

ANNUAL BUDGET MTERF FOR 2020/2021-2022/2023



MATATIELE

LOCAL MUNICIPALITY

ANNUAL BUDGET OF
MATATIELE LOCAL
MUNICIPALITY

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

Copies of this document can be viewed:

- **In the foyers of all municipal buildings**
- **All public libraries within the municipality**
 - **At www.matatiele.gov.za**

Table of Contents

| | |
|--|-------------------------------------|
| PART 1 – ANNUAL BUDGET | 1 |
| 1.1 MAYOR’S REPORT | 1 |
| 1.2 COUNCIL RESOLUTIONS | ERROR! BOOKMARK NOT DEFINED. |
| 1.3 EXECUTIVE SUMMARY | 1 |
| PAST PERFORMACE IN TERMS OF AUDIT OUTCOMES | ERROR! BOOKMARK NOT DEFINED. |
| OPERATING BUDGET | ERROR! BOOKMARK NOT DEFINED. |
| OPERATING REVENUE FRAMEWORK | 17 |
| OPERATING EXPENDITURE FRAMEWORK | 24 |
| 1.4 CAPITAL EXPENDITURE | 27 |
| 1.5 ANNUAL BUDGET TABLES | 28 |
| 2 PART 2 – SUPPORTING DOCUMENTATION | 43 |
| 2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS | 43 |
| 2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP | 43 |
| 2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS | 49 |
| 2.6 OVERVIEW OF BUDGET FUNDING | 58 |
| 2.8 TABLE 15MBRR SA23 - SUMMARY OF COUNCILLOR AND STAFF BENEFITS | 75 |
| 2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW | 77 |
| 2.10 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS | 81 |
| 2.11 CAPITAL EXPENDITURE DETAILS | 82 |
| 2.13 LEGISLATION COMPLIANCE STATUS | 83 |
| 2.14 OTHER SUPPORTING DOCUMENTS | 85 |

List of Tables

Allocations per line item are done by the departments themselves, as long as they don't exceed the amounts allocated per Table 1. Table 1 which is Consolidated Overview of the 2019/20-2021/22 Medium Term Revenue Expenditure Forecast. **Error! Bookmark not defined.**

| | |
|---|----|
| Table 2 Summary of revenue classified by main revenue source..... | 18 |
| Table 4 Operating Transfers and Grant Receipts..... | 20 |
| Table 5 Comparison of final rated levies for the 2019/20 financial year | 20 |
| Table 6 2019/20 Medium-term capital budget per vote | 27 |
| Table 8 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source..... | 35 |
| Table 9 MBRR Table A10 - Basic Service Delivery Measurement | 42 |
| Table 10 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue | 48 |
| Table 11 MBRR Table SA8 - Performance indicators and benchmarks | 52 |
| Table 12 Breakdown of the operating revenue over the medium-term | 58 |
| Table 13 Proposed tariff increases over the medium-term..... | 59 |
| Table 14 MBRR SA16 – Investment particulars by maturity..... | 61 |
| Table 15 MBRR Table SA 17 - Detail of borrowings..... | 64 |
| 2.8 Table 16 MBRR SA23 - Summary of councillor and staff benefits | 75 |
| Table 17 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)..... | 78 |
| Table 18 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote) | 79 |
| Table 19 MBRR SA30 - Budgeted monthly cash flow | 80 |
| Table 20 MBRR Table SA3 – Supporting detail to Statement of Financial Position..... | 85 |

Abbreviations and Acronyms

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

| | |
|-------|---|
| PPP | Public Private Partnership |
| PTIS | Public Transport Infrastructure System |
| RG | Restructuring Grant |
| RSC | Regional Services Council |
| SALGA | South African Local Government Association |
| SAPS | South African Police Service |
| SDBIP | Service Delivery Budget Implementation Plan |
| SMME | Small Micro and Medium Enterprises |
| Mscoa | Municipal standard chart of accounts |

