

GREAT KEI MUNICIPALITY



FINAL BUDGET 2020/2021 – 2021/2023

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

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PART 1 – ANNUAL BUDGET

Section 1: MAYOR`S REPORT

This marks the fourth year of the council, wherein the objectives and strategies of GKM were revised for the remaining period. I therefore, have pleasure in presenting the Final Medium Term Revenue and Expenditure Framework for the budget year 2020/2021 – 2021/2023.

Local government reforms in South Africa pose a challenge to all Municipalities and smaller municipalities like ours. Indeed the Great Kei Municipality has set its targets to comply with accounting reforms as envisaged in the MFMA and other pieces of legislation. National Treasury has introduced mSCOA Reform which requires more attention to detail and huge financial resources. The Municipality is implementing mSCOA and is currently transacting in some of the modules.

The economic viability of the region remains a priority for our municipality. Every effort has been made and continues to be made to stimulate investment in the Great Kei Municipality with the limited resources and high rate of unemployment that is faced by the municipality.

The council's strategic objective of service delivery includes improving delivering acceptable levels of services in roads, refuse removal and electricity.

National, Provincial, District and local priorities have been considered through Integrated Development Plan process, whereby communities gave inputs into service needs and these are incorporated in the IDP process.

I must however admit that the IGR processes are running smoothly as expected, however some of the other stakeholders are not attending these meetings, therefore improvement has been made by introducing IGR Cluster meetings which feed to the broader IGR.

The council as an institution is faced with numerous challenges. The greatest challenge is the culture of non-payment of rates and services by customers on a regular basis. Due to this challenge the municipality has become increasingly reliant on grant funding

received from National Government. In this budget grant funding contributes 53% and 47% from own revenue.

To be able to generate own revenue, council has increased electricity tariff with 6,23%, refuse and rates tariffs has increased by 4,6%. The electricity increase is in line with Final Guideline on the Consultation Paper Issued by NERSA on the 28th April 2020.

The electricity services is supposed to generate revenue to improve electricity infrastructure and subsidize other services, but this service is currently running at a loss. The municipality has recently implemented Supplementary Valuation Roll IV and is in a process of developing a General Valuation Roll which will be implemented in July 2020. In this budget an allocation of R1 million has been provided for to deal with the issue of Valuation Roll.

The municipality has also revived its Indigent Steering Committee and has partnered with ADM in an effort to improve Indigent Beneficiary numbers. The municipality has however enhanced its credit control policy and is continuously implementing revenue turnaround plan which enables the Municipality to deliver on its mandate and achievement of National and Provincial priorities. The municipality has good relations with Provincial Departments, and is working towards improving its relationship with Ratepayers and Farmers Association in order to improve revenue collection. The municipality has improved in many areas to count but a few, it has recently appointed CFO and is continuously assisted by Amathole District Municipality in areas where capacity is limited.

As a summary, the medium term service delivery objectives include the following:

- The registration of indigent consumers and the rollout of free basic services;
- Implementation of an improved debt and credit control policy in partnership with ADM
- Improve Collection rate;
- Implementation of Revenue Turnaround Plan
- Continuous implementation and monitoring of mSCOA project.
- Upgrading and rehabilitation of roads;
- Implementation of EPWP and MIG projects;
- Implementation of Land Audit

Great Kei Municipal Final Budget has prioritized service delivery projects and creation of job opportunities through SMME, Agriculture development and Extended Public Works Programme (EPWP).

The total final budget of the municipality is R112 759 052 of which R9 537 044 is for capital expenditure and R103 222 008 is for operating expenditure. Due to limited resources, 99%% of the capital expenditure is funded from Municipal Infrastructure Grant (MIG). INEP capital expenditure is only catered for in the two outer years.

Detail	Adjustment Budget 2019/20	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Total Revenue	150 237 061	113 799 556	127 138 336	133 009 914
Total Operating Expenditure	131 150 807	103 222 008	107 405 405	112 346 049
Total Capital Expenditure	17 011 125	9 537 044	15 577 390	18 013 042
Budget Surplus/(Deficit)	2 075 129	1 040 504	4 155 541	2 650 823

Despite the numerous challenges facing Council, I and my fellow councilors are confident for the future of the Great Kei Municipality and are committed to building the financially sound and prosperous municipality that delivers services on time to Great Kei communities. The public consultation for IDP processes was different this year and was done through radio stations and via live Facebook due to the National Pandemic, COVID 19. I would like to thank the communities for their inputs into the IDP and budget process, my fellow councilors, the Municipal Manager and his staff for their continued support.

**N W TEKILE
MAYOR**

SECTION 2: BUDGET RELATED RESOLUTIONS

The resolutions approved by Council with a final budget on the 28th May 2020:

RESOLVED:

- a) That the final budget of Great Kei Municipality for financial years 2020/2021; and indicative for two projected years 2021/2022 and 2022/2023 as set out in the following schedules , be approved:

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- Multiyear and single year capital appropriations by municipal vote and standard classification and associated funding by source

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(b) It should be noted that in respect of capital expenditure estimates”

- Instances where information has been provided in terms of Sec19 (2) (b) of the MFMA, the consideration and adoption of capital budget constitutes

projects as reflected in the detailed capital budget. Where information in terms of Sec 19(2) (b) is not provided, specific project approval be sought from council during the course of the year.

(c) That council consider and adopt the amendments to its Final Proposed Tariffs of Rates and Service Charges as depicted on the schedule annexed hereto and marked as annexure B and that these tariffs come into operation on 1st July 2020.

(d) That the council approves mSCOA version 6.4 Schedule A for audited and current years (2020/21) and version 6.4 Schedule A for 2020/21 – 2021/2023 MTREF.

SECTION 3: EXECUTIVE SUMMARY

The Municipality has utilized budget formats mSCOA version 6.4 A Schedule that was extracted from National Treasury website to report on the 2020/2021 final budget.

Effect of the final budget

- The Municipality uses external mechanisms to provide service delivery, in particular, the construction of capital assets and professional engineering services associated with these service.
- The Municipality distributes electricity to the area of Komga only, as all other municipal areas are supplied by Eskom directly. There is no DORA allocation for Intergrated National Electrification Grant for 2020/2021 financial year. The draft budget for Bulk electricity purchases is R8,4 million (VAT inclusive) for the year, however, the collection rate for this service has slightly improved in the previous year, irrespective of high rate of tampering. The budget provision for free basic services is R1 million. Eskom has approved an increase in the tariff for bulk electricity purchases of 8,76%; in turn the Municipality will utilize a charge of 6,23%

and the tariff will differ depending on the consumption of different users. The Municipality will ensure that cost reflective tariffs are utilized in 2020/2021.

