

**SENQU**

**MUNICIPALITY**

**MEDIUM TERM REVENUE AND  
EXPENDITURE FRAMEWORK**

**2020/2021 TO 2022/2023**



**SENQU**  
MUNICIPALITY

**ANNUAL BUDGET OF**  
**SENQU**  
**MUNICIPALITY**

**2020/21 TO 2022/23**  
**MEDIUM TERM REVENUE AND**  
**EXPENDITURE FORECASTS**

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## Abbreviations and Acronyms

MM	Municipal Manager	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
FBS	Free basic services	MTREF	Medium-term Revenue and Expenditure Framework
GDP	Gross domestic product	NERSA	National Electricity Regulator South Africa
IDP	Integrated Development Strategy	PMS	Performance Management System
KPA	Key Performance Area	PPE	Property Plant and Equipment
KPI	Key Performance Indicator	SDBIP	Service Delivery Budget Implementation Plan
kWh	kilowatt		
LED	Local Economic Development		
MFMA	Municipal Financial Management Act Programme		



## **Part 1 – Annual Budget**

### **1.1 Mayor’s Report**

Honourable Speaker,

Honourable Chief Whip,

Honourable, Councillors,

Traditional Leaders serving in the Council,

Municipal Manager, Directors and staff members,

Representatives of organized business and all stakeholders,

Illustrious Members of the Community,

Ladies and Gentlemen,

I would like to take this opportunity to welcome everyone present. It is my duty and privilege to present the 2020/2021 Medium Term Revenue and Expenditure Framework (MTREF) to Council for consideration.

This budget is tabled in an extremely difficult global and domestic environment. The declining economy, which is being impacted negatively by the Covid-19 pandemic, international companies closing down as a result, continued high unemployment, as well as water and electricity shortages, will put pressure on the ability of municipalities to raise revenue.

The compilation of the MTREF remains a huge challenge to balance the budget between the limited revenue resources available and the immense need to provide quality service delivery to our community. As this budget constitutes the proposed financial plan for the next 3 years, it naturally impacts on the community as a whole and it is thus extremely important to consult the community to create awareness and to gain support for joint ownership and responsibility in managing the municipality’s financial affairs.

The municipality has yet again given a good account of itself in respect of good governance and internal financial controls by receiving a clean audit in 2018/19. The municipality has received a clean audit for 6 years in a row and is the only municipality in the Eastern Cape to achieve this. This consistent performance ought to be cherished, especially at a time when municipalities are facing governance difficulties, and I would like to thank my fellow Councillors and the staff involved in this achievement.

The 2020/2021 MTREF Framework assesses our achievements over the past few years and looks into the challenges that lie ahead. Senqu Municipality, like so many other municipalities in South Africa, is faced with various challenges when balancing quality basic services and support to the financial and administrative capabilities of the municipalities. These challenges include, but is not limited to the following:



- Ageing Infrastructure as one of the biggest threats to sustainable service delivery;
- Population growth putting strain on the municipal infrastructure to keep track of service delivery demands;
- Housing backlogs;
- Poverty in the municipal area and the ability to pay for basic services; and
- Depletion of Cash Reserves

The poverty stricken areas contributes to the high crime rate, which can directly be linked to the high unemployment rate. The key challenge is to assist in creating an environment for job creation, which remains one of the most pressing concerns for the economy. Senqu Municipality supports job creation and is in the process of implementing job creation programs which will be integrated with the municipal IDP.

Ladies and Gentlemen,

This budget is largely based on submissions from the communities during the IDP process. Our capital budget totals R76,79 million for the 2020/21 budget year from which a total of 47,31 per cent, or R36,33 million, of the capital budget is funded from our own cash-backed Capital Replacement Reserve (or CRR). The other capital is funded from National grants.

Our tariffs are competitive and are in line with the National Electricity Regulator of South Africa (NERSA) approved guidelines and intensive research of national, provincial and regional economic outlook and national prescripts. We strike a balance between electricity increases and increases for other basic commodities.

When compiling a MTREF, one needs to consider all factors which might influence the forecasts and plan accordingly. Our approach this year was thus to budget conservatively on special collection rates and services, thereby ensuring what is contained in expenditure will be achieved through revenue.

It is important that there is implementation of what has been planned. We never, and still, believed in expenditure wish-lists and unrealistic revenue budgets which are in any case not allowed but being practiced, and it is exactly for that reason that I believe that we are in a financially sound position and our aim is to keep it as such.

Finally, I would like to thank the Community, the Councilors and the officials for their input into this budget. I believe it is really a community driven budget and although much more is needed we can only do what our finances allow us to do. I hope this budget will make a significant difference in our people's lives. Indeed, together we are building a better Senqu.

All of us, regardless of party affiliation from across the political spectrum, let's throw ourselves into the task of implementing this budget.

I thank you.

Enkosi!



## 1.2 Council Resolutions

**(The following resolutions must be taken at the final budget approval. It is listed here as required by the Budget & Reporting Regulations and it is recommended that the Council approves and adopts the following resolutions for the annual budget, in accordance with section 24 of the Municipal Finance Management Act)**

The Council of Senqu Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003) hereby tables the following draft budget resolutions:

- 1.1. The annual budget of the municipality for the financial year 2020/21 and the multi-year and single-year capital appropriations as set out in the following tables:
  - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification);
  - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote);
  - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type); and
  - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source.
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables attached in the budget documentation:
  - 1.2.1. Budgeted Financial Position;
  - 1.2.2. Budgeted Cash Flows;
  - 1.2.3. Cash backed reserves and accumulated surplus reconciliation;
  - 1.2.4. Asset management; and
  - 1.2.5. Basic service delivery measurement.
2. The Council of Senqu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tables for approval and adoption the following tariffs, related by-laws and related policy changes as attached in the budget documentation, with effect from 1 July 2020:
  - 2.1. the tariffs for property rates, related by-laws and related policy changes
  - 2.2. the tariffs for electricity, related by-laws and related policy changes
  - 2.3. the tariffs for solid waste services, related by-laws and related policy changes
  - 2.4. the tariffs for other services provided, related by-laws and related policy changes
  - 2.5. the summary of all budget related policy changes and summary of by-law changes
3. The Council of Senqu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tables for approval and adoption with effect from 1 July 2020 the tariffs and related by-laws for other services, as set out in the attached budget documentation.



4. To give proper effect to the municipality's annual budget, the Council of Senqu Municipality approves:
  - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
  - 4.2. That the Draft Budget be advertised for public comments in accordance with chapter 4 of the Municipal Systems Act (Act 32 of 2000) and sections 22 & 23 of Municipal Finance Management Act, (Act 56 of 2003)

### 1.3 Executive Summary

The rapid spread of the coronavirus outbreak, together with sharply lower oil and asset prices have significantly weakened the global economic outlook, creating a severe and extensive credit shock across many sectors, regions and markets.

The global growth forecast for 2019 is the lowest since the 2008 financial crisis, weighed down by mounting trade tensions and political uncertainty. Economic growth is expected to reach only 0.9 per cent in 2020. In addition to low growth, South Africa's biggest economic risk is Eskom. Ongoing problems with the utility's operations continue to disrupt the supply of electricity to households and businesses.

Reduced employment opportunities, as a result of the Covid-19 pandemic, will put pressure on the ability of municipalities to collect revenue for service delivery. Tariff increases must be limited to be within the affordability levels of our community and must still promote economic growth to ensure financial sustainability.

Despite these challenges, the municipality is in a healthy financial position, however, it needs to at least stabilize and further strive to continuously better its financial position, coupled with acceptable levels of service delivery at affordable tariffs. The retention of sufficient cash-backed reserves is critical for the long-term sustainability of the municipality. To this end the municipality is achieving this objective while also maintaining a balance on the Capital Replacement Reserve to a level where future external funding, excluding grants, be minimized.

With the compilation of the 2020/21 Medium-Term Revenue and Expenditure Framework (MTREF), each department had to review its business planning processes taking into account their individual departmental strategies. Business planning links back to priority needs and master planning, and essentially inform the detail operating budget appropriations and three-year capital program. National Treasury's MFMA Circular's No. 98 and 99 was also used to guide the compilation of the 2020/21 MTREF.





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 (R'000)**

R thousand	Adjustments Budget 2019/20	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Total Operating Revenue	241 543	254 819	265 643	277 625
Total Operating Expenditure	253 749	275 683	284 806	303 480
<i>Surplus/(Deficit) for the year</i>	(12 205)	(20 865)	(19 163)	(25 854)
Total Capital Revenue recognised	46 984	36 332	41 096	42 458
<i>Surplus/(Deficit) for the year</i>	34 778	15 467	21 933	16 604

As can be seen from the table above, the municipality will operate at an operating deficit throughout the MTREF. An operating deficit is an indication that the municipality is not generating sufficient revenue to sustain its operating expenditure, let alone the fact that the operating budget is not contributing any revenue at all towards the capital program. It should also be noted that the operating budget also includes items such as depreciation and debt impairment which are not considered to be a "cash" expense. These items will not result in an immediate cash outflow.

Municipalities are advised, as a minimum, to prepare or strive towards a balanced budget (i.e. revenue equals expenditure). Although a balanced budget is not necessarily considered a funded budget, it will definitely contribute to the "funded budget principle" over the long run.

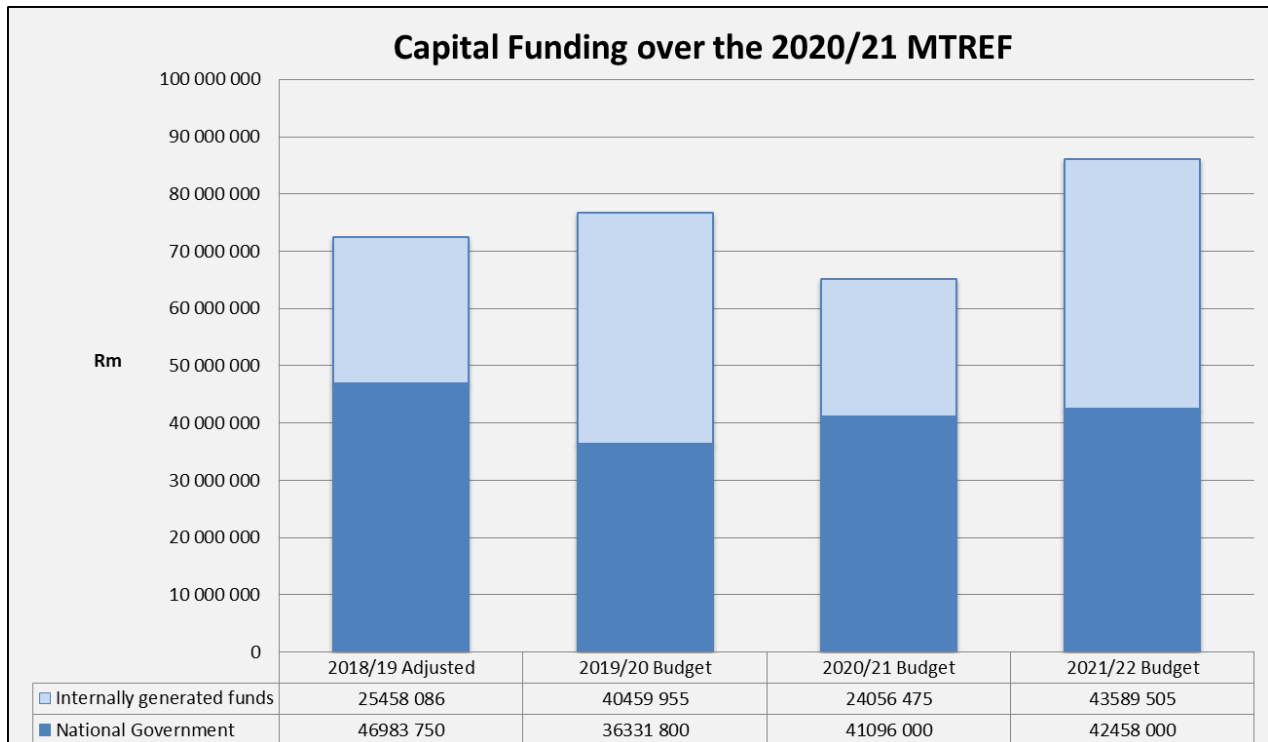
The municipality remains committed to a large capital program with a significant portion funded by grants from National Government.

**Table 2 Total Capital Funding of the 2020/21 MTREF (R'000)**

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2020/21	2021/22	2022/23
<b>Funded by:</b>								
National Government	33 684	33 606	44 792	39 761	46 984	36 332	41 096	42 458
Provincial Government	–	–	3 566	–	–	–	–	–
<b>Transfers recognised - capital</b>	<b>33 684</b>	<b>33 606</b>	<b>48 357</b>	<b>39 761</b>	<b>46 984</b>	<b>36 332</b>	<b>41 096</b>	<b>42 458</b>
<b>Internally generated funds</b>	<b>8 387</b>	<b>12 356</b>	<b>9 265</b>	<b>45 990</b>	<b>25 458</b>	<b>40 460</b>	<b>24 056</b>	<b>43 590</b>
	<b>42 071</b>	<b>45 963</b>	<b>57 623</b>	<b>85 750</b>	<b>72 442</b>	<b>76 792</b>	<b>65 152</b>	<b>86 048</b>

The capital budget of R76,79 million for 2020/21 is 6 per cent more when compared to the 2019/20 Adjustment Budget. This increase can mainly be attributed to additional capital projects from internally generated funds for 2020/2021, as well as projects that rolled over from the 2019/20 financial year. The capital programme decreases to R65,15 million in 2021/22 and increase to R86,05 million in 2022/23. This movement in the capital budget is directly related to the movement in proposed expenditure to be financed from internally generated funds.

A large portion of the capital budget will be funded from own revenue (R108,11 million or 47,42%) over the MTREF with no anticipated borrowings. The main funding source being National Government Grants to the value of R119,89 million (52,58%) over the MTREF.

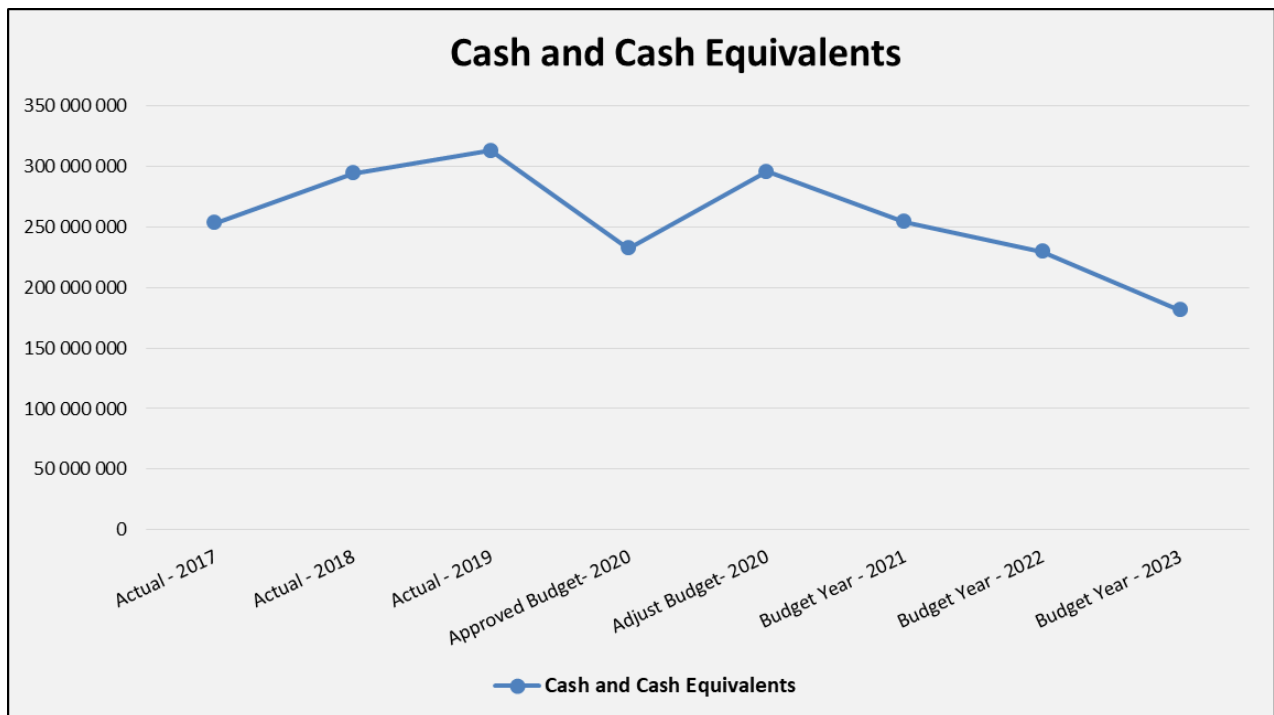


The municipality should be mindful of the fact that the large capital program, especially from internally generated funds, places enormous pressure on the accumulated cash reserves of the Senqu Municipality. This could significantly impact on the long term sustainability of the entity.

Financial viability and sustainability is one of the major cornerstones that needs to remain intact to ensure that municipalities follow through on their constitutional obligation to deliver high quality basic services to the citizens of South Africa.

Municipalities should as far possible approve budgets that are within their financial constraints. In other words, projected capital and operating expenditure should be financed from projected future revenue streams, thus eliminating the need to utilize accumulated funds from previous years.

Currently, although still a funded budget, the proposed budget will have a negative impact on the projected cash position of the municipality as illustrated below:



This significant downward trend can mainly be attributed to the inability of the municipal budget to produce adequate cash resources to meet the proposed capital and operating program of the municipality. This includes between R24,06 million to R43,59 million capital from own revenue sources during each of the financial years during the MTREF.

## 1.4 Operating Revenue Framework

Section 18 of the Municipal Finance Management Act, 2003, which deals with the funding of expenditure, states as follows:

- (1) "An annual budget may only be funded from –
  - (a) Realistically anticipated revenue to be collected from the approved sources of revenue;
  - (b) Cash-backed accumulated funds from previous financial years' surpluses not committed for other purposes; and
  - (c) Borrowed funds, but only for the capital budget referred to in section 17(2).
- (2) Revenue projections in the budget must be realistic, taking into account –
  - (a) projected revenue for the current year based on collection levels to date; and
  - (b) actual revenue collected in previous years."



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

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

**Table 3 Summary of revenue classified by main revenue source**

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2020/21	2021/22	2022/23
<b>Revenue By Source</b>								
Property rates	5 192	5 997	13 439	8 536	8 536	9 048	9 591	10 166
Service charges - electricity revenue	34 092	31 861	33 059	40 911	40 911	43 365	45 967	48 725
Service charges - refuse revenue	9 085	10 119	11 478	9 647	9 647	10 226	10 840	11 490
Rental of facilities and equipment	503	1 210	831	116	116	123	131	139
Interest earned - external investments	18 021	20 577	21 703	16 500	18 000	18 800	18 500	18 500
Interest earned - outstanding debtors	2 906	3 204	2 376	2 402	2 402	2 546	2 699	2 861
Fines, penalties and forfeits	159	411	137	168	167	177	187	199
Licences and permits	1 109	1 295	1 243	1 189	1 189	1 260	1 335	1 416
Agency services	1 138	975	1 054	999	999	1 059	1 123	1 190
Transfers and subsidies	140 468	144 367	145 360	157 443	157 720	166 246	173 184	180 729
Other revenue	4 703	996	1 122	1 857	1 857	1 968	2 086	2 211
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>217 376</b>	<b>221 013</b>	<b>231 801</b>	<b>239 767</b>	<b>241 543</b>	<b>254 819</b>	<b>265 643</b>	<b>277 625</b>

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

The percentage revenue increases with 5,50 per cent for the 2020/21 financial year when compared to the 2019/20 Adjustments Budget. This is mainly due to higher Equitable Share allocation as well as the increase in tariffs for Property Rates and Service Charges. In the two outer years of the MTREF the revenue increases further with 4,25 per cent and 4,51 per cent respectively for each of the two years.



**Table 4 Summary of revenue classified by municipal vote (including capital transfers)**

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2020/21	2021/22	2022/23
<b>Revenue by Vote</b>								
Vote 1 - Executive & Council	6 485	6 948	7 032	7 254	7 254	7 254	7 554	7 867
Vote 2 - Planning & Development	1 891	6 327	1 950	1 984	1 984	1 975	2 135	2 253
Vote 3 - Corporate Services	2 242	3 359	17 153	182	659	193	205	217
Vote 4 - Budget & Treasury	99 718	104 884	115 675	113 206	114 706	121 219	126 976	131 881
Vote 5 - Road Transport	39 224	34 068	47 310	41 498	47 998	41 656	42 161	44 499
Vote 9 - Community & Social Services	1 588	1 648	1 596	1 642	1 642	1 650	1 659	1 669
Vote 10 - Sport & Recreation	2	0	9	8	8	9	10	10
Vote 11 - Public Safety	105	106	26	89	88	93	99	105
Vote 12 - Electricity	64 969	66 916	69 095	73 925	74 448	74 973	81 280	84 744
Vote 13 - Waste Management	34 836	37 389	40 014	39 738	39 738	42 127	44 659	46 838
<b>Total Revenue by Vote</b>	<b>251 059</b>	<b>261 645</b>	<b>299 861</b>	<b>279 528</b>	<b>288 527</b>	<b>291 150</b>	<b>306 739</b>	<b>320 083</b>

**Table 5 Percentage growth in revenue base by main revenue source**

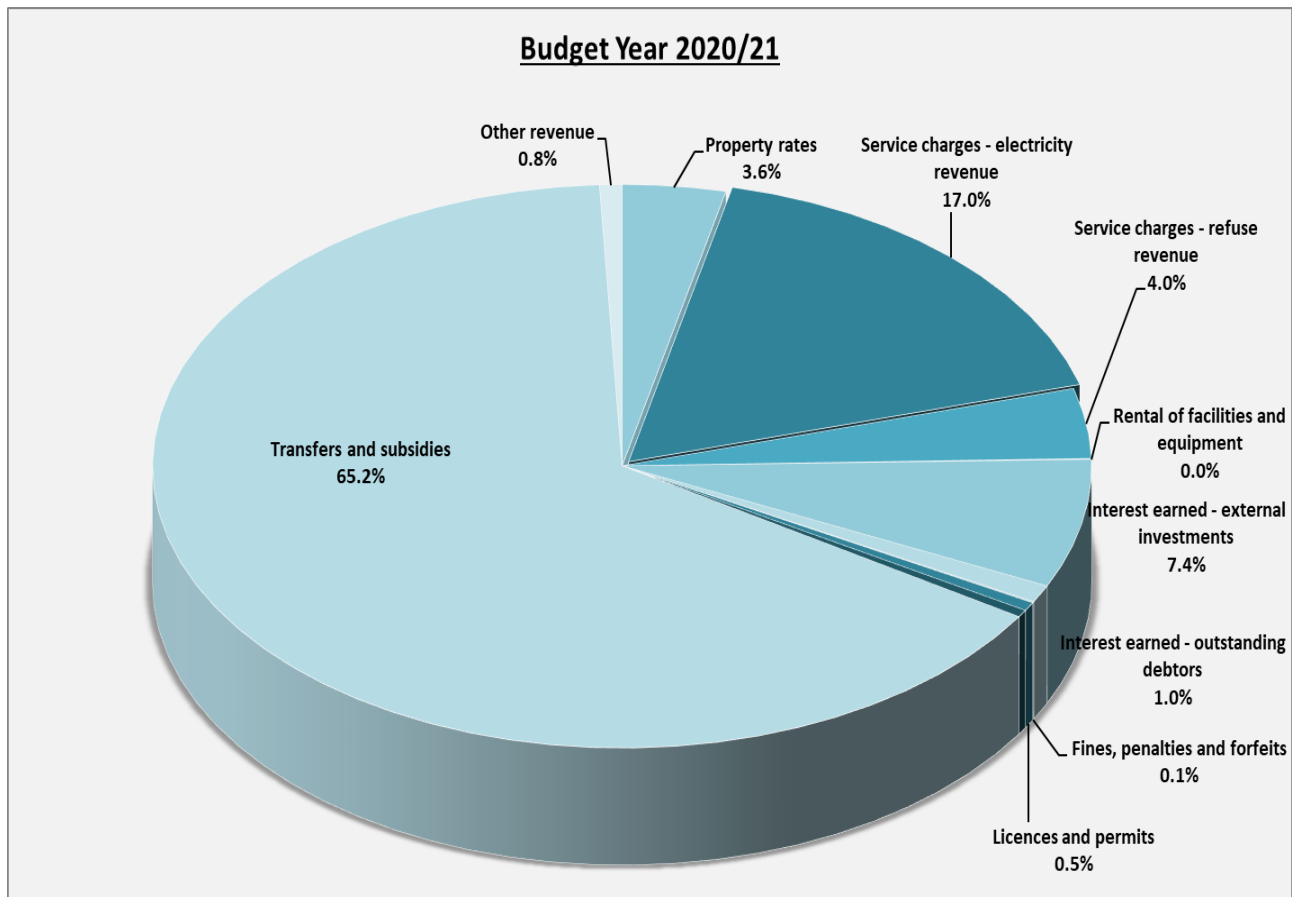
Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework					
	Adjusted	%	Budget Year	%	Budget Year	%	Budget Year	%
	Budget		2020/21		2021/22		2022/23	
<b>Revenue By Source</b>								
Property rates	8 536	3.53%	9 048	3.55%	9 591	3.61%	10 166	3.66%
Service charges - electricity revenue	40 911	16.94%	43 365	17.02%	45 967	17.30%	48 725	17.55%
Service charges - refuse revenue	9 647	3.99%	10 226	4.01%	10 840	4.08%	11 490	4.14%
Rental of facilities and equipment	116	0.05%	123	0.05%	131	0.05%	139	0.05%
Interest earned - external investments	18 000	7.45%	18 800	7.38%	18 500	6.96%	18 500	6.66%
Interest earned - outstanding debtors	2 402	0.99%	2 546	1.00%	2 699	1.02%	2 861	1.03%
Fines, penalties and forfeits	167	0.07%	177	0.07%	187	0.07%	199	0.07%
Licences and permits	1 189	0.49%	1 260	0.49%	1 335	0.50%	1 416	0.51%
Agency services	999	0.41%	1 059	0.42%	1 123	0.42%	1 190	0.43%
Transfers and subsidies	157 720	65.30%	166 246	65.24%	173 184	65.19%	180 729	65.10%
Other revenue	1 857	0.77%	1 968	0.77%	2 086	0.79%	2 211	0.80%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>241 543</b>	<b>100.00%</b>	<b>254 819</b>	<b>100.00%</b>	<b>265 643</b>	<b>100.00%</b>	<b>277 625</b>	<b>100.00%</b>
<b>Total Revenue from Rates and Service Charges</b>	<b>61 612</b>	<b>25.51%</b>	<b>65 309</b>	<b>25.63%</b>	<b>69 227</b>	<b>26.06%</b>	<b>73 381</b>	<b>26.43%</b>



Revenue generated from rates and services charges forms an important percentage of the revenue basket for the Municipality, but measured against other municipalities, the percentage is relatively low. Rates and service charge revenues comprise between 25,63 and 26,43 per cent of the total revenue mix over the MTREF period.

