2019/20 will be utilized to complete projects that are currently being implemented with additional households than initially planned. The municipality's electrical capacity has also been under pressure in the past financial years hence the allocation as well to upgrade our line.

d) Environmental, coastal and waste management

The municipality as a coastal municipality has a responsibility to develop an Integrated Coastal Management Program (ICMP) which has been developed and adopted by the councils, both Mbizana Local Municipality and Alfred Nzo District Municipality.

Integrated Waste Management Plan was completed and adopted by Council and has been sent to MEC for approval. The municipality gazetted refuse Removal & sanitary by-laws which are currently being reviewed as per the NEMWA.

The Mbizana Local Municipality has adopted a climate change strategy which has been included in the IDP.

The municipality provides refuse removal service to 1234 households in town, 204 small businesses and 49 big businesses including government departments. The service has been extended to few businesses and institutions outside town. There is 1 licensed landfill site (GSB type) which is still under construction.

1 Dumping site which will be rehabilitated for closure as soon as the Majazi landfill site is operational which is still under construction after some delays due to contractual disagreements between the implementing agent the service provider appointed. That process has since been finalized and a new service provider was appointed and introduced to the municipality, however the construction has not commenced due to social issues within the area that are still being attended to.

The municipality supports recycling initiatives in town while the refuse and sanitary by-laws are under review

e) Local economic development

The following plans were developed, adopted by council and are being implemented:

- LED strategy
- Tourism Plan

- Agricultural Plan
- Spatial Development Framework.

The municipality also initiated Contractor Development programme which has proven to be fruitful and helpful to the emerging contractors.

A total of 16 enrolled contractors were provided with job opportunities, 12 contractors graduated from Grade 1 to different grades up to Grade 6, 40 contractors were trained on Project Management, Tendering Processes, Quality Management Systems, Occupational Health and Safety, and Contracts Management

The Municipality had funded 2 Anchor projects with equipment and machinery and are still fully functional and operating.

- Kati kaBizwayo
- Luvolwam Steel project

WILD COAST N2 TOLL ROAD

SANRAL appointed Academy for the Construction Skills (ACS) to recruit contractors that will be on learnership program for a period of two years.

LTA Grinaiker JV STRABAAG were appointed and introduced to execute Mtentu bridge construction which has since been halted after the appointed service provider withdrew from the contract citing various reasons for doing so.

f) Tourism and Agriculture

The tourism plan was developed and currently under execution.

Mbizana Municipality in partnership with ECPTA, Wild Coast Sun and South Coast Tourism have signed an MOU for the promotion and marketing of tourism.

The Municipality has purchased paddle boats and mountain bikes for Mzamba Ndikini tours which is operating in Mzamba area as part of tourism development

RED HUB:

Funded by ECRDA and Facilitated by the Local Municipality and the DM.

Agro- processing business that has 14 primary Cooperatives and one secondary with 759 Beneficiaries.

The RED Hub has employed 54 people in various Departments.

5 small scale farmers have been funded with an amount not exceeding R100 000 per project.

8 Income Generating Projects have been supported with Agricultural Inputs.

The CWP programme is implemented in 19 wards with 1564 participants and the funding allocated for this programme was R16 518 296.00.

The following wards (04,05,06,07,08,12,13,15,17,18,19,20,22,23,26,27,29,30 and 31) have Agriculture , construction and social sectors

g) Land use and spatial planning

Settlement patterns in Mbizana still reflect, to a large extent, spatial planning of the Apartheid past.

The current structure and spread of rural settlements and households therein makes it difficult for the municipality to provide services in an effective and efficient manner.

The municipality has made strides in redressing the imbalances of Apartheid spatial planning in identifying and providing basic services in those areas that were ignored in the past

Land claims still poses a challenge in development of some areas in town but municipality is in talks with CPAs to resolve those issues.

h) Electrification of villages

The Mbizana Local Municipality has in the recent past endeavored to ensure that electricity is rolled out to a number of villages. This has seen the electrification of the following villages in the 2017/18 financial period which were completed and energized:-

Name of Project	Budgeted Amount	Funding Source
Electrification of Mpetsheni	R 10 748 945	INEP and Provincial Grant
Electrification of Jama Village	R 4 744 544	Provincial Grant
Electrification of Mpisi Village	R 5 295 250	Provincial Grant
5 MVA Backbone line	R 500 000	Provincial Grant
Electrification of Qungebe-Ludeke	R 4 786 906	Provincial Grant
Electrification of Mpindweni	R 4 648 840	INEP

These were funded from the R21 million allocation from the Provincial Department of CoGTA and the remainder of the INEP allocation was used to settle the loan with DBSA that was taken to speed up electrification of villages.

At the beginning of the current year, the municipality had no additional funding to use in the electrification related projects other than the indicated INEP allocations which initially stood at R25 million for the 2018/19 financial year but were later revised to R32.6 million during re-gazetting from which the following projects are being implemented:

Project Name	Allocated amount	Funding Source
Mampingeni, Swane Giniswayo, Lucwaba	R 15 996 381.00	INEP
Diphini, Mandlobe, Madada, Sgodlweni	R 10 492 197.50	INEP
Mdikisweni, Ukhalo, Pelepele	R 11 096 491.20	INEP
TOTAL	R 37 585 069.70	

This was still however less than the amounts required to complete projects with the municipality topping up with its own resources to ensure these are completed within stipulated times.

This will result in the electrification of 1250 households when the projects are completed.

For the next three years the municipality will also continue to depend on the INEP electrification grant to implement the projects prioritized to strive towards universal access within the municipality. The allocations for the next budget year have been prioritized according to the following projects which are all anticipated to be completed by the end of 2019/20:

Project Name	Allocated amount	Funding Source
8 MVA backbone line	R 11 000 000	INEP
Diphini, Mandlobe, Madada, Sgodlwani	R 3 700 000	INEP
Mdikisweni, Ukhalo, Pelepele	R 3 200 000	INEP
Electrification of Mathwebu	R 2 800 000	INEP
Electrification of Ludeke	R 10 540 000	INEP
TOTAL	R 31 240 000	

The backbone line will assist the municipality in increasing its capacity to carry more load and improve electricity supply within the municipality while other allocations will assist in ensuring that more households are added to the list that has access to electricity within the municipal area.

i) Infrastructure development

The municipality also receives a Municipal Infrastructure Grant for the construction of infrastructure assets that enhance service delivery to all communities. The total amount to be received of just above R 48.3 million has been allocated as follows:

NAME OF PROJECT	BUDGETED AMOUNT	
Mphuthumi Mafumbatha Stadium	R 6 472 972.13	MIG
Mbizana Civic Center	R 12 000 000.00	MIG
R61 to Emazweni Access Road	R 2 735 632.00	MIG
Mkhungo to Nkunzi Access Road	R 2 503 279.00	MIG
Mntomkhulu to Gxeni Access Road	R 6 362 184.00	MIG
Bazana Access Road	R 4 250 231.00	MIG
Mgodinin to Mpondo Access Road	R 3 889 797.00	MIG
Mpenkulu to Tulufa Access Road	R 8 709 039.00	MIG
	R 46 923 134.13	

The compilation of the 2019/20 annual budget has also taken into consideration the following key considerations that impact directly to our communities:-

Repairs and Maintenance of Infrastructure and other municipal assets: The municipality has an understanding that at least 8% of its budget must be set aside for the repairs and maintenance of the existing infrastructure. As part of its drive to ensure that road infrastructure assets are maintained adequately, earthmoving plant has been acquired over the past two years so that the municipality would be able to carry out its own repairs and maintenance. Maintenance of the CBD roads has also been planned to be done internally using labor intensive methods while budgeting for procurement of materials and tools to carry out this task. A further R3.8 million has been set aside for the maintenance of municipal buildings and another R2.8 million for the maintenance of municipal vehicles and plant.

Legacy programmes : The municipality prides itself of being the home of the legendary struggle icons for the freedom of the people of South Africa, Oliver Reginald Tambo and Nomzamo Winnie Madikizela-Mandela. It is a live conviction of this council to ensure that their legacy lives for the generations to come. It is not the wish of this council to only celebrate through events but tangible legacy projects that will ensure that our claim and ownership of these international icons is validated. A budget allocation of R1.9 million has been provided for these important activities.

Public participation: Municipality will continue to embark on community education programs in all wards in order to capacitate our communities on their role during public participation/ hearings on municipal documents. Capacitation of ward committees will also continue getting attention in an attempt to ensure coordinated servicing of our communities as structures closer to people. Program of establishment, launch and support of ward war rooms will continue this financial year as part of strengthening community and stakeholder involvement on government programs. An amount of R3,9 million has been set aside for this.

IDP and performance management: Council will continue to ensure that our IDP maintains its high credibility status through enhancing maximum public participation of all role players. We will continue to ensure that our mission of promoting and ensuring a culture of performance excellence is achieved at all costs. Although resources are very limited, these important planning and monitoring tools have been budgeted for at R430 thousand.

Special Programs and Sport Development: Council will always contribute in changing lives of our special groups, our focus will be towards improving education in our region through supporting educational improving initiatives, we will also be strengthening capacity to community based structures that assist particularly in fighting violence and crimes targeting our elderly, children and women. We will continue to ensure that our council educates our communities on rights of people with disabilities and support initiatives that combats discrimination against them. An amount of just above R3.8 million has been set aside for these special groups.

Implementation of SPLUMA: Implementation of the act and running of the municipal tribunal and payment of the members to sit in the tribunal. The municipal council taken a decision to continue utilizing the district tribunal. The tribunal will consider development applications that will in turn increase the revenue base. We trust that the R682 thousand set aside as well for this purpose will be sufficient.

Geographic Information System (GIS): Acquisition tool to assist to improve the immovable asset. It is the compliance issue for spatial analysis. This will also assist in the identification of municipal assets and their locations. An amount of just above R182 thousand has been set aside for this.

The Annual Budget as compiled by the municipality seeks to address the imperatives as set out in the Integrated Development Plan and the indicated Delivery Agreement – outcome 9, which is to ensure a responsive, accountable, effective and efficient local government system so as to

restore the confidence of citizens in the local government sphere. As such municipalities need to ensure that the basic needs of communities are met; build clean, effective, efficient, responsive and accountable local government; improve performance and professionalism and strengthen partnerships between local government, communities and civil society. The Outcome consists of seven outputs which need to be achieved, viz.

- Implement a differentiated approach to municipal financing, planning and support;
- Improve access to basic services;
- Implementation of the Community Work Programme;
- Actions supportive of the human settlement outcome;
- Deepen democracy through a refined Ward Committee Model;
- Improve administrative and financial capability;
- A single window of coordination.

The Mbizana Local Municipality annual budget and the Integrated Development Plan therefore seeks to ensure that the service delivery priorities as mandated by the constitution like electricity, roads, solid waste removal are provided to the communities. This is done at the same time whilst ensuring co-ordination of other organs of state like the District Municipality for the provision of water and sanitation and other provincial departments for respective services to the communities.

1.2 Council Resolutions

The Council of Mbizana Local Municipality met on the 29th of March 2019 to consider the annual budget tabled by the Mayor at least 90 days before the start of the financial year 2019/20 and the Medium Term Revenue and Expenditure Framework. The council must then consider the following resolutions which will become final when the budget is adopted.

The Mayor of Mbizana Local Municipality, acting in terms of section 16(2)(1) of the Municipal Finance Management Act, (Act 56 of 2003) tabled the draft budget in a council meeting which adopts:

- a. The draft annual budget of the municipality for the financial year 2019/20 and the multi-year and single-year capital appropriations as set out in the following tables:
 - i) Budgeted Financial Performance (revenue and expenditure by functional classification);
 - ii) Budgeted Financial Performance (revenue and expenditure by municipal vote) ;
 - iii) Budgeted Financial Performance (revenue by source and expenditure by type); and
 - iv) Multi-year and single-year capital appropriations by municipal vote and functional classification and associated funding by source.
- b. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set out in the following tables:

- i. Budgeted Financial Position;
 - ii. Budgeted Cash Flows;
 - iii. Cash backed reserves and accumulated surplus reconciliation;
 - iv. Asset management; and
 - v. Basic service delivery measurement.
- c. The Council of Mbizana Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) adopts the following proposed tariffs with effect from 1 July 2019:
 - i) the tariffs for property rates
 - ii) the tariffs for electricity
 - iii) the tariffs for solid waste services
- d. The Council of Mbizana Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) adopts the proposed tariffs with effect from 1 July 2019 the tariffs for other services, as set out in the paragraphs on tariffs;
- e. To give proper effect to the municipality's annual budget, the Council of Mbizana Local Municipality adopts:
 - i) That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed.
- f. To enable the proper implementation of the municipality's budget, the council of Mbizana Local Municipality adopts the following budget related policies;
 - i) The IDP and Budget Policy
 - ii) Credit control and debt collection policy
 - iii) Property Rates Policy
 - iv) Supply Chain Management Policy
 - v) Tariff Policy
 - vi) Asset Management Policy
 - vii) Supply Chain Policy for Infrastructure Procurement and Delivery Management
 - viii) Cash Management and Investment Policy
 - ix) Contract Management policy
 - x) Debtors write-off policy
 - xi) Indigent policy
 - xii) Contract Management policy
 - xiii) Retention policy

1.3 Executive Summary

As mentioned in the earlier paragraphs, the municipality prioritizes the delivery of basic services to the communities. In an attempt to address backlogs, especially electrification, roads and community facilities, the municipality has been forced to utilize its cash reserves which has put a serious strain on these resources. This means that for the current financial year being budgeted for, and the medium term, the municipality has had to perform a delicate balancing act by ensuring provision of basic services to the communities using the limited resources in a way that ensures that the municipality remains financially viable.

Previous years audit outcomes

The municipality has, in the recent past, ensured that there are improved audit outcomes. This has been a concerted effort between the municipality's council and the management in ensuring that there are improved internal controls, historical issues and disparities in the reported information are dealt with and cleared, and that accounting records and procedures are carried out at appropriate intervals. This has seen the municipality receiving unqualified audit opinions since 2015/16 to 2017/18 financial years. The municipality intends to improve on these achievements and avoid regression at all costs including the formation of a clean audit committee that is tasked with monitoring the implementation of the audit action plan as proposed by management and adopted by council.

mSCOA Implementation

The National Treasury issued a gazette in 2014, directing that a Municipal Standard Chart of Accounts – mSCOA – would be used by all municipalities from July 01, 2017. This meant that all municipalities will have a common set of accounts from which to choose from, instead of each municipality having its own chart of accounts. This will result in a seamless reporting regime where information from all municipalities can be compared. The introduction of the business reform has meant that management needed to acquaint itself with the requirements and legislations that were meant to ensure implementation of mSCOA by July 01, 2017. The municipality complied with this requirement and the migration from the old system to the new system was done seamlessly with the assistance of the municipality's system vendors.

It is important to note that this did not represent a new system, but rather an introduction of a more detailed and streamlined way of doing business, starting from planning, where it guides you to do proper planning, informed by adequate costing. mSCOA also encourages revenue and expenditure items to be identified for what they really are and not grouped together with no detailed planning and calculation behind. We will now be able to identify the true cost of the projects that the municipality engages on, and be able to identify, from early on, the communities that stand to benefit from those projects.

Mbizana Local Municipality is no different and has ensured that measures are put in place to ensure compliance. It is therefore important to note that we have made all efforts to ensure that the budget that will be approved is mSCOA compliant.

The impact of mSCOA on the virement policy

Earlier treasury circulars highlighted the principles that must be incorporated into municipal virement policies. Those principles are still applicable and relevant. The only difference is that a transaction in mSCOA relates to six regulated segments, therefore all segments must be

considered when making a virement. As a result of this we have had to review and update our reference to "vote" to align to the function segment and indicate the funding applicable to the item being transferred in relation to the funding segment. This therefore means that with the implementation of mSCOA, virements can only take place within a function or sub-function and the same source of funding. The creation of new projects and savings across functions can only take place through an adjustment budget. Virements are not permitted from the repairs and maintenance project in the project segment.

Clarification of core and non-core functions

Core functions provides for the matters in terms of section 156 (1) of the Constitution. These are functions performed by local government and constitutionally assigned to local government in terms of Part B of Schedule 4 and Part B of Schedule 5. Non-core functions performed by local government that are constitutionally assigned to provincial government in terms of section 156(4) of the Constitution. Local government are compensated for delivering these functions on behalf of provincial government and typically receive a management fee from the provincial department.

1.4 The South African Economy and Inflation Targets

The economic and revenue outlook has deteriorated since the October 2018 Medium Term Budget Policy Statement (MTBPS). Funding pressures from state-owned companies have increased and require government financial support. Given these developments, the 2019 Budget proposes large-scale expenditure reprioritisation and tax measures that narrow the deficit from 4.5 per cent of GDP in 2019/20 to 4 per cent by 2021/22.

The 2018 MTBPS noted that weak economic performance and revenue shortfalls had contributed to some slippage in fiscal projections. Since then, economic growth has remained subdued and the domestic GDP outlook has been revised down. In the current year, tax revenue will be R15.4 billion below the 2018 MTBPS estimate. Funding pressures from Eskom and other financially distressed state-owned companies have increased, with several requesting state support to continue operating. In this context, the 2019 Budget proposes a series of tax and expenditure measures aimed at narrowing the deficit and stabilising the debt-to-GDP ratio. Additions to spending amount to R75.3 billion over the medium term, consisting mainly of transfers to support the reconfiguration of Eskom. These additions are partially offset by reductions to expenditure baselines and proposed savings from compensation adjustments totalling R50.3 billion. Tax measures raise an additional R15 billion in 2019/20 and R10 billion in 2020/21.

In combination, these measures are expected to narrow the consolidated budget deficit from a projected 4.5 per cent of GDP in 2019/20 to 4 per cent of GDP in 2021/22. Gross national debt is projected to stabilize at 60.2 per cent of GDP in 2023/24. Net loan debt (gross loan debt excluding government's cash balances) stabilises at 57.3 per cent of GDP in 2024/25.

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

The main risks to the economic outlook are continued policy uncertainty and deterioration in the finances of state-owned entities. These factors, alongside continued high unemployment and slow growth will continue to exert pressure on municipal revenue generation and collection levels hence a conservative approach is advised for municipal revenue projections. Municipalities affected by the drought should also consider its impact on revenue generation. In this context,

municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

Budget Assumptions

As the municipality provides services to the communities, a significant amount of costs are incurred and these must be recovered somehow from the consumers. This is where the issue of tariff setting comes in, and we have in this regard been guided by the municipality's performance in the previous financial years, and the guidelines set by the National Treasury in numerous circulars, last of which was MFMA Treasury Circular No. 93 and 94. According to this circular, municipalities must consider the following consumer price index or inflationary indications:

Fiscal year		2018/19 Estimate	2019/20	2020/21 Forecast	2021/20 Forecast
Consumer Inflation - CPI	Price	4.7%	5,2%	5,4%	5,4%

This means that any increase in the tariff increases and expenditure forecasts beyond the 3 - 6% need to be comprehensively motivated and explained. This means that to a large extent, some trading services remain heavily subsidized by other sources of revenue, a situation which needs to be changed as the council and management comes up with strategies of addressing this. It is clear for example that the solid waste removal is still heavily subsidized by other sources of revenue and the tariffs for this service cannot just be shot up as this would be inconsiderate and unaffordable for the communities served by the municipality.