- Refuse removal is done internally in all GKM areas, to date the municipality is operating with a compactor truck and two trucks, we are also awaiting the two compactor trucks that were donated by Buffalo City Municipality. The proposed tariff for 2020/2021 on this service is 4,6%. The budget allocation for refuse removal is distributed among the expenditure items including cost of employees, fuel, vehicle licensing, depreciation, landfill site services, repairs and maintenance.
- The budget for MIG funding has increased to R11,2 million and this funding has been allocated to the following projects: Construction of Bridge from Siviwe, Cefane Internal Street, Construction of Lusizini Community Hall, Rehabilitation of Gxarha Internal Street, Komga to Siviwe Roads and 5% of that budget is for Project Management Unit's administration costs.
- The other operational costs excluding personnel costs are budgeted for utilizing the funds received from Rates and Taxes; Municipal services; Equitable Share and Library Subsidy. The amount allocated to Library Subsidy this year is R450 000 and it only funds library projects excluding personnel costs. However the Municipality is running this service at a loss, because the cost of running this service is more than the allocated amount when considering cost of employees.
- The major proposed tariff adjustments are as follows:

Assessment Rates - 4,6% increase with an annual rebate of R15 000 for all residential properties.

Waste Management	-	4,6%
Electricity	-	6,23%
Other Sundries tariffs	-	4,6%

SECTION 4: FINAL BUDGET TABLES

Table A1 – Budget Summary

EC123 Great Kei - 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	22 833	23 727	18 229	29 000	27 886	27 886	-	27 806	29 085	30 423
Service charges	15 640	16 939	17 999	19 495	19 322	19 322	-	17 767	18 585	19 440
Investment revenue	319	111	9 176	526	526	526	-	500	523	547
Transfers recognised - operational	44 804	44 478	58 025	46 673	46 673	46 673	-	49 497	51 774	54 156
Other own revenue	8 869	9 338	6 592	41 785	38 063	38 063	-	7 581	7 930	8 294
Total Revenue (excluding capital transfers and contributions)	92 465	94 593	110 022	137 479	132 470	132 470	-	103 152	107 897	112 860
Employee costs	48 740	50 636	51 750	55 558	53 219	53 219	-	46 843	48 433	50 661
Remuneration of councillors	4 157	4 137	2 024	4 600	4 554	4 554	-	4 509	4 716	4 933
Depreciation & asset impairment	21 542	19 893	20 485	18 500	18 500	18 500	-	14 000	14 644	15 318
Finance charges	1 844	3 076	1 566	736	736	736	-	500	523	547
Materials and bulk purchases	8 497	8 378	8 741	13 358	13 358	13 358	-	9 416	9 850	10 303
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	74 855	46 797	22 083	62 922	40 784	40 784	-	27 954	29 240	30 585
Total Expenditure	159 635	132 916	106 650	155 674	131 151	131 151	-	103 222	107 405	112 346
Surplus/(Deficit)	(67 170)	(38 324)	3 372	(18 195)	1 320	1 320	-	(70)	492	514
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	16 028	14 699	11 853	17 653	17 653	17 653	-	10 648	19 241	20 150
Surplus/(Deficit) after capital transfers & contributions	(51 142)	(23 624)	15 225	(542)	18 973	18 973	-	10 578	19 733	20 664
Surplus/(Deficit) for the year	(51 142)	(23 624)	15 225	(542)	18 973	18 973	-	10 578	19 733	20 664
Capital expenditure & funds sources										
Capital expenditure	38 357	21 277	9 235	16 841	17 410	17 410	-	9 537	15 577	18 013
Transfers recognised - capital	23 828	13 505	6 337	16 691	17 090	17 090	-	9 259	15 577	18 013
Internally generated funds	14 529	7 772	2 898	150	320	320	-	278	-	-
Total sources of capital funds	38 357	21 277	9 235	16 841	17 410	17 410	-	9 537	15 577	18 013
Financial position										
Total current assets	14 323	14 663	50 919	28 953	34 564	34 564	-	63 453	79 021	91 983
Total non current assets	340 472	350 882	339 443	349 909	349 609	349 609	-	334 354	318 468	315 564
Total current liabilities	43 083	55 839	61 006	16 925	36 054	36 054	-	12 068	10 876	9 534
Total non current liabilities	20 013	23 583	28 055	(3 000)	(21 000)	(21 000)	-	29 796	31 167	32 601
Community wealth/Equity	291 699	286 124	301 302	364 937	369 119	369 119	-	355 942	355 446	365 412
Cash flows										
Net cash from (used) operating	11 224	12 856	25 299	17 953	41 509	41 509	41 509	24 865	34 678	36 296
Net cash from (used) investing	(13 641)	(11 661)	(11 198)	(16 691)	(17 410)	(17 410)	(17 410)	(9 537)	(15 577)	(18 013)
Net cash from (used) financing	-	(383)	(847)	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	(261)	551	13 804	15 067	37 903	37 903	37 903	26 268	45 369	63 652
Cash backing/surplus reconciliation										
Cash and investments available	(262)	550	13 804	550	10 804	10 804	-	31 282	54 406	75 272
Application of cash and investments	30 416	47 085	45 921	(7 294)	10 052	10 052	-	(12 325)	(7 989)	(3 195)
Balance - surplus (shortfall)	(30 678)	(46 534)	(32 117)	7 844	752	752	-	43 607	62 395	78 467
Asset management										
Asset register summary (WDV)	207 250	337 900	341 876	349 909	349 609	349 609	349 609	325 095	305 725	300 498
Depreciation	21 542	19 893	20 485	18 500	18 500	18 500	18 500	14 000	14 644	15 318
Renewal and Upgrading of Existing Assets	-	-	11 397	16 691	17 090	17 090	17 090	7 085	11 890	14 156
Repairs and Maintenance	1 357	1 792	1 532	9 858	5 851	5 851	5 851	1 096	1 146	1 199
Free services										
Cost of Free Basic Services provided	-	-	(824)	-	1 332	1 332	2 451	2 451	2 833	2 963
Revenue cost of free services provided	-	-	655	-	114	114	-	-	3 858	4 036

Table A2A - Budget Financial Performance (revenue and expenditure by standard classification)

