



SUNDAYS RIVER VALLEY
MUNICIPALITY



**ANNUAL BUDGET
FOR THE 2020/21 TO
2022/23 MEDIUM
TERM REVENUE AND
EXPENDITURE
FORECAST**

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Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEG	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
EE	Employment Equity	MTREF	Medium-term Revenue and Expenditure Framework
FBS	Free basic services	NGO	Non-Governmental organisations
GRAP	Generally Recognized Accounting Practice	NKPIs	National Key Performance Indicators
GDP	Gross domestic product	OHS	Occupational Health and Safety
GFS	Government Financial Statistics	OP	Operational Plan
HR	Human Resources	PBO	Public Benefit Organisations
IDP	Integrated Development Strategy	PHC	Provincial Health Care
IT	Information Technology	PMS	Performance Management System
kl	Kiloliter	PPE	Property Plant and Equipment
km	Kilometer	PPP	Public Private Partnership
KPA	Key Performance Area	SDBIP	Service Delivery Budget Implementation Plan
KPI	Key Performance Indicator	SMME	Small Micro and Medium Enterprises
kWh	kilowatt		
<i>i</i>	Litre		



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Part 1 - Annual Budget

1.1 Mayor's Report

Honourable Speaker

Executive members

Councillors

Officials

I greet you all in the name of service delivery.

Sundays River Valley Municipality is again preparing for the 2020/21 budget year set the task to provide sustainable and economically viable local governance to our communities. The provision of affordable and sustainable, quality services to all our communities remain high on the agenda. We find ourselves in a position where we must continuously adapt our strategies to suit prevailing economic circumstances as we cannot isolate ourselves from the global economy and pandemic.

According to the National treasury the GDP growth is forecasted at 0.9% in 2020, 1,3 in 2021 and 1.6 % in 2022. The 2021 budget highlights the difficult economic and fiscal choices confronting the municipality.

The declining economic growth, also impacted by the Corona virus pandemic will result in deteriorating state of finances, continued high unemployment, water and electricity shortages will put pressure on the ability of the municipality to raise revenue. This will then have a negative impact on municipalities like Sundays River Valley Municipality, who solely depend on grants because of their extremely rural nature.

It is because of this that we still place strong emphasis on value for money in all our procurement processes, conservative budget approach and that we continue to encourage savings and strive to maximize all possible revenue sources for the 2020/21 financial year. National Treasury put emphasis on the implementation of Cash Containment measures which assist on directing funds towards service delivery other than unnecessary expenditure.

The Municipality must, against the background of a very difficult financial year, balance its books. The equitable share allocation remains far too little for the proper administration and service delivery in the area, and the municipality therefore needs to rely on savings and critical cut-backs to ensure financial sustainability. The municipality must ensure it collects its debt owed if it is to remain financial afloat.

The budget I am tabling here today was prepared in accordance with the prescripts of the Municipal Finance Management Act, (Act 56 of 2003) and complies with Generally Recognized Accounting Practice as applicable to Local Government.



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The budget was compiled, taking into account the Macro-economic growth parameters and also addresses the following National Policy frameworks and Provincial priorities including the following:

- Incremental channelling of funds towards infrastructure development, poverty alleviation and job creation.
- Participation in expanded public works programs and labour-intensive projects.
- Maintaining of debt levels through debtor management as well as maximizing sources of revenue.
- Focus on core service delivery activities of local government
- The building of an efficient developmental municipality through increasing the levels of delivery by ensuring improvements to policy formulation, procurement, management systems, developing mechanisms for sharing skilled personnel in critical delivery areas

The following underlying factors were also taken into consideration with the compilation of the 2020/21 original budget:

- The current socio-economic circumstances of our communities and especially the high rate of unemployment
- External factors having a direct impact on the budget such as the consumer inflation, the wage agreement concluded with organized labour as well as other cost factors influencing service delivery.

FOCUS OF THE 2020/21 BUDGET

With the 2020/21 budget, emphasis is placed on the core service delivery obligations assigned to the municipality in the constitution and "DOING MORE WITH LESS".

Maintenance of existing infrastructure should have received preference but once again we are not focusing on preventative and scheduled maintenance due to a lack of asset infrastructure maintenance plans.

Improving revenue collection by developing a revenue protection plan is of pivotal importance as it will allow us to address backlogs and improve service delivery provisions.

The revenue protection plan consists of the following principles but not limited to:

- Meter audit – to identify all metering challenges
- Purchase and installation of meters as per outcomes
- Proper implementation of tariffs proposed
- Employ measures to ensure water and electricity losses are curbed
- Billing awareness for customers
- Revenue enhancement through fast-tracking credit control implementation



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With the COVID-19 pandemic, the municipality is taking proactive stride to assist in flattening the curve and creating a better life for all during this period. A Disaster Management program has been created to assist in this regard. The municipality commits to assisting in reference to:

- Food Bank
- Protective Clothing
- Medical Consultations and Health Screening
- Materials and Supplies (decontamination, disinfectants, masks etc)

The capital budget for the 2020/21 financial year amounts to **R 45 Million**.

The capital budget flows from the IDP process and contains information obtained from relevant stakeholders and communities through a public participation process as well as ward committee processes where applicable.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Sundays River Valley Municipality.

Budgeting is primarily about the choices that the municipality must make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that Sundays River Valley Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

I therefore submit 2020/2021 MTREF Budget. The Council remains committed in improving its service delivery even though our budget is limited and will ensure that the financial management of the institution is improved.

In conclusion, I would like to express my appreciation to my fellow Council members, the Acting Municipal Manager, The Senior Budget and Reporting Accountant, External Stakeholders and all staff for their support, cooperation and hard work during the preparation of the Original Budget as well as the IDP.

I Thank You



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1.2 Council Resolutions

COUNCIL RESOLUTIONS OF A SPECIAL MEETING OF COUNCIL HELD ON 22 JUNE 2020

Notice: Is hereby given in terms of Section 29(1) of Local Government; Municipal Structures Act, (Act 117 of 1998) in conjunction with section 19 and 20 of the Local Government Municipal Systems Act (32 of 2000) that, the Speaker hereby convenes a Special Council Meeting of Sundays River Valley Municipality to be held on Wednesday, 22 June 2020 at Sundays River Valley Municipality . Council Chambers at 10H00 to discuss the Agenda underneath

Resolution No: CON --01

1.That in terms of section 24(2)(c)(iv) of the Municipal Finance Management Act, 56 of 2003, the Original Budget for 2020/21 – 2022/23 be approved.

Resolution No: CON-02

2.That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the final Annual budget of Sundays River Valley Municipality for the financial year 2020/21; and indicative allocations for the two projected outer years 2021/22 and 2022/23; and the multi-year and single year capital appropriations are approved as set-out in the following tables:

2.1. Budgeted Financial Performance (revenue and expenditure by standard classification);

2.2. Budgeted Financial Performance (revenue and expenditure by municipal vote);

2.3. Budgeted Financial Performance (revenue by source and expenditure by type); and

2.4. Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.

3. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set-out in the following tables:

3.1. Budgeted Financial Position;

3.2. Budgeted Cash Flows;

3.3. Cash backed reserves and accumulated surplus reconciliation;

3.4. Asset management; and

3.5. Basic service delivery measurement.



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4. That in terms of section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act 56 of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act 32 of 2000 as amended, the tariffs for property rates , refuse removal, electricity water and water and sanitation and other relevant tariffs as set out in annexure A, that were used to prepare the estimates of revenue by source, are approved with effect from 1 July 2020.

5. That in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) the tariffs for other services, as set out in Annexure A, that were used in compiling the final budget, are approved with effect from 1 July 2020.

6. That in terms of section 24(2)(c)(iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium-term revenue and expenditure framework as set out in Supporting Table SA7 are approved.

Resolution No: CON – 03

7. That free basic services be provided to all registered indigent consumers only as follows:

- The first 50 units of electricity free of charge
- Refuse removal - full subsidy of single residential monthly levy and town cleaning levy
- Property rates 100% subsidy

8. That interest be charged on all debtor's accounts outstanding for a period of more than 60 days at the prevailing prime interest rate of 5 % as per the CPI by the and as per the credit control and debt collection policy.

9. That in terms of the provisions of Section 75A of the Municipal Systems Act, 32 of 2000, the notice of the tariff amendments be displayed on notice boards at all municipal offices, libraries, and be advertised in local newspapers, and that the tariff policy is adopted with effect from 01 July 2020.

10. That in terms of the provisions of the Municipal Property Rates Act, (Act 6 of 2004) the remissions be granted to property owners in terms of the provisions of the municipal rates policy subject to the conditions contained in said policy



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1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that Sundays River Valley Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were made available for high priority programmes and income generating projects so as to maintain sound financial stewardship.

A critical review was also undertaken of expenditures on noncore and 'nice to have' items. Key areas where savings were realized were on unfunded mandates, contracted services, printing, workshops, travel, accommodation, and catering.

The municipality is forced to develop and implement a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, we will undertake various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 99 was used to guide the compilation of the 2020/21 MTREF.

The main challenges experienced during the compilation of the 2020/21 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained infrastructure especially on sanitation and roads;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality
- Wage increases for municipal staff that continue to exceed consumer inflation
- Availability of affordable capital/borrowing.

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

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk purchases. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.



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- The 2019/20 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2020/21 annual budget;
- The following items and allocations to these items have been dropped downwards in the prioritisation of expenditures:
 - Special Projects;
 - Consultant Fees;
 - Furniture and office equipment; Special Events;
 - Refreshments and entertainment;
 - Ad-hoc travelling; and
 - Subsistence, Travelling & Conference fees (national & international).

In view of the aforementioned, the following table is a consolidated overview of the proposed 2020/21 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2020/21 MTREF

Description	Original Budget 2019/20	Adjusted Budget 2019/20	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands					
Total Revenue	270 441 722	271 382 274	266 952 722	278 468 788	281 303 152
Total Expenditure	243 790 115	235 478 977	221 248 886	231 309 258	243 559 323
Surplus for the year	26 651 607.00	35 903 297.00	45 703 835.52	47 159 529.97	37 743 829.78
Total Capital Expenditure	85 019 529.00	76 493 488.85	45 940 000.00	46 212 900.00	40 503 525.00

Total operating revenue has decreased by R4.4 million or 2 % for the 2020/21 financial year when compared to the 2019/20 Adjustments Budget.