The following are the key budget assumptions used to prepare the draft budget with the guidance of National Treasury, NERSA, and SALGBC –

- a) 5.2% increase on electricity tariffs
- b) 6% increase on Electricity purchases
- c) 6.7% provision for employee costs which is CPI + 1.5% SALGBC Circular no. 6/2018
- d) 5,2% for all other expenses, and
- e) 6% for revenue municipal Tariffs

The Public Consultations

As detailed in the later paragraphs, the municipality will consult with the communities in relation to this budget and their inputs incorporated before finalization and final approval by council. The draft annual budget as compiled for the 2019/20 financial year and the MTREF therefore addresses priorities as per the IDP consultation processes, bearing in mind the limited resources that the municipality has at its disposal. As indicated in earlier paragraphs, the leading need by the communities is electrification and access roads, the budget is biased towards these. The budget also endeavors to allocate resources for construction and maintenance of access roads that ensure communities have access to schools, clinics and other basic necessities. Sport development is crucial for social cohesion, and central to this is the construction of infrastructure that would ensure that youths in the communities have access to sporting facilities. The budget therefore allocates resources to such, as prioritized by communities.

Policy Review

The municipal council has reviewed a number of policies, proposing amendments to these policies and these are detailed in the later paragraphs in more detail. Most of the adjustments that have been proposed are necessitated by developments and changes in the requirements of key regulatory institutions like the National Treasury and the South African Revenue Services. This includes the requirements of the central supplier database where all service providers in South Africa must be registered before they can do business with the organs of state. The South African Revenue service introduced new ways of tax compliance status verification and new procedures were also issued to deal with service providers who are not tax compliant.

These development therefore necessitated improvements or changes to the Supply Chain Management Policy.

The National Treasury also introduced a guide for municipalities to develop a Supply Chain Management Policy for Infrastructure Procurement. This policy, as the name indicates, is meant to be specific on the procurement of infrastructure, and that the designed gates, at which there needs to be appropriate approval are set and understood.

The preparation of the budget has relied mainly on the statistics as provided in the Census of 2011 and the recent release. Although this has been the basis, we have kept in mind the growth of communities we serve within the municipality. The assumptions utilized in the compilation of this budget have also been based on the guidance provided by the National Treasury on the inflationary indicators to be utilized. The guidance has also touched on the requirements and expectations from the National Energy Regulator of South Africa (NERSA) on the percentage increase that can be effected on electricity tariffs.

Measureable Performance Objectives and Indicators

As part of the IDP and budget compilation process, management has identified the strategic objectives and performance indicators that would enable the municipality to achieve on the mandated powers and functions. These have been set out in the IDP with measureable performance indicators, and the budgeted amounts for the 2019/20 financial year and the two outer years. This information has further been detailed more in the draft Service Delivery Budget Implementation Plan for the 2019/20 financial year which must be approved by the Mayor at least 28 days after the adoption of the budget. The objectives have further been provided with projects that will be implemented to achieve the set targets and these projects have been supported by project implementation plans for each of the projects.

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

Table 1 Consolidated Overview of the 2019/20 MTREF

MBIZANA LOCAL MUNICIPALITY						
	Current Year			Medium Term		
	2018/19 Original	2018/19 Adjusted	% increase/decrease	Budget 2019/20	Forecast 2020/21	Forecast 2021/22
Revenue by Source						
Property Rates	- 23 570 591.00	- 23 570 591.00	5%	- 24 796 261.73	- 26 135 259.87	- 27 546 563.90
Service Charges- Electricity	- 35 076 375.00	- 35 076 375.00	7%	- 37 474 645.44	- 39 348 622.39	- 41 316 311.41
Service Charges- Refuse removal	- 2 365 059.00	- 4 365 059.00	5%	- 4 592 042.07	- 4 840 012.34	- 5 101 373.01
Rental from Fixed Assets	- 903 407.00	- 903 407.00	5%	- 950 384.16	- 1 001 704.91	- 1 055 796.97
Interest - external investments	- 7 941 910.00	- 9 141 910.00	5%	- 9 617 289.32	- 10 136 622.94	- 10 684 000.58
Interest-outstanding debtors	- 4 005 670.00	- 4 005 670.00	5%	- 4 213 964.84	- 4 441 518.94	- 4 681 360.96
Fines Penalties and Forfeits	- 2 030 819.00	- 2 030 819.00	5%	- 2 136 421.59	- 2 251 788.35	- 2 373 384.92
Licences or Permits	- 2 293 855.00	- 2 293 855.00	5%	- 2 413 135.46	- 2 543 444.77	- 2 680 790.79
Agency Services	- 1 233 333.00	- 1 233 333.00	5%	- 1 294 999.65	- 1 367 529.50	- 1 441 376.09
Transfers and Subsidies	- 307 521 000.00	- 316 372 614.00	11%	- 350 357 100.00	- 359 451 950.00	- 377 825 200.00
Other revenue	- 2 004 878.00	- 2 024 878.00	7%	- 2 158 875.66	- 2 248 454.94	- 2 363 871.51
Total Revenue	- 388 946 897.00	- 401 018 511.00	10%	- 440 005 119.92	- 453 766 908.96	- 477 070 030.15
Expenditure by type						
Employee Related Cost	108 893 386.00	108 585 676.00	1%	109 569 677.53	117 011 785.04	124 961 733.44
Remuneration of Councillors	23 588 402.00	23 588 402.00	7%	25 263 178.54	27 056 864.22	28 977 901.58
Bad Debts Written Off	2 100 735.00	2 100 735.00	25%	2 631 016.00	2 762 566.80	2 900 695.14
Depreciation and Amortisation	48 449 090.00	48 449 090.00	5%	50 871 544.50	53 415 121.73	56 085 877.81
Finance cost	400 000.00	400 000.00	0%	400 000.00	400 000.00	400 000.00
Bulk Purchases	33 594 401.00	33 594 401.00	5%	35 274 121.05	37 037 827.10	38 889 718.46
Inventory Consumed	8 140 824.00	9 866 154.00	12%	11 044 578.25	11 386 807.16	11 956 147.52
Contracted Services	50 336 396.00	102 593 919.20	-39%	62 536 914.39	62 482 423.91	65 606 545.11
Transfers and Subsidies	2 158 034.00	1 644 034.00	-31%	1 129 591.55	1 186 071.13	1 245 374.69
Other expenditure	66 308 952.00	65 331 000.00	6%	68 996 263.00	71 862 112.35	75 455 217.97
Total Expenditure	343 970 220.00	396 153 411.20	-7%	367 716 884.82	384 601 579.45	406 479 211.71
(Surplus)/Deficit	- 44 976 677.00	- 4 865 099.80	1386%	- 72 288 235.09	- 69 165 329.51	- 70 590 818.43

The table above shows the summary of the draft budget for the 2019/20 financial period with the outer years. The table shows that the expected revenue for the 2018/19 financial year adds up to just above R440 million. The revenue is mainly expected from grant funding to the value of R350 million and this forms about 79.6% of the total revenue budget.

The municipality has seen a slight improvement in the 2018/19 financial year in the revenue generated from refuse. We have a strong belief that a lot more still needs to be done to ensure that there are surpluses realized from this trading service and we are able to augment and improve on the current service delivery to the communities.

We forecast that an amount of R37.4 million will be generated from electricity distribution as a revenue source.

The employee related costs show a slight increase as a result of percentage increase resulting from the anticipated agreements in the Bargaining Council. The basis of the budgeted amount for employee related costs is on the approved organizational structure which should enable the municipality to

achieve its objectives. The employee related costs are at 29.8% of the budgeted operational expenditure excluding remuneration of councillors.

MBIZANA LOCAL MUNICIPALITY					
	Original Budg	Adjusted Budget	Budget 2019/20	Forecast 2020/21	Forecast 2021/22
Revenue					
1.1 - Council General Expenses	-	-	-	-	-
1.3 - Municipal Manager	-	(391 620.00)	-	-	-
2.1 - Budget & Treasury	(269 978 256.00)	(271 858 250.00)	(302 825 645.31)	(322 822 884.16)	(344 776 423.90)
3.1 - Corporate Service	(118 673.00)	(118 673.00)	(124 844.00)	(131 585.57)	(138 691.19)
4.1 - Development Planning	(160 933.00)	(380 933.00)	(400 741.52)	(422 381.56)	(445 190.16)
5.1 - Community & Social Services	(5 919 158.00)	(5 919 158.00)	(6 253 191.55)	(6 566 463.76)	(6 915 052.80)
5.2 - Refuse Removal	(4 739 811.00)	(6 739 811.00)	(10 371 861.17)	(4 884 089.68)	(5 147 830.52)
6.1 - Roads & Engineering	(47 547 969.00)	(47 547 969.00)	(50 918 931.39)	(53 674 278.28)	(57 635 430.01)
6.2 - Electricity	(60 482 097.00)	(68 062 097.00)	(69 109 904.98)	(65 265 225.95)	(62 011 411.56)
	(388 946 897.00)	(401 018 511.00)	(440 005 119.92)	(453 766 908.96)	(477 070 030.15)
Expenditure					
1.1 - Council General Expenses	45 656 673.00	45 127 915.35	47 771 320.43	50 690 413.20	53 793 128.01
1.3 - Municipal Manager	35 561 360.00	35 564 265.78	34 458 166.65	36 563 657.58	38 801 066.75
2.1 - Budget & Treasury	75 087 120.00	26 798 704.49	28 168 028.97	29 807 584.63	31 545 067.70
3.1 - Corporate Service	47 144 230.00	56 077 658.42	59 183 008.80	62 444 119.83	65 890 501.69
4.1 - Development Planning	21 066 921.00	56 770 483.65	24 810 152.58	26 233 235.24	27 740 069.71
5.1 - Community & Social Services	37 220 134.00	38 475 563.46	40 610 358.56	42 513 605.77	45 064 458.65
5.2 - Refuse Removal	16 292 719.00	20 053 165.00	26 101 426.56	24 129 523.89	25 521 285.59
6.1 - Roads & Engineering	18 898 663.00	21 175 513.51	57 564 326.27	60 629 182.87	63 860 160.49
6.2 - Electricity	47 042 400.00	131 368 140.84	49 050 096.00	51 590 256.44	54 263 473.14
	343 970 220.00	431 411 410.50	367 716 884.82	384 601 579.45	406 479 211.71

a. REVENUE

Anticipated revenues look to have increased compared to the 2018/19 budget and this is due to the increase in grants as may be seen on the table above indicating the grants that have been confirmed for the municipality. There was also an increase in both the MIG and INEP allocations for the year. These have contributed in an increase in overall revenue anticipated.

b. EXPENDITURE

MM's Office and Council expense

This has taken into account submissions made during the budget sessions and these have been taken into account using the set limits for the overall expenditures and then using those to reprioritise.

Budget and Treasury

The major contributors are depreciation, external audit fees. Significant projects in the department are those of the review of the infrastructure fixed assets register, implementation of the contract management findings and action plan thereof.

Corporate Services

The major expenditures relate to repairs of municipal vehicles, fuel and oil, ICT licenses, SALGA levies, website maintenance, insurance for municipal assets and employees including councillors, telephone and fax as well as other operational expenses.

Development Planning

The department has made provisions for valuation services, Spluma, Tourism, agricultural events and development of SMME's including any support that is provided by the municipality to those. There are also provisions for surveying of municipal properties including the legal fees involved in the process.

Community and Social Services

The department has made provision for the rehabilitation of the landfill site, provision of security services, public safety awareness campaigns, the operation and maintenance of the municipal pound, provision of free basic energy, protective clothing and other uniforms. The department on top of the EPWP grant funded casuals has made a provision for more casual labour to assist in the refuse removal services of the municipality. They have also requested overtime to be allocated more funds to cater for public holidays and other special events.

Road Engineering

The allocations made relate to the day to day operations of the department. There are also allocations for fuel and oil for the municipal plant which will be used to maintain some of the roads within the municipality. A provision of R2.7 million has been made to cater for external road maintenance and CBD maintenance, and R3.8 million for maintenance of municipal buildings.

Electricity

The department's biggest allocation has gone to the electricity purchases which is paid to Eskom for the supply of electricity. There are also allocations of over R4.4 million that are made for purchase of electrical material and maintenance of electrical infrastructure.

1.5 Operating Revenue Framework

Mbizana Local Municipality strives to provide its communities with the required services and for it to succeed in doing that, it has to ensure that it has an operating revenue framework that ensures that it is able to fund its operations. This talks to the fact that there must be strategies in place to maximize the collection of revenue from the streams that already exist, but as well identify new revenue streams to augment the existing ones. A revenue enhancement strategy was approved by the council and management is currently busy with the implementation of that plan.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipal area and continued economic development;
- Efficient revenue management;
- 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) as amended;
- 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.

In preparing the budgets, realistically anticipated revenues have been considered, and as has been indicated several times earlier, the tough economic conditions reflect on the reduces anticipated revenues. The property rates, electricity all show a slight increase and the main consideration has been the declining trend over the past few years, coupled with the weak performance of the said items.

1.6 Reconciliation of grants allocations

Reconciliation of Mbizana Local Municipality allocations for 2019 MTREF					
	2018/19	% increase/decrease	2019/20	2020/21	2021/22
National Allocations					
<i>Operational</i>	235 075 000.00	12.75	265 051 000.00	280 424 000.00	300 088 000.00
Equitable Share	230 525 000.00	12.95	260 384 000.00	278 209 000.00	297 873 000.00
Financial Management Grant	2 215 000.00	0.00	2 215 000.00	2 215 000.00	2 215 000.00
Municipal Systems Improvement Grant	-		-	-	-
Expanded Public Works Programme	2 335 000.00	5.01	2 452 000.00	-	-
Municipal Infrastructure Grant	-		-	-	-
<i>Capital</i>	92 026 000.00	-13.50	79 602 000.00	76 479 000.00	75 000 000.00
Municipal Infrastructure Grant	59 416 000.00	-18.60	48 362 000.00	50 979 000.00	54 744 000.00
Integrated National Electrification	32 610 000.00	-4.20	31 240 000.00	25 500 000.00	20 256 000.00
TOTAL NATIONAL ALLOCATIONS	327 101 000.00	5.37	344 653 000.00	356 903 000.00	375 088 000.00
Provincial Allocations					
<i>Operational</i>			3 786 000.00	500 000.00	521 000.00
Library Subsidy	448000		500 000.00	500 000.00	521 000.00
EPWP Greenest municipality	0		3 286 000.00	-	-
<i>Capital</i>	21 681 000.00	-	-	-	-
Electrification	21 681 000.00		-	-	-
TOTAL PROVINCIAL ALLOCATIONS	21 681 000.00	-	3 786 000.00	500 000.00	521 000.00
TOTAL ALLOCATIONS	348 782 000.00	5.37	348 439 000.00	357 403 000.00	375 609 000.00

Table 2 Summary of revenue classified by main revenue source

EC443 Mbizana - 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	16 511	20 256	19 942	23 571	23 571	23 571	-	24 796	26 135	27 547
Service charges - electricity revenue	2	20 805	28 611	29 507	35 076	35 076	35 076	-	37 475	39 349	41 316
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	1 008	1 143	1 324	2 365	4 365	4 365	-	4 592	4 840	5 101
Rental of facilities and equipment		608	470	656	903	903	903		950	1 002	1 056
Interest earned - external investments		6 028	7 796	7 435	7 942	9 142	9 142		9 617	10 137	10 684
Interest earned - outstanding debtors		2 415	2 758	3 788	4 006	4 006	4 006		4 214	4 442	4 681
Dividends received		-	-	-	-	-	-		-	-	-
Fines, penalties and forfeits		1 659	1 297	1 646	2 031	2 031	2 031		2 136	2 252	2 373
Licences and permits		2 442	2 555	2 296	2 294	2 294	2 294		2 413	2 543	2 681
Agency services			943	1 150	1 233	1 233	1 233		1 295	1 368	1 441
Transfers and subsidies		189 891	182 912	202 507	235 075	236 347	236 347		268 837	280 924	300 609
Other revenue	2	1 138	1 091	5 239	2 005	2 025	2 025	-	1 659	1 748	1 843
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		242 504	249 832	275 491	316 501	320 993	320 993	-	357 985	374 739	399 333

• Table 3 Percentage growth in revenue by main revenue source

EC443 Mbizana - 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	% Growth	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	16 511	20 256	19 942	23 571	23 571	23 571	5%	24 796	26 135	27 547
Service charges - electricity revenue	2	20 805	28 611	29 507	35 076	35 076	35 076	7%	37 475	39 349	41 316
Service charges - water revenue	2	-	-	-	-	-	-	0%	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	0%	-	-	-
Service charges - refuse revenue	2	1 008	1 143	1 324	2 365	4 365	4 365	5%	4 592	4 840	5 101
Rental of facilities and equipment		608	470	656	903	903	903	5%	950	1 002	1 056
Interest earned - external investments		6 028	7 796	7 435	7 942	9 142	9 142	5%	9 617	10 137	10 684
Interest earned - outstanding debtors		2 415	2 758	3 788	4 006	4 006	4 006	5%	4 214	4 442	4 681
Dividends received		-	-	-	-	-	-	0%	-	-	-
Fines, penalties and forfeits		1 659	1 297	1 646	2 031	2 031	2 031	5%	2 136	2 252	2 373
Licences and permits		2 442	2 555	2 296	2 294	2 294	2 294	5%	2 413	2 543	2 681
Agency services			943	1 150	1 233	1 233	1 233	5%	1 295	1 368	1 441
Transfers and subsidies		189 891	182 912	202 507	235 075	236 347	236 347	14%	268 837	280 924	300 609
Other revenue	2	1 138	1 091	5 239	2 005	2 025	2 025	-18%	1 659	1 748	1 843
Gains on disposal of PPE								0%			
Total Revenue (excluding capital transfers and contributions)		242 504	249 832	275 491	316 501	320 993	320 993	12%	357 985	374 739	399 333

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

The own revenue generation of the municipality is pillared mainly by electricity distribution and levying of property rates. Although the municipality to a larger extent relies on grants, these own revenue sources remain very important and all efforts need to be made to ensure that maximum returns are realized on them.