EC123 Great Kei - 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		73 222	74 016	84 916	110 149	105 755	105 755	79 029	82 664	86 467
Executive and council		104	331	155	-	-	-	-	-	-
Finance and administration		73 118	73 685	84 760	110 149	105 755	105 755	79 029	82 664	86 467
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		2 133	1 875	1 019	6 711	5 632	5 632	4 500	4 707	4 924
Community and social services		616	724	92	2 706	3 621	3 621	2 200	2 301	2 407
Public safety		1 517	1 151	927	4 005	2 005	2 005	2 300	2 406	2 516
Housing		-	-	-	-	6	6	-	-	-
Economic and environmental services		13 206	12 836	10 861	13 099	13 099	13 099	12 503	13 078	13 680
Planning and development		183	204	225	657	657	657	271	284	297
Road transport		13 023	12 632	10 636	12 442	12 442	12 442	12 232	12 795	13 383
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		19 931	20 565	25 080	25 174	25 752	25 752	17 767	26 689	27 940
Energy sources		10 672	10 679	12 329	12 174	14 752	14 752	7 434	15 880	16 634
Waste management		9 260	9 886	12 750	13 000	11 000	11 000	10 333	10 809	11 306
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	108 493	109 292	121 875	155 132	150 237	150 237	113 800	127 138	133 010
Expenditure - Functional										
Governance and administration		120 974	73 071	64 928	81 090	75 738	75 738	52 015	53 843	56 320
Executive and council		15 943	14 863	6 831	12 934	18 324	18 324	4 549	4 758	4 977
Finance and administration		105 030	58 208	58 097	68 156	57 413	57 413	47 467	49 085	51 343
Community and public safety		4 453	4 073	4 913	6 455	1 504	1 504	4 192	4 385	4 586
Community and social services		2 385	1 415	2 313	2 049	508	508	1 402	1 466	1 534
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		2 068	2 658	2 600	4 406	995	995	2 790	2 918	3 052
Economic and environmental services		16 666	17 867	16 763	37 008	23 358	23 358	18 872	19 740	20 648
Planning and development		5 620	6 388	5 858	7 635	2 746	2 746	13 071	13 673	14 302
Road transport		11 047	11 478	10 905	29 373	20 612	20 612	5 800	6 067	6 346
Trading services		17 542	37 905	20 046	31 121	30 552	30 552	28 143	29 438	30 792
Energy sources		11 300	28 443	10 330	17 946	17 681	17 681	12 035	12 589	13 168
Waste management		6 242	9 462	9 716	13 175	12 870	12 870	16 108	16 849	17 624
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	159 635	132 916	106 650	155 674	131 151	131 151	103 222	107 405	112 346
Surplus/(Deficit) for the year		(51 142)	(23 624)	15 225	(542)	19 086	19 086	10 578	19 733	20 664

Table A3A – Budgeted Financial Performance (revenue and expenditure by municipal vote)

EC123 Great Kei - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

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	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote	1									
Vote 1 - Council & Administration		104	331	155	-	-	-	-	-	-
Vote 2 - Financial Management & Information Technology		73 046	73 673	84 627	109 939	105 545	105 545	78 829	82 455	86 248
Vote 3 - Human Resources & Administration		72	12	133	210	210	210	200	209	219
Vote 4 - Community Services		11 393	11 761	13 770	19 711	16 626	16 626	14 833	15 516	16 229
Vote 5 - Infrastructure Services		23 854	23 514	23 190	25 272	27 850	27 850	19 937	28 959	30 314
Vote 6 - Strategic Services & LED		23	1	-	-	-	-	-	-	-
Total Revenue by Vote	2	108 493	109 292	121 875	155 132	150 232	150 232	113 800	127 138	133 010
Expenditure by Vote to be appropriated	1									
Vote 1 - Council & Administration		15 943	14 863	6 831	12 934	18 324	18 324	4 549	4 758	4 977
Vote 2 - Financial Management & Information Technology		90 441	46 337	42 887	44 826	44 743	44 743	37 039	38 743	40 525
Vote 3 - Human Resources & Administration		14 590	11 871	15 211	23 330	12 671	12 671	10 427	10 342	10 818
Vote 4 - Community Services		10 695	13 535	14 630	19 630	14 374	14 374	20 300	21 234	22 210
Vote 5 - Infrastructure Services		24 047	41 675	23 175	54 754	40 747	40 747	19 880	20 794	21 751
Vote 6 - Strategic Services & LED		3 919	4 635	3 917	200	292	292	11 027	11 534	12 065
Total Expenditure by Vote	2	159 635	132 916	106 650	155 674	131 151	131 151	103 222	107 405	112 346
Surplus/(Deficit) for the year	2	(51 142)	(23 624)	15 225	(542)	19 081	19 081	10 578	19 733	20 664

Table A 4 – Budgeted Financial Performance (revenue and expenditure)

EC123 Great Kei - 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	1										
Property rates	2	22 833	23 727	18 229	29 000	27 886	27 886	-	27 806	29 085	30 423
Service charges - electricity revenue	2	6 382	7 053	8 725	6 495	8 322	8 322	-	7 434	7 776	8 134
Service charges - refuse revenue	2	9 258	9 886	9 274	13 000	11 000	11 000	-	10 333	10 809	11 306
Rental of facilities and equipment		287	529	240	926	2 500	2 500	-	2 200	2 301	2 407
Interest earned - external investments		319	111	9 176	526	526	526	-	500	523	547
Interest earned - outstanding debtors		6 304	5 286	4 238	4 500	1 500	1 500	-	1 500	1 569	1 641
Fines, penalties and forfeits		105	29	187	5	5	5	-	-	-	-
Licences and permits		1 412	1 122	740	4 000	2 000	2 000	-	2 300	2 406	2 516
Agency services								-	700	732	766
Transfers and subsidies		44 804	44 478	58 025	46 673	46 673	46 673	-	49 497	51 774	54 156
Other revenue	2	761	694	1 187	32 354	32 058	32 058	-	881	922	964
Gains		-	1 678	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		92 465	94 593	110 022	137 479	132 470	132 470	-	103 152	107 897	112 860
Expenditure By Type											
Employee related costs	2	48 740	50 636	51 750	55 558	53 219	53 219	-	46 843	48 433	50 661
Remuneration of councillors		4 157	4 137	2 024	4 600	4 554	4 554	-	4 509	4 716	4 933
Debt impairment	3	10 237	17 459	1 221	13 000	13 000	13 000	-	13 000	13 598	14 224
Depreciation & asset impairment	2	21 542	19 893	20 485	18 500	18 500	18 500	-	14 000	14 644	15 318
Finance charges		1 844	3 076	1 566	736	736	736	-	500	523	547
Bulk purchases	2	8 497	8 378	8 741	11 595	11 595	11 595	-	7 391	7 731	8 087
Other materials	8	-	-	-	1 763	1 763	1 763	-	2 025	2 118	2 216
Contracted services		-	-	-	14 997	10 989	10 989	-	5 218	5 458	5 709
Other expenditure	4, 5	40 159	29 190	20 862	34 925	16 795	16 795	-	9 736	10 184	10 653
Losses		24 459	147	-	-	-	-	-	-	-	-
Total Expenditure		159 635	132 916	106 650	155 674	131 151	131 151	-	103 222	107 405	112 346
Surplus/(Deficit)		(67 170)	(38 324)	3 372	(18 195)	1 320	1 320	-	(70)	492	514
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		16 028	14 699	11 853	17 653	17 653	17 653	-	10 648	19 241	20 150
Surplus/(Deficit) after capital transfers & contributions		(51 142)	(23 624)	15 225	(542)	18 973	18 973	-	10 578	19 733	20 664
Surplus/(Deficit) after taxation		(51 142)	(23 624)	15 225	(542)	18 973	18 973	-	10 578	19 733	20 664
Surplus/(Deficit) attributable to municipality		(51 142)	(23 624)	15 225	(542)	18 973	18 973	-	10 578	19 733	20 664
Surplus/(Deficit) for the year		(51 142)	(23 624)	15 225	(542)	18 973	18 973	-	10 578	19 733	20 664

Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding

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										
Single-year expenditure to be appropriated	2										
Vote 1 - Council & Administration		-	-	-	-	-	-	-	-	-	-
Vote 2 - Financial Management & Information Technol		168	7 772	-	150	150	150	150	278	-	-
Vote 3 - Human Resources & Administration		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community Services		-	-	-	-	-	170	170	-	-	-
Vote 5 - Infrastructure Services		38 189	13 505	9 235	16 691	17 090	17 090	17 090	9 259	15 577	18 013
Vote 6 - Strategic Services & LED		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		38 357	21 277	9 235	16 841	17 240	17 410	17 410	9 537	15 577	18 013
Total Capital Expenditure - Vote		38 357	21 277	9 235	16 841	17 240	17 410	17 410	9 537	15 577	18 013
Capital Expenditure - Functional											
Governance and administration		168	7 772	-	150	150	150	-	278	-	-
Finance and administration		168	7 772	-	150	150	150	-	278	-	-
Community and public safety		-	-	-	-	170	170	-	-	-	-
Public safety		-	-	-	-	170	170	-	-	-	-
Economic and environmental services		38 189	13 505	6 602	10 291	10 690	10 690	-	9 259	8 530	10 622
Planning and development		13 838	-	-	-	-	-	-	-	-	-
Road transport		24 351	13 505	6 602	10 291	10 690	10 690	-	9 259	8 530	10 622
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	2 633	6 400	6 400	6 400	-	-	7 047	7 391
Energy sources		-	-	2 633	6 400	6 400	6 400	-	-	7 047	7 391
Total Capital Expenditure - Functional	3	38 357	21 277	9 235	16 841	17 410	17 410	-	9 537	15 577	18 013
Funded by:											
National Government		23 828	13 505	6 337	16 691	17 090	17 090	-	9 259	15 577	18 013
Transfers recognised - capital	4	23 828	13 505	6 337	16 691	17 090	17 090	-	9 259	15 577	18 013
Internally generated funds		14 529	7 772	2 898	150	320	320	-	278	-	-
Total Capital Funding	7	38 357	21 277	9 235	16 841	17 410	17 410	-	9 537	15 577	18 013

Table A 6 – Budgeted Financial Position

EC123 Great Kei - 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
ASSETS											
Current assets											
Cash		–	550	8 293	550	10 804	10 804	–	20 526	21 470	22 457
Call investment deposits	1	53	–	5 512	–	–	–	–	10 408	30 939	52 236
Consumer debtors	1	14 085	14 113	37 115	28 400	28 400	28 400	–	32 171	24 615	16 711
Other debtors		–	–	–	2	2	2	–	–	0	0
Inventory	2	184	–	–	0	(4 643)	(4 643)	–	–	–	0
Total current assets		14 323	14 663	50 919	28 953	34 564	34 564	–	63 104	77 023	91 405
Non current assets											
Investment property		71 544	82 044	82 044	71 544	71 544	71 544	–	82 044	64 044	64 044
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	268 818	265 033	256 251	278 365	278 065	278 065	–	251 510	246 228	242 980
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		75	3 770	1 113	1	1	1	–	1 112	1 113	1 113
Other non-current assets		36	36	36	0	0	0	–	–	0	0
Total non current assets		340 472	350 882	339 443	349 909	349 609	349 609	–	334 666	311 385	308 137
TOTAL ASSETS		354 795	365 546	390 362	378 862	384 173	384 173	–	397 770	388 408	399 541
LIABILITIES											
Current liabilities											
Bank overdraft	1	315	–	–	–	–	–	–	–	–	–
Borrowing	4	487	804	–	0	0	0	–	–	0	0
Consumer deposits		–	–	–	–	–	–	–	411	400	35
Trade and other payables	4	41 279	54 547	60 612	15 871	35 000	35 000	–	11 244	10 044	9 048
Provisions		1 002	488	394	1 054	1 054	1 054	–	413	432	451
Total current liabilities		43 083	55 839	61 006	16 925	36 054	36 054	–	12 068	10 876	9 534
Non current liabilities											
Borrowing		700	–	–	0	0	0	–	–	–	–
Provisions		19 313	23 583	28 055	(3 000)	(21 000)	(21 000)	–	29 796	31 167	32 601
Total non current liabilities		20 013	23 583	28 055	(3 000)	(21 000)	(21 000)	–	29 796	31 167	32 601
TOTAL LIABILITIES		63 096	79 421	89 061	13 925	15 054	15 054	–	41 864	42 042	42 135
NET ASSETS	5	291 699	286 124	301 302	364 937	369 119	369 119	–	355 906	346 366	357 406
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		291 699	286 124	301 302	364 937	369 119	369 119	–	355 906	346 366	357 406
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	291 699	286 124	301 302	364 937	369 119	369 119	–	355 906	346 366	357 406