Senqu municipality is to a very large degree dependent on grants (Equitable share) to sustain the budget (as illustrated on the graph on the next page). The unconditional Equitable Share Grant is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis.

Approximately 64% of the revenue basket can be attributed to equitable share. This, together with the lower percentage for rates and service charge revenues, is an indication of the high unemployment rate in the area and the focus on job creation projects were therefore treated as a priority in this budget.



The table below gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term (Please note that a portion of the Equitable share grant as per Dora is allocated to “Nat Gov: Councillor Remuneration” grant):

**Table 6 Operating Transfers and Grant Receipts**

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>					
<b>EXPENDITURE:</b>					
<b><u>Operating expenditure of Transfers and Grants</u></b>					
<b>National Government:</b>	<b>155 943</b>	<b>156 220</b>	<b>164 746</b>	<b>171 684</b>	<b>179 229</b>
Local Government Equitable Share	142 681	142 681	151 263	160 362	167 480
Finance Management	1 700	1 700	1 700	1 700	1 700
Nat Gov: Councillor Remuneration	7 254	7 254	7 254	7 554	7 867
Municipal Infrastructure Grant (MIG)	1 924	1 924	1 912	2 068	2 182
EPWP Incentive	2 384	2 384	2 617	–	–
Municipal Disaster Relief Grant	–	277	–	–	–
<b>Provincial Government:</b>	<b>1 500</b>	<b>1 500</b>	<b>1 500</b>	<b>1 500</b>	<b>1 500</b>
Libraries	1 500	1 500	1 500	1 500	1 500
<b>Total operating expenditure of Transfers and Grants:</b>	<b>157 443</b>	<b>157 720</b>	<b>166 246</b>	<b>173 184</b>	<b>180 729</b>

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3 to 6 per cent target band, therefore, municipalities are required to justify all increases in excess of the projected inflation target for 2020/21 in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups

The municipality budgets for the non-payment of accounts based on past experience of recovery rates, as well as the possible effect of the Covid-19 pandemic on revenue collection. The municipality applies its Credit Control Policy stringently, but there are always situations where there are defaults on payment. The contribution for bad debt equates to R7,63 million in 2020/2021 increasing to R8,59 million in 2022/2023. This increase forms part of the revenue enhancement strategy that the municipality is busy implementing.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. 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.

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);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R60 000;
- The limit for indigent households is twice the amount of government pension grant.

The municipality applied a differential rating system whereby the cent amount in the rand for different categories of property may differ. Relief measures related to different categories of properties and different categories of owners of properties are used when the following is taken into consideration:

- The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes;
- Promotion of social and economic development of the municipality; and
- Promotion of job creation.

Vacant properties are rated higher, as the municipality is encouraging owners of vacant land to develop it and that the vacant land should not be used for speculation purposes by owners.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2020/21 financial year are as follows:



**Table 7 Comparison of proposed rates to be levied for the 2020/21 financial year**

No	Tariff Code	Property Category	Tariff 2019/2020 " R"	Tariff 2020/2021 " R"
01	RES001	Residential properties	0.007030	0.007452
02	IND001	Industrial properties	0.009350	0.009911
03	BUS001	Business and Commercial properties	0.009139	0.009687
04	AGR001	Agricultural properties used for Agricultural Purpose	0.001758	0.001863
05	AGR002	Agricultural Properties used for Commercial / Industrial Purposes	0.001758	0.001863
06	AGR003	Agricultural Properties used for Eco- Tourism, Conversation, Trading In or Hunting of Game	0.001758	0.001863
07	AGR004	Agricultural Properties not used for Any Purpose/ Purpose Unknown to Municipality	0.001758	0.001863
08	PSI001	Public Service Infrastructure properties	0.000000	0.000000
09	GOV001	purposes	0.009139	0.009687
10	GOV002	Properties owned by Public Benefit Organisations and used for specified public benefit activities	0.000000	0.000000
11	GOV003	State- Owned Properties that Provide Local Services	0.009139	0.009687
12	GOV004	State/ Owned Properties that Provide Regional/ Municipal District- Wide Services	0.009139	0.009687
13	GOV005	State/ Owned Properties that Provide Provincial/ National Services	0.009139	0.009687
14	PRA001	Protected areas	0.000000	0.000000
15	MUN001	Municipal properties	0.000000	0.000000
16	PMM001	Public monuments and memorials	0.000000	0.000000
17	UPA001	Unregistered Properties (Administrative Purposes)	0.000000	0.000000
18	CLR001	Communal land and Land Reform Beneficiaries	0.000000	0.000000
19	PWV001	Place of Worship and Vicarage	0.000000	0.000000
20	VAC001	Vacant Land	0.010545	0.011178

### 1.4.2 Sale of Water and Sanitation and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

The Water-and Sanitation function was transferred to Joe Gqabi District Municipality on 1 July 2012 and for that reason Senqu Municipality does not advertise or consult on the tariffs for these services.

### 1.4.3 Sale of Electricity and Impact of Tariff Increases

The National Energy Regulator of South Africa (NERSA) proposed a 6,22 per cent guideline increase for municipal electricity tariffs for 2020/21. This increase is required to curb the downward trend experienced as a result of large bulk tariff increases experienced in recent years.

**Table 8 Electricity Surplus/(Deficit)**

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Operating Revenue	74 448	74 973	81 280	84 744
Operating Expenditure	54 999	58 219	61 581	66 928
<b>Surplus/(Deficit) for the year</b>	<b>19 450</b>	<b>16 754</b>	<b>19 699</b>	<b>17 816</b>
% Profit	26%	22%	24%	21%

Compared to the revenue and expenditure per function in Schedule A2, it should be noted that the revenue figures above does not include indigent rebates financed from equitable share (refer to Schedule SA1) as well as any capital grant revenue (if any). Expenditure only relates to operating expenditure.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for customers over the MTREF period:

**Table 9 Comparison between current electricity charges and increases**

DESCRIPTION	Tariff 2019/2020	Tariff 2020/2021
	Rounded Off	Rounded Off
	c/kwh	c/kwh
<b>Domestic (Pre-paid metering) sinle phase 0-60 AMP FBS</b>		
Basic / Availability Charge – per month	0.00	0.00
Energy Charge – per Unit (kWh) (1 – 50kWh)	0.00	0.00
Energy Charge – per Unit (kWh) (51 – 350kWh)	128.65	136.40
Energy Charge – per Unit (kWh) (351 – 600kWh)	202.40	214.55
Energy Charge – per Unit (kWh) (> 600kWh)	221.22	234.50
<b>Also see Council's Free Basic Services &amp; Indigent Subsidy Support Policy</b>		
<b>Domestic (Pre-paid metering) sinle phase 0-60 AMP FBS</b>		
Basic / Availability Charge – per month	0.00	0.00
Energy Charge – per Unit (kWh) (1 – 50kWh)	100.04	106.00
Energy Charge – per Unit (kWh) (51 – 350kWh)	128.65	136.40
Energy Charge – per Unit (kWh) (351 – 600kWh)	202.40	214.55
Energy Charge – per Unit (kWh) (> 600kWh)	221.22	234.50
<b>Domestic (Pre-paid metering) three phase 0-60 AMP</b>		
Basic / Availability Charge – per month	0.00	0.00
Energy Charge – per Unit (kWh) (1 – 50kWh)	101.5381	107.65
Energy Charge – per Unit (kWh) (51 – 350kWh)	130.5829	138.40
Energy Charge – per Unit (kWh) (351 – 600kWh)	205.4374	217.75
Energy Charge – per Unit (kWh) (> 600kWh)	224.5395	238.00
<b>Domestic : Demand 0 -60 Amp (Credit Metering)</b>		
Basic / Availability Charge -per month	163.76	173.60
Energy Charge – per Unit (kWh) (1 – 50kWh)	100.04	106.05
Energy Charge – per Unit (kWh) (51 – 350kWh)	125.93	133.50
Energy Charge – per Unit (kWh) (351 – 600kWh)	180.78	191.60
Energy Charge – per Unit (kWh) (> 600kWh)	210.20	222.80
<b>Domestic : Demand 60 Amp + (Credit Metering)</b>		
Basic / Availability Charge -per month	386.57	409.75
Energy Charge – per Unit (kWh) (1 – 50kWh)	100.04	106.05
Energy Charge – per Unit (kWh) (51 – 350kWh)	125.93	133.50
Energy Charge – per Unit (kWh) (351 – 600kWh)	180.78	191.60
Energy Charge – per Unit (kWh) (> 600kWh)	210.20	222.80
<b>Commercial (Pre -paid metering) 0 -100 AMP</b>		
Energy Charge -per Unit (KWh) consumed	222.46	235.80
<b>Commercial: Small / Medium - (Credit Metering) 0-60 AMP</b>		
Basic / Availability Charge - per month	478.81	507.55
Energy Charge - per unit (KWh) consumed	185.37	196.50
<b>Commercial: Large - (Credit Metering) 0 to undifined AMP</b>		
Basic / Availability Charge - per month	1 397.84	1481.70
Energy Charge - per unit (KWh) consumed	186.87	198.05
Network / Demand Charge - per unit (KVA) consumed	75.69	80.25
<b>Farms 0 to undifined AMP</b>		
Basic / Availability Charge per month	471.08	499.35
Energy Charge -per Unit (KWh) consumed	181.97	192.90
Network Demand Charge - (KVA) per Unit	75.09	79.60
<b>Consumer Deposits (to be paid prior to connection)</b>		
Domestic / Residential	1 856.15	1967.50
Business / Commercial (Small / Medium): 0 - 60 Amp	4 640.33	4918.75
Business / Commercial / Industrial: 60 -150 Amp	12 683.54	13444.60
Businesses / Commercial / Industrial: 150 Amp +	23 201.75	24593.90
Other		
New Connection (to be paid in advance)		
Re - connecting existing connection	464.07	491.90
Re - connecting (after default / dis-connection )	510.47	541.10
Test Meter (Not Refundable)	464.07	491.90

### 1.4.4 Waste Removal and Impact of Tariff Increases

An average tariff increase of 6 per cent for refuse removal services from 1 July 2020 is proposed. This increase was required to ensure that the tariff charged is more cost reflective due to the increase in fuel and other costs involved to provide these services. There are also significant rehabilitation provisions included in the budget that needs to be funded.

**Table 10 Waste Management Surplus/(Deficit)**

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
		Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22
Operating Revenue	39 738	42 127	44 659	46 838
Operating Expenditure	33 463	38 981	41 031	43 689
<b>Surplus/(Deficit) for the year</b>	<b>6 276</b>	<b>3 146</b>	<b>3 628</b>	<b>3 149</b>
% Profit	16%	7%	8%	7%

Compared to the revenue and expenditure per function in Schedule A2, it should be noted that the revenue figures above does not include indigent rebates financed from equitable share (refer to Schedule SA1) as well as any capital grant revenue (if any). Expenditure only relates to operating expenditure.

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

**Table 11 Comparison between current waste removal fees and increases**

	Tariff 2019/2020 " R"	Tariff 2019/2020 " R"
	EXCL VAT	EXCL VAT
<b>Domestic Consumers</b> (per month for one removal per week)	142.64	151.20
Additional removal (per load or part thereof)	142.64	151.20
<b>Commercial Consumers</b> (per month for two removals per week)	305.28	323.60
Additional removal (per load or part thereof)	305.28	323.60
<b>Government Departments (Schools, hotels, SAPS, prison, hospitals, etc)</b> ( per month for two removals per week)	1 810.12	1 918.70
Additional removal (per load or part thereof)	305.28	323.60
<b>Garden Refuse</b> (per load) (to be paid in advance )	305.28	323.60
<b>Building Rubble</b> (per load) (to be paid in advance )	529.24	561.00
<b>Cleaning of erven</b>	305.28	323.60



**Overall impact of tariff increases on households**

The following table shows the overall expected impact of the tariff increases on various households.

**Table 12 Impact of tariff increases on households**

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework			
	Full Year Forecast	Budget Year 2020/21 % incr.	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Rand/cent</b>					
<b><u>Monthly Account for Household - 'Middle Income Range'</u></b>					
<b>Rates and services charges:</b>					
Property rates	847.68	6.0%	898.55	970.43	1 028.65
Electricity: Basic levy	155.15	6.0%	164.46	177.62	188.27
Electricity: Consumption	2 481.04	6.0%	2 629.90	2 840.29	3 010.71
Refuse removal	152.06	6.0%	161.18	174.08	184.52
<b>Total large household bill:</b>	<b>3 635.93</b>	<b>6.0%</b>	<b>3 854.09</b>	<b>4 162.41</b>	<b>4 412.16</b>
<b>% increase/-decrease</b>	<b>-</b>		<b>6.0%</b>	<b>8.0%</b>	<b>6.0%</b>
<b><u>Monthly Account for Household - 'Affordable Range'</u></b>					
<b>Rates and services charges:</b>					
Property rates	204.33	6.0%	216.59	233.92	247.96
Electricity: Basic levy	156.23	6.0%	165.61	178.86	189.59
Electricity: Consumption	1 105.13	6.0%	1 171.43	1 265.15	1 341.06
Refuse removal	151.97	6.0%	161.09	173.98	184.42
<b>Total small household bill:</b>	<b>1 617.67</b>	<b>6.0%</b>	<b>1 714.73</b>	<b>1 851.90</b>	<b>1 963.02</b>
<b>% increase/-decrease</b>	<b>-</b>		<b>6.0%</b>	<b>8.0%</b>	<b>6.0%</b>
<b><u>Monthly Account for Household - 'Indigent' Household receiving free basic services</u></b>					
<b>Rates and services charges:</b>					
Property rates	131.56	6.0%	139.46	150.61	159.65
Electricity: Consumption	426.40	6.0%	451.98	488.14	517.43
Refuse removal	151.97	6.0%	161.09	173.98	184.42
<b>Total small household bill:</b>	<b>709.93</b>	<b>6.0%</b>	<b>752.53</b>	<b>812.73</b>	<b>861.50</b>
<b>% increase/-decrease</b>	<b>-</b>		<b>6.0%</b>	<b>8.0%</b>	<b>6.0%</b>



## 1.5 Operating Expenditure Framework

Municipalities are still urged to implement the cost containment measures on six focus areas namely, consultancy fees, no credit cards, travel and related costs, advertising, catering, events costs and accommodation. With the implementation of cost containment measures, municipalities must control unnecessary spending on nice-to-have items and non-essential and non-priority activities.

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

**Table 13 Summary of operating expenditure by standard classification item**

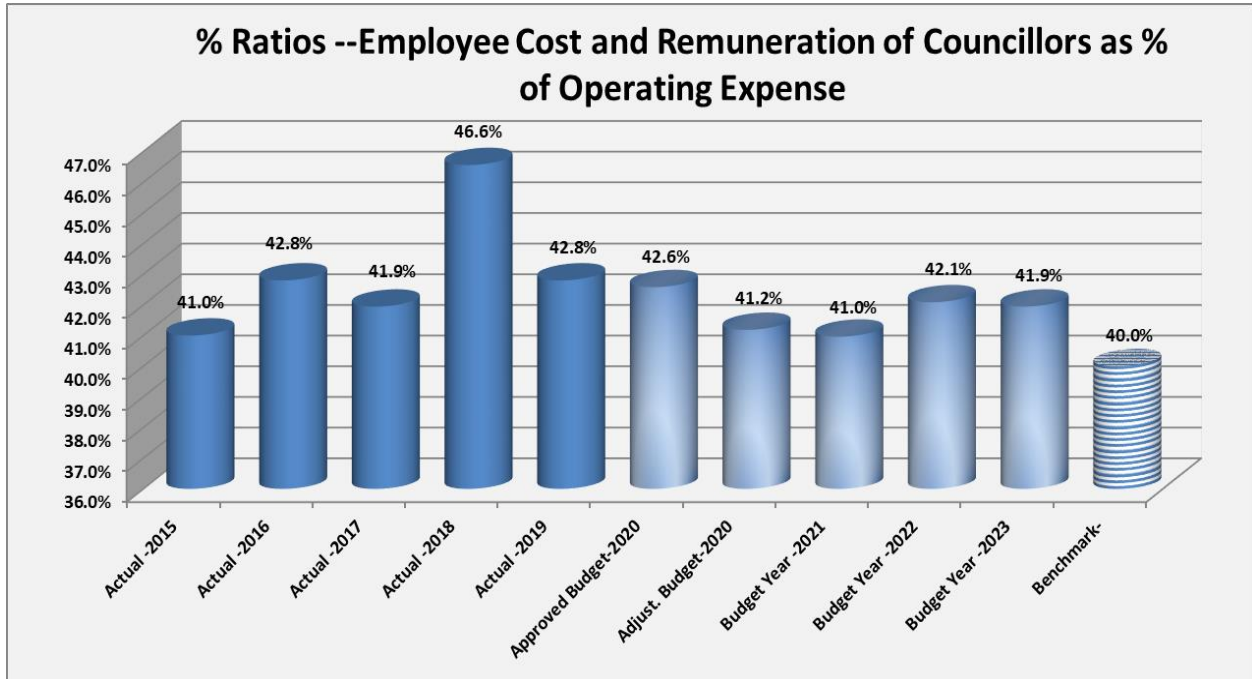
Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2020/21	2021/22	2022/23
<b>Expenditure By Type</b>								
Employee related costs	71 967	81 280	86 820	88 932	90 986	100 989	107 026	113 677
Remuneration of councillors	10 736	11 704	12 244	13 522	13 522	14 468	15 336	16 256
Debt impairment	5 029	7 288	9 810	7 500	7 500	7 633	8 057	8 585
Depreciation & asset impairment	19 676	22 565	19 004	21 058	21 058	21 432	22 624	24 105
Finance charges	2 824	2 876	2 694	3 133	3 133	3 188	3 366	3 586
Bulk purchases	32 543	25 599	33 394	36 750	36 750	39 029	41 058	44 712
Other materials	-	-	-	14 511	15 267	17 135	17 190	18 806
Contracted services	22 477	20 206	28 658	35 505	33 724	34 186	32 751	33 994
Transfers and subsidies	210	-	550	909	609	48	-	-
Other expenditure	31 725	30 041	38 225	29 774	31 199	37 575	37 399	39 758
Loss on disposal of PPE	158	2 244	437	-	-	-	-	-
<b>Total Expenditure</b>	<b>197 343</b>	<b>203 804</b>	<b>231 835</b>	<b>251 594</b>	<b>253 749</b>	<b>275 683</b>	<b>284 806</b>	<b>303 480</b>

The budgeted allocation for employee related costs for the 2020/21 financial year totals R100,99 million, which equals 36,63 per cent of the total operating expenditure. This percentage is set to remain very constant over the two outer years of the MTREF.

A detailed analysis regarding employee related costs as set out in MBRR Tables SA22 - 24 in this document.

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

The expenditure on Employee Cost and Remuneration of Councillors is still towards the upper limits of the industry norms (between 25% and 40%) as depicted in the following graph. However, before the municipality reaches any conclusions with regards to levels of employee related costs of the municipality, the municipality should assess the impact of any items that could distort these figures. The municipality should for example exclude any non-cash expenditure (Depreciation and Debt Impairment) in order to compare it with other municipalities on a more equal basis.



The provision of debt impairment was determined based on an annual collection rate of 80 per cent and the Debt Write-off Policy of the Municipality. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality’s realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality’s Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard totals R21,43 million for the 2020/21 financial year and equates to 7,77 per cent of the total operating expenditure. The appropriation increases to R24,11 million over the MTREF.

The Municipality is limiting its borrowing in order to keep finance charges to the absolute minimum. Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1,16 per cent (R3,19 million) of operating expenditure excluding annual redemption for 2020/21. This percentage is set to remain constant over the two outer years of the MTREF.

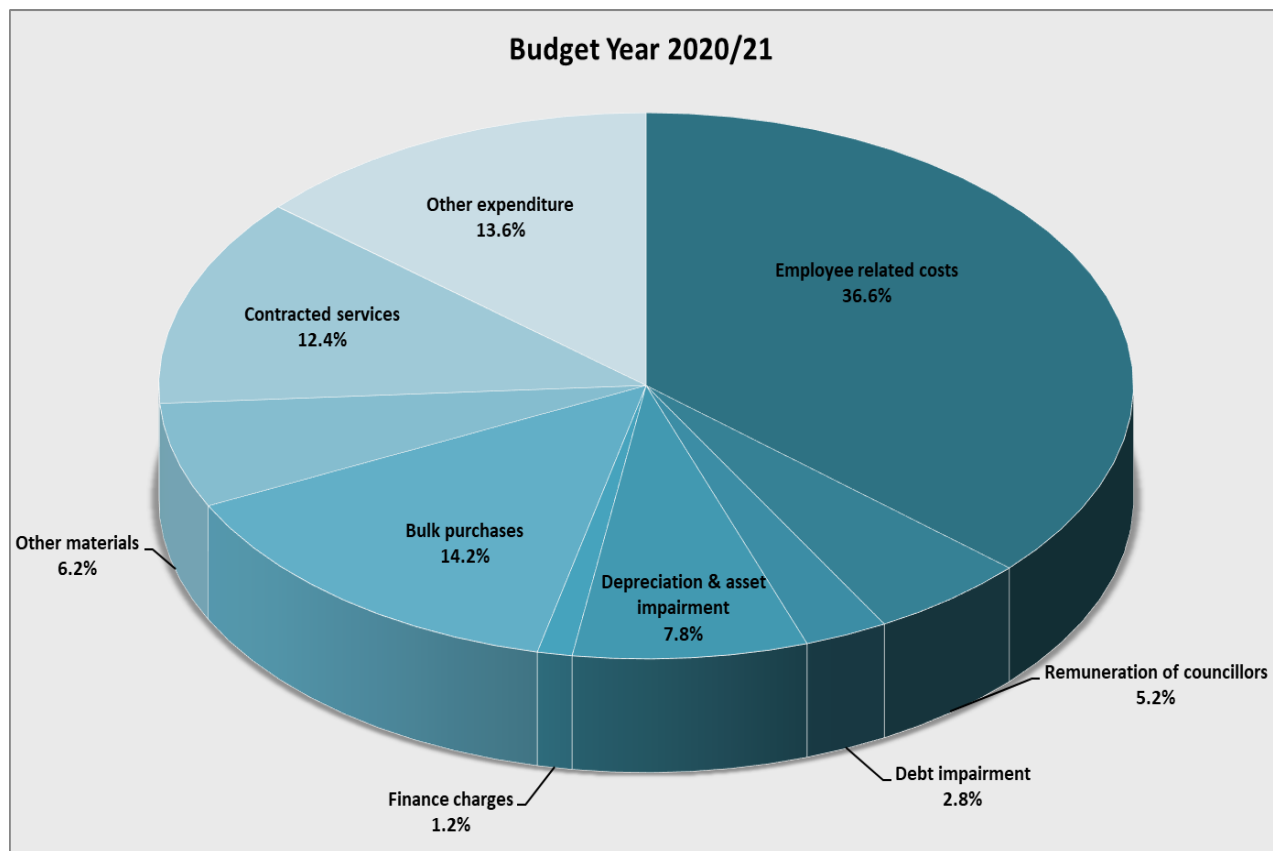
Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. Although the municipality is not in control of the increase in the cost of bulk purchases, the municipality could still implement measures to reduce distribution losses as well as internal consumption. Electricity bulk purchases represents 14,16 per cent of expenditure for 2020/21 and this percentage increase slightly over the MTREF to 14,73 per cent for 2022/23.

Other materials consist out of all items that are accounted for using inventory accounts in the mSCOA structure. Included in Others materials is an amount of R17,14 million over the MTREF for Repairs and Maintenance.

Contracted services consists of the delivery of primary services and the classification was largely influenced by the mSCOA chart of accounts. An amount of R27,93 million over the MTREF for Repairs and Maintenance is classified under Contracted Services.

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

### Main operational expenditure categories for the 2020/21 financial year







**1.5.1 Priority given to repairs and maintenance**

National Treasury observed that budget appropriations for asset renewal as part of the capital program and operational repairs and maintenance of existing asset infrastructure is still not receiving adequate priority by municipalities, regardless of guidance supplied in previous Budget Circulars. Asset management is a strategic imperative for any municipality and needs to be prioritized as a spending objective in the budget of municipalities.