Total operating expenditure for the 2020/21 financial year has been appropriated at R221 million and translates to a budget surplus of R45.7 million. When compared to the 2019/20 Adjustment budget, operational expenditure has weakened by 6 per cent in the 2019/20 budget.

The capital budget of R46 million for 2020/21 is 39 per cent less when compared to the 2019/20 Adjustment Budget. The decrease is due to decrease on INEP and Small-Town Revitalisation and various capital needs that have not been prioritised due to no cash reserves available. Affordability constraints in the light of current economic circumstances, consequently, results in the capital budget remains relatively flat over the medium-term.



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1.4 Operating Revenue Framework

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Sundays River Valley Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service.
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA).
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services and Tariff policies of Sundays River Valley Municipality.

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

Table 2 Summary of revenue classified by main revenue source.

EC106 Sundays River Valley - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	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	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23						
Revenue By Source																	
Property rates	2	34 163	35 121	36 624	42 154	42 154	42 154	42 154	46 269	48 397	50 624						
Service charges - electricity revenue	2	18 550	21 124	19 334	26 755	29 255	29 255	29 255	32 075	33 743	36 645						
Service charges - water revenue	2	9 545	12 268	6 078	16 523	19 023	19 023	19 023	21 398	22 382	23 412						
Service charges - sanitation revenue	2	2 661	4 607	1 057	2 894	2 894	2 894	2 894	3 027	3 166	3 312						
Service charges - refuse revenue	2	5 089	8 571	1 890	5 711	5 711	5 711	5 711	5 974	6 249	6 536						
Rental of facilities and equipment		66	55	53	58	58	58	58	61	64	67						
Interest earned - external investments		1 616	1 498	1 573	1 360	395	395	395	413	432	452						
Interest earned - outstanding debtors		10 341	8 245	3 163	11 238	4 084	4 084	4 084	4 271	4 468	4 674						
Dividends received		-	-	-	-	-	-	-	-	-	-						
Fines, penalties and forfeits		1 816	2 768	6 689	3 328	7 328	7 328	7 328	7 665	8 018	8 387						
Licences and permits		2 125	1 666	1 481	1 831	1 831	1 831	1 831	1 915	2 003	2 095						
Agency services		2 653	2 576	3 554	3 007	3 007	3 007	3 007	3 146	3 290	3 442						
Transfers and subsidies		66 524	72 928	78 345	86 565	86 513	86 513	86 513	93 267	100 098	107 562						
Other revenue	2	1 991	661	690	259	259	259	259	742	776	812						
Gains on disposal of PPE		-	-	1 296	-	-	-	-	-	-	-						
Total Revenue (excluding capital transfers and contributions)		157 139	172 086	161 827	201 683	202 512	202 512	202 512	220 224	233 087	248 018						



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

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. Rates and service charge revenues comprise 41 per cent of the total revenue mix. In the 2020/21 financial year, revenue from rates and services charges totalled R108.7 million. This increases to R113.9 million and R120.5 million in the respective financial years of the MTREF. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to increases in the Eskom tariffs for bulk electricity.

Operating grants and transfers totals R93.3 million in the 2020/21 financial year and steadily increases to R107.6 million by 2022/23. Note that the year-on-year growth for the 2020/21 financial year is 7.8 per cent and then growth remains steady at 7.3 and 7.4 per cent in the two outer years.

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



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Table 3 Operating Transfers and Grant Receipts**EC106 Sundays River Valley - Supporting Table SA18 Transfers and grant receipts**

Description	Ref	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
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		63 151	68 712	75 386	83 676	83 676	83 676	90 469	97 233	104 629
Local Government Equitable Share		59 391	65 367	71 971	79 777	79 777	79 777	86 469	94 033	101 329
EPWP Incentive		1 000	1 000	1 000	1 019	1 019	1 019	1 000		
Finance Management		2 010	2 345	2 415	2 880	2 880	2 880	3 000	3 200	3 300
Municipal Drought Relief		750								
Other transfers/grants [insert description]										
Provincial Government:		2 210	2 354	1 200	1 200	1 200	1 200	1 200	1 200	1 200
		1 010	1 154							
Audit Improvement/Library Subsidy		1 200	1 200	1 200	1 200	1 200	1 200	1 200	1 200	1 200
District Municipality:		1 826	1 575	1 628	1 439	1 383	1 383	1 448	1 515	1 583
Environmental Health Services		1 258	1 575	1 628	1 439	1 383	1 383	1 448	1 515	1 583
Fire Subsidy		568								
Other grant providers:		88	93	132	250	200	200	150	150	150
LGSETA		88	93	132	250	200	200	150	150	150
Total Operating Transfers and Grants	5	67 275	72 734	78 345	86 565	86 459	86 459	93 267	100 098	107 562
Capital Transfers and Grants										
National Government:		32 461	46 090	40 293	50 612	50 612	50 612	35 464	45 382	33 285
Municipal Infrastructure Grant (MIG)		21 711	26 000	22 662	25 612	25 612	25 612	25 464	27 382	28 785
			2 090	900				10 000	10 000	
Water service infrastructure/Disaster Relief/INEP		10 750	18 000	16 731	25 000	25 000	25 000	-	8 000	4 500
Provincial Government:		-	46 410	31 524	17 808	17 808	17 808	11 265	-	-
Small Town		-	46 410	31 524	17 808	17 808	17 808	11 265		
District Municipality:		5 834	5 760	275	-	-	-	-	-	-
Roads Infrastructure		5 834	5 760	275						
Other grant providers:		-	-	2 734	-	-	-	-	-	-
Human Settlement Grant				2 734						
Total Capital Transfers and Grants	5	38 295	98 260	74 826	68 420	68 420	68 420	46 729	45 382	33 285
TOTAL RECEIPTS OF TRANSFERS & GRANTS		105 570	170 995	153 172	154 985	154 879	154 879	139 996	145 480	140 847

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 4.6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the municipality.



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The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

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

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R185 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 30 per cent rebate will be granted on all state-owned residential properties
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income.
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension.
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and The property must be categorized as residential.



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- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2020/21 financial year based on a 4.6 per cent increase from 1 July 2020 is contained below:

Table 4 Comparison of proposed rates to levied for the 2020/21 financial year.

ASSESSMENT RATES	CURRENT TARIFF 2019/20	PROPOSED TARIFF 2020/21
	C	C
land and improvements- srvm- residential	0.013800	0.014435
land and improvements- srvm- business & industrial properties	0.017077	0.017863
land and improvements- state owned properties	0.027944	0.029230
agriculture	0.003450	0.003609
Public Service Infrastructure	0.003450	0.003609
Rates Building Clause	0.013800	0.014435

1.4.2 Waste Removal and Impact of Tariff Increases.

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term.

The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 4.6 per cent increase in the waste removal tariff is proposed from 1 July 2020. Any increase higher than 9 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.



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The following table compares current and proposed amounts payable from 1 July 2020

Table 5 Comparison between current waste removal fees and increases.

REFUSE	CURRENT TARIFF 2019/20	PROPOSED TARIFF 2020/21
	R	R
		-
Households per month	92.81	97.08
Businesses	165.78	173.41
Fine for illegal dumping of refuse	4 607.90	4 819.87
Fine for illegal dumping of rubble	10 137.39	10 603.71
		-

1.4.3 Electricity and Impact of Tariff Increases

Currently Electricity supply is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case.

The main contributors to this deficit are repairs and maintenance on vehicles, illegal connections increases in general expenditure such as petrol and diesel and the cost of remuneration and purchasing of electricity.

A 6.22% per cent increase in the Electricity tariff is proposed from 1 July 2020 compared to a 6.9% increase by Eskom. The municipality will have to implement a strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term and that the municipality collects all the revenue due which relates to this service hence we have budgeted for the installation of prepaid electricity meters. The municipality needs to also have a close monitoring of illegal connections.



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The following table compares current and proposed amounts payable from 1 July 2020.

ELECTRICITY	CURRENT TARIFF 2019/20	PROPOSED TARIFF 2020/21
Basic charge- h/h per room minimum 2 rooms max 5)	49.76	52.85
Basic charge- Business	632.98	672.36
Basic Charge NER approved+ 4% (Moses Mabida)	23.34	24.79
Availability p.a. 470&471	275.04	292.14
Free Basic Electricity (per 50 KWH)	191.36	203.26
Electricity service charge	-	-
NEW INCLINING BLOCK TARIFFS FOR HOUSEHOLDS		-
up to 50 kwh	1.04	1.11
51 - 350 kwh	1.33	1.41
351 - 600 kwh	1.79	1.90
> 600 kwh	1.86	1.97
Basic charge residents per room min 2 max 5	49.76	52.86
	-	-
NEW INCLINING BLOCK TARIFFS FOR PREPAID HOUSEHOLDS		-
up to 50 kwh	1.04	1.11
51 - 350 kwh	1.33	1.41
351 - 600 kwh	1.79	1.90
> 600 kwh	1.86	1.97
Indigent households receives first 50 kwh free		-
		-
Electricity usage tower	239.44	254.33



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		-
		-
ELECTRICITY SMALL BUSINESS (70 AMP SINGLE PHASE)		-
		-
up to 300 Kwh	1.79	1.92
300Kwh to 700 Kwh	1.84	1.95
In excess of 700 Kwh	2.01	2.13
Service Charge	356.65	378.83
		-
ELECTRICITY SMALL BUSINESS (70 AMP SINGLE PHASE) PREPAID		-
up to 300 Kwh	1.81	1.93
300Kwh to 700 Kwh	1.87	1.99
In excess of 700 Kwh	2.04	2.16
		-
ELECTRICITY BUSINESS (70 AMP THREE PHASE)		-
		-
up to 300 Kwh	2.04	2.17
300Kwh to 700 Kwh	2.12	2.25
In excess of 700 Kwh	2.15	2.29
Service Charge	363.39	385.99
		-
ELECTRICITY BUSINESS (70 AMP THREE PHASE) PREPAID		-
up to 300 Kwh	2.04	2.17
300Kwh to 700 Kwh	2.12	2.26
In excess of 700 Kwh	2.15	2.29