Table A 7 – Budgeted Cash Flows

EC123 Great Kei - 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		16 339	14 770	11 377	25 000	25 000	25 000	25 000	19 464	20 360	21 296
Service charges		11 515	10 782	1 221	13 526	13 526	13 526	13 526	13 397	14 013	14 658
Other revenue		8 656	-	4 025	33 360	33 360	33 360	33 360	6 081	6 361	6 653
Transfers and Subsidies - Operational	1	44 848	44 431	57 387	46 673	46 673	46 673	46 673	49 497	51 774	54 156
Transfers and Subsidies - Capital	1	16 028	15 371	11 853	17 653	17 653	17 653	17 653	10 648	19 241	20 150
Interest		6 623	6 543	12 932	4 843	4 843	4 843	4 843	2 000	2 092	2 188
Payments											
Suppliers and employees		(90 356)	(75 966)	(71 459)	(122 365)	(98 811)	(98 811)	(98 811)	(75 722)	(78 640)	(82 258)
Finance charges		(2 430)	(3 076)	(2 038)	(736)	(736)	(736)	(736)	(500)	(523)	(547)
Transfers and Grants		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		11 224	12 856	25 299	17 953	41 509	41 509	41 509	24 865	34 678	36 296
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(13 641)	(11 661)	(11 198)	(16 691)	(17 410)	(17 410)	(17 410)	(9 537)	(15 577)	(18 013)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(13 641)	(11 661)	(11 198)	(16 691)	(17 410)	(17 410)	(17 410)	(9 537)	(15 577)	(18 013)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	(383)	(847)	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(383)	(847)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(2 417)	813	13 254	1 262	24 098	24 098	24 098	15 328	19 101	18 283
Cash/cash equivalents at the year begin:	2	2 156	(262)	550	13 804	13 804	13 804	13 804	10 940	26 268	45 369
Cash/cash equivalents at the year end:	2	(261)	551	13 804	15 067	37 903	37 903	37 903	26 268	45 369	63 652

Table A 8 – Cash backed reserves/accumulated surplus reconciliation

EC123 Great Kei - 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	(261)	551	13 804	15 067	37 903	37 903	37 903	26 268	45 369	63 652
Other current investments > 90 days		(0)	(1)	0	(14 517)	(27 098)	(27 098)	(37 903)	5 014	9 038	11 620
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		(262)	550	13 804	550	10 804	10 804	-	31 282	54 406	75 272
Application of cash and investments											
Unspent conditional transfers		-	-	522	(0)	(0)	(0)	-	-	(0)	(0)
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	30 416	47 085	45 399	(7 294)	10 052	10 052	-	(12 325)	(7 989)	(3 195)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		30 416	47 085	45 921	(7 294)	10 052	10 052	-	(12 325)	(7 989)	(3 195)
Surplus(shortfall)		(30 678)	(46 534)	(32 117)	7 844	752	752	-	43 607	62 395	78 467

Table A 9 – Asset Management

EC123 Great Kei - Table A9 Asset Management

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
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	38 357	21 277	9 235	16 841	17 410	17 410	2 452	3 687	3 857
<i>Roads Infrastructure</i>		14 319	5 878	3 369	10 291	10 690	10 690	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		2 673	2 721	2 633	6 400	6 400	6 400	-	-	-
Infrastructure		16 992	8 599	6 002	16 691	17 090	17 090	-	-	-
Community Facilities		4 220	4 906	335	-	-	-	2 174	3 687	3 857
Sport and Recreation Facilities		3 139	-	-	-	-	-	-	-	-
Community Assets		7 359	4 906	335	-	-	-	2 174	3 687	3 857
Heritage Assets		36	-	-	-	-	-	-	-	-
Licences and Rights		35	-	-	-	-	-	-	-	-
Intangible Assets		35	-	-	-	-	-	-	-	-
Computer Equipment		-	-	34	150	150	150	278	-	-
Furniture and Office Equipment		86	110	66	-	-	-	-	-	-
Machinery and Equipment		11	58	-	-	170	170	-	-	-
Transport Assets		13 838	-	2 798	-	-	-	-	-	-
Land		-	7 603	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	7 047	7 391
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	7 047	7 391
Infrastructure		-	-	-	-	-	-	-	7 047	7 391
Total Upgrading of Existing Assets	6	-	-	11 397	16 691	17 090	17 090	7 085	4 843	6 765
<i>Roads Infrastructure</i>		-	-	5 343	10 291	10 690	10 690	7 085	4 843	6 765
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	3 829	6 400	6 400	6 400	-	-	-
Infrastructure		-	-	9 172	16 691	17 090	17 090	7 085	4 843	6 765
Community Facilities		-	-	2 225	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	2 225	-	-	-	-	-	-
Total Capital Expenditure	4	38 357	21 277	20 632	33 532	34 501	34 501	9 537	15 577	18 013
<i>Roads Infrastructure</i>		14 319	5 878	8 712	20 582	21 381	21 381	7 085	4 843	6 765
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		2 673	2 721	6 461	12 800	12 800	12 800	-	7 047	7 391
Infrastructure		16 992	8 599	15 173	33 382	34 181	34 181	7 085	11 890	14 156
Community Facilities		4 220	4 906	2 560	-	-	-	2 174	3 687	3 857
Sport and Recreation Facilities		3 139	-	-	-	-	-	-	-	-
Community Assets		7 359	4 906	2 560	-	-	-	2 174	3 687	3 857
Heritage Assets		36	-	-	-	-	-	-	-	-
Licences and Rights		35	-	-	-	-	-	-	-	-
Intangible Assets		35	-	-	-	-	-	-	-	-
Computer Equipment		-	-	34	150	150	150	278	-	-
Furniture and Office Equipment		86	110	66	-	-	-	-	-	-
Machinery and Equipment		11	58	-	-	170	170	-	-	-
Transport Assets		13 838	-	2 798	-	-	-	-	-	-
Land		-	7 603	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		38 357	21 277	20 632	33 532	34 501	34 501	9 537	15 577	18 013
ASSET REGISTER SUMMARY - PPE (WDV)	5	207 250	337 900	341 876	349 909	349 609	349 609	325 095	305 725	300 498
<i>Roads Infrastructure</i>		50 834	92 642	51 337	3 376	5 044	5 044	2 187	131 613	138 522
<i>Storm water Infrastructure</i>		-	-	3 489	-	0	0	2 187	131 614	138 523
<i>Electrical Infrastructure</i>		39 283	6 477	16 952	267 774	267 054	267 054	-	307 155	307 963
<i>Solid Waste Infrastructure</i>		7 489	2 557	2 597	0	0	0	227 057	256 391	267 305
Infrastructure		97 605	101 676	74 375	271 150	272 098	272 098	231 432	826 773	852 313
Community Assets		-	8 542	6 058	3 215	5 647	5 647	-	-	-
Heritage Assets		72	36	36	0	0	0	36	36	36
Investment properties		71 544	71 544	82 044	71 544	71 544	71 544	82 044	64 044	64 044
Other Assets		-	-	2 576	3 700	-	-	-	-	-
Intangible Assets		75	1	3 770	1	1	1	1 113	1 113	1 113
Computer Equipment		-	-	441	150	150	150	278	(638 298)	(671 911)
Furniture and Office Equipment		1 609	1 609	19 782	150	0	0	2 187	10 531	11 109
Machinery and Equipment		2 148	1 957	332	0	170	170	3 630	16 253	17 132
Transport Assets		2 599	1 287	3 287	0	0	0	-	6 318	6 666
Land		31 598	151 249	149 176	-	0	0	4 374	18 955	19 997
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	207 250	337 900	341 876	349 909	349 609	349 609	325 095	305 725	300 498
EXPENDITURE OTHER ITEMS		22 898	21 685	22 017	28 358	24 351	24 351	15 096	15 790	16 516
Depreciation	7	21 542	19 893	20 485	18 500	18 500	18 500	14 000	14 644	15 318
Repairs and Maintenance by Asset Class	3	1 357	1 792	1 532	9 858	5 851	5 851	1 096	1 146	1 199
<i>Roads Infrastructure</i>		274	-	206	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		226	849	193	210	210	210	270	282	295
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	30	79	79	79	-	-	-
<i>Solid Waste Infrastructure</i>		153	194	247	-	-	-	-	-	-
Infrastructure		652	1 043	676	289	289	289	270	282	295
Community Facilities		-	27	51	-	-	-	-	-	-
Sport and Recreation Facilities		18	117	-	-	-	-	-	-	-
Community Assets		18	17	143	51	-	-	-	-	-
Operational Buildings		-	-	145	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	145	-	-	-	-	-	-
Computer Equipment		-	-	2	-	-	-	-	-	-
Furniture and Office Equipment		17	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	594	9 569	5 561	5 561	826	864	904
Transport Assets		495	511	64	-	-	-	-	-	-