Municipalities must ensure they prioritize asset management and take into consideration the following:

- 1) 40 per cent of its Capital Budget should be allocated to the renewal/upgrading of existing assets it.
- 2) Operational repairs and maintenance should not be less than 8 per cent of the asset value (write down value) of the municipality’s Property Plant and Equipment (PPE)

Currently the municipality is not achieving these targets as indicated below:

**Table 14 Repairs and maintenance per asset class**

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Repairs and Maintenance by Asset Class</b>	6 776	7 898	9 537	11 579	11 438	13 165	14 562	16 645
<i>Roads Infrastructure</i>	1 192	1 843	1 898	2 154	2 154	2 697	2 997	3 407
<i>Storm water Infrastructure</i>	5	14	272	304	314	336	376	433
<i>Electrical Infrastructure</i>	783	752	868	1 028	1 018	1 025	1 179	1 358
<i>Solid Waste Infrastructure</i>	177	208	141	316	316	339	379	437
<b>Infrastructure</b>	<b>2 158</b>	<b>2 816</b>	<b>3 179</b>	<b>3 802</b>	<b>3 802</b>	<b>4 396</b>	<b>4 931</b>	<b>5 635</b>
<i>Community Facilities</i>	657	1 368	1 434	2 117	1 848	2 373	2 551	2 933
<i>Sport and Recreation Facilities</i>	29	58	167	188	199	229	232	262
<b>Community Assets</b>	<b>686</b>	<b>1 426</b>	<b>1 602</b>	<b>2 305</b>	<b>2 047</b>	<b>2 602</b>	<b>2 783</b>	<b>3 195</b>
<i>Operational Buildings</i>	762	500	759	1 078	1 043	1 116	1 249	1 438
<b>Other Assets</b>	<b>762</b>	<b>500</b>	<b>759</b>	<b>1 078</b>	<b>1 043</b>	<b>1 116</b>	<b>1 249</b>	<b>1 438</b>
<i>Furniture and Office Equipment</i>	386	362	465	535	627	677	744	837
<i>Machinery and Equipment</i>	169	1 023	270	1 458	1 591	1 883	2 076	2 347
<i>Transport Assets</i>	2 615	1 771	3 263	2 401	2 327	2 491	2 780	3 192
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	37.5%	39.6%	20.2%	34.8%	19.7%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	0.0%	0.0%	0.0%	152.9%	136.2%	72.4%	100.3%	70.3%
<i>R&amp;M as a % of PPE</i>	2.0%	2.2%	2.3%	2.3%	2.5%	2.5%	2.6%	2.7%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>	2.0%	2.0%	2.0%	8.0%	8.0%	5.0%	6.0%	5.0%

The expenditure on repairs and maintenance is well below acceptable levels. It should however be noted that the municipality is currently not allocating items such as employee related cost utilized in repairs and maintenance projects to the repairs and maintenance line items. This is mainly due to a lack of a costing system to provide for such allocations. It is anticipated that the full implementation of mSCOA will correct this deficiency.



### 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilizing the municipality's unconditional equitable share grant, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act.

Tariffs for indigent households are set out below:

- Rates free of charge to the value based on the market value of the property to the maximum of R60 000
- 50 kWh free electricity per month
- Free refuse x 4 removals per month

The cost associated with indigent subsidies amounts to R12,90 million in 2020/21 and increases to R13,66 million and R14,78 million in the 2 outer years respectively. These figures are disclosed under operating expenditure projects and include items such as Bulk purchases, Contracted services, Other materials and Other expenditure in table A4 of the budget schedules. This do not include the Property rates rebates and the 50 kWh electricity provided to indigents. These amounts are disclosed in table A10 of the budget schedules.



### 1.6 Capital expenditure

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

**Table 15 2020/21 Medium-term capital budget per vote**

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>								
<b>Capital expenditure - Vote</b>								
<b>Multi-year expenditure to be appropriated</b>								
Vote 3 - Corporate Services	265	3 044	3 894	9 317	11 120	2 200	-	-
Vote 4 - Budget & Treasury	-	-	-	-	700	-	-	-
Vote 5 - Road Transport	18 725	24 660	18 745	34 129	27 249	19 560	24 063	35 478
Vote 6 - Waste Water Management	-	-	-	-	-	-	878	23 067
Vote 9 - Community & Social Services	-	633	340	3 876	955	11 063	12 487	3 440
Vote 10 - Sport & Recreation	8 155	1 001	140	3 100	1 050	-	-	-
Vote 11 - Public Safety	-	-	3 718	1 931	2 081	-	-	-
Vote 12 - Electricity	3 473	6 176	7 585	4 700	5 473	2 000	4 194	3 403
Vote 13 - Waste Management	288	2 599	16 628	19 574	17 473	30 555	20 186	18 580
<b>Capital multi-year expenditure sub-total</b>	<b>30 907</b>	<b>38 113</b>	<b>51 050</b>	<b>76 627</b>	<b>66 101</b>	<b>65 378</b>	<b>61 808</b>	<b>83 968</b>
<b>Single-year expenditure to be appropriated</b>								
Vote 1 - Executive & Council	58	1 272	572	191	177	1 415	178	186
Vote 2 - Planning & Development	1 552	70	160	246	246	336	133	139
Vote 3 - Corporate Services	336	90	184	488	688	4 496	100	105
Vote 4 - Budget & Treasury	1 025	686	452	2 264	1 480	2 945	353	369
Vote 5 - Road Transport	2 224	3 093	3 585	2 508	1 218	1 942	956	577
Vote 9 - Community & Social Services	1 945	1 180	208	600	-	-	1 373	-
Vote 10 - Sport & Recreation	43	158	223	216	211	-	-	-
Vote 11 - Public Safety	-	438	562	-	-	-	-	-
Vote 12 - Electricity	3 761	229	226	1 986	1 736	40	90	536
Vote 13 - Waste Management	220	652	400	625	586	240	161	168
<b>Capital single-year expenditure sub-total</b>	<b>11 164</b>	<b>7 869</b>	<b>6 573</b>	<b>9 123</b>	<b>6 341</b>	<b>11 413</b>	<b>3 344</b>	<b>2 080</b>
<b>Total Capital Expenditure - Vote</b>	<b>42 071</b>	<b>45 981</b>	<b>57 623</b>	<b>85 750</b>	<b>72 442</b>	<b>76 792</b>	<b>65 152</b>	<b>86 048</b>

The following table provides more information on the breakdown of the capital budget.



**Table 16 Asset Management**

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>								
<b>CAPITAL EXPENDITURE</b>								
<b>Total New Assets</b>	<b>42 071</b>	<b>45 981</b>	<b>57 623</b>	<b>53 555</b>	<b>43 769</b>	<b>61 271</b>	<b>42 470</b>	<b>69 108</b>
<i>Roads Infrastructure</i>	17 189	24 190	22 450	29 629	26 529	9 469	1 498	18 538
<i>Storm water Infrastructure</i>	2 455	-	-	-	-	-	878	23 067
<i>Electrical Infrastructure</i>	7 220	6 176	7 734	4 900	5 573	2 288	4 194	3 403
<i>Solid Waste Infrastructure</i>	340	3 018	16 628	5 580	2 190	28 329	20 186	18 580
<b>Infrastructure</b>	<b>27 204</b>	<b>33 384</b>	<b>46 812</b>	<b>40 109</b>	<b>34 292</b>	<b>40 085</b>	<b>26 757</b>	<b>63 588</b>
Community Facilities	2 321	2 619	4 385	2 757	2 886	10 082	8 962	3 440
Sport and Recreation Facilities	7 600	774	223	216	211	-	-	-
<b>Community Assets</b>	<b>9 920</b>	<b>3 392</b>	<b>4 608</b>	<b>2 973</b>	<b>3 097</b>	<b>10 082</b>	<b>8 962</b>	<b>3 440</b>
Operational Buildings	2 088	3 279	3 954	4 000	250	672	4 781	-
<b>Other Assets</b>	<b>2 088</b>	<b>3 279</b>	<b>3 954</b>	<b>4 000</b>	<b>250</b>	<b>672</b>	<b>4 781</b>	<b>-</b>
Licences and Rights	247	32	49	69	89	88	92	96
<b>Intangible Assets</b>	<b>247</b>	<b>32</b>	<b>49</b>	<b>69</b>	<b>89</b>	<b>88</b>	<b>92</b>	<b>96</b>
Computer Equipment	1 143	487	1 260	1 057	1 057	3 370	458	479
Furniture and Office Equipment	329	304	53	230	196	300	241	252
Machinery and Equipment	715	3 492	885	2 018	1 917	5 496	1 180	234
Transport Assets	425	1 610	-	3 100	2 872	1 178	-	1 019
<b>Total Renewal of Existing Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16 767</b>	<b>14 490</b>	<b>4 094</b>	<b>4 016</b>	<b>-</b>
<i>Roads Infrastructure</i>	-	-	-	850	120	912	-	-
<i>Solid Waste Infrastructure</i>	-	-	-	-	2 200	-	-	-
<b>Infrastructure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>850</b>	<b>2 320</b>	<b>912</b>	<b>-</b>	<b>-</b>
Community Facilities	-	-	-	4 600	1 050	982	4 016	-
Sport and Recreation Facilities	-	-	-	2 000	-	-	-	-
<b>Community Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 600</b>	<b>1 050</b>	<b>982</b>	<b>4 016</b>	<b>-</b>
Operational Buildings	-	-	-	9 317	11 120	2 200	-	-
<b>Other Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 317</b>	<b>11 120</b>	<b>2 200</b>	<b>-</b>	<b>-</b>
<b>Total Upgrading of Existing Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15 428</b>	<b>14 183</b>	<b>11 427</b>	<b>18 666</b>	<b>16 940</b>
<i>Roads Infrastructure</i>	-	-	-	500	250	9 200	17 784	16 940
<i>Solid Waste Infrastructure</i>	-	-	-	13 994	13 083	2 227	-	-
<b>Infrastructure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14 494</b>	<b>13 333</b>	<b>11 427</b>	<b>17 784</b>	<b>16 940</b>
Community Facilities	-	-	-	150	150	-	883	-
<b>Community Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>150</b>	<b>-</b>	<b>883</b>	<b>-</b>
Operational Buildings	-	-	-	784	700	-	-	-
<b>Other Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>784</b>	<b>700</b>	<b>-</b>	<b>-</b>	<b>-</b>



Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Total Capital Expenditure</b>	42 071	45 981	57 623	85 750	72 442	76 792	65 152	86 048
<i>Roads Infrastructure</i>	17 189	24 190	22 450	30 979	26 899	19 581	19 282	35 478
<i>Storm water Infrastructure</i>	2 455	-	-	-	-	-	878	23 067
<i>Electrical Infrastructure</i>	7 220	6 176	7 734	4 900	5 573	2 288	4 194	3 403
<i>Solid Waste Infrastructure</i>	340	3 018	16 628	19 574	17 473	30 555	20 186	18 580
<b>Infrastructure</b>	<b>27 204</b>	<b>33 384</b>	<b>46 812</b>	<b>55 453</b>	<b>49 945</b>	<b>52 424</b>	<b>44 540</b>	<b>80 528</b>
Community Facilities	2 321	2 619	4 385	7 507	4 086	11 063	13 860	3 440
Sport and Recreation Facilities	7 600	774	223	2 216	211	-	-	-
<b>Community Assets</b>	<b>9 920</b>	<b>3 392</b>	<b>4 608</b>	<b>9 723</b>	<b>4 297</b>	<b>11 063</b>	<b>13 860</b>	<b>3 440</b>
Operational Buildings	2 088	3 279	3 954	14 101	12 070	2 872	4 781	-
<b>Other Assets</b>	<b>2 088</b>	<b>3 279</b>	<b>3 954</b>	<b>14 101</b>	<b>12 070</b>	<b>2 872</b>	<b>4 781</b>	<b>-</b>
Licences and Rights	247	32	49	69	89	88	92	96
<b>Intangible Assets</b>	<b>247</b>	<b>32</b>	<b>49</b>	<b>69</b>	<b>89</b>	<b>88</b>	<b>92</b>	<b>96</b>
Computer Equipment	1 143	487	1 260	1 057	1 057	3 370	458	479
Furniture and Office Equipment	329	304	53	230	196	300	241	252
Machinery and Equipment	715	3 492	885	2 018	1 917	5 496	1 180	234
Transport Assets	425	1 610	-	3 100	2 872	1 178	-	1 019
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>42 071</b>	<b>45 981</b>	<b>57 623</b>	<b>85 750</b>	<b>72 442</b>	<b>76 792</b>	<b>65 152</b>	<b>86 048</b>

With roads being one of the main economic drivers within the region, an amount of R19,58 million were budgeted for 2020/21 for road- and bridge projects and R74,34 million over the MTREF period. A total of R9,89 million over the MTREF is allocated to electrical infrastructure projects.

A significant portion of the MIG funding were allocated to Solid Waste Sites within the Senqu Area. An amount of R30,56 million has been provided for Solid Waste Infrastructure projects for the 2020/21 budget year.

The allocation to community facilities amounts to R11,06 million for 2020/21 of which R10,08 million is allocated to cemeteries and R982 000 towards community halls and facilities. A further R7,65 million was allocated to municipal buildings over the MTREF period.

## 1.7 Annual Budget Tables

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

**Table 17 MBRR Table A1 - Budget Summary**

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousands</b>								
<b>Financial Performance</b>								
Property rates	5 192	5 997	13 439	8 536	8 536	9 048	9 591	10 166
Service charges	43 177	41 980	44 537	50 558	50 558	53 591	56 807	60 215
Investment revenue	18 021	20 577	21 703	16 500	18 000	18 800	18 500	18 500
Transfers recognised - operational	140 468	144 367	145 360	157 443	157 720	166 246	173 184	180 729
Other own revenue	10 517	15 100	27 831	6 730	6 729	7 133	7 561	8 015
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>217 376</b>	<b>228 020</b>	<b>252 870</b>	<b>239 767</b>	<b>241 543</b>	<b>254 819</b>	<b>265 643</b>	<b>277 625</b>
Employee costs	71 967	81 280	86 820	88 932	90 986	100 989	107 026	113 677
Remuneration of councillors	10 736	11 704	12 244	13 522	13 522	14 468	15 336	16 256
Depreciation & asset impairment	19 676	22 565	19 004	21 058	21 058	21 432	22 624	24 105
Finance charges	2 824	2 876	2 694	3 133	3 133	3 188	3 366	3 586
Materials and bulk purchases	32 543	25 599	33 394	51 261	52 017	56 163	58 247	63 518
Transfers and grants	210	-	550	909	609	48	-	-
Other expenditure	59 389	59 779	77 130	72 780	72 423	79 394	78 207	82 337
<b>Total Expenditure</b>	<b>197 343</b>	<b>203 804</b>	<b>231 835</b>	<b>251 594</b>	<b>253 749</b>	<b>275 683</b>	<b>284 806</b>	<b>303 480</b>
<b>Surplus/(Deficit)</b>	<b>20 033</b>	<b>24 216</b>	<b>21 035</b>	<b>(11 826)</b>	<b>(12 205)</b>	<b>(20 865)</b>	<b>(19 163)</b>	<b>(25 854)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	33 684	33 606	46 991	39 761	46 984	36 332	41 096	42 458
<b>Surplus/(Deficit) for the year</b>	<b>53 716</b>	<b>57 841</b>	<b>68 026</b>	<b>27 934</b>	<b>34 778</b>	<b>15 467</b>	<b>21 933</b>	<b>16 604</b>
<b>Capital expenditure &amp; funds sources</b>								
<b>Capital expenditure</b>	<b>42 071</b>	<b>45 981</b>	<b>57 623</b>	<b>85 750</b>	<b>72 442</b>	<b>76 792</b>	<b>65 152</b>	<b>86 048</b>
Transfers recognised - capital	33 684	33 625	48 357	39 761	46 984	36 332	41 096	42 458
Internally generated funds	8 387	12 356	9 265	45 990	25 458	40 460	24 056	43 590
<b>Total sources of capital funds</b>	<b>42 071</b>	<b>45 981</b>	<b>57 623</b>	<b>85 750</b>	<b>72 442</b>	<b>76 792</b>	<b>65 152</b>	<b>86 048</b>
<b>Financial position</b>								
Total current assets	278 119	315 302	332 014	256 644	316 307	281 143	263 827	223 167
Total non current assets	365 501	392 466	460 226	543 986	511 610	566 969	609 498	671 440
Total current liabilities	31 904	38 876	44 221	36 711	43 410	46 330	47 702	50 374
Total non current liabilities	31 885	30 366	31 006	35 286	32 716	34 525	36 433	38 438
Community wealth/Equity	579 831	638 525	717 013	728 633	751 791	767 258	789 191	805 795



Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousands</b>								
<b>Cash flows</b>								
Net cash from (used) operating	74 809	87 768	77 232	53 897	55 753	35 992	41 653	38 613
Net cash from (used) investing	(41 833)	(45 981)	(57 621)	(85 750)	(72 442)	(76 792)	(65 152)	(86 048)
Net cash from (used) financing	(724)	(696)	(775)	(773)	(760)	(784)	(796)	(809)
<b>Cash/cash equivalents at the year end</b>	253 169	294 260	313 095	232 556	295 647	254 063	229 767	181 524
<b>Cash backing/surplus reconciliation</b>								
Cash and investments available	253 169	294 260	313 095	232 556	295 647	254 063	229 767	181 524
Application of cash and investments	(387)	7 096	10 326	221 450	260 890	235 484	218 578	174 165
<b>Balance - surplus (shortfall)</b>	253 556	287 164	302 770	11 106	34 756	18 579	11 189	7 359
<b>Asset management</b>								
Asset register summary (WDV)	364 216	391 368	457 079	542 700	511 610	566 969	609 498	671 440
Depreciation	19 676	22 565	19 004	21 058	21 058	21 432	22 624	24 105
Renewal and Upgrading of Existing Assets	–	–	–	32 195	28 673	15 521	22 682	16 940
Repairs and Maintenance	6 776	7 898	9 537	11 579	11 438	13 165	14 562	16 645
<b>Free services</b>								
Cost of Free Basic Services provided	–	–	–	605	605	642	680	721
Revenue cost of free services provided	1 747	1 739	2 566	2 166	2 166	2 296	2 434	2 580
<b>Households below minimum service level</b>								
Energy:	7	8	8	8	8	9	10	10
Refuse:	34	36	38	41	41	44	46	50



## 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 emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The accumulated surplus is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows a sharp decline over the MTREF. This will in turn result in a sharp decline in the CRR.





**Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Functional Classification Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue - Functional</b>								
<i><b>Governance and administration</b></i>	<b>108 206</b>	<b>115 049</b>	<b>139 775</b>	<b>120 531</b>	<b>122 508</b>	<b>128 549</b>	<b>134 610</b>	<b>139 833</b>
Executive and council	6 485	6 948	7 032	7 254	7 254	7 254	7 554	7 867
Finance and administration	101 722	108 102	132 744	113 277	115 254	121 295	127 056	131 966
<i><b>Community and public safety</b></i>	<b>1 683</b>	<b>4 444</b>	<b>4 246</b>	<b>4 289</b>	<b>4 288</b>	<b>4 455</b>	<b>4 632</b>	<b>4 820</b>
Community and social services	1 576	1 645	1 594	1 639	1 639	1 647	1 656	1 665
Sport and recreation	2	0	9	8	8	9	10	10
Public safety	105	2 798	2 643	2 641	2 640	2 799	2 966	3 144
<i><b>Economic and environmental services</b></i>	<b>41 345</b>	<b>37 844</b>	<b>46 728</b>	<b>41 041</b>	<b>47 541</b>	<b>41 044</b>	<b>41 554</b>	<b>43 845</b>
Planning and development	2 121	6 469	2 035	2 095	2 095	2 093	2 260	2 385
Road transport	39 224	31 375	44 693	38 946	45 446	38 951	39 294	41 460
<i><b>Trading services</b></i>	<b>99 805</b>	<b>104 305</b>	<b>109 109</b>	<b>113 664</b>	<b>114 187</b>	<b>117 100</b>	<b>125 939</b>	<b>131 582</b>
Energy sources	64 969	66 916	69 095	73 925	74 448	74 973	81 280	84 744
Waste management	34 836	37 389	40 014	39 738	39 738	42 127	44 659	46 838
<i><b>Other</b></i>	<b>20</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Total Revenue - Functional</b>	<b>251 059</b>	<b>261 645</b>	<b>299 861</b>	<b>279 528</b>	<b>288 527</b>	<b>291 150</b>	<b>306 739</b>	<b>320 083</b>
<b>Expenditure - Functional</b>								
<i><b>Governance and administration</b></i>	<b>74 690</b>	<b>82 252</b>	<b>92 497</b>	<b>99 642</b>	<b>101 138</b>	<b>109 930</b>	<b>109 196</b>	<b>116 898</b>
Executive and council	23 496	23 152	27 873	28 143	27 866	28 051	30 222	32 050
Finance and administration	49 573	57 449	63 000	68 586	70 286	79 167	76 121	81 288
Internal audit	1 621	1 651	1 624	2 913	2 986	2 712	2 853	3 560
<i><b>Community and public safety</b></i>	<b>15 697</b>	<b>22 261</b>	<b>19 241</b>	<b>16 463</b>	<b>16 462</b>	<b>18 501</b>	<b>19 009</b>	<b>20 455</b>
Community and social services	7 311	8 826	9 851	10 214	10 344	11 418	12 140	13 141
Sport and recreation	1 420	1 756	1 954	2 166	2 161	2 635	2 459	2 629
Public safety	6 966	11 679	7 436	4 083	3 956	4 447	4 409	4 685
<i><b>Economic and environmental services</b></i>	<b>36 436</b>	<b>32 409</b>	<b>34 775</b>	<b>41 686</b>	<b>41 385</b>	<b>43 361</b>	<b>46 889</b>	<b>47 930</b>
Planning and development	13 354	14 423	15 425	18 831	18 176	18 556	20 440	19 462
Road transport	22 951	17 829	19 201	22 686	23 040	24 625	26 257	28 265
Environmental protection	132	158	149	170	170	180	192	204
<i><b>Trading services</b></i>	<b>69 054</b>	<b>65 393</b>	<b>83 835</b>	<b>92 111</b>	<b>93 000</b>	<b>102 056</b>	<b>107 772</b>	<b>116 137</b>
Energy sources	46 285	40 353	49 190	54 428	54 999	58 219	61 581	66 928
Waste water management	2 370	3 579	3 960	4 407	4 539	4 855	5 160	5 520
Waste management	20 399	21 460	30 685	33 276	33 463	38 981	41 031	43 689
<i><b>Other</b></i>	<b>1 466</b>	<b>1 489</b>	<b>1 486</b>	<b>1 692</b>	<b>1 763</b>	<b>1 835</b>	<b>1 941</b>	<b>2 059</b>
<b>Total Expenditure - Functional</b>	<b>197 343</b>	<b>203 804</b>	<b>231 835</b>	<b>251 594</b>	<b>253 749</b>	<b>275 683</b>	<b>284 806</b>	<b>303 480</b>
<b>Surplus/(Deficit) for the year</b>	<b>53 716</b>	<b>57 841</b>	<b>68 026</b>	<b>27 934</b>	<b>34 778</b>	<b>15 467</b>	<b>21 933</b>	<b>16 604</b>



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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.



**Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue by Vote</b>								
Vote 1 - Executive & Council	6 485	6 948	7 032	7 254	7 254	7 254	7 554	7 867
Vote 2 - Planning & Development	1 891	6 327	1 950	1 984	1 984	1 975	2 135	2 253
Vote 3 - Corporate Services	2 242	3 359	17 153	182	659	193	205	217
Vote 4 - Budget & Treasury	99 718	104 884	115 675	113 206	114 706	121 219	126 976	131 881
Vote 5 - Road Transport	39 224	34 068	47 310	41 498	47 998	41 656	42 161	44 499
Vote 9 - Community & Social Services	1 588	1 648	1 596	1 642	1 642	1 650	1 659	1 669
Vote 10 - Sport & Recreation	2	0	9	8	8	9	10	10
Vote 11 - Public Safety	105	106	26	89	88	93	99	105
Vote 12 - Electricity	64 969	66 916	69 095	73 925	74 448	74 973	81 280	84 744
Vote 13 - Waste Management	34 836	37 389	40 014	39 738	39 738	42 127	44 659	46 838
<b>Total Revenue by Vote</b>	<b>251 059</b>	<b>261 645</b>	<b>299 861</b>	<b>279 528</b>	<b>288 527</b>	<b>291 150</b>	<b>306 739</b>	<b>320 083</b>
<b>Expenditure by Vote to be appropriated</b>								
Vote 1 - Executive & Council	25 117	24 803	29 497	31 056	30 851	30 763	33 075	35 610
Vote 2 - Planning & Development	15 135	16 286	17 407	21 238	20 458	20 960	22 986	22 163
Vote 3 - Corporate Services	25 371	30 021	31 189	35 218	36 491	38 375	36 159	38 546
Vote 4 - Budget & Treasury	23 237	26 589	30 805	32 117	32 719	39 620	38 718	41 423
Vote 5 - Road Transport	23 189	22 280	24 901	25 656	26 166	28 192	29 731	31 955
Vote 6 - Waste Water Management	2 370	3 579	3 960	4 407	4 539	4 855	5 160	5 520
Vote 9 - Community & Social Services	7 853	9 449	10 510	10 919	11 072	12 201	12 970	14 023
Vote 10 - Sport & Recreation	1 420	1 756	1 954	2 166	2 161	2 635	2 459	2 629
Vote 11 - Public Safety	6 966	7 227	1 736	1 113	830	881	936	995
Vote 12 - Electricity	46 285	40 353	49 190	54 428	54 999	58 219	61 581	66 928
Vote 13 - Waste Management	20 399	21 460	30 685	33 276	33 463	38 981	41 031	43 689
<b>Total Expenditure by Vote</b>	<b>197 343</b>	<b>203 804</b>	<b>231 835</b>	<b>251 594</b>	<b>253 749</b>	<b>275 683</b>	<b>284 806</b>	<b>303 480</b>
<b>Surplus/(Deficit) for the year</b>	<b>53 716</b>	<b>57 841</b>	<b>68 026</b>	<b>27 934</b>	<b>34 778</b>	<b>15 467</b>	<b>21 933</b>	<b>16 604</b>

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

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

**Table 20 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue By Source</b>								
Property rates	5 192	5 997	13 439	8 536	8 536	9 048	9 591	10 166
Service charges - electricity revenue	34 092	31 861	33 059	40 911	40 911	43 365	45 967	48 725
Service charges - refuse revenue	9 085	10 119	11 478	9 647	9 647	10 226	10 840	11 490
Rental of facilities and equipment	503	1 210	831	116	116	123	131	139
Interest earned - external investments	18 021	20 577	21 703	16 500	18 000	18 800	18 500	18 500
Interest earned - outstanding debtors	2 906	3 204	2 376	2 402	2 402	2 546	2 699	2 861
Fines, penalties and forfeits	159	411	137	168	167	177	187	199
Licences and permits	1 109	1 295	1 243	1 189	1 189	1 260	1 335	1 416
Agency services	1 138	975	1 054	999	999	1 059	1 123	1 190
Transfers and subsidies	140 468	144 367	145 360	157 443	157 720	166 246	173 184	180 729
Other revenue	4 703	996	1 122	1 857	1 857	1 968	2 086	2 211
Gains	-	7 007	21 069	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>217 376</b>	<b>228 020</b>	<b>252 870</b>	<b>239 767</b>	<b>241 543</b>	<b>254 819</b>	<b>265 643</b>	<b>277 625</b>
<b>Expenditure By Type</b>								
Employee related costs	71 967	81 280	86 820	88 932	90 986	100 989	107 026	113 677
Remuneration of councillors	10 736	11 704	12 244	13 522	13 522	14 468	15 336	16 256
Debt impairment	5 029	7 288	9 810	7 500	7 500	7 633	8 057	8 585
Depreciation & asset impairment	19 676	22 565	19 004	21 058	21 058	21 432	22 624	24 105
Finance charges	2 824	2 876	2 694	3 133	3 133	3 188	3 366	3 586
Bulk purchases	32 543	25 599	33 394	36 750	36 750	39 029	41 058	44 712
Other materials	-	-	-	14 511	15 267	17 135	17 190	18 806
Contracted services	22 477	20 206	28 658	35 505	33 724	34 186	32 751	33 994
Transfers and subsidies	210	-	550	909	609	48	-	-
Other expenditure	31 725	30 041	38 225	29 774	31 199	37 575	37 399	39 758
Losses	158	2 244	437	-	-	-	-	-
<b>Total Expenditure</b>	<b>197 343</b>	<b>203 804</b>	<b>231 835</b>	<b>251 594</b>	<b>253 749</b>	<b>275 683</b>	<b>284 806</b>	<b>303 480</b>
<b>Surplus/(Deficit)</b>	<b>20 033</b>	<b>24 216</b>	<b>21 035</b>	<b>(11 826)</b>	<b>(12 205)</b>	<b>(20 865)</b>	<b>(19 163)</b>	<b>(25 854)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	33 684	33 606	46 991	39 761	46 984	36 332	41 096	42 458
<b>Surplus/(Deficit) for the year</b>	<b>53 716</b>	<b>57 841</b>	<b>68 026</b>	<b>27 934</b>	<b>34 778</b>	<b>15 467</b>	<b>21 933</b>	<b>16 604</b>

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

1. Table A4 represents the revenue per source as well as the expenditure per type. This classification is aligned to the GRAP disclosures in the annual financial statements of the municipality.