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		-
ELECTRICITY BUSINESS (ABOVE 70 AMP THREE PHASE)		-
		-
Kwh Charge HIGH SEASON - JUNE - AUG	1.43	1.52
Kwh Charge LOW SEASON - SEPT-MAY	1.11	1.18
		-
Basic Service Charge	380.19	403.83
		-
		-
KVA CHARGE HIGH SEASON - JUNE - AUG	351.18	373.03
KVA CHARGE LOW SEASON - SEPT - MAY	246.74	262.09
		-
		-
ELECTRICITY MUNICIPAL 444		-
up to 300 Kwh	1.06	1.12
300Kwh to 700 Kwh	1.18	1.25
In excess of 700 Kwh	1.16	1.23
Service Charge		-
		-
ELECTRICITY MUNICIPAL 446		-
up to 300 Kwh	1.82	1.93
300Kwh to 700 Kwh	1.94	2.07
In excess of 700 Kwh	2.06	2.18
Service Charge		-
		-



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Electricity Municipal Service Charge1 458	33.56	35.64
Electricity Municipal Service Charge2 459		-
Per unit	10.75	11.42
Service Charge	167.69	178.12
		-
Electricity Street Lights 434	0.37	0.39
		-
Electricity Deposit		-
Household	1 976.92	2 099.88
Business	3 864.65	4 105.03
Default advance payment (three time average consumption)		-
Reconnection Fee	1 189.12	1 263.09
Disconnection fee	1 189.12	1 263.09
Illegal connection	5 652.17	6 003.73
Meter Box (Single phase)	1 304.35	1 385.48
Meter Box (Three phase)	2 608.70	2 770.96
New connection Contractors fee + 20%)		-

1.4.4 Water and Impact of Tariff Increases

Currently Water supply is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case.

The main contributors to this deficit are leakages, the cost of purchasing water, chemicals, repairs and maintenance and increases in general expenditure. The municipality will have to implement a strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term.



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	CURRENT TARIFF 2019/20	CURRENT TARIFF 2020/21
	R	R
WATER		
Metered Water (rising block)		
0 to 6 kl free (free basic service and Indigent subsidy)	8.13	8.50
7 to 15 kl	9.52	9.96
16 to 25 kl	10.14	10.60
25 to 40 kl	11.20	11.71
41 to 55kl	12.08	12.64
56 to 70 kl	12.48	13.05
70 toKL	12.80	13.39
		-
Water Tankers R500 per 5000litres	500.00	523.00
		-
Unmetered Water (standpipe)	179.26	187.51
Water availability Charge Monthly	40.00	41.84
Water availability Charge Anually	413.23	432.24
		-
		-
		-
Minimum purchase for prepaid	10.78	11.28
Availability charge on prepaid purchases (%)	17.22	18.01
Water Deposit	668.89	699.66
Default advance payment (three time average consumption)		-
Reconnection fee	951.07	994.82
Disconnection fee	951.07	994.82
Illegal connection fine	4 622.65	4 835.29
Flat rate on metered area	650.00	679.90
New connection Contractor,s fee + 20%		



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		-
IRRIGATION WATER		-
Basic Charge - built up erven	644.57	674.22
Basic Charge - not built up erven	2 756.36	2 883.15
		-

1.4.5 Overall impact of tariff increases on households

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

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at 5.3 per cent.

EC106 Sundays River Valley - Supporting Table SA14 Household bills

Description	Ref	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 % incr.	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		484.61	14 850.14	1 140.21	1 199.50	1 199.50	1 199.50	4.6%	1 254.68	1 312.40	1 372.77
Electricity: Basic levy		221.31	576.32	102.63	116.38	116.38	116.38	6.2%	123.62	131.30	139.47
Electricity: Consumption		320.48	8 329.76	1 278.99	1 450.37	1 450.37	1 450.37	6.2%	1 540.58	1 636.41	1 738.19
Water: Basic levy		29.24	578.65	65.03	68.41	68.41	68.41	4.6%	71.55	74.85	78.29
Water: Consumption		115.87	2 538.00	445.42	468.58	468.58	468.58	4.6%	490.14	512.68	536.27
Sanitation		45.66	578.65	101.55	106.83	106.83	106.83	4.6%	111.75	116.89	122.26
Refuse removal		78.81	998.75	175.28	184.40	184.40	184.40	4.6%	192.88	201.75	211.03
Other											
sub-total		1 295.99	28 450.27	3 309.10	3 594.47	3 594.47	3 594.47	5.3%	3 785.19	3 986.27	4 198.28
VAT on Services		113.59	1 904.02	325.33	359.24	359.24	359.24		567.78	597.94	629.74
Total large household bill:		1 409.58	30 354.28	3 634.44	3 953.71	3 953.71	3 953.71	10.1%	4 352.97	4 584.21	4 828.02
% increase/-decrease			2 053.4%	(88.0%)	8.8%	-	-	10.1%	10.1%	5.3%	5.3%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		290.77	3 712.53	244.33	257.04	257.04	257.04		268.86	281.23	281.23
Electricity: Basic levy		221.31	576.32	51.31	58.19	58.19	58.19		61.81	65.65	65.65
Electricity: Consumption		320.48	4 613.35	410.74	465.78	465.78	465.78		494.75	525.53	525.53
Water: Basic levy		29.24	578.65	32.51	34.20	34.20	34.20		35.78	37.42	39.14
Water: Consumption		115.87	1 467.76	128.80	135.49	135.49	135.49		141.73	148.25	155.06
Sanitation		45.66	578.65	50.78	53.42	53.42	53.42		55.87	58.44	61.13
Refuse removal		78.81	998.75	87.64	92.20	92.20	92.20		96.44	100.88	105.52
Other											
sub-total		1 102.15	12 526.01	1 006.11	1 096.32	1 096.32	1 096.32	5.4%	1 155.24	1 217.39	1 233.26
VAT on Services		113.59	1 233.89	114.27	125.89	125.89	125.89		173.29	182.61	184.99
Total small household bill:		1 215.74	13 759.89	1 120.38	1 222.21	1 222.21	1 222.21	8.7%	1 328.52	1 400.00	1 418.25
% increase/-decrease			1 031.8%	(91.9%)	9.1%	-	-	8.7%	8.7%	5.4%	1.3%



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1.5 Operating Expenditure Framework

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

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital program is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.

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

Table 6 Summary of operating expenditure by standard classification item.

Description	Ref	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	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Expenditure By Type											
Employee related costs	2	55 461	61 823	69 920	81 843	80 464	80 464	80 464	85 493	90 836	96 513
Remuneration of councillors		6 214	6 819	7 026	7 441	7 441	7 441	7 441	7 906	8 401	8 926
Debt impairment	3	23 420	22 726	18 050	13 454	13 705	13 705	13 705	18 705	19 335	19 994
Depreciation & asset impairment	2	32 012	28 083	32 893	26 366	32 110	32 110	32 110	33 555	35 098	36 713
Finance charges		1 080	1 950	2 455	2 830	3 573	3 573	3 573	2 539	1 985	1 880
Bulk purchases	2	17 220	20 200	21 787	29 523	31 504	31 504	31 504	33 442	35 356	37 381
Other materials	8	-	3 385	3 856	8 082	4 475	4 475	4 475	3 993	3 138	3 282
Contracted services		22 221	20 519	23 076	40 771	31 657	31 657	31 657	16 076	16 721	17 490
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	23 001	26 057	28 846	33 506	30 550	30 550	30 550	19 541	20 439	21 380
Loss on disposal of PPE		487	4 572	-	-	-	-	-	-	-	-
Total Expenditure		181 117	196 134	207 909	243 816	235 479	235 479	235 479	221 249	231 309	243 559

The budgeted allocation for employee related costs for the 2020/21 financial year totals R85.5 million, which equals 39 % of the total operating expenditure. Based on the three-year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.25 per cent for the 2020/21 financial year.

No new posts and vacancies have been taken into account in the employee cost budget due to financial constraints and the need to review the municipal structure holistically as the percentage is alarming at 39 percent. In addition, expenditure against overtime must be closely monitored in line with cash containment.

The cost associated with the remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the current budget. A provision for a 6.25% increment has been taken into account.



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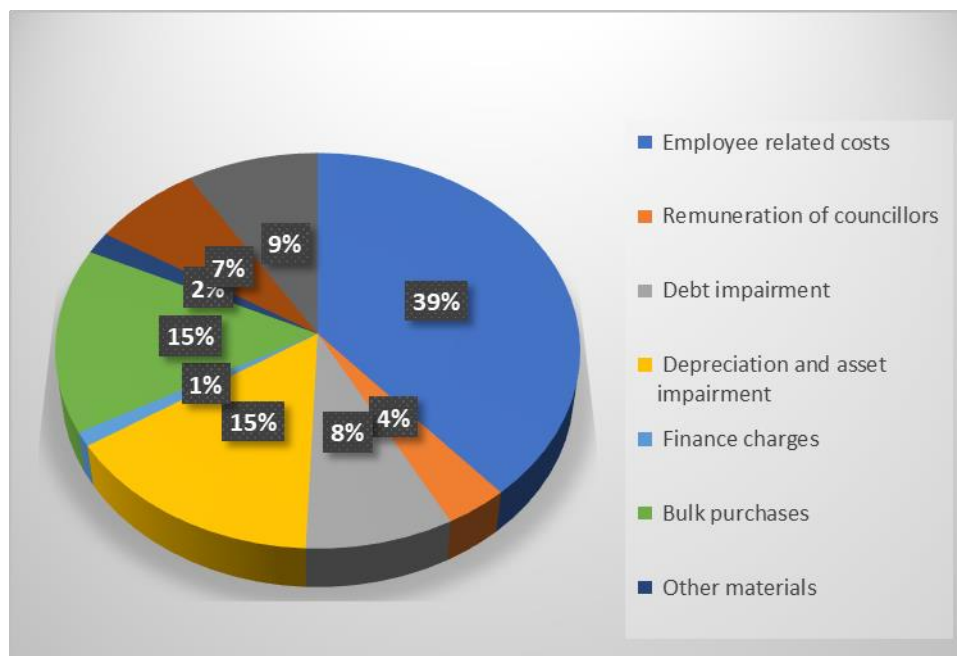
Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R33.5 million for the 2020/21 financial and equates to 15 per cent of the total operating expenditure.