Table A 10 – Basic Service Delivery measurement

EC123 Great Kei - 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		6,834	6,834	6,834	6,834	6,834	6,834	6,834	6,834	6,834
<i>Minimum Service Level and Above sub-total</i>		6,834	6,834	6,834	6,834	6,834	6,834	6,834	6,834	6,834
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		1,941	1,941	1,941	1,941	1,941	1,941	1,941	1,941	1,941
<i>Below Minimum Service Level sub-total</i>		1,941	1,941	1,941	1,941	1,941	1,941	1,941	1,941	1,941
Total number of households	5	8,774	8,774	8,774	8,774	8,774	8,774	8,774	8,774	8,774
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		3,210	3,210	3,210	3,210	3,210	3,210	3,210	3,210	3,210
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		392	392	392	392	392	392	392	392	392
Pit toilet (ventilated)		3,163	3,163	3,163	3,163	3,163	3,163	3,163	3,163	3,163
Other toilet provisions (> min.service level)		1,987	1,987	1,987	1,987	1,987	1,987	1,987	1,987	1,987
<i>Minimum Service Level and Above sub-total</i>		8,752	8,752	8,752	8,752	8,752	8,752	8,752	8,752	8,752
Bucket toilet		167	167	167	167	167	167	167	167	167
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		1,820	1,820	1,820	1,820	1,820	1,820	1,820	1,820	1,820
<i>Below Minimum Service Level sub-total</i>		1,987	1,987	1,987	1,987	1,987	1,987	1,987	1,987	1,987
Total number of households	5	10,739	10,739	10,739	10,739	10,739	10,739	10,739	10,739	10,739
Energy:										
Electricity (at least min.service level)		3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687
Refuse:										
Removed at least once a week		2,339	2,339	2,339	2,339	2,339	2,339	2,339	2,339	2,339
<i>Minimum Service Level and Above sub-total</i>		2,339	2,339	2,339	2,339	2,339	2,339	2,339	2,339	2,339
Removed less frequently than once a week		105	105	105	105	105	105	105	105	105
Using communal refuse dump		473	473	473	473	473	473	473	473	473
Using own refuse dump		4,462	4,462	4,462	4,462	4,462	4,462	4,462	4,462	4,462
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143
<i>Below Minimum Service Level sub-total</i>		6,184	6,184	6,184	6,184	6,184	6,184	6,184	6,184	6,184
Total number of households	5	8,523	8,523	8,523	8,523	8,523	8,523	8,523	8,523	8,523
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Refuse (removed once a week for indigent households)		-	-	(824)	-	1,332	1,332	2,451	2,564	2,682
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided				(824)		1,332	1,332	2,451	2,833	2,963
Highest level of free service provided per household										
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		-	-	655	-	114	114	-	3,858	4,036
Total revenue cost of subsidised services provided				655		114	114		3,858	4,036

PART 2 – SUPPORTING DOCUMENTATION

SECTION 5: Overview of final budget process

Municipal Finance Management Act section 21 requires that the process for preparing the annual budget and for reviewing the municipality`s integrated development plan and budget should be well co-ordinate to ensure consistency as well as credibility.

The budget and IDP process plan of the municipality was tabled to Council in August 2019. Communities gave priorities per ward in the various consultative meetings during the month of November 2019. The draft budget and IDP/Budget was tabled in the Special Council meeting that will be held on the 07th May 2020 and final IDP/Budget will be adopted on the 28th May 2020.

The final budget will be placed on the Municipal website and in all municipal libraries as well as in Municipal Satellite Offices for public viewing.

The Municipality`s final budget is prepared on a three year basis , with comparatives of the past three years, the current year as well as the two outer years as required by the MFMA and in order to ensure that thorough financial planning and provision for continuous service delivery is achieved. In preparation of this budget the National and Provincial allocations to the Municipality have been considered.

SECTION 6: ANNUAL BUDGET PROCESS

Each year National Treasury issues circulars for municipalities indicating the budget parameters within which municipalities could utilize as a guide in their budgets, for this budget year Circular 98 and 99 were issued. Circular 98 and 99 has reflected the following headline forecast for the year 2019/2020, 2020/2021 and 2021/2022 as 4,5%, 4,6% and 4,6% respectively.

Assumptions that informs the 2020/2021 budget are as follows:

- 8,75% increase for employees below S 56 Managers,
- Increase in employee related costs, a headcount approach was used
- Municipality will strive to collect 70 % of the billing in all services with the with major focus on the continuous implementation of credit control policy and implementation of new General Valuation Roll and that will lead in the reduction of debtors book for budget year and two outer years.
- An assessment of six month on the ability of municipality to collect will be performed in order to consider any major changes in its revenue.
- Administration costs – zero based budgeting has been used and as per municipality's affordability,
- Repairs and maintenance costs – zero based budgeting and as per municipality's affordability,
- INEP capital expenditure for two outer years was not included in the draft budget and it will now increase capital expenditure for two outer years

- There is minimal amount for capital projects budgeted for internally due cash flow constraints.
- The municipality has prioritized ICT upgrade, construction of roads, construction of community hall; Implementation of mSCOA and Valuation Roll.