**Table 21 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>								
<b>Capital expenditure - Vote</b>								
<b>Multi-year expenditure to be appropriated</b>								
Vote 3 - Corporate Services	265	3 044	3 894	9 317	11 120	2 200	-	-
Vote 4 - Budget & Treasury	-	-	-	-	700	-	-	-
Vote 5 - Road Transport	18 725	24 660	18 745	34 129	27 249	19 560	24 063	35 478
Vote 6 - Waste Water Management	-	-	-	-	-	-	878	23 067
Vote 9 - Community & Social Services	-	633	340	3 876	955	11 063	12 487	3 440
Vote 10 - Sport & Recreation	8 155	1 001	140	3 100	1 050	-	-	-
Vote 11 - Public Safety	-	-	3 718	1 931	2 081	-	-	-
Vote 12 - Electricity	3 473	6 176	7 585	4 700	5 473	2 000	4 194	3 403
Vote 13 - Waste Management	288	2 599	16 628	19 574	17 473	30 555	20 186	18 580
<b>Capital multi-year expenditure sub-total</b>	<b>30 907</b>	<b>38 113</b>	<b>51 050</b>	<b>76 627</b>	<b>66 101</b>	<b>65 378</b>	<b>61 808</b>	<b>83 968</b>
<b>Single-year expenditure to be appropriated</b>								
Vote 1 - Executive & Council	58	1 272	572	191	177	1 415	178	186
Vote 2 - Planning & Development	1 552	70	160	246	246	336	133	139
Vote 3 - Corporate Services	336	90	184	488	688	4 496	100	105
Vote 4 - Budget & Treasury	1 025	686	452	2 264	1 480	2 945	353	369
Vote 5 - Road Transport	2 224	3 093	3 585	2 508	1 218	1 942	956	577
Vote 9 - Community & Social Services	1 945	1 180	208	600	-	-	1 373	-
Vote 10 - Sport & Recreation	43	158	223	216	211	-	-	-
Vote 11 - Public Safety	-	438	562	-	-	-	-	-
Vote 12 - Electricity	3 761	229	226	1 986	1 736	40	90	536
Vote 13 - Waste Management	220	652	400	625	586	240	161	168
<b>Capital single-year expenditure sub-total</b>	<b>11 164</b>	<b>7 869</b>	<b>6 573</b>	<b>9 123</b>	<b>6 341</b>	<b>11 413</b>	<b>3 344</b>	<b>2 080</b>
<b>Total Capital Expenditure - Vote</b>	<b>42 071</b>	<b>45 981</b>	<b>57 623</b>	<b>85 750</b>	<b>72 442</b>	<b>76 792</b>	<b>65 152</b>	<b>86 048</b>
<b>Capital Expenditure - Functional</b>								
<b>Governance and administration</b>	<b>3 644</b>	<b>5 093</b>	<b>5 102</b>	<b>12 260</b>	<b>14 165</b>	<b>11 056</b>	<b>631</b>	<b>659</b>
Executive and council	95	1 272	572	123	88	1 327	87	90
Finance and administration	1 363	3 821	4 530	12 069	13 988	9 640	453	473
Internal audit	2 185	-	-	69	89	88	92	96
<b>Community and public safety</b>	<b>8 770</b>	<b>3 567</b>	<b>5 193</b>	<b>10 073</b>	<b>4 547</b>	<b>12 024</b>	<b>18 641</b>	<b>3 440</b>
Community and social services	484	1 814	549	4 476	955	11 063	13 860	3 440
Sport and recreation	8 155	1 160	364	3 316	1 261	-	-	-
Public safety	131	594	4 281	2 281	2 331	960	4 781	-
<b>Economic and environmental services</b>	<b>19 665</b>	<b>27 823</b>	<b>22 490</b>	<b>36 532</b>	<b>28 462</b>	<b>20 877</b>	<b>20 371</b>	<b>36 194</b>
Planning and development	1 416	70	160	246	246	336	133	139
Road transport	18 248	27 752	22 330	36 287	28 217	20 541	20 238	36 055
<b>Trading services</b>	<b>9 989</b>	<b>9 498</b>	<b>24 838</b>	<b>26 886</b>	<b>25 268</b>	<b>32 836</b>	<b>25 509</b>	<b>45 754</b>
Energy sources	7 187	6 404	7 811	6 686	7 209	2 040	4 284	3 939
Waste water management	2 455	-	-	-	-	-	878	23 067
Waste management	347	3 094	17 027	20 199	18 059	30 796	20 347	18 748
<b>Other</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional</b>	<b>42 071</b>	<b>45 981</b>	<b>57 623</b>	<b>85 750</b>	<b>72 442</b>	<b>76 792</b>	<b>65 152</b>	<b>86 048</b>
<b>Funded by:</b>								
National Government	33 684	33 606	44 792	39 761	46 984	36 332	41 096	42 458
Provincial Government	-	-	3 566	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental)	-	19	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>33 684</b>	<b>33 625</b>	<b>48 357</b>	<b>39 761</b>	<b>46 984</b>	<b>36 332</b>	<b>41 096</b>	<b>42 458</b>
<b>Internally generated funds</b>	<b>8 387</b>	<b>12 356</b>	<b>9 265</b>	<b>45 990</b>	<b>25 458</b>	<b>40 460</b>	<b>24 056</b>	<b>43 590</b>
<b>Total Capital Funding</b>	<b>42 071</b>	<b>45 981</b>	<b>57 623</b>	<b>85 750</b>	<b>72 442</b>	<b>76 792</b>	<b>65 152</b>	<b>86 048</b>

**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. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital program is funded from National, Provincial and Other grants and transfers and internally generated funds from current and prior year surpluses.



**Table 22 MBRR Table A6 - Budgeted Financial Position**

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>								
<b>ASSETS</b>								
<b>Current assets</b>								
Cash	3 805	2 052	1 483	58 692	15 196	21 289	17 943	12 064
Call investment deposits	249 364	292 208	311 612	173 863	280 451	232 774	211 824	169 460
Consumer debtors	10 528	10 126	13 129	10 199	14 871	21 299	28 287	35 878
Other debtors	13 650	10 219	5 378	13 088	5 378	5 378	5 378	5 378
Inventory	772	697	411	802	411	403	395	387
<b>Total current assets</b>	<b>278 119</b>	<b>315 302</b>	<b>332 014</b>	<b>256 644</b>	<b>316 307</b>	<b>281 143</b>	<b>263 827</b>	<b>223 167</b>
<b>Non current assets</b>								
Investment property	28 312	28 490	45 607	33 375	45 607	45 607	45 607	45 607
Property, plant and equipment	335 511	362 560	411 207	508 777	465 770	521 165	563 733	625 719
Intangible	393	318	265	548	232	197	158	114
Other non-current assets	1 286	1 098	3 147	1 286	-	-	-	-
<b>Total non current assets</b>	<b>365 501</b>	<b>392 466</b>	<b>460 226</b>	<b>543 986</b>	<b>511 610</b>	<b>566 969</b>	<b>609 498</b>	<b>671 440</b>
<b>TOTAL ASSETS</b>	<b>643 620</b>	<b>707 768</b>	<b>792 240</b>	<b>800 630</b>	<b>827 917</b>	<b>848 113</b>	<b>873 325</b>	<b>894 607</b>
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Borrowing	830	840	855	871	871	887	904	922
Consumer deposits	1 432	1 564	1 630	1 724	1 724	1 811	1 901	1 996
Trade and other payables	19 610	24 963	29 165	20 912	26 879	28 532	28 604	29 939
Provisions	10 032	11 509	12 572	13 203	13 936	15 100	16 293	17 517
<b>Total current liabilities</b>	<b>31 904</b>	<b>38 876</b>	<b>44 221</b>	<b>36 711</b>	<b>43 410</b>	<b>46 330</b>	<b>47 702</b>	<b>50 374</b>
<b>Non current liabilities</b>								
Borrowing	11 201	10 360	9 505	8 634	8 634	7 747	6 843	5 921
Provisions	20 684	20 006	21 501	26 652	24 081	26 777	29 589	32 517
<b>Total non current liabilities</b>	<b>31 885</b>	<b>30 366</b>	<b>31 006</b>	<b>35 286</b>	<b>32 716</b>	<b>34 525</b>	<b>36 433</b>	<b>38 438</b>
<b>TOTAL LIABILITIES</b>	<b>63 789</b>	<b>69 242</b>	<b>75 227</b>	<b>71 997</b>	<b>76 125</b>	<b>80 855</b>	<b>84 134</b>	<b>88 813</b>
<b>NET ASSETS</b>	<b>579 831</b>	<b>638 525</b>	<b>717 013</b>	<b>728 633</b>	<b>751 791</b>	<b>767 258</b>	<b>789 191</b>	<b>805 795</b>
<b>COMMUNITY WEALTH/EQUITY</b>								
Accumulated Surplus/(Deficit)	552 391	584 367	652 393	461 619	449 690	488 958	522 425	578 941
Reserves	27 440	54 158	64 619	267 014	302 101	278 301	266 766	226 853
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>579 831</b>	<b>638 525</b>	<b>717 013</b>	<b>728 633</b>	<b>751 791</b>	<b>767 258</b>	<b>789 191</b>	<b>805 795</b>



## 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 councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
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.





**Table 23 MBRR Table A7 - Budgeted Cash Flow Statement**

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>								
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates	3 871	4 104	11 844	7 516	7 255	7 100	7 506	7 925
Service charges	39 436	32 124	33 949	44 517	42 974	42 053	44 461	46 941
Other revenue	5 396	13 013	20 106	4 315	6 352	4 561	4 834	5 124
Transfers and Subsidies - Operational	139 805	140 045	147 318	157 443	157 720	166 246	173 184	180 729
Transfers and Subsidies - Capital	34 892	42 159	41 850	39 761	46 984	36 332	41 096	42 458
Interest	18 021	20 577	20 352	18 615	18 000	20 798	20 612	20 730
<b>Payments</b>								
Suppliers and employees	(165 255)	(163 216)	(196 701)	(214 228)	(219 790)	(237 860)	(246 675)	(261 708)
Finance charges	(1 146)	(1 038)	(937)	(3 133)	(3 133)	(3 188)	(3 366)	(3 586)
Transfers and Grants	(210)	-	(550)	(909)	(609)	(48)	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>74 809</b>	<b>87 768</b>	<b>77 232</b>	<b>53 897</b>	<b>55 753</b>	<b>35 992</b>	<b>41 653</b>	<b>38 613</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	238	-	1	-	-	-	-	-
<b>Payments</b>								
Capital assets	(42 071)	(45 981)	(57 623)	(85 750)	(72 442)	(76 792)	(65 152)	(86 048)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(41 833)</b>	<b>(45 981)</b>	<b>(57 621)</b>	<b>(85 750)</b>	<b>(72 442)</b>	<b>(76 792)</b>	<b>(65 152)</b>	<b>(86 048)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Increase (decrease) in consumer deposits	91	132	66	82	95	86	91	95
<b>Payments</b>								
Repayment of borrowing	(815)	(827)	(841)	(855)	(855)	(871)	(887)	(904)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(724)</b>	<b>(696)</b>	<b>(775)</b>	<b>(773)</b>	<b>(760)</b>	<b>(784)</b>	<b>(796)</b>	<b>(809)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>32 252</b>	<b>41 091</b>	<b>18 835</b>	<b>(32 626)</b>	<b>(17 449)</b>	<b>(41 584)</b>	<b>(24 296)</b>	<b>(48 243)</b>
Cash/cash equivalents at the year begin:	220 917	253 169	294 260	265 182	313 095	295 647	254 063	229 767
Cash/cash equivalents at the year end:	253 169	294 260	313 095	232 556	295 647	254 063	229 767	181 524

**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 investment in capital infrastructure, which is much higher than the cash generated by operations, is the main reason for the annual decline in cash resources.

**Table 24 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Cash and investments available</b>								
Cash/cash equivalents at the year end	253 169	294 260	313 095	232 556	295 647	254 063	229 767	181 524
<b>Cash and investments available:</b>	<b>253 169</b>	<b>294 260</b>	<b>313 095</b>	<b>232 556</b>	<b>295 647</b>	<b>254 063</b>	<b>229 767</b>	<b>181 524</b>
<b>Application of cash and investments</b>								
Unspent conditional transfers	11 688	15 919	13 289	10 203	12 766	12 766	12 766	12 766
Other working capital requirements	(12 076)	(8 823)	(2 963)	(9 225)	(3 293)	(4 771)	(10 017)	(14 397)
Other provisions	-	-	-	13 203	13 936	15 100	16 293	17 517
Reserves to be backed by cash/investments	-	-	-	207 268	237 481	212 389	199 536	158 279
<b>Total Application of cash and investments:</b>	<b>(387)</b>	<b>7 096</b>	<b>10 326</b>	<b>221 450</b>	<b>260 890</b>	<b>235 484</b>	<b>218 578</b>	<b>174 165</b>
<b>Surplus(shortfall)</b>	<b>253 556</b>	<b>287 164</b>	<b>302 770</b>	<b>11 106</b>	<b>34 756</b>	<b>18 579</b>	<b>11 189</b>	<b>7 359</b>

**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”. The municipality’s budget is cash-funded and thus in compliance with the requirements of the MFMA.
4. 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.



**Table 25 MBRR Table A9 - Asset Management**

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>								
<b>CAPITAL EXPENDITURE</b>								
<b>Total New Assets</b>	<b>42 071</b>	<b>45 981</b>	<b>57 623</b>	<b>53 555</b>	<b>43 769</b>	<b>61 271</b>	<b>42 470</b>	<b>69 108</b>
<i>Roads Infrastructure</i>	17 189	24 190	22 450	29 629	26 529	9 469	1 498	18 538
<i>Storm water Infrastructure</i>	2 455	-	-	-	-	-	878	23 067
<i>Electrical Infrastructure</i>	7 220	6 176	7 734	4 900	5 573	2 288	4 194	3 403
<i>Solid Waste Infrastructure</i>	340	3 018	16 628	5 580	2 190	28 329	20 186	18 580
<b>Infrastructure</b>	<b>27 204</b>	<b>33 384</b>	<b>46 812</b>	<b>40 109</b>	<b>34 292</b>	<b>40 085</b>	<b>26 757</b>	<b>63 588</b>
Community Facilities	2 321	2 619	4 385	2 757	2 886	10 082	8 962	3 440
Sport and Recreation Facilities	7 600	774	223	216	211	-	-	-
<b>Community Assets</b>	<b>9 920</b>	<b>3 392</b>	<b>4 608</b>	<b>2 973</b>	<b>3 097</b>	<b>10 082</b>	<b>8 962</b>	<b>3 440</b>
Operational Buildings	2 088	3 279	3 954	4 000	250	672	4 781	-
<b>Other Assets</b>	<b>2 088</b>	<b>3 279</b>	<b>3 954</b>	<b>4 000</b>	<b>250</b>	<b>672</b>	<b>4 781</b>	<b>-</b>
Licences and Rights	247	32	49	69	89	88	92	96
<b>Intangible Assets</b>	<b>247</b>	<b>32</b>	<b>49</b>	<b>69</b>	<b>89</b>	<b>88</b>	<b>92</b>	<b>96</b>
Computer Equipment	1 143	487	1 260	1 057	1 057	3 370	458	479
Furniture and Office Equipment	329	304	53	230	196	300	241	252
Machinery and Equipment	715	3 492	885	2 018	1 917	5 496	1 180	234
Transport Assets	425	1 610	-	3 100	2 872	1 178	-	1 019
<b>Total Renewal of Existing Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16 767</b>	<b>14 490</b>	<b>4 094</b>	<b>4 016</b>	<b>-</b>
<i>Roads Infrastructure</i>	-	-	-	850	120	912	-	-
<i>Solid Waste Infrastructure</i>	-	-	-	-	2 200	-	-	-
<b>Infrastructure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>850</b>	<b>2 320</b>	<b>912</b>	<b>-</b>	<b>-</b>
Community Facilities	-	-	-	4 600	1 050	982	4 016	-
Sport and Recreation Facilities	-	-	-	2 000	-	-	-	-
<b>Community Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 600</b>	<b>1 050</b>	<b>982</b>	<b>4 016</b>	<b>-</b>
Operational Buildings	-	-	-	9 317	11 120	2 200	-	-
<b>Other Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 317</b>	<b>11 120</b>	<b>2 200</b>	<b>-</b>	<b>-</b>
<b>Total Upgrading of Existing Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15 428</b>	<b>14 183</b>	<b>11 427</b>	<b>18 666</b>	<b>16 940</b>
<i>Roads Infrastructure</i>	-	-	-	500	250	9 200	17 784	16 940
<i>Solid Waste Infrastructure</i>	-	-	-	13 994	13 083	2 227	-	-
<b>Infrastructure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14 494</b>	<b>13 333</b>	<b>11 427</b>	<b>17 784</b>	<b>16 940</b>
Community Facilities	-	-	-	150	150	-	883	-
<b>Community Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>150</b>	<b>-</b>	<b>883</b>	<b>-</b>
Operational Buildings	-	-	-	784	700	-	-	-
<b>Other Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>784</b>	<b>700</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure</b>	<b>42 071</b>	<b>45 981</b>	<b>57 623</b>	<b>85 750</b>	<b>72 442</b>	<b>76 792</b>	<b>65 152</b>	<b>86 048</b>
<i>Roads Infrastructure</i>	17 189	24 190	22 450	30 979	26 899	19 581	19 282	35 478
<i>Storm water Infrastructure</i>	2 455	-	-	-	-	-	878	23 067
<i>Electrical Infrastructure</i>	7 220	6 176	7 734	4 900	5 573	2 288	4 194	3 403
<i>Solid Waste Infrastructure</i>	340	3 018	16 628	19 574	17 473	30 555	20 186	18 580
<b>Infrastructure</b>	<b>27 204</b>	<b>33 384</b>	<b>46 812</b>	<b>55 453</b>	<b>49 945</b>	<b>52 424</b>	<b>44 540</b>	<b>80 528</b>
Community Facilities	2 321	2 619	4 385	7 507	4 086	11 063	13 860	3 440
Sport and Recreation Facilities	7 600	774	223	2 216	211	-	-	-
<b>Community Assets</b>	<b>9 920</b>	<b>3 392</b>	<b>4 608</b>	<b>9 723</b>	<b>4 297</b>	<b>11 063</b>	<b>13 860</b>	<b>3 440</b>
Operational Buildings	2 088	3 279	3 954	14 101	12 070	2 872	4 781	-
<b>Other Assets</b>	<b>2 088</b>	<b>3 279</b>	<b>3 954</b>	<b>14 101</b>	<b>12 070</b>	<b>2 872</b>	<b>4 781</b>	<b>-</b>
Licences and Rights	247	32	49	69	89	88	92	96
<b>Intangible Assets</b>	<b>247</b>	<b>32</b>	<b>49</b>	<b>69</b>	<b>89</b>	<b>88</b>	<b>92</b>	<b>96</b>
Computer Equipment	1 143	487	1 260	1 057	1 057	3 370	458	479
Furniture and Office Equipment	329	304	53	230	196	300	241	252
Machinery and Equipment	715	3 492	885	2 018	1 917	5 496	1 180	234
Transport Assets	425	1 610	-	3 100	2 872	1 178	-	1 019
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>42 071</b>	<b>45 981</b>	<b>57 623</b>	<b>85 750</b>	<b>72 442</b>	<b>76 792</b>	<b>65 152</b>	<b>86 048</b>



Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>								
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	364 216	391 368	457 079	542 700	511 610	566 969	609 498	671 440
<i>Roads Infrastructure</i>	92 982	109 150	123 690	152 605	141 826	152 489	162 357	187 804
<i>Storm water Infrastructure</i>	44 363	42 944	41 616	40 120	40 164	38 686	38 004	59 408
<i>Electrical Infrastructure</i>	20 618	25 883	32 506	37 946	37 027	38 244	41 308	43 506
<i>Solid Waste Infrastructure</i>	13 773	16 264	21 864	47 584	42 242	72 551	92 477	110 780
<b>Infrastructure</b>	<b>171 736</b>	<b>194 240</b>	<b>219 677</b>	<b>278 255</b>	<b>261 259</b>	<b>301 970</b>	<b>334 145</b>	<b>401 498</b>
<b>Community Assets</b>	40 438	40 130	53 122	63 931	55 184	63 972	75 432	76 313
<b>Investment properties</b>	28 312	28 490	45 607	33 375	45 607	45 607	45 607	45 607
<b>Other Assets</b>	70 573	73 231	83 957	114 891	95 169	97 168	101 028	100 046
<b>Intangible Assets</b>	393	318	265	548	232	197	158	114
<b>Computer Equipment</b>	2 530	2 231	2 654	3 434	2 848	5 339	4 869	4 360
<b>Furniture and Office Equipment</b>	3 044	2 602	1 999	1 239	1 382	1 015	542	24
<b>Machinery and Equipment</b>	14 058	15 631	16 637	13 838	16 125	18 879	17 180	14 364
<b>Transport Assets</b>	8 921	8 261	4 145	8 295	4 787	3 805	1 519	95
<b>Land</b>	24 212	26 235	29 018	24 893	29 018	29 018	29 018	29 018
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>364 216</b>	<b>391 368</b>	<b>457 079</b>	<b>542 700</b>	<b>511 610</b>	<b>566 969</b>	<b>609 498</b>	<b>671 440</b>
<b>EXPENDITURE OTHER ITEMS</b>	26 451	30 463	28 541	32 637	32 497	34 597	37 186	40 750
<u>Depreciation</u>	19 676	22 565	19 004	21 058	21 058	21 432	22 624	24 105
<u>Repairs and Maintenance by Asset Class</u>	6 776	7 898	9 537	11 579	11 438	13 165	14 562	16 645
<i>Roads Infrastructure</i>	1 192	1 843	1 898	2 154	2 154	2 697	2 997	3 407
<i>Storm water Infrastructure</i>	5	14	272	304	314	336	376	433
<i>Electrical Infrastructure</i>	783	752	868	1 028	1 018	1 025	1 179	1 358
<i>Solid Waste Infrastructure</i>	177	208	141	316	316	339	379	437
<b>Infrastructure</b>	<b>2 158</b>	<b>2 816</b>	<b>3 179</b>	<b>3 802</b>	<b>3 802</b>	<b>4 396</b>	<b>4 931</b>	<b>5 635</b>
<i>Community Facilities</i>	657	1 368	1 434	2 117	1 848	2 373	2 551	2 933
<i>Sport and Recreation Facilities</i>	29	58	167	188	199	229	232	262
<b>Community Assets</b>	<b>686</b>	<b>1 426</b>	<b>1 602</b>	<b>2 305</b>	<b>2 047</b>	<b>2 602</b>	<b>2 783</b>	<b>3 195</b>
<i>Operational Buildings</i>	762	500	759	1 078	1 043	1 116	1 249	1 438
<b>Other Assets</b>	<b>762</b>	<b>500</b>	<b>759</b>	<b>1 078</b>	<b>1 043</b>	<b>1 116</b>	<b>1 249</b>	<b>1 438</b>
<i>Furniture and Office Equipment</i>	386	362	465	535	627	677	744	837
<i>Machinery and Equipment</i>	169	1 023	270	1 458	1 591	1 883	2 076	2 347
<i>Transport Assets</i>	2 615	1 771	3 263	2 401	2 327	2 491	2 780	3 192
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>26 451</b>	<b>30 463</b>	<b>28 541</b>	<b>32 637</b>	<b>32 497</b>	<b>34 597</b>	<b>37 186</b>	<b>40 750</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	37.5%	39.6%	20.2%	34.8%	19.7%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	0.0%	0.0%	0.0%	152.9%	136.2%	72.4%	100.3%	70.3%
<i>R&amp;M as a % of PPE</i>	2.0%	2.2%	2.3%	2.3%	2.5%	2.5%	2.6%	2.7%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>	2.0%	2.0%	2.0%	8.0%	8.0%	5.0%	6.0%	5.0%

**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal and upgrade of existing assets, as well as spending on repairs and maintenance by asset class in line with the mSCOA classifications.
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 does not meet both these recommendations for the 2020/21 budget year.



