



nelson mandela bay
M U N I C I P A L I T Y
PORT ELIZABETH | UITENHAGE | DESPATCH

2020/21 – 2022/23 BUDGET

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PART 1 – ANNUAL BUDGET

1.1 INTERIM EXECUTIVE MAYOR’S FOREWORD – TABLING OF THE IDP AND 2020/21 TO 2022/23 DRAFT BUDGET

Section 16 of the Municipal Finance Management Act (MFMA) (Act No. 56 of 2003) requires of me to table the budget to the municipal Council.

We are, unfortunately tabling this budget to Council whilst the world over is under a crisis situation as a result of the spread of Coronavirus (also known as Covid-19) with direct threat to our financial position.

The impact that this pandemic has in terms of declining household income to families, further increasing / escalating unemployment rate, etc. has direct impact to the city’s revenue projections and or Collection Rate. Home Owners who were able to pay for their services prior this pandemic may be unable to do so now due to the reduced household income / disposable revenue, and this may impact the Assistance to the Poor Scheme (ATTP).

We are also aware that South Africa’s sovereign credit rating has been downgraded to junk status recently by Rating Agencies. In simple terms a downgrade means that government must pay more in debt servicing costs, meaning that it can spend less on social initiatives and infrastructure. This may then necessitate the government increasing revenue through measures such as higher taxes.

In line with Section 21(1)(b) of the MFMA (56 of 2003) a multi-year Time Schedule outlining key deadlines for the preparation, tabling and approval of the annual budget, as well as the annual review of the BEPP and IDP and budget related policies was approved by Council before end August 2018 covering a multi-year period including 2020/21 budget process.

I must further state that the budget tabled today before Council is for it to be NOTED in line with the requirements of Chapter 4 of the MFMA upon which consultations will resume with all the relevant or critical key stakeholders including but not limited to the (i) communities, (ii) business sector and other formations and (iii) National / Provincial Treasuries. The 2020/21 to 2022/23 consultation process will have to be shortened due to the implications of the period of the lockdown as proclaimed by the State President (Hon CM Ramaphosa).

I am tabling this budget to Council being aware of exactly what the NMBM will be receiving for all grants (i.e. Conditional / Unconditional), and as such those grants have been incorporated into this budget. This was made possible on the same day that the Hon Minister of Finance (Mr TT Mboweni) tabled the budget in parliament (i.e. 26 February 2020).

I therefore table this budget before Council, for noting by this Council.

Thank You / Enkosi / Baie Dankie!!!

**COUNCILLOR TCS BUYEYE
INTERIM EXECUTIVE MAYOR**

1.2 COUNCIL RESOLUTIONS

THE INTERIM EXECUTIVE MAYOR RECOMMENDS TO COUNCIL THAT:

1. The consolidated “draft” annual budget of the Nelson Mandela Bay Municipality for the financial year 2020/21 and the indicative allocations for the projected outer years 2021/22 and 2022/23, and the multi-year and single year capital appropriations, be noted for the purpose of complying with Chapter 4 of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (MFMA), read in conjunction with Municipal Budget and Reporting Regulations No.32141 (dated 17 April 2009), as set out in the following tables:

- 1.1 Budgeted Financial Performance (revenue and expenditure by standard classification); [Page 29 to 30];
- 1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote); [Page 30 to 31];
- 1.3 Budgeted Financial Performance (revenue by source and expenditure by type); [Page 31 to 32];
- 1.4 and Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source; [Page 32 to 33];
- 1.5 That the budgeted financial position, budgeted cash flows, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets be noted as set-out in the following tables:
- 1.6 Budgeted Financial Position; [Page 34];
- 1.7 Budgeted Cash Flows; [Page 35];
- 1.8 Cash backed reserves and accumulated surplus reconciliation; [Page 36];
- 1.9 Asset Management; [Page 36 to 39]; and
- 1.10 Basic service delivery measurement. [Page 40 to 41].

2. That the consolidated budget that includes the financial impact of the municipal entity (i.e. Mandela Bay Development Agency) as well as Capital and Operating Contributions to the MBDA (including HURP) of R93.5 million (2020/21), R97.9 million (2021/22) and R103.9 million (2022/23) respectively, be noted.

3. That Council notes that transfer of grants to the entity (i.e. MBDA) will be undertaken on a quarterly basis, based on compliance with the required conditions as per the signed service delivery agreement (SDA).

4. That Council notes that the entity will be required to submit reports on a quarterly basis to, amongst others, the Budget and Treasury Standing Committee or any other Committee, indicating performance of Operating and Capital Projects, that are incorporated into the approved budget, in order to monitor performance on a continuous basis.

5. That as previously approved by Council, any unspent amount of the grants allocated to the MBDA, be subjected to a Rollover Application process, with effect from the 2019/20 financial year-end, in order to improve financial oversight.

6. That the tariffs be increased as follows with effect from 1 July 2020:

Property rates	-	8.5%
Water	-	8%
Sanitation	-	8%
Refuse	-	8%
Electricity	-	6.22% (On average, subject to NERSA approval).

7. That the indicative tariffs for 2021/22 and 2022/23 be increased as follows (taking into account the external factors impacting on Electricity and Water Services):

	2021/22	2022/23
Property Rates	9.5%	9.6%
Water	9%	8.5%
Sanitation	9%	8.5%
Refuse	8.5%	8.5%
Electricity	5.2%	8.9%

8. That the Council authorises the Acting City Manager together with the Chief Financial Officer to process any amendments that may be required after the tabling of the budget, prior to submission of Budget Report to other stakeholders (such as National Treasury).

1.3 EXECUTIVE SUMMARY

The key service delivery priorities, as reflected in the IDP, informed the development of the Budget, including the need to maintain the Municipality's financial sustainability.

Specific revenue collection strategies to improve the collection of outstanding consumer debt are being implemented by the Municipality, albeit during the tough conditions as imposed by the national lockdown. Cost containment measures are also being implemented to further curb costs and to improve operational efficiency, in line with the requirements of the Cost Containment Regulations (Number 42514 dated 7 June 2019).

All National Treasury's MFMA Circulars were used to guide the compilation of the 2020/21 MTREF, including the latest MFMA Budget Circulars.

The Municipality faced the following significant challenges during the compilation of the 2020/21 MTREF:

- Impact of the COVID19 pandemic and the reducing Collection Rate negatively affecting the planning for the coming financial years;
- Inability to budget for a surplus on the Operating Budget;
- Escalating Employee Related Costs, being greater than 30%, as compared to the total operating budget;
- Maintaining revenue collection rates at acceptable levels;
- Ensuring that electricity and water losses are reduced to acceptable levels;
- Allocation of the required operating budget provision for newly created infrastructure and facilities, with a consequential impact on the level of property rates and tariff increases;
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure;
- The implementation of an mSCOA budget as required in terms of the mSCOA Regulations;
- The unfunded / underfunded mandates negatively impacting on the budget;
- Ensuring that the budget responds to BEPP requirements or prioritisation, and
- Ongoing financial impact of previous Council decisions relating to the absorption of 672 (i.e. 460 + 212) private security guards, as per the Council resolutions of November 2017 and December 2018, and other Council decisions, such as a 27% increase in salaries of Ward Councillor Support Staff and a 100% increase in Ward Committee Members' stipends.

The following budget principles and guidelines directly informed the compilation of the 2020/21 MTREF:

- The reduction of the Collection Rate due to the COVID19 pandemic.
- The priorities and targets, relating to the key strategic focus areas, as determined in the IDP.
- The need to enhance the municipality's revenue base.
- The level of property rates and tariff increases to ensure the delivery of services on a financially sustainable basis.
- In accordance with Section 19 of the Municipal Finance Management Act, the relevant Acting/Executive Directors must submit comprehensive reports in relation to new projects, inter alia, dealing with the total project costs, funding sources, future operating budget implications and associated tariff implications, before Council finally approves the implementation of any new projects.
- It is also a requirement that new projects in the budgeting process, must be accompanied by (i) Business Plan, (ii) Cash Flow and (iii) Procurement Plan.

In view of the aforementioned, the following table represents a **consolidated overview** (which includes the MBDA or entity budget) of the proposed 2020/21 Medium-term Revenue and Expenditure Framework:

TABLE 1 (CONSOLIDATED OVERVIEW OF THE 2020/21 MTREF)

R thousands	Original Budget 2019/20	Adjustments Budget 2019/20	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Total Operating Revenue	11,265,723	11,414,230	11,952,295	12,727,234	13,785,943
Fuel Levy allocated for capital expenditure	380,000	380,000	322,050	283,790	247,880
Actual Total Operating Revenue	10,885,723	11,034,230	11,630,245	12,473,444	13,538,063
Total Operating Expenditure	10,872,146	11,030,915	11,701,465	12,517,441	13,471,535
Actual Surplus/(Deficit)	13,577	3,315	(71,220)	(43,997)	66,528
Total Capital Expenditure	1,832,628	1,681,806	1,644,753	1,319,102	1,264,894

Total operating revenue after excluding the Fuel Levy included in the operating revenue that is earmarked to fund the capital budget has increased by 5.40% or R596.02 million for the 2020/21 financial year, compared to the 2019/20 Adjustments Budget. For the two outer years, operational revenue increases by 7.25% and 8.54% respectively, resulting in a total revenue growth of R2.504 billion over the MTREF, when compared to the 2019/20 financial year.

Total operating expenditure for the 2020/21 financial year amounts to R11.70 billion, resulting in a budgeted deficit of R71.22 million. Compared to the 2019/20 Adjustments Budget, operational expenditure increased by 6.08% in the 2020/21 Budget; and increased by 6.97% and 7.62% for each of the respective outer years of the MTREF. The 2021/22 and 2022/23 budgets reflect an operating deficit of R43.997 million and an operating surplus R66.528 million respectively.

The major operating expenditure items for 2020/21 are employee related costs (32.20%), bulk electricity and water purchases (32.86%), Contracted Services (9.62%), Depreciation and Asset Impairment (6.33%) and Debt Impairment (9.35%). The harmonisation of the Long Service Bonus as approved by Council on the 7 June 2016, when the 2016/17 budget was approved, is one of the main causes for the employee related costs to escalate to greater than 30%. The conversion of contracted security into permanent employees are also a contributing factor. Lastly no budget has been provided for top structures revenue nor expenditure.

Funding for the 2020/21 Operating Budget is obtained from various sources, the major sources being service charges such as electricity, water, sanitation and refuse collection and disposal (55.18%), property rates (21.88%), grants and subsidies received from National and Provincial Governments (16.04%). The Fuel Levy portion provided for capital asset funding has not been included in the calculation.

In order to support the 2020/21 Operating Budget, the following increase in property rates and service charges are being proposed, with effect from 1 July 2020:

Property rates	-	8.50%	
Water	-	8%	
Sanitation	-	8%	
Refuse	-	8%	
Electricity (Average)	-	6.22%	(On average depending on various customer categories, subject to NERSA approval).

The capital budget of R1.64 billion for 2020/21 is 2.2% less than the 2019/20 Adjustments Budget. The Capital Budget decreases to R1.32 billion in the 2021/22 financial year and then decreases to R1.26 billion in the 2022/23 financial year. The Capital Budget over the MTREF period will be mainly funded from government grants and subsidies.

1.4 HISTORIC PROPERTY RATES AND TARIFFS INCREASES

The following table illustrates the increases for the various services:

TABLE 2 (HISTORIC PERCENTAGE INCREASES FOR SERVICES)

SERVICES	HISTORIC PERCENTAGE INCREASES FOR SERVICES							
	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
	%	%	%	%	%	%	%	%
Electricity	6.22 (average)	13.04	5.43 (average)	1.88	7.64	12.2	7.39	7
Water	8	7.5	8.5	9	9	13	12	13
Sanitation	8	7.5	8.5	9	9	12	12	13
Property Rates	8.5	7.77	5	4.4	9.5	9.5	9.5	19.14
Refuse	8	7.5	7.5	9	9	11	12	13

1.5 OPERATING REVENUE FRAMEWORK

The continued provision and expansion of municipal services is largely dependent on the Municipality generating sufficient revenues. Efficient and effective revenue management is thus of critical importance in ensuring the ongoing financial sustainability of the Municipality. Furthermore, in accordance with section 18(1)(a) of the MFMA, expenditure has to be limited to the realistically anticipated revenues.

The Municipality's revenue management strategy includes the following key components:

- National Treasury's guidelines in this regard in terms of the relevant Circulars;
- Tariff Policies;
- The Property Rates Policy;
- The ATTP Policy and provision of free basic services;
- The level of property rates and tariff increases must ensure financially sustainable service delivery;
- The level of property rates and tariff increases to provide for the maintenance and replacement of infrastructure, including the expansion of services;
- Replenishing the Capital Replacement Reserve (CRR) in order to finance Capital projects;
- Implementing Cost Containment Measures;
- Ensuring fully cost reflective tariffs for trading services;
- Electricity bulk tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Water bulk tariff increases as approved by the Department of Water Affairs (DWA);
- Efficient revenue management, targeting the following annual collection rates for property rates and service charges:
 - 2020/21 – 88%
 - 2020/21 – 88%
 - 2021/22 – 88%
- No growth in the revenue base.

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

TABLE 3 (SUMMARY OF MAIN REVENUE SOURCES)

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source								
Property rates	1,639,538	1,999,183	2,128,249	2,353,508	2,353,758	2,544,995	2,787,331	3,055,072
Service charges - electricity revenue	3,576,229	3,484,068	3,684,019	4,379,448	4,167,364	4,359,003	4,585,459	4,992,929
Service charges - water revenue	767,493	1,074,105	850,694	815,772	996,442	1,070,585	1,166,938	1,266,128
Service charges - sanitation revenue	427,358	457,476	506,102	554,361	656,826	723,421	788,529	855,554
Service charges - refuse revenue	138,802	170,248	192,746	246,024	245,151	264,801	287,292	311,695
Rental of facilities and equipment	23,229	22,713	27,459	36,797	37,167	22,627	24,316	26,149
Interest earned - external investments	121,035	155,546	208,830	113,116	160,994	161,511	177,873	189,392
Interest earned - outstanding debtors	178,749	224,649	234,732	291,720	291,720	197,891	211,743	227,624
Dividends received	341	123	-					
Fines, penalties and forfeits	289,704	230,424	215,022	253,517	216,290	224,224	242,566	261,605
Licences and permits	20,378	19,456	20,665	21,354	21,354	22,748	24,522	26,484
Agency services	2,501	2,774	3,154	3,095	3,095	3,327	3,586	3,873
Transfers and subsidies	1,450,617	1,528,723	1,860,118	2,030,336	2,087,686	2,187,776	2,247,599	2,379,225
Other revenue	160,103	142,949	165,252	166,175	175,884	168,878	178,960	189,683
Gains	606			500	500	510	520	530
Total Revenue (excluding capital transfers and contributions)	8,796,682	9,512,439	10,097,042	11,265,723	11,414,230	11,952,295	12,727,234	13,785,943
Less Fuel Levy funding capital expenditure				380,000	380,000	322,050	283,790	247,880
Less Fuel Levy funding capital expenditure				10,885,723	11,034,230	11,630,245	12,443,444	13,538,063

TABLE 4 (MIX OF MAIN REVENUE SOURCES)

Description	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework					
	Original Budget		Adjusted Budget		Budget Year 2020/21		Budget Year 2021/22		Budget Year 2022/23	
R thousand		%		%		%		%		%
Revenue By Source										
Property rates	2,353,508	21.62%	2,353,758	21.33%	2,544,995	21.88%	2,787,331	22.40%	3,055,072	22.57%
Service charges - electricity revenue	4,379,448	40.23%	4,167,364	37.77%	4,359,003	37.48%	4,585,459	36.85%	4,992,929	36.88%
Service charges - water revenue	815,772	7.49%	996,442	9.03%	1,070,585	9.21%	1,166,938	9.38%	1,266,128	9.35%
Service charges - sanitation revenue	554,361	5.09%	656,826	5.95%	723,421	6.22%	788,529	6.34%	855,554	6.32%
Service charges - refuse revenue	246,024	2.26%	245,151	2.22%	264,801	2.28%	287,292	2.31%	311,695	2.30%
Rental of facilities and equipment	36,797	0.34%	37,167	0.34%	22,627	0.19%	24,316	0.20%	26,149	0.19%
Interest earned - external investments	113,116	1.04%	160,994	1.46%	161,511	1.39%	177,873	1.43%	189,392	1.40%
Interest earned - outstanding debtors	291,720	2.68%	291,720	2.64%	197,891	1.70%	211,743	1.70%	227,624	1.68%
Fines, penalties and forfeits	253,517	2.33%	216,290	1.96%	224,224	1.93%	242,566	1.95%	261,605	1.93%
Licences and permits	21,354	0.20%	21,354	0.19%	22,748	0.20%	24,522	0.20%	26,484	0.20%
Agency services	3,095	0.03%	3,095	0.03%	3,327	0.03%	3,586	0.03%	3,873	0.03%
Transfers and subsidies	1,650,336	15.16%	1,707,686	15.48%	1,865,726	16.04%	1,963,809	15.78%	2,131,345	15.74%
Other revenue	166,175	1.53%	175,884	1.59%	168,878	1.45%	178,960	1.44%	189,683	1.40%
Gains	500	0.00%	500	0.00%	510	0.00%	520	0.00%	530	0.00%
Total Revenue (excluding capital transfers and contributions)	10,885,723	100%	11,034,230	100%	11,630,245	100%	12,443,444	100%	13,538,063	100%

Note: the Fuel Levy allocated to Capital projects are excluded

In the 2019/20 financial year, rates and service charges amounted to R8.42 billion or 76.30%. This increases to R8.96 billion, R9.62 billion and R10.48 billion in the 2020/21, 2021/22 and 2022/23 financial years, respectively.

Property rates represent the second largest revenue source, amounting to 21.88% or R2.54 billion in 2020/21 and increasing to 22.57% or R3.06 billion in 2022/23.

Operating grants and transfers (excluding Fuel Levy allocation funding capital projects) amounted to R1.87 billion in the 2020/21 financial year and increases to R2.13 billion in 2022/23.

The following table provides a breakdown of the various operating grants and subsidies allocated to the Municipality over the medium term:

TABLE 5 (OPERATING TRANSFERS AND GRANT RECEIPTS)

Description	2016/17	2017/18	2018/19	2019/20 Current year		2020/21 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
RECEIPTS:								
Operating Transfers and Grants								
National Government:	1,342,826	1,546,748	1,713,708	1,956,229	2,001,863	2,049,862	2,139,087	2,290,699
Local Government Equitable Share	798,043	844,287	939,530	1,021,661	1,021,661	1,106,936	1,201,603	1,295,866
EPWP Incentive	8,496	4,807	6,711	8,950	8,950	10,117		
Finance Management	1,050	1,050	1,000	1,000	1,000	1,000	1,000	1,000
Infrastructure Skills Development	14,500	15,394	11,834	9,500	9,500	10,500	11,500	12,000
Integrated Cities Development	-	-	-	-	-			
Urban Settlements Development	17,000	63,499	37,972	91,924	137,559	67,362	34,500	54,050
LGSETA	6,938	3,436	5,614	4,934	4,934	2,000		
Off Grid Electrification	-	-	-	3,500	3,500			
Integrated Public Transport System	-	68,324	86,497	120,916	120,916	144,992	159,819	189,585
Fuel Levy	496,799	545,218	623,566	690,344	690,344	706,955	730,665	738,198
Dept. of Public Administration	-	733	983					
Temporary or Emergency Structures				3,500	3,500			
Provincial Government:	93,201	35,048	30,130	28,646	31,474	30,766	31,417	17,417
Sport and Recreation	15,000	15,000	15,870	15,750	15,870	15,870	16,521	16,521
Health subsidy	1,578	943	259		2,708			
Human Settlements Development	68,623	9,683	3,421					
DRPW (Maintenance of Roads)	8,000	9,423	10,580	12,000	12,000	14,000	14,000	
Marine and Coastal Management	-	-	-	896	896	896	896	896
District Municipality:	-	-	-	-	-	-	-	-
Other grant providers:	3,435	6,973	9,760	8,686	8,686	-	-	-
Other Grants	488	3,963	3,962					
MBDA	2,947	3,010	5,798	8,686	8,686			
Total Operating Transfers and Grants	1,439,463	1,588,769	1,753,598	1,993,561	2,042,023	2,080,628	2,170,504	2,308,116

1.5.1 Property Rates

Property rates fund the costs associated with the provision of general services, such as recreational, library and roads and storm water services, etc. Further to this a new Policy (i.e. Long Term Financial Management Plan Policy) was approved by Council in order to ensure that funding of the budget as required in terms of mSCOA is addressed and future budget circulars to Directorates are explicit on how budget funding for Directorates is split or funded from (i.e. funding sources).

The following provisions in the Draft Property Rates Policy are highlighted:

- The first R15,000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA).
- 100% rebate will be granted to registered indigents in terms of the Indigent Policy / Assistance to the Poor Policy, as approved by Council.
- Pensioners, physically and mentally disabled property owners of rateable property may on submission of an application be granted a rebate. The rebate will be granted on a sliding scale basis with the income levels and corresponding percentage reductions being determined by Council in its annual budget. In this regard the following stipulations are relevant to the applicant:
 - (a) must be a natural person;
 - (b) be the owner of the property;
 - (c) occupy the property as his or her normal residence or where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement;
 - (d) produce certified copy/ies of owner/s' bar-coded identity document;
 - (e) - *pensioners*: be at least 60 years of age on 1 July of the financial year concerned; or if the owner turns 60 during the year the rebate will be granted on a pro rata basis from the date on which the applicant turned 60;
- *disabled*: be in receipt of disability grant / pension and submit proof and nature of disability e.g. letter from doctor with application.
 - (f) be in receipt of a total gross annual income (as defined in Part 2 of the policy), excluding medical aid contributions and child support/grant not exceeding a value as determined by Council in its annual budget; submit pension statements, previous 3 months (or the number of months determined necessary by the Chief Financial Officer (CFO) bank statements from all bank and investment accounts of owner and spouse, and proof of total gross annual income of any other persons living on the property (not just rental received). All documents provided must clearly state who it is for – documents which do not reflect person's name or ID. No. will not be considered;
 - (g) not be in receipt of an indigent subsidy;
 - (h) provide a certified affidavit declaring any assistance from any other sources. Assistance received from family members not residing on property, will not however be included in the calculation of total household income;
 - (i) provide a certified affidavit to explain any once-off monies received e.g. gifts, donations, etc; and
 - (j) ensure that his/her accounts are not in arrears (or arrangements made to pay all outstanding amounts) before applying for the rebate and continue to pay the rates account in full until rebate is granted as no interest will be reversed;
 - (k) a usufructuary will be regarded as the owner;
 - (l) the criteria of a natural person may be waived at the sole discretion of the municipality to allow for a property owned by a trust where the total number of beneficiaries meets all of the other requirements of this policy; and provided further that the gross monthly income of all persons residing on that property be added to the gross monthly income of the beneficiaries staying on that property;
 - (m) owners qualify for only one rebate per year, if financial circumstances change they can only apply for future years;
- Sporting organisations, the sole purpose of which is to use the property owned/leased by them for sporting purposes, whether for gain or not, may qualify for a rebate, with amateur bodies being granted 100% and professional bodies 40%. Any profits earned must be invested in the betterment of the organisation and not be for private gain. Audited financial statement must be provided, if however, the sporting body does not have audited financial statement reasons therefore must be provided on the clubs' official letterhead.
- If the usage of a property changes during a financial year, the rebate applicable will be reduced *pro rata* for the balance of the financial year.

- All accounts of the applicant must be up to date or arrangements must be made to pay any outstanding balances before any rebate will be granted. The applicant must continue to pay the rates account in full until the rebate is granted as no interest will be reversed.

A property rates increase of an average 8.5% is proposed as from 1 July 2020.

The proposed property rates increase is mainly influenced by the following:

- Employee related costs increased by an average of approximately 9.00% year-to-year based on the signed Collective Agreement;
- Creating a Provision for Long Service Awards and Long Service Bonuses based on an Actuarial assessment.
- Costs of servicing existing external borrowing to fund roads and storm water infrastructure;
- Providing for debt impairment;
- Operationalisation of the IPTS and Metro Police Services;
- Absorption of about 672 private security guards (Watchmen); and
- TASK implementation, amongst others.

1.5.2 Sale of Water and Impact of Tariff Increases

In accordance with various National Treasury's MFMA Circulars, (e.g. 51, 55, 58, 66, 70, 74, 78, 79, 85, 86, 89, 91, 93, 94, 95, 98 and 99.); Municipalities are encouraged to review the level and structure of their water tariffs to ensure the following:

- Fully cost reflective water tariffs – tariffs should include the costs associated with bulk water purchases, the maintenance and renewal of purification plants, water networks and water reticulation expansion;
- Water tariffs are structured to protect basic levels of service; and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In terms of paragraph 5.2 of National Treasury Circular 78 municipalities are urged to ensure that water tariffs are fully cost reflective. In this regard in instances where tariffs are not cost recovery based, a phased-in approach must be undertaken to ensure that tariffs are fully cost reflective over the medium term. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to immediately implement it in the 2020/21 MTREF.

A tariff increase of 8% is proposed as from 1 July 2020. The proposed tariff increase is mainly influenced by the following:

- Employee related costs increased by an average of 9.00%;
- Year-to-year increases in the cost of bulk water purchases;
- Costs of servicing existing external borrowing to fund water infrastructure; and
- Providing for debt impairment.

The water tariff structure is designed in such a manner that higher levels of water consumption are progressively charged at a higher rate.

1.5.3 Sale of Electricity and Impact of Tariff Increases

NERSA has determined that the Eskom bulk electricity tariff to municipalities would increase by 6.9% as from 1 July 2020. Considering the Eskom tariff increase, the Municipality's consumer tariffs have been set at 6.22% on average, whilst awaiting NERSA approval.

The proposed tariff increases are mainly influenced by the following:

- Employee related costs increases;
- The cost of bulk electricity purchases;
- Costs of servicing existing external and new borrowing to fund electricity infrastructure;
- Providing for debt impairment

1.5.4 Sanitation and Impact of Tariff Increases

In accordance with various National Treasury's MFMA Circulars, (e.g. 51, 55, 58, 66, 70, 74, 78, 79, 85, 86, 89, 91, 93, 94, 95, 98 and 99.); Municipalities are encouraged to review the level and structure of their sanitation tariffs to ensure:

- Fully cost reflective sanitation tariffs – tariffs should include the costs associated with maintenance and renewal of treatment plants, sanitation networks and sanitation infrastructure expansion;
- Sanitation tariffs are structured to protect basic levels of service; and
- Sanitation tariffs are designed to encourage efficient and sustainable consumption.

National Treasury has urged municipalities to ensure that sanitation tariffs are fully cost reflective. In this regard a phased-in approach must be undertaken to ensure that tariffs are fully cost reflective over the medium term, in case of any discrepancies. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to implement it in the 2020/21 MTREF.

Sanitation charges are determined based on the volume of water consumed, which is appropriately reduced by the percentage of water discharged into the sewer system.

A tariff increase of 8% is proposed as from 1 July 2020. The proposed tariff increase is mainly influenced by the following:

- Employee related costs increased by an average of 9.00%;
- Costs of servicing existing external and new borrowing to fund sanitation infrastructure;
- Providing for debt impairment.

1.5.5 Refuse Collection and Disposal and Impact of Tariff Increases

National Treasury has urged municipalities to ensure that refuse tariffs are fully cost reflective. The tariffs should take into account the need to maintain a cash-backed reserve to cover the future costs of the rehabilitation of landfill sites. In this regard a phased-in approach will be undertaken to ensure that tariffs are fully cost reflective over the medium term. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to implement it in the 2020/21 MTREF and a phasing-in approach is recommended.

The refuse collection and disposal service is currently operating on a break even basis. A tariff increase of 8% is proposed for the refuse collection and disposal service, as from 1 July 2020.

The proposed tariff increase is mainly influenced by the following:

- Employee related costs increases;
- Costs of servicing existing external borrowing to fund refuse infrastructure;
- Providing for debt impairment.

1.5.6 Overall impact of tariff increases on households

The following tables reflect the anticipated impact of the proposed tariff increases on a middle income and affordable range household, as well as an indigent household receiving free basic services. In respect of an Indigent Household receiving free basic services 3 tables have been provided to illustrate the benefit rendered to the indigent. Table 13 illustrates what would be payable by a non-ATTP qualifying consumer residing at a property with a land value of R300 000, using 350kwh of electricity and 20kl of water per month respectively. Table 14 illustrates what would have been payable by an ATTP qualifying consumer residing at a property with a land value of R300 000, using 350kwh of electricity (using the ATTP electricity tariff structure) and 20kl of water per month respectively. Table 15 illustrates what would be actually payable by an ATTP qualifying consumer residing at a property with a land value of R300 000, using 350kwh of electricity and 20kl of water per month respectively after applying the NMBM ATTP policy.

It is to be noted that the NMBM by far renders the largest benefits to the indigent consumers, compared to the other Metros. It must also be taken into account that only the benefits allowed, which are in accordance with the National Policy may be funded via the Equitable Share.

It is to be noted that the overall impact of the proposed tariff increases on household bills has been maintained at 7.14%, with indigent households increasing by 7.06%.