Other materials comprise of amongst others the purchase of materials for maintenance, cleaning materials, stationery and chemicals. For 2020/21 the appropriation against this group of expenditure has declined by 10 per cent (108 thousand).

Contracted services have been identified as a cost saving area for the municipality. As part of the compilation of the 2020/21 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. However, in the 2020/21 financial year, this group of expenditure has decreased drastically mainly because contract awards reaching end dates and no renewal or extensions have been catered for.

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

The following table gives a breakdown of the main expenditure categories for the 2020/21 financial year.



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1.5.1 Priority given to repairs and maintenance

During the compilation of the 2020/21 MTREF, although operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure and historic deferred maintenance, no more than R2.1 million of the total operating expenditure has been allocated to it.

Table Supporting Annexure 34c has a detail breakdown of allocation

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. The target is to register 10330 indigent households during the 2020/21 financial year, a process reviewed annually. To receive these free services, the households are required to register in terms of the municipality's Indigent Policy.

The municipality has set aside an amount totalling to R30.7 million to fund its Indigent customers. The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act



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1.6 Capital expenditure

Vote Description	Ref	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	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Mayor and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance		-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Service		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Service		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Mayor and Council		25	-	640	2 040	4 940	4 940	4 940	200	200	4 940
Vote 2 - Municipal Manager		100	33	5 530	600	-	-	-	-	-	-
Vote 3 - Finance		204	406	562	2 050	5 188	5 188	5 188	-	1 000	5 054
Vote 4 - Corporate Service		2 923	3 642	3 796	-	-	-	-	-	-	-
Vote 5 - Community Services		4 112	944	1 228	8 447	12 467	12 467	12 467	16 660	18 500	13 727
Vote 6 - Technical Service		28 636	93 661	74 245	15 227	9 940	9 940	9 940	7 540	6 163	12 808
Vote 7 - [NAME OF VOTE 7]		-	-	-	960	675	675	675	70	-	675
Vote 8 - [NAME OF VOTE 8]		-	-	-	25 550	21 739	21 739	21 739	500	5 500	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	200	50	50	50	55	-	50
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	27 446	21 485	21 485	21 485	20 915	12 850	3 250
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	10	10	10	-	-	-
Capital single-year expenditure sub-total		36 000	98 686	86 001	82 520	76 493	76 493	76 493	45 940	44 213	40 504
Total Capital Expenditure - Vote		36 000	98 686	86 001	82 520	76 493	76 493	76 493	45 940	44 213	40 504
Capital Expenditure - Functional											
Governance and administration		3 252	4 081	10 529	2 640	4 949	4 949	4 949	200	200	4 940
Executive and council		125	33	6 170	600	-	-	-	-	-	-
Finance and administration		3 128	4 048	4 358	2 040	4 949	4 949	4 949	200	200	4 940
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		3 516	944	-	4 750	5 188	5 188	5 188	200	3 000	5 054
Community and social services		588	-	-	2 050	5 188	5 188	5 188	-	1 000	5 054
Sport and recreation		1 009	944	-	-	-	-	-	-	-	-
Public safety		1 919	-	-	2 700	-	-	-	200	2 000	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		18 599	62 005	36 591	27 446	21 535	21 535	21 535	20 770	12 850	3 300
Planning and development		80	-	-	200	50	50	50	55	-	50
Road transport		18 518	62 005	36 591	27 246	21 485	21 485	21 485	20 715	12 850	3 250
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		10 632	31 655	38 881	50 184	44 822	44 822	44 822	24 770	30 163	27 210
Energy sources		6 158	16 008	14 765	25 550	21 739	21 739	21 739	500	5 500	-
Water management		38	2 303	13 183	8 447	12 467	12 467	12 467	16 660	18 500	13 727
Waste water management		3 841	13 345	9 705	15 227	9 940	9 940	9 940	7 540	6 163	12 808
Waste management		595	-	1 228	960	675	675	675	70	-	675
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	36 000	98 686	86 001	85 020	76 493	76 493	76 493	45 940	46 213	40 504
Funded by:											
National Government		21 115	42 293	41 945	49 331	45 565	45 565	45 565	33 650	41 013	28 785
Provincial Government		4 262	52 312	32 891	17 808	16 142	16 142	16 142	11 265	-	-
District Municipality		4 160	-	-	-	-	-	-	-	-	-
Other transfers and grants		728	-	1 296	-	-	-	-	-	-	-
Transfers recognised - capital	4	30 264	94 605	76 131	67 139	61 707	61 707	61 707	44 915	41 013	28 785
Borrowing	6	-	-	-	8 950	-	-	-	-	-	-
Internally generated funds		5 736	4 081	9 869	8 930	14 787	14 787	14 787	1 025	5 200	11 719
Total Capital Funding	7	36 000	98 686	86 001	85 020	76 493	76 493	76 493	45 940	46 213	40 504

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

For 2020/21 an amount of R45.9 million has been budgeted for capital asset acquisitions. Development of infrastructure which represents 98 per cent of the total budget. Roads receives the highest allocation at R20.7 million which equates to 45.6 per cent.



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Further detail relating to asset classes and proposed capital expenditure is contained in MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient projects to be undertaken over the medium-term includes, amongst others

- Purchase of Grass Cutting Equipment – R70 thousand
- Renovation of Traffic Building – R200 thousand
- Replacement of Kiosk at Bersig – R500 thousand
- Archive Improvements – R200 thousand
- Upgrade of Kirkwood Taxi Rank – R1.5 million
- Upgrading of Sewerage network in Paterson (phase 2) – R7.5 million
- Upgrading of Enon-Bersheba Roads and storm water (Phase 1)- R8 million
- Upgrading of Kirkwood internal roads and storm-water – phase 2 – R11.3 million
- Upgrading of Paterson water Reticulation – R6.6 million
- Addo: Upgrading of Bulk and Distribution Pipelines – R10 million



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1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2020/21 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

Table 10 MBRR Table A1 • Budget Summary

EC106 Sundays River Valley - 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	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands										
Financial Performance										
Property rates	34 163	35 121	36 624	42 154	42 154	42 154	42 154	46 269	48 397	50 624
Service charges	35 845	46 569	28 359	51 883	56 883	56 883	56 883	62 474	65 540	69 904
Investment revenue	1 616	1 498	1 573	1 360	395	395	395	413	432	452
Transfers recognised - operational	66 524	72 928	78 345	86 565	86 513	86 513	86 513	93 267	100 098	107 562
Other own revenue	18 991	15 971	16 926	19 721	16 567	16 567	16 567	17 800	18 619	19 475
Total Revenue (excluding capital transfers and contributions)	157 139	172 086	161 827	201 683	202 512	202 512	202 512	220 224	233 087	248 018
Employee costs	55 461	61 823	69 920	81 843	80 464	80 464	80 464	85 493	90 836	96 513
Remuneration of councillors	6 214	6 819	7 026	7 441	7 441	7 441	7 441	7 906	8 401	8 926
Depreciation & asset impairment	32 012	28 083	32 893	26 366	32 110	32 110	32 110	33 555	35 098	36 713
Finance charges	1 080	1 950	2 455	2 830	3 573	3 573	3 573	2 539	1 985	1 880
Materials and bulk purchases	17 220	23 586	25 643	37 604	35 979	35 979	35 979	37 435	38 494	40 663
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	69 129	73 874	69 972	87 731	75 912	75 912	75 912	54 321	56 495	58 864
Total Expenditure	181 117	196 134	207 909	243 816	235 479	235 479	235 479	221 249	231 309	243 559
Surplus/(Deficit)	(23 978)	(24 048)	(46 083)	(42 133)	(32 967)	(32 967)	(32 967)	(1 025)	1 778	4 459
Transfers and subsidies - capital (monetary allocations) (Na	37 605	99 590	74 785	68 420	68 420	68 420	68 420	68 729	45 382	33 285
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	13 626	75 542	28 702	26 287	35 453	35 453	35 453	45 704	47 160	37 744
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	13 626	75 542	28 702	26 287	35 453	35 453	35 453	45 704	47 160	37 744
Capital expenditure & funds sources										
Capital expenditure	36 000	98 686	86 001	85 020	76 493	76 493	76 493	45 940	46 213	40 504
Transfers recognised - capital	30 264	94 605	76 131	67 139	61 707	61 707	61 707	44 915	41 013	28 785
Borrowing	-	-	-	8 950	-	-	-	-	-	-
Internally generated funds	5 736	4 081	9 869	8 930	14 787	14 787	14 787	1 025	5 200	11 719
Total sources of capital funds	36 000	98 686	86 001	85 020	76 493	76 493	76 493	45 940	46 213	40 504
Financial position										
Total current assets	66 433	69 084	50 419	93 047	99 031	99 031	99 031	91 747	117 145	153 317
Total non current assets	570 785	641 167	706 786	739 444	764 562	765 536	766 891	774 919	779 647	764 958
Total current liabilities	46 854	60 166	64 288	39 772	39 459	39 459	39 459	32 948	31 021	29 666
Total non current liabilities	16 322	19 432	31 879	33 178	29 794	29 794	29 794	33 377	33 304	33 358
Community wealth/Equity	574 041	630 653	661 038	734 785	794 340	795 315	796 670	800 341	832 467	855 250
Cash flows										
Net cash from (used) operating	44 013	97 346	73 618	92 373	78 696	78 696	78 696	74 905	77 784	69 114
Net cash from (used) investing	(36 000)	(98 686)	(84 705)	(84 290)	(76 345)	(76 345)	(76 345)	(45 940)	(46 213)	(40 504)
Net cash from (used) financing	(949)	(980)	(901)	(4 459)	(1 320)	(1 320)	(1 320)	-	-	-
Cash/cash equivalents at the year end	14 934	12 614	626	7 763	1 656	1 656	1 656	30 621	62 192	90 803
Cash backing/surplus reconciliation										
Cash and investments available	14 934	12 614	626	7 763	7 081	7 081	7 081	30 621	62 192	90 803
Application of cash and investments	17 254	30 484	19 324	(28 131)	(48 533)	(48 533)	(48 533)	(19 445)	(16 234)	(23 122)
Balance - surplus (shortfall)	(2 320)	(17 870)	(18 698)	35 894	55 614	55 614	55 614	50 067	78 426	113 926
Asset management										
Asset register summary (MDV)	-	-	-	-	-	-	-	689 405	700 385	695 642
Depreciation	-	-	2	27 109	-	-	-	33 555	35 098	36 713
Renewal and Upgrading of Existing Assets	-	-	-	63 819	60 827	60 827	60 827	28 955	25 513	29 604
Repairs and Maintenance	-	-	0	5 038	2 773	2 773	2 773	2 130	2 228	2 330
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	30 744	30 744	33 434	36 028
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	0	0	0	4	4	4	4	4	4	4
Sanitation/sewerage:	1	1	1	3	3	3	3	3	3	3
Energy:	3	3	3	4	4	4	4	4	4	4
Refuse:	6	6	6	6	6	6	6	6	6	6