**Table 26 MBRR Table A10 - Basic Service Delivery Measurement**

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Household service targets</b>								
<b>Energy:</b>								
Electricity (at least min.service level)	29 869	31 661	33 149	35 801	35 801	37 949	40 226	43 444
Electricity - prepaid (min.service level)	986	1 045	1 094	1 368	1 368	1 450	1 537	1 660
<i>Minimum Service Level and Above sub-total</i>	30 855	32 706	34 243	37 169	37 169	39 399	41 763	45 104
Other energy sources	7 191	7 622	7 981	8 460	8 460	8 967	9 505	10 266
<i>Below Minimum Service Level sub-total</i>	7 191	7 622	7 981	8 460	8 460	8 967	9 505	10 266
<b>Total number of households</b>	<b>38 046</b>	<b>40 329</b>	<b>42 224</b>	<b>45 629</b>	<b>45 629</b>	<b>48 366</b>	<b>51 268</b>	<b>55 370</b>
<b>Refuse:</b>								
Removed at least once a week	5 136	5 444	5 700	5 871	5 871	6 223	6 597	7 124
<i>Minimum Service Level and Above sub-total</i>	5 136	5 444	5 700	5 871	5 871	6 223	6 597	7 124
Using communal refuse dump	34 289	36 346	38 055	41 099	41 099	43 565	46 179	49 873
<i>Below Minimum Service Level sub-total</i>	34 289	36 346	38 055	41 099	41 099	43 565	46 179	49 873
<b>Total number of households</b>	<b>39 425</b>	<b>41 791</b>	<b>43 755</b>	<b>46 970</b>	<b>46 970</b>	<b>49 788</b>	<b>52 776</b>	<b>56 998</b>
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>								
Electricity/other energy (50kwh per indigent household per month)	-	-	-	605	605	642	680	721
<b>Total cost of FBS provided</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>605</b>	<b>605</b>	<b>642</b>	<b>680</b>	<b>721</b>
<b>Highest level of free service provided per household</b>								
Property rates (R value threshold)	60 000	60 000	60 000	60 000	60 000	60 000	60 000	60 000
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50
Refuse (average litres per week)	140	140	140	140	140	140	140	140
<b>Revenue cost of subsidised services provided (R'000)</b>								
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	1 747	1 739	2 566	2 166	2 166	2 296	2 434	2 580
<b>Total revenue cost of subsidised services provided</b>	<b>1 747</b>	<b>1 739</b>	<b>2 566</b>	<b>2 166</b>	<b>2 166</b>	<b>2 296</b>	<b>2 434</b>	<b>2 580</b>



## **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 Mayor.

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 IDP and Service Delivery and Budget Implementation Plan**

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.

The Mayor tabled in Council the required the IDP and budget time schedule on July 2019.

Key dates applicable to the process were:

**Table 27 IDP and Service Delivery and Budget Implementation Plan**

<b>Planning Phase (1<sup>st</sup> August – 31 August 2019) Phase 0</b>
<ul style="list-style-type: none"> <li>• Adopt Process plan – 29 July 2019</li> <li>• Integrated Participatory Planning Forum (IPPF) - 20 August 2019</li> </ul>
<b>Strategizing Phase (1<sup>st</sup> September – 22 October 2019) Phase 1: Status Quo</b>
<ul style="list-style-type: none"> <li>• IDP process plan with Schedule of key deadlines advertised – 9 August 2019</li> <li>• Public participation programme from 2 September 2019 – 30 September 2019</li> <li>• Integrated Participatory Planning Forum (IPPF) - 22 October 2019</li> </ul>
<b>Preparing Phase (22 October– 2 December 2019) Phase 2: Strategies. Tabling and Finalizing Phase (1 March – 29 May 2020) Phase 3: Projects (1 January- 29 February 2020) Phase 4: Integration (29 February – 31 March 2020)</b>
<ul style="list-style-type: none"> <li>• Departments to meet to discuss adjustment budget, projects and strategies for next year - 22-31 October 2019</li> <li>• Municipal Strategic session- 2-6 December 2019</li> <li>• Meeting with Provincial Treasury – 11 February 2020</li> <li>• Meetings with Sector Departments - 25 February 2020</li> </ul>
<b>Phase 5: Approval (March – May 2020)</b>
<ul style="list-style-type: none"> <li>• Integrated Participatory Planning Forum (IPPF) -3 March 2020 (Draft IDP &amp; budget)</li> <li>• Mayor tables draft budget, draft resolutions, draft service delivery agreements and draft budget related policies and tariff increases by 27 March 2020</li> <li>• Council Approve draft IDP &amp; Budget -27 March 2020</li> <li>• Council interacts with public 1 April – 3 May 2020</li> <li>• Public comment period 3 April – 3 May 2020</li> <li>• Integrated Participatory Planning Forum (IPPF) (PMS) - 19 May 2020</li> <li>• Council approves final budget, system of delegations &amp; IDP - 29 May 2020</li> <li>• Final IDP Submitted to MEC for Local Government - 8 June 2020</li> <li>• Summaries of the adopted IDP and Budget published - 8 June 2020</li> <li>• SDBIP and draft performance agreements of S56 Managers approved by Council - 26 June 2020</li> <li>• SDBIP made public - 7 July 2020</li> </ul>
<b>Monitoring &amp; Evaluation Phase (ongoing)</b>
<ul style="list-style-type: none"> <li>• IDP &amp; Budget Steering Committee receive and discuss quarterly SDBIP reports quarterly</li> <li>• IDP &amp; Budget Steering Committee receive and discuss mid-year performance report</li> </ul>



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 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.

### **2.1.2 Community Consultation**

A full consultation process was carried out during April 2020. During this process, members of the community were given the opportunity to provide inputs and comments on the draft budget presented to them. The comments and inputs were reviewed and where viable, the proposed changes were incorporated into the final budget to be approved by Council at the end of May 2020.

## **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.

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

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

It is important that the IDP developed by municipalities correlate with 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 2020/21 MTREF has therefore been directly informed by the IDP process and the following tables provide the reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 28 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Goal Code	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
			Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>						
To ensure that the traffic section operates effectively and efficiently	TRAFFIC	BSD01	2 552	2 705	2 867	3 039
To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water	ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE	BSD02	45 446	38 951	39 294	41 460
To ensure effective management and maintenance of indoor recreational community facilities	INDOOR RECREATIONAL COMMUNITY FACILITIES	BSD03	93	98	104	110
To ensure effective management, construction and maintenance of cemeteries and pauper burials	CEMETRIES AND PAUPER BURIAL	BSD04	42	44	47	50
To construct, maintain, identify, establish and upgrade existing urban sportsfields	SPORTS	BSD05	8	9	10	10
To provide library services to all residents	LIBRARIES	BSD06	1 505	1 505	1 505	1 506
To maintain and control the municipal commonage / To maintain and effectively operate the pounds	LICENSING AND CONTROL OF ANIMALS	BSD08	91	97	102	109
To improve the quality of life for residents by increasing the % of households receiving basic refuse collection/ To reduce waste through awareness campaigns/To effectively manage and reduce waste	WASTE MANAGEMENT	BSD09	39 738	42 127	44 659	46 838
That all registered indigent households receive free basic electricity and refuse removal	FREE BASIC SERVICES	BSD10	(2 166)	(2 296)	(2 434)	(2 580)
To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment in order to reduce losses and ensure compliance/To reduce Senqu electricity backlogs by assisting Eskom with electrification of rural areas as identified by Council.	ELECTRICITY AND STREET LIGHTING	BSD11	74 448	74 973	81 280	84 744
To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report/ To ensure that Council and ExCo meetings are held quarterly and to track Council resolutions taken / To ensure good governance through the monitoring of the implementation of the OPCAR and Audit action plan	OVERSIGHT	GGPP03	7 254	7 254	7 554	7 867
To promote interactive communication with customers around service delivery issues / To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as IPPF etc	CUSTOMER CARE & PUBLIC PARTICIPATION	GGPP04	111	118	125	132



Strategic Objective	Goal	Goal Code	Current Year	2020/21 Medium Term Revenue & Expenditure Framework		
			2019/20	Budget Year	Budget Year	Budget Year
R thousand			Full Year Forecast	2020/21	+1 2021/22	+2 2022/23
To ensure the financial viability of the municipality by applying the Cogta prescribed ratios for debt coverage, outstanding service debtors to revenue and cost coverage / To expand and protect the municipal revenue base by providing accurate bills for services rendered / To annually report on the % of the Municipality's budget actually spent on capital projects identified a particular financial year in terms of the Municipality's IDP	FINANCIAL MANAGEMENT	MFMV03	116 750	123 385	129 273	134 315
To ensure compliance with the MFMA and MSA requirements regarding the adjustment budget and annual budget development and submission requirements	BUDGET COMPILATION	MFMV05	123	130	138	146
To ensure that the organisational structure of the Municipality is aligned to its present and future staffing needs and requirements / To ensure effective management of staff and policy and procedure processes through job descriptions, leave management and clock in systems	RECRUITMENT, SELECTION AND EMPLOYEE MANAGEMENT	MTID03	500	24	26	27
To ensure that municipal buildings and assets are maintained and secured/To provide office space and parking by building new offices and renovating existing buildings	BUILDINGS	MTID09	17	18	19	20
To ensure that Municipal information is kept secure and filed and archived according to legislation	RECORDS MANAGEMENT	MTID10	31	33	35	37
To develop a new SDF and implement SPLUMA regulations / To ensure adherence to town planning and building control legislation /To manage urbanisation of existing urban areas	SPATIAL PLANNING	MTID12	60	63	67	71
To ensure capital Infrastructure management and reporting	PMU REPORTING	MTID14	1 924	1 912	2 068	2 182
<b>Total Revenue (excluding capital transfers and contributions)</b>			<b>288 527</b>	<b>291 150</b>	<b>306 739</b>	<b>320 083</b>



**Table 29 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

Strategic Objective	Goal	Goal Code	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
			Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>						
To ensure that the traffic section operates effectively and efficiently	TRAFFIC	BSD01	5 280	5 937	5 990	6 365
To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water	ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE	BSD02	24 393	26 061	27 790	29 934
To ensure effective management and maintenance of indoor recreational community facilities	INDOOR RECREATIONAL COMMUNITY FACILITIES	BSD03	5 884	6 656	7 036	7 617
To ensure effective management, construction and maintenance of cemeteries and pauper burials	CEMETRIES AND PAUPER BURIAL	BSD04	2 307	2 454	2 658	2 926
To construct, maintain, identify, establish and upgrade existing urban sportsfields	SPORTS	BSD05	1 955	2 412	2 224	2 378
To provide library services to all residents	LIBRARIES	BSD06	2 015	2 179	2 310	2 454
To create a healthy and sustainable environment by maintaining and developing public open spaces	PARKS AND PUBLIC OPEN SPACES	BSD07	375	403	427	454
To maintain and control the municipal commonage / To maintain and effectively operate the pounds	LICENSING AND CONTROL OF ANIMAL	BSD08	1 734	1 879	1 993	2 119
To improve the quality of life for residents by increasing the % of households receiving basic refuse collection/ To reduce waste through awareness campaigns/To effectively manage and reduce waste	WASTE MANAGEMENT	BSD09	24 446	29 187	30 825	32 821
That all registered indigent households receive free basic electricity and refuse removal	FREE BASIC SERVICES	BSD10	12 082	12 900	13 656	14 775
To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment in order to reduce losses and ensure compliance/To reduce Senqu electricity backlogs by assisting Eskom with electrification of rural areas as identified by Council.	ELECTRICITY AND STREET LIGHTING	BSD11	47 154	49 865	52 792	57 364
To promote and instil good governance practices within Senqu municipality	RISK & FRAUD PREVENTION	GGPP01	1 268	1 384	1 467	1 559
To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report/ To ensure that Council and ExCo meetings are held quarterly and to track Council resolutions taken / To ensure good governance through the monitoring of the implementation of the OPCAR and Audit action plan	OVERSIGHT	GGPP03	30 790	30 723	33 010	35 546
To promote interactive communication with customers around service delivery issues / To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as IPPF etc	CUSTOMER CARE & PUBLIC PARTICIPATION	GGPP04	6 795	6 495	6 872	7 312
To promote the mainstreaming and upliftment of HIV and AIDS, women and children, youth, people with disabilities and the elderly into municipal Socio-Economic Programmes and Projects	MAINSTREAMING	GGPP05	1 164	517	879	913
To promote responsible tourism and arts and heritage through continued support to local initiatives	TOURISM	LED01	1 168	1 201	1 262	1 339
To promote and attract development in the local economy through implementation of the LED strategy	LOCAL ECONOMIC DEVELOPMENT	LED02	7 600	8 272	8 570	9 092



Strategic Objective	Goal	Goal Code	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
			Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>						
To ensure the efficient and effective procurement of goods and services	SUPPLY CHAIN MANAGEMENT (ADMINISTRATION AND REPORTING)	MFMV01	3 306	3 477	3 688	3 920
To ensure monitoring of Municipal Assets per Department through regular asset checks and reporting	ASSET MANAGEMENT	MFMV02	1 618	1 747	1 853	1 968
To ensure the financial viability of the municipality by applying the Cogta prescribed ratios for debt coverage, outstanding service debtors to revenue and cost coverage / To expand and protect the municipal revenue base by providing accurate bills for services rendered / To annually report on the % of the Municipality's budget actually spent on capital projects identified a particular financial year in terms of the Municipality's IDP	FINANCIAL MANAGEMENT	MFMV03	18 891	21 023	21 468	22 809
To ensure compliance with the MFMA and MSA requirements regarding the adjustment budget and annual budget development and submission requirements	BUDGET COMPILATION	MFMV05	2 308	2 290	2 326	2 372
To develop and submit S 71 reports as per MFMA guidelines and prescripts	REPORTING	MFMV06	1 523	2 786	3 173	3 481
To ensure an continually secure, effective and efficient ICT service through implementation of ICT policies and plans and upgrading of ICT equipment	IT	MFMV07	4 498	7 693	5 572	6 198
To develop and implement an effective HR strategy / To develop, adopt and implement the workplace skills plan (WSDP) / To submit the skills plan and annual training report as legislated	SKILLS DEVELOPMENT	MTID01	2 993	2 865	3 128	3 294
To ensure that the organisational structure of the Municipality is aligned to its present and future staffing needs and requirements / To ensure effective management of staff and policy and procedure processes through job descriptions, leave management and clock in systems	RERUITMENT, SELECTION AND EMPLOYEE MANAGEMENT	MTID03	6 977	8 564	7 001	7 442
To ensure the physical and mental well-being of employees through the implementation of an employee wellness programme	EMPLOYEE WELLNESS PROGRAMME	MTID04	543	525	556	592
To ensure that all Senqu buildings and staff adhere to and implement OHS legislation	OCCUPATIONAL HEALTH AND SAFETY	MTID05	115	117	124	132
To ensure that the Municipality implements sound management controls in order to mitigate against unnecessary litigation	LEGAL SERVICES	MTID07	3 584	3 632	3 842	4 091
To review and implement departmental policies, procedures, procedure manuals and bylaws annually	POLICIES AND BY-LAWS	MTID08	263	192	-	-
To ensure that municipal buildings and assets are maintained and secured	BUILDINGS	MTID09	7 110	7 936	5 824	6 307
To ensure that Municipal information is kept secure and filed and archived according to legislation	RECORDS MANAGEMENT	MTID10	8 943	9 432	10 010	10 646
To ensure that a system of departmental and individual performance management system is implemented	PERFORMANCE MANAGEMENT AND REPORTING	MTID11	7 048	7 406	8 010	8 508
To develop a new SDF and implement SPLUMA regulations / To ensure adherence to town planning and building control legislation / To manage urbanisation of existing urban areas	SPATIAL PLANNING	MTID12	4 160	4 212	4 853	2 879
To ensure capital infrastructure management and reporting	PMU REPORTING	MTID14	3 457	3 260	3 618	3 872
<b>Total Expenditure</b>			<b>253 749</b>	<b>275 683</b>	<b>284 806</b>	<b>303 480</b>



**Table 30 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

Strategic Objective	Goal	Goal Code	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
			Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>						
To ensure that the traffic section operates effectively and efficiently	TRAFFIC	BSD01	578	960	4 781	-
To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water	ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE	BSD02	27 888	20 541	20 238	36 055
To ensure effective management and maintenance of indoor recreational community facilities	INDOOR RECREATIONAL COMMUNITY FACILITIES	BSD03	305	982	4 899	-
To ensure effective management, construction and maintenance of cemeteries and pauper burials	CEMETRIES AND PAUPER BURIAL	BSD04	650	10 082	8 962	3 440
To construct, maintain, identify, establish and upgrade existing urban sportsfields	SPORTS	BSD05	211	-	-	-
To create a healthy and sustainable environment by maintaining and developing public open spaces	PARKS AND PUBLIC OPEN SPACES	BSD07	1 050	-	-	-
To maintain and control the municipal commonage / To maintain and effectively operate the pounds	LICENSING AND CONTROL OF ANIMAL	BSD08	2 081	-	-	-
To improve the quality of life for residents by increasing the % of households receiving basic refuse collection/ To reduce waste through awareness campaigns/To effectively manage and reduce waste	WASTE MANAGEMENT	BSD09	18 059	30 796	20 347	18 748
To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment in order to reduce losses and ensure compliance/To reduce Senqu electricity backlogs by assisting Eskom with electrification of rural areas as identified by Council.	ELECTRICITY AND STREET LIGHTING	BSD11	7 209	2 040	4 284	3 939
To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report/ To ensure that Council and ExCo meetings are held quarterly and to track Council resolutions taken / To ensure good governance through the monitoring of the implementation of the OPCAR and Audit action plan	OVERSIGHT	GGPP03	177	1 415	178	186
To promote interactive communication with customers around service delivery issues / To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as IPPF etc	CUSTOMER CARE & PUBLIC PARTICIPATION	GGPP04	45	-	47	49
To promote and attract development in the local economy through implementation of the LED strategy	LOCAL ECONOMIC DEVELOPMENT	LED02	-	-	878	23 067
To ensure the efficient and effective procurement of goods and services	SUPPLY CHAIN MANAGEMENT (ADMINISTRATION AND REPORTING)	MFMV01	700	-	-	-



Strategic Objective	Goal	Goal Code	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
			Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>						
To ensure compliance with the MFMA and MSA requirements regarding the adjustment budget and annual budget development and submission requirements	BUDGET COMPILATION	MFMV05	337	2 945	353	369
To develop and submit S 71 reports as per MFMA guidelines and prescripts	REPORTING	MFMV06	800	-	-	-
To ensure an continually secure, effective and efficient ICT service through implementation of ICT policies and plans and upgrading of ICT equipment	IT	MFMV07	343	-	-	-
To ensure that the organisational structure of the Municipality is aligned to its present and future staffing needs and requirements / To ensure effective management of staff and policy and procedure processes through job descriptions, leave management and clock in systems	RERUITMENT, SELECTION AND EMPLOYEE MANAGEMENT	MTID03	200	785	-	-
To ensure that the Municipality implements sound management controls in order to mitigate against unnecessary litigation	LEGAL SERVICES	MTID07	42	-	-	-
To ensure that municipal buildings and assets are maintained and secured	BUILDINGS	MTID09	11 470	5 911	-	-
To ensure that Municipal information is kept secure and filed and archived according to legislation	RECORDS MANAGEMENT	MTID10	51	-	53	56
To ensure that a system of departmental and individual performance management system in implemented	PERFORMANCE MANAGEMENT AND REPORTING	MTID11	197	336	82	86
To ensure capital infrastructure management and reporting	PMU REPORTING	MTID14	49	-	51	54
<b>Total Capital Expenditure</b>			<b>72 442</b>	<b>76 792</b>	<b>65 152</b>	<b>86 048</b>

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



**Table 31 MBRR Table SA7 - Measurable performance objectives**

Description	Unit of measurement	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
		Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Vote 3 - Corporate Services</b>					
<b>Function 1 - Buildings</b>					
<b>Sub-function 1 - Other Buildings</b>					
Upgrading of Municipal Office in Lady Grey Ward 14	Completion of project	10 920	2 200	-	-
Renovations Mayoral Residence	Completion of project	200	-	-	-
<b>Vote5 - Road Transport</b>					
<b>Function 1 - Roads</b>					
<b>Sub-function 1 - Access Roads</b>					
Construction of Gravel Road with Stormwater control Ward 1 (6.76 km)	Completion of project to the specification of the engineers	4 230	-	-	-
Construction of Gravel Road with Stormwater control Ward 2 (7.01 km)	Completion of project to the specification of the engineers	360	5 400	-	-
Tienbank Property Access Construction	Completion of project to the specification of the engineers	450	432	-	-
<b>Sub-function 2 - Surfaced Roads</b>					
Construction of Gravel Road with Stormwater control Esilindini to Frans Ward 10 (6km)	Completion of project to the specification of the engineers	5 350	255	-	-
New Rest Construction - Paving	Completion of project to the specification of the engineers	250	9 200	17 784	16 940
Construction of Bus Route in Boyce Nondala Township Barkly East	Completion of project to the specification of the engineers	16 139	2 400	-	-
Construction of Speed bumps in Lady Grey	Completion of project to the specification of the engineers	-	785	-	-
Construction of Speed bumps in Rhodes	Completion of project to the specification of the engineers	-	196	-	-
Construction of interlock paved streets in Khewzi Naledi (Steve Tswete) W 14	Completion of project to the specification of the engineers	-	-	400	5 000
Resurface of existing paved roads (asphalt) & upgrade of storm water in Barkly East.	Completion of project to the specification of the engineers	-	-	1 000	10 000
<b>Function 2 - Road Structures</b>					
<b>Sub-function 1 - Bridges</b>					
Transwilger Bridge	Completion of project to the specification of the engineers	120	912	-	-
Construction of a pedestrian bridge between Esilindini and Frans (W12)	Completion of project to the specification of the engineers	-	-	98	3 538
<b>Function 3 - Road and Traffic Regulation</b>					
<b>Sub-function 1 - Municipal Offices</b>					
Driving Licence and Testing Centre Sterkspruit	Completion of project to the specification of the engineers	250	672	4 781	-
<b>Vote 6 - Waste Water Management</b>					
<b>Function 1 - Storm water</b>					
<b>Sub-function 1 - Storm water Conveyance</b>					
Lining, fencing and upgrading of primary storm water channel through Lady Grey.	Completion of project to the specification of the engineers	-	-	478	11 533
Lining, fencing and upgrading of primary storm water channel through Khwezi Naledi and upgrade of two motor bridges..	Completion of project to the specification of the engineers	-	-	400	11 533



Description	Unit of measurement	Current Year	2020/21 Medium Term Revenue & Expenditure Framework		
		2019/20 Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Vote9 - Community &amp; Social Services</b>					
<b>Function 1 - Community Halls</b>					
<b>Sub-function 1 - Buildings</b>					
<i>Community Hall - Ward 9</i>	Completion of the hall to specifications	155	-	-	-
<i>Renovations (Barkly East Town Hall)</i>	Renovation of the hall to specifications	-	982	4 016	-
<i>Upgrade of MPCC in Sterkspruit</i>	Renovation of the hall to specifications	150	-	883	-
<b>Function 2 - Cemeteries</b>					
<b>Sub-function 1 - Cemeteries</b>					
<i>Construction of New Cemetery in Barkly East</i>	Completion of project to the specification of the engineers	300	8 200	-	-
<i>Construction of New Cemetery in Sterkspruit</i>	Completion of project to the specification of the engineers	350	442	1 177	3 440
<i>Fencing of existing cemeteries at Joveleni, Hinana and Voyizana</i>	Completion of project to the specification of the engineers	350	-	1 373	-
<i>Senqu Cemeteries</i>	Completion of project to the specification of the engineers	350	1 440	6 411	-
<b>Vote10 - Sport &amp; Recreation</b>					
<b>Function 2 - Parks and Gardens</b>					
<b>Sub-function 1 - Parks and Gardens</b>					
<i>Renovations Kwezi Naledi Node</i>	Completion of project to the specification of the engineers	1 050	-	-	-
<b>Vote11 - Public Safety</b>					
<b>Function 1 - Public Safety</b>					
<b>Sub-function 1 - Pounds</b>					
<i>Construction of Animal Pound in Lady Grey Ward 14</i>	Fully functional animal pound	2 081	-	-	-
<b>Vote12 - Electricity</b>					
<b>Function 1 - Electricity distribution</b>					
<b>Sub-function 1 - Infrastructure</b>					
<i>Pre-Paid Electricity Meters</i>	Completion of project to the specification of the engineers	500	2 000	2 390	2 403
<i>DOE Projects - Pre Engineering Costs - Rural Connections</i>	Completion of project to the specification of the engineers	4 973	-	1 804	1 000
<b>Vote13 - Waste Management</b>					
<b>Function 1 - Refuse</b>					
<b>Sub-function 1 - Waste sites Infrastructure</b>					
<i>Solid Waste Site - Sterkspruit</i>	Completion of project to satisfy specifications of the engineers	300	4 200	13 347	13 580
<i>Solid Waste Site - Herschel</i>	Completion of project to satisfy specifications of the engineers	850	13 329	5 815	-
<i>Solid Waste Site - Rossouw</i>	Completion of project to satisfy specifications of the engineers	630	10 500	525	-
<i>Solid Waste Site - Rhodes</i>	Completion of project to satisfy specifications of the engineers	410	300	500	5 000
<i>Upgrading of Existing Solid Waste Site in Barkly East</i>	Completion of project to satisfy specifications of the engineers	12 583	-	-	-
<i>Upgrading of Existing Solid Waste Site in Lady Grey</i>	Completion of project to satisfy specifications of the engineers	500	2 227	-	-
<i>Rehabilitation of old Sterkspruit Solid Waste Site Ward 10</i>	Completion of project to satisfy specifications of the engineers	2 200	-	-	-