The basis used for calculating the municipal accounts for the different categories of households is as follows:

Description	Land Value	Electricity (kwh)	Water (kl)
Household – Middle Income	R700 000	1000 kwh	30kl
Household – Affordable Range	R500 000	500 kwh	25kl
Indigent Household receiving free services	R300 000	350 kwh	20kl

TABLE 6 (TABLE SA14 – HOUSEHOLD BILLS – MIDDLE INCOME RANGE)

Monthly Account for Household - 'Middle Income Range'	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
							% incr.			
Rates and services charges:										
Property rates R700 000	608.62	635.28	667.04	718.87	718.87	718.87	8.50 %	779.97	854.07	936.06
Electricity: Consumption(1000 Kwh)	1,516.67	1,551.77	1,642.39	1,856.56	1,856.56	1,856.56	6.22%	1,972.04	2,074.58	2,259.22
0 - 350	447.62	456.05	482.68	545.62	545.62	545.62	6.22%	579.56	609.69	663.96
351 – 600	381.68	393.13	416.09	470.35	470.35	470.35	6.22%	499.61	525.59	572.36
601 - 900	506.70	521.91	552.39	624.42	624.42	624.42	6.22%	663.26	697.75	759.85
901 - 1000	180.68	180.68	191.23	216.17	216.17	216.17	6.22%	229.62	241.56	263.05
Water: Basic levy	38.06	41.49	45.02	48.40	48.40	48.40	8%	52.27	56.97	61.82
Water: Consumption (30 Kl)	366.54	399.36	433.31	465.81	465.81	465.81	8%	503.07	548.35	594.96
0 – 24	279.12	304.08	329.93	354.67	354.67	354.67	8%	383.04	417.52	453.01
>24	87.42	95.28	103.38	111.13	111.13	111.13	8%	120.02	130.82	141.94
Sanitation	246.60	268.74	291.58	313.45	313.45	313.45	8%	338.52	368.99	400.36
Sanitation Availability Levy	29.38	41.49	45.02	48.40	48.40	48.40	8%	52.27	56.97	61.82
Refuse removal	93.47	102.00	109.65	117.87	117.87	117.87	8%	127.30	138.12	149.87
Sub-total	2,899.34	3,040.13	3,234.01	3,569.35	3,569.35	3,569.35	7.17	3,825.45	4,098.06	4,464.09

Monthly Account for Household - 'Middle Income Range'	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
VAT on Services	320.70	360.73	385.05	427.57	427.57	427.57		456.82	486.60	529.20
Total large household bill:	3,220.04	3,400.86	3,619.06	3,996.92	3,996.92	3,996.92	7.14%	4,282.27	4,584.66	4,993.29
% increase/-decrease	10.05	5.62	6.42%	10.44%	10.44%	10.44%		7.14%	7.06%	8.91%

TABLE 7 (TABLE SA14 – HOUSEHOLD BILLS – AFFORDABLE RANGE)

Monthly Account for Household - 'Affordable Range'	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
							% incr.			
Rates and services charges:										
Property rates R500 000	430.92	449.80	472.28	508.98	508.98	508.98	8.50%	552.24	604.71	662.76
Electricity: Consumption (500 Kwh)	676.62	691.93	732.34	827.84	827.84	827.84	6.22%	879.33	925.05	1,007.38
0 - 350	447.62	456.05	482.68	545.62	545.62	545.62	6.22%	579.56	609.69	663.96
351 - 500	229.01	235.88	249.66	282.22	282.22	282.22	6.22%	299.77	315.36	343.43
Water: Basic levy	38.06	41.49	45.02	48.40	48.40	48.40	8%	52.27	56.97	61.82
Water: Consumption (25 Kl)	293.69	319.96	347.15	373.19	373.19	373.19	8%	403.04	439.31	476.66
0 – 24	279.12	304.08	329.93	354.67	354.67	354.67	8%	383.04	417.52	453.01
>24	14.57	15.88	17.22	18.51	18.51	18.51	8%	19.99	21.79	23.64
Sanitation	205.50	223.95	242.99	261.21	261.21	261.21	8%	282.11	307.50	333.64
Sanitation Availability Levy	29.38	41.49	45.02	48.40	48.40	48.40	8%	52.27	56.97	61.82
Refuse removal	93.47	102.00	109.65	117.87	117.87	117.87	8%	127.30	138.12	149.87
Sub-total	1,767.64	1,870.62	1,994.45	2,185.88	2,185.88	2,185.88	7.44%	2,348.56	2,528.64	2,753.93
VAT on Services	187.14	213.12	228.33	251.54	251.54	251.54		269.45	288.59	313.68
Total small household bill:	1,954.78	2,083.74	2,222.78	2,437.42	2,437.42	2,437.42	7.41%	2,618.01	2,817.23	3,067.60
% increase/-decrease	10.86%	6.60%	6.67%	9.66%	9.66%	9.66%		7.41%	7.61%	8.89%

In respect of Indigent Household receiving free basic services 3 tables have been provided to illustrate the benefit rendered to the indigent.

Table 7 illustrates what would be payable by a non-ATTP qualifying consumer residing at a property with a land value of R300 000, using 350kwh of electricity and 20kl of water per month respectively.

TABLE 8 (TABLE SA14 – HOUSEHOLD BILLS – NON-ATTP SMALL RANGE)

Monthly Account for Household - 'Non-Indigent' Household receiving free basic services	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
							% incr.			
Rates and services charges:										
Property rates R300 000	253.22	264.31	277.53	299.09	299.09	299.09	8.50%	324.51	355.34	389.45
Electricity: Consumption (350Kwh)	447.62	456.05	482.68	545.62	545.62	545.62	6.22%	579.56	609.69	663.96
0 - 350	447.62	456.05	482.68	545.62	545.62	545.62	6.22%	579.567	609.69	663.96
Water: Basic levy	38.06	41.49	45.02	48.40	48.40	48.40	8%	52.27	56.98	61.82
Water: Consumption (20 KL)	232.60	253.40	274.94	295.56	295.56	295.56	8%	319.20	347.93	377.51
Sanitation	164.40	179.16	194.39	208.97	208.97	208.97	8%	225.69	246.00	266.91
Sanitation Availability Levy	29.38	41.49	45.02	48.40	48.40	48.40	8%	52.27	56.98	61.82
Refuse removal	93.47	102.00	109.65	117.87	117.87	117.87	8%	127.30	138.12	149.86
Sub-total	1,258.75	1,337.90	1,429.23	1,563.91	1,563.91	1,563.91	7.47%	1,680.80	1,811.04	1971.33
VAT on Services	140.77	161.04	172.76	189.72	189.72	189.72		203.44	218.36	237.28
Total small household bill:	1,399.52	1,498.94	1,601.99	1,753.63	1,753.63	1,753.63	7.44%	1,884.24	2,029.40	2,208.61
% increase/-decrease	11.63%	7.10%	6.87%	9.47%	9.47%	9.47%		7.69%	7.70%	8.83%

Table 8 illustrates what would have been payable by an ATTP qualifying consumer residing at a property with a land value of R300 000, using 350kwh of electricity (using the ATTP electricity tariff structure) and 20kl of water per month respectively.

TABLE 9 (TABLE SA14 – HOUSEHOLD BILLS – ATTP - SMALL RANGE)

Monthly Account for Household - 'Indigent' Household receiving free basic services prior to free services	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
							% incr.			
Rates and services charges:										
Property rates R300 000	253.22	264.31	277.53	299.09	299.09	299.09	8.50%	324.51	355.34	389.45
Electricity: Consumption (350Kwh)	312.90	318.77	337.38	381.37	381.37	381.37	6.22%	405.09	426.16	464.08
0 - 75	62.26	63.43	67.13	75.88	75.88	75.88	%	80.60	84.79	92.34
75-350	250.64	255.34	270.25	305.49	305.49	305.49	%	324.49	341.37	371.75
Water: Basic levy	38.06	41.49	45.02	48.40	48.40	48.40	8%	52.27	56.98	61.82
Water: Consumption (20 KL)	232.60	253.40	274.94	295.56	295.56	295.56	8%	319.20	347.93	377.51
Sanitation	164.40	179.16	194.39	208.97	208.97	208.97	8%	225.69	246.00	266.91
Sanitation Availability Levy	29.38	41.49	45.02	48.40	48.40	48.40	8%	52.27	56.98	61.82
Refuse removal	93.47	102.00	109.65	117.87	117.87	117.87	8%	127.30	138.12	149.86
Sub-total	1,124.03	1,200.62	1,283.93	1,399.66	1,399.66	1,399.66	7.62%	1,506.33	1,627.51	1,771.45
VAT on Services	121.91	140.45	150.96	165.09	165.09	165.09		177.27	190.83	207.30

Monthly Account for Household - 'Indigent' Household receiving free basic services prior to free services	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Total small household bill:	1,245.94	1,341.07	1,434.89	1,564.75	1,564.75	1,564.75	7.60%	1,683.60	1,818.34	2,978.75
% increase/-decrease	11.70%	7.64%	7.00%	9.05%	9.05%	9.05%		7.60%	8.00%	8.82%

Table 9 illustrates what would be actually payable by an ATTP qualifying consumer residing at a property with a land value of R300 000, using 350kwh of electricity and 20kl of water per month respectively after applying the NMBM ATTP policy.

TABLE 10 (TABLE SA14 – HOUSEHOLD BILLS – ATTP - SMALL RANGE)

Monthly Account for Household - 'Indigent' Household receiving free basic services – after reduction of funding from E-Share	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
							% incr.			
Rates and services charges:										
Property rates R300 000	-	-	-	-	-	-	-	-	-	-
Electricity: Consumption (350KwH)	250.64	255.34	270.25	305.49	305.49	305.49	6.22%	324.49	341.37	371.75
0 - 75	-	-	-	-	-	-	-	-	-	-
75-350	250.64	255.34	270.25	305.49	305.49	305.49	6.22%	324.49	341.37	371.75
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption (20 KL) less 8 kl free	139.56	152.04	164.96	177.33	177.33	177.33	8%	191.52	208.76	226.50
Sanitation less 11kl free	73.98	80.62	87.47	94.03	94.03	94.03	8%	101.55	110.69	120.10
Refuse removal	-	-	-	-	-	-	-	-	-	-
Other										
Sub-total	464.18	488.00	522.68	576.85	576.85	576.85	7.06%	617.56	660.81	718.35
VAT on Services	64.99	73.20	78.40	86.53	86.53	86.53		92.63	99.12	107.75
Total small household bill:	529.17	561.20	601.08	663.38	663.38	663.38	7.06%	710.20	759.94	826.10
% increase/-decrease	7.81%	6.05%	7.11%	10.36%	10.36%	10.36%		7.06%	7.00%	8.71%

It is important to note that an ATTP qualifying consumer using the above level of services will only pay R710.20 compared to the R1,683.60 to be paid by a consumer using the same level of service, but not qualifying for ATTP assistance.

TABLE 11 (TABLE SA14 – HOUSEHOLD BILLS – ATTP - SMALL RANGE BASED ON THE NATIONAL TREASURY INDIGENT POLICY)

Monthly Account for Household - 'Indigent' Household receiving NT free basic services – after reduction of funding from E-Share	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
							% incr.			
Rates and services charges:										
Property rates R300 000	253.22	264.31	277.53	299.09	299.09	299.09	8.50%	324.51	355.34	389.45
Electricity: Consumption (350Kwh)	273.43	278.55	294.82	333.26	333.26	333.26	6.22%	353.99	372.40	405.54
0 - 50	-	-	-	-	-	-	-	-	-	-
50 -350	273.43	278.55	294.82	333.26	333.26	333.26	6.22%	353.99	372.40	405.54
Water: Basic levy	38.06	41.49	45.02	48.40	48.40	48.40	8%	52.27	56.98	61.82
Water: Consumption (20 KL) less 6 kl free	162.82	177.38	192.45	206.89	206.89	206.89	8%	223.44	243.55	264.25
Sanitation	-	-	-	-	-	-	-	-	-	-
Sanitation Availability	-	-	-	-	-	-	-	-	-	-
Refuse removal	-	-	-	-	-	-	-	-	-	-
Other										
Sub-total	727.53	761.73	809.82	887.64	887.64	887.64	7.50%	954.21	1,028.27	1,121.06
VAT on Services	71.15	74.61	79.84	88.28	88.28	88.28		94.46	100.94	109.74
Total small household bill:	798.67	836.35	889.67	975.92	975.92	975.92	7.45%	1,048.67	1,129.21	1,230.80
% increase/-decrease	8.62%	4.72%	6.38%	9.69%	9.69%	9.69%		7.45%	7.68%	9.00%

Table 11 illustrates what an indigent consumer will pay for services delivered should the tariff structure of the Nelson Mandela Bay Municipality be applied to the National Indigent Policy of 6kl free water, 50Kwh free electricity, free sanitation and free refuse collection. For the 2020/21 financial year a resident will be billed in the amount of R710.20 compared to the R1,048.67 if the National Indigent Policy was enforced. Indigent residents of the municipal area receive an additional R338.47 free services than the municipality is required to provide.

1.6 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2020/21 budget and MTREF is informed by the following:

- The funding of the budget over the medium-term is informed by the requirements of Sections 18 and 19 of the MFMA;
- A balanced budget approach by limiting operating expenditure to the operating revenue;
- The asset renewal strategy and the repairs and maintenance plan;
- Considering budget priority / focus areas as included in the IDP document;
- Strict adherence to the principle of “no budget allocations without a business plan, procurement plan and cash flow”.

The following table is a high level summary of the 2019/20 budget and 2020/21 MTREF (classified as per main type of operating expenditure):

TABLE 12 (SUMMARY OF OPERATING EXPENDITURE BY STANDARD CLASSIFICATION ITEM)

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
R thousand								
Expenditure By Type								
Employee related costs	3,068,997	2,518,374	3,247,808	3,660,092	3,610,831	3,768,245	4,104,420	4,497,564
Remuneration of councillors	64,284	71,265	74,229	80,439	81,557	85,283	89,237	93,430
Debt impairment	603,564	872,737	775,400	608,943	577,109	1,094,480	1,176,754	1,281,186
Depreciation & asset impairment	294,326	280,097	973,224	614,541	739,657	740,575	784,992	861,908
Finance charges	155,218	144,138	139,540	173,361	139,362	141,084	160,755	154,958
Bulk purchases	3,010,600	3,013,776	3,229,035	3,555,290	3,620,983	3,844,678	4,108,748	4,393,823
Other materials	144,236	132,808	158,481	217,245	218,981	222,873	230,168	240,950
Contracted services	1,147,619	1,100,478	1,047,350	1,242,489	1,299,630	1,125,323	1,152,441	1,192,006
Transfers and subsidies	24,873	89,467	87,498	77,062	69,998	57,746	58,205	59,743
Other expenditure	331,145	399,704	436,848	642,683	672,806	621,178	651,721	695,967
Losses	1,299	63	1,190					
Total Expenditure	8,846,161	8,622,907	10,170,603	10,872,146	11,030,915	11,701,465	12,517,441	13,471,535

The total operating expenditure increased from R11.031 billion in 2019/20 to R13.47 billion in 2022/23.

TABLE 13 (MIX OF MAIN EXPENDITURE TYPES)

Description	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework					
	Original Budget		Adjusted Budget		Budget Year 2020/21		Budget Year 2021/22		Budget Year 2022/23	
R thousand		%		%		%		%		%
Expenditure By Type										
Employee related costs	3,660,092	33.66%	3,610,831	32.73%	3,768,245	32.20%	4,104,420	32.79%	4,497,564	33.39%
Remuneration of councillors	80,439	0.74%	81,557	0.74%	85,283	0.73%	89,237	0.71%	93,430	0.69%
Debt impairment	608,943	5.60%	577,109	5.23%	1,094,480	9.35%	1,176,754	9.40%	1,281,186	9.51%
Depreciation & asset impairment	614,541	5.65%	739,657	6.71%	740,575	6.33%	784,992	6.27%	861,908	6.40%
Finance charges	173,361	1.59%	139,362	1.26%	141,084	1.21%	160,755	1.28%	154,958	1.15%
Bulk purchases	3,555,290	32.70%	3,620,983	32.83%	3,844,678	32.86%	4,108,748	32.82%	4,393,823	32.62%
Other materials	217,245	2.00%	218,981	1.99%	222,873	1.90%	230,168	1.84%	240,950	1.79%
Contracted services	1,242,489	11.43%	1,299,630	11.78%	1,125,323	9.62%	1,152,441	9.21%	1,192,006	8.85%
Transfers and subsidies	77,062	0.71%	69,998	0.63%	57,746	0.49%	58,205	0.46%	59,743	0.44%
Other expenditure	642,683	5.91%	672,806	6.10%	621,178	5.31%	651,721	5.21%	695,967	5.17%
Losses		0.00%		0.00%		0.00%		0.00%		0.00%
Total Expenditure	10,872,146	100.00%	11,030,915	100.00%	11,701,465	100.00%	12,517,441	100.00%	13,471,535	100.00%

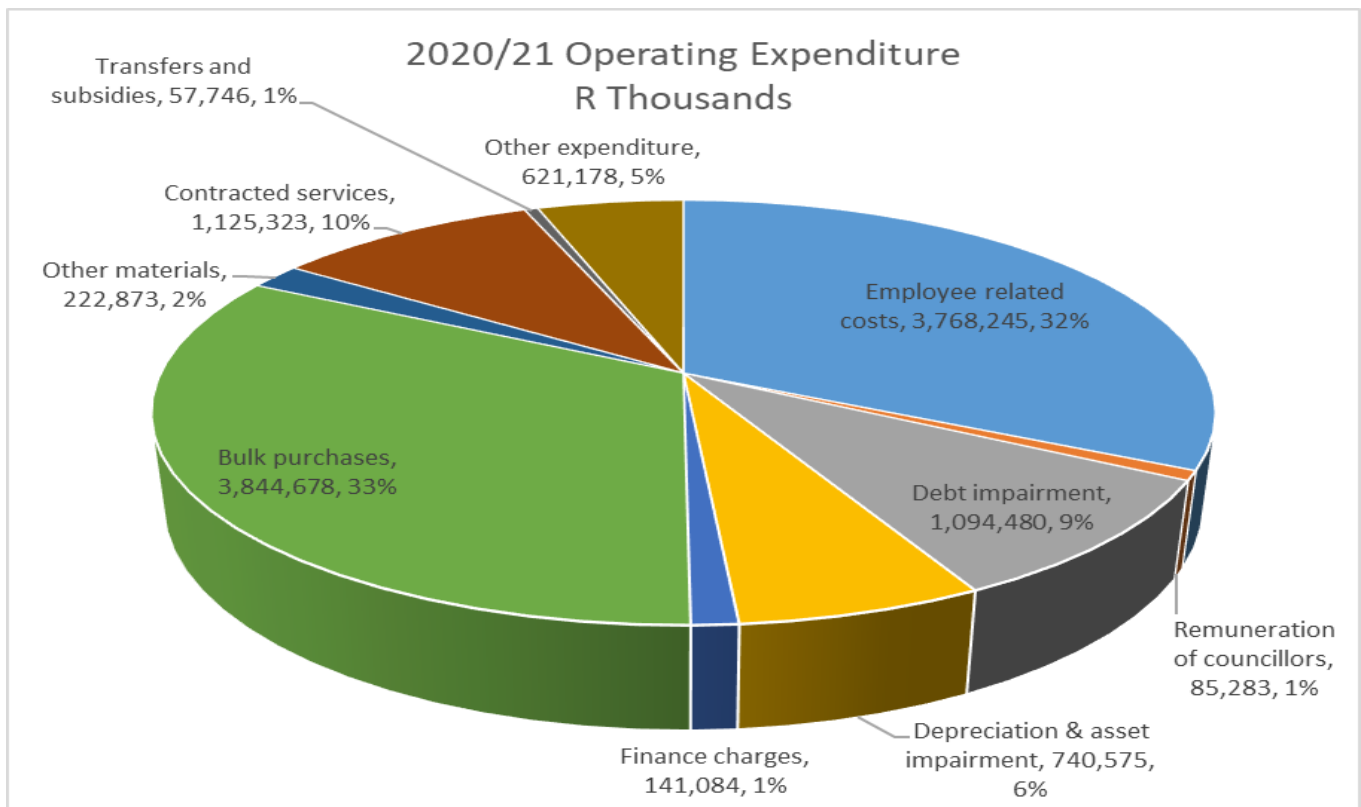


Figure 1: Operating Expenditure for the 2020/21 financial year

Below is a discussion of the main expenditure components.

Employee related costs

The 2020/21 draft budget provides for annual increments, where applicable, and a general increase in line with the Collective Agreement.

Council's target is to restrict personnel costs to below 30% of total expenditure. Personnel costs in the 2020/21 draft Budget represent 32.20% of total operating expenditure. It must also be noted that Council approved the "harmonisation" of the conditions of service for employees as it relates to the "Long Service Bonus". Furthermore, it must be noted that the employee related costs are also influenced by the conversion of contracted security to permanent employees and other Council decisions relating to the absorption of contract employees such as Call Centre Staff and Tourism Board contractual staff members, now incorporated into the Economic Development, Tourism and Agriculture (EDTA) Directorate.

Remuneration of Councillors

The remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs (COGTA) 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 preparing the budget.

Debt Impairment

The provision for debt impairment was determined based on a targeted annual collection rate of 88% for 2020/21, 2021/22 and 2022/23, including ATTP subsidies. The reduction of the Collection Rate to 88% over the three-year period has been necessitated by the impact of COVID19. The Collection Rate is based on billed revenue (i.e. Electricity, Water, Sanitation, Property Rates and Refuse). It must be noted that this category also includes the impairment of Traffic Fines.

TABLE 14 (DEBT IMPAIRMENT)

Debt Impairment	2020/21	2021/22	2022/23
Impairment Loss: Other - Traffic Fines	128,886,460	138,552,950	149,360,090
Impairment Loss: Receivables from Exchange Transactions: Waste Water Management	86,810,480	94,623,440	102,666,440
Impairment Loss: Receivables from Exchange Transactions: Waste Management	31,752,080	34,451,000	37,379,330
Impairment Loss: Trade and Other Receivables from Exchange Transactions: Water	128,470,210	140,032,540	151,935,310
Impairment Loss: Other Receivables from Non-exchange Revenue: Property Rates	374,248,200	406,903,340	445,469,010
Impairment Loss: Trade and Other Receivables from Exchange Transactions: Electricity	344,243,680	362,118,230	394,302,030
Total Impairment of Receivables	965,524,650	1,038,128,550	1,131,752,120
Total Debt Impairment	1,094,411,110	1,176,681,500	1,281,112,210

Depreciation and Asset Impairment

The provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy.

Finance Charges

Finance charges consist primarily of the repayment of interest on existing borrowing and new long-term borrowing (cost of capital) that will be taken up in the coming financial years.

Bulk Electricity Purchases

The Bulk Electricity Purchases Budget provided for increases in cost of 6.9% for the 2020/21, 2021/22 and 2022/23 financial years, based on the original budget 2019/20.

Energy consumption levels are influenced by the following:

- Significant increases in electricity prices;
- Consumer awareness of the need to conserve energy; and
- The implementation of energy conservation measures, including green energy.

Bulk Water Purchases

The following is an analysis of the Bulk Water Purchases.

TABLE 15 (WATER BULK PURCHASES)

Water Bulk Purchases	2019/20 Adjustments Budget	2020/21 Budget	% Increase	2021/22 Budget	% Increase	2022/23 Budget	% Increase
Irrigation Board – Gamtoos River	3,598,000	3,788,700	5.30	4,027,390	6.30	4,321,390	7.30
Irrigation Board – Sundays River	2,770,930	3,200,000	15.48	3,401,600	6.30	3,649,920	7.30
Water purchases	144,180,000	152,000,000	5.42	161,576,000	6.30	173,371,050	7.30
Total	150,548,930	158,988,700	5.61	169,004,990	6.30	181,342,360	7.30

1.6.1 Priority relating to repairs and maintenance

In line with the Municipality's stated intention to preserve and maintain its existing infrastructure, the 2020/21 Budget and MTREF provide for reasonable growth in the asset maintenance budget, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality.

During the compilation of the 2020/21 MTREF operational repairs and maintenance was identified as a strategic priority in view of the aging infrastructure especially in the service delivery Directorates and certain deferred maintenance. Repairs and maintenance of municipal infrastructure though also depends on the affordability levels of the municipal budget due to direct implication to applicable tariffs.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

TABLE 16 (REPAIRS AND MAINTENANCE PER ASSET CLASS)

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
Repairs and maintenance expenditure by Asset Class/Sub-class								
Infrastructure	212,963	252,521	209,254	320,466	238,052	242,089	256,882	268,060
Roads Infrastructure	28,604	20,727	35,201	39,846	39,141	33,476	33,982	34,510
Roads	15,642	9,816	12,205	18,131	20,673	16,062	16,298	16,536
Road Structures	11,473	10,454	18,235	17,000	16,968	12,550	12,550	12,550
Road Furniture	1,489	457	4,761	4,715	1,500	4,864	5,133	5,424
Storm water Infrastructure	17,192	17,829	38,049	18,798	18,798	17,347	17,371	17,385
Drainage Collection	65	9,780	19,598	15	15	16	16	16
Storm water Conveyance	17,127	8,049	18,452	18,583	18,583	17,131	17,155	17,169
Attenuation				200	200	200	200	200
Electrical Infrastructure	34,900	25,366	34,149	39,599	42,362	47,478	51,686	54,078
Power Plants	2,793	1,871	1,949	2,479	2,497	3,560	3,769	3,990
HV Substations				17				
MV Substations	5,054		4,053	4,789	7,512	5,484	5,828	6,176
MV Switching Stations		3,605						
MV Networks	20,783	15,437	22,540	25,419	25,459	30,768	33,913	35,978
LV Networks	6,269	4,453	5,607	6,894	6,894	7,667	8,176	7,934
Water Supply Infrastructure	96,437	138,815	41,535	147,379	66,135	67,927	72,246	75,483
Dams and Weirs	17	44	9	381	381	495	468	501
Boreholes								
Reservoirs	126	170	82	1,341	1,341	804	825	847
Pump Stations	14,274	11,021	10,329	14,011	13,891	16,677	18,589	18,974
Water Treatment Works	7,655	74,395	5,014	61,030	13,070	11,016	11,644	12,329
Bulk Mains	646	4,304	6,983	9,062	9,062	10,048	10,752	11,741
Distribution	73,720	48,881	19,119	61,554	28,391	28,886	29,968	31,091
Sanitation Infrastructure	34,706	48,598	60,059	71,041	68,014	72,303	78,013	82,993
Pump Station	7,135	8,164	7,579	7,943	8,348	8,578	9,322	9,496
Reticulation	133			816				
Waste Water Treatment Works	27,437	40,105	52,480	62,281	59,665	63,725	68,691	73,497
Outfall Sewers		329						
Solid Waste Infrastructure								
Landfill Sites								
Waste Transfer Stations								
Rail Infrastructure	558	1,186		3,433	3,233	3,187	3,191	3,196
Rail Lines	558	1,186		3,383	3,183	3,133	3,133	3,133

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget
R thousand								
Repairs and maintenance expenditure by Asset Class/Sub-class								
<i>Rail Furniture</i>				50	50	54	58	63
Information and Communication Infrastructure	568	–	259	370	370	370	392	416
<i>Core Layers</i>	568		259	370	370	370	392	416
Community Assets	33,682	20,944	17,812	17,133	23,517	22,155	23,372	25,159
Community Facilities	22,764	12,659	10,596	9,806	15,713	14,390	15,048	16,140
<i>Halls</i>	10,171	2,003	1,827	2,552	2,250	3,040	3,321	3,665
<i>Centres</i>			–		–			
<i>Crèches</i>			–		–			
<i>Clinics/Care Centres</i>			–		–			
<i>Fire/Ambulance Stations</i>	392	35	–		–			
<i>Testing Stations</i>			–		–			
<i>Museums</i>	1,974	554	305	736	486	254	269	285
<i>Galleries</i>		315	10	226	22	24	25	27
<i>Theatres</i>			–		–			
<i>Libraries</i>	3,984	2,166	2,091	2,745	3,443	2,849	3,114	3,404
<i>Cemeteries/Crematoria</i>	1,067		–		–			
<i>Police</i>	40	63	9	103	103	111	120	129
<i>Parks</i>	173	57	44	197	4,261	3,252	3,016	3,367
<i>Public Open Space</i>	3,432	2,056	1,286	1,895	2,624	2,491	2,658	2,570
<i>Nature Reserves</i>	2	3	1	51	76	75	75	75
<i>Public Ablution Facilities</i>	382	2,159	1,181	479	–	379	382	384
<i>Markets</i>	1,147	3,248	3,843	821	2,448	1,915	2,068	2,234
<i>Stalls</i>			–		–			
<i>Abattoirs</i>			–		–			
<i>Airports</i>			–		–			
<i>Taxi Ranks/Bus Terminals</i>			–		–			
<i>Capital Spares</i>			–		–			
Sport and Recreation Facilities	10,917	8,284	7,216	7,327	7,803	7,764	8,324	9,020
<i>Indoor Facilities</i>	10,120	7,591	6,552	6,375	6,818	6,970	7,462	8,035
<i>Outdoor Facilities</i>	798	693	664	952	985	795	862	984
<i>Capital Spares</i>			–		–			
	1	1	1	1	1	1	1	1
Heritage assets	593	477	748	1,291	691	961	982	1,005
Monuments	593	161	260	337	–	358	379	402
Historic Buildings	–		–		–			
Works of Art			–		–			
Conservation Areas		316	488	953	691	603	603	603
Other Heritage					–			
Investment properties	–	–	–	–	–	–	–	–
Revenue Generating	–	–	–	–	–	–	–	–
<i>Improved Property</i>								
<i>Unimproved Property</i>								
Non-revenue Generating	–	–	–	–	–	–	–	–
<i>Improved Property</i>								
<i>Unimproved Property</i>								
Other assets	20,832	13,828	45,459	33,648	35,750	36,757	42,407	45,341
Operational Buildings	19,150	13,231	45,459	31,635	27,816	33,736	39,240	42,017
<i>Municipal Offices</i>	14,222	9,027	29,373	24,060	20,220	25,067	30,006	32,256
<i>Pay/Enquiry Points</i>			–		–			
<i>Building Plan Offices</i>			–		–			
<i>Workshops</i>	497	303	248	500	500	400	400	410
<i>Yards</i>			–		–			
<i>Stores</i>			–		–			
<i>Laboratories</i>	138	18	–	200	200	200	214	229
<i>Training Centres</i>	3		–	13	13	13		15
<i>Manufacturing Plant</i>			–		–			
<i>Depots</i>	4,290	3,883	15,838	6,861	6,882	8,055	8,619	9,107
<i>Capital Spares</i>			–		–			
Housing	1,682	597	–	2,014	7,934	3,021	3,168	3,324
<i>Staff Housing</i>	205	244	–	1,004	1,004	811	836	863
<i>Social Housing</i>	1,477	353	–	1,010	6,930	2,211	2,332	2,460
<i>Capital Spares</i>			–		–			
Biological or Cultivated Assets	–	–	–	–	–	–	–	–