Property Rates depend on the availability of the updated valuation roll to be levied. A valuation roll that has been finalized is coming to an end of its validity although it is under constant challenge from the rate payers. The availability of the valuation roll has meant that a detailed and involved process is followed to determine the tariff to be levied instead of using unreliable methods of calculations. The latest valuation roll, updated with the supplementary valuations was utilized in arriving at the possible amounts that can be raised out of property rates.

Electricity distribution forms a significant part of the own funding by the municipality. The performance of this stream of revenue has been under considerable strain over the past few years, and it has become difficult to expect an immediate change out of it, however measures implemented over the past financial year and during the year have begun to show some positive results which still need to be monitored closely.

Table 4 Operating Transfers and Grant Receipts

EC443 Mbizana - Supporting Table SA18 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:		209 919	203 804	235 530	260 105	267 685	267 685	296 291	305 924	320 344
Local Government Equitable Share		181 314	175 910	197 681	230 525	230 525	230 525	260 384	278 209	297 873
Finance Management		1 675	1 610	2 145	2 215	2 215	2 215	2 215	2 215	2 215
Municipal Systems Improvement		930	-	-	-	-	-	-	-	-
EPWP Incentive		1 000	1 084	1 704	2 335	2 335	2 335	2 452	-	-
Integrated National Electrification Programme		25 000	25 000	34 000	25 030	32 610	32 610	31 240	25 500	20 256
LED Assistance Grant										
Provincial Government:		250	350	850	448	448	448	3 786	500	521
Sport and Recreation		250	350	350	448	448	448	500	500	521
				500						
LED Assistance Grant		-	-	-	-	-	-	3 286	-	-
District Municipality:		100	-	-	-	-	-	-	-	-
Integrated Development Planning		100	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	210 269	204 154	236 380	260 553	268 133	268 133	300 077	306 424	320 865
Capital Transfers and Grants										
National Government:		46 783	46 159	59 678	47 416	47 416	47 416	48 362	50 979	54 744
Municipal Infrastructure Grant (MIG)		46 783	46 159	59 678	47 416	47 416	47 416	48 362	50 979	54 744
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	21 277	-	-	-	-	-	-
Provincial Electrification Grant				21 277						
District Municipality:		-	-	-	-	-	-	-	-	-
Integrated Development Planning										
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	46 783	46 159	80 955	47 416	47 416	47 416	48 362	50 979	54 744
TOTAL RECEIPTS OF TRANSFERS & GRANTS		257 052	250 313	317 335	307 969	315 549	315 549	348 439	357 403	375 609

Table 4 shows the operating grants that the municipality has been allocated for the 2019/20 financial period and the MTREF. The Equitable Share has increased to R260 million and the municipality revenue has grant funding in the excess of R348 million. It is important to note though that INEP and MIG have also decreased putting more pressure on the municipal resources when it comes to funding of the capital budget.

- **Financial Management Grant (FMG):** This grant is meant to assist in ensuring that financial management systems of the municipality are functioning and that the staff complement at the Budget and Treasury Office is adequately capacitated in terms of skill and understanding of accounting and municipal finance.
- **Municipal Infrastructure Grant (MIG) (Operational):** The MIG is meant for the development of infrastructure within the municipality, but then 5% of that is utilized for project management, payment of salaries of specific staff members and planning for those infrastructure projects.
- **Department of Sport and Culture – Library:** The grant is meant to assist in the running of the library, including ensuring that the library is appropriately stocked with books.

- **Tariff Setting for the 2019/20 and MTREF Period**

As part of generating own revenue, the municipality needs to set tariffs for the revenue streams for which it has been made responsible for in terms of various legislations. For example the Municipal Property Rates Act empowers the municipality to levy rates on all ratable properties.

A number of considerations have been taken into consideration in setting up the tariffs to be utilized from July 01, 2019 as indicated in earlier paragraphs. The municipality has not been immune to the adverse economic conditions that are currently experienced throughout the country. These conditions have been taken into consideration as the tariffs were being set and all the input costs that go into providing the specific services.

1.6.1.1 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. In determining the tariff, the municipality has considered the values of properties on which the municipality will levy rates, the amounts desirable from rates for budget purposes, and the historic tariffs of the previous financial years.

The Property Rates policy is one of the most important documents that we utilise in the determination of property rates. It should be kept in mind though that the Municipal Property Rates Act remains the reference point for this policy.

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 R40 000 reduction on the market value of a property will be granted in terms of the municipality's own Property Rates Policy. This is maintained from the previous financial year as there has not been any significant changes to the values of the properties;
- Details of further rebates and reductions are provided in the municipality's Property Rates Policy and the Indigent Policy.

The tariff structure has remain basically unchanged for residential properties as shown in the table below. However, it was brought into our attention by the National CoGTA that we had in the previous financial years unfairly charge government departments a higher rate than all other properties whilst these are not in the business of making profits. The vacant land has been raised higher to discourage hoarding of pieces of land that have not been developed. We have therefore taken these into consideration in arriving at the tariff as shown below

Table 5 Comparison of proposed rates to be levied for the 2019/20 financial year

PROPERTY RATES TARIFFS	2017/18	2018/19	2019/20
	c/R	c/R	c/R
Residential	0,0060	0,0060	0,0060
Business And Commercial	0,0120	0,0120	0,0120
State Owned	0,0090	0,0090	0,0090
Vacant Land	0,0090	0,0090	0,0090

1.6.1.2 Sale of Electricity and Impact of Tariff Increases

The municipality distributes electricity in the town area of Mbizana and to do this, a service charge must be levied in order to recover the costs incurred. There has been a noticeable increase in the revenue generated from electricity as a result of projects undertaken that has seen losses reduced. However there is still a lot of work to be done to ensure that this service is at least able to sustain itself, and at some point be able to provide enough revenue for other service delivery imperatives.

As guided by National Treasury Circular 93 & 94, there has been very minimal increase in the electricity tariffs and this is informed by the percentage increase that has been considered for all other services while a decision is awaited from NERSA. We have therefore applied a 6% maximum increase. We have however made a provision of a higher increase of 7% increase on electricity purchases budget. This is what has been factored in and the tariffs are as follows:-

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

ELECECRICITY TARRIFS	2017/2018	2018/2019	2019/2020
DOMESTIC TARIFFS			
DOMESTIC PREPAID			
TARIFF BLOCK			
Block 1 (0-50 KWh)	R 0,86	R 0,91	R 0,96
Block 2 (51-350 KWh)	R 1,10	R 1,17	R 1,24
Block 3 (351-600 KWh)	R 1,55	R 1,66	R 1,76
DOMESTIC CONVENTIONAL (c/KWh)			
TARIFF BLOCK			
Block 1 (0-50 KWh)	R 0,86	R 0,91	R 0,96
Block 2 (51-350 KWh)	R 1,10	R 1,17	R 1,24
Block 3 (351-600 KWh)	R 1,55	R 1,66	R 1,76
Block 4 (>600 KWh)	R 1,83	R 1,96	R 2,08
Basic Charge (R/ Month)	R 172,64	R 184,45	R 195,52
COMMERCIAL TARIFFS	2017/2018		
COMMERCIAL SINGLE PHASE CONVENTIONAL			
Basic Charge (R/ Month)	R 365,20	R 390,18	R 413,59
Energy Charge (c/KWh)	R 1,60	R 1,71	R 1,81
COMMERCIAL SINGLE PHASE PRE-PAID			

ELECECRICITY TARRIFS	2017/2018	2018/2019	2019/2020
Basic Charge (R/ Month)	R 365,20	R 390,18	R 413.59
Energy Charge (c/KWh)	R 1,60	R 1,71	R 1,81
COMMERCIAL THREE PHASE	2017/2018		
COMMERCIAL THREE PHASE - CONVENTIONAL			
Basic Charge (R/ Month)	R 679,07	R 725,52	R 769.05
Energy Charge (c/KWh)	R 1,60	R 1,71	R 1,81
COMMERCIAL THREE PHASE - PRE-PAID			
Basic Charge (R/ Month)	R 679,07	R 725,52	R 769.05
Energy Charge (c/KWh)	R 1,60	R 1,71	R 1,81
INDUSTRIAL TARIFFS			
LARGE POWER USER (More than 100KVA Maximum Demand)			
Basic Charge (R/ Month)	R 1 148,72	R 1 227,29	R 1 300,93
Demand Charge (per KVA)	R 198,44	R 212,01	R 224.73
Energy Charge (c/KWh)	R 0,75	R 0,80	R 0,85

Other Electricity Related Tariffs

OTHER ELECTRICITY RELATED TARIFFS	2017/18	2018/19	2019/20
Connection Fees			
20 AMPS (Single Phase prepaid)	R 924,32	R 1 950,00	R 1 950,00
60 AMPS (Single Phase Prepaid)	R 3 032,80	R 2 430,00	R 2 430,00
100 AMPS (Prepaid/Conventional – 3Phase)	R 3 538,27	R 4 130,00	R 4 130,00
kVa	R 1 842,45	R 5 922,00	R 5 922,00
Temporal connection fee	R 404,37	R 428,63	R 428,63
Key pad replacement	R 404,37		
Reconnection Fees	R 404,37	R 428,63	R 428,63

OTHER ELECTRICITY RELATED TARIFFS	2017/18	2018/19	2019/20
Meter movement fee	R 417,25	R 442,29	R 442,29
Meter Replacements			
20 AMPS (Single Phase)	R 488,80	R 1 950,00	R 1 950,00
60 AMPS (Single Phase)	R 537,84	R 2 430,00	R 2 430,00
100 AMPS (Prepaid/Conventional – 3Phase)	R 1 979,85	R 4 130,00	R 4 130,00
Direct Tempering Fine			
First tamper	R 6 366,00	R 7 000,00	R 7 000,00
Second Temper	R 7 957,50	R 10 000,00	R 10 000,00
Third Temper	R 9 549,00	R 15 000,00	R 15 000,00
Fourth Temper (Permanent Disco	R 11 671,00	R 25 000,00	R 25 000,00
Indirect Tempering Fine			
Failure to report a free electricity dispensing unit will be regarded as direct tempering	R 3 713,50	R 7 000,00	R 7 000,00

1.6.1.3 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 petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

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

Table 6 Comparison between current waste removal fees and increases

TARRIFS	AMOUNTS 2017/18	AMOUNTS 2018/19	AMOUNTS 2019/20	AMOUNTS 2020/21
Clearing of sites (travelling per km more than 10 km from town charged using Dep. Of Transport rates)	R12.10 per m ²	R13.19 per m ²	R14.38 per m ²	R15.67 per m ²
Refuse removal				
Refuse Removal – big businesses				
More than 3 times weekly	R1 223,02	R2 000,00	R2 180,00	R2 376,20
Refuse Removal – small businesses	R282,89	R800,00	R872,00	R950,48
Refuse removal – businesses (Rural)	R611,51	R666,54	R726,53	R791,92
Refuse Removal-residences	R130,31	R142,03	R155,71	R169,72
Refuse Removal (Combined residence and business – less than 5 flats)	new	R282,89	R308,35	R336,10
Refuse Removal (Combined residence and business – more than 5 flats)	new	R400,00	R436,00	R475,24
Refuse Removal- vacant plots	R63,63	R69,35	R75,59	R82,39
Refuse removal – Special event (Travelling per km more than 10 km from town charged using Dep. Of Transport rates)	R1 782,15	R1 942,54	R2 117,37	R2 307,93
Waste Disposal				
Bakkie per load	R68,63	R74,80	R81,53	R88,87
Truck per load	R118,81	R129,50	R130,67	R131,85

TARRIFS	AMOUNTS	AMOUNTS	AMOUNTS	AMOUNTS
	2017/18	2018/19	2019/20	2020/21
Penalties illegal Dumping - General waste	R356,43	R388,50	R423,47	R461,58
Penalties illegal Dumping - Rubble	R831,67	R906,52	R988,11	R1 077,04
Penalties illegal Dumping – Hazardous waste	R1 188,10	R1 225,02	R1 335,27	R1 455,44
Hall Hire -town				
Meetings & Churches (hourly rate)	R124,10	R131,54	R139,43	R147,80
Entertainment & Workshops	R310,29	R328,90	R348,63	R369,55
Security Fees	R1 079,72	R1 144,50	R1 213,17	R1 285,96
Hall Hire - Villages				
Hall Hire	R276,17	R292,74	R310,30	R328,92
Security Fees	R552,33	R585,46	R620,59	R657,82
Sports Field/Stadium				
Special letting	R1 797,96	R1 905,84	R2 020,19	R2 141,40
Practices or Matches per 2 hours	R127,20	R134,83	R142,92	R151,50
Security Fees	R1 079,72	R1 144,50	R1 213,17	R1 285,96
Community Park & Open Spaces				
Group Entertainment	R474,32	R502,78	R532,95	R564,92
Security Fees	R1 079,72	R1 144,50	R1 213,17	R1 285,96
Cemetery				
Adults	R640,38	R678,80	R719,53	R762,70
Children	R322,02	R341,34	R361,82	R383,53
Stillborn	R126,25	R133,83	R141,85	R150,37
Grave digging	R1 235,96	R1 310,12	R1 388,72	R1 472,05
Library fees				
Photocopy (<i>B&W per page</i>)	R0,63	R1,00	R1,00	R1,00
Colour (per page)	R1,06	R2,00	R2,00	R2,00
Lost book	<i>Market value of the book</i>	<i>Market value of the book</i>	<i>Market value of the book</i>	<i>Market value of the book</i>
Overdue returns (<i>per day</i>)	R76,22	R80,79	R85,64	R90,78
Book Tempered with	R37,87	R40,14	R42,55	R45,10
Library membership				
Lost membership cards Adults – per annum	R63,12	R66,90	R70,91	R75,17

TARRIFS	AMOUNTS	AMOUNTS	AMOUNTS	AMOUNTS
	2017/18	2018/19	2019/20	2020/21
Children (12 years & older)- per annum	R35,75	R37,89	R40,16	R42,57

Storage at the Pound			
NB: Where there are more than five animals impounded, from the sixth animal, 50% of the daily rate will be charged. This charge will apply for animals belonging to one owner.			
	2017/18	2018/19	2019/20
Cattle, Horses, Donkeys and any other animal of similar size per day	R63.12 per night	63,12	R66,90
Goats, sheep and other animals of the same size per day	R37.64 per night	37,64	R39,89
If captured by SAPS(e.g. recovered stolen animals)	R25.25 per night	37,64	R39,89
Motor vehicles	R250.56 per night	R265,60	R281,54
Other goods	R44.94 per night	R47,65	R47,65
Admission of guilt/Animal (large stock)	R337,08	R250,00	R265,00
Admission of guilt/Animal (small stock)	R337,08	R100,00	R106,00

1.6.1.4 Other Municipal Tariffs

The municipality has other tariffs that are proposed to increase as follows:

Development Planning Tariffs

BUSINESS LICENSING FEES FORMAL INFORMAL BUSINESS TARIFF			
VENDING AND HAWKING TARRIFS	2017/18	2018/19	
Registration for permit	R 146,52	R 155,31	
Hawker with stall renewal	R 281,17	R 298,04	
Hawker without stall renewal	R 112,47	R 119,22	
Registration of permit for bakkies	R 350,13	R 371,14	
Renewal of permit for bakkies	R 583,55	R 618,56	
Hawkers outside of town without stall (once off)	R 56,23	R 59,60	

BUSINESS LICENSING FEES FORMAL INFORMAL BUSINESS TARIFF					
VENDING AND HAWKING TARRIFS		2017/18	2018/19		
Registration for hawkers with stalls outside town		R 112,47	R 119,22		
Renewal for hawkers with stalls outside town		R 112,47	R 119,22		
BUSINESS LICENSING FEES FORMAL BUSINESS TARIFF					
Registration fee (once off) for the above items shall be as follow					
		2017/18	2018/19	Draft 2019/20	
1.	Sale and supply of meals	R 25,00	R 26,50	R	28,09
2.	Health and entertainment	R 25,00	R 26,50	R	28,09
3.	Mechanical electrical apparatus or devices (games) 3 or more	R -	R 25,00	R	28,09
NOTE: These fees are only registration fee and not the license fee,					
<i>Increase is based on the average increase as per NT 19/20 MTREF circular 93&94 guideline</i>					
Annual License fees (One year fee)					
		2017/18	2018/19	Draft 2019/20	
1.	Sale and supply of meals	R 225,00	R 238,50	R	252.81
2.	Health and entertainment	R 225,00	R 238,50	R	252.81
3.	Mechanical electrical apparatus or devices (games) 3 or more	R 225,00	R 238,50	R	252.81
<i>Increase is based on the average increase as per NT 19/20 MTREF circular 93&94 guideline</i>					

Town Planning Tariffs

ACTIVITY	2017/18 @6.1%	2018/19 @ 6%	PROJECTED 2019/20 @ 6%	PROJECTED 2020/21 @ 6%
News paper(s) and government gazette Advertising	Daily dispatch or Gov Gazette Tariff to be borne by the applicant	Daily dispatch or Gov Gazette Tariff to be borne by the applicant	Daily dispatch or Gov Gazette Tariff to be borne by the applicant	Daily dispatch or Gov Gazette Tariff to be borne by the applicant
Rezoning Application per m²				
Erven 0 – 2500m ²	R2 091,87	R2 217,38	R2 350,43	R2 491,45
Erven 2501 – 5000m ²	R3 891,32	R4 124,80	R4 372,29	R4 634,62
Erven 5001 0 – 1 Ha	R7 661,17	R8 120,84	R8 608,09	R9 124,58
Erven 1, 0001Ha – 5Ha	R10 076,95	R10 681,57	R11 322,46	R12 001,81
Erven over 5Ha	R13 788,33	R14 615,63	R15 492,57	R16 422,12
Special Consent / Temporary Departure Application m²				
Erven 0 – 2500m ²	R1 698,24	R1 800,13	R1 908,14	R2 022,63
Erven 2501 – 5000m ²	R3 497,69	R3 707,55	R3 930,00	R4 165,80
Erven 5001 0 – 1 Ha	R7 320,95	R7 760,21	R8 225,82	R8 719,37
Erven 1, 0001Ha – 5Ha	R9 908,25	R10 502,75	R11 132,91	R11 800,88
Erven over 5Ha	R13 057,30	R13 840,74	R14 671,18	R15 551,45
Subdivision Application				
Erven 1-2	R2 192,08	R2 323,60	R2 463,02	R2 610,80
Erven 1-3	R2 922,87	R3 098,24	R3 284,14	R3 481,18
Erven 1-4	R3 653,57	R3 872,78	R4 105,15	R4 351,46
Erven 1-5	R4 132,30	R4 380,24	R4 643,05	R4 921,64
Erven 1-6	R5 114,02	R5 420,86	R5 746,11	R6 090,88
Erven 1-7	R5 845,64	R6 196,38	R6 568,16	R6 962,25

ACTIVITY	2017/18 @6.1%	2018/19 @ 6%	PROJECTED 2019/20 @ 6%	PROJECTED 2020/21 @ 6%
Erven 1-8	R6 576,45	R6 971,04	R7 389,30	R7 832,66
Erven 1-9	R7 307,14	R7 745,57	R8 210,30	R8 702,92
Erven 1-10	R8 037,83	R8 520,10	R9 031,31	R9 573,18
Erven more than 10	R14 614,17	R15 491,02	R16 420,48	R17 405,71
Departure Application from the scheme (Building Lines, height, coverage etc)				
Erven 0 – 530m ²	R1 376,14	R1 458,71	R1 546,23	R1 639,00
Erven 531– more	R2 064,20	R2 188,05	R2 319,34	R2 458,50
Application for the Removal of Restrictions	R10 403,00	R11 027,18	R11 688,81	R12 390,14
Zoning Certificate	R134,96	R143,06	R151,64	R160,74
Town Planning Scheme	R337,40	R357,64	R379,10	R401,85
Spatial Development Framework	R562,33	R596,07	R631,83	R669,74
Application for Consolidation of Erven	R2 249,32	R2 384,28	R2 527,34	R2 678,98
SG Diagram	R1 124,66	R1 192,14	R1 263,67	R1 339,49
Amendment of the Subdivisional Plan	R2 900,50	R3 074,53	R3 259,00	R3 454,54
Extension of Validity	R4 956,59	R5 253,99	R5 569,22	R5 903,38
Sale or Lease of Land(Application fees)	R5 000,24	R5 300,25	R5 618,27	R5 955,37

NATIONAL BUILDING REGULATIONS AND BUILDING STANDARDS ACT, 103 OF 1977

OFFENCE CODE	NUMBER OF SECTION	DESCRIPTION OF OFFENCE	FINE 2019/2020	FINE 2020/2021	FINE 2021/2022
	4(4)	Building without approved building plan.	R 1060	R 1124.66	R 1192.14
	10(2)	Building in contravention of a notice prohibiting any building work.	R 1060	R 1124.66	R 1192.14
	12(6)	Failure to demolish, alter or safeguard.	R 530	R 562.33	R 596.07
	14(3)	Submit false certificate or issuing thereof.			
	14(4) (a)	Occupy or use of building without occupation certificate.	R 1060	R 1124.66	R 1192.14
	15(2)	Preventing a building control officer in the execution of his/her duties.	R 1590	R 1686.99	R 1788.21
	19(2)	Prohibition on the use of certain building methods and materials.	R 530	R 562.33	R 596.07
	A2 (3) (f)	Submit false or misleading information			
	A15 (5)	Failure to maintain, safeguard or service installation.	R 530	R 562.33	R 596.07
	A17 (4)	Illegal or withdrawn certificate of identity.			