The following table sets out the municipalities main performance objectives and benchmarks for the 2020/21 MTREF. (Derived from the National Treasury formats)

**Table 32 MBRR Table SA8 - Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
		Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b><u>Borrowing Management</u></b>					
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.6%	1.5%	1.5%	1.5%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	4.8%	4.6%	4.6%	4.6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>					
Gearing	Long Term Borrowing/ Funds & Reserves	2.9%	2.8%	2.6%	2.6%
<b><u>Liquidity</u></b>					
Current Ratio	Current assets/current liabilities	7.3	6.1	5.5	4.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	7.3	6.1	5.5	4.4
Liquidity Ratio	Monetary Assets/Current Liabilities	6.8	5.5	4.8	3.6
<b><u>Revenue Management</u></b>					
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	85.0%	85.0%	78.5%	78.3%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		85.0%	78.5%	78.3%	78.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	8.4%	10.5%	12.7%	14.9%
<b><u>Creditors Management</u></b>					
Creditors to Cash and Investments		2.5%	3.6%	4.0%	5.8%
<b><u>Other Indicators</u></b>					
Electricity Distribution Losses (2)	Total Volume Losses (kW)	3 477	3 303	3 138	2 981
	Total Cost of Losses (Rand '000)	3 340	3 173	3 015	2 864
	% Volume (units purchased and generated less units sold)/units purchased and generated	14.03%	13.33%	12.7%	12.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	37.7%	39.6%	40.3%	40.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	43.3%	45.3%	46.1%	46.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.7%	5.2%	5.5%	6.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.0%	9.7%	9.8%	10.0%
<b><u>IDP regulation financial viability indicators</u></b>					
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	4.4	4.1	4.3	4.5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	34.2%	42.5%	50.6%	58.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	17.4	13.8	12.1	9.0



## Performance indicators and benchmarks

### 2.2.1.1 *Borrowing Management*

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Senqu Municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2020/21 MTREF:

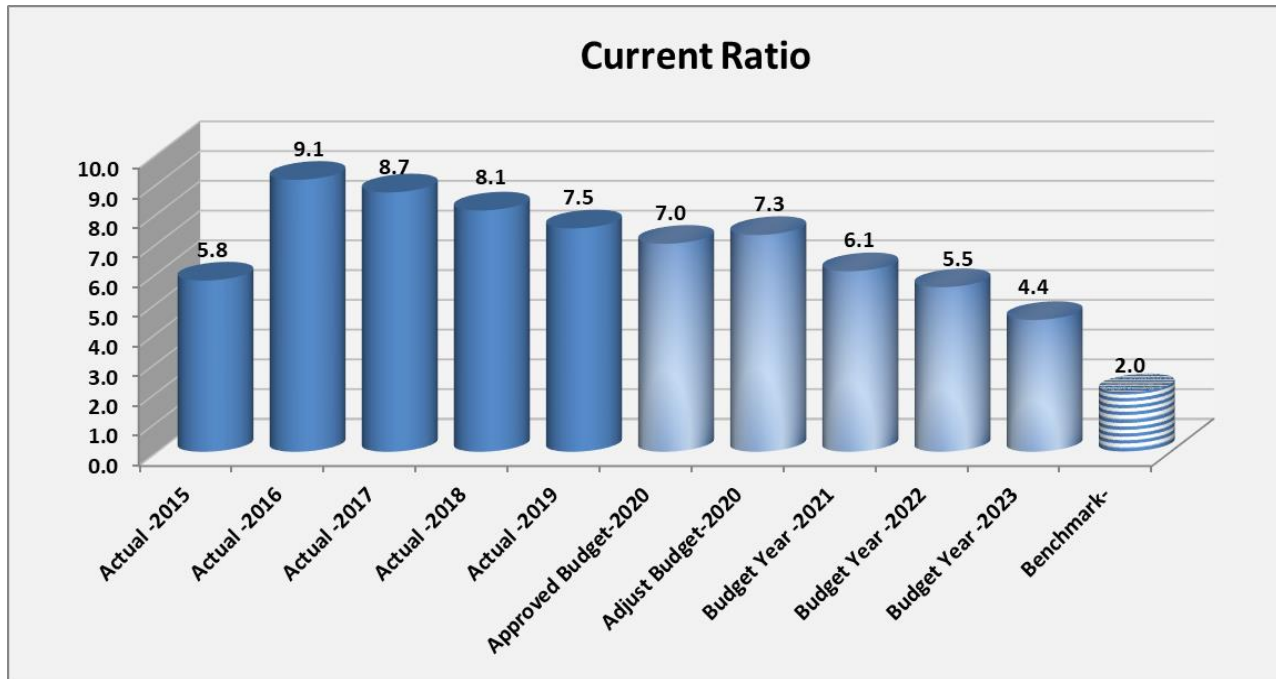
- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has fluctuated between 1,5 and 1,6 per cent over the MTREF.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality does not intend borrowing any money during the MTREF period.

### 2.2.1.2 *Safety of Capital*

The *gearing ratio* is a measure of the total long term borrowings over funds and reserves.

### 2.2.1.3 *Liquidity*

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 2, hence at no point in time should this ratio be less than 2. This ratio is above this norm set for the entire MTREF as depicted on the graph on the next page. There is however a decline as a result of the declining cash resources over the MTREF at the Senqu Municipality. This could significantly impact on the long term sustainability of the entity.



- 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 5,5 and this ratio is projected to decline to 3,6 in 2022/23. Although these ratios are still considered to be healthy, the municipality should put in place measures to stem the downward trend in the liquidity ratio.

#### 2.2.1.4 Revenue Management

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

#### 2.2.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favorable 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.



### 2.2.1.6 Other Indicators

- Employee costs as a percentage of operating revenue increase slightly over the MTREF from 39,6 per cent to 40,9 per cent. As discussed previously in this report, the employee related costs at the municipality is slightly above the industry norms and the room for any upward adjustments are very restricted.
- Repairs and maintenance as percentage of operating revenue is increasing slightly over the MTREF. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only be determined when a costing system is implemented.

## 2.3 Overview of budget related-policies and municipal by-laws

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies as well as by-laws. As per section 21 of the MFMA, all budget related policies were reviewed and in certain cases amended. Municipal by-laws were also reviewed during the year, but no amendments were made.

**Table 33 - List of all budget related policies**

<u>Policy Name</u>	<u>Date Reviewed</u>	<u>Amendments Made</u>
Asset Management and Insurance Policy	March 2020	Yes
Borrowing & Funding & Reserves Policy	March 2020	No
Cash Management Banking Investment Policy	March 2020	No
Credit Control & Debt Collection Policy	March 2020	Yes
Free Basic Services & Indigent Subsidy Support Policy	March 2020	Yes
Property Rates & Valuation Policy	March 2020	Yes
Supply Chain Management Policy	March 2020	Yes
Tariff & Services Policy	March 2020	No



<u>Policy Name</u>	<u>Date Reviewed</u>	<u>Amendments Made</u>
Virement Policy	March 2020	No
Cost Containment Policy	March 2020	Yes
Liquidity Policy	March 2020	No
Debt Incentive Scheme Policy	March 2020	Yes
Debt Write-off Policy	March 2020	Yes

### 2.3.1 Challenges

Potential Service Delivery inefficiencies may result if proposed amendments are not adopted.

### 2.3.2 Financial Implications

Potential Financial losses may occur if policies are not amended due to inefficiencies left unaddressed.

### 2.3.3 Legal Implications

To comply with Section 21 (1) (b) (ii) of the Municipal Finance Management Act 56 of 2003

### 2.3.4 Recommendations

That the Committee Members take note of the Review of all the Budget Related Policies and that the amendments be adopted with the approval of the 2020/21 MTREF.

## 2.4 Overview of budget assumptions

### 2.4.1 External factors

The global impact of the Covid-19 pandemic has quashed the chances of a recovery in South Africa's economy this year, as Chinese demand for the country's exports weakens, the supply of key imports is disrupted, and both leisure and business travel take a severe knock worldwide. SA is particularly exposed as China has been its main trade partner for a decade, with the country taking most mineral exports and supplying most of its main imports, particularly consumer electronics.

### 2.4.2 General inflation outlook and its impact on the municipal activities

The inflation outlook for South Africa is indicated below and has been taken into consideration in the compilation of the 2020/21 MTREF.

**Table 1 Macroeconomic performance and projections**

	2019	2020	2021	2022
Percentage change	Estimate	Forecast		
Real GDP growth	0.3	0.9	1.3	1.6
CPI inflation	4.1	4.5	4.6	4.6

*Source: 2020 Budget Review.*

### 2.4.3 Credit rating outlook

SA's international credit rating is now below investment grade by all three credit rating agencies, Moody's, Fitch and Standard and Poor's. The market has largely been expecting this outcome given the deterioration in the 2020 National Budget combined with the damaging impact of COVID-19 on SA's economic and fiscal position.

### Interest rates for borrowing and investment of funds

The Reserve Bank has cut the repo rate by 50 basis points to 3.75% in order to promote growth. This follows two earlier decreases amounting to 200 basis points to help arrest the economy's downward spiral. South Africa is already in recession, and the fall-out from business disruption due to the coronavirus crisis will be significant.

### 2.4.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage of annual billings. This percentage was reduced to 80 per cent to accommodate the effect of the Covid-19 pandemic on revenue collection. The performance of any increased collections or arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### **2.4.5 Growth or decline in tax base of the municipality**

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

### **2.4.6 Salary increases**

The South African Local Government Association entered into a three-year Salary and Wage Collective Agreement for the period 1 July 2018 to 30 June 2021. The preparation of the 2020/21 MTREF constitutes implementation of the third year of the agreement which municipalities must implement as follows:

- 2018/19 Financial Year – 7 per cent
- 2019/20 Financial Year – average CPI + 1,5 per cent
- 2020/21 Financial Year – average CPI + 1,25 per cent

### **2.4.7 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

## 2.4.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2019/20 MTREF of which performance has been factored into the cash flow budget.

## 2.5 Overview of budget funding

### 2.5.1 Medium-term outlook: operating revenue

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

**Table 34 Operating revenue over medium-term**

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework					
	Adjusted	%	Budget Year	%	Budget Year	%	Budget Year	%
	Budget		2020/21		2021/22		2022/23	
<b>Revenue By Source</b>								
Property rates	8 536	3.53%	9 048	3.55%	9 591	3.61%	10 166	3.66%
Service charges - electricity revenue	40 911	16.94%	43 365	17.02%	45 967	17.30%	48 725	17.55%
Service charges - refuse revenue	9 647	3.99%	10 226	4.01%	10 840	4.08%	11 490	4.14%
Rental of facilities and equipment	116	0.05%	123	0.05%	131	0.05%	139	0.05%
Interest earned - external investments	18 000	7.45%	18 800	7.38%	18 500	6.96%	18 500	6.66%
Interest earned - outstanding debtors	2 402	0.99%	2 546	1.00%	2 699	1.02%	2 861	1.03%
Fines, penalties and forfeits	167	0.07%	177	0.07%	187	0.07%	199	0.07%
Licences and permits	1 189	0.49%	1 260	0.49%	1 335	0.50%	1 416	0.51%
Agency services	999	0.41%	1 059	0.42%	1 123	0.42%	1 190	0.43%
Transfers and subsidies	157 720	65.30%	166 246	65.24%	173 184	65.19%	180 729	65.10%
Other revenue	1 857	0.77%	1 968	0.77%	2 086	0.79%	2 211	0.80%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>241 543</b>	<b>100.00%</b>	<b>254 819</b>	<b>100.00%</b>	<b>265 643</b>	<b>100.00%</b>	<b>277 625</b>	<b>100.00%</b>
<b>Total Revenue from Rates and Service Charges</b>	<b>61 612</b>	<b>25.51%</b>	<b>65 309</b>	<b>25.63%</b>	<b>69 227</b>	<b>26.06%</b>	<b>73 381</b>	<b>26.43%</b>

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



Investment revenue contributes significantly to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

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

**Table 35 MBRR SA15 – Detail Investment Information**

Investment type	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>					
<b>Parent municipality</b>					
Deposits - Bank	173 863	280 451	232 774	211 824	169 460
<b>Total:</b>	<b>173 863</b>	<b>280 451</b>	<b>232 774</b>	<b>211 824</b>	<b>169 460</b>

**Table 36 MBRR SA16 – Investment particulars by maturity**

Investments by Maturity	Type of Investment	Opening balance	Interest to be realised	Closing Balance
<b>Name of institution &amp; investment ID</b>				
<b>Parent municipality</b>				
Standard Bank 38 848 973 1 - 005	32 day	59 457	5 380	-
Standard Bank 38 848 606 6 - 001	Call Deposit	6 536	453	6 989
Standard Bank 38 848 916 2 - 002	Call Deposit	147 980	12 968	160 948
				-
<b>TOTAL INVESTMENTS AND INTEREST</b>		<b>213 974</b>	<b>18 800</b>	<b>232 774</b>

### 2.5.2 Cash Flow Management

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

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 37 MBRR Table A7 - Budget cash flow statement**

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>					
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Property rates	7 516	7 255	7 100	7 506	7 925
Service charges	44 517	42 974	42 053	44 461	46 941
Other revenue	4 315	6 352	4 561	4 834	5 124
Transfers and Subsidies - Operational	157 443	157 720	166 246	173 184	180 729
Transfers and Subsidies - Capital	39 761	46 984	36 332	41 096	42 458
Interest	18 615	18 000	20 798	20 612	20 730
<b>Payments</b>					
Suppliers and employees	(214 228)	(219 790)	(237 860)	(246 675)	(261 708)
Finance charges	(3 133)	(3 133)	(3 188)	(3 366)	(3 586)
Transfers and Grants	(909)	(609)	(48)	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>53 897</b>	<b>55 753</b>	<b>35 992</b>	<b>41 653</b>	<b>38 613</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Payments</b>					
Capital assets	(85 750)	(72 442)	(76 792)	(65 152)	(86 048)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(85 750)</b>	<b>(72 442)</b>	<b>(76 792)</b>	<b>(65 152)</b>	<b>(86 048)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Increase (decrease) in consumer deposits	82	95	86	91	95
<b>Payments</b>					
Repayment of borrowing	(855)	(855)	(871)	(887)	(904)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(773)</b>	<b>(760)</b>	<b>(784)</b>	<b>(796)</b>	<b>(809)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(32 626)</b>	<b>(17 449)</b>	<b>(41 584)</b>	<b>(24 296)</b>	<b>(48 243)</b>
Cash/cash equivalents at the year begin:	265 182	313 095	295 647	254 063	229 767
Cash/cash equivalents at the year end:	232 556	295 647	254 063	229 767	181 524

**2.5.3 Cash Backed Reserves/Accumulated Surplus Reconciliation**

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

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

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality’s budget must be ‘funded’. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected).

It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

**Table 38 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>					
<b>Cash and investments available</b>					
Cash/cash equivalents at the year end	232 556	295 647	254 063	229 767	181 524
<b>Cash and investments available:</b>	<b>232 556</b>	<b>295 647</b>	<b>254 063</b>	<b>229 767</b>	<b>181 524</b>
<b>Application of cash and investments</b>					
Unspent conditional transfers	10 203	12 766	12 766	12 766	12 766
Other working capital requirements	(9 225)	(3 293)	(4 771)	(10 017)	(14 397)
Other provisions	13 203	13 936	15 100	16 293	17 517
Reserves to be backed by cash/investments	207 268	237 481	212 389	199 536	158 279
<b>Total Application of cash and investments:</b>	<b>221 450</b>	<b>260 890</b>	<b>235 484</b>	<b>218 578</b>	<b>174 165</b>
<b>Surplus(shortfall)</b>	<b>11 106</b>	<b>34 756</b>	<b>18 579</b>	<b>11 189</b>	<b>7 359</b>

From the above table it can be seen that the cash and investments available over the MTREF will be sufficient to cover all commitments. Commitments include the following:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors.

High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be at least 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations. The municipality's levels are for 13 months.

- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the Capital Replacement Reserve, Employee Benefits Reserves and the Valuation Roll Reserve.

## 2.5.4 Funding compliance measurement

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

**Table 39 MBRR SA10 – Funding compliance measurement**

Description	MFMA section	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Funding measures</b>						
Cash/cash equivalents at the year end - R'000	18(1)b	232 556	295 647	254 063	229 767	181 524
Cash + investments at the yr end less applications - R'000	18(1)b	11 106	34 756	18 579	11 189	7 359
Cash year end/monthly employee/supplier payments	18(1)b	13.7	17.4	13.8	12.1	9.0
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	27 934	34 778	15 467	21 933	16 604
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	(4.1%)	(6.0%)	0.0%	(0.0%)	(0.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	85.6%	86.0%	77.0%	76.8%	76.5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	12.7%	12.7%	12.2%	12.1%	12.2%
Capital payments % of capital expenditure	18(1)c;19	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a			100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	25.8%	(13.0%)	31.7%	26.2%	22.5%
Long term receivables % change - incr(decr)	18(1)a	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	2.3%	2.5%	2.5%	2.6%	2.7%
Asset renewal % of capital budget	20(1)(vi)	19.6%	20.0%	5.3%	6.2%	0.0%

### 2.5.4.1 Cash/cash equivalent position

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

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable. This could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2020/21 MTREF shows R254,06 million, R229,77 million and R181,52 million for each respective financial year.



#### *2.5.4.2 Cash plus investments less application of funds*

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

#### *2.5.4.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. The ratio is at 13.8, well above the benchmark indicators.

#### *2.5.4.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2020/21 MTREF the indicative outcome is a surplus of R15,47 million, with R21,93 million and R16,60 million for the two outer years.

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

#### *2.5.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

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

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue.



#### *2.5.4.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 80 per cent performance target, the cash flow statement has been conservatively determined. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

#### *2.5.4.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

#### *2.5.4.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent payments has been factored into the cash position forecasted over the entire financial year.

#### *2.5.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers and therefore no percentage is being shown as outstanding.

#### *2.5.4.10 Consumer debtors change (Current and Non-current)*

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



#### *2.5.4.11 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained elsewhere in this report.

#### *2.5.4.12 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

## 2.6 Expenditure on grants and reconciliations of unspent funds

**Table 40 MBRR SA19 - Expenditure on transfers and grant programmes**

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>					
<b>EXPENDITURE:</b>					
<b><u>Operating expenditure of Transfers and Grants</u></b>					
<b>National Government:</b>	<b>155 943</b>	<b>156 220</b>	<b>164 746</b>	<b>171 684</b>	<b>179 229</b>
Local Government Equitable Share	142 681	142 681	151 263	160 362	167 480
Finance Management	1 700	1 700	1 700	1 700	1 700
Nat Gov: Councillor Remuneration	7 254	7 254	7 254	7 554	7 867
Municipal Infrastructure Grant (MIG)	1 924	1 924	1 912	2 068	2 182
EPWP Incentive	2 384	2 384	2 617	-	-
Municipal Disaster Relief Grant	-	277	-	-	-
<b>Provincial Government:</b>	<b>1 500</b>	<b>1 500</b>	<b>1 500</b>	<b>1 500</b>	<b>1 500</b>
Libraries	1 500	1 500	1 500	1 500	1 500
<b>Total operating expenditure of Transfers and Grants:</b>	<b>157 443</b>	<b>157 720</b>	<b>166 246</b>	<b>173 184</b>	<b>180 729</b>
<b><u>Capital expenditure of Transfers and Grants</u></b>					
<b>National Government:</b>	<b>39 761</b>	<b>46 984</b>	<b>36 332</b>	<b>41 096</b>	<b>42 458</b>
Municipal Infrastructure Grant (MIG)	36 561	43 061	36 332	39 292	41 458
Integrated National Electrification Programme	3 200	3 723	-	1 804	1 000
Municipal Disaster Relief Grant	-	200	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>	<b>39 761</b>	<b>46 984</b>	<b>36 332</b>	<b>41 096</b>	<b>42 458</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>197 204</b>	<b>204 704</b>	<b>202 578</b>	<b>214 280</b>	<b>223 187</b>



**Table 41 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>					
<b>Operating transfers and grants:</b>					
<b>National Government:</b>					
Balance unspent at beginning of the year	-	2 010	2 010	2 010	2 010
Current year receipts	155 943	156 220	164 746	171 684	179 229
<b>Conditions met - transferred to revenue</b>	<b>155 943</b>	<b>156 220</b>	<b>164 746</b>	<b>171 684</b>	<b>179 229</b>
Conditions still to be met - transferred to liabilities	-	2 010	2 010	2 010	2 010
<b>Provincial Government:</b>					
Balance unspent at beginning of the year	10 756	10 756	10 756	10 756	10 756
Current year receipts	1 500	1 500	1 500	1 500	1 500
<b>Conditions met - transferred to revenue</b>	<b>1 500</b>	<b>1 500</b>	<b>1 500</b>	<b>1 500</b>	<b>1 500</b>
Conditions still to be met - transferred to liabilities	10 756	10 756	10 756	10 756	10 756
<b>Total operating transfers and grants revenue</b>	<b>157 443</b>	<b>157 720</b>	<b>166 246</b>	<b>173 184</b>	<b>180 729</b>
<b>Total operating transfers and grants - CTBM</b>	<b>10 756</b>	<b>12 766</b>	<b>12 766</b>	<b>12 766</b>	<b>12 766</b>
<b>Capital transfers and grants:</b>					
<b>National Government:</b>					
Balance unspent at beginning of the year	-	523	-	-	-
Current year receipts	39 761	46 461	36 332	41 096	42 458
<b>Conditions met - transferred to revenue</b>	<b>39 761</b>	<b>46 984</b>	<b>36 332</b>	<b>41 096</b>	<b>42 458</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-
<b>Total capital transfers and grants revenue</b>	<b>39 761</b>	<b>46 984</b>	<b>36 332</b>	<b>41 096</b>	<b>42 458</b>
<b>Total capital transfers and grants - CTBM</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>197 204</b>	<b>204 704</b>	<b>202 578</b>	<b>214 280</b>	<b>223 187</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>10 756</b>	<b>12 766</b>	<b>12 766</b>	<b>12 766</b>	<b>12 766</b>



## 2.7 Allocations and Grants made by the municipality

The following cash allocations are provided for in the proposed budget of the municipality:

**Table 42 Allocations and Grants made by the municipality**

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>					
<b>Cash Transfers to other municipalities</b>					
<i>DC14: Joe Gqabi District Municipality</i>	871	571	-	-	-
<b>Total Cash Transfers To Municipalities:</b>	<b>871</b>	<b>571</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash Transfers to Organisations</b>					
<i>Grants and donations in aid</i>	37	37	48	-	-
<b>Total Cash Transfers To Organisations</b>	<b>37</b>	<b>37</b>	<b>48</b>	<b>-</b>	<b>-</b>
<b>TOTAL CASH TRANSFERS AND GRANTS</b>	<b>909</b>	<b>609</b>	<b>48</b>	<b>-</b>	<b>-</b>

## 2.8 Councilor and employee benefits

**Table 43 MBRR SA22 - Summary of councilor and staff benefits**

Summary of Employee and Councilor remuneration R thousand	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b><u>Councillors (Political Office Bearers plus Other)</u></b>					
Basic Salaries and Wages	11 641	11 641	12 456	13 203	13 995
Cellphone Allowance	1 693	1 693	1 811	1 920	2 035
Other benefits and allowances	188	188	201	213	226
<b>Sub Total - Councillors</b>	<b>13 522</b>	<b>13 522</b>	<b>14 468</b>	<b>15 336</b>	<b>16 256</b>
<b>% increase</b>	<b>10.4%</b>	<b>-</b>	<b>7.0%</b>	<b>6.0%</b>	<b>6.0%</b>
<b><u>Senior Managers of the Municipality</u></b>					
Basic Salaries and Wages	10 863	10 876	11 555	12 278	13 045
Pension and UIF Contributions	34	34	36	38	40
Performance Bonus	1 812	1 812	1 925	2 046	2 173
Cellphone Allowance	67	67	71	75	80
Payments in lieu of leave	-	158	167	178	189
<b>Sub Total - Senior Managers of Municipality</b>	<b>12 775</b>	<b>12 946</b>	<b>13 755</b>	<b>14 615</b>	<b>15 528</b>
<b>% increase</b>	<b>23.9%</b>	<b>1.3%</b>	<b>6.2%</b>	<b>6.3%</b>	<b>6.3%</b>
<b><u>Other Municipal Staff</u></b>					
Basic Salaries and Wages	57 473	57 473	64 492	68 319	72 561
Pension and UIF Contributions	9 780	9 780	10 815	11 456	12 168
Medical Aid Contributions	4 852	4 852	5 365	5 683	6 036
Overtime	66	66	73	77	82
Performance Bonus	740	740	818	867	921
Cellphone Allowance	422	422	466	494	525
Housing Allowances	402	402	445	471	500
Other benefits and allowances	542	542	599	635	674
Payments in lieu of leave	-	2 194	2 426	2 570	2 729
Long service awards	302	374	413	438	465
Post-retirement benefit obligations	1 578	1 197	1 323	1 402	1 489
<b>Sub Total - Other Municipal Staff</b>	<b>76 157</b>	<b>78 041</b>	<b>87 234</b>	<b>92 411</b>	<b>98 149</b>
<b>% increase</b>	<b>(0.5%)</b>	<b>2.5%</b>	<b>11.8%</b>	<b>5.9%</b>	<b>6.2%</b>
<b>Total Parent Municipality</b>	<b>102 454</b>	<b>104 508</b>	<b>115 457</b>	<b>122 362</b>	<b>129 933</b>
	<b>3.4%</b>	<b>2.0%</b>	<b>10.5%</b>	<b>6.0%</b>	<b>6.2%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>102 454</b>	<b>104 508</b>	<b>115 457</b>	<b>122 362</b>	<b>129 933</b>
<b>% increase</b>	<b>3.4%</b>	<b>2.0%</b>	<b>10.5%</b>	<b>6.0%</b>	<b>6.2%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>88 932</b>	<b>90 986</b>	<b>100 989</b>	<b>107 026</b>	<b>113 677</b>