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Repairs and maintenance expenditure by Asset Class/Sub-class								
Biological or Cultivated Assets								
Intangible Assets	4,054	2,885	3,339	4,544	4,529	4,798	5,095	5,390
Servitudes								
Licences and Rights	4,054	2,885	3,339	4,544	4,529	4,798	5,095	5,390
Water Rights			-		-			
Effluent Licenses			-		-			
Solid Waste Licenses			-		-			
Computer Software and Applications	4,054	2,885	3,339	4,544	4,529	4,779	5,095	5,371
Load Settlement Software Applications			-		-			
Unspecified			-		-	18		18
Computer Equipment	8,783	2,989	6,244	20,445	7,365	7,864	8,491	9,107
Computer Equipment	8,783	2,989	6,244	20,445	7,365	7,864	8,491	9,107
Furniture and Office Equipment	552	727	522	1,697	3,318	3,661	3,822	3,987
Furniture and Office Equipment	552	727	522	1,697	3,318	3,661	3,822	3,987
Machinery and Equipment	29,009	15,816	96,405	43,971	131,875	118,484	140,507	145,059
Machinery and Equipment	29,009	15,816	96,405	43,971	131,875	118,484	140,507	145,059
Transport Assets	34,159	29,225	36,838	38,085	38,210	40,844	44,042	47,511
Transport Assets	34,159	29,225	36,838	38,085	38,210	40,844	44,042	47,511
Land	-	-	-	-	-	-	-	-
Land								
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals								
Total Repairs and Maintenance Expenditure	344,628	339,413	416,622	481,279	483,308	477,613	525,601	550,619
R&M as a % of PPE	2.2%	2.0%	2.4%	2.5%	2.6%	0.0%	2.7%	2.7%
R&M as % Operating Expenditure	3.9%	3.9%	4.1%	4.4%	4.4%	0.0%	4.5%	4.4%

1.6.2 Free Basic Services: Basic Social Services Package

The social package assists indigent households that have limited financial ability to pay for municipal services. In order to qualify for free services, the households are required to register in terms of the Municipality's Assistance to the Poor Policy, whilst the monthly household income may not exceed two state pensions. Detail relating to free services, cost of free basic services, as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

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

1.7 CAPITAL EXPENDITURE

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

TABLE 17 (2020/21 MEDIUM-TERM CAPITAL BUDGET PER VOTE)

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
R thousand								
Capital expenditure - Vote								
Vote 1 - Budget & Treasury	29,784	5,208	2,391	32,589	16,589	17,180	9,700	700
Vote 2 - Public Health	67,003	87,738	84,365	61,201	68,942	43,600	32,517	33,632
Vote 3 - Human Settlements	205,227	220,989	178,548	200,629	200,629	226,155	163,044	149,087
Vote 4 - Economic Development, Tourism & Agriculture	47,588	2,325	6,116	84,520	109,455	63,341	66,942	60,161
Vote 5 - Corporate Services	23,006	41,446	17,917	34,585	34,585	29,600	34,800	9,400
Vote 6 - Infrastructure & Engineering Unit - Rate & General	254,428	456,532	474,963	482,068	480,068	496,040	385,139	364,926
Vote 7 - Metro Water Service	202,103	256,306	345,111	317,500	389,413	324,050	263,977	239,414
Vote 8 - Sanitation - Metro	243,900	209,647	216,850	306,550	173,550	181,370	131,688	189,368
Vote 9 - Electricity & Energy	301,576	313,748	282,678	223,396	145,426	177,964	164,882	169,034
Vote 10 - Executive & Council	9,648	6,419	3,654	11,041	-	9,114	16,713	17,671
Vote 11 - Safety & Security	16,495	15,636	13,743	29,400	24,900	16,839	15,000	-
Vote 12 - Mandela Bay Stadium	-	-	1,533	5,000	-	9,000	7,000	7,000
Vote 13 - Special Projects and Programmes	-	6,662	-	-	-	-	-	-
Vote 14 - Recreational & Cultural Services	30,154	20,802	38,933	44,150	38,250	50,500	27,700	24,500
Capital expenditure	1,430,912	1,643,457	1,666,802	1,832,628	1,681,806	1,644,753	1,319,102	1,264,894

TABLE 18 (2020/21 MEDIUM-TERM CAPITAL BUDGET PER VOTE PERCENTAGE ALLOCATION)

Vote Description	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework					
	Original Budget		Adjusted Budget		Budget Year 2020/21		Budget Year 2021/22		Budget Year 2022/23	
R thousand										
Capital expenditure - Vote										
		%		%		%		%		%
Vote 1 - Budget & Treasury	32,589	1.78%	16,589	0.99%	17,180	1.04%	9,700	0.74%	700	0.06%
Vote 2 - Public Health	61,201	3.34%	68,942	4.10%	43,600	2.65%	32,517	2.47%	33,632	2.66%
Vote 3 - Human Settlements	200,629	10.95%	200,629	11.93%	226,155	13.75%	163,044	12.36%	149,087	11.79%
Vote 4 - Economic Development, Tourism & Agriculture	84,520	4.61%	109,455	6.51%	63,341	3.85%	66,942	5.07%	60,161	4.76%
Vote 5 - Corporate Services	34,585	1.89%	34,585	2.06%	29,600	1.80%	34,800	2.64%	9,400	0.74%
Vote 6 - Infrastructure & Engineering Unit - Rate & General	482,068	26.30%	480,068	28.54%	496,040	30.16%	385,139	29.20%	364,926	28.85%
Vote 7 - Metro Water Service	317,500	17.32%	389,413	23.15%	324,050	19.70%	263,977	20.01%	239,414	18.93%
Vote 8 - Sanitation - Metro	306,550	16.73%	173,550	10.32%	181,370	11.03%	131,688	9.98%	189,368	14.97%
Vote 9 - Electricity & Energy	223,396	12.19%	145,426	8.65%	177,964	10.82%	164,882	12.50%	169,034	13.36%
Vote 10 - Executive & Council	11,041	0.60%	-	0.00%	9,114	0.55%	16,713	1.27%	17,671	1.40%
Vote 11 - Safety & Security	29,400	1.60%	24,900	1.48%	16,839	1.02%	15,000	1.14%	-	0.00%
Vote 12 - Mandela Bay Stadium	5,000	0.27%	-	0.00%	9,000	0.55%	7,000	0.53%	7,000	0.55%
Vote 13 - Special Projects and Programmes	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Vote 14 - Recreational & Cultural Services	44,150	2.41%	38,250	2.27%	50,500	3.07%	27,700	2.10%	24,500	1.94%
Capital expenditure	1,832,628	100.00%	1,681,806	100.00%	1,644,753	100.00%	1,319,102	100.00%	1,264,894	100.00%

1.8 ANNUAL CONSOLIDATED BUDGET TABLES

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations (32141 dated 17 April 2009), are included in this section. These tables set out the Municipality's 2020/21 Budget and MTREF to be considered for approval by Council. Each table is accompanied by *explanatory notes*.

TABLE 19 (TABLE A1 – CONSOLIDATED BUDGET SUMMARY)

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands								
Financial Performance								
Property rates	1,639,538	1,999,183	2,128,249	2,353,508	2,353,758	2,544,995	2,787,331	3,055,072
Service charges	4,909,882	5,185,897	5,233,561	5,995,605	6,065,783	6,417,809	6,828,217	7,426,305
Investment revenue	121,035	155,546	208,830	113,116	160,994	161,511	177,873	189,392
Transfers recognised - operational	1,450,617	1,528,723	1,860,118	2,030,336	2,087,686	2,187,776	2,247,599	2,379,225
Other own revenue	675,611	643,089	666,284	773,158	746,009	640,203	686,214	735,948
Total Revenue (excluding capital transfers and contributions)	8,796,682	9,512,439	10,097,042	11,265,723	11,414,230	11,952,295	12,727,234	13,785,943
Employee costs	3,068,997	2,518,374	3,247,808	3,660,092	3,610,831	3,768,245	4,104,420	4,497,564
Remuneration of councillors	64,284	71,265	74,229	80,439	81,557	85,283	89,237	93,430
Depreciation & asset impairment	294,326	280,097	973,224	614,541	739,657	740,575	784,992	861,908
Finance charges	155,218	144,138	139,540	173,361	139,362	141,084	160,755	154,958
Materials and bulk purchases	3,154,837	3,146,584	3,387,516	3,772,536	3,839,964	4,067,551	4,338,916	4,634,773
Transfers and grants	24,873	89,467	87,498	77,062	69,998	57,746	58,205	59,743
Other expenditure	2,083,627	2,372,982	2,260,788	2,494,115	2,549,546	2,840,981	2,980,916	3,169,158
Total Expenditure	8,846,161	8,622,907	10,170,603	10,872,146	11,030,915	11,701,465	12,517,441	13,471,535
Surplus/(Deficit)	(49,479)	889,532	(73,561)	393,577	383,316	250,829	209,792	314,407
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	1,113,327	1,200,331	1,222,332	983,161	1,112,726	944,113	667,608	634,197
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)	-	214,595	40,406	105,669	127,223	32,897	-	-
Surplus/(Deficit) after capital transfers & contributions	1,063,848	2,304,457	1,189,177	1,482,407	1,623,265	1,227,839	877,401	948,604
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1,063,848	2,304,457	1,189,177	1,482,407	1,623,265	1,227,839	877,401	948,604
Capital expenditure & funds sources								
Capital expenditure	1,430,912	1,643,457	1,666,802	1,832,628	1,681,806	1,644,753	1,319,102	1,264,894
Transfers recognised - capital	1,113,327	1,357,812	1,262,738	1,088,830	1,239,949	977,010	667,608	634,197
Borrowing	-	-	-	286,370	-	214,415	254,245	281,943
Internally generated funds	317,586	285,645	404,065	457,429	441,857	453,328	397,249	348,754
Total sources of capital funds	1,430,912	1,643,457	1,666,802	1,832,628	1,681,806	1,644,753	1,319,102	1,264,894
Financial position								
Total current assets	3,789,549	4,925,460	5,644,023	5,431,993	5,863,187	5,973,365	6,130,105	6,991,440
Total non current assets	15,962,030	17,437,670	18,265,377	19,983,387	19,155,171	20,145,655	20,695,137	21,114,139
Total current liabilities	2,230,842	2,897,252	3,021,317	3,234,674	3,169,491	3,274,519	3,485,994	3,667,152
Total non current liabilities	3,648,214	3,406,317	3,639,345	4,292,279	3,867,535	4,019,526	4,239,151	4,550,248
Community wealth/Equity	13,872,523	16,059,561	17,248,738	17,888,426	17,981,332	18,824,975	19,100,097	19,888,179
Cash flows								
Net cash from (used) operating	1,495,048	2,753,215	2,381,852	1,702,131	1,732,532	1,621,398	1,343,837	1,836,815
Net cash from (used) investing	(1,383,260)	(1,683,495)	(1,702,940)	(1,900,506)	(1,772,256)	(1,656,051)	(1,480,047)	(1,292,153)
Net cash from (used) financing	(93,920)	(86,407)	(79,761)	110,304	(103,118)	71,430	61,481	94,895
Cash/cash equivalents at the year end	1,630,374	2,609,521	3,208,672	2,516,993	3,075,727	3,112,505	3,037,776	3,677,334
Cash backing/surplus reconciliation								
Cash and investments available	1,633,025	2,612,388	3,211,871	2,516,993	3,075,727	3,112,505	3,037,776	3,677,334
Application of cash and investments	765,869	1,641,863	1,319,200	1,756,097	1,694,993	1,842,648	2,092,676	2,101,140
Balance - surplus (shortfall)	867,157	970,525	1,892,670	760,897	1,380,735	1,269,857	945,100	1,576,194
Asset management								
Asset register summary (WDV)	15,890,340	17,352,845	18,175,180	19,901,905	19,093,306	19,909,954	20,412,478	20,781,986

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands								
Depreciation	294,326	280,097	973,224	614,541	739,657	740,575	784,992	861,926
Renewal and Upgrading of Existing Assets	864,553	976,254	943,009	866,520	767,685	807,125	637,559	653,774
Repairs and Maintenance	344,628	339,413	416,622	481,279	483,308	477,613	525,601	550,619
Free services								
Cost of Free Basic Services provided	460,691	470,737	443,598	486,075	486,075	436,836	477,143	519,843
Revenue cost of free services provided	172,799	184,944	176,540	180,555	180,555	206,535	226,613	248,522
Households below minimum service level								
Water:	-	-	-	-	-	-	-	-
Sanitation/sewerage:	45	24	-	5	5	5	4	3
Energy:	-	-	-	-	-	-	-	-
Refuse:	125	367	367	392	392	392	392	392

Explanatory notes to Table A1 - Budget Summary

The aim of the Budget Summary is to provide a concise overview of the proposed budget from all of the major financial perspectives (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance). The table provides an overview of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance, as well as the Municipality's commitment to eliminating basic service delivery backlogs. The upwards / downwards trends for certain categories of revenue / expenditure has already been previously explained (e.g. changes in Property Rates, etc.).

TABLE 20 (TABLE A2 – CONSOLIDATED BUDGET FINANCIAL PERFORMANCE)

Functional Classification Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand									
Revenue - Functional									
Governance and administration	2,812,502	3,056,934	3,450,403	3,268,696	3,315,891	3,315,891	3,471,982	3,713,962	3,960,991
Executive and council	154	399	116	40	443	443	420	420	420
Finance and administration	2,812,348	3,056,534	3,450,287	3,268,654	3,315,445	3,315,445	3,471,560	3,713,540	3,960,569
Internal audit	-	0	-	2	2	2	2	2	2
Community and public safety	563,157	608,959	676,514	1,086,703	1,060,644	1,060,644	1,237,518	1,207,517	1,296,387
Community and social services	30,441	40,198	45,109	42,091	42,886	42,886	32,948	34,920	36,381
Sport and recreation	31,476	8,946	12,956	5,702	7,002	7,002	15,370	4,710	5,087
Public safety	226,895	315,157	421,337	677,650	640,859	640,859	817,360	916,934	1,021,114
Housing	271,900	242,233	194,836	358,835	364,764	364,764	369,255	248,282	231,042
Health	2,445	2,425	2,277	2,425	5,133	5,133	2,585	2,670	2,763
Economic and environmental services	354,783	503,038	556,734	623,917	627,807	627,807	628,458	565,071	558,661
Planning and development	173,505	141,223	160,516	197,519	188,686	188,686	164,745	169,790	168,700
Road transport	180,204	360,488	394,458	424,311	425,293	425,293	459,756	391,241	385,829
Environmental protection	1,075	1,327	1,760	2,088	13,828	13,828	3,957	4,040	4,132
Trading services	6,161,867	6,731,774	6,638,957	7,333,074	7,607,612	7,607,612	7,546,111	7,859,530	8,551,438
Energy sources	3,737,250	3,681,516	3,884,855	4,565,809	4,369,687	4,369,687	4,540,332	4,729,058	5,162,054
Water management	1,161,681	1,757,580	1,389,183	1,281,854	1,659,575	1,659,575	1,452,530	1,527,175	1,636,056
Waste water management	958,092	986,731	1,020,810	1,076,573	1,169,512	1,169,512	1,111,246	1,123,292	1,231,924
Waste management	304,843	305,947	344,110	408,838	408,838	408,838	442,002	480,005	521,405
Other	17,700	26,659	37,171	42,163	42,225	42,225	45,236	48,762	52,662
Total Revenue - Functional	9,910,009	10,927,364	11,359,780	12,354,553	12,654,179	12,654,179	12,929,305	13,394,842	14,420,140
Expenditure - Functional									
Governance and administration	1,606,957	1,383,152	2,353,168	2,305,857	2,293,294	2,293,294	2,489,517	2,661,699	2,897,783
Executive and council	236,493	155,746	213,519	268,905	253,454	253,454	246,321	259,104	272,223
Finance and administration	1,370,464	1,179,659	2,091,697	1,972,533	1,974,471	1,974,471	2,182,351	2,338,379	2,557,802
Internal audit	-	47,747	47,952	64,419	65,370	65,370	60,844	64,216	67,758

Functional Classification Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Community and public safety	1,442,663	1,364,788	1,458,607	1,707,947	1,708,701	1,708,701	1,788,324	1,906,400	2,054,463
Community and social services	243,590	172,118	262,547	322,255	321,535	321,535	310,059	336,349	367,861
Sport and recreation	349,762	419,348	408,507	415,290	482,542	482,542	537,570	574,295	610,445
Public safety	525,802	545,968	570,912	690,890	644,076	644,076	672,687	732,179	792,485
Housing	269,498	170,845	145,115	181,036	165,974	165,974	171,790	161,325	171,338
Health	54,011	56,509	71,527	98,476	94,574	94,574	96,218	102,253	112,334
Economic and environmental services	602,764	551,994	631,560	770,462	863,191	863,191	756,096	786,253	835,981
Planning and development	165,810	277,131	289,850	339,569	359,957	359,957	327,662	333,747	358,442
Road transport	399,438	235,353	309,801	382,590	455,677	455,677	381,922	402,337	423,409
Environmental protection	37,517	39,511	31,910	48,303	47,557	47,557	46,513	50,170	54,129
Trading services	5,153,447	5,288,775	5,687,477	6,035,897	6,097,899	6,097,899	6,598,958	7,089,501	7,604,054
Energy sources	3,605,024	3,457,145	3,784,440	4,300,189	4,326,296	4,326,296	4,761,213	5,098,447	5,454,546
Water management	714,881	995,529	980,605	822,112	818,624	818,624	862,234	936,279	1,000,277
Waste water management	500,786	511,827	571,953	554,406	592,202	592,202	592,598	632,128	697,359
Waste management	332,755	324,275	350,479	359,190	360,777	360,777	382,914	422,647	451,871
Other	40,330	34,197	39,791	51,983	67,829	67,829	68,570	73,588	79,256
Total Expenditure - Functional	8,846,161	8,622,907	10,170,603	10,872,146	11,030,915	11,030,915	11,701,465	12,517,441	13,471,535
Surplus/(Deficit) for the year	1,063,848	2,304,457	1,189,177	1,482,407	1,623,265	1,623,265	1,227,839	877,401	948,604

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

The 'standard classification' refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities approve a budget in one common format, to facilitate comparison across all municipalities. **It should be noted that the revenue by vote as reflected in this table, includes revenue attributable to capital grants.**

TABLE 21 (TABLE A3 – CONSOLIDATED BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY MUNICIPAL VOTE))

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote									
Vote 1 - Budget & Treasury	2,697,731	2,883,352	3,301,297	3,158,640	3,202,829	3,202,829	3,367,554	3,614,340	3,886,834
Vote 2 - Public Health	318,470	358,656	410,186	446,464	460,913	460,913	482,869	514,167	555,563
Vote 3 - Human Settlements	312,968	264,905	250,111	387,697	393,626	393,626	392,948	272,517	255,849
Vote 4 - Economic Development, Tourism & Agriculture	149,148	126,314	123,355	182,346	184,617	184,617	151,952	161,198	161,022
Vote 5 - Corporate Services	15,709	48,812	20,056	20,422	23,419	23,419	8,269	6,758	7,299
Vote 6 - Infrastructure & Engineering Unit - Rate & General	179,071	384,469	399,504	426,927	427,909	427,909	461,862	393,358	387,958
Vote 7 - Metro Water Service	1,163,663	1,520,349	1,417,494	1,281,914	1,659,636	1,659,636	1,452,595	1,527,245	1,636,132
Vote 8 - Sanitation - Metro	951,054	955,682	1,015,022	1,076,578	1,169,512	1,169,512	1,111,246	1,123,292	1,231,924
Vote 9 - Electricity & Energy	3,793,454	3,732,740	3,908,855	4,565,809	4,369,687	4,369,687	4,540,332	4,729,058	5,162,054
Vote 10 - Executive & Council	25,186	30,958	13,937	25,231	14,509	14,509	24,954	22,645	23,828
Vote 11 - Safety & Security	226,617	567,255	440,916	698,093	661,302	661,302	839,249	940,531	1,046,599
Vote 12 - Mandela Bay Stadium	14,193	4,462	19,940	47,779	47,779	47,779	50,409	53,419	56,848
Vote 13 - Special Projects and Programmes	17,052	21,043	7,075	13,958	13,958	13,958	12,484	13,645	(14,916)
Vote 14 - Recreational & Cultural Services	45,694	28,368	32,029	22,694	24,483	24,483	32,582	22,667	23,147
Total Revenue by Vote	9,910,009	10,927,364	11,359,780	12,354,553	12,654,179	12,654,179	12,929,305	13,394,842	14,420,140

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand									
Expenditure by Vote to be appropriated									
Vote 1 - Budget & Treasury	891,933	460,484	1,014,544	929,117	857,901	857,901	1,114,917	1,192,501	1,289,514
Vote 2 - Public Health	563,811	573,188	659,301	680,772	682,759	682,759	716,988	779,281	836,822
Vote 3 - Human Settlements	261,652	220,278	209,439	268,058	250,583	250,583	264,859	259,339	278,319
Vote 4 - Economic Development, Tourism & Agriculture	124,752	147,168	197,730	176,991	195,949	195,949	157,557	162,849	172,478
Vote 5 - Corporate Services	309,699	349,671	363,310	443,227	449,372	449,372	417,523	447,142	484,766
Vote 6 - Infrastructure & Engineering Unit - Rate & General	562,584	393,794	854,716	869,956	1,002,283	1,002,283	882,074	934,552	1,020,072
Vote 7 - Metro Water Service	728,719	1,050,694	957,911	841,527	837,779	837,779	881,604	956,729	1,022,085
Vote 8 - Sanitation - Metro	455,683	476,042	537,954	522,898	563,959	563,959	562,564	601,562	666,239
Vote 9 - Electricity & Energy	3,600,927	3,469,978	3,751,790	4,296,071	4,322,517	4,322,517	4,757,432	5,094,322	5,450,043
Vote 10 - Executive & Council	238,689	239,323	262,193	326,596	325,964	325,964	329,540	338,000	358,215
Vote 11 - Safety & Security	661,480	818,459	915,164	1,028,377	991,586	991,586	1,032,663	1,125,973	1,223,353
Vote 12 - Mandela Bay Stadium	128,697	38,559	36,705	47,779	109,645	109,645	149,607	157,581	163,649
Vote 13 - Special Projects and Programmes	13,136	7,504	8,795	12,572	12,572	12,572	10,178	11,120	12,126
Vote 14 - Recreational & Cultural Services	304,399	377,764	401,050	428,205	428,046	428,046	423,961	456,489	493,854
Total Expenditure by Vote	8,846,161	8,622,907	10,170,603	10,872,146	11,030,915	11,030,915	11,701,465	12,517,441	13,471,535
Surplus/(Deficit) for the year	1,063,848	2,304,457	1,189,177	1,482,407	1,623,265	1,623,265	1,227,839	877,401	948,604

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

- The purpose of the format in which the budget is presented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the City Manager and Executive Directors concerned. Operating revenue and expenditure is thus presented by 'vote'. A 'vote' is defined in terms of section 1 of the MFMA as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

TABLE 22 (TABLE A4 - BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE))

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
Revenue By Source								
Property rates	1,639,538	1,999,183	2,128,249	2,353,508	2,353,758	2,544,995	2,787,331	3,055,072
Service charges - electricity revenue	3,576,229	3,484,068	3,684,019	4,379,448	4,167,364	4,359,003	4,585,459	4,992,929
Service charges - water revenue	767,493	1,074,105	850,694	815,772	996,442	1,070,585	1,166,938	1,266,128
Service charges - sanitation revenue	427,358	457,476	506,102	554,361	656,826	723,421	788,529	855,554
Service charges - refuse revenue	138,802	170,248	192,746	246,024	245,151	264,801	287,292	311,695
Rental of facilities and equipment	23,229	22,713	27,459	36,797	37,167	22,627	24,316	26,149
Interest earned - external investments	121,035	155,546	208,830	113,116	160,994	161,511	177,873	189,392
Interest earned - outstanding debtors	178,749	224,649	234,732	291,720	291,720	197,891	211,743	227,624
Dividends received	341	123	-					
Fines, penalties and forfeits	289,704	230,424	215,022	253,517	216,290	224,224	242,566	261,605
Licences and permits	20,378	19,456	20,665	21,354	21,354	22,748	24,522	26,484
Agency services	2,501	2,774	3,154	3,095	3,095	3,327	3,586	3,873
Transfers and subsidies	1,450,617	1,528,723	1,860,118	2,030,336	2,087,686	2,187,776	2,247,599	2,379,225
Other revenue	160,103	142,949	165,252	166,175	175,884	168,878	178,960	189,683
Gains	606			500	500	510	520	530
Total Revenue (excluding capital transfers and contributions)	8,796,682	9,512,439	10,097,042	11,265,723	11,414,230	11,952,295	12,727,234	13,785,943

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
Expenditure By Type								
Employee related costs	3,068,997	2,518,374	3,247,808	3,660,092	3,610,831	3,768,245	4,104,420	4,497,564
Remuneration of councillors	64,284	71,265	74,229	80,439	81,557	85,283	89,237	93,430
Debt impairment	603,564	872,737	775,400	608,943	577,109	1,094,480	1,176,754	1,281,186
Depreciation & asset impairment	294,326	280,097	973,224	614,541	739,657	740,575	784,992	861,908
Finance charges	155,218	144,138	139,540	173,361	139,362	141,084	160,755	154,958
Bulk purchases	3,010,600	3,013,776	3,229,035	3,555,290	3,620,983	3,844,678	4,108,748	4,393,823
Other materials	144,236	132,808	158,481	217,245	218,981	222,873	230,168	240,950
Contracted services	1,147,619	1,100,478	1,047,350	1,242,489	1,299,630	1,125,323	1,152,441	1,192,006
Transfers and subsidies	24,873	89,467	87,498	77,062	69,998	57,746	58,205	59,743
Other expenditure	331,145	399,704	436,848	642,683	672,806	621,178	651,721	695,967
Losses	1,299	63	1,190					
Total Expenditure	8,846,161	8,622,907	10,170,603	10,872,146	11,030,915	11,701,465	12,517,441	13,471,535
Surplus/(Deficit)	(49,479)	889,532	(73,561)	393,577	383,316	250,829	209,792	314,407
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	1,113,327	1,200,331	1,222,332	983,161	1,112,726	944,113	667,608	634,197
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	214,595	40,406			32,897	-	-
Transfers and subsidies - capital (in-kind - all)				105,669	127,223			
Surplus/(Deficit) after capital transfers & contributions	1,063,848	2,304,457	1,189,177	1,482,407	1,623,265	1,227,839	877,401	948,604
Taxation								
Surplus/(Deficit) after taxation	1,063,848	2,304,457	1,189,177	1,482,407	1,623,265	1,227,839	877,401	948,604
Attributable to minorities								
Surplus/(Deficit) attributable to municipality	1,063,848	2,304,457	1,189,177	1,482,407	1,623,265	1,227,839	877,401	948,604
Share of surplus/ (deficit) of associate								
Surplus/(Deficit) for the year	1,063,848	2,304,457	1,189,177	1,482,407	1,623,265	1,227,839	877,401	948,604

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

Revenue

- The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the annual results and the original budget, so as to assess performance.