SECTION 7: Overview and alignment of the Final Budget with the Final Integrated Development Plan

The Integrated Development Plan is the strategic document of the municipality which forms the basis of all projects undertaken. The budget is an enabling tool and consists of community priorities and indicates funded and non-funded projects.

Public consultations allow for proper prioritization of needs per ward and takes into account available resources, particularly, financial resources.

The highlights of the final budget that are aligned to final IDP for the year 2020/21 which include, but not limited to the following projects to be funded by internal and grants funding: This is on the assumption that all revenue projected will be received during the 2020/2021 financial year.

Project name	Department allocated to	Amount budgeted
ICT Upgrade	Budget & Treasury Office	R2 400 000
Infrastructure Fixed Asset Register	Budget & Treasury Office	R800 000

mSCOA	Budget & Treasury Office	R1 000 000
Free Basic Services	Technical - Electricity	R1 000 000
Valuation Roll	Budget & Treasury Office	R1 000 000
Implementation of Land Audit	Technical – Town Planning	R400 000
LED Projects	Strategic Services	R215 000
Maintenance of Municipal amenities	Community Services	R300 000
Electrical Material	Technical Electricity	R200 000
Roads Repairs & Maintenance	Technical – Roads	R690 000

Municipal Infrastructure Grant income amount to R 11,2M for the year 2020/2021 and includes Project Management unit operating expenses of 5%.

Identifiable projects to be funded by the MIG grant include:

- Construction of Bridge from Siviwe R1 504 855
- Construction of Komga to Siviwe Roads R2 057 391
- Construction of Cefane Internal Str R2 013 530
- Rehabilitation of Gxarha/ Morgans Bay Internal Str R1 509 095
- Construction of Lusizini Community Hall R2 173 913

SECTION 8: Measurable performance objectives and indicators

In developing measurable performance objectives, consideration has been given to:

- The IDP of the Municipality,
- The Final Budget
- Economic development initiatives that facilitate job creation, economic growth, poverty alleviation as well as provision for basic services.

Measurable performance objectives and indicators are aligned to the following:

- (a) Borrowing management
- (b) Debtors and creditors management
- (c) Expenditure types
- (d) Revenue sources
- (e) Unaccounted for losses in respect of services rendered i.e. electricity losses.

Measurable performance objectives for:

- Revenue for each vote
- Revenue for each source
- Operating and capital expenditure for each vote

SECTION 9: Overview of budget assumptions

Budget assumptions:

- In this budget, the municipality has focused in paying its creditors and payment of municipal day to day activities until the municipality is financially stable. The Municipality has payment plans in place which it adheres to.
- The budget of the municipality is funded with Budget Surplus of R 1 million
- Implementation of credit control policy and continuous implementation of financial recovery plan which entails long, medium and short term strategies.
- The municipality has plan to collect 70% of its debts and reduce its debtors book by writing off any indigent customers
- Circular 98 and 99 has been utilized as the primary source of obtaining guidance on percentages to be utilized on all expenditure and revenue increases with the exception of electricity tariffs.
- Internal and external factors affecting the budget have also been considered.

External factors:

- (a) The high rate of unemployment within the municipal area has resulted in the decline in revenue collection.
- (b) The recent economic downturn has also affected the ability for other consumers to pay the services as well as the attitude of non-payment for services due to queries related to General Valuation Roll.

- (c) The general inflation is estimated at 4,6% for the 2020/21 financial year. This affects the general tariff increases levied by the Municipality from year to year.
- (d) An increase in electricity tariffs to 6,23% as per NERSA Guide
- (e) To date there is high rate of tampering with electricity service by communities.
- (f) The municipality has increased salaries by 8,75% which is (CPI 6,25%) and 2,5% which is incremental notch for qualifying employees.
- (g) The President of RSA has recently declared that the COVID – 19/ Corona Virus is a National Disaster that the Local Municipalities should consider budgeting for this year since it requires as lot of Health requirements. The Municipality will in its Special Adjustment Budget mid - June consider to budget for this.

MUNICIPAL STANDARD CHART OF ACCOUNTS (mSCOA)

National Treasury has introduced a business reform Municipal Standard Chart of Accounts (mSCOA) which guides business processes of the municipality. This Reform enables the Municipalities to have uniform and standardized classification of transactions. mSCOA implementation is in progress, but is done in phases for the smooth running of the project. The Municipality has to date an existing mSCOA steering committee chaired by the Municipal Manager; terms of reference and project implementation team which assists the municipality in implementing and monitoring mSCOA readiness. The Municipality has submitted its mSCOA compliant Final Adjustment Budget in February 2020 and has also tabled Mscoa compliant Draft Budget in May 2020. The Municipality is still facing implementation challenges regarding to mSCOA, but these are discussed on a continuous basis in the steering committee meeting with service provider which Provincial Treasury also forms part.

SECTION 10: Funding Compliance

The municipality depends mostly on grants and subsidies in order to finance its operations, these grants and subsidies contributes 57% of the total revenue. Factors affecting the financial viability of the municipality have been highlighted in the above paragraphs. Revenue raising strategies have been identified and are continuously implemented throughout the current financial year. The Municipality is also implementing Circular 82 for cost cutting measures to reduce spending on nice to haves. There has been a slight decrease in the Municipality's revenue collection compared to the past years, due challenges regarding non – payment of services and other external factors. The financial viability of the municipality has been identified as one of the key priorities in the New Year and implementation of revenue raising strategies including:

- Reviewing all municipal leases (assisted by Land Audit Report);
- Implementation of General Valuation Roll by July 2020
- Improving monitoring tools and controls at traffic services;
- Sourcing of funding for projects previously funded internally
- Continuous implementation of financial turnaround plan

The Municipality's final budget is considered credible because it is only the non – cash items e.g depreciation and provisions for bad debts that are not cash backed. The municipality has financial arrangements in place to repay part of top creditors, eg. Eskom, South African Revenue Services, Auditor General, SEBATA and other small creditors. The Municipality has also focused on prioritization of payment of its creditors and limiting the spending in the first quarter of the Financial Year 2020/21 until revenue has improved and this will be in line with the SDBIP of the Municipality.