OFFENCE CODE	NUMBER OF SECTION	DESCRIPTION OF OFFENCE	FINE 2019/2020	FINE 2020/2021	FINE 2021/2022
	A18 (5)	Failure to supervise and/or control plumbing work.	R 530	R 562.33	R 596.07
	A22 (4)	Failure to give notice of intention to commence erection or demolition of a building.	R 1060	R 1124.66	R 1192.14
	A25 (2)	Use of a building for a purpose other than the purpose shown on approved plans.	R 1060	R 1124.66	R 1192.14
	A25 (5)	Deviation from approved building plan.	R 1060	R 1124.66	R 1192.14
	A25 (11)	Failure to comply with any provision of or any notice issued in terms of Regulation A25 General Enforcement.	R 1060	R 1124.66	R 1192.14
	D4 (2)	Failure to safeguard a swimming pool.	R 1060	R 1124.66	R 1192.14
	E1 (1)	Failure to apply for written permission for demolition.	R 1060	R 1124.66	R 1192.14
	E1 (3)	Failure to safeguard demolition work.	R 1590	R 1686.99	R 1788.21
	F1 (6)	Failure to comply with any provision of or any notice issued in terms of Regulation F1 Protection of the public.	R 1590	R 1686.99	R 1788.21

OFFENCE CODE	NUMBER OF SECTION	DESCRIPTION OF OFFENCE	FINE 2019/2020	FINE 2020/2021	FINE 2021/2022
	F6 (3)	Failure to control dust and noise.	R 530	R 562.33	R 596.07
	F7 (5)	Failure to comply with any provision of or any notice issued in terms of Regulation F6 regarding the Cutting into, laying open and demolishing certain work.	R 530	R 562.33	R 596.07
	F8 (2)	Failure to comply with a notice to remove waste material on site.	R 530	R 562.33	R 596.07
	F9 (2)	Failure to comply with any provision of or any notice issued in terms of Regulation F9 Cleaning of site.	R 530	R 562.33	R 596.07
	F10 (7)	Failure to comply with any provision of or any notice issued in terms of Regulation F10 Builder's sheds.	R 1060	R 1124.66	R 1192.14
	F11 (2)	Failure to comply with any provision of or any notice issued terms if Regulation F11 Sanitary facilities.	R 530	R 562.33	R 596.07
	P1 (5)	Failure to comply with any provision of or any notice issued in terms of Regulation P1 Compulsory drainage building.	R 530	R 562.33	R 596.07
	P3 (5)	Failure to comply with any provision of or any notice issued in terms	R 530	R 562.33	R 596.07

OFFENCE CODE	NUMBER OF SECTION	DESCRIPTION OF OFFENCE	FINE 2019/2020	FINE 2020/2021	FINE 2021/2022
		off Regulation P3 Control of objectionable discharge.			
	P4 (2)	Failure to comply with any provision of or any notice in terms of Regulation P4 Industrial effluent.	R 1060	R 1124.66	R 1192.14
	P5 (4)	Failure to comply with any provision of or any notice in terms of Regulation P5 Disconnections.	R 530	R 562.33	R 596.07
	P6 (2)	Failure to comply with any provision of or any notice issued in terms of Regulation P6 Unauthorized drainage work.	R 1060	R 1124.66	R 1192.14
	P7 (4)	Failure to comply with any provision of or any notice issued in terms of Regulations P7 Inspection and testing of drainage installations.	R 1060	R 1124.66	R 1192.14
	T2 (1)	Failure to make and maintain adequate provision in terms of the requirements of Regulation T1 (1) (e) or failure to comply with relevant SABS specifications.	R 1060	R 1124.66	R 1192.14
	T2 (2)	Obstructing or causing to be obstructed of an escape route.	R 1060	R 1124.66	R 1192.14

GIS Tariffs

Size of Paper	Full Ink		Line Map	
	2019/20	2020/21	2019/20	2020/21
A2	R53.00	R56.23	R26.50	R28.12
A1	R79.50	R84.35	R42.40	R44.94
A0	R106.00	R112.47	R53.00	R56.23

1.7 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;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence 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):

EC443 Mbizana - 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	% Growth	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure By Type											
Employee related costs	2	71 790	80 378	85 766	107 802	107 020	107 020	2%	108 674	116 054	123 938
Remuneration of councillors		18 956	19 649	22 485	24 091	24 091	24 091	5%	25 263	27 057	28 978
Debt impairment	3	4 569	1 110	2 506	2 101	2 101	2 101	25%	2 631	2 763	2 901
Depreciation & asset impairment	2	37 992	39 229	38 975	48 449	48 449	48 449	5%	50 872	53 415	56 086
Finance charges		547	2 168	727	400	400	400	0%	400	400	400
Bulk purchases	2	24 528	27 606	27 761	33 594	33 594	33 594	5%	35 274	37 038	38 890
Other materials	8	-	-	5 932	8 311	9 826	9 826	13%	11 075	11 418	11 989
Contracted services		-	-	67 554	50 671	102 739	102 739	-39%	62 550	62 497	65 621
Transfers and subsidies		-	4 491	738	2 158	1 644	1 644	-31%	1 130	1 186	1 245
Other expenditure	4, 5	159 469	96 054	44 252	66 393	66 264	66 264	5%	69 848	72 774	76 431
Loss on disposal of PPE		19 236	7 676	33 952	-	35 258	35 258	-100%			
Total Expenditure		337 088	278 361	330 646	343 970	431 386	431 386	-15%	367 717	384 602	406 479

The budgeted allocation for employee related costs for the 2019/20 financial year totals R108.6 Million. Based on the guidelines on circular 94 and 94, salaries are factored into this budget at projected CPI plus 1.5 percent for the 2019/20 financial year. An annual increase of 5.4 per cent has been included in the two outer years of the MTREF. As part of the planning, all departments have been requested to submit their personnel requirements for the years budgeted for. This includes existing positions that are currently filled, vacant positions that will be filled and as such should be budgeted for.

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.

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.

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

- **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 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.

Table 9 Summary of operating expenditure by functional classification item

EC443 Mbizana - Table A2 Budgeted Financial Performance (revenue and expenditure by functional 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
Revenue - Functional										
<i>Governance and administration</i>		209 376	210 682	234 406	270 060	272 332	272 332	302 912	322 914	344 872
Executive and council		-	532	411	-	392	392	-	-	-
Finance and administration		209 376	210 150	233 935	270 060	271 940	271 940	302 912	322 914	344 872
Internal audit		-	-	61	-	-	-	-	-	-
<i>Community and public safety</i>		1 771	1 412	6 346	6 002	6 002	6 082	6 341	6 659	7 012
Community and social services		334	296	573	698	698	698	763	777	813
Sport and recreation		-	0	158	-	-	-	-	-	-
Public safety		1 404	1 107	5 594	5 304	5 304	5 304	5 578	5 881	6 199
Housing		33	8	21	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		52 703	50 117	60 962	47 663	47 883	47 883	51 271	54 045	58 027
Planning and development		88	246	794	247	467	467	491	517	545
Road transport		49 536	49 660	60 020	47 416	47 416	47 416	50 780	53 528	57 481
Environmental protection		3 079	211	148	-	-	-	-	-	-
<i>Trading services</i>		48 086	60 266	84 785	65 222	74 802	74 802	79 482	70 149	67 159
Energy sources		46 078	58 039	81 372	60 482	68 062	68 062	69 110	65 265	62 011
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		2 008	2 227	3 413	4 740	6 740	6 740	10 372	4 884	5 148
<i>Other</i>	4	79	-	154	-	-	-	-	-	-
Total Revenue - Functional	2	312 015	322 476	386 653	388 947	401 019	401 019	440 005	453 767	477 070
Expenditure - Functional										
<i>Governance and administration</i>		167 959	166 986	170 458	211 624	172 053	172 053	179 691	190 227	201 397
Executive and council		55 781	62 135	53 383	64 471	63 775	63 775	65 088	69 111	73 390
Finance and administration		112 178	104 851	114 393	143 842	104 963	104 963	111 617	117 943	124 636
Internal audit		-	-	2 682	3 311	3 315	3 315	2 987	3 173	3 371
<i>Community and public safety</i>		20 462	23 734	22 726	26 986	26 993	26 993	26 947	28 050	29 753
Community and social services		16 505	18 396	6 381	12 695	11 174	11 174	10 070	10 090	10 638
Sport and recreation		153	220	6 970	732	2 866	2 866	2 307	2 454	2 610
Public safety		3 804	5 118	9 039	12 522	11 853	11 853	13 355	14 216	15 133
Housing		-	-	337	1 037	1 100	1 100	1 214	1 291	1 372
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		28 904	26 642	57 324	38 964	77 882	77 882	82 034	86 502	91 220
Planning and development		12 328	14 026	46 025	23 583	26 579	26 579	27 638	29 250	30 959
Road transport		12 278	10 788	8 888	13 430	49 282	49 282	52 158	54 873	57 732
Environmental protection		4 299	1 828	2 411	1 952	2 021	2 021	2 238	2 379	2 529
<i>Trading services</i>		119 763	60 999	78 039	63 375	151 421	151 421	75 510	76 077	80 139
Energy sources		110 424	46 571	67 542	47 092	131 368	131 368	49 409	51 947	54 618
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		9 339	14 429	10 497	16 283	20 053	20 053	26 101	24 130	25 521
<i>Other</i>	4	-	-	2 098	3 021	3 062	3 062	3 534	3 745	3 970
Total Expenditure - Functional	3	337 088	278 361	330 646	343 970	431 411	431 411	367 717	384 602	406 479
Surplus/(Deficit) for the year		(25 073)	44 116	56 007	44 977	(30 393)	(30 393)	72 288	69 165	70 591

The table above gives an overview of the operational expenditure per functional classification or by functional areas within the municipality.

- **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. 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. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 10 Operational repairs and maintenance

Repairs and Maintenance	8									
Employee related costs										
Other materials										
Contracted Services										
Other Expenditure		5 292	5 017	4 549	12 851	9 256	9 256		14 138	14 844
Total Repairs and Maintenance Expenditure	9	5 292	5 017	4 549	12 851	9 256	9 256	-	14 138	14 844

An amount of R14.1 million has been set aside in the 2019/20 financial period for the maintenance of municipal assets. The amount is lower than the proposed treasury percentages, the municipality has taken a decision to rather purchase municipal plant and machinery which will be used to repair road infrastructure. This will ensure that there is improved access to all the wards in the municipality. There is also an increased need to repair other infrastructure assets like the municipal offices, community halls and the municipal vehicles.

Table 11 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC443 Mbizana - 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	96 914	67 026	94 549	43 362	72 997	72 997	-	98 510	133 050	175 254
Other current investments > 90 days		(7)	-	(0)	0	(2)	(29 635)	-	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		96 907	67 026	94 549	43 362	72 995	43 362	-	98 510	133 050	175 254
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	14 162	(2 807)	(18 324)	(21 157)	(21 241)	(21 241)	-	(20 693)	(19 430)	(19 616)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		14 162	(2 807)	(18 324)	(21 157)	(21 241)	(21 241)	-	(20 693)	(19 430)	(19 616)
Surplus(shortfall)		82 745	69 833	112 874	64 519	94 236	64 603	-	119 203	152 480	194 870

The table above shows the budgeted cash reserves and these are based on the current cash reserves in the municipality. As indicated by the table, there is a need to ensure that these reserves are preserved and built up again. This is after these reserves have been made available for infrastructure development within the municipality.

1.8 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by 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
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 5 - ENGINEERING SERVICES		-	-	-	20 608	14 999	14 999	-	18 473	28 430	52 007
Capital multi-year expenditure sub-total	7	-	-	-	20 608	14 999	14 999	-	18 473	28 430	52 007
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		-	452	-	-	-	-	-	-	-	-
Vote 2 - BUDGET & TREASURY		4 415	-	96	1 900	1 450	1 450	-	2 500	2 400	-
Vote 3 - CORPORATE SERVICES		-	5 605	5 481	5 318	4 872	4 872	-	5 074	5 165	5 311
Vote 4 - COMMUNITY & SOCIAL SERVICES		-	-	2 027	4 132	3 390	3 390	-	6 842	1 199	1 259
Vote 5 - ENGINEERING SERVICES		95 103	77 560	66 019	61 294	50 364	50 364	-	59 690	45 500	20 256
Vote 6 - DEVELOPMENT PLANNING		-	-	-	440	622	622	-	1 500	1 575	1 654
Capital single-year expenditure sub-total		99 518	83 617	73 623	73 083	60 698	60 698	-	75 606	55 839	28 480
Total Capital Expenditure - Vote		99 518	83 617	73 623	93 691	75 698	75 698	-	94 079	84 269	80 487

Table 12 2019/20 Medium-term capital budget by vote, functional classification and funding

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 - Functional											
Governance and administration		4 415	6 057	5 577	8 058	6 922	6 922	-	8 426	8 460	6 250
Executive and council			452		-	-	-		-	-	-
Finance and administration		4 415	5 605	5 577	8 058	6 922	6 922		8 426	8 460	6 250
Community and public safety		-	-	1 513	2 885	2 113	2 113	-	2 790	95	99
Community and social services		-	-		-	40	40		700	-	-
Sport and recreation		-	-		-	-	-		-	-	-
Public safety		-	-	1 513	2 885	2 073	2 073		2 090	95	99
Economic and environmental services		70 196	48 906	63 754	52 011	54 461	54 461	-	48 423	50 005	53 661
Planning and development		-	-	16 650	23 680	19 628	19 628		19 973	30 005	53 661
Road transport		70 196	48 906	47 075	28 331	34 801	34 801		28 450	20 000	-
Environmental protection		-	-	30	-	31	31		-	-	-
Trading services		24 907	28 653	2 779	30 737	12 202	12 202	-	34 440	25 710	20 477
Energy sources		24 907	28 653	2 294	30 630	12 095	12 095		31 240	25 500	20 256
Waste management		-	-	485	107	107	107		3 200	210	221
Other		-	-		-	-			-	-	-
Total Capital Expenditure - Functional	3	99 518	83 617	73 623	93 891	75 698	75 698	-	94 079	84 269	80 487
Funded by:											
National Government		54 540	43 423	66 019	70 075	48 845	48 845		82 020	79 028	77 737
Provincial Government		-	-		-	-	-		-	-	-
Transfers recognised - capital	4	54 540	43 423	66 019	70 075	48 845	48 845	-	82 020	79 028	77 737
Borrowing	6	17 067	28 653		-	-	-		-	-	-
Internally generated funds		27 911	11 540	7 605	23 615	26 853	26 853		12 059	5 241	2 749
Total Capital Funding	7	99 518	83 617	73 623	93 891	75 698	75 698	-	94 079	84 269	80 487

For the 2019/20 Annual budget, there is a decrease in the capital budget of the municipality. This accounts for about R94 million of the budget and this is mainly funded from the MIG for roads, community facilities and Sport facilities and INEP for electrification with the remainder funded from own funds.

1.9 Annual Budget Tables

The following pages present the 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 adopts* on the facing page.