TABLE 23 (TABLE A5 – CONSOLIDATED BUDGETED CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING SOURCE)

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
Capital expenditure - Vote								
Multi-year expenditure to be appropriated								
Vote 1 - Budget & Treasury	29,553	4,156	1,258	27,839	10,517	13,000	8,000	-
Vote 2 - Public Health	55,854	77,216	73,605	26,300	25,275	16,700	20,866	26,029
Vote 3 - Human Settlements	205,227	220,989	178,548	200,629	106,681	151,155	163,044	149,087
Vote 4 - Economic Development, Tourism & Agriculture	46,962	1,325	6,116	81,520	97,816	63,341	66,942	60,161
Vote 5 - Corporate Services	23,006	41,446	11,405	29,950	27,055	15,820	19,300	7,400
Vote 6 - Infrastructure & Engineering Unit - Rate & General	240,299	447,421	442,625	457,468	409,312	422,786	289,455	303,776
Vote 7 - Metro Water Service	199,848	255,403	324,487	311,000	365,393	305,050	252,612	228,393
Vote 8 - Sanitation - Metro	240,785	209,647	214,906	302,050	162,350	172,370	128,386	188,035
Vote 9 - Electricity & Energy	293,231	301,133	239,114	215,346	140,576	163,383	156,732	150,330
Vote 10 - Executive & Council	9,648	6,419	3,654	11,041	-	9,114	16,713	17,671
Vote 11 - Safety & Security	6,825	12,181	1,373	22,950	5,500	1,000	-	-
Vote 12 - Mandela Bay Stadium	-	-	1,389	5,000	-	9,000	7,000	7,000
Vote 13 - Special Projects and Programmes	-	6,662	-	-	-	-	-	-
Vote 14 - Recreational & Cultural Services	28,922	17,258	38,284	38,600	28,820	32,000	26,900	23,500
Capital multi-year expenditure sub-total	1,380,160	1,601,256	1,536,764	1,729,692	1,379,296	1,374,718	1,155,949	1,161,383
Single-year expenditure to be appropriated								

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
Vote 1 - Budget & Treasury	230	1,052	1,133	4,750	6,071	4,180	1,700	700
Vote 2 - Public Health	11,149	10,522	10,760	34,901	43,667	26,900	11,652	7,603
Vote 3 - Human Settlements	–	–	–	–	93,947	75,000	–	–
Vote 4 - Economic Development, Tourism & Agriculture	627	1,000	–	3,000	11,640	–	–	–
Vote 5 - Corporate Services	–	–	6,512	4,635	7,530	13,780	15,500	2,000
Vote 6 - Infrastructure & Engineering Unit - Rate & General	14,129	9,111	32,338	24,600	70,756	73,254	95,684	61,150
Vote 7 - Metro Water Service	2,255	902	20,624	6,500	24,020	19,000	11,366	11,021
Vote 8 - Sanitation - Metro	3,116	–	1,944	4,500	11,200	9,000	3,302	1,333
Vote 9 - Electricity & Energy	8,345	12,615	43,564	8,050	4,850	14,582	8,150	18,704
Vote 10 - Executive & Council	–	–	–	–	–	–	–	–
Vote 11 - Safety & Security	9,670	3,455	12,370	6,450	19,400	15,839	15,000	–
Vote 12 - Mandela Bay Stadium	–	–	144	–	–	–	–	–
Vote 13 - Special Projects and Programmes	–	–	–	–	–	–	–	–
Vote 14 - Recreational & Cultural Services	1,232	3,544	649	5,550	9,430	18,500	800	1,000
Capital single-year expenditure sub-total	50,753	42,201	130,039	102,936	302,511	270,034	163,153	103,510
Total Capital Expenditure - Vote	1,430,912	1,643,457	1,666,802	1,832,628	1,681,806	1,644,753	1,319,102	1,264,894
Capital Expenditure - Functional								
Governance and administration	62,437	52,022	62,923	132,537	117,105	120,537	130,099	76,300
Executive and council	9,648							
Finance and administration	29,784	52,022	62,923	132,537	117,105	120,537	130,099	76,300
Internal audit	23,006							
Community and public safety	275,228	258,318	151,088	107,751	201,480	180,000	72,652	56,902
Community and social services	20,794	6,906	39,596	56,250	49,660	39,550	24,362	22,703
Sport and recreation	30,154	13,896	103,377	36,501	50,014	54,600	41,300	27,991
Public safety	16,495	15,636	7,853	10,400	7,059	10,050	5,200	4,408
Housing	205,227	220,989	–	–	93,947	75,000	–	–
Health	2,558	891	262	4,600	800	800	1,790	1,800
Economic and environmental services	320,930	534,337	505,857	605,515	574,128	550,326	424,910	408,677
Planning and development	26,794	8,038	5,632	58,433	82,851	32,906	32,159	34,074
Road transport	254,428	458,532	499,079	546,082	490,277	517,420	392,751	373,603
Environmental protection	39,708	67,767	1,146	1,000	1,000	–	–	1,000
Trading services	772,317	798,780	946,451	986,825	789,094	793,889	691,441	723,014
Energy sources	301,576	313,748	278,844	215,696	143,726	172,964	160,382	166,334
Water management	202,103	256,306	364,673	341,173	401,610	343,150	295,494	262,553
Waste water management	243,900	209,647	292,366	414,757	228,557	269,575	233,065	291,628
Waste management	24,737	19,080	10,568	15,200	15,200	8,200	2,500	2,500
Other			483					
Total Capital Expenditure - Functional	1,430,912	1,643,457	1,666,802	1,832,628	1,681,806	1,644,753	1,319,102	1,264,894
Funded by:								
National Government	849,897	1,114,353	1,222,332	983,161	1,112,726	944,113	667,608	634,197
Provincial Government			–				–	–
District Municipality			–				–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	263,430	243,458	40,406	105,669	127,223	32,897	–	–
Transfers recognised - capital	1,113,327	1,357,812	1,262,738	1,088,830	1,239,949	977,010	667,608	634,197
Borrowing				286,370		214,415	254,245	281,943
Internally generated funds	317,586	285,645	404,065	457,429	441,857	453,328	397,249	348,754
Total Capital Funding	1,430,912	1,643,457	1,666,802	1,832,628	1,681,806	1,644,753	1,319,102	1,264,894

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

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

TABLE 24 (TABLE A6 – CONSOLIDATED BUDGETED FINANCIAL POSITION)

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	Audited Outcome	Audited Outcome	Audited Outcome					
ASSETS								
Current assets								
Cash	285,651	237,586	199,258	200,200	200,000	200,200	200,200	200,200
Call investment deposits	1,347,374	2,374,802	3,012,612	2,316,793	2,875,727	2,912,305	2,837,576	3,477,134
Consumer debtors	1,544,083	1,698,627	1,879,585	2,293,087	2,221,945	2,285,500	2,491,194	2,690,490
Other debtors	414,046	451,646	419,563	423,859	425,859	428,722	447,898	463,483
Current portion of long-term receivables	0			-	-			
Inventory	198,396	162,800	133,005	198,054	139,656	146,639	153,237	160,133
Total current assets	3,789,549	4,925,460	5,644,023	5,431,993	5,863,187	5,973,365	6,130,105	6,991,440
Non-current assets								
Long-term receivables	64,059	77,605	90,197	81,482	94,659	118,248	133,620	149,654
Investments								
Investment property	193,631	220,380	216,826	223,638	223,892	211,285	205,217	198,554
Investment in Associate								
Property, plant and equipment	15,620,946	16,697,035	17,589,690	19,258,102	18,514,224	19,511,032	20,064,026	20,492,242
Biological								
Intangible	83,393	442,651	368,665	420,165	322,397	305,090	292,274	273,688
Other non-current assets								
Total non-current assets	15,962,030	17,437,670	18,265,377	19,983,387	19,155,171	20,145,655	20,695,137	21,114,139
TOTAL ASSETS	19,751,580	22,363,131	23,909,400	25,415,380	25,018,358	26,119,020	26,825,243	28,105,579
LIABILITIES								
Current liabilities								
Bank overdraft								
Borrowing	86,409	79,760	89,659	99,143	99,143	156,291	188,668	182,053
Consumer deposits	131,388	148,632	153,374	166,137	158,129	163,347	168,574	173,968
Trade and other payables	1,757,911	2,470,909	2,601,087	2,707,820	2,685,820	2,613,507	2,762,829	2,919,157
Provisions	255,134	197,951	177,198	261,575	226,399	341,375	365,923	391,974
Total current liabilities	2,230,842	2,897,252	3,021,317	3,234,674	3,169,491	3,274,519	3,485,994	3,667,152
Non current liabilities								
Borrowing	1,290,457	1,209,505	1,118,616	1,360,541	1,019,472	1,001,082	1,022,008	1,118,945
Provisions	2,357,757	2,196,811	2,520,730	2,931,739	2,848,063	3,018,443	3,217,144	3,431,303
Total non current liabilities	3,648,214	3,406,317	3,639,345	4,292,279	3,867,535	4,019,526	4,239,151	4,550,248
TOTAL LIABILITIES	5,879,056	6,303,569	6,660,662	7,526,954	7,037,027	7,294,045	7,725,145	8,217,400
NET ASSETS	13,872,523	16,059,561	17,248,738	17,888,426	17,981,332	18,824,975	19,100,097	19,888,179
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)	13,531,707	15,611,171	17,102,369	17,056,595	17,259,232	17,953,952	17,968,401	18,645,178
Reserves	340,817	448,391	146,370	831,831	722,099	871,023	1,131,697	1,243,001
TOTAL COMMUNITY WEALTH/EQUITY	13,872,523	16,059,561	17,248,738	17,888,426	17,981,332	18,824,975	19,100,097	19,888,179

Explanatory notes to Table A6 - Budgeted Financial Position

1. The table presents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity; i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.
2. Any movement on the Budgeted Financial Performance or the Capital Budget will invariably impact on the Budgeted Financial Position. For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption informs the budget provision for debt impairment, which in turn impacts on the provision for bad debts. 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 directly informed by forecasting the statement of financial position.

TABLE 25 (TABLE A7 – CONSOLIDATED BUDGET CASH FLOW STATEMENT)

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates	1,599,357	1,763,236	1,890,149	2,212,298	2,212,533	2,239,596	2,452,851	2,688,463
Service charges	4,350,795	4,797,236	5,058,171	5,635,930	5,702,318	5,647,696	6,008,855	6,894,158
Other revenue	998,734	102,578	(48,066)	270,107	271,342	244,978	262,665	291,430
Transfers and Subsidies - Operational	1,450,617	1,146,349	1,464,375	1,990,061	2,038,523	2,080,628	2,170,504	2,308,116
Transfers and Subsidies - Capital	1,057,961	1,880,409	1,851,735	1,140,095	1,103,095	1,092,945	748,199	712,356
Interest	120,860	155,546	208,830	113,116	160,994	161,511	177,873	189,392
Dividends	341	123				-	-	-
Payments								
Suppliers and employees	(7,867,407)	(6,875,024)	(7,826,029)	(9,408,449)	(9,521,540)	(9,662,632)	(10,292,431)	(11,064,029)
Finance charges	(157,624)	(146,735)	(142,492)	(173,361)	(139,362)	(123,515)	(127,010)	(132,559)
Transfers and Grants	(58,585)	(70,504)	(74,822)	(77,666)	(95,373)	(59,809)	(57,669)	(50,512)
NET CASH FROM/(USED) OPERATING ACTIVITIES	1,495,048	2,753,215	2,381,852	1,702,131	1,732,532	1,621,398	1,343,837	1,836,815
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE						-	-	-
Decrease (increase) in non-current receivables				(14,219)	(13,177)	(14,522)	(15,372)	(16,034)
Decrease (increase) in non-current investments						-	-	-
Payments								
Capital assets	(1,383,260)	(1,683,495)	(1,702,940)	(1,886,287)	(1,759,079)	(1,641,530)	(1,464,675)	(1,276,118)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1,383,260)	(1,683,495)	(1,702,940)	(1,900,506)	(1,772,256)	(1,656,051)	(1,480,047)	(1,292,153)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans						-	-	
Borrowing long term/refinancing				286,370		214,415	254,245	281,943
Increase (decrease) in consumer deposits				16,916	(8,007)	5,065	5,227	5,394
Payments								
Repayment of borrowing	(93,920)	(86,407)	(79,761)	(192,982)	(95,111)	(148,049)	(197,990)	(192,442)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(93,920)	(86,407)	(79,761)	110,304	(103,118)	71,430	61,481	94,895
NET INCREASE/ (DECREASE) IN CASH HELD	17,868	983,313	599,151	(88,071)	(142,842)	36,777	(74,729)	639,558
Cash/cash equivalents at the year begin:	1,612,505	1,626,208	2,609,521	2,605,064	3,218,570	3,075,727	3,112,505	3,037,776
Cash/cash equivalents at the year end:	1,630,374	2,609,521	3,208,672	2,516,993	3,075,727	3,112,505	3,037,776	3,677,334

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.
2. It reflects the expected cash in-flows versus cash outflows that is likely to result from the implementation of the budget.

TABLE 26 (TABLE A8 - CASH BACKED RESERVES/ACCUMULATED SURPLUS RECONCILIATION)

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
Cash and investments available								
Cash/cash equivalents at the year end	1,630,374	2,609,521	3,208,672	2,516,993	3,075,727	3,112,505	3,037,776	3,677,334
Other current investments > 90 days	2,652	2,867	3,198	0	-	(0)	(0)	0
Non current assets - Investments	-	-	-	-	-	-	-	-
Cash and investments available:	1,633,025	2,612,388	3,211,871	2,516,993	3,075,727	3,112,505	3,037,776	3,677,334
Application of cash and investments								
Unspent conditional transfers	47,362	155,509	297,437	270,761	270,761	54,276	49,276	44,276
Unspent borrowing	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	-
Other working capital requirements	(272,823)	417,867	190,719	(53,528)	(34,499)	130,438	76,198	(73,274)
Other provisions	650,513	620,097	684,674	707,033	736,632	786,911	835,505	887,137
Long term investments committed	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	340,817	448,391	146,370	831,831	722,099	871,023	1,131,697	1,243,001
Total Application of cash and investments:	765,869	1,641,863	1,319,200	1,756,097	1,694,993	1,842,648	2,092,676	2,101,140
Surplus(shortfall)	867,157	970,525	1,892,670	760,897	1,380,735	1,269,857	945,100	1,576,194

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. The table assesses the funding levels of the budget by firstly forecasting the cash and investments at year-end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. As part of the budgeting and planning guidelines that informed the compilation of the 2020/21 MTREF, the end objective of the medium-term framework was to ensure the budget is funded as required in accordance with section 18 of the MFMA.
4. Provisions to be cash backed incorporate all current provisions as well as the provision for the rehabilitation of landfill sites.
5. Reserves to be cash backed incorporate the COIDA, Self-Insurance Fund (SIF) and the Capital Replacement Reserve. Amounts of R750 million, R1.0 billion and R1.1 billion has been provided for the 2020/21, 2021/22 and 2022/23 financial years respectively for establishment of a cash backed Capital Replacement Reserve.

TABLE 27 (TABLE A9 - ASSET MANAGEMENT)

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
CAPITAL EXPENDITURE								
Total New Assets	566,359	667,203	723,793	966,108	914,121	837,627	681,543	611,120
Roads Infrastructure	307,044	261,897	234,699	285,668	234,331	254,689	196,969	240,176
Storm water Infrastructure	(102)	26,962	23,450	32,835	16,755	23,450	30,978	34,205
Electrical Infrastructure	57,864	44,763	33,095	59,826	30,111	36,618	24,599	30,451
Water Supply Infrastructure	74,140	111,946	179,155	157,673	255,111	163,220	124,365	89,107
Sanitation Infrastructure	16,374	42,072	27,598	61,722	16,115	38,255	54,838	53,997
Solid Waste Infrastructure	-	-	-	5,000	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	8,000
Coastal Infrastructure	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	302	-	18,500	15,000	6,500	10,500	6,000
Infrastructure	455,321	487,942	497,998	621,223	567,423	522,733	442,249	461,936
Community Facilities	7,733	14,515	26,387	120,561	37,556	55,332	34,335	24,770
Sport and Recreation Facilities	6,194	7,787	18,187	22,814	26,484	24,425	18,000	-

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
Community Assets	13,927	22,302	44,574	143,375	64,040	79,756	52,335	24,770
Heritage Assets	-	-	-	3,500	5,282	4,223	3,791	6,348
Revenue Generating	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	8,500	5,900	-	-	-
Investment properties	-	-	-	8,500	5,900	-	-	-
Operational Buildings	1,036	29,771	30,622	76,189	47,265	31,596	37,150	35,417
Housing	-	-	-	-	-	-	-	-
Other Assets	1,036	29,771	30,622	76,189	47,265	31,596	37,150	35,417
Biological or Cultivated Assets	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-
Licences and Rights	-	16,056	47,293	10,314	14,976	26,018	42,231	43,032
Intangible Assets	-	16,056	47,293	10,314	14,976	26,018	42,231	43,032
Computer Equipment	3,897	11,363	9,114	5,629	10,198	6,780	4,712	1,716
Furniture and Office Equipment	60,953	1,023	1,354	2,653	6,798	4,983	2,356	2,857
Machinery and Equipment	31,225	65,684	74,614	63,143	32,363	42,199	52,885	28,543
Transport Assets	-	33,064	18,224	31,582	65,329	42,839	42,835	6,500
Land	-	-	-	-	94,547	76,500	1,000	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	264,611	332,132	280,438	313,610	195,232	303,829	246,451	240,304
<i>Roads Infrastructure</i>	26,724	63,691	71,342	60,730	59,330	54,023	57,200	48,200
<i>Storm water Infrastructure</i>	3,279	4,508	4,594	5,750	10,150	10,500	9,500	11,500
<i>Electrical Infrastructure</i>	161,262	157,409	77,368	50,400	11,500	52,100	41,196	39,982
<i>Water Supply Infrastructure</i>	17,513	76,510	67,509	149,000	90,500	155,380	103,445	106,014
<i>Sanitation Infrastructure</i>	21,401	27,626	52,250	30,000	5,100	13,500	25,610	33,608
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>	-	-	943	2,679	13,058	11,726	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-
Infrastructure	230,179	329,744	274,006	298,559	189,638	297,229	236,951	239,304
Community Facilities	24,350	1,565	4,057	12,280	3,480	2,700	6,000	-
Sport and Recreation Facilities	6,364	823	1,969	-	-	200	1,000	-
Community Assets	30,714	2,388	6,027	12,280	3,480	2,900	7,000	-
Heritage Assets	-	-	-	71	369	1,500	-	-
Revenue Generating	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-
Operational Buildings	3,717	-	405	2,700	1,393	2,200	2,500	1,000
Housing	-	-	-	-	352	-	-	-
Other Assets	3,717	-	405	2,700	1,745	2,200	2,500	1,000
Biological or Cultivated Assets	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	599,943	644,122	662,572	552,911	572,453	503,296	391,108	413,470
<i>Roads Infrastructure</i>	82,156	213,100	190,655	86,564	135,599	174,935	83,756	73,587
<i>Storm water Infrastructure</i>	40,630	43,217	27,828	27,250	28,587	31,000	28,000	24,500
<i>Electrical Infrastructure</i>	69,658	80,779	114,868	88,177	98,466	64,472	80,995	76,561
<i>Water Supply Infrastructure</i>	66,428	57,161	72,130	28,000	51,500	63,550	60,344	59,088
<i>Sanitation Infrastructure</i>	200,828	164,438	155,305	245,550	149,750	103,870	79,087	131,152
<i>Solid Waste Infrastructure</i>	8,464	6,382	6,779	4,500	15,200	2,500	2,500	2,500
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	2,246	2,284	2,839	1,000	1,000	-	-	1,000
<i>Information and Communication Infrastructure</i>	-	-	-	-	2,000	1,250	1,250	1,250
Infrastructure	470,409	567,362	570,404	481,041	482,101	441,576	335,931	369,638
Community Facilities	47,674	59,713	57,490	39,850	59,292	27,370	24,127	22,732
Sport and Recreation Facilities	19,911	4,615	14,012	12,200	10,875	15,700	12,300	11,200
Community Assets	67,585	64,328	71,502	52,050	70,167	43,070	36,427	33,932
Heritage Assets	1,914	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
Operational Buildings	27,261	5,280	10,849	16,940	17,685	15,650	15,750	7,400
Housing	-	132	4	-	-	-	-	-
Other Assets	27,261	5,412	10,853	16,940	17,685	15,650	15,750	7,400
Biological or Cultivated Assets	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-
Licences and Rights	30,721	3,085	7,056	1,000	1,000	2,000	2,000	1,000
Intangible Assets	30,721	3,085	7,056	1,000	1,000	2,000	2,000	1,000
Computer Equipment	2,053	1,989	1,407	1,500	1,500	1,000	1,000	1,500
Furniture and Office Equipment	-	-	-	-	-	-	-	-
Machinery and Equipment	-	1,946	1,350	380	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-
Total Capital Expenditure	1,430,912	1,643,457	1,666,802	1,832,628	1,681,806	1,644,753	1,319,102	1,264,894
<i>Roads Infrastructure</i>	415,925	538,688	496,697	432,961	429,260	483,647	337,925	361,963
<i>Storm water Infrastructure</i>	43,807	74,688	55,872	65,835	55,492	64,950	68,478	70,205
<i>Electrical Infrastructure</i>	288,784	282,951	225,332	198,403	140,076	153,190	146,789	146,994
<i>Water Supply Infrastructure</i>	158,081	245,617	318,794	334,673	397,110	382,150	288,154	254,208
<i>Sanitation Infrastructure</i>	238,603	234,136	235,154	337,272	170,965	155,625	159,535	218,758
<i>Solid Waste Infrastructure</i>	8,464	6,382	6,779	9,500	15,200	2,500	2,500	2,500
<i>Rail Infrastructure</i>	-	-	943	2,679	13,058	11,726	-	8,000
<i>Coastal Infrastructure</i>	2,246	2,284	2,839	1,000	1,000	-	-	1,000
<i>Information and Communication Infrastructure</i>	-	302	-	18,500	17,000	7,750	11,750	7,250
Infrastructure	1,155,909	1,385,047	1,342,408	1,400,823	1,239,161	1,261,538	1,015,131	1,070,878
Community Facilities	79,758	75,793	87,934	172,691	100,327	85,402	64,462	47,502
Sport and Recreation Facilities	32,468	13,224	34,168	35,014	37,359	40,325	31,300	11,200
Community Assets	112,226	89,018	122,103	207,705	137,687	125,726	95,762	58,702
Heritage Assets	1,914	-	-	3,571	5,651	5,723	3,791	6,348
Revenue Generating	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	8,500	5,900	-	-	-
Investment properties	-	-	-	8,500	5,900	-	-	-
Operational Buildings	32,014	35,050	41,876	95,829	66,343	49,446	55,400	43,817
Housing	-	132	4	-	352	-	-	-
Other Assets	32,014	35,183	41,880	95,829	66,695	49,446	55,400	43,817
Biological or Cultivated Assets	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-
Licences and Rights	30,721	19,141	54,349	11,314	15,976	28,018	44,231	44,032
Intangible Assets	30,721	19,141	54,349	11,314	15,976	28,018	44,231	44,032
Computer Equipment	5,950	13,353	10,521	7,129	11,698	7,780	5,712	3,216
Furniture and Office Equipment	60,953	1,023	1,354	2,653	6,798	4,983	2,356	2,857
Machinery and Equipment	31,225	67,630	75,963	63,523	32,363	42,199	52,885	28,543
Transport Assets	-	33,064	18,224	31,582	65,329	42,839	42,835	6,500
Land	-	-	-	-	94,547	76,500	1,000	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	1,430,912	1,643,457	1,666,802	1,832,628	1,681,806	1,644,753	1,319,102	1,264,894
ASSET REGISTER SUMMARY - PPE (WDV)	15,897,971	17,360,066	18,175,180	19,901,905	19,060,513	20,027,407	20,561,517	20,964,485
<i>Roads Infrastructure</i>	4,069,295	4,483,257	4,761,611	4,536,762	4,667,034	4,926,571	5,042,166	5,148,337
<i>Storm water Infrastructure</i>				606,880	565,897	615,509	667,729	720,081
<i>Electrical Infrastructure</i>	1,947,655	2,147,794	2,173,915	2,366,679	2,287,741	2,385,225	2,446,466	2,499,524
<i>Water Supply Infrastructure</i>	2,620,866	2,821,548	3,053,929	3,474,544	3,356,942	3,690,841	3,901,348	4,070,296
<i>Sanitation Infrastructure</i>	1,666,202	1,824,793	1,938,388	2,289,201	2,030,849	2,153,496	2,251,574	2,402,848
<i>Solid Waste Infrastructure</i>	326,379	338,566	398,999	323,022	398,420	390,602	382,589	373,546
<i>Rail Infrastructure</i>				4,914	15,293	-	-	-
<i>Coastal Infrastructure</i>				4,000	56,919	56,919	56,919	57,919
<i>Information and Communication Infrastructure</i>	6,040	5,476	4,155	20,500	21,155	28,905	40,655	47,905
Infrastructure	10,636,439	11,621,434	12,330,998	13,626,501	13,400,249	14,248,067	14,789,445	15,320,455
Community Assets	2,677,933	2,541,910	2,568,340	2,846,170	2,553,717	2,484,199	2,401,876	2,288,091
Heritage Assets	223,972	229,450	216,706	237,426	218,447	216,706	216,706	216,706
Investment properties	193,631	220,380	216,826	223,638	223,892	211,285	205,217	198,554
Other Assets	680,637	857,653	1,033,208	838,068	798,613	732,182	754,610	762,223
Biological or Cultivated Assets	-	-	-	-	-	-	-	-

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget
R thousand						296,542	284,077	265,857
Intangible Assets	83,357	442,600	368,665	420,165	322,397	305,090	292,274	273,688
Computer Equipment	60,614	53,964	56,223	83,410	47,086	32,743	15,770	(5,907)
Furniture and Office Equipment	47,731	37,474	40,746	21,409	39,904	35,808	29,273	22,371
Machinery and Equipment				223,628	49,633	85,103	132,952	155,971
Transport Assets	185,666	245,572	235,878	209,211	221,983	268,944	283,527	259,006
Land	1,107,990	1,109,629	1,107,591	1,172,279	1,184,592	1,289,828	1,290,828	1,290,828
Zoo's, Marine and Non-biological Animals				-				
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	15,897,971	17,360,066	18,175,180	19,901,905	19,060,513	20,027,407	20,561,517	20,964,485
EXPENDITURE OTHER ITEMS	638,954	619,510	1,389,846	1,095,820	1,222,965	1,218,188	1,310,593	1,412,546
Depreciation	294,326	280,097	973,224	614,541	739,657	740,575	784,992	861,926
Repairs and Maintenance by Asset Class	344,628	339,413	416,622	481,279	483,308	477,613	525,601	550,619
Roads Infrastructure	28,604	20,727	35,201	39,846	39,141	33,476	33,982	34,510
Storm water Infrastructure	17,192	17,829	38,049	18,798	18,798	17,347	17,371	17,385
Electrical Infrastructure	34,900	25,366	34,149	39,599	42,362	47,478	51,686	54,078
Water Supply Infrastructure	96,437	138,815	41,535	147,379	66,135	67,927	72,246	75,483
Sanitation Infrastructure	34,706	48,598	60,059	71,041	68,014	72,303	78,013	82,993
Solid Waste Infrastructure	-	-	-	-	-	-	-	-
Rail Infrastructure	558	1,186	-	3,433	3,233	3,187	3,191	3,196
Coastal Infrastructure	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	568	-	259	370	370	370	392	416
Infrastructure	212,963	252,521	209,254	320,466	238,052	242,089	256,882	268,060
Community Facilities	22,764	12,659	10,596	9,806	15,713	14,390	15,048	16,140
Sport and Recreation Facilities	10,917	8,284	7,216	7,327	7,803	7,764	8,324	9,020
Community Assets	33,682	20,944	17,812	17,133	23,517	22,155	23,372	25,159
Heritage Assets	593	477	748	1,291	691	961	982	1,005
Revenue Generating	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-
Operational Buildings	19,150	13,231	45,459	31,635	27,816	33,736	39,240	42,017
Housing	1,682	597	-	2,014	7,934	3,021	3,168	3,324
Other Assets	20,832	13,828	45,459	33,648	35,750	36,757	42,407	45,341
Biological or Cultivated Assets	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-
Licences and Rights	4,054	2,885	3,339	4,544	4,529	4,798	5,095	5,390
Intangible Assets	4,054	2,885	3,339	4,544	4,529	4,798	5,095	5,390
Computer Equipment	8,783	2,989	6,244	20,445	7,365	7,864	8,491	9,107
Furniture and Office Equipment	552	727	522	1,697	3,318	3,661	3,822	3,987
Machinery and Equipment	29,009	15,816	96,405	43,971	131,875	118,484	140,507	145,059
Transport Assets	34,159	29,225	36,838	38,085	38,210	40,844	44,042	47,511
Land	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	638,954	619,510	1,389,846	1,095,820	1,222,965	1,218,188	1,310,593	1,412,546
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	60.4%	59.4%	56.6%	47.3%	45.6%	49.1%	48.3%	51.7%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	293.7%	348.5%	96.9%	141.0%	103.8%	109.0%	81.2%	75.9%
<i>R&M as a % of PPE</i>	2.2%	2.0%	2.4%	2.5%	2.6%	2.4%	2.6%	2.7%
<i>Renewal and upgrading and R&M as a % of PPE</i>	8.0%	8.0%	7.0%	7.0%	7.0%	6.0%	6.0%	6.0%

Explanatory notes to Table A9 - Asset Management

- The table provides a summarised version of the capital programme divided into new assets and renewal of existing assets; and also reflects the relevant asset categories. The associated repairs and maintenance and depreciation is also reflected.

It also provides an indication of the resources deployed for maintaining and renewing existing assets, as well as the extent of asset expansion.

2. National Treasury has suggested that municipalities should allocate at least 40% of their capital budget to the renewal/rehabilitation of existing assets, and allocations to repairs and maintenance should be 8% of PPE.