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Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

- a) The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
- b) Capital expenditure is balanced by capital funding sources, of which
 - Transfers recognised is reflected on the Financial Performance Budget;
 - Internally generated fund is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.



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Table 11 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

EC106 Sundays River Valley - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	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
Revenue - Functional	1									
Governance and administration		67 021	72 642	61 525	75 800	73 891	73 891	67 883	71 382	74 683
Executive and council		15 779	17 515	7 651	16 547	17 425	17 425	12 710	13 390	14 019
Finance and administration		51 242	55 127	53 874	59 254	56 466	56 466	55 174	57 991	60 664
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		16 029	15 620	26 717	18 484	22 497	22 497	18 122	19 012	19 861
Community and social services		8 869	8 108	15 014	10 334	10 358	10 358	5 424	5 730	5 968
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		7 160	7 512	11 703	8 150	12 139	12 139	12 698	13 282	13 893
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		27 946	90 072	46 282	34 100	34 052	34 052	41 934	31 893	33 533
Planning and development		27 946	29 552	5 257	1 441	1 394	1 394	25 583	27 506	28 915
Road transport		-	60 519	41 024	32 659	32 659	32 659	16 351	4 387	4 618
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		83 748	91 767	100 461	140 602	139 528	139 528	137 537	154 637	151 612
Energy sources		45 415	49 895	64 094	59 720	61 577	61 577	45 881	56 839	57 546
Water management		20 750	19 005	15 649	39 798	39 288	39 288	53 446	56 458	49 540
Waste water management		8 601	12 698	7 503	21 730	20 856	20 856	18 718	20 326	21 959
Waste management		8 981	10 169	13 215	19 354	17 808	17 808	19 492	21 015	22 566
Other	4	-	1 575	1 628	1 455	1 414	1 414	1 476	1 544	1 614
Total Revenue - Functional	2	194 744	271 676	236 611	270 442	271 382	271 382	266 953	278 469	281 303
Expenditure - Functional										
Governance and administration		113 913	110 055	80 875	86 813	86 328	86 328	72 975	76 394	80 422
Executive and council		14 240	13 691	15 511	16 133	14 798	14 798	14 507	15 384	16 315
Finance and administration		99 672	96 364	65 364	70 680	71 530	71 530	58 468	61 010	64 108
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		18 366	21 402	34 424	34 796	31 968	31 968	30 269	32 065	33 970
Community and social services		7 388	8 062	13 378	14 983	13 482	13 482	11 578	12 275	13 014
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		10 726	12 845	19 696	18 481	17 169	17 169	17 432	18 454	19 536
Housing		252	495	1 350	1 332	1 317	1 317	1 258	1 337	1 420
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		5 313	6 901	13 549	14 921	12 198	12 198	13 475	14 349	15 157
Planning and development		5 313	3 924	3 434	8 900	7 679	7 679	6 955	7 272	7 703
Road transport		-	2 976	10 114	6 021	4 520	4 520	6 520	7 077	7 455
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		43 525	56 803	77 949	105 624	103 537	103 537	103 007	106 887	112 300
Energy sources		18 498	23 194	25 909	37 114	37 433	37 433	40 685	42 712	44 893
Water management		13 357	18 473	29 197	33 358	32 184	32 184	31 232	31 972	33 653
Waste water management		7 719	8 108	13 906	15 063	15 541	15 541	13 192	13 934	14 716
Waste management		3 950	7 029	8 937	20 088	18 379	18 379	17 897	18 269	19 038
Other	4	-	974	1 112	1 663	1 447	1 447	1 524	1 614	1 710
Total Expenditure - Functional	3	181 117	196 134	207 909	243 816	235 479	235 479	221 249	231 309	243 559
Surplus/(Deficit) for the year		13 626	75 542	28 702	26 626	35 903	35 903	45 704	47 160	37 744

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognized - capital) and so does not balance to the operating revenue shown on Table A4.



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3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

Table 13 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

EC106 Sundays River Valley - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	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	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	34 163	35 121	36 624	42 154	42 154	42 154	42 154	46 269	48 397	50 624
Service charges - electricity revenue	2	18 550	21 124	19 334	26 755	29 255	29 255	29 255	32 075	33 743	36 645
Service charges - water revenue	2	9 545	12 268	6 078	16 523	19 023	19 023	19 023	21 398	22 382	23 412
Service charges - sanitation revenue	2	2 661	4 607	1 057	2 894	2 894	2 894	2 894	3 027	3 166	3 312
Service charges - refuse revenue	2	5 089	8 571	1 890	5 711	5 711	5 711	5 711	5 974	6 249	6 536
Rental of facilities and equipment		66	55	53	58	58	58	58	61	64	67
Interest earned - external investments		1 616	1 498	1 573	1 360	395	395	395	413	432	452
Interest earned - outstanding debtors		10 341	8 245	3 163	11 238	4 084	4 084	4 084	4 271	4 468	4 674
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 816	2 768	6 689	3 328	7 328	7 328	7 328	7 665	8 018	8 387
Licences and permits		2 125	1 666	1 481	1 831	1 831	1 831	1 831	1 915	2 003	2 095
Agency services		2 653	2 576	3 554	3 007	3 007	3 007	3 007	3 146	3 290	3 442
Transfers and subsidies		66 524	72 928	78 345	86 565	86 513	86 513	86 513	93 267	100 098	107 562
Other revenue	2	1 991	661	690	259	259	259	259	742	776	812
Gains on disposal of PPE		-	-	1 296	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		157 139	172 086	161 827	201 683	202 512	202 512	202 512	220 224	233 087	248 018
Expenditure By Type											
Employee related costs	2	55 461	61 823	69 920	81 843	80 464	80 464	80 464	85 493	90 836	96 513
Remuneration of councillors		6 214	6 819	7 026	7 441	7 441	7 441	7 441	7 906	8 401	8 926
Debt impairment	3	23 420	22 726	18 050	13 454	13 705	13 705	13 705	18 705	19 335	19 994
Depreciation & asset impairment	2	32 012	28 083	32 893	26 366	32 110	32 110	32 110	33 555	35 098	36 713
Finance charges		1 080	1 950	2 455	2 830	3 573	3 573	3 573	2 539	1 985	1 880
Bulk purchases	2	17 220	20 200	21 787	29 523	31 504	31 504	31 504	33 442	35 356	37 381
Other materials	8	-	3 385	3 856	8 082	4 475	4 475	4 475	3 993	3 138	3 282
Contracted services		22 221	20 519	23 076	40 771	31 657	31 657	31 657	16 076	16 721	17 490
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	23 001	26 057	28 846	33 506	30 550	30 550	30 550	19 541	20 439	21 380
Loss on disposal of PPE		487	4 572	-	-	-	-	-	-	-	-
Total Expenditure		181 117	196 134	207 909	243 816	235 479	235 479	235 479	221 249	231 309	243 559
Surplus/(Deficit)		(23 978)	(24 048)	(46 083)	(42 133)	(32 967)	(32 967)	(32 967)	(1 025)	1 778	4 459
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		37 605	99 590	74 785	68 420	68 420	68 420	68 420	46 729	45 382	33 285
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		13 626	75 542	28 702	26 287	35 453	35 453	35 453	45 704	47 160	37 744
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		13 626	75 542	28 702	26 287	35 453	35 453	35 453	45 704	47 160	37 744
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		13 626	75 542	28 702	26 287	35 453	35 453	35 453	45 704	47 160	37 744
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		13 626	75 542	28 702	26 287	35 453	35 453	35 453	45 704	47 160	37 744



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

1.Total revenue is R 266 million in 2020/21 and increase to R281 million by 2022/23. This represents a year-on-year increase of 4 per cent for the 2021/22 financial year and 1 per cent increase for the 2022/23 financial year.

2. Revenue to be generated from property rates is R46 million in the 2020/21 financial year and increases to R50.6 million by 2022/23. Rates remain a significant funding source for the municipality. The tariff increase remains constant during the MTREF at 4.6 percent

3.Services charges relating to refuse removal, electricity supply, water supply and sanitation constitutes 23 per cent of the revenue basket of the Municipality totalling to only R62.5 million for the 2020/21 financial year and average increasing by 5.3 per cent by 2022/23.

4.Transfers recognised - operating includes the local government equitable share and other operating grants from national provincial government and District municipality. It needs to be noted that in real terms the grants receipts from national government have decreased in the MTREF by R14 million which equates to 10 per cents.

5.Bulk purchases have significantly increased over the 2016/17 to 2020/21 period escalating from R17 million to R33 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Dept of Water Affairs.

6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.