Part 1 – Annual Budget

1.1 Mayor's report

The council of Matatiele Local Municipality adopted an Integrated Development Planning document to guide development within the area during its term of office. The 2020/21 IDP Review is the third review of 2017/2022 IDP for the municipality. This IDP review has been undertaken as per Section 26. of the Municipal Systems Act No 32 of 2000. Over the years, this planning tool has offered a model for development and integration of services. The overall aim is to effectively deliver services and improve the lives of Matatiele people. The municipality undertakes annual review of IDP to ensure that priority areas as set out by Matatiele community are taken into consideration, adhering to sustainable development principles and assist to accelerate service delivery. In line with the legislative requirements, outlined in section 29 of the Municipal Systems Act No 32 of 2000, the council has adopted the 2020/2021 IDP review.

We also realize that as a municipality, we are part of a global community; We are therefore affected by the global issues and economics situations. The world has been hit with the coronavirus (Covid-19) pandemic. Since March this year - 2020, operations at Matatiele local municipality were affected due to the National Lockdown declared, and this led to other business activities having to be discontinued and Strict measures have been put in place, in an effort to curb the further spread of the deadly virus. During these uncertain times, we have seen Matatiele stakeholders – private and public, join hands in solidarity. Many of our communities are hit hard by the limitations brought about by this virus; however, we strongly believe that by working together and adhering to the safety precautions and measures in place, we will surely overcome this pandemic. To all our frontline workers, we thank you for your commitment and efforts during this difficult time.

We continue to strive towards attaining the set goals and objectives for the period 2017/2022; and as we prepare to start year- four within this period, we realize that we are have made strides to achieve the objectives we have set; yet we also acknowledge that there are still great challenges to address. The state of our roads continues to be an outcry from our communities; with certain area(s) being virtually inaccessible due to the damage experienced during the rain reason. This is but one of a number of challenges we are experiencing. The list also includes but not limited to; water, sanitation and electricity backlogs; high unemployment rate among our youth and overall improvement of access to services. We also understand that while these challenges are vast, we have limited financial resources to provide for adequate services. As a predominately rural municipality, this financial limitation is a huge challenge. However, we remain committed to deliver adequate services; making the most of the limited resources we have,

The council remains committed to realizing the following key strategic priorities:

- 1. Reduction of service delivery backlogs and refurbishing of infrastructure**
- 2. Sound financial management**
- 3. Sustainable development and growth of the local economy**
- 4. Proper Spatial Development Planning through localized SDF throughout the Municipality**
- 5. Promote proper institutional arrangements**
- 6. Enhance public participation and integrated planning**

We continue with the progress made in 2019/20; prioritizing our roads infrastructure and electrification. We also recognize that it will take an effort from all our stakeholders, working together in providing services to our communities; with the aim of improving the lives of our people. Therefore, active participation and involvement of sector departments, the private sector and our communities will continue to play a pivotal role in the planning and implementation of this IDP.

We continue to appreciate the people Matatiele, and we realize how critical it is to provide them with quality and sustainable services, that bring about an improvement in their quality of life. This is the essence of what we strive for. We encourage the participation of our youth in our programmes, recognizing that young people constitute the largest part of our population. Improving access to skill development, entrepreneurship and education will allow us to tap into this opportunity of a youthful population.

This COVID-19 pandemic will no doubt have a lasting negative impact in our ability as the municipality to meet some of our aspirations.

The Municipality wanted to double our efforts and fast-track infrastructure maintenance, Human Settlements, Electrification, Waste Management, Roads and Public Transportation and to ensure the provision of Free Basic Services to our indigent.

The budget is finalized during an unprecedented challenge ever witnessed in our time. The coronavirus pandemic, has not only introduced a swift change in the way we do life, we have also witnessed what I term pre-mature deaths, whilst many leave in fear as no one is spared in the wake of this deadly virus.