TABLE 28 (TABLE A10 – CONSOLIDATED BASIC SERVICE DELIVERY MEASUREMENT)

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Household service targets								
Water:								
Piped water inside dwelling	646,998	342,909	–	366,108	366,108	366,108	369,128	405,849
Piped water inside yard (but not in dwelling)	–	–	–	–	–	–	–	–
Using public tap (at least min.service level)	66,444	35,215	–	40,000	40,000	40,000	45,000	47,000
Other water supply (at least min.service level)	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	713,442	378,124	–	406,108	406,108	406,108	414,128	452,849
Using public tap (< min.service level)	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	–	–	–	–	–	–	–	–
No water supply	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–	–
Total number of households	713,442	378,124	–	406,108	406,108	406,108	414,128	452,849
Sanitation/sewerage:								
Flush toilet (connected to sewerage)	639,562	338,968	–	362,306	362,306	362,306	365,306	401,836
Flush toilet (with septic tank)	6,732	3,568	–	3,802	3,802	3,802	3,822	4,013
Chemical toilet	407	216	–	1,700	1,700	1,700	2,700	3,700
Pit toilet (ventilated)	297	158	–	167	167	167	167	167
Other toilet provisions (> min.service level)	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	646,998	342,910	–	367,975	367,975	367,975	371,995	409,716
Bucket toilet	44,826	23,758	–	5,000	5,000	5,000	4,000	3,000
Other toilet provisions (< min.service level)	–	–	–	–	–	–	–	–
No toilet provisions	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	44,826	23,758	–	5,000	5,000	5,000	4,000	3,000
Total number of households	691,824	366,668	–	372,975	372,975	372,975	375,995	412,716
Energy:								
Electricity (at least min.service level)	49,826	22,062	–	22,852	22,852	22,852	22,395	21,947
Electricity - prepaid (min.service level)	527,020	240,309	–	293,651	293,651	293,651	299,524	305,514
<i>Minimum Service Level and Above sub-total</i>	576,846	262,371	–	316,503	316,503	316,503	321,918	327,461
Electricity (< min.service level)	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	–
Other energy sources	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–	–
Total number of households	576,846	262,371	–	316,503	316,503	316,503	321,918	327,461
Refuse:								
Removed at least once a week	526,956	302,410	302,410	548,388	548,388	548,388	548,388	548,388
<i>Minimum Service Level and Above sub-total</i>	526,956	302,410	302,410	548,388	548,388	548,388	548,388	548,388
Removed less frequently than once a week	77,864	302,410	302,410	302,410	302,410	302,410	302,410	302,410
Using communal refuse dump	31,530	41,268	41,268	53,368	53,368	53,368	53,368	53,368
Using own refuse dump	–	15,765	15,765	15,765	15,765	15,765	15,765	15,765
Other rubbish disposal	13,704	6,852	6,852	13,704	13,704	13,704	13,704	13,704
No rubbish disposal	1,706	853	853	6,584	6,584	6,584	6,584	6,584
<i>Below Minimum Service Level sub-total</i>	124,804	367,148	367,148	391,831	391,831	391,831	391,831	391,831
Total number of households	651,760	669,558	669,558	940,219	940,219	940,219	940,219	940,219
Households receiving Free Basic Service								
Water (6 kilolitres per household per month)	78,200	99,597	–	89,475	89,475	71,873	72,592	73,318
Sanitation (free minimum level service)	78,200	100,753	100,674	90,085	90,085	72,198	72,920	73,649
Electricity/other energy (50kwh per household per month)	65,031	–	–	73,269	73,269	62,463	63,088	63,719
Refuse (removed at least once a week)	69,110	94,903	100,674	80,246	80,246	63,043	63,673	64,310
Cost of Free Basic Services provided - Formal Settlements (R'000)								
Water (6 kilolitres per indigent household per month)	105,894	107,898	101,686	122,607	122,607	119,092	129,514	140,199
Sanitation (free sanitation service to indigent households)	200,354	210,763	196,031	197,000	197,000	145,951	159,087	172,609
Electricity/other energy (50kwh per indigent household per month)	35,338	37,894	34,334	41,954	41,954	36,696	41,286	46,525
Refuse (removed once a week for indigent households)	119,106	114,183	111,548	124,514	124,514	135,097	147,256	160,509
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	–	–	–	–	–	–	–	–
Total cost of FBS provided	460,691	470,737	443,598	486,075	486,075	436,836	477,143	519,843

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Highest level of free service provided per household								
Property rates (R value threshold)	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Water (kilolitres per household per month)	8	8	8	8	8	8	8	8
Sanitation (kilolitres per household per month)	11	11	11	11	11	11	11	11
Sanitation (Rand per household per month) (VAT Excl)	90	99	107	115	115	125	137	149
Sanitation including availability charges (VAT excl)	120	140	152	163	163	177	194	212
Electricity (kwh per household per month)	75	75	75	75	75	75	75	75
Refuse (average litres per week)	240	240	240	240	240	240	240	240
Revenue cost of subsidised services provided (R'000)								
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)								
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	119,832	112,048	108,531	119,022	119,022	129,054	141,220	154,681
Water (in excess of 6 kilolitres per indigent household per month)	35,298	53,949	50,843	40,869	40,869	59,133	64,751	70,579
Sanitation (in excess of free sanitation service to indigent households)	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)	17,669	18,947	17,167	20,664	20,664	18,348	20,643	23,263
Refuse (in excess of one removal a week for indigent households)	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates								
Housing - top structure subsidies								
Other								
Total revenue cost of subsidised services provided	172,799	184,944	176,540	180,555	180,555	206,535	226,613	248,522

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

1.9 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's budget and MTREF to be approved by Council.

TABLE 29 (TABLE A1 – BUDGET SUMMARY)

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands								
Financial Performance								
Property rates	1,639,538	1,999,183	2,128,249	2,353,508	2,353,758	2,544,995	2,787,331	3,055,072
Service charges	4,910,129	5,186,420	5,234,659	5,994,582	6,065,633	6,417,609	6,828,017	7,426,105
Investment revenue	118,647	153,156	206,374	110,792	159,494	159,511	175,373	186,392
Transfers recognised - operational	1,450,617	1,521,584	1,857,682	2,020,650	2,078,000	2,187,776	2,247,599	2,379,225
Other own revenue	663,038	638,602	663,756	772,858	744,466	639,803	685,764	735,448
Total Revenue (excluding capital transfers and contributions)	8,781,970	9,498,945	10,090,720	11,252,390	11,401,351	11,949,695	12,724,084	13,782,243
Employee costs	3,052,373	2,497,657	3,217,036	3,622,172	3,570,097	3,727,291	4,060,191	4,449,997
Remuneration of councillors	64,284	71,265	74,229	79,228	80,313	83,926	87,718	91,729
Depreciation & asset impairment	293,627	279,376	972,493	613,686	738,686	739,686	784,067	860,946
Finance charges	155,218	144,138	139,540	173,361	139,362	141,084	160,755	154,958
Materials and bulk purchases	3,154,837	3,146,584	3,387,516	3,772,536	3,839,950	4,067,551	4,338,916	4,634,773
Transfers and grants	66,456	89,467	87,498	177,062	169,998	151,246	156,117	163,597
Other expenditure	2,045,053	2,381,874	2,290,986	2,456,481	2,503,081	2,816,986	2,959,978	3,147,743
Total Expenditure	8,831,849	8,610,360	10,169,298	10,894,526	11,041,487	11,727,771	12,547,741	13,503,743
Surplus/(Deficit)	(49,879)	888,586	(78,578)	357,865	359,864	221,924	176,342	278,499

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands								
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	1,113,327	1,200,331	1,222,332	983,161	1,112,726	944,113	667,608	634,197
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)	–	214,595	40,406	84,625	106,179	31,000	–	–
Surplus/(Deficit) after capital transfers & contributions	1,063,448	2,303,511	1,184,160	1,425,650	1,578,769	1,197,037	843,951	912,696
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	1,063,448	2,303,511	1,184,160	1,425,650	1,578,769	1,197,037	843,951	912,696
Capital expenditure & funds sources								
Capital expenditure	1,430,286	1,644,499	1,661,170	1,777,195	1,598,956	1,611,847	1,286,943	1,230,820
Transfers recognised - capital	1,113,327	1,414,925	1,262,738	1,067,785	1,218,905	975,113	667,608	634,197
Borrowing	–	–	–	286,370	–	214,415	254,245	281,943
Internally generated funds	316,959	229,574	398,432	423,040	380,051	422,319	365,090	314,680
Total sources of capital funds	1,430,286	1,644,499	1,661,170	1,777,195	1,598,956	1,611,847	1,286,943	1,230,820
Financial position								
Total current assets	3,766,821	4,882,575	5,603,914	5,413,200	5,850,840	5,961,564	6,116,016	6,974,481
Total non current assets	15,954,400	17,430,449	18,253,271	19,850,673	19,107,291	20,013,753	20,532,001	20,917,909
Total current liabilities	2,210,056	2,857,824	2,985,140	3,188,208	3,152,025	3,255,319	3,465,494	3,646,652
Total non current liabilities	3,646,878	3,404,823	3,637,507	4,292,279	3,867,535	4,019,526	4,239,151	4,550,248
Community wealth/Equity	13,864,287	16,160,110	17,234,538	17,783,385	17,938,571	18,700,471	18,943,371	19,695,490
Cash flows								
Net cash from (used) operating	1,469,636	2,772,345	2,405,029	1,647,454	1,673,989	1,589,639	1,309,389	1,799,872
Net cash from (used) investing	(1,382,624)	(1,683,141)	(1,697,322)	(1,845,073)	(1,713,462)	(1,623,146)	(1,447,888)	(1,258,079)
Net cash from (used) financing	(93,920)	(86,407)	(79,760)	110,304	(103,118)	71,430	61,481	94,895
Cash/cash equivalents at the year end	1,571,497	2,570,128	3,198,075	2,498,200	3,065,380	3,103,304	3,026,286	3,662,975
Cash backing/surplus reconciliation								
Cash and investments available	1,574,148	2,572,995	3,201,273	2,498,200	3,065,380	3,103,304	3,026,286	3,662,975
Application of cash and investments	567,964	1,607,766	1,303,036	1,713,674	1,676,257	1,830,656	2,079,388	2,087,933
Balance - surplus (shortfall)	1,006,184	965,229	1,898,237	784,525	1,389,124	1,272,647	946,898	1,575,042
Asset management								
Asset register summary (WDV)	15,890,340	17,352,845	18,163,075	19,769,191	19,012,633	19,895,505	20,398,381	20,768,255
Depreciation	293,627	279,376	972,493	613,686	738,686	739,686	784,067	860,946
Renewal and Upgrading of Existing Assets	771,216	976,254	937,997	854,061	749,196	791,376	628,559	653,774
Repairs and Maintenance	344,628	339,413	416,622	481,279	483,308	477,613	525,601	550,619
Free services								
Cost of Free Basic Services provided	460,691	470,737	443,598	486,075	486,075	436,836	477,143	519,843
Revenue cost of free services provided	172,799	184,944	176,540	180,555	180,555	206,535	226,613	248,522
Households below minimum service level								
Water:	–	–	–	–	–	–	–	–
Sanitation/sewerage:	45	48	–	5	5	5	4	3
Energy:	–	–	–	–	–	–	–	–
Refuse:	125	734	367	392	392	392	392	392

TABLE 30 (TABLE A2 – BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY FUNCTIONAL CLASSIFICATION))

Functional Classification Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
Revenue - Functional								
Governance and administration	2,812,502	3,054,702	3,450,403	3,268,696	3,315,891	3,471,982	3,713,962	3,960,991
Executive and council	154	399	116	40	443	420	420	420
Finance and administration	2,812,348	3,054,303	3,450,287	3,268,654	3,315,445	3,471,560	3,713,540	3,960,569
Internal audit	0	0	–	2	2	2	2	2
Community and public safety	563,149	294,043	255,431	1,086,703	1,060,644	1,237,518	1,207,517	1,296,387
Community and social services	30,441	40,198	45,109	42,091	42,886	32,948	34,920	36,381

Functional Classification Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21
R thousand									
Sport and recreation	31,476	8,946	12,956	5,702	7,002	15,370	4,710	5,087	
Public safety	226,887	241	253	677,650	640,859	817,360	916,934	1,021,114	
Housing	271,900	242,233	194,836	358,835	364,764	369,255	248,282	231,042	
Health	2,445	2,425	2,277	2,425	5,133	2,585	2,670	2,763	
Economic and environmental services	339,831	809,570	971,497	589,540	593,883	623,962	561,921	554,961	
Planning and development	158,545	132,840	154,195	163,142	154,762	160,249	166,640	165,000	
Road transport	180,212	675,404	815,542	424,311	425,293	459,756	391,241	385,829	
Environmental protection	1,075	1,327	1,760	2,088	13,828	3,957	4,040	4,132	
Trading services	6,162,114	6,728,896	6,638,957	7,333,074	7,607,612	7,546,111	7,859,530	8,551,438	
Energy sources	3,737,498	3,679,652	3,885,953	4,565,809	4,369,687	4,540,332	4,729,058	5,162,054	
Water management	1,162,037	1,756,565	1,389,183	1,281,854	1,659,575	1,452,530	1,527,175	1,636,056	
Waste water management	957,736	986,731	1,020,810	1,076,573	1,169,512	1,111,246	1,123,292	1,231,924	
Waste management	304,843	305,947	343,012	408,838	408,838	442,002	480,005	521,405	
Other	17,700	26,659	37,171	42,163	42,225	45,236	48,762	52,662	
Total Revenue - Functional	9,895,296	10,913,870	11,353,458	12,320,176	12,620,256	12,924,808	13,391,692	14,416,440	
Expenditure - Functional									
Governance and administration	1,606,957	1,383,152	2,353,168	2,305,857	2,293,294	2,489,517	2,661,699	2,897,783	
Executive and council	236,493	155,746	213,519	268,905	253,454	246,321	259,104	272,223	
Finance and administration	1,326,808	1,179,659	2,091,697	1,972,533	1,974,471	2,182,351	2,338,379	2,557,802	
Internal audit	43,656	47,747	47,952	64,419	65,370	60,844	64,216	67,758	
Community and public safety	1,442,663	1,009,245	1,088,133	1,707,947	1,708,701	1,788,324	1,906,400	2,054,463	
Community and social services	243,590	172,118	262,547	322,255	321,535	310,059	336,349	367,861	
Sport and recreation	349,762	419,348	408,507	415,290	482,542	537,570	574,295	610,445	
Public safety	525,802	190,425	200,437	690,890	644,076	672,687	732,179	792,485	
Housing	269,498	170,845	145,115	181,036	165,974	171,790	161,325	171,338	
Health	54,011	56,509	71,527	98,476	94,574	96,218	102,253	112,334	
Economic and environmental services	588,452	894,991	1,000,730	792,842	873,764	782,402	816,553	868,189	
Planning and development	151,497	264,584	288,545	361,948	370,529	353,967	364,047	390,650	
Road transport	399,438	590,897	680,275	382,590	455,677	381,922	402,337	423,409	
Environmental protection	37,517	39,511	31,910	48,303	47,557	46,513	50,170	54,129	
Trading services	5,153,447	5,288,775	5,687,477	6,035,897	6,097,899	6,598,958	7,089,501	7,604,054	
Energy sources	3,605,024	3,457,145	3,784,440	4,300,189	4,326,296	4,761,213	5,098,447	5,454,546	
Water management	714,881	995,529	980,605	822,112	818,624	862,234	936,279	1,000,277	
Waste water management	500,786	511,827	571,953	554,406	592,202	592,598	632,128	697,359	
Waste management	332,755	324,275	350,479	359,190	360,777	382,914	422,647	451,871	
Other	40,330	34,197	39,791	51,983	67,829	68,570	73,588	79,256	
Total Expenditure - Functional	8,831,849	8,610,360	10,169,298	10,894,526	11,041,487	11,727,771	12,547,741	13,503,743	
Surplus/(Deficit) for the year	1,063,448	2,303,511	1,184,160	1,425,650	1,578,769	1,197,037	843,951	912,696	

TABLE 31 (TABLE A3 BUDGET FINANCIAL PERFORMANCE BY VOTE)

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget
R thousand								
Revenue by Vote								
Vote 1 - Budget & Treasury	2,697,731	2,883,352	3,301,297	3,158,640	3,202,829	3,367,554	3,614,340	3,886,834
Vote 2 - Public Health	318,470	358,656	409,089	446,464	460,913	482,869	514,167	555,563
Vote 3 - Human Settlements	312,968	264,905	250,111	387,697	393,626	392,948	272,517	255,849
Vote 4 - Economic Development, Tourism & Agriculture	134,435	112,820	117,033	147,969	150,693	147,455	158,048	157,322
Vote 5 - Corporate Services	15,709	48,812	20,056	20,422	23,419	8,269	6,758	7,299
Vote 6 - Infrastructure & Engineering Unit - Rate & General	179,071	384,469	399,504	426,927	427,909	461,862	393,358	387,958
Vote 7 - Metro Water Service	1,163,663	1,520,349	1,417,494	1,281,914	1,659,636	1,452,595	1,527,245	1,636,132
Vote 8 - Sanitation - Metro	951,054	955,682	1,015,022	1,076,578	1,169,512	1,111,246	1,123,292	1,231,924
Vote 9 - Electricity & Energy	3,793,454	3,732,740	3,909,952	4,565,809	4,369,687	4,540,332	4,729,058	5,162,054
Vote 10 - Executive & Council	25,186	30,958	13,937	25,231	14,509	24,954	22,645	23,828
Vote 11 - Safety & Security	226,617	567,255	440,916	698,093	661,302	839,249	940,531	1,046,599
Vote 12 - Mandela Bay Stadium	14,193	4,462	19,940	47,779	47,779	50,409	53,419	56,848
Vote 13 - Special Projects and Programmes	17,052	21,043	7,075	13,958	13,958	12,484	13,645	(14,916)
Vote 14 - Recreational & Cultural Services	45,694	28,368	32,029	22,694	24,483	32,582	22,667	23,147
Total Revenue by Vote	9,895,296	10,913,870	11,353,458	12,320,176	12,620,256	12,924,808	13,391,692	14,416,440
Expenditure by Vote to be appropriated								
Vote 1 - Budget & Treasury	891,933	460,484	1,014,544	929,117	857,901	1,114,917	1,192,501	1,289,514
Vote 2 - Public Health	563,811	573,188	659,301	680,772	682,759	716,988	779,281	836,822
Vote 3 - Human Settlements	261,652	220,278	209,439	268,058	250,583	264,859	259,339	278,319

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget
R thousand								
Vote 4 - Economic Development, Tourism & Agriculture	110,439	134,621	196,425	199,371	206,521	183,863	193,149	204,686
Vote 5 - Corporate Services	309,699	349,671	363,310	443,227	449,372	417,523	447,142	484,766
Vote 6 - Infrastructure & Engineering Unit - Rate & General	562,584	393,794	854,716	869,956	1,002,283	882,074	934,552	1,020,072
Vote 7 - Metro Water Service	728,719	1,050,694	957,911	841,527	837,779	881,604	956,729	1,022,085
Vote 8 - Sanitation - Metro	455,683	476,042	537,954	522,898	563,959	562,564	601,562	666,239
Vote 9 - Electricity & Energy	3,600,927	3,469,978	3,751,790	4,296,071	4,322,517	4,757,432	5,094,322	5,450,043
Vote 10 - Executive & Council	238,689	239,323	262,193	326,596	325,964	329,540	338,000	358,215
Vote 11 - Safety & Security	661,480	818,459	915,164	1,028,377	991,586	1,032,663	1,125,973	1,223,353
Vote 12 - Mandela Bay Stadium	128,697	38,559	36,705	47,779	109,645	149,607	157,581	163,649
Vote 13 - Special Projects and Programmes	13,136	7,504	8,795	12,572	12,572	10,178	11,120	12,126
Vote 14 - Recreational & Cultural Services	304,399	377,764	401,050	428,205	428,046	423,961	456,489	493,854
Total Expenditure by Vote	8,831,849	8,610,360	10,169,298	10,894,526	11,041,487	11,727,771	12,547,741	13,503,743
Surplus/(Deficit) for the year	1,063,448	2,303,511	1,184,160	1,425,650	1,578,769	1,197,037	843,951	912,696

TABLE 32 (TABLE A4 – BUDGET FINANCIAL PERFORMANCE REVENUE AND EXPENDITURE)

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget
R thousand								
Revenue By Source								
Property rates	1,639,538	1,999,183	2,128,249	2,353,508	2,353,758	2,544,995	2,787,331	3,055,072
Service charges - electricity revenue	3,576,476	3,484,591	3,685,117	4,379,448	4,167,364	4,359,003	4,585,459	4,992,929
Service charges - water revenue	767,493	1,074,105	850,694	815,772	996,442	1,070,585	1,166,938	1,266,128
Service charges - sanitation revenue	427,358	457,476	506,102	554,361	656,826	723,421	788,529	855,554
Service charges - refuse revenue	138,802	170,248	192,746	245,001	245,001	264,601	287,092	311,495
Rental of facilities and equipment	23,229	22,713	27,459	36,497	36,497	22,227	23,866	25,649
Interest earned - external investments	118,647	153,156	206,374	110,792	159,494	159,511	175,373	186,392
Interest earned - outstanding debtors	178,749	224,649	234,732	291,720	291,720	197,891	211,743	227,624
Dividends received	341	123	-	-	-	-	-	-
Fines, penalties and forfeits	289,704	230,424	215,022	253,517	216,290	224,224	242,566	261,605
Licences and permits	20,378	19,456	20,665	21,354	21,354	22,748	24,522	26,484
Agency services	2,501	2,774	3,154	3,095	3,095	3,327	3,586	3,873
Transfers and subsidies	1,450,617	1,521,584	1,857,682	2,020,650	2,078,000	2,187,776	2,247,599	2,379,225
Other revenue	147,530	138,462	162,724	166,175	175,011	168,878	178,960	189,683
Gains	606	-	-	500	500	510	520	530
Total Revenue (excluding capital transfers and contributions)	8,781,970	9,498,945	10,090,720	11,252,390	11,401,351	11,949,695	12,724,084	13,782,243
Expenditure By Type								
Employee related costs	3,052,373	2,497,657	3,217,036	3,622,172	3,570,097	3,727,291	4,060,191	4,449,997
Remuneration of councillors	64,284	71,265	74,229	79,228	80,313	83,926	87,718	91,729
Debt impairment	603,499	872,682	774,930	608,878	577,109	1,094,411	1,176,681	1,281,112
Depreciation & asset impairment	293,627	279,376	972,493	613,686	738,686	739,686	784,067	860,946
Finance charges	155,218	144,138	139,540	173,361	139,362	141,084	160,755	154,958
Bulk purchases	3,010,600	3,013,776	3,229,035	3,555,290	3,620,983	3,844,678	4,108,748	4,393,823
Other materials	144,236	132,808	158,481	217,245	218,967	222,873	230,168	240,950
Contracted services	1,130,400	1,083,359	1,034,948	1,233,317	1,289,673	1,116,151	1,142,618	1,183,525
Transfers and subsidies	66,456	89,467	87,498	177,062	169,998	151,246	156,117	163,597
Other expenditure	309,989	425,812	479,920	614,286	636,300	606,423	640,679	683,105
Losses	1,165	21	1,188	-	-	-	-	-
Total Expenditure	8,831,849	8,610,360	10,169,298	10,894,526	11,041,487	11,727,771	12,547,741	13,503,743
Surplus/(Deficit)	(49,879)	888,586	(78,578)	357,865	359,864	221,924	176,342	278,499
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	1,113,327	1,200,331	1,222,332	983,161	1,112,726	944,113	667,608	634,197
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	214,595	40,406	84,625	106,179	31,000	-	-
Transfers and subsidies - capital (in-kind - all)								
Surplus/(Deficit) after capital transfers & contributions	1,063,448	2,303,511	1,184,160	1,425,650	1,578,769	1,197,037	843,951	912,696
Taxation								
Surplus/(Deficit) after taxation	1,063,448	2,303,511	1,184,160	1,425,650	1,578,769	1,197,037	843,951	912,696
Attributable to minorities								

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
Surplus/(Deficit) attributable to municipality	1,063,448	2,303,511	1,184,160	1,425,650	1,578,769	1,197,037	843,951	912,696
Share of surplus/ (deficit) of associate								
Surplus/(Deficit) for the year	1,063,448	2,303,511	1,184,160	1,425,650	1,578,769	1,197,037	843,951	912,696

Kindly take note of the following:

The Surplus (Deficit) as reflected in Table A4 above contains a portion of the Fuel Levy allocation under “Revenue: Transfers and Subsidies” that is committed to fund the capital budget via Internally Generated Funds. The full Fuel Levy must be recognised in the Operating Revenue in terms of the GRAP Framework. It is therefore prudent to reflect the **actual surplus (deficit)** for the Operating Budget for proper understanding and disclosure purposes as reflected in the following table: -

Description	2020/21	2021/22	2022/23
	R'000	R'000	R'000
Surplus (Deficit)	345,054	518,518	630,195
Fuel Levy (funding the capital budget via internal generated funds)	389,400	401,140	413,230
Actual operating surplus / (deficit)	(44,346)	117,378	216,965

TABLE 33 (TABLE A5 – BUDGET CAPITAL EXPENDITURE – STANDARD CLASSIFICATION)

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
Capital expenditure - Vote								
Multi-year expenditure to be appropriated								
Vote 1 - Budget & Treasury	29,553	2,292	1,258	27,839	10,517	13,000	8,000	-
Vote 2 - Public Health	55,854	69,601	73,605	26,300	25,275	16,700	20,866	26,029
Vote 3 - Human Settlements	205,227	220,708	178,549	200,629	106,681	151,155	163,044	149,087
Vote 4 - Economic Development, Tourism & Agriculture	46,962	-	483	26,087	14,965	30,435	34,783	26,087
Vote 5 - Corporate Services	23,006	36,395	11,405	29,950	27,055	15,820	19,300	7,400
Vote 6 - Infrastructure & Engineering Unit - Rate & General	240,299	418,222	442,625	457,468	409,312	422,786	289,455	303,776
Vote 7 - Metro Water Service	199,848	205,549	324,487	311,000	365,393	305,050	252,612	228,393
Vote 8 - Sanitation - Metro	240,785	244,046	214,906	302,050	162,350	172,370	128,386	188,035
Vote 9 - Electricity & Energy	293,231	287,993	239,114	215,346	140,576	163,383	156,732	150,330
Vote 10 - Executive & Council	9,648	6,419	3,654	11,041	-	9,114	16,713	17,671
Vote 11 - Safety & Security	6,825	2,529	1,373	22,950	5,500	1,000	-	-
Vote 12 - Mandela Bay Stadium	-	-	1,389	5,000	-	9,000	7,000	7,000
Vote 13 - Special Projects and Programmes	-	6,662	-	38,600	-	-	-	-
Vote 14 - Recreational & Cultural Services	28,922	19,307	38,284	-	28,820	32,000	26,900	23,500
Capital multi-year expenditure sub-total	1,380,160	1,519,724	1,531,131	1,674,259	1,296,445	1,341,813	1,123,790	1,127,310
Single-year expenditure to be appropriated								
Vote 1 - Budget & Treasury	230	1,864	1,133	4,750	6,071	4,180	1,700	700
Vote 2 - Public Health	11,149	18,225	10,760	34,901	43,667	26,900	11,652	7,603
Vote 3 - Human Settlements	-	-	-	-	93,947	75,000	-	-
Vote 4 - Economic Development, Tourism & Agriculture	-	1,000	-	3,000	11,640	-	-	-
Vote 5 - Corporate Services	-	5,051	6,512	4,635	7,530	13,780	15,500	2,000
Vote 6 - Infrastructure & Engineering Unit - Rate & General	14,129	41,069	32,338	24,600	70,756	73,254	95,684	61,150
Vote 7 - Metro Water Service	2,255	4,605	20,624	6,500	24,020	19,000	11,366	11,021
Vote 8 - Sanitation - Metro	3,116	12,259	1,944	4,500	11,200	9,000	3,302	1,333
Vote 9 - Electricity & Energy	8,345	26,098	43,564	8,050	4,850	14,582	8,150	18,704
Vote 10 - Executive & Council	-	-	-	-	-	-	-	-
Vote 11 - Safety & Security	9,670	13,107	12,514	6,450	19,400	15,839	15,000	-
Vote 12 - Mandela Bay Stadium	-	-	-	-	-	-	-	-
Vote 13 - Special Projects and Programmes	-	-	-	-	-	-	-	-
Vote 14 - Recreational & Cultural Services	1,232	1,495	649	5,550	9,430	18,500	800	1,000
Capital single-year expenditure sub-total	50,126	124,775	130,039	102,936	302,511	270,034	163,153	103,510
Total Capital Expenditure - Vote	1,430,286	1,644,499	1,661,170	1,777,195	1,598,956	1,611,847	1,286,943	1,230,820

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
Capital Expenditure - Functional								
Governance and administration	62,437	80,257	62,923	132,537	117,105	120,537	130,099	76,300
Executive and council	9,648		-		-	-	-	-
Finance and administration	29,784	80,257	62,923	132,537	117,105	120,537	130,099	76,300
Internal audit	23,006							
Community and public safety	275,228	97,937	151,088	107,751	201,480	180,000	72,652	56,902
Community and social services	20,794	17,702	39,596	56,250	49,660	39,550	24,362	22,703
Sport and recreation	30,154	56,050	103,377	36,501	50,014	54,600	41,300	27,991
Public safety	16,495	23,294	7,853	10,400	7,059	10,050	5,200	4,408
Housing	205,227				93,947	75,000		
Health	2,558	891	262	4,600	800	800	1,790	1,800
Economic and environmental services	320,303	546,616	500,225	550,082	491,277	517,420	392,751	374,603
Planning and development	26,167	1,000	-	3,000	-	-	-	-
Road transport	254,428	542,693	499,079	546,082	490,277	517,420	392,751	373,603
Environmental protection	39,708	2,923	1,146	1,000	1,000	-	-	1,000
Trading services	772,317	919,689	946,451	986,825	789,094	793,889	691,441	723,014
Energy sources	301,576	315,127	278,844	215,696	143,726	172,964	160,382	166,334
Water management	202,103	279,248	364,673	341,173	401,610	343,150	295,494	262,553
Waste water management	243,900	309,446	292,366	414,757	228,557	269,575	233,065	291,628
Waste management	24,737	15,868	10,568	15,200	15,200	8,200	2,500	2,500
Other			483					
Total Capital Expenditure - Functional	1,430,286	1,644,499	1,661,170	1,777,195	1,598,956	1,611,847	1,286,943	1,230,820
Funded by:								
National Government	1,113,327	1,200,331	1,222,332	983,161	1,112,726	944,113	667,608	634,197
Provincial Government		-	-					
District Municipality								
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	214,595	40,406	84,625	106,179	31,000	-	-
Transfers recognised - capital	1,113,327	1,414,925	1,262,738	1,067,785	1,218,905	975,113	667,608	634,197
Public contributions & donations								
Borrowing				286,370	-	214,415	254,245	281,943
Internally generated funds	316,959	229,574	398,432	423,040	380,051	422,319	365,090	314,680
Total Capital Funding	1,430,286	1,644,499	1,661,170	1,777,195	1,598,956	1,611,847	1,286,943	1,230,820