**Table 44 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	Total Package
<b>Rand per annum</b>					
<b><u>Councillors</u></b>					
Speaker	804 440	–	59 188	–	863 628
Chief Whip	417 776	–	59 188	–	476 964
Executive Mayor	1 006 200	–	59 188	–	1 065 388
Deputy Executive Mayor	–	–	–	–	–
Executive Committee	1 447 319	–	236 753	–	1 684 072
Total for all other councillors	8 779 960	–	1 598 082	–	10 378 042
<b>Total Councillors</b>	<b>12 455 695</b>	<b>–</b>	<b>2 012 399</b>		<b>14 468 094</b>
<b><u>Senior Managers of the Municipality</u></b>					
Municipal Manager (MM)	2 473 325	68 675	–	416 162	2 958 162
Chief Finance Officer	1 633 543	50 402	14 453	340 942	2 039 340
Technical Services	1 596 578	19 144	13 099	237 486	1 866 307
Community and Social Services	2 416 761	2 945	15 677	328 872	2 764 255
Corporate and Support Services	1 776 765	29 805	15 406	302 762	2 124 738
Development and Town Planning Services	1 658 487	32 154	12 336	299 044	2 002 021
<b>Total Senior Managers of the Municipality</b>	<b>11 555 459</b>	<b>203 125</b>	<b>70 971</b>	<b>1 925 268</b>	<b>13 754 823</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	<b>24 011 154</b>	<b>203 125</b>	<b>2 083 370</b>	<b>1 925 268</b>	<b>28 222 917</b>



**Table 45 MBRR SA24 – Summary of personnel numbers**

Summary of Personnel Numbers Number	2018/19			Current Year 2019/20			Budget Year 2020/21		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>									
Councillors (Political Office Bearers plus Other Councillors)	-	-	37	-	-	34	-	-	34
<b>Municipal employees</b>									
Municipal Manager and Senior Managers	-	-	6	-	-	5	-	-	5
Other Managers	-	13	2	-	16	1	-	16	1
Professionals	-	38	-	-	35	-	-	35	-
<i>Finance</i>	-	6	-	-	11	-	-	11	-
<i>Spatial/town planning</i>	-	1	-	-	-	-	-	-	-
<i>Information Technology</i>	-	1	-	-	-	-	-	-	-
<i>Roads</i>	-	1	-	-	-	-	-	-	-
<i>Refuse</i>	-	6	-	-	-	-	-	-	-
<i>Other</i>	-	23	-	-	24	-	-	24	-
Technicians	-	5	9	-	21	-	-	21	-
<i>Finance</i>	-	-	9	-	-	-	-	-	-
<i>Spatial/town planning</i>	-	-	-	-	2	-	-	2	-
<i>Information Technology</i>	-	-	-	-	2	-	-	2	-
<i>Roads</i>	-	-	-	-	1	-	-	1	-
<i>Electricity</i>	-	3	-	-	3	-	-	3	-
<i>Water</i>	-	-	-	-	-	-	-	-	-
<i>Sanitation</i>	-	-	-	-	-	-	-	-	-
<i>Refuse</i>	-	-	-	-	6	-	-	6	-
<i>Other</i>	-	2	-	-	7	-	-	7	-
Clerks (Clerical and administrative)	-	51	-	-	59	-	-	59	-
Service and sales workers	-	7	-	-	7	-	-	7	-
Skilled agricultural and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades	-	-	-	-	-	-	-	-	-
Plant and Machine Operators	-	23	-	-	23	-	-	23	-
Elementary Occupations	-	87	-	-	115	-	-	115	-
<b>TOTAL PERSONNEL NUMBERS</b>	-	<b>224</b>	<b>54</b>	-	<b>276</b>	<b>40</b>	-	<b>276</b>	<b>40</b>
% increase				-	23.2%	(25.9%)	-	-	-
<b>Total municipal employees headcount</b>									
Finance personnel headcount	-	35	9	-	-	-	-	-	-
Human Resources personnel headcount	-	5	-	-	37	1	-	37	1

## 2.9 Monthly targets for revenue, expenditure and cash flow



**Table 46 MBRR SA25 - Budgeted monthly revenue and expenditure**

Description	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>															
<b>Revenue By Source</b>															
Property rates	4 524	411	411	411	411	411	411	411	411	411	411	411	9 048	9 591	10 166
Service charges - electricity revenue	3 614	3 614	3 614	3 614	3 614	3 614	3 614	3 614	3 614	3 614	3 614	3 614	43 365	45 967	48 725
Service charges - refuse revenue	852	852	852	852	852	852	852	852	852	852	852	852	10 226	10 840	11 490
Rental of facilities and equipment	10	10	10	10	10	10	10	10	10	10	10	10	123	131	139
Interest earned - external investments	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	18 800	18 500	18 500
Interest earned - outstanding debtors	212	212	212	212	212	212	212	212	212	212	212	212	2 546	2 699	2 861
Fines, penalties and forfeits	15	15	15	15	15	15	15	15	15	15	15	15	177	187	199
Licences and permits	105	105	105	105	105	105	105	105	105	105	105	105	1 260	1 335	1 416
Agency services	88	88	88	88	88	88	88	88	88	88	88	88	1 059	1 123	1 190
Transfers and subsidies	57 212	3 352	222	-	1 024	-	-	-	104 436	-	-	-	166 246	173 184	180 729
Other revenue	164	164	164	164	164	164	164	164	164	164	164	164	1 968	2 086	2 211
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>68 363</b>	<b>10 390</b>	<b>7 260</b>	<b>7 038</b>	<b>8 063</b>	<b>7 038</b>	<b>7 038</b>	<b>7 038</b>	<b>111 475</b>	<b>7 038</b>	<b>7 038</b>	<b>7 038</b>	<b>254 819</b>	<b>265 643</b>	<b>277 625</b>
<b>Expenditure By Type</b>															
Employee related costs	7 993	7 993	7 993	7 993	13 068	7 993	7 993	7 993	7 993	7 993	7 993	7 993	100 989	107 026	113 677
Remuneration of councillors	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	14 468	15 336	16 256
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	-	7 633	8 057	8 585
Depreciation & asset impairment	-	-	-	-	-	10 716	-	-	-	-	-	10 716	21 432	22 624	24 105
Finance charges	-	-	659	-	-	-	-	-	659	-	-	1 871	3 188	3 366	3 586
Bulk purchases	3 252	3 252	3 252	3 252	3 252	3 252	3 252	3 252	3 252	3 252	3 252	3 252	39 029	41 058	44 712
Other materials	1 428	1 428	1 428	1 428	1 428	1 428	1 428	1 428	1 428	1 428	1 428	1 428	17 135	17 190	18 806
Contracted services	2 824	2 824	2 824	2 824	2 824	2 824	2 824	2 974	2 974	2 824	2 824	2 824	34 186	32 751	33 994
Transfers and subsidies	-	-	-	-	-	-	-	48	-	-	-	-	48	-	-
Other expenditure	3 033	3 033	3 151	3 151	3 151	3 151	3 151	3 151	3 151	3 151	3 151	3 151	37 575	37 399	39 758
<b>Total Expenditure</b>	<b>19 736</b>	<b>19 736</b>	<b>20 512</b>	<b>19 854</b>	<b>24 928</b>	<b>30 570</b>	<b>19 854</b>	<b>20 052</b>	<b>20 662</b>	<b>19 854</b>	<b>19 854</b>	<b>40 074</b>	<b>275 683</b>	<b>284 806</b>	<b>303 480</b>
<b>Surplus/(Deficit)</b>	<b>48 628</b>	<b>(9 346)</b>	<b>(13 252)</b>	<b>(12 815)</b>	<b>(16 866)</b>	<b>(23 531)</b>	<b>(12 815)</b>	<b>(13 013)</b>	<b>90 812</b>	<b>(12 815)</b>	<b>(12 815)</b>	<b>(33 035)</b>	<b>(20 865)</b>	<b>(19 163)</b>	<b>(25 854)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	909	1 718	2 521	5 661	6 212	4 891	2 450	3 692	2 928	2 843	1 255	1 253	36 332	41 096	42 458
<b>Surplus/(Deficit)</b>	<b>49 537</b>	<b>(7 628)</b>	<b>(10 731)</b>	<b>(7 154)</b>	<b>(10 654)</b>	<b>(18 641)</b>	<b>(10 366)</b>	<b>(9 321)</b>	<b>93 740</b>	<b>(9 972)</b>	<b>(11 560)</b>	<b>(31 783)</b>	<b>15 467</b>	<b>21 933</b>	<b>16 604</b>



**Table 47 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

Description	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>															
<b>Revenue by Vote</b>															
Vote 1 - Executive & Council	6 308	-	-	-	-	-	-	-	946	-	-	-	7 254	7 554	7 867
Vote 2 - Planning & Development	5	5	5	5	5	5	5	5	1 917	5	5	5	1 975	2 135	2 253
Vote 3 - Corporate Services	16	16	16	16	16	16	16	16	16	16	16	16	193	205	217
Vote 4 - Budget & Treasury	6 167	3 532	2 276	2 054	2 054	2 054	2 054	2 054	92 812	2 054	2 054	2 054	121 219	126 976	131 881
Vote 5 - Road Transport	1 135	2 512	2 747	5 887	7 462	5 116	2 675	3 918	4 177	3 069	1 480	1 478	41 656	42 161	44 499
Vote 9 - Community & Social Services	13	1 317	13	13	13	13	13	13	208	13	13	13	1 650	1 659	1 669
Vote 10 - Sport & Recreation	1	1	1	1	1	1	1	1	1	1	1	1	9	10	10
Vote 11 - Public Safety	8	8	8	8	8	8	8	8	8	8	8	8	93	99	105
Vote 12 - Electricity	30 033	3 727	3 727	3 727	3 727	3 727	3 727	3 727	7 673	3 727	3 727	3 727	74 973	81 280	84 744
Vote 13 - Waste Management	25 588	990	990	990	990	990	990	990	6 644	990	990	990	42 127	44 659	46 838
<b>Total Revenue by Vote</b>	<b>69 273</b>	<b>12 108</b>	<b>9 781</b>	<b>12 700</b>	<b>14 274</b>	<b>11 929</b>	<b>9 488</b>	<b>10 730</b>	<b>114 402</b>	<b>9 881</b>	<b>8 293</b>	<b>8 291</b>	<b>291 150</b>	<b>306 739</b>	<b>320 083</b>
<b>Expenditure by Vote to be appropriated</b>															
Vote 1 - Executive & Council	2 436	2 436	2 436	2 436	3 106	2 797	2 436	2 436	2 436	2 436	2 436	2 939	30 763	33 075	35 610
Vote 2 - Planning & Development	1 610	1 610	1 610	1 610	2 405	2 010	1 610	1 658	1 610	1 610	1 610	2 010	20 960	22 986	22 163
Vote 3 - Corporate Services	3 052	3 052	3 648	3 170	4 077	3 948	3 170	3 170	3 648	3 170	3 170	1 101	38 375	36 159	38 546
Vote 4 - Budget & Treasury	2 698	2 698	2 698	2 698	3 608	3 170	2 698	2 698	2 698	2 698	2 698	8 562	39 620	38 718	41 423
Vote 5 - Road Transport	1 395	1 395	1 395	1 395	1 797	6 921	1 395	1 395	1 395	1 395	1 395	6 921	28 192	29 731	31 955
Vote 6 - Waste Water Management	263	263	263	263	481	1 002	263	263	263	263	263	1 002	4 855	5 160	5 520
Vote 9 - Community & Social Services	894	894	894	894	1 171	1 491	894	894	894	894	894	1 491	12 201	12 970	14 023
Vote 10 - Sport & Recreation	138	138	138	138	171	459	138	288	288	138	138	459	2 635	2 459	2 629
Vote 11 - Public Safety	67	67	67	67	141	67	67	67	67	67	67	67	881	936	995
Vote 12 - Electricity	4 327	4 327	4 508	4 327	4 591	5 216	4 327	4 327	4 508	4 327	4 327	9 106	58 219	61 581	66 928
Vote 13 - Waste Management	2 855	2 855	2 855	2 855	3 381	3 487	2 855	2 855	2 855	2 855	2 855	6 415	38 981	41 031	43 689
<b>Total Expenditure by Vote</b>	<b>19 736</b>	<b>19 736</b>	<b>20 512</b>	<b>19 854</b>	<b>24 928</b>	<b>30 570</b>	<b>19 854</b>	<b>20 052</b>	<b>20 662</b>	<b>19 854</b>	<b>19 854</b>	<b>40 074</b>	<b>275 683</b>	<b>284 806</b>	<b>303 480</b>
<b>Surplus/(Deficit)</b>	<b>49 537</b>	<b>(7 628)</b>	<b>(10 731)</b>	<b>(7 154)</b>	<b>(10 654)</b>	<b>(18 641)</b>	<b>(10 366)</b>	<b>(9 321)</b>	<b>93 740</b>	<b>(9 972)</b>	<b>(11 560)</b>	<b>(31 783)</b>	<b>15 467</b>	<b>21 933</b>	<b>16 604</b>



**Table 48 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

Description	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue - Functional</b>															
<i>Governance and administration</i>	12 481	3 539	2 282	2 060	2 060	2 060	2 060	2 060	93 764	2 060	2 060	2 060	128 549	134 610	139 833
Executive and council	6 308	-	-	-	-	-	-	-	946	-	-	-	7 254	7 554	7 867
Finance and administration	6 173	3 539	2 282	2 060	2 060	2 060	2 060	2 060	92 818	2 060	2 060	2 060	121 295	127 056	131 966
<i>Community and public safety</i>	246	1 551	246	246	246	246	246	246	442	246	246	246	4 455	4 632	4 820
Community and social services	12	1 317	12	12	12	12	12	12	208	12	12	12	1 647	1 656	1 665
Sport and recreation	1	1	1	1	1	1	1	1	1	1	1	1	9	10	10
Public safety	233	233	233	233	233	233	233	233	233	233	233	233	2 799	2 966	3 144
<i>Economic and environmental services</i>	924	2 302	2 536	5 677	7 251	4 906	2 465	3 707	5 879	2 858	1 270	1 268	41 044	41 554	43 845
Planning and development	15	15	15	15	15	15	15	15	1 927	15	15	15	2 093	2 260	2 385
Road transport	909	2 287	2 521	5 661	7 236	4 891	2 450	3 692	3 952	2 843	1 255	1 253	38 951	39 294	41 460
<i>Trading services</i>	55 621	4 716	4 716	4 716	4 716	4 716	4 716	4 716	14 317	4 716	4 716	4 716	117 100	125 939	131 582
Energy sources	30 033	3 727	3 727	3 727	3 727	3 727	3 727	3 727	7 673	3 727	3 727	3 727	74 973	81 280	84 744
Waste management	25 588	990	990	990	990	990	990	990	6 644	990	990	990	42 127	44 659	46 838
<i>Other</i>	0	0	0	0	0	0	0	0	0	0	0	0	3	3	3
<b>Total Revenue - Functional</b>	<b>69 273</b>	<b>12 108</b>	<b>9 781</b>	<b>12 700</b>	<b>14 274</b>	<b>11 929</b>	<b>9 488</b>	<b>10 730</b>	<b>114 402</b>	<b>9 881</b>	<b>8 293</b>	<b>8 291</b>	<b>291 150</b>	<b>306 739</b>	<b>320 083</b>
<b>Expenditure - Functional</b>															
<i>Governance and administration</i>	8 279	8 279	8 875	8 397	10 918	10 015	8 397	8 397	8 875	8 397	8 397	12 701	109 930	109 196	116 898
Executive and council	2 219	2 219	2 219	2 219	2 823	2 560	2 219	2 219	2 219	2 219	2 219	2 701	28 051	30 222	32 050
Finance and administration	5 844	5 844	6 439	5 961	7 812	7 218	5 961	5 961	6 439	5 961	5 961	9 763	79 167	76 121	81 288
Internal audit	217	217	217	217	282	237	217	217	217	217	217	237	2 712	2 853	3 560
<i>Community and public safety</i>	1 326	1 326	1 326	1 326	1 729	2 270	1 326	1 476	1 476	1 326	1 326	2 270	18 501	19 009	20 455
Community and social services	833	833	833	833	1 060	1 430	833	833	833	833	833	1 430	11 418	12 140	13 141
Sport and recreation	138	138	138	138	171	459	138	288	288	138	138	459	2 635	2 459	2 629
Public safety	354	354	354	354	498	382	354	354	354	354	354	382	4 447	4 409	4 685
<i>Economic and environmental services</i>	2 544	2 544	2 544	2 544	3 633	8 418	2 544	2 544	2 544	2 544	2 544	8 418	43 361	46 889	47 930
Planning and development	1 423	1 423	1 423	1 423	2 152	1 799	1 423	1 423	1 423	1 423	1 423	1 799	18 556	20 440	19 462
Road transport	1 108	1 108	1 108	1 108	1 440	6 607	1 108	1 108	1 108	1 108	1 108	6 607	24 625	26 257	28 265
Environmental protection	13	13	13	13	41	13	13	13	13	13	13	13	180	192	204
<i>Trading services</i>	7 446	7 446	7 627	7 446	8 453	9 706	7 446	7 446	7 627	7 446	7 446	16 524	102 056	107 772	116 137
Energy sources	4 327	4 327	4 508	4 327	4 591	5 216	4 327	4 327	4 508	4 327	4 327	9 106	58 219	61 581	66 928
Waste water management	263	263	263	263	481	1 002	263	263	263	263	263	1 002	4 855	5 160	5 520
Waste management	2 855	2 855	2 855	2 855	3 381	3 487	2 855	2 855	2 855	2 855	2 855	6 415	38 981	41 031	43 689
<i>Other</i>	141	141	141	141	195	160	141	189	141	141	141	160	1 835	1 941	2 059
<b>Total Expenditure - Functional</b>	<b>19 736</b>	<b>19 736</b>	<b>20 512</b>	<b>19 854</b>	<b>24 928</b>	<b>30 570</b>	<b>19 854</b>	<b>20 052</b>	<b>20 662</b>	<b>19 854</b>	<b>19 854</b>	<b>40 074</b>	<b>275 683</b>	<b>284 806</b>	<b>303 480</b>
<b>Surplus/(Deficit)</b>	<b>49 537</b>	<b>(7 628)</b>	<b>(10 731)</b>	<b>(7 154)</b>	<b>(10 654)</b>	<b>(18 641)</b>	<b>(10 366)</b>	<b>(9 321)</b>	<b>93 740</b>	<b>(9 972)</b>	<b>(11 560)</b>	<b>(31 783)</b>	<b>15 467</b>	<b>21 933</b>	<b>16 604</b>





**Table 49 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

Description	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>															
<b>Multi-year expenditure to be appropriated</b>															
Vote 3 - Corporate Services	-	-	550	550	550	550	-	-	-	-	-	-	2 200	-	-
Vote 5 - Road Transport	655	616	1 844	1 627	2 128	2 031	1 868	1 728	2 964	1 591	1 255	1 253	19 560	24 063	35 478
Vote 6 - Waste Water Management	-	-	-	-	-	-	-	-	-	-	-	-	-	878	23 067
Vote 9 - Community & Social Services	-	1 205	1 401	1 401	1 843	1 401	1 401	1 205	1 205	-	-	-	11 063	12 487	3 440
Vote 12 - Electricity	167	167	167	167	167	167	167	167	167	167	167	167	2 000	4 194	3 403
Vote 13 - Waste Management	509	1 318	1 571	4 711	4 305	3 081	2 846	5 134	2 984	2 955	1 140	-	30 555	20 186	18 580
<b>Capital multi-year expenditure sub-total</b>	<b>1 331</b>	<b>3 306</b>	<b>5 532</b>	<b>8 457</b>	<b>8 993</b>	<b>7 230</b>	<b>6 282</b>	<b>8 234</b>	<b>7 321</b>	<b>4 712</b>	<b>2 561</b>	<b>1 419</b>	<b>65 378</b>	<b>61 808</b>	<b>83 968</b>
<b>Single-year expenditure to be appropriated</b>															
Vote 1 - Executive & Council	-	-	64	20	1 238	-	-	-	93	-	-	-	1 415	178	186
Vote 2 - Planning & Development	-	-	84	-	-	84	-	-	84	-	-	84	336	133	139
Vote 3 - Corporate Services	262	262	1 102	-	350	840	-	-	840	-	-	840	4 496	100	105
Vote 4 - Budget & Treasury	736	736	736	736	-	-	-	-	-	-	-	-	2 945	353	369
Vote 5 - Road Transport	-	-	305	65	65	240	-	393	633	-	-	240	1 942	956	577
Vote 9 - Community & Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	1 373	-
Vote 12 - Electricity	-	10	10	-	-	-	-	10	10	-	-	-	40	90	536
Vote 13 - Waste Management	-	-	60	-	-	60	-	-	60	-	-	60	240	161	168
<b>Capital single-year expenditure sub-total</b>	<b>998</b>	<b>1 008</b>	<b>2 362</b>	<b>822</b>	<b>1 653</b>	<b>1 224</b>	<b>-</b>	<b>403</b>	<b>1 720</b>	<b>-</b>	<b>-</b>	<b>1 224</b>	<b>11 413</b>	<b>3 344</b>	<b>2 080</b>
<b>Total Capital Expenditure</b>	<b>2 329</b>	<b>4 314</b>	<b>7 894</b>	<b>9 278</b>	<b>10 646</b>	<b>8 454</b>	<b>6 282</b>	<b>8 636</b>	<b>9 041</b>	<b>4 712</b>	<b>2 561</b>	<b>2 643</b>	<b>76 792</b>	<b>65 152</b>	<b>86 048</b>



**Table 50 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

Description	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Capital Expenditure - Functional</b>															
<b>Governance and administration</b>	998	998	2 452	1 306	2 138	1 390	-	-	933	-	-	840	11 056	631	659
Executive and council	-	-	20	20	1 238	-	-	-	49	-	-	-	1 327	87	90
Finance and administration	998	998	2 388	1 286	900	1 390	-	-	840	-	-	840	9 640	453	473
Internal audit	-	-	44	-	-	-	-	-	44	-	-	-	88	92	96
<b>Community and public safety</b>	-	1 205	1 401	1 401	1 843	1 401	1 401	1 205	1 829	336	-	-	12 024	18 641	3 440
Community and social services	-	1 205	1 401	1 401	1 843	1 401	1 401	1 205	1 205	-	-	-	11 063	13 860	3 440
Public safety	-	-	-	-	-	-	-	-	624	336	-	-	960	4 781	-
<b>Economic and environmental services</b>	655	616	2 233	1 693	2 193	2 355	1 868	2 120	3 057	1 255	1 255	1 577	20 877	20 371	36 194
Planning and development	-	-	84	-	-	84	-	-	84	-	-	84	336	133	139
Road transport	655	616	2 149	1 693	2 193	2 271	1 868	2 120	2 973	1 255	1 255	1 493	20 541	20 238	36 055
<b>Trading services</b>	676	1 495	1 808	4 878	4 472	3 308	3 012	5 311	3 221	3 122	1 307	227	32 836	25 509	45 754
Energy sources	167	177	177	167	167	167	167	177	177	167	167	167	2 040	4 284	3 939
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	878	23 067
Waste management	509	1 318	1 631	4 711	4 305	3 141	2 846	5 134	3 044	2 955	1 140	60	30 796	20 347	18 748
<b>Total Capital Expenditure - Functional</b>	<b>2 329</b>	<b>4 314</b>	<b>7 894</b>	<b>9 278</b>	<b>10 646</b>	<b>8 454</b>	<b>6 282</b>	<b>8 636</b>	<b>9 041</b>	<b>4 712</b>	<b>2 561</b>	<b>2 643</b>	<b>76 792</b>	<b>65 152</b>	<b>86 048</b>
<b>Funded by:</b>															
National Government	909	1 718	2 521	5 661	6 212	4 891	2 450	3 692	2 928	2 843	1 255	1 253	36 332	41 096	42 458
Transfers recognised - capital	909	1 718	2 521	5 661	6 212	4 891	2 450	3 692	2 928	2 843	1 255	1 253	36 332	41 096	42 458
Internally generated funds	1 420	2 596	5 373	3 617	4 434	3 564	3 832	4 944	6 113	1 869	1 307	1 391	40 460	24 056	43 590
<b>Total Capital Funding</b>	<b>2 329</b>	<b>4 314</b>	<b>7 894</b>	<b>9 278</b>	<b>10 646</b>	<b>8 454</b>	<b>6 282</b>	<b>8 636</b>	<b>9 041</b>	<b>4 712</b>	<b>2 561</b>	<b>2 643</b>	<b>76 792</b>	<b>65 152</b>	<b>86 048</b>