Table 13 MBRR Table A1 - Budget Summary

EC443 Mbizana - 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	16 511	20 256	19 942	23 571	23 571	23 571	-	24 796	26 135	27 547
Service charges	21 813	29 754	30 831	37 441	39 441	39 441	-	42 067	44 189	46 418
Investment revenue	6 028	7 796	7 435	7 942	9 142	9 142	-	9 617	10 137	10 684
Transfers recognised - operational	189 891	182 912	202 507	235 075	236 347	236 347	-	268 837	280 924	300 609
Other own revenue	8 262	9 114	14 775	12 472	12 492	12 492	-	12 668	13 354	14 076
Total Revenue (excluding capital transfers and contributions)	242 504	249 832	275 491	316 501	320 993	320 993	-	357 985	374 739	399 333
Employee costs	71 790	80 378	85 766	107 802	107 020	107 020	-	108 674	116 054	123 938
Remuneration of councillors	18 956	19 649	22 485	24 091	24 091	24 091	-	25 263	27 057	28 978
Depreciation & asset impairment	37 992	39 229	38 975	48 449	48 449	48 449	-	50 872	53 415	56 086
Finance charges	547	2 168	727	400	400	400	-	400	400	400
Materials and bulk purchases	24 528	27 606	33 693	41 905	43 421	43 421	-	46 349	48 456	50 879
Transfers and grants	-	4 491	738	2 158	1 644	1 644	-	1 130	1 186	1 245
Other expenditure	183 274	104 840	148 263	119 165	206 361	206 361	-	135 030	138 033	144 953
Total Expenditure	337 088	278 361	330 646	343 970	431 386	431 386	-	367 717	384 602	406 479
Surplus/(Deficit)	(94 583)	(28 529)	(55 155)	(27 469)	(110 394)	(110 394)	-	(9 732)	(9 863)	(7 146)
Transfers and subsidies - capital (monetary allocation)	69 511	72 645	111 162	72 446	80 026	80 026	-	82 020	79 028	77 737
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(25 073)	44 116	56 007	44 977	(30 368)	(30 368)	-	72 288	69 165	70 591
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(25 073)	44 116	56 007	44 977	(30 368)	(30 368)	-	72 288	69 165	70 591
Capital expenditure & funds sources										
Capital expenditure	99 518	83 617	73 623	93 691	75 698	75 698	-	94 079	84 269	80 487
Transfers recognised - capital	54 540	43 423	66 019	70 075	48 845	48 845	-	82 020	79 028	77 737
Borrowing	17 067	28 653	-	-	-	-	-	-	-	-
Internally generated funds	27 911	11 540	7 605	23 615	26 853	26 853	-	12 059	5 241	2 749
Total sources of capital funds	99 518	83 617	73 623	93 691	75 698	75 698	-	94 079	84 269	80 487
Financial position										
Total current assets	142 261	123 287	174 592	102 087	131 719	102 087	-	164 684	195 524	229 488
Total non current assets	580 474	613 910	619 473	758 241	739 554	739 401	1 852	782 188	811 864	837 588
Total current liabilities	69 876	57 580	51 042	36 049	36 049	36 049	-	44 315	42 527	34 424
Total non current liabilities	20 325	3 585	4 319	3 227	3 227	3 227	-	4 751	5 226	5 748
Community wealth/Equity	632 535	676 031	738 703	821 052	831 997	802 212	-	897 806	959 636	1 026 903
Cash flows										
Net cash from (used) operating	79 197	77 835	118 820	95 527	54 143	54 143	-	119 592	118 809	122 691
Net cash from (used) investing	(99 535)	(83 597)	(75 023)	(93 691)	(75 698)	(75 698)	-	(94 079)	(84 269)	(80 487)
Net cash from (used) financing	31 417	(24 126)	(16 274)	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	96 914	67 026	94 549	43 362	72 997	72 997	-	98 510	133 050	175 254
Cash backing/surplus reconciliation										
Cash and investments available	96 907	67 026	94 549	43 362	72 995	43 362	-	98 510	133 050	175 254
Application of cash and investments	14 162	(2 807)	(18 324)	(21 157)	(21 241)	(21 241)	-	(20 693)	(19 430)	(19 616)
Balance - surplus (shortfall)	82 745	69 833	112 874	64 519	94 236	64 603	-	119 203	152 480	194 870
Asset management										
Asset register summary (WDV)	494 059	501 633	-	-	-	-	-	-	-	-
Depreciation	36 659	39 229	38 974	48 449	48 408	48 408	48 408	50 872	53 415	56 086
Renewal and Upgrading of Existing Assets	-	-	-	20 608	14 999	14 999	14 999	18 473	28 430	52 007
Repairs and Maintenance	5 292	5 017	4 549	12 851	9 256	9 256	9 256	14 138	14 844	15 587
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage	-	-	-	-	-	-	-	-	-	-
Energy:	6	6	-	6	6	6	5	5	4	3
Refuse:	48	48	-	48	48	48	49	49	49	51

Explanatory adopts 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 for possible approval by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognized 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 is 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. Efforts have been made in compiling the budget to ensure that the budget is cash backed. This is reflected by the positive cash flows that the municipality has. This requires the municipality to maintain its prudence to ensure that positive cash flows are maintained over the long term whilst ensuring that there is spending on projects that make a difference to people's livelihoods.
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 14 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by functional classification)

EC443 Mbizana - Table A2 Budgeted Financial Performance (revenue and expenditure by functional 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
Revenue - Functional										
<i>Governance and administration</i>		209 376	210 682	234 406	270 060	272 332	272 332	302 912	322 914	344 872
Executive and council		-	532	411	-	392	392	-	-	-
Finance and administration		209 376	210 150	233 935	270 060	271 940	271 940	302 912	322 914	344 872
Internal audit		-	-	61	-	-	-	-	-	-
<i>Community and public safety</i>		1 771	1 412	6 346	6 002	6 002	6 002	6 341	6 659	7 012
Community and social services		334	296	573	698	698	698	763	777	813
Sport and recreation		-	0	158	-	-	-	-	-	-
Public safety		1 404	1 107	5 594	5 304	5 304	5 304	5 578	5 881	6 199
Housing		33	8	21	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		52 703	50 117	60 962	47 663	47 883	47 883	51 271	54 045	58 027
Planning and development		88	246	794	247	467	467	491	517	545
Road transport		49 536	49 660	60 020	47 416	47 416	47 416	50 780	53 528	57 481
Environmental protection		3 079	211	148	-	-	-	-	-	-
<i>Trading services</i>		48 086	60 266	84 785	65 222	74 802	74 802	79 482	70 149	67 159
Energy sources		46 078	58 039	81 372	60 482	68 062	68 062	69 110	65 265	62 011
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		2 008	2 227	3 413	4 740	6 740	6 740	10 372	4 884	5 148
<i>Other</i>	4	79	-	154	-	-	-	-	-	-
Total Revenue - Functional	2	312 015	322 476	386 653	388 947	401 019	401 019	440 005	453 767	477 070
Expenditure - Functional										
<i>Governance and administration</i>		167 959	166 986	170 458	211 624	172 053	172 053	179 691	190 227	201 397
Executive and council		55 781	62 135	53 383	64 471	63 775	63 775	65 088	69 111	73 390
Finance and administration		112 178	104 851	114 393	143 842	104 963	104 963	111 617	117 943	124 636
Internal audit		-	-	2 682	3 311	3 315	3 315	2 987	3 173	3 371
<i>Community and public safety</i>		20 462	23 734	22 726	26 986	26 993	26 993	26 947	28 050	29 753
Community and social services		16 505	18 396	6 381	12 695	11 174	11 174	10 070	10 090	10 638
Sport and recreation		153	220	6 970	732	2 866	2 866	2 307	2 454	2 610
Public safety		3 804	5 118	9 039	12 522	11 853	11 853	13 355	14 216	15 133
Housing		-	-	337	1 037	1 100	1 100	1 214	1 291	1 372
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		28 904	26 642	57 324	38 964	77 882	77 882	82 034	86 502	91 220
Planning and development		12 328	14 026	46 025	23 583	26 579	26 579	27 638	29 250	30 959
Road transport		12 278	10 788	8 888	13 430	49 282	49 282	52 158	54 873	57 732
Environmental protection		4 299	1 828	2 411	1 952	2 021	2 021	2 238	2 379	2 529
<i>Trading services</i>		119 763	60 999	78 039	63 375	151 421	151 421	75 510	76 077	80 139
Energy sources		110 424	46 571	67 542	47 092	131 368	131 368	49 409	51 947	54 618
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		9 339	14 429	10 497	16 283	20 053	20 053	26 101	24 130	25 521
<i>Other</i>	4	-	-	2 098	3 021	3 062	3 062	3 534	3 745	3 970
Total Expenditure - Functional	3	337 088	278 361	330 646	343 970	431 411	431 411	367 717	384 602	406 479
Surplus/(Deficit) for the year		(25 073)	44 116	56 007	44 977	(30 393)	(30 393)	72 288	69 165	70 591

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

The above table shows the allocations made by the municipality to the different classes or functions within the municipality and the contributions that will be made per standard class. It is pleasing to note that the table shows that the municipality's bigger share is allocated to service deliver functions as well as governance and administration. These are complementary in nature hence the allocations.

Table 15 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**EC443 Mbizana - 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										
Vote 1 - EXECUTIVE & COUNCIL	1	-	532	871	-	392	392	-	-	-
Vote 2 - BUDGET & TREASURY		209 138	210 049	233 049	269 941	271 821	271 821	302 787	322 782	344 733
Vote 3 - CORPORATE SERVICES		237	100	587	119	119	119	125	132	139
Vote 4 - COMMUNITY & SOCIAL SERVICES		9 253	3 850	9 966	10 742	12 742	12 742	16 625	11 451	12 063
Vote 5 - ENGINEERING SERVICES		93 237	107 698	141 690	108 067	115 647	115 647	120 068	118 980	119 690
Vote 6 - DEVELOPMENT PLANNING		149	246	491	78	298	298	401	422	445
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	312 015	322 476	386 653	388 947	401 019	401 019	440 005	453 767	477 070
Expenditure by Vote to be appropriated										
Vote 1 - EXECUTIVE & COUNCIL	1	55 781	62 135	68 414	81 218	80 692	80 692	82 229	87 254	92 594
Vote 2 - BUDGET & TREASURY		81 451	68 227	55 516	75 087	26 799	26 799	28 168	29 808	31 545
Vote 3 - CORPORATE SERVICES		29 423	36 624	40 447	47 144	56 078	56 078	58 783	62 044	65 491
Vote 4 - COMMUNITY & SOCIAL SERVICES		36 973	39 991	44 859	59 618	58 325	58 325	66 498	66 419	70 350
Vote 5 - ENGINEERING SERVICES		120 717	57 358	107 277	60 056	185 912	185 912	107 014	112 619	118 524
Vote 6 - DEVELOPMENT PLANNING		12 743	14 026	14 133	20 848	23 606	23 606	25 024	26 458	27 976
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	337 088	278 361	330 646	343 970	431 411	431 411	367 717	384 602	406 479
Surplus/(Deficit) for the year	2	(25 073)	44 116	56 007	44 977	(30 393)	(30 393)	72 288	69 165	70 591

Listed in the table above are the revenue and expenditure classifications for all the departments within the municipality.

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

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

Table 16 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

EC443 Mbizana - 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	16 511	20 256	19 942	23 571	23 571	23 571	-	24 796	26 135	27 547
Service charges - electricity revenue	2	20 805	28 611	29 507	35 076	35 076	35 076	-	37 475	39 349	41 316
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	1 008	1 143	1 324	2 365	4 365	4 365	-	4 592	4 840	5 101
Rental of facilities and equipment		608	470	656	903	903	903		950	1 002	1 056
Interest earned - external investments		6 028	7 796	7 435	7 942	9 142	9 142		9 617	10 137	10 684
Interest earned - outstanding debtors		2 415	2 758	3 788	4 006	4 006	4 006		4 214	4 442	4 681
Dividends received		-	-	-	-	-	-		-	-	-
Fines, penalties and forfeits		1 659	1 297	1 646	2 031	2 031	2 031		2 136	2 252	2 373
Licences and permits		2 442	2 555	2 296	2 294	2 294	2 294		2 413	2 543	2 681
Agency services			943	1 150	1 233	1 233	1 233		1 295	1 368	1 441
Transfers and subsidies		189 891	182 912	202 507	235 075	236 347	236 347		268 837	280 924	300 609
Other revenue	2	1 138	1 091	5 239	2 005	2 025	2 025	-	1 659	1 748	1 843
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		242 504	249 832	275 491	316 501	320 993	320 993	-	357 985	374 739	399 333
Expenditure By Type											
Employee related costs	2	71 790	80 378	85 766	107 802	107 020	107 020	-	108 674	116 054	123 938
Remuneration of councillors		18 956	19 649	22 485	24 091	24 091	24 091		25 263	27 057	28 978
Debt impairment	3	4 569	1 110	2 506	2 101	2 101	2 101		2 631	2 763	2 901
Depreciation & asset impairment	2	37 992	39 229	38 975	48 449	48 449	48 449	-	50 872	53 415	56 086
Finance charges		547	2 168	727	400	400	400		400	400	400
Bulk purchases	2	24 528	27 606	27 761	33 594	33 594	33 594	-	35 274	37 038	38 890
Other materials	8			5 932	8 311	9 826	9 826		11 075	11 418	11 989
Contracted services		-	-	67 554	50 671	102 739	102 739	-	62 550	62 497	65 621
Transfers and subsidies		-	4 491	738	2 158	1 644	1 644	-	1 130	1 186	1 245
Other expenditure	4, 5	159 469	96 054	44 252	66 393	66 264	66 264	-	69 848	72 774	76 431
Loss on disposal of PPE		19 236	7 676	33 952	-	35 258	35 258				
Total Expenditure		337 088	276 361	330 646	343 970	431 386	431 386	-	367 717	384 602	406 479
Surplus/(Deficit)		(94 583)	(26 529)	(55 155)	(27 469)	(110 394)	(110 394)	-	(9 732)	(9 863)	(7 146)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		69 511	72 645	111 162	72 446	80 026	80 026		82 020	79 028	77 737
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Education Institutions)	6	-	-	-	-	-	-		-	-	-
Surplus/(Deficit) after capital transfers & contributions		(25 073)	44 116	56 007	44 977	(30 368)	(30 368)	-	72 288	69 165	70 591
Taxation											
Surplus/(Deficit) after taxation		(25 073)	44 116	56 007	44 977	(30 368)	(30 368)	-	72 288	69 165	70 591
Atributable to minorities											
Surplus/(Deficit) attributable to municipality		(25 073)	44 116	56 007	44 977	(30 368)	(30 368)	-	72 288	69 165	70 591
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(25 073)	44 116	56 007	44 977	(30 368)	(30 368)	-	72 288	69 165	70 591

Table 17 MBRR Table A5 - Budgeted Capital Expenditure by vote, functional 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											
Multi-year expenditure to be appropriate	2										
Vote 5 - ENGINEERING SERVICES		-	-	-	20 608	14 999	14 999	-	18 473	28 430	52 007
Capital multi-year expenditure sub-total	7	-	-	-	20 608	14 999	14 999	-	18 473	28 430	52 007
Single-year expenditure to be appropriate	2										
Vote 1 - EXECUTIVE & COUNCIL		-	452	-	-	-	-	-	-	-	-
Vote 2 - BUDGET & TREASURY		4 415	-	96	1 900	1 450	1 450	-	2 500	2 400	-
Vote 3 - CORPORATE SERVICES		-	5 605	5 481	5 318	4 872	4 872	-	5 074	5 165	5 311
Vote 4 - COMMUNITY & SOCIAL SERVICES		-	-	2 027	4 132	3 390	3 390	-	6 842	1 199	1 259
Vote 5 - ENGINEERING SERVICES		95 103	77 560	66 019	61 294	50 364	50 364	-	59 690	45 500	20 256
Vote 6 - DEVELOPMENT PLANNING		-	-	-	440	622	622	-	1 500	1 575	1 654
Capital single-year expenditure sub-total		99 518	83 617	73 623	73 083	60 698	60 698	-	75 606	55 839	28 480
Total Capital Expenditure - Vote		99 518	83 617	73 623	93 691	75 698	75 698	-	94 079	84 269	80 487
Capital Expenditure - Functional											
Governance and administration		4 415	6 057	5 577	8 058	6 922	6 922	-	8 426	8 460	6 250
Executive and council		-	452	-	-	-	-	-	-	-	-
Finance and administration		4 415	5 605	5 577	8 058	6 922	6 922	-	8 426	8 460	6 250
Community and public safety		-	-	1 513	2 885	2 113	2 113	-	2 790	95	99
Community and social services		-	-	-	-	40	40	-	700	-	-
Public safety		-	-	1 513	2 885	2 073	2 073	-	2 090	95	99
Economic and environmental services		70 196	48 906	63 754	52 011	54 461	54 461	-	48 423	50 005	53 661
Planning and development		-	-	16 650	23 680	19 628	19 628	-	19 973	30 005	53 661
Road transport		70 196	48 906	47 075	28 331	34 801	34 801	-	28 450	20 000	-
Environmental protection		-	-	30	-	31	31	-	-	-	-
Trading services		24 907	28 653	2 779	30 737	12 202	12 202	-	34 440	25 710	20 477
Energy sources		24 907	28 653	2 294	30 630	12 095	12 095	-	31 240	25 500	20 256
Waste management		-	-	485	107	107	107	-	3 200	210	221
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	99 518	83 617	73 623	93 691	75 698	75 698	-	94 079	84 269	80 487
Funded by:											
National Government		54 540	43 423	66 019	70 075	48 845	48 845	-	82 020	79 028	77 737
Provincial Government		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	54 540	43 423	66 019	70 075	48 845	48 845	-	82 020	79 028	77 737
Borrowing	6	17 067	28 653	-	-	-	-	-	-	-	-
Internally generated funds		27 911	11 540	7 605	23 615	26 853	26 853	-	12 059	5 241	2 749
Total Capital Funding	7	99 518	83 617	73 623	93 691	75 698	75 698	-	94 079	84 269	80 487

Explanatory adopts to Table A5 - Budgeted Capital Expenditure by vote, functional classification and funding source

The table above shows capital expenditure by vote and functional classification as well as funding for the expenditure forecasted.

This shows how the municipality's capital budget funding is highly dependent on grant funding. There is also a portion on the funding of electricity infrastructure that will be going to the repayment of the front loading arrangement that was made for the year under implementation. This reduces the amount available for capital budget funding.