TABLE 34 (TABLE A6 – BUDGET FINANCIAL POSITION)

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
ASSETS								
Current assets								
Cash	226,774	198,193	188,661	200,000	200,000	200,000	200,000	200,000
Call investment deposits	1,347,374	2,374,802	3,012,612	2,298,200	2,865,380	2,903,304	2,826,286	3,462,975
Consumer debtors	1,544,083	1,698,627	1,879,585	2,293,087	2,221,945	2,285,500	2,491,194	2,690,490
Other debtors	450,723	448,678	390,213	423,859	423,859	426,122	445,298	460,883
Current portion of long-term receivables	0	-		-	-			
Inventory	197,867	162,276	132,843	198,054	139,656	146,639	153,237	160,133
Total current assets	3,766,821	4,882,575	5,603,914	5,413,200	5,850,840	5,961,564	6,116,016	6,974,481
Non current assets								
Long-term receivables	64,059	77,605	90,197	81,482	94,659	118,248	133,620	149,654
Investments								
Investment property	193,631	220,380	216,826	215,138	211,109	205,385	199,317	192,654
Investment in Associate								
Property, plant and equipment	15,613,352	16,689,865	17,577,656	19,136,252	18,478,844	19,393,579	19,914,987	20,309,744
Biological								
Intangible	83,357	442,600	368,593	417,801	322,680	296,542	284,077	265,857
Other non-current assets								
Total non current assets	15,954,400	17,430,449	18,253,271	19,850,673	19,107,291	20,013,753	20,532,001	20,917,909
TOTAL ASSETS	19,721,221	22,313,024	23,857,185	25,263,873	24,958,131	25,975,317	26,648,016	27,892,390

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
LIABILITIES								
Current liabilities								
Bank overdraft	–							
Borrowing	86,409	79,760	89,659	99,143	99,143	156,291	188,668	182,053
Consumer deposits	131,388	148,632	153,374	166,137	158,129	163,347	168,574	173,968
Trade and other payables	1,738,189	2,431,781	2,566,063	2,665,353	2,665,353	2,598,507	2,746,829	2,903,157
Provisions	254,070	197,650	176,046	257,575	229,399	337,175	361,423	387,474
Total current liabilities	2,210,056	2,857,824	2,985,140	3,188,208	3,152,025	3,255,319	3,465,494	3,646,652
Non current liabilities								
Borrowing	1,289,121	1,208,011	1,116,777	1,360,541	1,019,472	1,001,082	1,022,008	1,118,945
Provisions	2,357,757	2,196,811	2,520,730	2,931,739	2,848,063	3,018,443	3,217,144	3,431,303
Total non current liabilities	3,646,878	3,404,823	3,637,507	4,292,279	3,867,535	4,019,526	4,239,151	4,550,248
TOTAL LIABILITIES	5,856,934	6,262,646	6,622,647	7,480,487	7,019,560	7,274,845	7,704,645	8,196,900
NET ASSETS	13,864,287	16,050,378	17,234,538	17,783,385	17,938,571	18,700,471	18,943,371	19,695,490
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)	13,523,470	15,711,719	17,088,168	16,951,554	17,216,471	17,829,448	17,811,675	18,452,489
Reserves	340,817	448,391	146,370	831,831	722,099	871,023	1,131,697	1,243,001
TOTAL COMMUNITY WEALTH/EQUITY	13,864,287	16,160,110	17,234,538	17,783,385	17,938,571	18,700,471	18,943,371	19,695,490

TABLE 35 (TABLE A7 – BUDGETED CASH FLOWS)

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates	1,599,357	1,763,236	1,890,149	2,212,298	2,212,533	2,239,596	2,452,851	2,688,463
Service charges	4,350,795	4,797,236	5,058,137	5,634,907	5,701,695	5,647,496	6,008,655	6,893,958
Other revenue	1,489,983	94,675	(27,608)	269,807	270,642	244,578	262,215	290,930
Transfers and Subsidies - Operational	878,217	1,143,338	1,461,801	1,981,375	2,029,837	2,080,628	2,170,504	2,308,116
Transfers and Subsidies - Capital	983,120	1,880,409	1,848,512	1,119,051	1,082,051	1,091,048	748,199	712,356
Interest	118,466	153,156	206,374	110,792	159,494	159,511	175,373	186,392
Dividends	341	123	–	–	–	–	–	–
Payments								
Suppliers and employees	(7,636,056)	(6,785,700)	(7,740,618)	(9,329,749)	(9,450,501)	(9,596,395)	(10,225,817)	(10,993,418)
Finance charges	(157,624)	(146,735)	(142,492)	(173,361)	(139,362)	(123,515)	(127,010)	(132,559)
Transfers and Grants	(156,962)	(127,394)	(149,225)	(177,666)	(192,401)	(153,309)	(155,581)	(154,366)
NET CASH FROM/(USED) OPERATING ACTIVITIES	1,469,636	2,772,345	2,405,029	1,647,454	1,673,989	1,589,639	1,309,389	1,799,872
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE				–	–	–	–	–
Decrease (increase) in non-current receivables				(14,219)	(13,177)	(14,522)	(15,372)	(16,034)
Decrease (increase) in non-current investments				–	–	–	–	–
Payments								
Capital assets	(1,382,624)	(1,683,141)	(1,697,322)	(1,830,854)	(1,700,285)	(1,608,624)	(1,432,516)	(1,242,045)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1,382,624)	(1,683,141)	(1,697,322)	(1,845,073)	(1,713,462)	(1,623,146)	(1,447,888)	(1,258,079)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans				–	–	–	–	–
Borrowing long term/refinancing				286,370	–	214,415	254,245	281,943
Increase (decrease) in consumer deposits				16,916	(8,007)	5,065	5,227	5,394
Payments								
Repayment of borrowing	(93,920)	(86,407)	(79,760)	(192,982)	(95,111)	(148,049)	(197,990)	(192,442)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(93,920)	(86,407)	(79,760)	110,304	(103,118)	71,430	61,481	94,895
NET INCREASE/ (DECREASE) IN CASH HELD	(6,908)	1,002,796	627,947	(87,314)	(142,592)	37,923	(77,017)	636,688
Cash/cash equivalents at the year begin:	1,578,405	1,567,331	2,570,128	2,585,514	3,207,972	3,065,380	3,103,304	3,026,286

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash/cash equivalents at the year-end:	1,571,497	2,570,128	3,198,075	2,498,200	3,065,380	3,103,304	3,026,286	3,662,975

TABLE 36 (TABLE A8 – CASH BACKED RESERVES)

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and investments available								
Cash/cash equivalents at the year end	1,571,497	2,570,128	3,198,075	2,498,200	3,065,380	3,103,304	3,026,286	3,662,975
Other current investments > 90 days	2,652	2,867	3,198	–	(0)	(0)	0	0
Non-current assets - Investments	–	–	–	–	–	–	–	–
Cash and investments available:	1,574,148	2,572,995	3,201,273	2,498,200	3,065,380	3,103,304	3,026,286	3,662,975
Application of cash and investments								
Unspent conditional transfers	44,415	153,239	295,099	270,761	270,761	54,276	49,276	44,276
Unspent borrowing	–	–	–	–	–	–	–	–
Statutory requirements	–	–	–	–	–	–	–	–
Other working capital requirements	(467,780)	386,039	176,893	(95,951)	(53,236)	117,667	62,430	(86,961)
Other provisions	650,513	620,097	684,674	707,033	736,632	787,690	835,985	887,617
Long term investments committed	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	340,817	448,391	146,370	831,831	722,099	871,023	1,131,697	1,243,001
Total Application of cash and investments:	567,964	1,607,766	1,303,036	1,713,674	1,676,257	1,830,656	2,079,388	2,087,933
Surplus(shortfall)	1,006,184	965,229	1,898,237	784,525	1,389,124	1,272,647	946,898	1,575,042

TABLE 37 (TABLE A9 – ASSET MANAGEMENT)

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CAPITAL EXPENDITURE								
Total New Assets	659,070	668,245	723,173	923,134	849,759	820,471	658,384	577,046
Roads Infrastructure	79,516	261,897	227,732	285,668	229,330	254,689	193,960	220,816
Storm water Infrastructure	20,203	26,962	23,450	32,835	16,755	23,450	30,978	34,205
Electrical Infrastructure	78,531	44,763	33,095	59,826	30,111	36,618	24,599	30,451
Water Supply Infrastructure	89,657	111,946	179,155	157,673	255,111	163,220	124,365	89,107
Sanitation Infrastructure	7,790	42,072	27,598	61,722	16,115	38,255	54,838	53,997
Solid Waste Infrastructure	229,963	–	–	5,000	–	–	–	–
Rail Infrastructure	–	–	–	–	–	–	–	–
Coastal Infrastructure	–	–	–	–	–	–	–	–
Information and Communication Infrastructure	–	302	–	18,500	15,000	6,500	10,500	6,000
Infrastructure	505,660	487,942	491,031	621,223	562,422	522,733	439,240	434,576
Community Facilities	–	14,515	51,055	116,361	27,477	55,332	34,335	24,770
Sport and Recreation Facilities	46,617	7,787	8,367	–	600	12,500	2,000	–
Community Assets	46,617	22,302	59,422	116,361	28,077	67,832	36,335	24,770
Heritage Assets								
Revenue Generating	–	–	–	–	–	–	–	–
Non-revenue Generating	–	–	–	–	–	–	–	–
Investment properties								
Operational Buildings	37,771	31,189	23,102	73,389	44,465	31,596	37,150	35,417
Housing	–	–	–	–	–	–	–	–
Other Assets	37,771	31,189	23,102	73,389	44,465	31,596	37,150	35,417
Biological or Cultivated Assets								
Servitudes	–	–	–	–	–	–	–	–
Licences and Rights	28,715	16,006	47,253	9,614	6,471	25,318	42,199	43,000
Intangible Assets	28,715	16,006	47,253	9,614	6,471	25,318	42,199	43,000
Computer Equipment	–	11,106	8,753	5,279	9,813	6,580	4,500	1,500
Furniture and Office Equipment	743	954	1,131	2,600	6,791	4,930	2,300	2,800
Machinery and Equipment	–	65,684	74,484	63,087	31,859	42,143	52,825	28,483
Transport Assets	39,564	33,064	17,998	31,582	65,315	42,839	42,835	6,500
Land	–	–	–	–	94,547	76,500	1,000	–

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
Zoo's, Marine and Non-biological Animals	--	--	--	--	--	--	--	--
Total Renewal of Existing Assets	771,216	332,132	275,425	301,150	176,743	288,080	237,451	240,304
Roads Infrastructure	112,253	63,691	67,273	57,500	56,100	53,500	53,200	48,200
Storm water Infrastructure	23,705	4,508	4,594	5,750	10,150	10,500	9,500	11,500
Electrical Infrastructure	198,610	157,409	77,368	50,400	11,500	52,100	41,196	39,982
Water Supply Infrastructure	100,149	76,510	67,509	149,000	90,500	155,380	103,445	106,014
Sanitation Infrastructure	230,681	27,626	52,250	30,000	5,100	13,500	25,610	33,608
Solid Waste Infrastructure	20,523	--	--	--	--	--	--	--
Rail Infrastructure	--	--	--	--	--	--	--	--
Coastal Infrastructure	--	--	--	--	--	--	--	--
Information and Communication Infrastructure	--	--	--	--	--	--	--	--
Infrastructure	685,922	329,744	268,994	292,650	173,350	284,980	232,951	239,304
Community Facilities	9,570	1,565	4,057	5,800	2,000	700	1,000	--
Sport and Recreation Facilities	22,728	823	1,969	--	--	200	1,000	--
Community Assets	32,298	2,388	6,027	5,800	2,000	900	2,000	--
Heritage Assets	--	--	--	--	--	--	--	--
Revenue Generating	--	--	--	--	--	--	--	--
Non-revenue Generating	--	--	--	--	--	--	--	--
Investment properties	--	--	--	--	--	--	--	--
Operational Buildings	37,855	--	405	2,700	1,393	2,200	2,500	1,000
Housing	--	--	--	--	--	--	--	--
Other Assets	37,855	--	405	2,700	1,393	2,200	2,500	1,000
Biological or Cultivated Assets	11,081	--	--	--	--	--	--	--
Servitudes	--	--	--	--	--	--	--	--
Licences and Rights	4,059	--	--	--	--	--	--	--
Intangible Assets	4,059	--	--	--	--	--	--	--
Computer Equipment	--	--	--	--	--	--	--	--
Furniture and Office Equipment	--	--	--	--	--	--	--	--
Machinery and Equipment	--	--	--	--	--	--	--	--
Transport Assets	--	--	--	--	--	--	--	--
Land	--	--	--	--	--	--	--	--
Zoo's, Marine and Non-biological Animals	--	--	--	--	--	--	--	--
Total Upgrading of Existing Assets	--	644,122	662,572	552,911	572,453	503,296	391,108	413,470
Roads Infrastructure	--	213,100	190,655	86,564	135,599	174,935	83,756	73,587
Storm water Infrastructure	--	43,217	27,828	27,250	28,587	31,000	28,000	24,500
Electrical Infrastructure	--	80,779	114,868	88,177	98,466	64,472	80,995	76,561
Water Supply Infrastructure	--	57,161	72,130	28,000	51,500	63,550	60,344	59,088
Sanitation Infrastructure	--	164,438	155,305	245,550	149,750	103,870	79,087	131,152
Solid Waste Infrastructure	--	6,382	6,779	4,500	15,200	2,500	2,500	2,500
Rail Infrastructure	--	--	--	--	--	--	--	--
Coastal Infrastructure	--	2,284	2,839	1,000	1,000	--	--	1,000
Information and Communication Infrastructure	--	--	--	--	2,000	1,250	1,250	1,250
Infrastructure	--	567,362	570,404	481,041	482,101	441,576	335,931	369,638
Community Facilities	--	59,713	57,490	39,850	59,292	27,370	24,127	22,732
Sport and Recreation Facilities	--	4,615	14,012	12,200	10,875	15,700	12,300	11,200
Community Assets	--	64,328	71,502	52,050	70,167	43,070	36,427	33,932
Heritage Assets	--	--	--	--	--	--	--	--
Revenue Generating	--	--	--	--	--	--	--	--
Non-revenue Generating	--	--	--	--	--	--	--	--
Investment properties	--	--	--	--	--	--	--	--
Operational Buildings	--	5,280	10,849	16,940	17,685	15,650	15,750	7,400
Housing	--	132	4	--	--	--	--	--
Other Assets	--	5,412	10,853	16,940	17,685	15,650	15,750	7,400
Biological or Cultivated Assets	--	--	--	--	--	--	--	--
Servitudes	--	--	--	--	--	--	--	--
Licences and Rights	--	3,085	7,056	1,000	1,000	2,000	2,000	1,000
Intangible Assets	--	3,085	7,056	1,000	1,000	2,000	2,000	1,000
Computer Equipment	--	1,989	1,407	1,500	1,500	1,000	1,000	1,500
Furniture and Office Equipment	--	--	--	--	--	--	--	--
Machinery and Equipment	--	1,946	1,350	380	--	--	--	--
Transport Assets	--	--	--	--	--	--	--	--
Land	--	--	--	--	--	--	--	--
Zoo's, Marine and Non-biological Animals	--	--	--	--	--	--	--	--
Total Capital Expenditure	1,430,286	1,644,499	1,661,170	1,777,195	1,598,956	1,611,847	1,286,943	1,230,820
Roads Infrastructure	191,770	538,688	485,660	429,732	421,029	483,124	330,916	342,603
Storm water Infrastructure	43,909	74,688	55,872	65,835	55,492	64,950	68,478	70,205

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
<i>Electrical Infrastructure</i>	277,141	282,951	225,332	198,403	140,076	153,190	146,789	146,994
<i>Water Supply Infrastructure</i>	189,806	245,617	318,794	334,673	397,110	382,150	288,154	254,208
<i>Sanitation Infrastructure</i>	238,470	234,136	235,154	337,272	170,965	155,625	159,535	218,758
<i>Solid Waste Infrastructure</i>	250,486	6,382	6,779	9,500	15,200	2,500	2,500	2,500
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	2,284	2,839	1,000	1,000	-	-	1,000
<i>Information and Communication Infrastructure</i>	-	302	-	18,500	17,000	7,750	11,750	7,250
Infrastructure	1,191,582	1,385,047	1,330,428	1,394,914	1,217,873	1,249,289	1,008,122	1,043,518
Community Facilities	9,570	75,793	112,602	162,011	88,768	83,402	59,462	47,502
Sport and Recreation Facilities	69,345	13,224	24,348	12,200	11,475	28,400	15,300	11,200
Community Assets	78,915	89,018	136,951	174,211	100,243	111,802	74,762	58,702
Heritage Assets	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-
Operational Buildings	75,626	36,468	34,356	93,029	63,543	49,446	55,400	43,817
Housing	-	132	4	-	-	-	-	-
Other Assets	75,626	36,601	34,360	93,029	63,543	49,446	55,400	43,817
Biological or Cultivated Assets	11,081	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-
Licences and Rights	32,774	19,090	54,309	10,614	7,471	27,318	44,199	44,000
Intangible Assets	32,774	19,090	54,309	10,614	7,471	27,318	44,199	44,000
Computer Equipment	-	13,095	10,160	6,779	11,313	7,580	5,500	3,000
Furniture and Office Equipment	743	954	1,131	2,600	6,791	4,930	2,300	2,800
Machinery and Equipment	-	67,630	75,833	63,467	31,859	42,143	52,825	28,483
Transport Assets	39,564	33,064	17,998	31,582	65,315	42,839	42,835	6,500
Land	-	-	-	-	94,547	76,500	1,000	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	1,430,286	1,644,499	1,661,170	1,777,195	1,598,956	1,611,847	1,286,943	1,230,820
ASSET REGISTER SUMMARY - PPE (WDV)	15,890,340	17,352,845	18,163,075	19,769,191	19,012,633	19,895,505	20,398,381	20,768,255
<i>Roads Infrastructure</i>	4,069,295	4,483,257	4,761,611	4,511,477	4,646,580	4,926,571	5,042,166	5,148,337
<i>Storm water Infrastructure</i>	-	-	-	606,880	565,897	615,509	667,729	720,081
<i>Electrical Infrastructure</i>	1,947,655	2,147,794	2,173,915	2,366,679	2,312,741	2,385,225	2,446,466	2,499,524
<i>Water Supply Infrastructure</i>	2,620,866	2,821,548	3,053,929	3,474,544	3,381,942	3,690,841	3,901,348	4,070,296
<i>Sanitation Infrastructure</i>	1,666,202	1,824,793	1,938,388	2,289,201	2,055,849	2,153,496	2,251,574	2,402,848
<i>Solid Waste Infrastructure</i>	326,379	338,566	398,999	322,622	398,020	390,602	382,589	373,546
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	4,000	56,919	56,919	56,919	57,919
<i>Information and Communication Infrastructure</i>	6,040	5,476	4,155	20,500	21,155	28,905	40,655	47,905
Infrastructure	10,636,439	11,621,434	12,330,998	13,595,902	13,439,102	14,248,067	14,789,445	15,320,455
Community Assets	2,677,933	2,541,910	2,568,340	2,788,043	2,520,590	2,484,199	2,401,876	2,288,091
Heritage Assets	223,972	229,450	216,706	229,450	216,706	216,706	216,706	216,706
Investment properties	193,631	220,380	216,826	308,167	211,109	205,385	199,317	192,654
Other Assets	673,006	850,432	1,021,174	728,658	703,130	732,182	754,610	762,223
Biological or Cultivated Assets	-	-	-	-	-	-	-	-
	47,731	37,474	40,746					
Intangible Assets	83,357	442,600	368,593	417,801	322,680	296,542	284,077	265,857
Computer Equipment	60,614	53,964	56,223	82,688	46,364	32,743	15,770	(5,907)
Furniture and Office Equipment	47,731	37,474	40,746	20,718	39,213	35,808	29,273	22,371
Machinery and Equipment	-	-	-	221,649	47,654	85,103	132,952	155,971
Transport Assets	185,666	245,572	235,878	208,485	252,757	268,944	283,527	259,006
Land	1,107,990	1,109,629	1,107,591	1,167,629	1,213,328	1,289,828	1,290,828	1,290,828
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	15,890,340	17,352,845	18,163,075	19,769,191	19,012,633	19,895,505	20,398,381	20,768,255
EXPENDITURE OTHER ITEMS	638,255	618,789	1,389,115	1,094,965	1,221,994	1,217,299	1,309,668	1,411,565
Depreciation	293,627	279,376	972,493	613,686	738,686	739,686	784,067	860,946
Repairs and Maintenance by Asset Class	344,628	339,413	416,622	481,279	483,308	477,613	525,601	550,619
<i>Roads Infrastructure</i>	28,604	20,727	35,201	39,846	39,141	33,476	33,982	34,510
<i>Storm water Infrastructure</i>	17,192	17,829	38,049	18,798	18,798	17,347	17,371	17,385
<i>Electrical Infrastructure</i>	34,900	25,366	34,149	39,599	42,362	47,478	51,686	54,078

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
<i>Water Supply Infrastructure</i>	96,437	138,815	41,535	147,379	66,135	67,927	72,246	75,483
<i>Sanitation Infrastructure</i>	34,706	48,598	60,059	71,041	68,014	72,303	78,013	82,993
<i>Solid Waste Infrastructure</i>	–	–	–	–	–	–	–	–
<i>Rail Infrastructure</i>	558	1,186	–	3,433	3,233	3,187	3,191	3,196
<i>Coastal Infrastructure</i>	–	–	–	–	–	–	–	–
<i>Information and Communication Infrastructure</i>	568	–	259	370	370	370	392	416
Infrastructure	212,963	252,521	209,254	320,466	238,052	242,089	256,882	268,060
Community Facilities	22,764	12,659	10,596	9,806	15,713	14,390	15,048	16,140
Sport and Recreation Facilities	10,917	8,284	7,216	7,327	7,803	7,764	8,324	9,020
Community Assets	33,682	20,944	17,812	17,133	23,517	22,155	23,372	25,159
Heritage Assets	593	477	748	1,291	691	961	982	1,005
Revenue Generating	–	–	–	–	–	–	–	–
Non-revenue Generating	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–
Operational Buildings	19,150	13,231	45,459	31,635	27,816	33,736	39,240	42,017
Housing	1,682	597	–	2,014	7,934	3,021	3,168	3,324
Other Assets	20,832	13,828	45,459	33,648	35,750	36,757	42,407	45,341
Biological or Cultivated Assets	–	–	–	–	–	–	–	–
Servitudes	–	–	–	–	–	–	–	–
Licences and Rights	4,054	2,885	3,339	4,544	4,529	4,798	5,095	5,390
Intangible Assets	4,054	2,885	3,339	4,544	4,529	4,798	5,095	5,390
Computer Equipment	8,783	2,989	6,244	20,445	7,365	7,864	8,491	9,107
Furniture and Office Equipment	552	727	522	1,697	3,318	3,661	3,822	3,987
Machinery and Equipment	29,009	15,816	96,405	43,971	131,875	118,484	140,507	145,059
Transport Assets	34,159	29,225	36,838	38,085	38,210	40,844	44,042	47,511
Land	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS	638,255	618,789	1,389,115	1,094,965	1,221,994	1,217,299	1,309,668	1,411,565
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	53.9%	59.4%	56.5%	48.1%	46.9%	49.1%	48.8%	53.1%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	262.7%	349.4%	96.5%	139.2%	101.4%	107.0%	80.2%	75.9%
<i>R&M as a % of PPE</i>	2.2%	2.0%	2.4%	2.5%	2.6%	2.5%	2.6%	2.7%
<i>Renewal and upgrading and R&M as a % of PPE</i>	7.0%	8.0%	7.0%	7.0%	6.0%	6.0%	6.0%	6.0%

TABLE 38 (TABLE A10 – BASIC SERVICE DELIVERY MEASUREMENT)

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Household service targets								
<u>Water:</u>								
Piped water inside dwelling	646,998	685,818	–	366,108	366,108	366,108	369,128	405,849
Piped water inside yard (but not in dwelling)	–	–	–	–	–	–	–	–
Using public tap (at least min.service level)	66,444	70,430	–	40,000	40,000	40,000	45,000	47,000
Other water supply (at least min.service level)	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	713,442	756,248	–	406,108	406,108	406,108	414,128	452,849
Using public tap (< min.service level)	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	–	–	–	–	–	–	–	–
No water supply	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–	–
Total number of households	713,442	756,248	–	406,108	406,108	406,108	414,128	452,849
<u>Sanitation/sewerage:</u>								
Flush toilet (connected to sewerage)	639,562	677,936	–	362,306	362,306	362,306	365,306	401,836
Flush toilet (with septic tank)	6,732	7,136	–	3,802	3,802	3,802	3,822	4,013
Chemical toilet	407	432	–	1,700	1,700	1,700	2,700	3,700
Pit toilet (ventilated)	297	316	–	167	167	167	167	167
Other toilet provisions (> min.service level)	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	646,998	685,820	–	367,975	367,975	367,975	371,995	409,716
Bucket toilet	44,826	47,516	–	5,000	5,000	5,000	4,000	3,000
Other toilet provisions (< min.service level)	–	–	–	–	–	–	–	–
No toilet provisions	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	44,826	47,516	–	5,000	5,000	5,000	4,000	3,000
Total number of households	691,824	733,336	–	372,975	372,975	372,975	375,995	412,716

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Energy:								
Electricity (at least min.service level)	49,826	44,124	–	22,852	22,852	22,852	22,395	21,947
Electricity - prepaid (min.service level)	527,020	480,618	–	293,651	293,651	293,651	299,524	305,514
<i>Minimum Service Level and Above sub-total</i>	576,846	524,742	–	316,503	316,503	316,503	321,918	327,461
Electricity (< min.service level)	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	–
Other energy sources	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–	–
Total number of households	576,846	524,742	–	316,503	316,503	316,503	321,918	327,461
Refuse:								
Removed at least once a week	526,956	604,820	302,410	548,388	548,388	548,388	548,388	548,388
<i>Minimum Service Level and Above sub-total</i>	526,956	604,820	302,410	548,388	548,388	548,388	548,388	548,388
Removed less frequently than once a week	77,864	604,820	302,410	302,410	302,410	302,410	302,410	302,410
Using communal refuse dump	31,530	82,536	41,268	53,368	53,368	53,368	53,368	53,368
Using own refuse dump	–	31,530	15,765	15,765	15,765	15,765	15,765	15,765
Other rubbish disposal	13,704	13,704	6,852	13,704	13,704	13,704	13,704	13,704
No rubbish disposal	1,706	1,706	853	6,584	6,584	6,584	6,584	6,584
<i>Below Minimum Service Level sub-total</i>	124,804	734,296	367,148	391,831	391,831	391,831	391,831	391,831
Total number of households	651,760	1,339,116	669,558	940,219	940,219	940,219	940,219	940,219
Households receiving Free Basic Service								
Water (6 kilolitres per household per month)	78,200	99,597	–	89,475	89,475	71,873	72,592	73,318
Sanitation (free minimum level service)	78,200	100,753	100,674	90,085	90,085	72,198	72,920	73,649
Electricity/other energy (50kwh per household per month)	65,031	–	–	73,269	73,269	62,463	63,088	63,719
Refuse (removed at least once a week)	69,110	94,903	100,674	80,246	80,246	63,043	63,673	64,310
Cost of Free Basic Services provided - Formal Settlements (R'000)								
Water (6 kilolitres per indigent household per month)	105,894	107,898	101,686	122,607	122,607	119,092	129,514	140,199
Sanitation (free sanitation service to indigent households)	200,354	210,763	196,031	197,000	197,000	145,951	159,087	172,609
Electricity/other energy (50kwh per indigent household per month)	35,338	37,894	34,334	41,954	41,954	36,696	41,286	46,525
Refuse (removed once a week for indigent households)	119,106	114,183	111,548	124,514	124,514	135,097	147,256	160,509
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)								
Total cost of FBS provided	460,691	470,737	443,598	486,075	486,075	436,836	477,143	519,843
Highest level of free service provided per household								
Property rates (R value threshold)	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Water (kilolitres per household per month)	8	8	–	8	8	8	8	8
Sanitation (kilolitres per household per month)	11	11	–	11	11	11	11	11
Sanitation (Rand per household per month) (VAT Excl)	90	99	107	115	115	125	137	149
Sanitation including availability charges (VAT excl)	120	140	152	163	163	177	194	212
Electricity (kwh per household per month)	75	75	–	75	75	75	75	75
Refuse (average litres per week)	240	240	240	240	240	240	240	240
Revenue cost of subsidised services provided (R'000)								
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)								
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	119,832	112,048	108,531	119,022	119,022	129,054	141,220	154,681
Water (in excess of 6 kilolitres per indigent household per month)	35,298	53,949	50,843	40,869	40,869	59,133	64,751	70,579
Sanitation (in excess of free sanitation service to indigent households)	–	–	–	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)	17,669	18,947	17,167	20,664	20,664	18,348	20,643	23,263
Refuse (in excess of one removal a week for indigent households)	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates								
Housing - top structure subsidies								
Other								
Total revenue cost of subsidised services provided	172,799	184,944	176,540	180,555	180,555	206,535	226,613	248,522