We have maintained existing surfaced roads for the purpose of retaining quality. These include; Mountain View Internal Streets in Ward 20, Maluti Internal Streets-Phase 3, Matatiele Internal Streets CBD-Phase 2, Cedarville Internal Streets –Phase 3, Nature reserve road and Land fill site Road.

Yes, we still have challenges in terms of general road maintenance, that we're aggressively hoping to address in the next financial year.

When it comes to electrification, it is no secret that our municipality has outdone itself. As I stand here today I am proud to say that we have brought light to more than 90% households in Matatiele. And with our ambitious plan for this coming financial year, we are bound to finish our term as this council having recorded outstanding success in this regard

In view of the above; this budget document and supporting documents of municipality has for the 2020/21 period been directly informed by the IDP as well as the inputs of programmes and projects from provincial and national departments.

1.2 Executive Summary

ANNUAL BUDGET 2020/21 – 2022/23

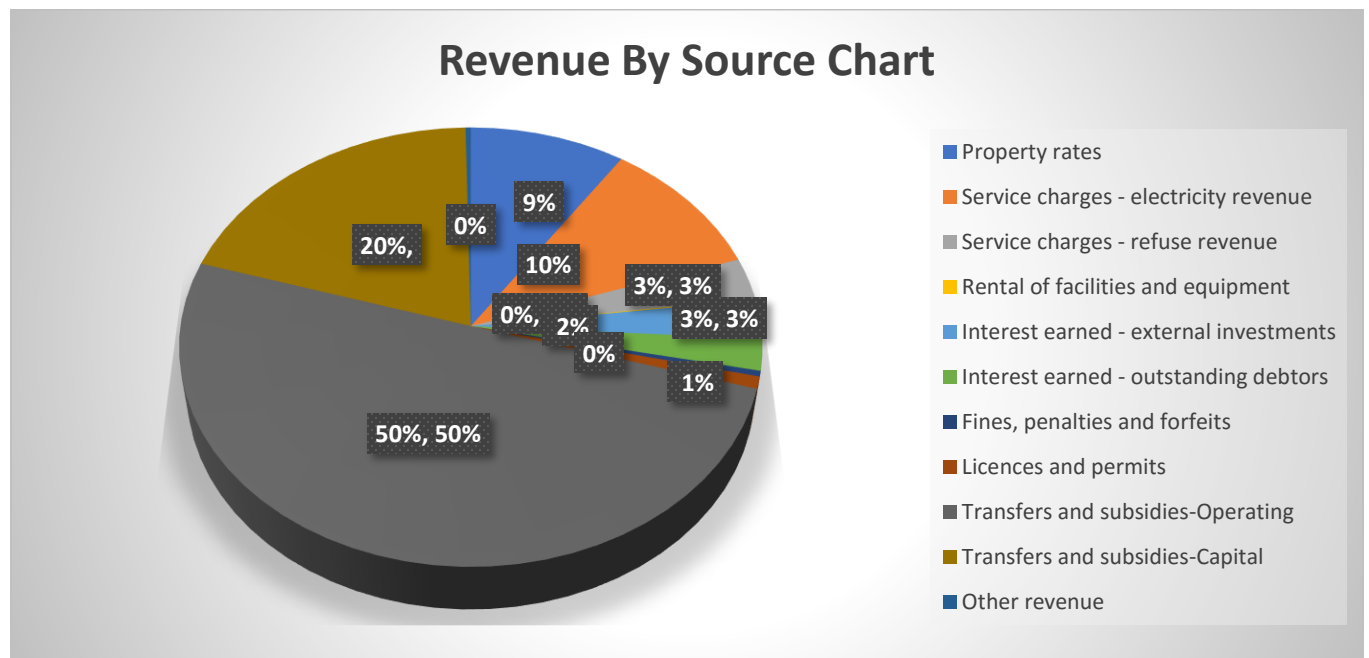
Budgeted Financial Performance (revenue)