Table 18 MBRR Table A6 - Budgeted Financial Position

EC443 Mbizana - 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
ASSETS											
Current assets											
Cash		4 708	1 623	13 507	1 947	1 947	1 947		1 201	1 001	1 113
Call investment deposits	1	92 199	65 403	81 042	41 415	71 047	41 415	-	97 309	132 049	174 140
Consumer debtors	1	24 591	31 180	37 774	28 062	28 062	28 062	-	32 795	30 908	29 000
Other debtors		18 779	23 425	40 879	29 281	29 281	29 281		30 659	29 126	21 845
Current portion of long-term receivables		1 406	1 184	940	994	994	994		2 400	2 150	3 211
Inventory	2	579	472	449	387	387	387		320	290	179
Total current assets		142 261	123 287	174 592	102 087	131 719	102 087	-	164 684	195 524	229 488
Non current assets											
Long-term receivables		-	-	-	-	-	-		-	-	-
Investments		-	-	-	-	-	-		-	-	-
Investment property		5 662	5 794	6 132	7 165	7 165	7 165		6 745	7 419	8 161
Investment in Associate		-	-	-	-	-	-		-	-	-
Property, plant and equipment	3	574 812	608 116	611 261	748 376	730 383	730 383	-	773 591	804 445	828 846
Biological		-	-	-	-	-	-		-	-	-
Intangible		2 081	1 469	774	1 852	1 852	1 852		581	436	327
Other non-current assets		-	1 231	1 231	-	-	-		-	-	-
Total non current assets		580 474	613 910	619 473	758 241	739 554	739 401	1 852	782 188	811 864	837 588
TOTAL ASSETS		722 735	737 197	794 065	860 328	871 273	841 488	1 852	946 872	1 007 388	1 067 076
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-		-	-	-
Borrowing	4	23 850	16 274	-	-	-	-	-	-	-	-
Consumer deposits		441	459	610	463	463	463		457	297	282
Trade and other payables	4	44 461	38 442	40 533	33 060	33 060	33 060	-	34 453	32 730	24 548
Provisions		1 125	2 406	9 900	2 526	2 526	2 526		9 405	9 499	9 594
Total current liabilities		69 876	57 580	51 042	36 049	36 049	36 049	-	44 315	42 527	34 424
Non current liabilities											
Borrowing		16 550	-	-	-	-	-		-	-	-
Provisions		3 775	3 585	4 319	3 227	3 227	3 227		4 751	5 226	5 748
Total non current liabilities		20 325	3 585	4 319	3 227	3 227	3 227	-	4 751	5 226	5 748
TOTAL LIABILITIES		90 200	61 166	55 361	39 276	39 276	39 276	-	49 066	47 752	40 173
NET ASSETS	5	632 535	676 031	738 703	821 052	831 997	802 212	1 852	897 806	959 636	1 026 903
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		632 535	676 031	738 703	821 052	831 997	802 212		897 806	959 636	1 026 903
Reserves	4	-	-	-	-	-	-		-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	632 535	676 031	738 703	821 052	831 997	802 212	-	897 806	959 636	1 026 903

Explanatory adopts to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. 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 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC443 Mbizana - 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	96 914	67 026	94 549	43 362	72 997	72 997	-	98 510	133 050	175 254
Other current investments > 90 days		(7)	-	(0)	0	(2)	(29 635)	-	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		96 907	67 026	94 549	43 362	72 995	43 362	-	98 510	133 050	175 254
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	14 162	(2 807)	(18 324)	(21 157)	(21 241)	(21 241)	-	(20 693)	(19 430)	(19 616)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		14 162	(2 807)	(18 324)	(21 157)	(21 241)	(21 241)	-	(20 693)	(19 430)	(19 616)
Surplus(shortfall)		82 745	69 833	112 874	64 519	94 236	64 603	-	119 203	152 480	194 870

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

The above table shows how the municipality's funding will be applied and the targets set for cash backed reserves over the medium. This is informed by anticipated year end targets as well as the plans to be implemented over the medium-term, especially on the revenue management, debt collection as well as expenditure management.

Table 19 MBRR Table A7 – Budgeted Cash Flows

EC443 Mbizana - Table A7 Budgeted Cash Flows

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		5 157	9 702	16 951	23 571	23 571	23 571		18 597	19 601	20 660
Service charges		21 842	29 904	26 207	37 441	39 441	39 441		42 067	44 189	46 418
Other revenue		5 548	5 056	5 893	8 466	8 486	8 486		8 454	8 913	9 394
Govt - operating	1	185 410	181 492	205 435	235 075	235 075	235 075		268 837	280 924	300 609
Government - capital	1	71 883	72 645	108 286	72 446	80 026	80 026		82 020	79 028	77 737
Interest		8 443	10 554	11 224	11 948	13 148	13 148		13 831	14 578	15 365
Dividends		-	-	-	-	-	-		-	-	-
Payments											
Suppliers and employees		(215 082)	(224 860)	(253 710)	(290 862)	(343 559)	(343 559)		(312 685)	(326 838)	(345 847)
Finance charges		(547)	(2 168)	(727)	(400)	(400)	(400)		(400)	(400)	(400)
Transfers and Grants	1	(3 455)	(4 491)	(738)	(2 158)	(1 644)	(1 644)		(1 130)	(1 186)	(1 245)
NET CASH FROM/(USED) OPERATING ACTIVITIES		79 197	77 835	118 820	95 527	54 143	54 143	-	119 592	118 809	122 691
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		110	20	785	-	-	-		-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-		-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-		-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-		-	-	-
Payments											
Capital assets		(99 645)	(83 617)	(75 808)	(93 691)	(75 698)	(75 698)		(94 079)	(84 269)	(80 487)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(99 535)	(83 597)	(75 023)	(93 691)	(75 698)	(75 698)	-	(94 079)	(84 269)	(80 487)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		23 850	-	-	-	-	-		-	-	-
Borrowing long term/refinancing		24 526	-	-	-	-	-		-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-		-	-	-
Payments											
Repayment of borrowing		(16 959)	(24 126)	(16 274)	-	-	-		-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		31 417	(24 126)	(16 274)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		11 079	(29 888)	27 523	1 836	(21 554)	(21 554)	-	25 513	34 540	42 204
Cash/cash equivalents at the year begin:	2	85 835	96 914	67 026	41 526	94 551	94 551		72 997	98 510	133 050
Cash/cash equivalents at the year end:	2	96 914	67 026	94 549	43 362	72 997	72 997		98 510	133 050	175 254

Table 20 MBRR Table A10 – Basic Service Delivery Measurement

EC443 Mbizana - 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
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min. service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Using public tap (< min. service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min. service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min. service level)		200	200	-	287	287	287	290	325	330
Electricity - prepaid (min service level)		22 346	22 346	-	22 346	22 346	22 346	23 886	25 531	27 290
<i>Minimum Service Level and Above sub-total</i>		22 546	22 546	-	22 633	22 633	22 633	24 176	25 856	27 620
Electricity (< min. service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		6 000	6 000	-	6 000	6 000	6 000	5 000	4 200	3 150
<i>Below Minimum Service Level sub-total</i>		6 000	6 000	-	6 000	6 000	6 000	5 000	4 200	3 150
Total number of households	5	28 546	28 546	-	28 633	28 633	28 633	29 176	30 056	30 770
Refuse:										
Removed at least once a week		800	800	-	800	800	800	850	880	900
<i>Minimum Service Level and Above sub-total</i>		800	800	-	800	800	800	850	880	900
Removed less frequently than once a week		157	157	-	157	157	157	169	172	180
Using communal refuse dump		250	250	-	250	250	250	260	280	290
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		3	3	-	3	3	3	3	3	3
No rubbish disposal		47 480	47 480	-	47 480	47 480	47 480	48 480	48 499	50 123
<i>Below Minimum Service Level sub-total</i>		47 890	47 890	-	47 890	47 890	47 890	48 912	48 954	50 596
Total number of households	5	48 690	48 690	-	48 690	48 690	48 690	49 762	49 834	51 496

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

A budget and IDP process plan was tabled to the municipal council 10 months before the start of the 2018/19 financial year as required by the Municipal Finance Management Act. The process plan sets out a road map with timeframes and tasks clearly set with responsible officials or institutions. The process plan in part of the IDP document and efforts have been made to ensure that these timelines are adhered to the latter. The process involves the consultation with the communities which was done during November and December 2018. These consultations inform the inputs into the IDP and the Budget.

A draft budget will be tabled to council before 31 March 2019. Inputs will then be sought from all stakeholders within the communities and therefore community consultations will be carried out in April and May 2019. The final budget adoption will have to take into consideration these inputs.

Other inputs were received from the Provincial Treasury after having received the draft, and an engagement between the Provincial Treasury and the Municipality took place. A review document was produced by the Provincial Treasury and concerns raised in this document and the engagement have been, as far as possible, taken into consideration in the final compilation.

2.2 Overview of budget related-policies

The budget preparation process cannot be separated from the review of related policies that enable the implementation of the budget. The following is a brief look at the budget related policies and where applicable, changes that have been proposed during the budget review:-

2.2.1 Review of credit control and debt collection policy

- It is vital to the long term financial viability of the Mbizana Local Municipality that it collects the revenues (such as service charges, rates and taxes) due to it for services rendered. In terms of s96 of the Systems Act, a municipality:
- must collect all money that is due and payable to it subject to this Act and any other applicable legislation; and
- For this purpose, must adopt, maintain and implement a credit control and debt collection policy, which is consistent with rates and tariff policies and complies with the provisions of this Act. This means that appropriate credit control and debtors mechanisms must be maintained. The services provided by the Mbizana Local Municipality include electricity, refuse removal and other municipal services.

2.2.2 Supply Chain Management Policy

The SCM policy aims to ensure that Mbizana Local Municipality procures goods and services in a manner that is efficient, timely and cost-effective, ensures customer satisfaction, pursues socio-economic objectives through a preference system and demonstrates compliance with the constitution and all relevant legislation.

A few changes have been proposed to the SCM Policy and these have been necessitated mainly by changes introduced by the National Treasury as well as the South African Revenue Services.

Central Supplier Database: The National Treasury has introduced a requirement that all service provider purporting to do business with government institutions must be registered in a

central database maintained by the National Treasury. Important information that relates to the registration of all companies and compliance with various requirements of various institutions is monitored through this database. Our policy should therefore make reference to this.

SARS Pin: The SARS has in the past made use of the tax clearance certificate, valid for a year, to confirm the good standing of companies that do business with the municipality. All companies have now been issued with a SARS pin which enables organs of state to directly enquire on the status of the companies at any given time. This has made the submission of the tax certificate not compulsory, but that of the SARS Pin. This development must again be reflected in the SCM policy of the municipality.

Preferential Procurement Regulations, 2017: The Minister of Finance, in terms of section 5 of the Preferential Procurement Policy Framework Act, 2000, made the regulations set out in the schedule, and issued in terms of a government gazette in January 2017. The Preferential Procurement Regulations 2017 therefore set out a number of regulations that must be implemented by all organs of the state from April 01, 2017. Some of the regulations set out affect the municipality's Supply Chain Management policy, and as such the policy must be amended to give effect to those.

The following are some of the major changes that the regulations present:-

- **Pre-qualification criteria for preferential procurement:** Where an organ of state decides to apply pre-qualification criteria to advance certain designated groups, an organ of state must advertise the tender with specific tendering condition that one or more of the type of tenderers may respond. These include amongst others:-
 - A tenderer having a stipulated minimum B-BBEE status level of contributor;
 - An EME (exempt micro enterprise) or QSE (qualifying small business);
 - A tenderer subcontracting a minimum of 30% to:-
 - An EME or QSE which is at least 51% owned by black people;
 - An EME or QSE which is at least 51% owned by black people who are youth;
 - An EME or QSE which is at least 51% owned by black people who are women; and a number of other criteria as stated in the regulations.
- **80/20 preference point system for acquisition of goods or services for Rand value equal to or above R30 000 and up to R50 million:** This point scoring system is now applicable to all procurement from R30 000 to R50 million where as it before only up to R1 million.
- **90/10 preference point system for acquisition of goods or services for Rand value above R50 million:** The point scoring system that used to be applicable from the Rand value of R1 million is now only applicable from a Rand value of more than R50 million.
- **Subcontracting after award of tender:** The regulations make specific considerations relating to subcontracting after the award and the following points are important:
 - A person awarded a contract may only enter into a subcontracting arrangement with the approval of the state;
 - A person awarded a contract may not subcontract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level of contributor than the person concerned, unless the contract is subcontracted to an EME that has the capability and ability to execute the subcontract.

2.2.3 Budget Policy

The objective of the budget policy is to set out:

- The principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget,
- The responsibilities of the mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget, and
- To establish and maintain procedures to ensure adherence to Mbizana's IDP review and budget processes.

This policy also needs to see a number of changes which are necessitated by the introduction of mSCOA. The various segments introduced with mSCOA have meant that the levels of authority cannot be left unchanged as some transfers and virements require a higher level of authorization, up to a level where council must take a decision.

2.2.4 Cash Management and Investment Policy

An Accounting Officer has an obligation to ensure that cash resources are managed as effectively, efficiently and economically as possible. Effective cash management and competitive investment ensures both short-term and long-term viability and sustainability of the municipality. Hence, it is critical for the Mbizana Local Municipality to have its own Cash Management and Investment Policy located within the local government legislative framework.

The primary and ultimate goal of the investment of funds is to secure the safety, integrity and wholeness of the invested capital, managing liquidity requirements and ensuring the earning of the highest possible return on invested capital at minimum risk (i.e. whilst not risking the partial or total loss of invested capital), within the parameters of authorised instruments as per the MFMA.

2.2.5 Tariff Policies

In terms of section 62 (1) of the Local Government: Municipal Finance Management Act (MFMA), Act no 56 of 2003, the Accounting Officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that, inter alia, the municipality has and implements a tariff policy referred to in section 74 of the Local Government: Municipal Systems Act (MSA), Act no 32 of 2000 as amended.

In terms of section 74 of the Municipal Systems Act the municipal council hereby adopts a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements.

2.2.6 Property rates policy

This policy guides the annual setting (or revision) of property rates tariffs. It does not necessarily make specific property rates tariff proposals. Details pertaining to the applications of the various property rates tariffs are annually published in the Provincial Gazette and the municipality's schedule of tariffs, which must be read in conjunction with this policy.

In imposing the rate in the rand for each annual operating budget component, the municipality shall grant exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this policy document.

2.2.7 Asset management policy

The objective of this Asset Management Policy is to ensure that the municipality:

- has consistent application of asset management principles;
- implements accrual accounting;
- complies with the MFMA and other related legislation;
- correctly accounts for Assets under the GRAP accounting framework;
- safeguards and controls the assets of the municipality; and
- Optimizes asset usage.

During the review it was identified that the Asset Management committee did not include the councilors responsible for asset management and this was the proposed change to the policy.

2.2.8 SCM Policy for Infrastructure Procurement and Delivery Management

The National Treasury issued a circular in October 2015 in relation to the introduction of this policy. The intention of the circular was to a policy that would enable a municipality to separate the supply chain management requirements for general goods and services from those for infrastructure delivery. The infrastructure delivery encompasses a whole range of competencies including planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure.

The circular has two attachments or annexures to it, which are,

- Model SCM Policy for Infrastructure Procurement and Delivery Management; and
- National Treasury Standard for Infrastructure Procurement and Delivery Management (SIPDM)

The model SCM Policy is intended to give a guide to the municipality as to what the contents of the policy should be, while the Standard for Infrastructure provides standards that must be complied with in the implementation of the policy.

Council must then consider the model policy, make its own inputs and approve it for implementation from July 01, 2018.

The policy is structured in the following way:-

General Requirements

- Delegations
- Implementation of SIPDM
- Supervision of the Infrastructure delivery management unit – BTO and ES
- Objections and Complaints
- Resolution of Disputes

Control Framework

- Gateway reviews
- General
- Stages and End-of-Stages deliverables

Infrastructure Delivery Management

- Institutional arrangements
- Acquisition management
- Reporting

Infrastructure Procurement

- Procurement Documents
- Developmental procurement policy
- Payment of creditors
- Approval to utilize specific procurement procedures
- Receipt and safeguarding of submissions
- Opening of submission

Stage		End-of-Stage deliverables
No.	Name	
0	Project Initiation	An initiation report which outlines the high-level business case together with the estimated project cost and proposed schedule for a single project or a group of projects having a similar high-level scope
1	Infrastructure Planning	An infrastructure plan which identifies and prioritizes projects and packages against a forecasted budget over a period of at least five years
2	Strategic Resourcing	A delivery and/or procurement strategy which, for a portfolio of projects, identifies the delivery strategy in respect of each project or package and, where

			needs are met through own procurement system, a procurement strategy
3	Pre-feasibility		A prefeasibility report which determines whether or not it is worthwhile to proceed to the feasibility stage
	Preparation and brief		A strategic brief which defines project objectives, needs, acceptance criteria and client priorities and aspirations, and which sets out the basis for the development of the concept report for one or more packages
4	Feasibility		A feasibility report which presents sufficient information to determine whether or not the project should be implemented
	Concept and viability		A concept report which establishes the detailed brief, scope, scale, form and control budget, and sets out the integrated concept for one or more packages
5	Design Development		A design development report which develops in detail the approved concept to finalize the design and definition criteria, sets out the integrated developed design, and contains the cost plan and schedule for one or more packages
6	Design Documentation	6A Production information	Production information which provides the detailing, performance definition, specification, sizing and positioning of all systems and components enabling either construction (where the constructor is able to build directly from the information prepared) or the production of manufacturing and installation information for construction
		6B Manufacture, fabrication and construction information	Manufacture, fabrication and construction information produced by or on behalf of the constructor, based on the production information provided for a

		package which enables manufacture, fabrication or construction to take place
7	Works	Completed works which are capable of being occupied or used
8	Handover	Works which have been taken over by the user or owner complete with record information
9	Package Completion	Works with notified defects corrected, final account settled and the close out report issued

2.3 Overview of budget assumptions

The budget compilation has been driven by a few assumptions based on the information available to the municipality. As indicated in the earlier paragraphs, the MFMA Treasury Budget Circulars have been used as a basis for the assumptions made. The inflationary outlook as per the circulars is as follows:

Fiscal year	2018/19 Estimate	2019/20	2020/21 Forecast	2021/22 Forecast
Consumer Price Inflation – CPI	4.7%	5.2%	5.4%	5.4%

The National Energy Regulator of South Africa has not yet indicated a proposed increase for Municipalities.