Description	2016/17	2017/18	2018/19	2019/20 Current Year		2020/21 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Household service targets								
Water:								
Piped water inside dwelling	646,998	685,818	–	366,108	366,108	366,108	369,128	405,849
Piped water inside yard (but not in dwelling)	–	–	–	–	–	–	–	–
Using public tap (at least min.service level)	66,444	70,430	–	40,000	40,000	40,000	45,000	47,000
Other water supply (at least min.service level)	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	713,442	756,248	–	406,108	406,108	406,108	414,128	452,849
Using public tap (< min.service level)	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	–	–	–	–	–	–	–	–
No water supply	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–	–
Total number of households	713,442	756,248	–	406,108	406,108	406,108	414,128	452,849
Sanitation/sewerage:								
Flush toilet (connected to sewerage)	639,562	677,936	–	362,306	362,306	362,306	365,306	401,836
Flush toilet (with septic tank)	6,732	7,136	–	3,802	3,802	3,802	3,822	4,013
Chemical toilet	407	432	–	1,700	1,700	1,700	2,700	3,700
Pit toilet (ventilated)	297	316	–	167	167	167	167	167
Other toilet provisions (> min.service level)	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	646,998	685,820	–	367,975	367,975	367,975	371,995	409,716
Bucket toilet	44,826	47,516	–	5,000	5,000	5,000	4,000	3,000
Other toilet provisions (< min.service level)	–	–	–	–	–	–	–	–
No toilet provisions	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	44,826	47,516	–	5,000	5,000	5,000	4,000	3,000
Total number of households	691,824	733,336	–	372,975	372,975	372,975	375,995	412,716
Energy:								
Electricity (at least min.service level)	49,826	44,124	–	22,852	22,852	22,852	22,395	21,947
Electricity - prepaid (min.service level)	527,020	480,618	–	293,651	293,651	293,651	299,524	305,514
<i>Minimum Service Level and Above sub-total</i>	576,846	524,742	–	316,503	316,503	316,503	321,918	327,461
Electricity (< min.service level)	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	–
Other energy sources	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–	–
Total number of households	576,846	524,742	–	316,503	316,503	316,503	321,918	327,461
Refuse:								
Removed at least once a week	526,956	604,820	302,410	548,388	548,388	548,388	548,388	548,388
<i>Minimum Service Level and Above sub-total</i>	526,956	604,820	302,410	548,388	548,388	548,388	548,388	548,388
Removed less frequently than once a week	77,864	604,820	302,410	302,410	302,410	302,410	302,410	302,410
Using communal refuse dump	31,530	82,536	41,268	53,368	53,368	53,368	53,368	53,368
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Other rubbish disposal	13,704	13,704	6,852	13,704	13,704	13,704	13,704	13,704
No rubbish disposal	1,706	1,706	853	6,584	6,584	6,584	6,584	6,584
<i>Below Minimum Service Level sub-total</i>	124,804	734,296	367,148	391,831	391,831	391,831	391,831	391,831
Total number of households	651,760	1,339,116	669,558	940,219	940,219	940,219	940,219	940,219
Households receiving Free Basic Service								
Water (6 kilolitres per household per month)	78,200	99,597	–	89,475	89,475	71,873	72,592	73,318
Sanitation (free minimum level service)	78,200	100,753	100,674	90,085	90,085	72,198	72,920	73,649
Electricity/other energy (50kwh per household per month)	65,031	–	–	73,269	73,269	62,463	63,088	63,719
Refuse (removed at least once a week)	69,110	94,903	100,674	80,246	80,246	63,043	63,673	64,310
Cost of Free Basic Services provided - Formal Settlements (R'000)								
Water (6 kilolitres per indigent household per month)	105,894	107,898	101,686	122,607	122,607	118,267	129,502	141,157
Sanitation (free sanitation service to indigent households)	200,354	210,763	196,031	197,000	197,000	145,275	159,076	173,393

Description	2016/17	2017/18	2018/19	2019/20 Current Year		2020/21 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Electricity/other energy (50kwh per indigent household per month)	35,338	37,894	34,334	41,954	41,954	36,696	41,286	46,525
Refuse (removed once a week for indigent households)	119,106	114,183	111,548	124,514	124,514	135,097	147,256	160,509
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	-	-	-	-	-	-	-	-
Total cost of FBS provided	460,691	470,737	443,598	486,075	486,075	435,335	477,120	521,585
Highest level of free service provided per household								
Property rates (R value threshold)	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Water (kilolitres per household per month)	8	8	8	8	8	8	8	8
Sanitation (kilolitres per household per month)	11	11	11	11	11	11	11	11
Sanitation (Rand per household per month) (VAT Excl.)	90	99	107	115	115	125	137	149
Sanitation including availability charge (VAT Excl.)	120	140	152	163	163	177	194	212
Electricity (kwh per household per month)	75	75	75	75	75	75	75	75
Refuse (average litres per week)	240	240	240	240	240	240	240	240
Revenue cost of subsidised services provided (R'000)								
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)								
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA	119,832	112,048	108,531	119,022	119,022	129,054	141,220	154,681
Water (in excess of 6 kilolitres per indigent household per month)	35,298	53,949	50,843	40,869	40,869	59,133	64,751	70,579
Sanitation (in excess of free sanitation service to indigent households)	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)	17,669	18,947	17,167	20,664	20,664	18,348	20,643	23,263
Refuse (in excess of one removal a week for indigent households)	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates								
Housing - top structure subsidies								
Other								
Total revenue cost of subsidised services provided	172,799	184,944	176,540	180,555	180,555	206,535	226,613	248,522

1.10 CONSOLIDATED BUDGET SUPPORTING TABLES

The relevant supporting Tables are attached to the budget report.

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

The 2020/21 Budget process was incorporated in the Multi-Year timetable that was approved by Council around August 2018 incorporating other plans, such as IDP/ BEPP, etc. and as such has informed the process of guiding the preparation of the 2020/21 to 2022/23 Operating and Capital Budgets.

The Multi-Year timetable prepared in conjunction with the Office of the Chief Operating Officer (COO) provides broad timeframes for the IDP and Budget preparation process. It allows for consultation with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, State departments (e.g. National / Provincial Treasuries), business and labour, during the period April to May 2020, only if the situation changes as it relates to the Regulations applicable during the lockdown period as a result of the Covid-19 pandemic. The main aim of the timetable is to ensure that a revised IDP and a balanced Budget are tabled on or before end March 2020 for noting and on or before end May 2020 for approval (only if the lockdown Regulations allow so). It is envisaged that the draft Budget will be tabled by the Executive Mayor at a Council meeting to be held on 5 June 2020.

After the meeting, the draft budget will be submitted to National Treasury in compliance with Chapter 4 of the Municipal Finance Management Act (56 of 2003).

2.1.1 IDP & Budget Timetable 2020/21 to 2022/23

The preparation of the 2020/21 to 2022/23 IDP and Budget was guided by the following Multi-Year Time Schedule of key deadlines.

2.2 ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

The Integrated Development Plan (IDP) determines and prioritises the needs of the community.

The review of the IDP, in accordance with the Municipal Systems Act, was guided and informed by the following principles:

- Achievement of the five strategic priorities of the NMBM.
- Aligning the Six Pillars as identified by Political Leadership to the IDP and Budget.
- Focusing on service delivery backlogs and the maintenance of infrastructure.
- Addressing community priorities (needs) as identified in the IDP.

The review of the IDP focused on establishing measurable performance indicators and targets. These targets informed the preparation of the multi-year budget, as well as the Service Delivery and Budget Implementation Plan (SDBIP).

The 2020/21 to 2022/23 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- Municipal transformation and development
- Service delivery and infrastructure development
- Local economic development
- Financial sustainability and viability
- Good governance and public participation

The abovementioned strategic focus areas including the six pillar as determined by the new leadership informed the preparation of the Budget.

Below is a table, which illustrates the link between the Budget and the IDP.

TABLE 39: BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES

Description	Institutional and Capacity Development	Integrated Service Delivery to a Well Structured City	Inclusive Economic Development and Job Creation	Financial Sustainability and Viability	Effective City Governance	Total
	R '000	R '000	R '000	R '000	R '000	R '000
2020/21 Budget						
Capital Expenditure	90,300	551,316	361,972	4,080	637,086	1,644,753
Operating Expenditure	938,222	5,981,163	1,498,305	2,228,277	1,055,499	11,701,465
Total	1,028,522	6,532,478	1,860,277	2,232,357	1,692,585	13,346,218
	7.71%	48.95%	13.94%	16.73%	12.68%	
2021/22 Budget						
Capital Expenditure	3,950	951,258	73,942	289,453	500	1,319,102
Operating Expenditure	1,003,819	6,399,348	1,600,906	2,384,071	1,129,297	12,517,441
Total	1,007,769	7,350,606	1,674,848	2,673,524	1,129,797	13,836,544
	7.28%	53.12%	12.10%	19.32%	8.17%	
2022/23 Budget						
Capital Expenditure	1,200	1,188,633	67,361	7,000	700	1,264,894
Operating Expenditure	1,080,299	6,886,879	1,723,279	2,565,711	1,215,367	13,471,535
Total	1,081,499	8,075,512	1,790,639	2,572,711	1,216,067	14,736,429
	7.34%	54.80%	12.15%	17.46%	8.25%	

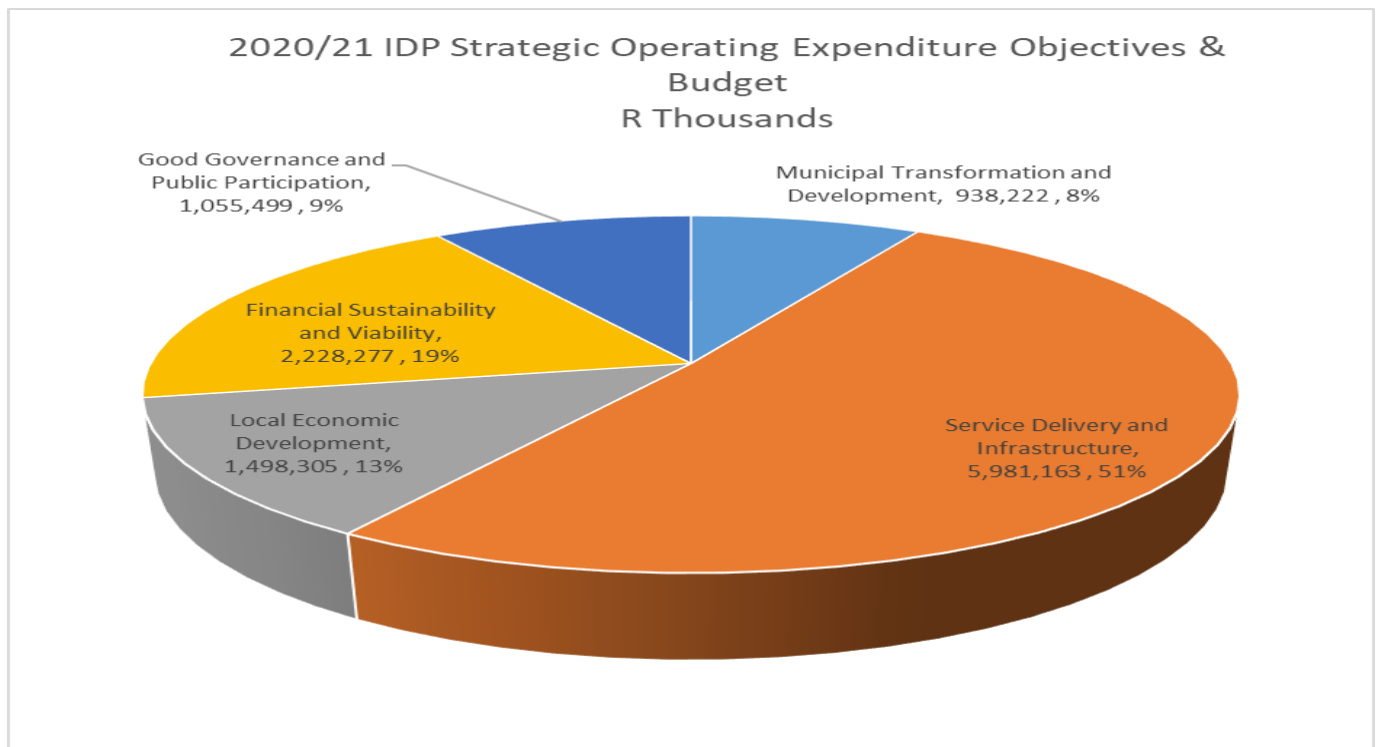


Figure 2: 2020/21 IDP Strategic operating expenditure objectives and budget

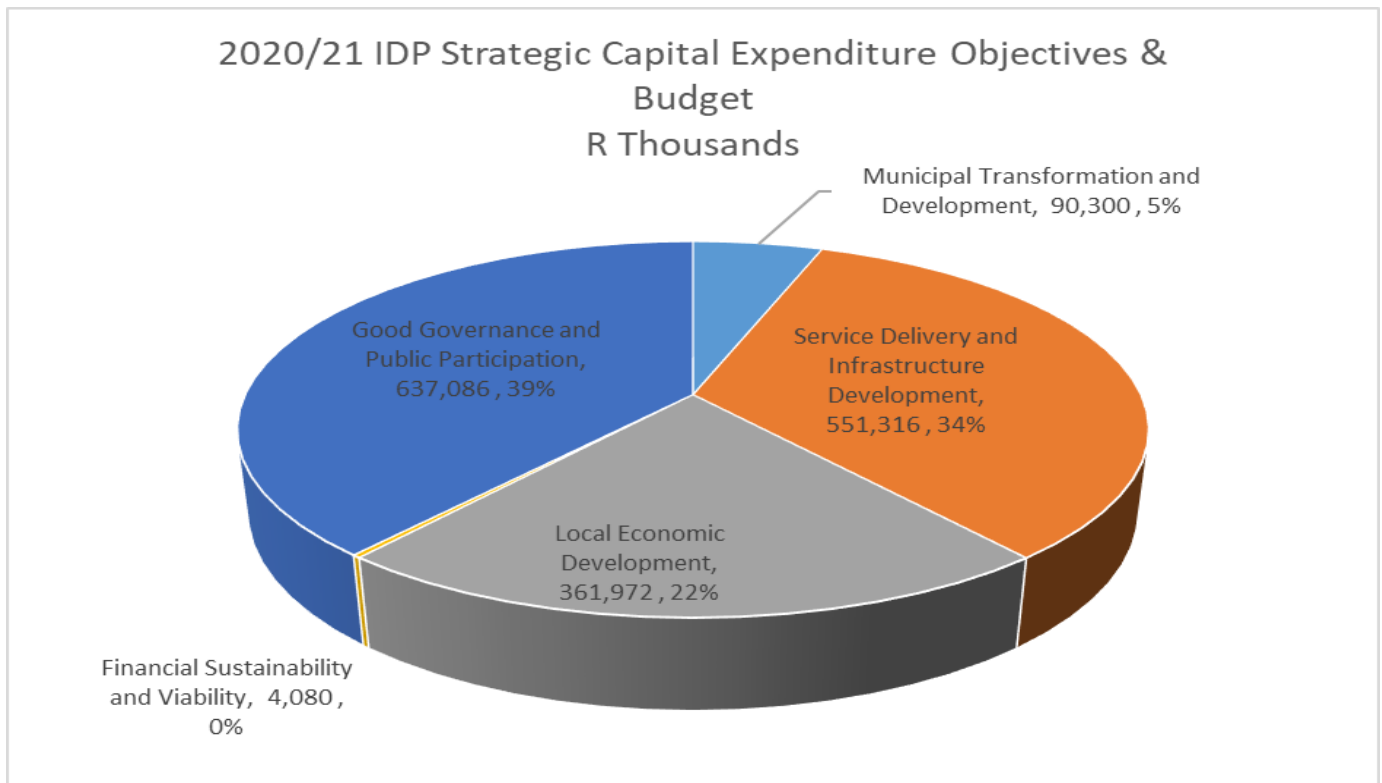


Figure 3: 2020/21 IDP Strategic capital expenditure objectives and budget

2.2.1 Alignment with National and Provincial Priorities

The Municipality's priorities are aligned to those of the National and Provincial Governments.

The matrix below shows the alignment with National and Provincial Government priorities

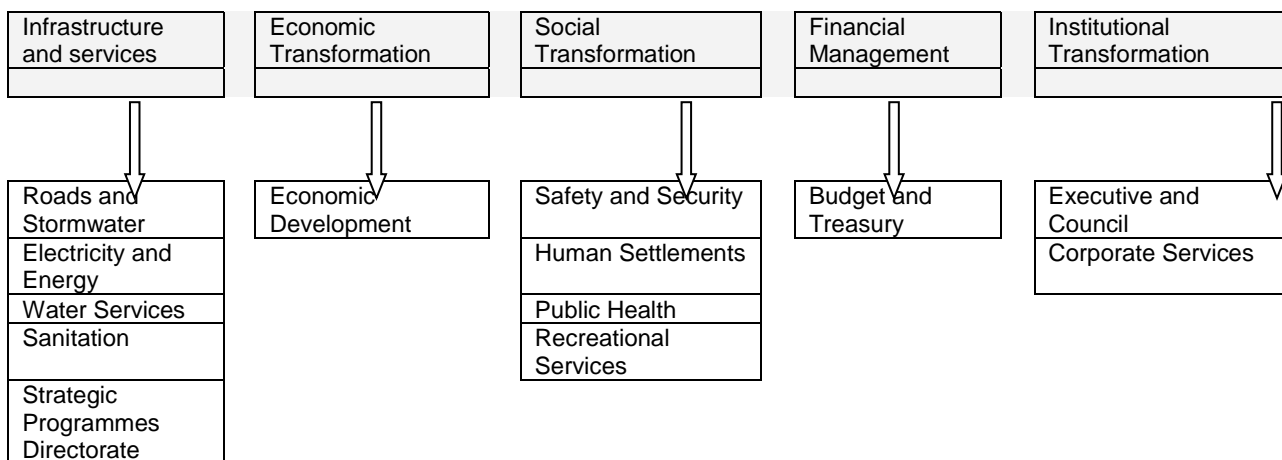


Figure 4: Alignment with National and Provincial Priorities

The above is an indication of NMBM's alignment to the National and Provincial Key Performance Areas and how Directorates are aligned thereto. It should, however, be noted that in terms of implementation all Directorates are focusing on the five areas. In order to monitor and evaluate service delivery and financial performance, key performance indicators are included in all Executive Directors' performance agreements.

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

This section contains the key performance indicators.

TABLE 40 (MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS)

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Current Year 2020/21		2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Borrowing Management									
Credit Rating		A1.za	A1.za	Aaa.za	Aaa.za	Aaa.za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.8%	2.7%	2.2%	3.4%	2.1%	2.5%	2.9%	2.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.4%	2.9%	2.7%	4.0%	2.5%	3.0%	3.4%	3.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	38.5%	0.0%	32.1%	39.0%	38.2%
Safety of Capital									
Gearing	Long Term Borrowing/ Funds & Reserves	9.30%	7.53%	6.49%	7.61%	5.67%	5.32%	5.35%	5.63%
Liquidity									
Current Ratio	Current assets/current liabilities	1.7	1.7	1.9	1.7	1.8	1.8	1.8	1.9
Liquidity Ratio	Monetary Assets/Current Liabilities	0.7	0.9	1.1	0.8	1.0	1.0	0.9	1.0
Revenue Management									
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		90.9%	91.3%	94.4%	93.8%	0.0%	87.8%	87.8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		90.9%	91.3%	94.4%	94.0%	94.0%	88.0%	88.0%	91.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	23.0%	23.4%	23.7%	24.8%	24.0%	23.7%	24.1%	24.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old								
Creditors Management									
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	58.0%	59.0%		85.0%	85.0%	80.0%	80.0%	80.0%
Creditors to Cash and Investments		76.1%	69.0%	55.2%	76.5%	61.9%	59.8%	64.9%	56.8%
Other Indicators									
Electricity Distribution Losses (2)	Total Volume Losses (kW)	470,762,672	386,894,848		344854,,526	344,854,526	343,730,253	341,414,602	
	Total Cost of Losses (Rand '000)	326,200	339,500	484,180					
	% Volume (units purchased and generated less units sold)/units purchased and generated	13.60%	13.95%	15.47%					
Water Distribution Losses (2)	Total Volume Losses (kℓ)	35,912	43,865	44,220	45,538	45,538	45,000	41,932	36,818
	Total Cost of Losses (Rand '000)	169,669	162,855	169,607	172,320	172,320	179,309	177,610	167,334
	% Volume (units purchased and generated less units sold)/units purchased and generated	35.50%	43.90%	43.90%	41.00%	41.00%	44.0%	41.0%	36.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	34.9%	26.5%	32.2%	32.5%	31.6%	31.5%	32.2%	32.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	35.6%	27.2%	32.9%	33.2%	32.3%	32.2%	33.0%	33.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.9%	3.6%	4.1%	4.3%	4.2%	4.0%	4.1%	4.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	5.1%	4.5%	11.0%	7.0%	7.7%	7.4%	7.4%	7.4%
IDP regulation financial viability indicators									
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	30.4	27.7	26.9	36.1	36.1	26.0	27.4	29.9

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Current Year 2020/21		2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	29.8%	29.8%	31.1%	32.4%	31.3%	30.2%	30.5%	30.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.3	3.8	4.2	3.0	3.6	3.5	3.2	3.6

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure may be funded from capital grants, internal sources and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. The following financial performance indicators formed part of the compilation of the 2020/21 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing, compared to the total operating expenditure. The cost of borrowing is increasing from 2.5% in 2020/21 to 2.9% in 2021/22 and then decrease to 2.6% in the 2022/23 financial year. The increase is attributable to the take-on of the external loan as from the 2020/21 financial year.

2.3.1.2 Liquidity

- The *current ratio* is a measure of the current assets divided by the current liabilities. The Municipality has set a benchmark limit of 1.5. For the 2020/21 MTREF, the current ratio increase from 1.8:1 to 1.9:1.
- The *liquidity ratio* is a measure of the municipality's ability to utilise cash and cash equivalents to meet its current liabilities. A liquidity ratio of 1 should be maintained. For the 2020/21 MTREF, the liquidity ratio decrease from 1:1 in 2020/21 to 0.9:1 in 2021/22. The ratio then recovers to 1:1 in 2022/23. This represents an indication of short to medium term financial sustainability. However, any underperformance or under collection of revenue will result in significant risk for the Municipality. As part of the medium term financial planning objectives, this ratio must be maintained at a minimum of 1.

2.3.2 Drinking Water Quality and Waste Water Management

The Municipality performs the dual roles of a Water Service Authority (WSA) and a Water Service Provider (WSP), in managing the provision of drinking water and the treatment of wastewater.

As consistently reported to the Infrastructure, Electricity and Engineering Portfolio Committee (IEEC) the water supplied to the communities of NMBM is 100% compliant with SANS241.

Similarly, as reported to the IEEC the treated wastewater treated at the various Wastewater Treatment Works on average complies with the required standards.

The detailed reports relating to the above are available for any required scrutiny.

2.3.3 Basic social services package for indigent households

The Constitution stipulates that a municipality must structure and manage its administration, budgeting and planning so as to give priority to the basic needs of the community and to promote their social and economic development. The basic social package is an affirmation of the Municipality's commitment

to push back the frontiers of poverty by providing social welfare to those residents who cannot afford to pay, as a result of adverse social and economic conditions.

The Municipality utilises the Equitable Share allocation towards assisting the poor.

2.4 OVERVIEW OF BUDGET RELATED POLICIES

The MFMA and the Budget and Reporting Regulations require budget related policies to be reviewed, and where applicable, be updated on an annual basis.

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

Budget assumptions/parameters are determined in advance of the budget process to allow budgets to be constructed to support the achievement of the longer-term financial and strategic targets.

The municipal fiscal environment is influenced by a variety of macroeconomic control measures. National Treasury provides guidelines on the ceiling of year-on-year increases in the total Budget, whilst the National Electricity Regulator of South Africa (NERSA) regulates bulk electricity tariff increases and the Department of Water Affairs (DWA) regulates bulk water tariff increases. The Municipality's employee related costs are also influenced by collective agreements concluded in the South African Local Government Bargaining (SALGA) Council. Various government departments also affect municipal service delivery through the level of grants and subsidies.

The following principles and guidelines directly informed the compilation of the Budget:

- The priorities and targets, relating to the key strategic focus areas, as determined in the IDP.
- The need to enhance the municipality's revenue base.
- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs, including the expansion of services.
- The level of property rates and tariff increases to ensure the delivery of services on a financially sustainable basis.
- No budget allocations have been made to programmes and projects, unless the respective programme and project plans / procurement plans / cashflows have been submitted by the relevant Acting/Executive Directors.
- An assessment of the relative human resources capacity to implement the Budget.
- No growth in revenue sources has been provided for in view of current consumption trends in municipal services.

The Municipality faced the following significant challenges in preparing the 2020/21 – 2022/23 Budget:

- The COVID19 pandemic and its impact on the municipality's financial resources as evidenced by the declining Collection Rate;
- Reduction of the Operating and Capital budgets, resulting from the declining Collection Rate;
- Inability to budget for a surplus on the Operating Budget;
- Fully implementing cost containment measures and removing non-core expenditure items;
- Maintaining electricity and water losses at acceptable levels;
- Allocation of the required operating budget provision for newly created infrastructure and facilities, with a consequential impact on the level of rates and tariff increases;
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure;
- Depleted Capital Replacement Reserve, impacting on the Municipality's ability to fund capital expenditure from internal sources;

- Maintaining an acceptable cost coverage ratio;
- Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the municipality's declining cash position into account.
- Financial implications of implementing Council resolutions, resulting in a negative impact on property rates increases.

The multi-year budget is therefore underpinned by the following assumptions, as approved by Council:

TABLE 39 (BUDGET ASSUMPTIONS)

The multi-year Budget is underpinned by the following assumptions, however, due to certain factors some of these percentages had to be amended:

TABLE 41 BUDGET ASSUMPTIONS

Financial targets for the period 2018/19 to 2024/25:

	2019/20 (Baseline)	2020/21	2021/22	2022/2023	2023/24	2024/25
Income	%	%	%	%	%	%
Fines, Penalties and Forfeits	7.0	7.5	7.8	8.0	8.0	8.0
Interest, Dividend and Rent on Land	6.5	6.8	7.0	7.5	7.5	7.8
Licences or Permits	7.0	7.5	7.8	8.0	8.0	8.0
Operational revenue	7.0	7.5	7.8	8.0	8.0	8.0
Property Rates	7,77	8.5	9.5	9.6	9.0	9.0
Rental from Fixed Assets	7.0	7.5	7.8	8.0	8.0	8.0
Sales of Goods and Rendering of Services	7.0	7.5	7.8	8.0	8.0	8.0
Water tariff increase	7.5	8.5	9.5	9.0	9.0	9.0
Waste Water Management tariff increase	7.5	8.5	9.5	9.0	9.0	9.0
Waste Management tariff increase	7.5	8.5	9.0	9.0	9.0	9.0
Electricity tariff increase	13.04	11.94	12.75	12.90	11.95	11.95
Revenue collection rates	95.00	94.5	94.5	94.5	95.0	95.0
Expenditure						
Bulk purchase of power costs (subject to determination by NERSA)	15.67	14.40	15.0	15.5	14.50	14.4
Bulk purchase of water costs	9.0	5.3	6.3	7.3	5.3	5.3
Contracted Services	5.0	4.5	5.0	4.5	5.5	5.5
Employee Related Costs (subject to Three Year Agreement re Salary Negotiation currently in progress)	9.5	9.85	9.85	9.85	9.85	9.85
Inventory Consumed	5.0	0.0	0.0	0.0	0.0	0.0
Operating Leases	7.0	7.0	7.0	7.0	7.0	7.0
Operational Costs	6.0	0.0	0.0	0.0	0.0	0.0
Remuneration of Councillors	5.1	6.0	6.0	6.1	6.1	6.1
Transfers and Subsidies	5.0	5.5	4.5	4.5	4.5	4.5
Depreciation and Amortisation	6.5	6.5	6.5	6.5	6.5	6.5
Repairs and Maintenance (consists of Contracted Services, Inventory Consumed and Other Expenditure relating to the maintenance of capital assets)	8.0	8.0	8.0	8.0	8.0	8.0

It must be noted that the above increases were used for preparing the budget and some of them have since been amended resulting from other external factors. The following Table reflects the parameters as applied during the preparation of the Draft 2019/20 MTREF (prior tariffs being amended).