SECTION 11: OVERVIEW OF BUDGET FUNDING

The MFMA S 18 (1) states that the annual budget may only be funded from:

- Realistically anticipated revenues to be collected
- Cash backed accumulated funds from previous year`s surplus funds nor committed for other purposes, and
- Borrowed funds, but only for capital budget referred to in S17

This section requires that projected revenues be based on recorded revenues of the previous period which forms a clear indication of how projections should be set.

A Credible Budget

- A Budget is Credible when it is an implementing tool for the Municipal IDP, this ensures that projects indicated in the IDP will be achieved within the financial constraints of the Municipality.
- The service delivery and budget implementation plan of the municipality and set performance targets can be achieved with the budget.
- Contains revenue and expenditure projections that are consistent with current and past performance and are supported by documented evidence of future assumptions.
- Does not compromise the financial viability of the Municipality.
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

FISCAL OVERVIEW OF GREAT KEI MUNICIPALITY

The Great Kei Municipality is largely dependent on Grant funds that are allocated by the National Revenue Fund. The Municipality has recently enforced tight controls regarding revenue collection to fund its budget. The amount generated from internal revenue is largely affected by external factors, including the attitude or culture of non-payment for services by rate payers, but the reasons for non-payment are known by the Municipality and are addressed as they come. Furthermore, the municipality with the assistance from MISA and other sector departments is in process to reduce the problem of electricity losses within the municipality. The municipality has also limited spending on cost of employees by not approving any appointments in the current year and going forward, but yet focusing on service delivery related position in order to increase revenue.

Section 12 – Expenditure on allocations and grant Programmes

Grant allocations are detailed in the following schedule:

Grant funding	Purpose	Allocating Authority	Amount	Amount	Amount	Amount
			19/20 R 000	20/21 R 000	21/22 R 000	22/23 R 000
Equitable Share	Unconditional - Free basic services – councilor allowances	National Treasury	R42 659	R45 063	R47 733	R49 881

Finance Management Grant	Conditional	National Treasury	R2 415	R2 400	R2 600	R2 600
Extended Public Works Programme	Conditional	National Treasury	R1 189	R1 024	-	-
Library Subsidy	Conditional	Provincial	R500	450	-	-
Municipal Infrastructure Grant	Conditional	National Treasury	R11 253	R11 208	R11 790	12 215
Integrated National Electrification Programme	Conditional	National Treasury	R6 400	-	R8 104	R8 500

SECTION 13: GRANT ALLOCATIONS TO OTHER MUNICIPALITIES

The Great Kei Municipality is a category B municipality which is located in a semi-rural area of the Eastern Cape. The majority of communities are unemployed as there are no developed industries within the Municipal area. The towns making up the municipal area include: Chintsa, Kei Mouth, Morgans Bay, Haga Haga.

This therefore means the Municipality does not make any allocations to other institutions.

SECTION 14: COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Supporting Table SA 22 and SA 23 give a summary of councilor allowances and employee benefits for all the budget years.

SECTION 15: MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Monthly cash flows by Source

Supporting tables SA 24 to SA 30 show the monthly cash flows of the municipality for the budget year.

SECTION 16: ANNUAL BUDGET AND MUNICIPAL SCORECARD

The scorecard of the Municipality is linked to the Integrated Development Plan (IDP). It is this document that details the activities to be undertaken by the Municipality to realize the IDP. Departmental service delivery and budget implementation plans are then annealed from the Municipal strategic scorecard.

SECTION 17: ANNUAL BUDGET AND SERVICE DELIVERY AGREEMENTS – MUNICIPAL ENTITIES AND OTHER EXTERNAL MECHANISIMS

The Great Kei Municipality does not have a municipal entity.

The Municipality does not have any other service delivery agreements with external parties for the delivery of Municipal services.

SECTION 18: CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

The Municipality does not have any agreements that have future budgetary implications.

SECTION 19: CAPITAL EXPENDITURE DETAILS

Details on capital expenditure are listed in Supporting Table SA 34 to SA 37.

SECTION 20: LEGISLATION COMPLIANCE STATUS

The Municipal Finance Act together with the latest budget regulations and circulars, have been utilized to compile the budget for the MTREF.

The Act covers all aspects of municipal finance including budgeting, supply chain management and financial reporting.

The Great Kei Municipality is a low capacity Municipality as designated according to National Treasury capacity levels.

The MFMA and the budget

The following explains the budgeting process in terms of the MFMA as well as with the guidance of the Municipal Budget Regulations effective to low capacity municipalities by 1 July 2010.

The budget preparation process

The MFMA S 21 requires the Mayor of the Municipality to lead the budget preparation process through a coordinated cycle of events. The budget cycle should commence at least 10 months before the start of the budget year to ensure that the budget is approved before the start of the financial year.

A Budget and IDP Process Plan was tabled before Council in August 2019 for the budget preparation process of the 2020/2021 financial year as well as the two outer years. The Draft Integrated Development Plan of the Municipality has been developed for a five year period starting from 2020/2021 and the national fiscal and micro-economic policies have been taken into consideration with regard to funding allocations as well as prioritization of projects. The

Municipality has also taken into consideration the National, Provincial and District budgets in reviewing of the IDP document such that communities and all other stakeholders are consulted on projects to be undertaken.

The Mayor has to ensure that the IDP review forms an integral part of the Budget Process and that any changes to the Strategic priorities as contained in the IDP document have realistic projections of revenue and expenditure.

Tabling of Draft Budget

The Draft Budget has been tabled before Council on the 07th May 2020.

The Final Budget will be adopted on the 28th May 2020

Publication of the Annual Budget

Once tabled to Council, the draft budget is submitted to National Treasury, Provincial Treasury and also placed on the Municipal website in terms of S75 of MFMA. In that Council meeting members of the community are invited to ensure they participate fully in the budget process.

MFMA requirements:

The MFMA S 17, requires that an annual budget of a municipality must be a schedule in the prescribed format setting out realistically anticipated revenues to be collected from each revenue source. National Treasury introduces updated budget A1 schedules each year that the Municipalities have to comply with. The Great Kei Municipality has made efforts to comply with Circular 98 and 99 of the MFMA.

SECTION 21:

QUALITY CERTIFICATE

I, Mr L.N Mambila, Municipal Manager of Great Kei Municipality, hereby certify that the draft 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 Draft budget and supporting documentation are consistent with the Draft Integrated Development Plan of the municipality and the service delivery agreement of the municipality.

L.N. Mambila
MUNICIPAL MANAGER of Great Kei Municipality EC 123

28th May 2020