The employee related costs increments are still being negotiated and 2019/20 will see the 2nd year of the implementation of that agreement. The budgetary provision of the 2019/20 financial year should then be provided for as follows:-

- 2019/20 Fin Year – CPI + 1.5%

2.4 Councillor and employee benefits

Table 21 MBRR SA22 - Summary of councillor and staff benefits

EC443 Mbizana - Supporting Table SA22 Summary 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
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		12 101	12 761	13 812	14 343	15 898	15 898	15 925	17 056	18 267
Pension and UIF Contributions		-	-	-	-	-	-	1 101	1 180	1 263
Medical Aid Contributions		-	-	-	-	-	-	1 101	1 180	1 263
Motor Vehicle Allowance		4 273	4 431	4 933	5 142	5 142	5 142	5 507	5 898	6 317
Cellphone Allowance		1 329	1 585	2 753	1 520	2 666	2 666	1 628	1 744	1 868
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		1 253	872	987	3 085	386	386	-	-	-
Sub Total - Councillors		18 956	19 649	22 485	24 091	24 091	24 091	25 263	27 057	28 978
% Increase	4		3.7%	14.4%	7.1%	0.0%	-	4.9%	7.1%	7.1%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		4 371	4 657	4 718	4 989	4 989	4 989	4 572	4 887	5 225
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	1 259	1 339	1 301	-	-	-	1 580	1 689	1 805
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	892	947	1 482	2 695	2 695	2 695	1 460	1 561	1 668
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		6 522	6 943	7 501	7 684	7 684	7 684	7 611	8 137	8 698
% Increase	4		6.5%	8.0%	2.4%	-	-	(0.9%)	6.9%	6.9%
Other Municipal Staff										
Basic Salaries and Wages		46 585	53 504	59 067	66 431	63 560	63 560	71 778	76 613	81 775
Pension and UIF Contributions		4 462	5 142	5 462	6 691	7 263	7 263	8 383	8 961	9 579
Medical Aid Contributions		3 252	3 749	3 465	5 051	5 349	5 349	5 237	5 598	5 984
Overtime		411	91	937	1 244	2 050	2 050	2 877	3 075	3 287
Performance Bonus		-	-	-	-	-	-	4 579	4 895	5 232
Motor Vehicle Allowance	3	4 872	5 506	5 262	8 824	8 565	8 565	8 107	8 667	9 265
Cellphone Allowance	3	620	506	398	459	359	359	480	513	548
Housing Allowances	3	2 435	2 895	3 014	3 874	4 066	4 066	3 910	4 180	4 468
Other benefits and allowances	3	2 631	5 909	281	7 544	8 124	8 124	3 325	3 554	3 799
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	378	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		65 268	77 302	78 265	100 118	99 336	99 336	108 674	116 054	123 938
% Increase	4		18.4%	1.2%	27.9%	(0.8%)	-	9.4%	6.8%	6.8%
Total Parent Municipality		90 746	103 894	108 251	131 893	131 111	131 111	141 549	151 248	161 614
			14.5%	4.2%	21.8%	(0.6%)	-	8.0%	6.9%	6.9%

EC443 Mbizana - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contribution	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4	1	440 677	-	275 030			715 707
Chief Whip		1	461 201		244 855			706 056
Executive Mayor		1	559 683	-	343 788			903 471
Deputy Executive Mayor								-
Executive Committee		9	3 876 437	-	2 258 691			6 135 128
Total for all other councillors			11 716 666	-	5 086 149			16 802 815
Total Councillors	8	12	17 054 665	-	8 208 513			25 263 178
Senior Managers of the Municipality	5							
Municipal Manager (MM)			911 089		524 249			1 435 338
Chief Finance Officer			732 158		503 067			1 235 225
Senior Manager - Engineering			732 158		503 067			1 235 225
Senior Manager - Corporate Services			732 158		503 067			1 235 225
Senior Manager - Community Services			732 158		503 067			1 235 225
Senior Manager - Development Planning			732 158		503 067			1 235 225
List of each official with packages >= senior manager								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total Senior Managers of the Municipality	8,10	-	4 571 878	-	3 039 583	-		7 611 462

2.5 Expenditure on grants and reconciliations of unspent funds

Table 22 MBRR SA19 – Expenditure on transfers and grant programmes

EC443 Mbizana - Supporting Table SA19 Expenditure on transfers and grant programme

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
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:		209 159	204 212	235 531	260 105	267 685	267 685	296 291	305 924	320 344
Local Government Equitable Share		181 314	175 910	197 681	230 525	230 525	230 525	260 384	278 209	297 873
Finance Management		1 268	2 218	2 145	2 215	2 215	2 215	2 215	2 215	2 215
Municipal Systems Improvement		579	-	-	-	-	-	-	-	-
EPWP Incentive		1 000	1 084	1 704	2 335	2 335	2 335	2 452	-	-
Integrated National Electrification Programme		24 998	25 000	34 001	25 030	32 610	32 610	31 240	25 500	20 256
LED Assistance Grant										
Provincial Government:		240	548	977	448	448	448	3 786	500	521
Sport and Recreation		240	263	489	448	448	448	500	500	521
			167	488						
LED Assistance Grant			118					3 286		
District Municipality:		-	400	-	-	-	-	-	-	-
Integrated Development Planning			100							
			300							
Other grant providers:		-	100	-	-	-	-	-	-	-
[insert description]			100							
GIS Shared Services										
Total operating expenditure of Transfers and Grants		209 399	205 260	236 508	260 553	268 133	268 133	300 077	306 424	320 865
Capital expenditure of Transfers and Grants										
National Government:		46 783	46 159	59 701	47 416	47 416	47 416	48 362	50 979	54 744
Municipal Infrastructure Grant (MIG)		46 783	46 159	59 701	47 416	47 416	47 416	48 362	50 979	54 744
Other capital transfers/grants (insert desc)										
Provincial Government:		-	-	17 460	-	-	-	-	-	-
Provincial Electrification Grant				17 460						
District Municipality:		-	-	-	-	-	-	-	-	-
Integrated Development Planning										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		46 783	46 159	77 161	47 416	47 416	47 416	48 362	50 979	54 744
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		256 182	251 419	313 669	307 969	315 549	315 549	348 439	357 403	375 609

Table 23 MBRR SA20 – Reconciliation of transfers, grant receipts and unspent funds

EC443 Mbizana - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

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
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		45	803	-	-					
Current year receipts		184 919	179 212	235 530	260 105	267 685	267 685	296 291	305 924	320 344
Conditions met - transferred to revenue		184 161	180 015	235 530	260 105	267 685	267 685	296 291	305 924	320 344
Conditions still to be met - transferred to liabilities		803	-							
Provincial Government:										
Balance unspent at beginning of the year		4 860	1 791							
Current year receipts		250	350	850	448	448	448	3 786	500	521
Conditions met - transferred to revenue		3 319	2 141	850	448	448	448	3 786	500	521
Conditions still to be met - transferred to liabilities		1 791								
District Municipality:										
Balance unspent at beginning of the year		157	357							
Current year receipts		200	-							
Conditions met - transferred to revenue		-	357	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		357								
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		187 480	182 513	236 380	260 553	268 133	268 133	300 077	306 424	320 865
Total operating transfers and grants - CTBM	2	2 951	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		2	4							
Current year receipts		71 783	71 159	59 678	47 416	47 416	47 416	48 362	50 979	54 744
Conditions met - transferred to revenue		71 781	71 163	59 678	47 416	47 416	47 416	48 362	50 979	54 744
Conditions still to be met - transferred to liabilities		4								
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts				21 277						
Conditions met - transferred to revenue				21 277						
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		71 781	71 163	80 955	47 416	47 416	47 416	48 362	50 979	54 744
Total capital transfers and grants - CTBM	2	4	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		259 261	253 675	317 335	307 969	315 549	315 549	348 439	357 403	375 609
TOTAL TRANSFERS AND GRANTS - CTBM		2 955	-	-	-	-	-	-	-	-

Table 24 MBRR SA24 – Summary of personnel numbers

EC443 Mbizana - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	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)		61	4	57	61	4	57	62	-	62
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	7		6	7		6	7	-	7
Other Managers	7	16	3	13	16	3	13	19	18	1
Professionals		-	-	-	-	-	-	-	-	-
<i>Finance</i>										
<i>Spatial/town planning</i>										
<i>Information Technology</i>										
<i>Roads</i>										
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>										
Technicians		53	50	2	53	50	2	131	123	8
<i>Finance</i>		11	10	-	11	10		9	9	-
<i>Spatial/town planning</i>										
<i>Information Technology</i>										
<i>Roads</i>								3	3	-
<i>Electricity</i>								5	5	-
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>		42	40	2	42	40	2	45	45	-
<i>Other</i>								69	61	8
Clerks (Clerical and administrative)		97	67	31	97	67	31	57	48	9
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		4		4	4		4	3	-	3
Elementary Occupations		83	83		83	83		57	48	9
TOTAL PERSONNEL NUMBERS	9	321	207	113	321	207	113	336	237	99

EC443 Mbizana - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	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		12 101	12 761	13 812	14 343	15 898	15 898	15 925	17 056	18 267
Pension and UIF Contributions		-	-	-	-	-	-	1 101	1 180	1 263
Medical Aid Contributions		-	-	-	-	-	-	1 101	1 180	1 263
Motor Vehicle Allowance		4 273	4 431	4 933	5 142	5 142	5 142	5 507	5 898	6 317
Cellphone Allowance		1 329	1 585	2 753	1 520	2 666	2 666	1 628	1 744	1 868
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		1 253	872	987	3 085	386	386	-	-	-
Sub Total - Councillors		18 956	19 649	22 485	24 091	24 091	24 091	25 263	27 057	28 978
% increase	4		3.7%	14.4%	7.1%	0.0%	-	4.9%	7.1%	7.1%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		4 371	4 657	4 718	4 989	4 989	4 989	4 572	4 887	5 225
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	1 259	1 339	1 301	-	-	-	1 580	1 689	1 805
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	892	947	1 482	2 695	2 695	2 695	1 460	1 561	1 668
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		6 522	6 943	7 501	7 684	7 684	7 684	7 611	8 137	8 698
% increase	4		6.5%	8.0%	2.4%	-	-	(0.9%)	6.9%	6.9%
Other Municipal Staff										
Basic Salaries and Wages		46 585	53 504	59 067	66 431	63 560	63 560	71 778	76 613	81 775
Pension and UIF Contributions		4 462	5 142	5 462	6 691	7 263	7 263	8 383	8 961	9 579
Medical Aid Contributions		3 252	3 749	3 465	5 051	5 349	5 349	5 237	5 598	5 984
Overtime		411	91	937	1 244	2 050	2 050	2 877	3 075	3 287
Performance Bonus		-	-	-	-	-	-	4 579	4 895	5 232
Motor Vehicle Allowance	3	4 872	5 506	5 262	8 824	8 565	8 565	8 107	8 667	9 265
Cellphone Allowance	3	620	506	398	459	359	359	480	513	548
Housing Allowances	3	2 435	2 895	3 014	3 874	4 066	4 066	3 910	4 180	4 468
Other benefits and allowances	3	2 631	5 909	281	7 544	8 124	8 124	3 325	3 554	3 799
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	378	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		65 268	77 302	78 265	100 118	99 336	99 336	108 674	116 054	123 938
% increase	4		18.4%	1.2%	27.9%	(0.8%)	-	9.4%	6.8%	6.8%
Total Parent Municipality		90 746	103 894	108 251	131 893	131 111	131 111	141 549	151 248	161 614
			14.5%	4.2%	21.8%	(0.6%)	-	8.0%	6.9%	6.9%

2.6 Monthly targets for revenue, expenditure and cash flow

EC443 Mbizana - Supporting Table SA30 Budgeted monthly cash flow

R thousand	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	
Cash Receipts By Source																
Property rates	1 550	1 550	1 550	1 550	1 550	1 550	1 550	1 550	1 550	1 550	1 550	1 550	18 597	19 601	20 600	
Service charges - electricity revenue	3 123	3 123	3 123	3 123	3 123	3 123	3 123	3 123	3 123	3 123	3 123	3 123	37 475	38 349	41 316	
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue	383	383	383	383	383	383	383	383	383	383	383	383	4 592	4 840	5 101	
Service charges - refuse revenue	79	79	79	79	79	79	79	79	79	79	79	79	950	1 002	1 056	
Rental of facilities and equipment	801	801	801	801	801	801	801	801	801	801	801	801	9 617	10 137	10 684	
Interest earned - external investments	351	351	351	351	351	351	351	351	351	351	351	351	4 214	4 442	4 681	
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends received	178	178	178	178	178	178	178	178	178	178	178	178	2 136	2 252	2 373	
Fines, penalties and forfeits	201	201	201	201	201	201	201	201	201	201	201	201	2 543	2 681	2 821	
Licences and permits	108	108	108	108	108	108	108	108	108	108	108	108	1 295	1 368	1 441	
Agency services	107 535	108	108	108	108	80 651	108	108	108	108	108	108	268 837	280 924	300 609	
Transfer receipts - operational	138	138	138	138	138	138	138	138	138	138	138	138	1 059	1 748	1 843	
Other revenue	114 447	6 912	6 912	6 912	6 912	87 564	6 912	6 912	6 912	6 912	6 912	6 912	351 786	368 205	392 446	
Cash Receipts by Source																
Transfer receipts - capital	32 809					24 606							82 020	79 028	77 737	
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																
Increase (decrease) in non-current debtors																
Decrease (increase) other non-current receivables																
Decrease (increase) in non-current investments																
Total Cash Receipts By Source	147 255	6 912	6 912	6 912	6 912	112 170	6 912	6 912	6 912	6 912	6 912	6 912	433 806	447 233	470 783	
Cash Payments by Type																
Employee related costs	9 056	9 056	9 056	9 056	9 056	9 056	9 056	9 056	9 056	9 056	9 056	9 056	108 674	116 054	123 038	
Remuneration of councillors	2 105	2 105	2 105	2 105	2 105	2 105	2 105	2 105	2 105	2 105	2 105	2 105	25 263	27 057	28 978	
Finance charges	33	33	33	33	33	33	33	33	33	33	33	33	400	400	400	
Bulk purchases - Electricity	2 940	2 940	2 940	2 940	2 940	2 940	2 940	2 940	2 940	2 940	2 940	2 940	35 274	37 038	38 890	
Bulk purchases - Water & Sewer	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other materials	923	923	923	923	923	923	923	923	923	923	923	923	11 075	11 418	11 989	
Contracted services	5 213	5 213	5 213	5 213	5 213	5 213	5 213	5 213	5 213	5 213	5 213	5 213	62 550	62 497	65 621	
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and grants - other	94	94	94	94	94	94	94	94	94	94	94	94	1 130	1 186	1 245	
Other expenditure	5 821	5 821	5 821	5 821	5 821	5 821	5 821	5 821	5 821	5 821	5 821	5 821	69 848	72 774	76 431	
Cash Payments by Type	26 185	26 185	26 185	26 185	26 185	26 185	26 185	26 185	26 185	26 185	26 185	26 185	314 214	328 424	347 493	
Other Cash Flows/Payments by Type																
Capital assets	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	94 079	84 269	80 467	
Repayment of borrowing																
Other Cash Flows/Payments																
Total Cash Payments by Type	34 025	34 025	34 025	34 025	34 025	34 025	34 025	34 025	34 025	34 025	34 025	34 025	408 293	412 693	427 978	
NET INCREASE/(DECREASE) IN CASH HELD	113 231	(27 112)	(27 112)	(27 112)	(27 112)	78 145	(27 112)	(27 112)	(27 112)	(27 112)	(27 112)	(27 111)	25 513	34 540	42 204	
Cash/cash equivalents at the monetary year begin	72 997	185 228	159 116	132 003	104 891	77 779	155 924	128 812	101 700	179 845	152 733	125 620	72 997	38 510	133 050	
Cash/cash equivalents at the monetary year end	186 228	159 116	132 003	104 891	77 779	155 924	128 812	101 700	179 845	152 733	125 620	98 510	98 510	133 050	175 254	

Table 25 MBRR SA25 – Budgeted monthly revenue and expenditure

Table 26 MBRR SA26 – Budgeted monthly revenue and expenditure (municipal vote)

EC443 Mbizana - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

R thousand	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 Vote Vote 1 - EXECUTIVE & COUNCIL Vote 2 - BUDGET & TREASURY Vote 3 - CORPORATE SERVICES Vote 4 - COMMUNITY & SOCIAL SERVICES Vote 5 - ENGINEERING SERVICES Vote 6 - DEVELOPMENT PLANNING Vote 7 - [NAME OF VOTE 7] Vote 8 - [NAME OF VOTE 8] Vote 9 - [NAME OF VOTE 9] Vote 10 - [NAME OF VOTE 10] Vote 11 - [NAME OF VOTE 11] Vote 12 - [NAME OF VOTE 12] Vote 13 - [NAME OF VOTE 13] Vote 14 - [NAME OF VOTE 14] Vote 15 - [NAME OF VOTE 15]														
110 635	10 750	3 236	2 500	79 915	2 730	2 900	3 180	82 351	1 800	1 900	890	302 787	322 782	344 733			
10	10	10	10	10	10	10	10	10	10	10	10	125	132	139			
3 286	1 385	1 385	1 385	1 385	1 385	1 385	1 385	1 385	1 385	1 385	870	16 625	11 451	12 063			
12 800	10 300	11 900	10 495	11 367	11 999	8 500	8 979	9 890	9 400	11 700	2 738	120 068	118 980	119 690			
33	33	33	33	33	33	33	33	33	33	33	33	401	422	445			
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
126 765	22 479	16 565	14 424	92 711	16 158	12 829	13 588	93 670	12 629	13 644	4 542	440 065	453 767	477 070			
Expenditure by Vote to be appropriated																	
6 852	6 852	6 852	6 852	6 852	6 852	6 852	6 852	6 852	6 852	6 852	6 852	82 229	87 254	92 594			
2 347	2 347	2 347	2 347	2 347	2 347	2 347	2 347	2 347	2 347	2 347	2 347	28 168	29 808	31 545			
4 899	4 899	4 899	4 899	4 899	4 899	4 899	4 899	4 899	4 899	4 899	4 899	58 783	62 044	65 491			
5 542	5 542	5 542	5 542	5 542	5 542	5 542	5 542	5 542	5 542	5 542	5 542	66 498	66 419	70 350			
8 918	8 918	8 918	8 918	8 918	8 918	8 918	8 918	8 918	8 918	8 918	8 918	107 014	112 619	118 524			
2 085	2 085	2 085	2 085	2 085	2 085	2 085	2 085	2 085	2 085	2 085	2 085	25 024	26 458	27 976			
30 643	30 643	30 643	30 643	30 643	30 643	30 643	30 643	30 643	30 643	30 643	30 643	367 717	384 602	406 479			
96 122	(8 164)	(14 078)	(16 219)	62 068	(14 485)	(17 814)	(17 055)	63 027	(18 014)	(16 999)	(26 102)	72 288	69 165	70 591			
Surplus/(Deficit) before assoc. Taxation Attributable to minorities Share of surplus/ (deficit) of associate																	
96 122	(8 164)	(14 078)	(16 219)	62 068	(14 485)	(17 814)	(17 055)	63 027	(18 014)	(16 999)	(26 102)	72 288	69 165	70 591			
Surplus/(Deficit)																	

Table 27 MBRR SA27 – Budgeted monthly revenue and expenditure (standard classification)