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Table 14 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	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	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Mayor and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance		-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Service		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Service		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Mayor and Council		25	-	640	2 040	4 940	4 940	4 940	200	200	4 940
Vote 2 - Municipal Manager		100	33	5 530	600	-	-	-	-	-	-
Vote 3 - Finance		204	406	562	2 050	5 188	5 188	5 188	-	1 000	5 054
Vote 4 - Corporate Service		2 923	3 642	3 796	-	-	-	-	-	-	-
Vote 5 - Community Services		4 112	944	1 228	8 447	12 467	12 467	12 467	16 660	18 500	13 727
Vote 6 - Technical Service		28 636	93 661	74 245	15 227	9 940	9 940	9 940	7 540	6 163	12 808
Vote 7 - [NAME OF VOTE 7]		-	-	-	960	675	675	675	70	-	675
Vote 8 - [NAME OF VOTE 8]		-	-	-	25 550	21 739	21 739	21 739	500	5 500	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	200	50	50	50	55	-	50
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	27 446	21 485	21 485	21 485	20 915	12 850	3 250
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	10	10	10	-	-	-
Capital single-year expenditure sub-total		36 000	98 686	86 001	82 520	76 493	76 493	76 493	45 940	44 213	40 504
Total Capital Expenditure - Vote		36 000	98 686	86 001	82 520	76 493	76 493	76 493	45 940	44 213	40 504
Capital Expenditure - Functional											
Governance and administration		3 252	4 081	10 529	2 640	4 949	4 949	4 949	200	200	4 940
Executive and council		125	33	6 170	600	-	-	-	-	-	-
Finance and administration		3 128	4 048	4 358	2 040	4 949	4 949	4 949	200	200	4 940
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		3 516	944	-	4 750	5 188	5 188	5 188	200	3 000	5 054
Community and social services		588	-	-	2 050	5 188	5 188	5 188	-	1 000	5 054
Sport and recreation		1 009	944	-	-	-	-	-	-	-	-
Public safety		1 919	-	-	2 700	-	-	-	200	2 000	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		18 599	62 005	36 591	27 446	21 535	21 535	21 535	20 770	12 850	3 300
Planning and development		80	-	-	200	50	50	50	55	-	50
Road transport		18 518	62 005	36 591	27 246	21 485	21 485	21 485	20 715	12 850	3 250
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		10 632	31 655	38 881	50 184	44 822	44 822	44 822	24 770	30 163	27 210
Energy sources		6 158	16 008	14 765	25 550	21 739	21 739	21 739	500	5 500	-
Water management		38	2 303	13 183	8 447	12 467	12 467	12 467	16 660	18 500	13 727
Waste water management		3 841	13 345	9 705	15 227	9 940	9 940	9 940	7 540	6 163	12 808
Waste management		595	-	1 228	960	675	675	675	70	-	675
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	36 000	98 686	86 001	85 020	76 493	76 493	76 493	45 940	46 213	40 504
Funded by:											
National Government		21 115	42 293	41 945	49 331	45 565	45 565	45 565	33 650	41 013	28 785
Provincial Government		4 262	52 312	32 891	17 808	16 142	16 142	16 142	11 265	-	-
District Municipality		4 160	-	-	-	-	-	-	-	-	-
Other transfers and grants		728	-	1 296	-	-	-	-	-	-	-
Transfers recognised - capital	4	30 264	94 605	76 131	67 139	61 707	61 707	61 707	44 915	41 013	28 785
Borrowing	6	-	-	-	8 950	-	-	-	-	-	-
Internally generated funds		5 736	4 081	9 869	8 930	14 787	14 787	14 787	1 025	5 200	11 719
Total Capital Funding	7	36 000	98 686	86 001	85 020	76 493	76 493	76 493	45 940	46 213	40 504



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

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.

3. Single-year capital expenditure has been appropriated at R 45.9 million for the 2020/21 financial year and decreases relatively constant over the MTREF at levels of R46.2 million and R40.5 million respectively for the two outer years.

4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of furniture, specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included.

5. The capital program is funded from capital transfers, and internally generated funds.



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Table 15 MBRR Table A6- Budgeted Financial Position.**EC106 Sundays River Valley - Table A6 Budgeted Financial Position**

Description	Ref	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	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
ASSETS											
Current assets											
Cash		1 051	538	257	7 763	1 656	1 656	1 656	30 621	62 192	90 803
Call investment deposits	1	13 882	12 076	369	-	5 425	5 425	5 425	-	-	-
Consumer debtors	1	25 117	27 683	26 560	85 068	91 734	91 734	91 734	60 956	54 707	62 247
Other debtors		26 141	28 618	22 921	-	-	-	-	-	-	-
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	241	169	312	216	216	216	216	170	245	266
Total current assets		66 433	69 084	50 419	93 047	99 031	99 031	99 031	91 747	117 145	153 317
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		29 250	20 716	20 716	29 250	29 250	29 250	29 250	29 250	29 250	29 250
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	541 534	620 452	684 000	705 623	729 819	729 819	729 819	737 847	742 576	729 109
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		1 748	4 249	5 170	6 144	7 499	7 499	7 499	6 277	6 267	7 499
Other non-current assets		322	322	322	322	322	322	322	322	322	322
Total non current assets		570 785	641 167	706 786	739 444	764 562	765 536	766 891	774 919	779 647	764 958
TOTAL ASSETS		637 218	710 252	757 205	832 491	863 593	864 567	865 923	866 666	896 792	918 275
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	566	1 150	1 055	3 478	1 320	1 320	1 320	1 320	1 320	933
Consumer deposits		56	62	63	56	56	56	56	56	56	56
Trade and other payables	4	46 232	58 954	63 170	36 237	38 082	38 082	38 082	31 240	29 192	28 275
Provisions		-	-	-	-	-	-	-	532	453	402
Total current liabilities		46 854	60 166	64 288	39 772	39 459	39 459	39 459	33 148	31 021	29 666
Non current liabilities											
Borrowing		318	1 214	408	6 956	3 572	3 572	3 572	2 252	932	-
Provisions		16 004	18 219	31 470	26 222	26 222	26 222	26 222	31 124	32 371	33 358
Total non current liabilities		16 322	19 432	31 879	33 178	29 794	29 794	29 794	33 377	33 304	33 358
TOTAL LIABILITIES		63 176	79 598	96 167	72 950	69 253	69 253	69 253	66 525	64 325	63 024
NET ASSETS	5	574 041	630 653	661 038	759 541	794 340	795 315	796 670	800 141	832 467	855 250
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		574 041	630 653	661 038	734 785	794 340	795 315	796 670	800 141	832 467	855 250
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	574 041	630 653	661 038	734 785	794 340	795 315	796 670	800 141	832 467	855 250

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table A6 is supported by an extensive table of notes (SA3 which will be included on the SDBIP providing a detailed analysis of the major components of a number of items, including:

- Call investments deposits
- Consumer debtors;
- Property, plant and equipment;
- Trade and other payables;
- Provisions non-current;
- Changes in net assets; and
- Reserves



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4.The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

5.Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.



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Table 16 MBRR Table A7 - Budgeted Cash Flow Statement**EC106 Sundays River Valley - Table A7 Budgeted Cash Flows**

Description	Ref	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	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	26 730	–	36 123	42 546	42 546	42 546	39 329	41 138	43 030
Service charges		44 048	17 749	65 655	44 460	54 039	54 039	54 039	53 103	55 987	59 032
Other revenue		6 266	4 906	5 778	5 493	12 567	12 567	12 567	12 374	12 943	13 538
Government - operating	1	67 216	74 866	76 254	86 565	86 513	86 513	86 513	93 267	100 098	107 562
Government - capital	1	37 605	96 312	74 826	68 420	68 420	68 420	68 420	46 729	45 382	33 285
Interest		1 616	1 498	1 573	1 360	4 275	4 275	4 275	413	432	452
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(112 277)	(124 230)	(149 692)	(149 549)	(186 091)	(186 091)	(186 091)	(166 450)	(174 891)	(184 972)
Finance charges		(462)	(484)	(776)	(500)	(3 573)	(3 573)	(3 573)	(2 539)	(1 985)	(1 880)
Transfers and Grants	1	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		44 013	97 346	73 618	92 373	78 696	78 696	78 696	76 225	79 104	70 047
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	148	148	148	–	–	–
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(36 000)	(98 686)	(84 705)	(84 290)	(76 493)	(76 493)	(76 493)	(45 940)	(46 213)	(40 504)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(36 000)	(98 686)	(84 705)	(84 290)	(76 345)	(76 345)	(76 345)	(45 940)	(46 213)	(40 504)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		(949)	(980)	(901)	(4 459)	(1 320)	(1 320)	(1 320)	(1 320)	(1 320)	(933)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(949)	(980)	(901)	(4 459)	(1 320)	(1 320)	(1 320)	(1 320)	(1 320)	(933)
NET INCREASE/ (DECREASE) IN CASH HELD		7 064	(2 320)	(11 988)	3 625	1 030	1 030	1 030	28 965	31 571	28 611
Cash/cash equivalents at the year begin:	2	7 870	14 934	12 614	4 138	626	626	626	1 656	30 621	62 192
Cash/cash equivalents at the year end:	2	14 934	12 614	626	7 763	1 656	1 656	1 656	30 621	62 192	90 803

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget
3. The municipality will undertake an extensive debt collection drive resulting in cash receipts on arrear debtors. These interventions translated into a significant increase in cash and cash equivalents.
4. The 2020/21 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.



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Table 17 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC106 Sundays River Valley - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	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	Pre-audit outcome	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	14 934	12 614	626	7 763	1 656	1 656	1 656	30 621	62 192	90 803
Other current investments > 90 days		(0)	-	-	(0)	5 425	5 425	5 425	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		14 934	12 614	626	7 763	7 081	7 081	7 081	30 621	62 192	90 803
Application of cash and investments											
Unspent conditional transfers		3 757	2 418	368	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	13 497	28 066	18 956	(28 131)	(48 533)	(48 533)	(48 533)	(19 445)	(16 234)	(23 122)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		17 254	30 484	19 324	(28 131)	(48 533)	(48 533)	(48 533)	(19 445)	(16 234)	(23 122)
Surplus(shortfall)		(2 320)	(17 870)	(18 698)	35 894	55 614	55 614	55 614	50 067	78 426	113 926

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

- 1.The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 - Funding a Municipal Budget.
- 2.In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
- 3.The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non - compliance with the MFMA requirements that the municipality's budget must be "funded".
- 4.Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
- 5.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 aligned to section 18 of the MFMA.