**Table 51 MBRR SA30 - Budgeted monthly cash flow**

MONTHLY CASH FLOWS	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22
<b>Cash Receipts By Source</b>													1		
Property rates	3 550	323	323	323	323	323	323	323	323	323	323	323	7 100	7 506	7 925
Service charges - electricity revenue	2 836	2 836	2 836	2 836	2 836	2 836	2 836	2 836	2 836	2 836	2 836	2 836	34 028	35 977	37 984
Service charges - refuse revenue	669	669	669	669	669	669	669	669	669	669	669	669	8 024	8 484	8 957
Rental of facilities and equipment	8	8	8	8	8	8	8	8	8	8	8	8	97	102	108
Interest earned - external investments	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	18 800	18 500	18 500
Interest earned - outstanding debtors	166	166	166	166	166	166	166	166	166	166	166	166	1 998	2 112	2 230
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	15	15	15	15	15	15	15	15	15	15	15	15	177	187	199
Licences and permits	105	105	105	105	105	105	105	105	105	105	105	105	1 260	1 335	1 416
Agency services	88	88	88	88	88	88	88	88	88	88	88	88	1 059	1 123	1 190
Transfers and Subsidies - Operational	57 212	3 352	222	-	1 024	-	-	-	104 436	-	-	-	166 246	173 184	180 729
Other revenue	164	164	164	164	164	164	164	164	164	164	164	164	1 968	2 086	2 211
<b>Cash Receipts by Source</b>	<b>66 380</b>	<b>9 292</b>	<b>6 162</b>	<b>5 940</b>	<b>6 965</b>	<b>5 940</b>	<b>5 940</b>	<b>5 940</b>	<b>110 377</b>	<b>5 940</b>	<b>5 940</b>	<b>5 940</b>	<b>240 757</b>	<b>250 597</b>	<b>261 449</b>
<b>Other Cash Flows by Source</b>															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	909	1 718	2 521	5 661	6 212	4 891	2 450	3 692	2 928	2 843	1 255	1 253	36 332	41 096	42 458
Increase (decrease) in consumer deposits	7	7	7	7	7	7	7	7	7	7	7	7	86	91	95
<b>Total Cash Receipts by Source</b>	<b>67 296</b>	<b>11 017</b>	<b>8 690</b>	<b>11 609</b>	<b>13 184</b>	<b>10 838</b>	<b>8 397</b>	<b>9 639</b>	<b>113 312</b>	<b>8 791</b>	<b>7 202</b>	<b>7 200</b>	<b>277 175</b>	<b>291 784</b>	<b>304 002</b>
<b>Cash Payments by Type</b>															
Employee related costs	7 711	7 711	7 711	7 711	12 607	7 711	7 711	7 711	7 711	7 711	7 711	7 711	97 429	103 320	109 825
Remuneration of councillors	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	14 468	15 336	16 256
Finance charges	-	-	659	-	-	-	-	-	659	-	-	-	1 871	3 366	3 586
Bulk purchases - Electricity	3 210	3 210	3 210	3 210	3 210	3 210	3 210	3 210	3 210	3 210	3 210	3 210	38 524	41 035	44 277
Other materials	1 409	1 409	1 409	1 409	1 409	1 409	1 409	1 409	1 409	1 409	1 409	1 409	16 905	17 172	18 615
Contracted services	2 787	2 787	2 787	2 787	2 787	2 787	2 787	2 935	2 935	2 787	2 787	2 787	33 744	32 733	33 663
Transfers and grants - other municipalities	-	-	-	-	-	-	-	48	-	-	-	-	48	-	-
Other expenditure	2 970	2 970	3 085	3 085	3 085	3 085	3 085	3 085	3 085	3 085	3 085	3 085	36 789	37 078	39 071
<b>Cash Payments by Type</b>	<b>19 293</b>	<b>19 293</b>	<b>20 067</b>	<b>19 408</b>	<b>24 304</b>	<b>19 408</b>	<b>19 408</b>	<b>19 604</b>	<b>20 215</b>	<b>19 408</b>	<b>19 408</b>	<b>21 279</b>	<b>241 096</b>	<b>250 040</b>	<b>265 294</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	2 329	4 314	7 894	9 278	10 646	8 454	6 282	8 636	9 041	4 712	2 561	2 643	76 792	65 152	86 048
Repayment of borrowing	-	-	435	-	-	-	-	-	435	-	-	-	871	887	904
<b>Total Cash Payments by Type</b>	<b>21 622</b>	<b>23 606</b>	<b>28 397</b>	<b>28 687</b>	<b>34 950</b>	<b>27 862</b>	<b>25 690</b>	<b>28 241</b>	<b>29 691</b>	<b>24 121</b>	<b>21 970</b>	<b>23 922</b>	<b>318 759</b>	<b>316 080</b>	<b>352 245</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>45 674</b>	<b>(12 589)</b>	<b>(19 706)</b>	<b>(17 078)</b>	<b>(21 767)</b>	<b>(17 024)</b>	<b>(17 293)</b>	<b>(18 601)</b>	<b>83 621</b>	<b>(15 330)</b>	<b>(14 767)</b>	<b>(16 722)</b>	<b>(41 584)</b>	<b>(24 296)</b>	<b>(48 243)</b>
Cash/cash equivalents at the month/year begin:	295 647	341 321	328 732	309 025	291 947	270 181	253 156	235 863	217 262	300 883	285 553	270 785	295 647	254 063	229 767
Cash/cash equivalents at the month/year end:	341 321	328 732	309 025	291 947	270 181	253 156	235 863	217 262	300 883	285 553	270 785	254 063	254 063	229 767	181 524



## **2.10 Contracts having future budgetary implications**

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

## **2.11 Capital expenditure details**

The following five tables present details of the Municipality's capital expenditure program, firstly on new assets, then the renewal of assets, then the repair and maintenance of assets, then the depreciation per asset class and finally the upgrade of assets.



**Table 52 MBRR SA34a - Capital expenditure on new assets by asset class**

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>								
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>								
<b>Infrastructure</b>	<b>27 204</b>	<b>33 384</b>	<b>46 812</b>	<b>40 109</b>	<b>34 292</b>	<b>40 085</b>	<b>26 757</b>	<b>63 588</b>
Roads Infrastructure	17 189	24 190	22 450	29 629	26 529	9 469	1 498	18 538
<i>Roads</i>	16 820	21 080	21 735	29 629	26 529	9 469	1 400	15 000
<i>Road Structures</i>	368	3 110	715	-	-	-	98	3 538
Storm water Infrastructure	2 455	-	-	-	-	-	878	23 067
<i>Storm water Conveyance</i>	2 455	-	-	-	-	-	878	23 067
Electrical Infrastructure	7 220	6 176	7 734	4 900	5 573	2 288	4 194	3 403
<i>MV Networks</i>	3 731	3 769	5 769	3 200	4 973	-	1 804	1 000
<i>LV Networks</i>	3 488	2 406	1 965	1 700	600	2 288	2 390	2 403
Solid Waste Infrastructure	340	3 018	16 628	5 580	2 190	28 329	20 186	18 580
<i>Landfill Sites</i>	340	3 018	16 628	5 580	2 190	28 329	20 186	18 580
<b>Community Assets</b>	<b>9 920</b>	<b>3 392</b>	<b>4 608</b>	<b>2 973</b>	<b>3 097</b>	<b>10 082</b>	<b>8 962</b>	<b>3 440</b>
Community Facilities	2 321	2 619	4 385	2 757	2 886	10 082	8 962	3 440
<i>Halls</i>	33	1 795	366	-	155	-	-	-
<i>Centres</i>	-	438	3 718	1 931	2 081	-	-	-
<i>Cemeteries/Crematoria</i>	337	-	183	826	650	10 082	8 962	3 440
<i>Public Open Space</i>	555	386	118	-	-	-	-	-
<i>Public Ablution Facilities</i>	70	-	-	-	-	-	-	-
<i>Stalls</i>	1 326	-	-	-	-	-	-	-
Sport and Recreation Facilities	7 600	774	223	216	211	-	-	-
<i>Outdoor Facilities</i>	7 600	774	223	216	211	-	-	-
<b>Other assets</b>	<b>2 088</b>	<b>3 279</b>	<b>3 954</b>	<b>4 000</b>	<b>250</b>	<b>672</b>	<b>4 781</b>	<b>-</b>
Operational Buildings	2 088	3 279	3 954	4 000	250	672	4 781	-
<i>Municipal Offices</i>	1 823	251	3 703	4 000	250	672	4 781	-
<i>Yards</i>	265	3 028	251	-	-	-	-	-
<b>Intangible Assets</b>	<b>247</b>	<b>32</b>	<b>49</b>	<b>69</b>	<b>89</b>	<b>88</b>	<b>92</b>	<b>96</b>
Licences and Rights	247	32	49	69	89	88	92	96
<i>Computer Software and Applications</i>	247	32	49	69	89	88	92	96
<b>Computer Equipment</b>	<b>1 143</b>	<b>487</b>	<b>1 260</b>	<b>1 057</b>	<b>1 057</b>	<b>3 370</b>	<b>458</b>	<b>479</b>
Computer Equipment	1 143	487	1 260	1 057	1 057	3 370	458	479
<b>Furniture and Office Equipment</b>	<b>329</b>	<b>304</b>	<b>53</b>	<b>230</b>	<b>196</b>	<b>300</b>	<b>241</b>	<b>252</b>
Furniture and Office Equipment	329	304	53	230	196	300	241	252
<b>Machinery and Equipment</b>	<b>715</b>	<b>3 492</b>	<b>885</b>	<b>2 018</b>	<b>1 917</b>	<b>5 496</b>	<b>1 180</b>	<b>234</b>
Machinery and Equipment	715	3 492	885	2 018	1 917	5 496	1 180	234
<b>Transport Assets</b>	<b>425</b>	<b>1 610</b>	<b>-</b>	<b>3 100</b>	<b>2 872</b>	<b>1 178</b>	<b>-</b>	<b>1 019</b>
Transport Assets	425	1 610	-	3 100	2 872	1 178	-	1 019
<b>Total Capital Expenditure on new assets</b>	<b>42 071</b>	<b>45 981</b>	<b>57 623</b>	<b>53 555</b>	<b>43 769</b>	<b>61 271</b>	<b>42 470</b>	<b>69 108</b>



**Table 53 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>								
<b>Infrastructure</b>	-	-	-	850	2 320	912	-	-
Roads Infrastructure	-	-	-	850	120	912	-	-
<i>Road Structures</i>	-	-	-	850	120	912	-	-
Solid Waste Infrastructure	-	-	-	-	2 200	-	-	-
<i>Landfill Sites</i>	-	-	-	-	2 200	-	-	-
<b>Community Assets</b>	-	-	-	6 600	1 050	982	4 016	-
Community Facilities	-	-	-	4 600	1 050	982	4 016	-
<i>Halls</i>	-	-	-	3 500	-	982	4 016	-
<i>Public Open Space</i>	-	-	-	1 100	1 050	-	-	-
Sport and Recreation Facilities	-	-	-	2 000	-	-	-	-
<i>Outdoor Facilities</i>	-	-	-	2 000	-	-	-	-
<b>Other assets</b>	-	-	-	9 317	11 120	2 200	-	-
Operational Buildings	-	-	-	9 317	11 120	2 200	-	-
<i>Municipal Offices</i>	-	-	-	9 317	11 120	2 200	-	-
<b>Total Capital Expenditure on renewal of existing</b>	-	-	-	16 767	14 490	4 094	4 016	-
<b>Renewal of Existing Assets as % of total capex</b>	0.0%	0.0%	0.0%	19.6%	20.0%	5.3%	6.2%	0.0%
<b>Renewal of Existing Assets as % of deprecn"</b>	0.0%	0.0%	0.0%	79.6%	68.8%	19.1%	17.8%	0.0%



**Table 54 MBRR SA34c - Repairs and maintenance expenditure by asset class**

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>								
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>								
<b>Infrastructure</b>	<b>2 158</b>	<b>2 816</b>	<b>3 179</b>	<b>3 802</b>	<b>3 802</b>	<b>4 396</b>	<b>4 931</b>	<b>5 635</b>
Roads Infrastructure	1 192	1 843	1 898	2 154	2 154	2 697	2 997	3 407
<i>Roads</i>	1 192	1 843	1 898	2 154	2 154	2 697	2 997	3 407
Storm water Infrastructure	5	14	272	304	314	336	376	433
<i>Storm water Conveyance</i>	5	14	272	304	314	336	376	433
Electrical Infrastructure	783	752	868	1 028	1 018	1 025	1 179	1 358
<i>MV Networks</i>	183	255	329	434	434	464	519	599
<i>LV Networks</i>	600	497	538	594	584	560	659	760
Solid Waste Infrastructure	177	208	141	316	316	339	379	437
<i>Landfill Sites</i>	177	146	141	92	92	99	111	127
<i>Waste Transfer Stations</i>	-	62	-	224	224	240	268	309
<b>Community Assets</b>	<b>686</b>	<b>1 426</b>	<b>1 602</b>	<b>2 305</b>	<b>2 047</b>	<b>2 602</b>	<b>2 783</b>	<b>3 195</b>
Community Facilities	657	1 368	1 434	2 117	1 848	2 373	2 551	2 933
<i>Halls</i>	424	528	752	989	902	1 347	1 405	1 615
<i>Libraries</i>	-	2	-	4	4	5	5	5
<i>Cemeteries/Crematoria</i>	233	827	682	1 112	931	996	1 115	1 285
<i>Parks</i>	-	-	-	-	-	15	15	16
<i>Public Open Space</i>	-	12	-	11	-	-	-	-
<i>Taxi Ranks/Bus Terminals</i>	-	-	-	-	10	10	11	11
Sport and Recreation Facilities	29	58	167	188	199	229	232	262
<i>Outdoor Facilities</i>	29	58	167	188	199	229	232	262
<b>Other assets</b>	<b>762</b>	<b>500</b>	<b>759</b>	<b>1 078</b>	<b>1 043</b>	<b>1 116</b>	<b>1 249</b>	<b>1 438</b>
Operational Buildings	762	500	759	1 078	1 043	1 116	1 249	1 438
<i>Municipal Offices</i>	436	352	500	807	789	844	945	1 088
<i>Stores</i>	327	148	260	271	254	272	304	350
<b>Furniture and Office Equipment</b>	<b>386</b>	<b>362</b>	<b>465</b>	<b>535</b>	<b>627</b>	<b>677</b>	<b>744</b>	<b>837</b>
Furniture and Office Equipment	386	362	465	535	627	677	744	837
<b>Machinery and Equipment</b>	<b>169</b>	<b>1 023</b>	<b>270</b>	<b>1 458</b>	<b>1 591</b>	<b>1 883</b>	<b>2 076</b>	<b>2 347</b>
Machinery and Equipment	169	1 023	270	1 458	1 591	1 883	2 076	2 347
<b>Transport Assets</b>	<b>2 615</b>	<b>1 771</b>	<b>3 263</b>	<b>2 401</b>	<b>2 327</b>	<b>2 491</b>	<b>2 780</b>	<b>3 192</b>
Transport Assets	2 615	1 771	3 263	2 401	2 327	2 491	2 780	3 192
<b>Total Repairs and Maintenance Expenditure</b>	<b>6 776</b>	<b>7 898</b>	<b>9 537</b>	<b>11 579</b>	<b>11 438</b>	<b>13 165</b>	<b>14 562</b>	<b>16 645</b>
<b>R&amp;M as a % of PPE</b>	<b>2.0%</b>	<b>2.2%</b>	<b>2.3%</b>	<b>2.3%</b>	<b>2.5%</b>	<b>2.8%</b>	<b>2.8%</b>	<b>3.0%</b>
<b>R&amp;M as % Operating Expenditure</b>	<b>3.4%</b>	<b>3.9%</b>	<b>4.1%</b>	<b>4.6%</b>	<b>4.5%</b>	<b>5.2%</b>	<b>5.3%</b>	<b>5.8%</b>



**Table 55 MBRR SA34d - Depreciation by asset class**

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>								
<b>Depreciation by Asset Class/Sub-class</b>								
<b>Infrastructure</b>	<b>11 432</b>	<b>14 027</b>	<b>10 429</b>	<b>11 509</b>	<b>11 509</b>	<b>11 714</b>	<b>12 365</b>	<b>13 175</b>
Roads Infrastructure	9 590	7 668	7 948	8 763	8 763	8 918	9 414	10 031
Roads	9 590	7 668	7 948	8 763	8 763	8 918	9 414	10 031
Storm water Infrastructure	1 034	1 271	1 290	1 452	1 452	1 478	1 560	1 662
Storm water Conveyance	1 034	1 271	1 290	1 452	1 452	1 478	1 560	1 662
Electrical Infrastructure	436	810	904	1 052	1 052	1 071	1 131	1 205
MV Networks	341	703	690	803	803	818	863	920
LV Networks	95	107	214	249	249	253	268	285
Solid Waste Infrastructure	371	4 277	286	242	242	247	260	277
Landfill Sites	371	4 277	286	242	242	247	260	277
<b>Community Assets</b>	<b>2 596</b>	<b>1 956</b>	<b>1 796</b>	<b>2 235</b>	<b>2 235</b>	<b>2 275</b>	<b>2 401</b>	<b>2 558</b>
Community Facilities	2 047	1 430	1 192	1 634	1 634	1 663	1 755	1 870
Halls	759	528	286	603	603	614	648	691
Cemeteries/Crematoria	337	460	460	526	526	535	565	602
Public Open Space		56	60	64	64	65	69	73
Public Ablution Facilities	261	-	-	-	-	-	-	-
Stalls	305	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals	386	386	386	441	441	449	474	505
Sport and Recreation Facilities	549	526	604	601	601	612	646	688
Outdoor Facilities	549	526	604	601	601	612	646	688
<b>Other assets</b>	<b>748</b>	<b>650</b>	<b>607</b>	<b>858</b>	<b>858</b>	<b>873</b>	<b>921</b>	<b>982</b>
Operational Buildings	748	650	607	858	858	873	921	982
Municipal Offices	748	650	607	743	743	756	798	850
Yards	-	-	-	82	82	84	88	94
Stores	-	-	-	32	32	33	35	37
<b>Intangible Assets</b>	<b>70</b>	<b>106</b>	<b>102</b>	<b>122</b>	<b>122</b>	<b>124</b>	<b>131</b>	<b>139</b>
Licences and Rights	70	106	102	122	122	124	131	139
Computer Software and Applications	70	106	102	122	122	124	131	139
<b>Computer Equipment</b>	<b>661</b>	<b>755</b>	<b>816</b>	<b>863</b>	<b>863</b>	<b>879</b>	<b>927</b>	<b>988</b>
Computer Equipment	661	755	816	863	863	879	927	988
<b>Furniture and Office Equipment</b>	<b>141</b>	<b>755</b>	<b>921</b>	<b>863</b>	<b>813</b>	<b>667</b>	<b>713</b>	<b>770</b>
Furniture and Office Equipment	141	755	921	863	813	667	713	770
<b>Machinery and Equipment</b>	<b>1 965</b>	<b>2 082</b>	<b>2 663</b>	<b>2 379</b>	<b>2 429</b>	<b>2 742</b>	<b>2 879</b>	<b>3 050</b>
Machinery and Equipment	1 965	2 082	2 663	2 379	2 429	2 742	2 879	3 050
<b>Transport Assets</b>	<b>2 062</b>	<b>2 234</b>	<b>1 670</b>	<b>2 230</b>	<b>2 230</b>	<b>2 160</b>	<b>2 286</b>	<b>2 443</b>
Transport Assets	2 062	2 234	1 670	2 230	2 230	2 160	2 286	2 443
<b>Total Depreciation</b>	<b>19 676</b>	<b>22 565</b>	<b>19 004</b>	<b>21 058</b>	<b>21 058</b>	<b>21 432</b>	<b>22 624</b>	<b>24 105</b>



**Table 56 MBRR SA34e - Capital expenditure on the upgrade of existing assets by asset class**

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>								
<b>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</b>								
<b>Infrastructure</b>	-	-	-	14 494	13 333	11 427	17 784	16 940
Roads Infrastructure	-	-	-	500	250	9 200	17 784	16 940
Roads	-	-	-	500	250	9 200	17 784	16 940
Solid Waste Infrastructure	-	-	-	13 994	13 083	2 227	-	-
Landfill Sites	-	-	-	13 994	13 083	2 227	-	-
<b>Community Assets</b>	-	-	-	150	150	-	883	-
Community Facilities	-	-	-	150	150	-	883	-
Halls	-	-	-	150	150	-	883	-
<b>Other assets</b>	-	-	-	784	700	-	-	-
Operational Buildings	-	-	-	784	700	-	-	-
Stores	-	-	-	784	700	-	-	-
<b>Total Capital Expenditure on upgrading of existing assets</b>	-	-	-	15 428	14 183	11 427	18 666	16 940
<i>Upgrading of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	18.0%	19.6%	14.9%	28.7%	19.7%
<i>Upgrading of Existing Assets as % of deprecn"</i>	0.0%	0.0%	0.0%	73.3%	67.4%	53.3%	82.5%	70.3%

**Table 57 MBRR SA35 - Future financial implications of the capital budget**

No future implications identified on the capital budget beyond the MTREF period.

**Table 58 MBRR SA36 - Detailed capital budget per municipal vote**

Full detail with regards to the capital budget is available in Table SA 36 accompanying this report.

**Table 59 MBRR SA37 - Projects delayed from previous financial year/s**

No projects delayed from previous financial years were identified on the capital budget over the MTREF period.

**Table 60 MBRR SA38 - Consolidated detailed operational projects**

Full detail with regards to the Consolidated detailed operational is available in Table SA 38 accompanying this report.



## 2.12 Legislation compliance status

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

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and employs on average seven interns every year, undergoing training in various divisions of the Financial Services Department, risk management and Internal audit unit.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detailed SDBIP document will be finalised after approval of the 2020/21 MTREF in May 2020, directly aligned and informed by the 2020/21 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies  
Budget related policies were reviewed and updated, if so required, for final submission with the approval of the 2020/21 MTREF.



## **2.13 Other supporting documents**

All other supporting schedules are included in the A-Schedules accompanying this report.

## **2.14 Service Delivery Standards**

Below is the Schedule of Service Delivery Standards for Senqu Municipality.



**Table 61 Schedule of Service Delivery Standards**

Standard	Description	Ref	Year C-2	Year C-1	Year C-0	Current year			Service Level
			Actual Outcome	Actual Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	
<b>Solid Waste Removal</b>									
	Premise based removal (Residential Frequency)								
	Premise based removal (Business Frequency)								
	Bulk Removal (Frequency)								
	Removal Bags provided(Yes/No)								
	Garden refuse removal Included (Yes/No)								
	Street Cleaning Frequency in CBD								
	Street Cleaning Frequency in areas excluding CBD								
	How soon are public areas cleaned after events (24hours/48hours/longer)								
	Clearing of illegal dumping (24hours/48hours/longer)								
	Recycling or environmentally friendly practices(Yes/No)								
	Licensed landfill site(Yes/No)								
<b>Electricity Service</b>									
	What is your electricity availability percentage on average per month?								
	Do your municipality have a ripple control in place that is operational? (Yes/No)								
	How much do you estimate is the cost saving in utilizing the ripple control system?								
	What is the frequency of meters being read? (per month, per year)								
	Are estimated consumption calculated at consumption over (two month's/three month's/longer period)								
	On average for how long does the municipality use estimates before reverting back to actual readings? (months)								
	Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)								
	Are accounts normally calculated on actual readings? (Yes/no)								
	Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)								
	How long does it take to replace faulty meters? (days)								
	Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)								
	How effective is the action plan in curbing line losses? (Good/Bad)								
	How soon does the municipality provide a quotation to a customer upon a written request? (days)								
	How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)								
	How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)								
	How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)								
<b>Road Infrastructure Services</b>									
	Time taken to repair a single pothole on a major road? (Hours)								
	Time taken to repair a single pothole on a minor road? (Hours)								
	Time taken to repair a road following an open trench service crossing? (Hours)								
	Time taken to repair walkways? (Hours)								
<b>Property valuations</b>									
	How long does it take on average from completion to the first account being issued? (one month/three months or longer)								
	Do you have any special rating properties? (Yes/No)								



Standard	Description	Ref	Year C-2	Year C-1	Year C-0	Current year			Service Level
			Actual Outcome	Actual Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	
<b>Financial Management</b>									
	Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)								
	Are the financial statement outsourced? (Yes/No)								
	Are there Council adopted business process restructuring the flow and management of documentation feeding to Trial Balance?								
	How long does it take for an Tax/Invoice to be paid from the date it has been received?								
	Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?								
<b>Administration</b>									
	Reaction time on enquiries and requests?								
	Time to respond to a verbal customer enquiry or request? (working days)								
	Time to respond to a written customer enquiry or request? (working days)								
	Time to resolve a customer enquiry or request? (working days)								
	What percentage of calls are not answered? (5%,10% or more)								
	How long does it take to respond to voice mails? (hours)								
	Does the municipality have control over locked enquiries? (Yes/No)								
	Is there a reduction in the number of complaints or not? (Yes/No)								
	How long does it take to open an account to a new customer? (1 day/ 2 days/ a week or longer)								
	How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?								
<b>Community safety and licensing services</b>									
	How long does it take to register a vehicle? (minutes)								
	How long does it take to renew a vehicle license? (minutes)								
	How long does it take to issue a duplicate registration certificate vehicle? (minutes)								
	How long does it take to de-register a vehicle? (minutes)								
	How long does it take to renew a drivers license? (minutes)								
	What is the average reaction time of the fire service to an incident? (minutes)								
	What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)								
	What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)								
<b>Economic development</b>									
	How many economic development projects does the municipality drive?								
	How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?								
	What percentage of the projects have created sustainable job security?								
	Does the municipality have any incentive plans in place to create a conducive environment for economic development? (Yes/No)								
<b>Other Service delivery and communication</b>									
	Is a information package handed to the new customer? (Yes/No)								
	Does the municipality have training or information sessions to inform the community? (Yes/No)								
	Are customers treated in a professional and humanly manner? (Yes/No)								



## 2.15 Municipal Manager's quality certificate

I ....., Municipal Manager of Senqu 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 Senqu Municipality

Signature \_\_\_\_\_

Date \_\_\_\_\_



## **Part 3 – Appendices**

### **3.1 Appendix A – A-schedules**

Attached

### **3.2 Appendix B – Annual Procurement Plan**

Attached