| Description | Current Year | | 2020/21 MEDIUM TERM REVENUE | | | |
|--|--------------------|--------------------|-----------------------------|----------------------|------------------------|------------------------|
| | Approved Budget | Adjusted Budget | Tabled Budget 2020/21 | Final Budget 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousands | | | | | | |
| Revenue By Source | | | | | | |
| Property rates | 44 100 000 | 44 100 000 | 48 190 008 | 48 190 008 | 50 599 500 | 53 129 472 |
| Service charges - electricity revenue | 53 290 802 | 53 286 802 | 53 290 800 | 53 290 800 | 59 871 192 | 63 055 248 |
| Service charges - water revenue | - | - | - | - | - | - |
| Service charges - sanitation revenue | - | - | - | - | - | - |
| Service charges - refuse revenue | 14 786 444 | 14 790 444 | 15 525 768 | 15 525 768 | 16 302 060 | 17 117 160 |
| Rental of facilities and equipment | 1 700 000 | 815 000 | 500 004 | 500 004 | 525 000 | 551 256 |
| Interest earned - external investments | 13 000 000 | 13 000 000 | 14 649 996 | 14 649 996 | 15 382 500 | 16 151 628 |
| Interest earned - outstanding debtors | 10 224 923 | 11 236 924 | 11 798 772 | 11 798 772 | 12 388 704 | 13 008 144 |
| Dividends received | | | - | - | - | - |
| Fines, penalties and forfeits | 2 093 696 | 2 243 696 | 2 093 700 | 2 093 700 | 2 198 376 | 2 308 308 |
| Licences and permits | 4 524 684 | 4 534 684 | 4 524 696 | 4 524 696 | 4 750 932 | 4 988 484 |
| Agency services | - | - | - | - | - | - |
| Transfers and subsidies-Operating | 242 898 750 | 240 436 000 | 256 212 000 | 256 212 000 | 267 930 000 | 281 432 000 |
| Transfers and subsidies-Capital | 117 059 250 | 119 522 002 | 101 526 996 | 101 526 996 | 127 554 000 | 135 921 996 |
| Other revenue | 1 673 000 | 2 159 000 | 1 608 024 | 1 608 024 | 1 688 412 | 1 772 844 |
| Gains on disposal of PPE | - | - | - | - | - | - |
| Total Revenue (Including capital transfers and contributions) | 505 351 549 | 506 124 552 | 509 920 764 | 509 920 764 | 559 190 676 | 589 436 540 |

Remarks;

The final revenue budget is anticipated to be R509, 920, 764 in the 2020/21 financial year. The adjusted budget for 2019/20 was R506, 124, 552. This is an increase of R3,796,175 from the current adjustment budget. Revenue budget for the indicative years 2021/22 and 2022/23 is anticipated to be R559 190 676,274,813 and R589,436,540 respectively.

- The property rates budget of R48,190,008 has been calculated from the current valuation roll as implemented from 01st July 2020, revenue from this source contributes 9% of the total revenue budget and remains one of the major contributors of the Municipal own revenue source.
- The total revenue from service charges is budgeted at an amount of R53,290,800 and represents 13% of the total revenue budget.
- Revenue from interest on investments amounts to R14,649,996 and represents 3% of the total revenue budget.
- The budget for interest on outstanding debtors is anticipated at R11,798,772 and represents 2% of the total revenue budget.
- It should be noted that transfers and subsidies from capital has decreased due to reduced grants allocation for the Municipal Infrastructure Grant and the integrated national electrification grant.