EC443 Mbizana - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

R thousand	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 - Functional																
	Governance and administration		25 243	25 243	25 243	25 243	25 243	25 243	25 243	25 243	25 243	25 243	25 243	25 243	25 243	25 243	302 912	322 914	344 872
	Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Finance and administration		25 243	25 243	25 243	25 243	25 243	25 243	25 243	25 243	25 243	25 243	25 243	25 243	25 243	25 243	302 912	322 914	344 872
	Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Community and public safety		528	528	528	528	528	528	528	528	528	528	528	528	528	528	6 341	6 659	7 012
	Community and social services		64	64	64	64	64	64	64	64	64	64	64	64	64	64	763	777	813
	Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Public safety		465	465	465	465	465	465	465	465	465	465	465	465	465	465	5 578	5 881	6 199
	Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Economic and environmental services		4 273	4 273	4 273	4 273	4 273	4 273	4 273	4 273	4 273	4 273	4 273	4 273	4 273	4 273	51 271	54 045	58 027
	Planning and development		41	41	41	41	41	41	41	41	41	41	41	41	41	41	491	517	545
	Road transport		4 232	4 232	4 232	4 232	4 232	4 232	4 232	4 232	4 232	4 232	4 232	4 232	4 232	4 232	50 780	53 528	57 481
	Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Trading services		15 782	4 852	4 852	4 852	10 016	4 852	4 852	4 852	4 852	4 852	4 852	4 852	4 852	4 852	79 482	70 149	67 159
	Energy sources		12 496	4 208	4 208	4 208	9 372	4 208	4 208	4 208	4 208	4 208	4 208	4 208	4 208	4 208	69 110	65 265	62 011
	Water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Waste management		3 286	644	644	644	644	644	644	644	644	644	644	644	644	644	10 372	4 884	5 148
	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Revenue - Functional		45 826	34 896	34 896	34 896	40 060	34 896	34 896	34 896	34 896	34 896	34 896	34 896	34 896	34 896	440 005	453 767	477 070
	Expenditure - Functional		14 974	14 974	14 974	14 974	14 974	14 974	14 974	14 974	14 974	14 974	14 974	14 974	14 974	14 974	179 691	190 227	201 397
	Governance and administration		5 424	5 424	5 424	5 424	5 424	5 424	5 424	5 424	5 424	5 424	5 424	5 424	5 424	5 424	65 088	69 111	73 390
	Executive and council		9 301	9 301	9 301	9 301	9 301	9 301	9 301	9 301	9 301	9 301	9 301	9 301	9 301	9 301	111 617	117 943	124 636
	Finance and administration		249	249	249	249	249	249	249	249	249	249	249	249	249	249	2 987	3 173	3 371
	Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Community and public safety		2 246	2 246	2 246	2 246	2 246	2 246	2 246	2 246	2 246	2 246	2 246	2 246	2 246	2 246	26 947	28 050	29 753
	Community and social services		839	839	839	839	839	839	839	839	839	839	839	839	839	839	10 070	10 090	10 638
	Sport and recreation		192	192	192	192	192	192	192	192	192	192	192	192	192	192	2 307	2 454	2 610
	Public safety		1 113	1 113	1 113	1 113	1 113	1 113	1 113	1 113	1 113	1 113	1 113	1 113	1 113	1 113	13 355	14 216	15 133
	Housing		101	101	101	101	101	101	101	101	101	101	101	101	101	101	1 214	1 291	1 372
	Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Economic and environmental services		6 836	6 836	6 836	6 836	6 836	6 836	6 836	6 836	6 836	6 836	6 836	6 836	6 836	6 836	82 034	86 502	91 220
	Planning and development		2 303	2 303	2 303	2 303	2 303	2 303	2 303	2 303	2 303	2 303	2 303	2 303	2 303	2 303	27 638	29 250	30 959
	Road transport		4 346	4 346	4 346	4 346	4 346	4 346	4 346	4 346	4 346	4 346	4 346	4 346	4 346	4 346	52 158	54 873	57 732
	Environmental protection		187	187	187	187	187	187	187	187	187	187	187	187	187	187	2 238	2 379	2 529
	Trading services		6 293	6 293	6 293	6 293	6 293	6 293	6 293	6 293	6 293	6 293	6 293	6 293	6 293	6 293	75 510	76 077	80 139
	Energy sources		4 117	4 117	4 117	4 117	4 117	4 117	4 117	4 117	4 117	4 117	4 117	4 117	4 117	4 117	49 409	51 947	54 618
	Water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Waste management		2 175	2 175	2 175	2 175	2 175	2 175	2 175	2 175	2 175	2 175	2 175	2 175	2 175	2 175	26 101	24 130	25 521
	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	3 534	3 745	3 970
	Total Expenditure - Functional		30 349	30 349	30 349	30 349	30 349	30 349	30 349	30 349	30 349	30 349	30 349	30 349	30 349	30 349	367 717	384 602	406 479
	Surplus/(Deficit) before assoc.		15 477	4 547	4 547	4 547	9 711	4 547	4 547	4 547	4 547	4 547	4 547	4 547	4 547	4 547	72 288	69 165	70 591
	..Share of surplus/(deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Surplus/(Deficit)		15 477	4 547	4 547	4 547	9 711	4 547	4 547	4 547	4 547	4 547	4 547	4 547	4 547	4 547	72 288	69 165	70 591

Table 28 MBRR SA28 – Budgeted monthly capital expenditure (municipal vote)

EC443 Mbizana - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

R thousand	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	
1	Multi-year expenditure to be appropriated Vote 1 - EXECUTIVE & COUNCIL Vote 2 - BUDGET & TREASURY Vote 3 - CORPORATE SERVICES Vote 4 - COMMUNITY & SOCIAL SERVICES Vote 5 - ENGINEERING SERVICES Vote 6 - DEVELOPMENT PLANNING Vote 7 - [NAME OF VOTE 7] Vote 8 - [NAME OF VOTE 8] Vote 9 - [NAME OF VOTE 9] Vote 10 - [NAME OF VOTE 10] Vote 11 - [NAME OF VOTE 11] Vote 12 - [NAME OF VOTE 12] Vote 13 - [NAME OF VOTE 13] Vote 14 - [NAME OF VOTE 14] Vote 15 - [NAME OF VOTE 15]	1	1 539	1 539	1 539	1 539	1 539	1 539	1 539	1 539	1 539	1 539	1 539	1 539	1 539	18 473	28 430	52 007
2	Capital multi-year expenditure sub-total Single-year expenditure to be appropriated Vote 1 - EXECUTIVE & COUNCIL Vote 2 - BUDGET & TREASURY Vote 3 - CORPORATE SERVICES Vote 4 - COMMUNITY & SOCIAL SERVICES Vote 5 - ENGINEERING SERVICES Vote 6 - DEVELOPMENT PLANNING Vote 7 - [NAME OF VOTE 7] Vote 8 - [NAME OF VOTE 8] Vote 9 - [NAME OF VOTE 9] Vote 10 - [NAME OF VOTE 10] Vote 11 - [NAME OF VOTE 11] Vote 12 - [NAME OF VOTE 12] Vote 13 - [NAME OF VOTE 13] Vote 14 - [NAME OF VOTE 14] Vote 15 - [NAME OF VOTE 15]	2	1 539	1 539	1 539	1 539	1 539	1 539	1 539	1 539	1 539	1 539	1 539	1 539	1 539	18 473	28 430	52 007
2	Capital single-year expenditure sub-total	2	6 301	6 301	6 301	6 301	6 301	6 301	6 301	6 301	6 301	6 301	6 301	6 301	6 301	75 606	55 839	28 480
	Total Capital Expenditure	2	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	94 079	84 269	80 487

Table 29 MBRR SA29 – Budgeted monthly capital expenditure (functional classification)

EC443 Mbizana - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

R thousand	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			
			Capital Expenditure - Functional																	
	<i>Governance and administration</i>		702	702	702	702	702	702	702	702	702	702	702	702	702	702	8 426	8 460	6 250	
	Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Finance and administration		702	702	702	702	702	702	702	702	702	702	702	702	702	702	8 426	8 460	6 250	
	Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<i>Community and public safety</i>		233	233	233	233	233	233	233	233	233	233	233	233	233	233	2 790	95	99	
	Community and social services		58	58	58	58	58	58	58	58	58	58	58	58	58	58	700	-	-	
	Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Public safety		174	174	174	174	174	174	174	174	174	174	174	174	174	174	2 090	95	99	
	Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<i>Economic and environmental services</i>		4 035	4 035	4 035	4 035	4 035	4 035	4 035	4 035	4 035	4 035	4 035	4 035	4 035	4 035	48 423	50 005	53 661	
	Planning and development		1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	19 973	30 005	53 661	
	Road transport		2 371	2 371	2 371	2 371	2 371	2 371	2 371	2 371	2 371	2 371	2 371	2 371	2 371	2 371	28 450	20 000	-	
	Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<i>Trading services</i>		2 870	2 870	2 870	2 870	2 870	2 870	2 870	2 870	2 870	2 870	2 870	2 870	2 870	2 870	34 440	25 710	20 477	
	Energy sources		2 603	2 603	2 603	2 603	2 603	2 603	2 603	2 603	2 603	2 603	2 603	2 603	2 603	2 603	31 240	25 500	20 256	
	Water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Waste management		267	267	267	267	267	267	267	267	267	267	267	267	267	267	3 200	210	221	
	<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Capital Expenditure - Functional	2	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	94 079	84 269	60 487	
Funded by:																				
	National Government		6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835
	Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Transfers recognised - capital		6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835	6 835
	Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Internally generated funds		1 005	1 005	1 005	1 005	1 005	1 005	1 005	1 005	1 005	1 005	1 005	1 005	1 005	1 005	12 059	5 241	2 749	
	Total Capital Funding		7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	7 840	94 079	84 269	60 487	

Table 30 MBRR SA30 – Budgeted monthly cash flow

EC443 Mbizana - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	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	
Cash Receipts By Source																
Property rates	1 550	1 550	1 550	1 550	1 550	1 550	1 550	1 550	1 550	1 550	1 550	1 550	18 597	19 601	20 660	
Service charges - electricity revenue	3 123	3 123	3 123	3 123	3 123	3 123	3 123	3 123	3 123	3 123	3 123	3 123	37 475	39 349	41 316	
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - refuse revenue	383	383	383	383	383	383	383	383	383	383	383	383	4 592	4 840	5 101	
Rental of facilities and equipment	79	79	79	79	79	79	79	79	79	79	79	79	950	1 002	1 056	
Interest earned - external investments	801	801	801	801	801	801	801	801	801	801	801	801	9 617	10 137	10 694	
Interest earned - outstanding debtors	351	351	351	351	351	351	351	351	351	351	351	351	4 214	4 442	4 681	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits	178	178	178	178	178	178	178	178	178	178	178	178	2 136	2 252	2 373	
Licences and permits	201	201	201	201	201	201	201	201	201	201	201	201	2 413	2 543	2 681	
Agency services	108	108	108	108	108	108	108	108	108	108	108	108	1 295	1 368	1 441	
Transfer receipts - operational	107 535	-	-	-	-	80 651	-	-	-	-	-	-	268 837	280 924	300 609	
Other revenue	138	138	138	138	138	138	138	138	138	138	138	138	1 659	1 748	1 843	
Cash Receipts by Source	114 447	6 912	6 912	6 912	6 912	87 564	6 912	6 912	6 912	6 912	6 912	6 912	351 786	368 205	392 446	
Other Cash Flows by Source																
Transfer receipts - capital	32 808	-	-	-	-	24 606	-	-	-	-	-	-	82 020	79 028	77 737	-
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/re-financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	147 255	6 912	6 912	6 912	6 912	112 170	6 912	6 912	6 912	6 912	6 912	6 912	433 806	447 233	470 183	-
Cash Payments by Type																
Employee related costs	9 056	9 056	9 056	9 056	9 056	9 056	9 056	9 056	9 056	9 056	9 056	9 056	108 674	116 054	123 938	
Remuneration of councillors	2 105	2 105	2 105	2 105	2 105	2 105	2 105	2 105	2 105	2 105	2 105	2 105	25 263	27 057	28 978	
Finance charges	33	33	33	33	33	33	33	33	33	33	33	33	400	400	400	
Bulk purchases - Electricity	2 940	2 940	2 940	2 940	2 940	2 940	2 940	2 940	2 940	2 940	2 940	2 940	35 274	37 038	38 890	
Bulk purchases - Water & Sewer	0	0	0	0	0	0	0	0	0	0	0	(1)	-	-	-	
Other materials	923	923	923	923	923	923	923	923	923	923	923	923	11 075	11 418	11 989	
Contracted services	5 213	5 213	5 213	5 213	5 213	5 213	5 213	5 213	5 213	5 213	5 213	5 213	62 550	62 497	65 621	
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous - other	94	94	94	94	94	94	94	94	94	94	94	94	1 130	1 186	1 245	
Other expenditure	5 821	5 821	5 821	5 821	5 821	5 821	5 821	5 821	5 821	5 821	5 821	5 821	69 848	72 774	76 431	
Cash Payments by Type	26 185	26 185	26 185	26 185	26 185	26 185	26 185	26 185	26 185	26 185	26 185	26 185	314 214	328 424	347 483	-

2.7 Contracts having future budgetary implications

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

2.8 Capital Expenditure details

Table 31 MBRR SA34a – Capital expenditure on new assets by asset class

EC443 Mbizana - Supporting Table SA34a Capital expenditure on new assets by asset class

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									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		85 817	67 747	42 974	55 461	42 957	42 957	59 690	45 500	20 256
Roads Infrastructure		55 706	39 094	40 680	24 831	30 862	30 862	28 450	20 000	-
Roads		55 706	39 094	40 680	24 831	30 862	30 862	28 450	20 000	-
Electrical Infrastructure		24 907	28 653	2 294	30 630	12 095	12 095	31 240	25 500	20 256
MV Networks		24 907	28 653	2 294	30 630	12 095	12 095	31 240	25 500	20 256
Solid Waste Infrastructure		5 204	-	-	-	-	-	-	-	-
Landfill Sites		5 204	-	-	-	-	-	-	-	-
Community Assets		9 286	9 813	16 611	2 540	4 097	4 097	1 500	1 575	1 654
Community Facilities		6 932	9 813	14 219	2 540	4 097	4 097	1 500	1 575	1 654
Halls		6 932	9 813	11 847	-	-	-	-	-	-
Centres		-	-	2 372	2 100	3 475	3 475	-	-	-
Crèches		-	-	-	-	-	-	-	-	-
Markets		-	-	-	440	622	622	1 500	1 575	1 654
Sport and Recreation Facilities		2 353	-	2 391	-	-	-	-	-	-
Indoor Facilities		-	-	-	-	-	-	-	-	-
Outdoor Facilities		2 353	-	2 391	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Heritage assets		-	452	-	-	-	-	-	-	-
Monuments		-	452	-	-	-	-	-	-	-
Other assets		507	965	-	-	-	-	2 200	-	-
Operational Buildings		507	965	-	-	-	-	2 200	-	-
Municipal Offices		82	965	-	-	-	-	-	-	-
Yards		425	-	-	-	-	-	2 200	-	-
Computer Equipment		-	-	1 221	3 907	3 737	3 737	3 771	3 735	1 401
Computer Equipment		-	-	1 221	3 907	3 737	3 737	3 771	3 735	1 401
Furniture and Office Equipment		3 909	1 982	1 938	2 433	1 508	1 508	2 405	2 475	2 599
Furniture and Office Equipment		3 909	1 982	1 938	2 433	1 508	1 508	2 405	2 475	2 599
Machinery and Equipment		-	165	6 524	3 692	4 219	4 219	1 790	305	320
Machinery and Equipment		-	165	6 524	3 692	4 219	4 219	1 790	305	320
Transport Assets		-	2 492	4 356	5 050	4 181	4 181	4 250	2 250	2 250
Transport Assets		-	2 492	4 356	5 050	4 181	4 181	4 250	2 250	2 250
Total Capital Expenditure on new assets	1	99 518	83 617	73 623	73 083	60 698	60 698	75 606	55 839	28 480

Table 32 MBRR SA34b – Capital Expenditure on upgrading of Existing Assets by asset class

EC443 Mbizana - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

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									
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	20 608	14 999	14 999	18 473	28 430	52 007
Community Facilities		-	-	-	13 608	4 915	4 915	12 000	18 430	26 003
Halls		-	-	-	13 608	4 915	4 915	12 000	18 430	26 003
Sport and Recreation Facilities		-	-	-	7 000	10 084	10 084	6 473	10 000	26 003
Indoor Facilities										
Outdoor Facilities					7 000	10 084	10 084	6 473	10 000	26 003
Capital Spares										
Total Capital Expenditure on upgrading of existing assets	1	-	-	-	20 608	14 999	14 999	18 473	28 430	52 007

Table 33 MBRR SA34c – Repairs and maintenance by asset class

EC443 Mbizana - Supporting Table SA34c Repairs and maintenance expenditure by asset class

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
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		5 292	5 017	992	6 076	4 169	4 169	6 687	7 022	7 373
Roads Infrastructure		5 292	5 017	969	5 987	3 780	3 780	3 828	4 019	4 220
Roads		5 292	5 017	969	5 987	3 780	3 780	315	331	347
Electrical Infrastructure		-	-	24	89	389	389	2 860	3 003	3 153
MV Networks		-	-	24	89	389	389	2 860	3 003	3 153
Community Assets		-	-	156	267	204	204	214	224	236
Community Facilities		-	-	-	116	-	-	214	224	236
Halls		-	-	-	-	-	-	214	224	236
Cemeteries/Crematoria		-	-	-	116	-	-	-	-	-
Sport and Recreation Facilities		-	-	156	151	204	204	-	-	-
Indoor Facilities		-	-	-	-	-	-	-	-	-
Outdoor Facilities		-	-	156	151	204	204	-	-	-
Capital Spares		1	1	1	1	1	1	1	1	1
Other assets		-	-	898	3 796	4 230	4 230	4 038	4 240	4 452
Operational Buildings		-	-	898	3 796	4 230	4 230	4 038	4 240	4 452
Municipal Offices		-	-	674	3 589	4 230	4 230	4 038	4 240	4 452
Pay/Enquiry Points		-	-	-	207	-	-	-	-	-
Yards		-	-	224	-	-	-	-	-	-
Intangible Assets		-	-	-	337	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	337	-	-	-	-	-
Computer Software and Applications		-	-	-	337	-	-	-	-	-
Computer Equipment		-	-	0	53	102	102	107	113	118
Computer Equipment		-	-	0	53	102	102	107	113	118
Furniture and Office Equipment		-	-	-	-	11	11	-	-	-
Furniture and Office Equipment		-	-	-	-	11	11	-	-	-
Machinery and Equipment		-	-	797	217	541	541	273	287	301
Machinery and Equipment		-	-	797	217	541	541	273	287	301
Transport Assets		-	-	1 706	2 106	-	-	2 818	2 959	3 107
Transport Assets		-	-	1 706	2 106	-	-	2 818	2 959	3 107
Total Repairs and Maintenance Expenditure	1	5 292	5 017	4 549	12 851	9 256	9 256	14 138	14 844	15 587

2.9 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) is improving.

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. Of the interns trained over the years 8 were absorbed within the municipality's budget and treasury office while 3 have found employment in other municipality's and are now at managerial level. Since the introduction of the Internship programme the Municipality has successfully employed and trained 19 interns through this programme.

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. This is despite resignations that have happened in recent times, but the council has been able to appoint other members within reasonable periods of time.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalized after approval of the 2019/20 MTREF in May 2019 directly aligned and informed by the 2019/20 MTREF.

6. Annual Report

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

2.10 Municipal manager's quality certificate

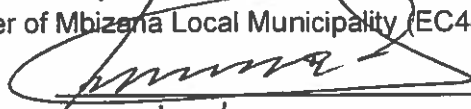
I, Luvuyo Mahlako, municipal manager of Mbizana Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents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

Print Name

Luvuyo Mahlako

Municipal manager of Mbizana Local Municipality (EC443)

Signature



Date

29/03/2019