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Table 18 MBRR Table A9 -Asset Management.



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Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality has not meet the repairs and maintenance requirement.

Table 19 MBRR Table A10 - Basic Service Delivery Measurement.

EC106 Sundays River Valley - Table A10 Basic service delivery measurement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Household service targets	1									
Water:										
Piped water inside dwelling		9 142	9 142	9 142	4 764	4 764	4 764	4 764	4 764	4 764
Piped water inside yard (but not in dwelling)		1 219	1 219	1 219	5 900	5 900	5 900	5 900	5 900	5 900
Using public tap (at least min service level)	2	--	--	--	--	--	--	--	--	--
Other water supply (at least min.service level)	4	956	956	956	--	--	--	--	--	--
<i>Minimum Service Level and Above sub-total</i>		11 317	11 317	11 317	10 664	10 664	10 664	10 664	10 664	10 664
Using public tap (< min.service level)	3	--	--	--	--	--	--	--	--	--
Other water supply (< min.service level)	4	--	--	--	2 507	2 507	2 507	2 507	2 507	2 507
No water supply		213	213	213	1 578	1 578	1 578	1 578	1 578	1 578
<i>Below Minimum Service Level sub-total</i>		213	213	213	4 085	4 085	4 085	4 085	4 085	4 085
Total number of households	5	11 529	11 529	11 529	14 749	14 749	14 749	14 749	14 749	14 749
Sanitation/sewage:										
Flush toilet (connected to sewerage)		10 284	10 284	10 284	7 891	7 891	7 891	7 891	7 891	7 891
Flush toilet (with septic tank)		--	--	--	767	767	767	767	767	767
Chemical toilet		--	--	--	88	88	88	88	88	88
Pit toilet (ventilated)		--	--	--	3 127	3 127	3 127	3 127	3 127	3 127
Other toilet provisions (> min.service level)		--	--	--	--	--	--	--	--	--
<i>Minimum Service Level and Above sub-total</i>		10 284	10 284	10 284	11 873	11 873	11 873	11 873	11 873	11 873
Bucket toilet		--	--	--	1 062	1 062	1 062	1 062	1 062	1 062
Other toilet provisions (< min.service level)		1 245	1 245	1 245	841	841	841	841	841	841
No toilet provisions		--	--	--	973	973	973	973	973	973
<i>Below Minimum Service Level sub-total</i>		1 245	1 245	1 245	2 876	2 876	2 876	2 876	2 876	2 876
Total number of households	5	11 529	11 529	11 529	14 749	14 749	14 749	14 749	14 749	14 749
Energy:										
Electricity (at least min. service level)		11 764	11 764	11 764	10 846	10 846	10 846	10 846	10 846	10 846
Electricity - prepaid (min.service level)		--	--	--	--	--	--	--	--	--
<i>Minimum Service Level and Above sub-total</i>		11 764	11 764	11 764	10 846	10 846	10 846	10 846	10 846	10 846
Electricity (< min.service level)		--	--	--	--	--	--	--	--	--
Electricity - prepaid (< min. service level)		--	--	2 943	51	51	51	51	51	51
Other energy sources		2 943	2 943	--	3 852	3 852	3 852	3 852	3 852	3 852
<i>Below Minimum Service Level sub-total</i>		2 943	2 943	2 943	3 903	3 903	3 903	3 903	3 903	3 903
Total number of households	5	14 707	14 707	14 707	14 749	14 749	14 749	14 749	14 749	14 749
Refuse:										
Removed at least once a week		9 031	9 031	9 031	9 026	9 026	9 026	9 026	9 026	9 026
<i>Minimum Service Level and Above sub-total</i>		9 031	9 031	9 031	9 026	9 026	9 026	9 026	9 026	9 026
Removed less frequently than once a week		435	435	428	428	428	428	428	428	428
Using communal refuse dump		454	454	457	457	457	457	457	457	457
Using own refuse dump		3 653	3 653	3 658	3 658	3 658	3 658	3 658	3 658	3 658
Other rubbish disposal		340	340	841	841	841	841	841	841	841
No rubbish disposal		837	837	339	339	339	339	339	339	339
<i>Below Minimum Service Level sub-total</i>		5 718	5 718	5 723	5 723	5 723	5 723	5 723	5 723	5 723
Total number of households	5	14 749	14 749	14 754	14 749	14 749	14 749	14 749	14 749	14 749
Households receiving Free Basic Service	7									
Water (6 kilolitre per household per month)		--	--	--	--	--	10 330	10 330	10 330	10 330
Sanitation (free minimum level service)		--	--	--	--	--	10 330	10 330	10 330	10 330
Electricity/other energy (50kwh per household per month)		--	--	--	10 330	10 330	10 330	10 330	10 330	10 330
Refuse (removed at least once a week)		--	--	--	--	--	10 330	10 330	10 330	10 330
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitre per indigent household per month)		--	--	--	--	--	5 188	5 640	6 078	6 078
Sanitation (free sanitation service to indigent households)		--	--	--	--	--	6 972	7 582	8 170	8 170
Electricity/other energy (50kwh per indigent household per month)		--	--	--	--	--	6 552	7 125	7 678	7 678
Refuse (removed once a week for indigent households)		--	--	--	--	--	12 034	13 087	14 102	14 102
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided							30 744	33 434	36 028	36 028

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. The budget provides for 10330 households to be registered as indigent in 2020/21, and therefore entitled to receiving Free Basic Services.



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Part 2 - Supporting Documentation

2.1 Overview of the annual budget process

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

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

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

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

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2019) a time schedule that sets out the process to revise the IDP and prepare the budget.

There were deviations in terms of tabling of the Final Budget to the Council due to global pandemic which resulted in a lockdown of the country for a month.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the fifth review of the IDP as adopted by Council in May 2019. It started in August 2019 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2020/21 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

Registration of community needs;



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- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Preparation of the procurement plans
- Public participation process; Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2020/21 MTREF, based on the approved 2019/20 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2020/21 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2019/20 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2020/21 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2020/21 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2019/20 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and Investments possibilities
- The need for tariff increases versus the ability of the community to pay for services
- Improved and sustainable service delivery.

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 99 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2020/21 MTREF as tabled before Council on 31 March 2020 for community consultation was published on the municipality's website.



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All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process and included six public briefing sessions. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2020/21 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality. is responsible for managing the equitable use of resources to ensure that
- constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially waste removal, sanitation backlogs, unavailability of water in some areas and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Remuneration packages of council officials were criticized as being very high, Pensioners cannot afford the tariff increases due to low annual pension increases; and During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

2.2 Overview of alignment of annual budget with IDP

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

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development.



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Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

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

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

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009; Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS); National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy; National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA); National 2014 Vision;
- National Spatial Development Perspective (NSDP) and The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2020/21 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 20 IDP Strategic Objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.



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Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

3. Provision of quality basic services and infrastructure which includes, amongst others:

- Provide waste removal;
 - Provide roads and storm water; Water supply;
 - Provide Municipality planning services; and
 - Maintaining the infrastructure of the Municipality.
- Economic growth and development that leads to sustainable job creation by: Ensuring there is a clear structural plan for the Municipality;
- Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour-intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:

- Effective implementation of the Indigent Policy;
- Working with the provincial department of health to provide primary health care services;
- Extending waste removal services and ensuring effective Municipality cleansing;
- Ensuring all waste water treatment works are operating optimally;
- Working with strategic partners such as SAPS to address crime;
- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Bathe Pele principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Bathe Pele in the revenue management strategy.



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5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website.

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

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

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

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

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



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The 2020/21 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 21 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue.

EC106 Sundays River Valley - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	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				2 721	15 884	8 580	9 276	9 276	9 276	4 236	4 537	4 768
INSTITUTIONAL MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT	To ensure the municipality approves the organogram and fills vacancies, Capacity building and empowerment programmes to ensure skills enhancement of staff. To ensure that the municipality has employment equity plan and that targets are met. To ensure effective public participation of ward committees, To optimise the information and communications technology (ICT) function to support organizational performance, To enhance employee wellness through prevention and provision of therapeutic programmes and physical fitness, To ensure effective and efficient records management											
Community and Social Service	Communities have sufficient and affordable solid waste disposal options to encourage clean and healthy environment. To ensure provision of water quality monitoring and food control, To ensure the provision of effective and efficient fire and disaster management services throughout the SRVM, To ensure provision of traffic services including improved revenue enhancement, Communities of SRVM with specific reference to youth have access to suitable and affordable recreational and sport facilities as well as public amenities.			16 029	17 195	28 344	19 940	23 911	23 911	19 598	20 557	21 475
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Annual review and development of IDP/Budget, To enhance Council oversight, To continuously cooperate in the provision of service delivery initiatives, Continuously ensure good customer care for SRVM's stakeholders, To ensure a fully functional Performance Management System			15 779	17 515	7 651	16 547	17 425	17 425	12 710	13 390	14 019
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Ensure access and a continuous supply of good quality water and sanitation to each user by 2022, SRVM Community has access to good quality roads built according to applicable standards, To ensure compliant reporting in all respects of all grants, Improved efficiency in municipal water usage, Effective Town Planning administration within SRVM jurisdiction, Upgrade electricity network for future development			111 694	181 839	142 640	174 367	173 136	173 136	179 471	186 530	185 145
FINANCIAL VIABILITY AND MANAGEMENT	To produce financial reports that meet the requirements of National Treasury department, To ensure compliant reporting in all respects of all grants, To ensure a sustainable cash flow, To ensure proper procurement of goods and services in terms of chapter 11 of MFMA, To ensure proper asset management, To ensure debt is managed sustainably			48 521	39 243	45 294	49 973	47 183	47 183	50 931	53 448	55 888
LOCAL ECONOMIC DEVELOPMENT	Establishment of policy framework for LED, To provide and invest in the economic infrastructure development in all wards by 2022, To strengthen the capacity of SMMEs and increase the number of viable emerging businesses, Promotion of at least 5 communit			-	-	4 102	-	-	-	-	-	-
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	194 744	271 676	236 611	270 103	270 932	270 932	266 946	278 462	281 296



Table 22 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure.