TABLE 42 (BUDGET ASSUMPTIONS APPLIED IN 2020/21 MTREF)

	2019/20 (Baseline)	2020/21	2021/22	2022/2023	2023/24	2024/25
Income	%	%	%	%	%	%
Fines, Penalties and Forfeits	7.0	7.5	7.8	8.0	8.0	8.0
Interest, Dividend and Rent on Land	6.5	6.8	7.0	7.5	7.5	7.8
Licences or Permits	7.0	7.5	7.8	8.0	8.0	8.0
Operational revenue	7.0	7.5	7.8	8.0	8.0	8.0
Property Rates	7,77	8.5	9.5	9.6	9.0	9.0
Rental from Fixed Assets	7.0	7.5	7.8	8.0	8.0	8.0
Sales of Goods and Rendering of Services	7.0	7.5	7.8	8.0	8.0	8.0
Water tariff increase	7.5	8.0	9.0	8.5	9.0	9.0
Waste Water Management tariff increase	7.5	8.0	9.0	8.5	9.0	9.0
Waste Management tariff increase	7.5	8.0	8.5	8.5	9.0	9.0
Electricity tariff increase	13.04	6.22	5.20	8.9	6.24	6.24
Revenue collection rates	95.00	88	88	88	92	93
Expenditure						
Bulk purchase of power costs (subject to determination by NERSA)	15.67	6.9	6.9	6.9	6.9	6.9
Bulk purchase of water costs	9.0	5.3	6.3	7.3	5.3	5.3
Contracted Services	5.0	4.5	5.0	4.5	5.5	5.5
Employee Related Costs (subject to Three Year Agreement re Salary Negotiation currently in progress))	9.5	9.85	9.85	9.85	9.85	9.85
Inventory Consumed	5.0	0.0	0.0	0.0	0.0	0.0
Operating Leases	7.0	7.0	7.0	7.0	7.0	7.0
Operational Costs	6.0	0.0	0.0	0.0	0.0	0.0
Remuneration of Councillors	5.1	6.0	6.0	6.1	6.1	6.1
Transfers and Subsidies	5.0	5.5	4.5	4.5	4.5	4.5
Depreciation and Amortisation	6.5	6.5	6.5	6.5	6.5	6.5
Repairs and Maintenance (consists of Contracted Services, Inventory Consumed and Other Expenditure relating to the maintenance of capital assets)	8.0	8.0	8.0	8.0	8.0	8.0

2.6 OVERVIEW OF BUDGET FUNDING

2.6.1 Medium-term outlook: operating revenue

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

TABLE 43 (BREAKDOWN OF THE OPERATING REVENUE OVER THE MEDIUM-TERM)

Description	2020/21 Medium Term Revenue & Expenditure Framework					
	Budget Year 2020/21		Budget Year 2021/22		Budget Year 2022/23	
R thousands						
Financial Performance		%		%		%
Property rates	2,544,995	21.29%	2,787,331	21.90%	3,055,072	22.16%
Service charges	6,417,809	53.70%	6,828,217	53.65%	7,426,305	53.87%
Investment revenue	161,511	1.35%	177,873	1.40%	189,392	1.37%
Transfers recognised - operational	2,187,776	18.30%	2,247,599	17.66%	2,379,225	17.26%
Other own revenue	640,203	5.36%	686,214	5.39%	735,948	5.34%
Total Revenue (excluding capital transfers and contributions)	11,952,295	100.00%	12,727,234	100.00%	13,785,943	100.00%
Less: Fuel Levy allocated for capital expenditure	(322,050)		(283,790)		(247,880)	

Total Operating revenue	11,630,245	12,443,444	13,538,063
Total Expenditure	11,701,465	12,517,441	13,471,535
Surplus/(Deficit)	(71,221)	(73,998)	66,527

The above table excludes the Fuel Levy portion within the operating budget that are for funding capital projects within the capital budget. Fuel Levy, funding the capital budget, are R322,050,000, R283,790,000 and R247,880,000 for the 2020/21, 2021/22 and 2022/23 financial years respectively.

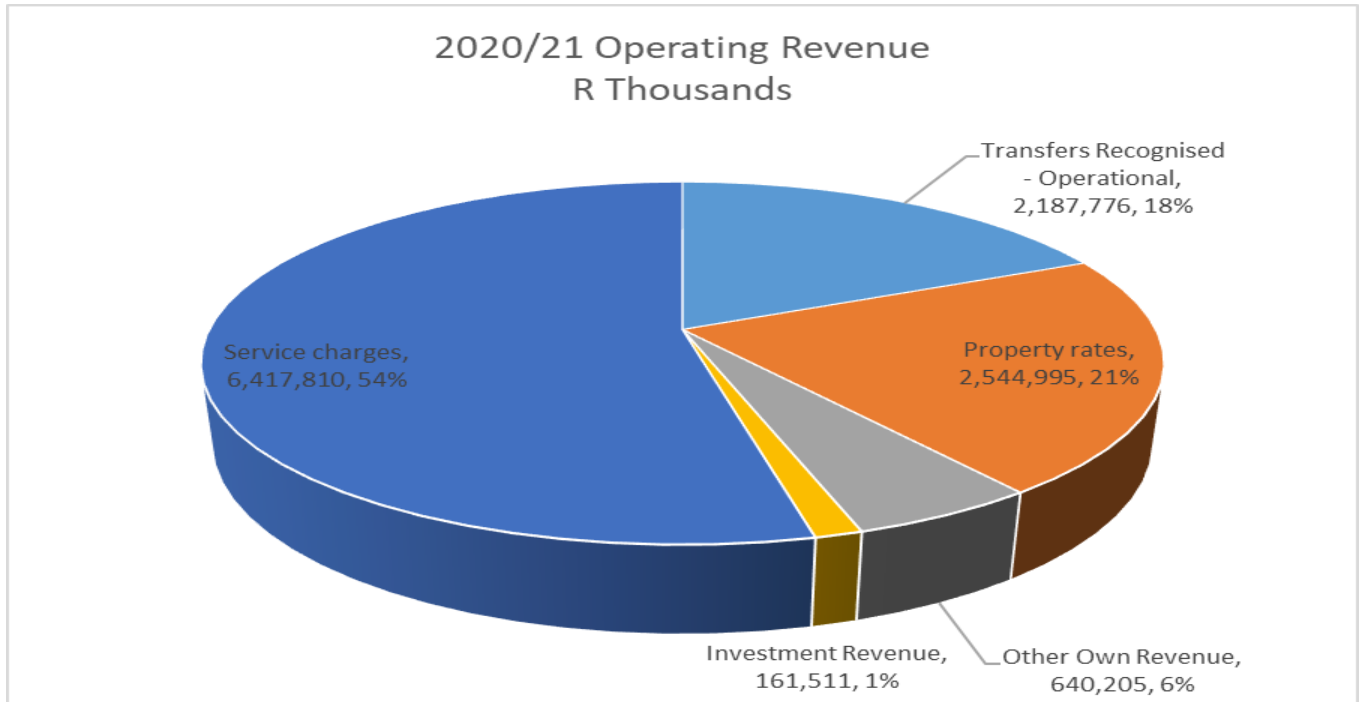


Figure 5: Sources of Operating Revenue for the 2020/21 financial year

Tariff determination is important in ensuring appropriate levels of revenue, in order to achieve a credible and funded budget. Operating revenue is mainly derived from service charges, such as water, electricity, sanitation and refuse collection and disposal, property rates and operating grants.

The revenue management strategy includes the following key components:

- National Treasury's guidelines in this regard;
- The Property Rates Policy;
- The level of property rates and tariff increases must ensure financially sustainable service delivery;
- The level of property rates and tariff increases to provide for the maintenance and replacement of infrastructure, including the expansion of services;
- Ensuring fully cost reflective tariffs for trading services;
- Electricity bulk tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Water bulk tariff increases as approved by the Department of Water Affairs (DWA);
- Targeting an 88% annual collection rate for property rates and service charges, after discounting the Assistance to the Poor (ATTP) subsidies.
- No growth in the revenue base.

The aforementioned principles guided the annual increases in property rates and tariffs, charged to the consumers.

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

TABLE 44 (SA15 – DETAIL INVESTMENT INFORMATION)

Investment type	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	1,347,374	2,374,802	3,012,612	2,316,793	2,875,727	2,875,727	2,912,305	2,837,576	3,477,134
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
Total	1,347,374	2,374,802	3,012,612	2,316,793	2,875,727	2,875,727	2,912,305	2,837,576	3,477,134

Investments are anticipated to increase from R2.91 billion in 2020/21 to R3.48 billion in 2022/23.

Medium-term outlook: capital revenue

The following table provides a breakdown of the funding components of the 2020/21 medium-term capital programme:

TABLE 45 (SOURCES OF CAPITAL REVENUE OVER THE MTREF)

Vote Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget		Budget Year 2020/21		Budget Year 2021/22		Budget Year 2022/23	
Funded by:		%		%		%		%
National Government	1,112,726	66.16%	944,113	57.40%	667,608	50.61%	634,197	50.14%
Provincial Government	0	0.00%	0	0.00%	0	0.00%	0	0.00%
District Municipality	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Transfers and subsidies - capital other entities	127,223	7.56%	32,897	2.00%	0	0.00%	0	0.00%
Transfers recognised - capital	1,239,949	73.73%	977,010	59.40%	667,608	50.61%	634,197	50.14%
Borrowing	0	0.00%	214,415	13.04%	254,245	19.27%	281,943	22.29%
Internally generated funds	441,857	26.27%	453,328	27.56%	397,249	30.12%	348,754	27.57%
Total Capital Funding	1,681,806	100.00%	1,644,753	100.00%	1,319,102	100.00%	1,264,894	100.00%

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

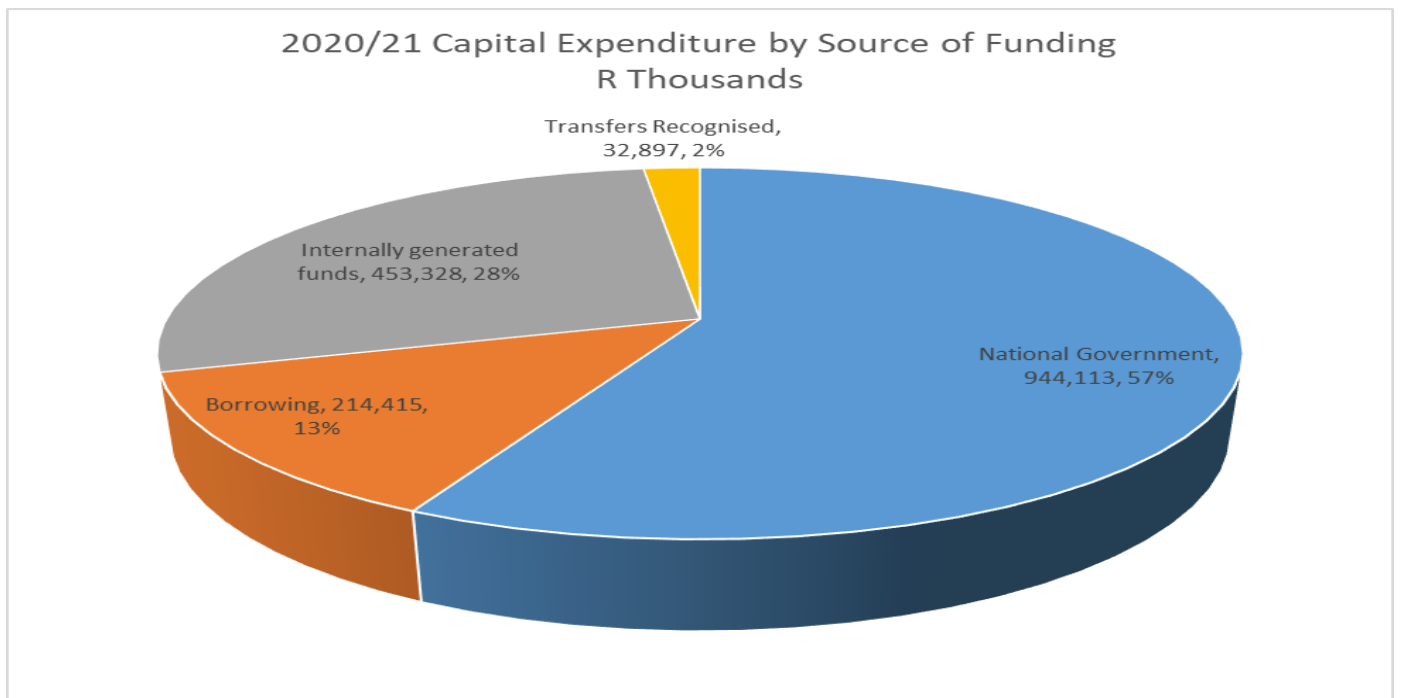


Figure 6: Sources of Capital Revenue for the 2020/21 financial year

Capital Grants constitute 59.40% of the total funding sources, amounting to R0.98 billion for the 2020/21 financial year and amounting to R0.63 billion or 50.14% in the 2022/23 financial year. The main reason for the decrease is due to the reduction of the Urban Settlements Development Grant allocated to the municipality for the 2021/22 and 2022/23 financial years.

The following table provides a detailed analysis of the Municipality's borrowings.

TABLE 46 (TABLE SA 17 - DETAIL OF BORROWINGS)

Borrowing - Categorized by type R thousand	2020/21 Medium Term Revenue & Expenditure Framework		
	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Parent municipality			
Annuity and Bullet Loans	1,001,082	1,022,082	1,118,945
Total Borrowing	1,001,082	1,022,082	1,118,945

The following graph illustrates the outstanding borrowing for the 2008/09 to 2022/23 period:

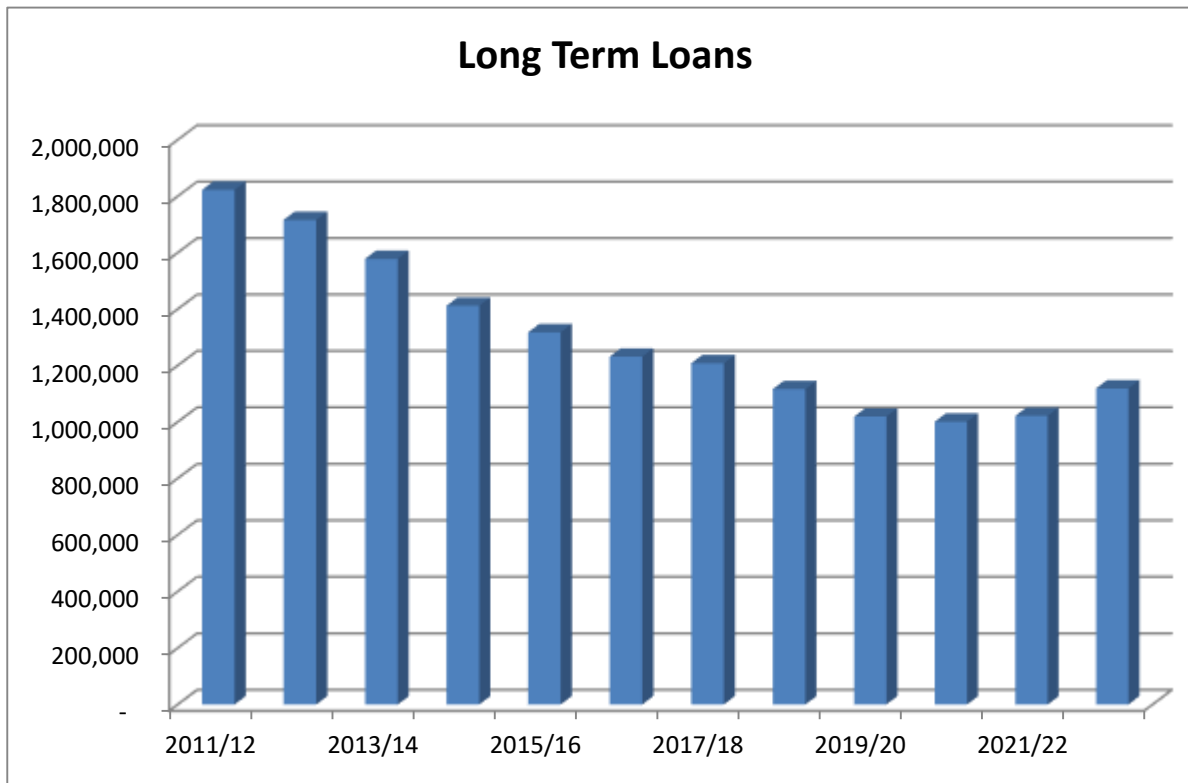


Figure 7: Long term Loans

2.6.2 Funding Compliance Measurement

National Treasury requires the Municipality to assess its financial sustainability against the different measures outlined below:

Incorporated under SA10, which is attached to the Budget report.

2.7 EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Incorporated as SA18, SA19 and SA20, which are attached to the Budget report.

2.8 ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

Incorporated under SA21, which is attached to the Budget report.

2.9 COUNCILLORS AND BOARD MEMBERS ALLOWANCES AND EMPLOYEE BENEFITS

All above are incorporated in Tables SA22 and SA23, which are attached to the Budget report.

2.10 ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS – DIRECTORATES

In terms of section 53 (1)(c)(ii) of the MFMA, the Service Delivery and Budget Implementation Plan (SDBIP) constitutes a detailed plan for implementing the Municipality's delivery of services and its annual budget, which must include the following:

- (a) Monthly projections of
- Revenue to be collected, by source; and
 - Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter.

In accordance with Section 53 of the MFMA, the Executive Mayor is required to approve the SDBIP within 28 days after the final approval of the budget. Furthermore, the Executive Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators, as set out in the SDBIP, are made public within 14 days after the approval of the SDBIP.

The SDBIP gives effect to the IDP and Budget of the Municipality. It includes the service delivery targets and performance indicators for each quarter, which forms the basis for the performance agreements of the Executive Directors. It therefore facilitates oversight over the financial and non-financial performance of the Municipality and allows the City Manager to monitor the performance of the Executive Directors, the Executive Mayor/Council to monitor the performance of the City Manager, and the Community to monitor the performance of the Municipality.

The SDBIP relating to the 2020/21 financial year must be approved by the Executive Mayor during June 2020, following the approval of the Budget.

2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

Below the schedule of contracts impacting on future budgets:

TABLE 47 (CONTRACTS IMPACTING ON THE MUNICIPALITY'S REVENUE)

Description	Preceding Years	Current Year 2019/20	2019/20 Medium Term Revenue & Expenditure Framework			Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Total Contract Value
	Total	Original Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
R thousand													
Parent Municipality:													
Revenue Obligation By Contract													
<i>Contract 1</i>													-
Total Operating Revenue Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract													
<i>Absa Bank Costs</i>	4,828	5,118	5,425	5,750	6,095	0							27,216
Total Operating Expenditure Implication	4,828	5,118	5,425	5,750	6,095	-0	-	-	-	-	-	-	27,216
Capital Expenditure Obligation By Contract													
<i>Contract 1</i>													-
Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication	4,828	5,118	5,425	5,750	6,095	0	-	-	-	-	-	-	27,216
Entities:													
Revenue Obligation By Contract													
<i>Contract 1</i>													-
Total Operating Revenue Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract													
<i>contract 1 Banking Service Contract</i>	21	23	24	25	27	28	30	32	34	36	38	0	318
Total Operating Expenditure Implication	21	23	24	25	27	28	30	32	34	36	38	0	318
Capital Expenditure Obligation By Contract													
<i>Contract 1</i>													-
Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication	21	23	24	25	27	28	30	32	34	36	38	0	318

Contracts Impacting on the Municipality's Expenditure

No contracts exceeding the R5 million limit in respect of MFMA section 33 expenditure.

TABLE 48 (SECTION 33 EXPENDITURE)

	Description of lease	Start of contract	End of contract	Escalation %	Period	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
1	ABSA Bank Ltd – Primary Bank account	01-09-18	30-08-23		5 years						

2.12 LEGISLATION COMPLIANCE STATUS

Below a discussion of the Municipality's progress relating to the implementation of the MFMA:

Implementation of the MFMA

The municipality has been implementing the provisions of the MFMA in accordance with a Implementation Plan. The municipality monitors its implementation status on an ongoing basis through reporting via its Committees, including the following:

- The City Manager's Executive Management Team which includes all Executive Directors, which meets on a regular basis.
- The Budget and Treasury Committee – a standing committee of the Council established in terms of Section 79 of the Municipal Structures Act, which meets every six weeks. The committee considers specific MFMA implementation issues and reports via the Mayoral Committee to Council.
- The NMBM has also established an MPAC (Municipal Public Accounts Committee) as well as the operational Audit Committee which both play an oversight role in as far as all other overarching issues that include legal compliance matters, amongst others.
- The municipality also makes use of Internal Audit for certain areas of legal compliance, amongst others.

The following reflects the status of implementation of some of the key MFMA areas:

IDP

The Municipal Systems Act requires that Council must approve a five-year Integrated Development Plan (IDP), and as such the IDP document that guides the budgeting process was approved in around 2017 after the Local Government Elections held in August 2016.

Budget

The annual budget document has been developed taking the MFMA and National Treasury (NT) requirements as guided by the National Treasury Circulars into account. All attempts are always being made to ensure that Budgets as well as any other compliance related documents are being tabled and approved within the required legislated timeframes.

In-Year Reporting

The municipality submits the various reports required to the Executive Mayor, Council, and NT on an ongoing basis, in accordance with the MFMA.

Supply Chain Management Policy (SCM)

A Supply Chain Management Policy has been adopted and implemented in accordance with the MFMA and NT requirements.

All the required SCM committee structures are in place. Whilst the municipality is working at making these new processes operate more efficiently and effectively, it is considered that the municipality is currently complying with the MFMA and NT guidelines.

Budget and Treasury

A Budget and Treasury Office has been established in accordance with the MFMA and NT requirements, consisting of a CFO and municipal officials reporting to the CFO.

Audit Committee

An Audit Committee (AC) has been established and meets on a quarterly basis.

Internal Audit Function

The Municipality has an Internal Audit sub-directorate reporting to the City Manager and operating in accordance with an audit plan.

Financial Internship Programme

The Municipality has a total of about six Finance Interns on the Municipal Financial Management Internship programme, as approved by National Treasury. The Finance Interns are rotated within various Sub Directorates of Budget and Treasury in order to capacitate them. So far the institution has been able to recruit many of the Interns into fulltime positions due to their relevant work exposure and relevant qualifications, and such is beneficial to both parties (i.e. NMBM and the Finance Interns). Finance Interns also undertake the training program in the form of the applicable Unit Standards as part of training and development strategy.

2.13 CAPITAL EXPENDITURE DETAILS

A detailed capital budget per Directorate is attached to the Budget report.

2.14 OTHER SALIENT POINTS TO NOTE IN TERMS OF THE 2020/21 TO 2022/23 BUDGET

The following paragraphs are some of the highlights or salient (prominent) points to be noted by Council in terms of the 2020/21 to 2022/23 draft Budget and the list is not exhaustive as there may also be other issues that affect the draft budget and may not have been fully covered: -

2.14.1 HOW DO WE COMPARE TO OTHER SISTER METROPOLITAN MUNICIPALITIES WHEN IT COMES TO THE GRANTS AVAILABLE TO NMBM?

It is always critically important that when we compare our municipality with other metropolitan municipalities, we also look at the extent of grants that they receive from the national fiscus, whether conditional or non-conditional grants. The following table gives an illustration of what the 8 metropolitan municipalities receive as their Equitable Share Allocation: -

TABLE 49 (EQUITABLE SHARE ALLOCATIONS)

<i>METRO'S COMPARATIVE EQUITABLE SHARE ALLOCATION PER METROPOLITAN MUNICIPALITY (2020/21 to 2022/23)</i>				
METROPOLITAN MUNICIPALITY	2020/21	% Ntage Allocation per Metro vs. Total Allocation	2021/22	2022/23
Nelson Mandela Metro	1,106,936,000	5.20	1,201,603,000	1,295,866,000
Buffalo City	911 042 000	4.28	981 171 000	1 048 587 000
Mangaung	800 260 000	3.76	871 988 000	943 947 000
Ekurhuleni	3 830 583 000	18.00	4 229 656 000	4 634 258 000
Joburg	5 183 056 000	24.35	5 744 050 000	6 316 631 000
Tshwane	2 924 283 000	13.74	3 244 640 000	3 572 306 000
eThekwini	3 444 498 000	16.19	3 761 365 000	4 081 245 000
Cape Town	3 081 195 000	14.48	3 377 636 000	3 678 073 000
TOTAL EQUITABLE SHARE	21,281,853,000	100	23,412,109,000	25,570,913,000

The reason for making use of the Equitable Share in terms of this comparison, is due to the fact that the Equitable Share is an unconditional grant that can be used, at each municipality's discretion, including the provision of services to the indigent or poor communities. It can be seen from the above that the metropolitan municipalities of Joburg, Ekurhuleni and Tshwane share about **56.09%** of the total Equitable Share amounting to **R21.28 billion**, whilst the metropolitan municipalities in the Eastern Cape share only about **9.48%** of the total Equitable Share available to the 8 metropolitan municipalities.

The following table gives an illustration of what the 8 metropolitan municipalities receive as their Urban Settlements Development Grant (USDG) Allocation: -

TABLE 50 (USDG ALLOCATIONS)

<i>METRO'S COMPARATIVE URBAN SETTLEMENTS DEVELOPMENT GRANT (USDG) (2020/21 TO 2022/23)</i>				
METROPOLITAN MUNICIPALITY	2020/21	% Ntage Allocation per Metro vs. Total Allocation	2021/22	2022/23
Nelson Mandela Metro	903 720 000	8.01%	593 145 000	588 945 000
Buffalo City	761 354 000	6.75%	499 705 000	496 166 000
Mangaung	754 593 000	6.69%	495 269 000	491 759 000
Ekurhuleni	1 967 505 000	17.44%	1 291 347 000	1 282 202 000
Joburg	1 848 287 000	16.38%	1 213 099 000	1 204 509 000
Tshwane	1 602 161 000	14.20%	1 051 557 000	1 044 111 000
eThekwini	1 962 647 000	17.40%	1 288 158 000	1 279 036 000
Cape Town	1 481 604 000	13.13%	972 431 000	965 545 000
TOTAL USDG	11,281,871,000	100%	7,404,711,000	7,352,273,000

The above table again illustrates that both metropolitan municipalities from the Eastern Cape share only about **14.76%** of the USDG (infrastructural designated grant) as compared to the three neighbourly metropolitan municipalities (i.e. Johannesburg, Tshwane and Ekurhuleni) that amongst them share **48.02%** of the total USDG of **R11.28 billion**.

2.14.2 Impact of the Covid-19 pandemic

It is to be noted that the budget has been drafted under difficult circumstances as imposed by the COVID19 pandemic, amongst others, being the reduction of the Collection Rate with a direct negative impact on the budget.

This position necessitated the implementation of various budget cuts in order to table a funded budget to Council. Some of the budget cuts, include inter alia, the following: -

- Reduction of Grants to the Municipal Entity (i.e. MBDA), for years 1, 2 and 3 by amounts of R12 million, R13 million and R14 million respectively;
- Freezing of approximately 80% of all budgeted vacancies across the institution;
- Reduction of all new Capital projects funded from the Fuel Levy for years 1, 2 and 3 by amounts of R67.4 million, R117.4 million and R165.4 million respectively;
- Reduction of the contribution funded from the Property Rates to operationalise the IPTS Bus system due to affordability;
- Reducing the travelling and accommodation budgets resulting from the COVID19 pandemic, requiring the utilisation of other modes of meeting arrangements (e.g. Zoom / Microsoft Teams, etc);
- Reducing the budget for International Travelling to zero, etc.

In view of existing financial commitments, tariffs and charges must be increased, hence it is not possible to implement zero tariff increases. It must be noted that whilst re-assessing the draft budget, the tariffs for various services (i.e. Water, Sanitation and Refuse) that were previously set in terms of the Budget Assumption were reduced by 0.50% considering the impact of the COVID19 pandemic.

2.14.3 The impact of insourcing decisions of Security Guards under Safety and Security

Council should note that the implementation of the insourcing decision of Security Guards under Safety and Security resulted in permanent employee related costs, which are funded, amongst others, from property rates. The employee related costs for Safety and Security as a percentage of the total operating budget for the same Directorate, is close to 80%.

In the 2018/19 financial year the municipality incurred R114 million on the employee related costs to cater for the insourced group of 460 Security Guards, which include statutory overtime costs of R9.3 million and non-statutory overtime of R2.6 million. Up to February 2020 (i.e. 2019/2020 financial year) the municipality has incurred an amount of R119.6 million towards the employee related costs to service the total insourced Security Guards of 672 (i.e. 460 with effect from 1 July 2018 and 212 with effect from 1 July 2019). This amount includes the payment of non-statutory overtime of R17 million and statutory overtime of R8.5 million.

If these costs are projected up to 30 June 2020 the municipality will incur no less than R179 million in order to finance the employee related costs associated with the insourced 672 Security Guards. The aforementioned costs are way in excess of municipality's financial exposure compared to its costs when the Security Guards were procured on a contractual basis.

The above illustrates some of the difficulties for the institution to implement zero tariff increases, as commitments of this nature must continue to be funded, including others such as ESKOM, Salaries and Wages of employees and other creditors.

2.14.4 The Collection Rate Risk Factor

It is important for Council to note that in terms of the 2019/20 financial year, the Collection rate was set at 94%. This means that in order to fully finance our budgeted expenditure we needed to ensure that we collect at least 94% or more in terms of property rates and service charges for 2019/20. The current statistics are indicating a declining trend of around 84%, which is of great

concern at the moment. This negative trend necessitated a reduction in the budgeted Collection Rate for 2020/21 to 2022/23 to 88%.

If these trends persist, the expenditure component of the budget will have to be re-assessed and further reduced in line with the anticipated revenue. This situation will have to be strictly monitored as the budget is implemented during the 2020/21 financial year.

2.14.5 Combined Grant Allocation to the Mandela Bay Development Agency (MBDA)

Council must note that included in the draft budget is the allocation towards the entity (i.e. MBDA) to fund its operating costs as well as its capital projects to be implemented. The combined allocation (i.e. Capital and Operating), including HURP allocation under the entity, to be availed to the entity for the 2020/21, 2021/22 and 2022/23 are as follows: - R93.5 million, R97.9 million and R103.9 million respectively. Transfers made to the MBDA must be in terms a signed Service Delivery Agreement (SDA).

2.15 CITY MANAGER'S QUALITY CERTIFICATE

I, Noxolo Nqwazi (Mrs), Acting City Manager of the Nelson Mandela Bay Metropolitan Municipality, hereby certify that the budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act (56 of 2003) and the Municipal Budget and Reporting Regulations (32141 dated 17 April 2009) made under that Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name : N Nqwazi (Mrs)

Acting City Manager of Nelson Mandela Bay Municipality (EC000)

Signature : _____

Date : _____