EC106 Sundays River Valley - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	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												
INSTITUTIONAL MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT	To ensure the municipality approves the organogram and fills vacancies, Capacity building and empowerment programmes to			12 718	12 339	23 830	18 993	23 460	23 460	18 577	19 597	20 676
Community and Social Service	Communities have sufficient and affordable solid waste disposal options to encourage clean and healthy environment.To ensure			22 316	29 404	44 473	56 547	51 794	51 794	31 793	33 680	35 680
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Annual review and development of IDP/Budget, To enhance Council oversight, To continuously cooperate in the provision of			14 240	13 691	15 511	16 133	14 798	14 798	14 507	15 384	16 315
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Ensure access and a continuous supply of good quality water and sanitation to each user by 2022, SRVM Community has access to			45 140	54 613	80 682	97 203	94 732	94 732	112 510	117 029	123 001
FINANCIAL VIABILITY AND MANAGEMENT	To produce financial reports that meet the requirements of National Treasury department, To ensure compliant reporting in all respects			86 702	83 530	43 414	50 355	46 753	46 753	39 892	41 413	43 432
LOCAL CONOMIC DEVELOPMENT	Establishment of policy framework for LED, To provide and invest in the economic infrastructure development in all wards by 2022.			-	2 558	-	4 585	3 942	3 942	3 971	4 206	4 456
				-	-	-	-	-				
Allocations to other priorities												
Total Expenditure			1	181 117	196 135	207 909	243 816	235 479	235 479	221 249	231 309	243 559



2.3 Measurable performance objectives and indicators

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

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

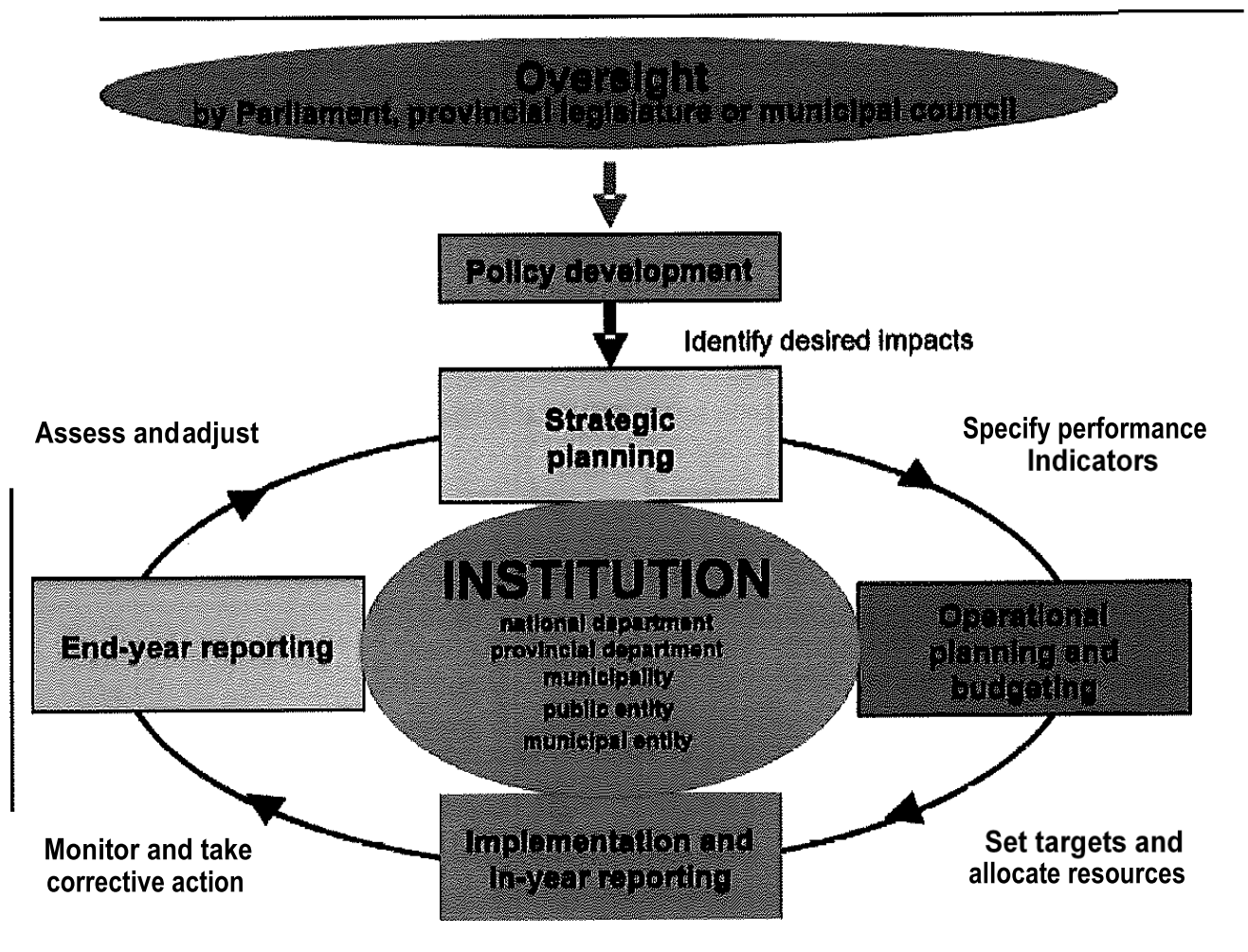


Figure 3 Planning, budgeting and reporting cycle

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

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and Improvement (making changes where necessary).
- The performance information concepts used by the Municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:



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The following table sets out the municipality's main performance objectives and benchmarks for the 2020/21 MTREF.

Table 25 MBRR Table SA8 - Performance indicators and benchmarks

EC106 Sundays River Valley - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	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	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.1%	1.5%	1.6%	3.0%	2.1%	2.1%	2.1%	1.1%	0.9%	0.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.2%	3.0%	4.0%	6.3%	4.2%	4.2%	4.2%	2.0%	1.5%	1.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	1.4	1.1	0.8	2.3	2.5	2.5	2.5	2.8	3.8	5.2
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.4	1.1	0.8	2.3	2.5	2.5	2.5	2.8	3.8	5.2
Liquidity Ratio	Monetary Assets/Current Liabilities	0.3	0.2	0.0	0.2	0.2	0.2	0.2	0.9	2.0	3.1
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		62.9%	54.4%	101.0%	85.7%	97.5%	97.5%	97.5%	85.0%	85.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		62.9%	54.4%	101.0%	85.7%	97.5%	97.5%	97.5%	85.0%	85.2%	84.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	32.6%	32.7%	30.6%	42.2%	45.3%	45.3%	45.3%	27.7%	23.5%	25.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		284.4%	442.0%	10029.7%	0.0%	0.0%	0.0%	0.0%	65.2%	29.7%	18.7%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kℓ)										
Employee costs	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	35.3%	35.9%	43.2%	40.6%	39.7%	39.7%	39.7%	38.8%	39.0%	38.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	39.2%	39.9%	43.2%	44.3%	43.4%	43.4%	43.4%	40.4%	40.6%	40.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	2.5%	1.4%	1.4%	1.4%	1.0%	1.0%	0.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	21.1%	17.5%	21.8%	14.5%	17.6%	17.6%	17.6%	16.4%	15.9%	15.6%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	36.6	40.1	14.3	20.6	20.6	20.6	280.8	293.9	294.3	310.8
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	73.1%	68.9%	76.1%	90.4%	92.6%	92.6%	92.6%	56.0%	48.0%	51.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.3	1.0	0.0	0.5	0.1	0.1	0.1	2.1	4.1	5.7

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long-term borrowing. The ability of a municipality to raise long-term borrowing is largely dependent on its creditworthiness and financial position. Borrowing funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. No borrowings are planned in the upcoming financial years.



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2.3.1.2 Liquidity

- Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2020/21 MTREF the current ratio is 2,8 in the 2020/21 financial year and 3.8 and 5.8 for the two outer years of the MTREF.
- The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2020/21 financial year the ratio is 0.8. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer-term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.3 Revenue Management

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

2.3.1.4 Creditors Management

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

in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

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

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services, the households are required to register in terms of the Sundays River Valley Municipality's Indigent Policy.

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



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2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in June 2019 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

CHANGES: *An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.*

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition, the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

CHANGES: *An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.*

2.4.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be



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utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

CHANGES: None proposed

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in June 2019.

CHANGES: None proposed

2.4.5 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

CHANGES: An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.5 Overview of budget assumptions

The budget for the 2020/21 financial year was drawn up with the following assumptions and principles taken into account:

- The budget is prepared in terms of the provisions of the Generally Recognised Accounting Practice framework to comply with the provisions of the MFMA
- Revenue figures are based on realistic estimates of revenue to be collected.
- Actual revenue collected for the current year and realistic revenue projections were taken into account in determining the revenue for the coming year.
- The principals of economic viability and sustainability is applied in all services and where possible no cross subsidization is done between services.
- National growth parameters were used as far as possible for the determination of outer year budget amounts.
- A general salary increases of 6.25% is used for the determination of the salaries of staff, Public office bearers and Senior Management.



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- The Municipality still relies heavily on grants and subsidies for funding of the capital requirements for the 2020/21 financial year and does not possess the financial capacity to raise capital from own revenue sources.
- Only funded capital projects are included in the capital estimates for the 2019/20 financial year.
- Both the capital and operating budgets are informed by the IDP process done through a public participation process.

2.5.1 External factors

Owing to the economic slowdown, Corona Virus pandemic, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities.

There are five key factors that have been taken into consideration in the compilation of the 2020/21 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in the cost of remuneration. Employee related costs comprise per cent of total operating expenditure in the 2020/21 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.



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2.6 Municipal manager's quality certificate

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

Print Name -----
Municipal manager of Sundays River Valley Municipality. (EC106)

Signature-----

Date -----



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ANNEXURES



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