Budgeted Financial Performance (operating expenditure)

| Description | Current Year | | 2020/21 MEDIUM TERM REVENUE | | | |
|-----------------------------------|--------------------|--------------------|-----------------------------|-------------------------|---------------------------|---------------------------|
| | Approved Budget | Adjusted Budget | Tabled Budget 2020/21 | Final Budget 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousands | | | | | | |
| Expenditure By Type | | | | | | |
| Employee related costs | 120 607 804 | 122 505 193 | 125 230 692 | 125 230 692 | 131 492 340 | 138 066 936 |
| Remuneration of councillors | 22 763 488 | 22 795 323 | 20 717 052 | 21 537 052 | 21 752 916 | 22 840 548 |
| Debt impairment | 5 500 000 | 4 000 000 | 5 000 004 | 5 000 000 | 5 250 000 | 5 512 500 |
| Depreciation and asset impairment | 30 447 764 | 30 447 764 | 33 110 004 | 33 110 004 | 34 765 500 | 36 503 796 |
| Finance charges | - | - | - | - | - | - |
| Bulk purchases | 47 900 000 | 47 900 000 | 48 000 000 | 48 000 000 | 50 400 000 | 52 920 000 |
| Other materials | 4 631 500 | 6 014 500 | 5 191 512 | 5 566 512 | 5 844 822 | 6 137 078 |
| Contracted services | 88 322 925 | 94 209 893 | 101 848 992 | 101 278 988 | 107 466 444 | 112 839 726 |
| Transfers and subsidies | - | - | - | - | - | - |
| Other expenditure | 68 118 647 | 61 192 455 | 69 294 624 | 68 669 628 | 73 021 908 | 76 672 977 |
| Loss on disposal of PPE | - | - | - | - | - | - |
| Total Expenditure | 388 292 128 | 389 065 128 | 408 392 880 | 408 392 876 | 429 993 930 | 451 493 561 |

Remarks;

The final operating expenditure budget is anticipated to be R408, 392, 876 in the 2020/21 financial year. The adjusted budget for 2019/20 was R389, 065, 128. This is an increase of R19,3 million from the current adjustment budget. For the two outer years 2021/22 and 2022/23 the operating expenditure budget is R429,993,930 and R451,493,561 respectively.

- Employee related costs is budgeted at R125,230,692 and represents 31% of the total operating expenditure budget. An increase of 6.25% has been effected on employee related costs as per salary and wage collective agreement.
- Remuneration of Councillors represents 5% of the total operating expenditure budget and amounts to R21,537,052.
- The budget allocated for depreciation amounts to R33,110,004 and represents 8% of the total operating expenditure budget.
- The contracted services budget amounts to R101,278,988 million which represents 25% of the total operating budget, included in this budget is repairs and maintenance budget and other service level related expenditure.
- The budget for other expenditure amounts to R68,669,628 and represents 17% of the total operating expenditure budget.
- In response to Covid-19 measures, the municipality has included a budget of R1,125,000 of the final budget for hygiene services, procurement of PPE and hire costs relating to the disaster management.

- A budget of R500 000 has been allocated for communications and R760 000 for public participation.

Budgeted Capital Expenditure by vote, and funding

| Description | Current Year | | 2020/21 Financial period | | | |
|--|--------------------|--------------------|--------------------------|----------------------|------------------------|------------------------|
| | Approved Budget | Adjusted Budget | Tabled Budget 2020/21 | Final Budget 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousands | | | | | | |
| Capital Expenditure - Functional | | | | | | |
| <i>Municipal governance and administration</i> | 10 121 551 | 10 313 336 | 7 658 508 | 9 158 500 | 10 074 350 | 11 081 785 |
| Executive and council | 25 000 | - | - | - | - | - |
| Finance and administration | 10 046 551 | 10 263 336 | 7 658 508 | 9 158 500 | 10 074 350 | 11 081 785 |
| Internal audit | 50 000 | 50 000 | - | - | - | - |
| <i>Community and public safety</i> | 4 480 000 | 320 000 | 3 260 016 | 3 260 000 | 3 300 000 | 3 630 000 |
| Community and social services | 1 180 000 | 190 000 | 1 560 012 | 1 560 000 | 1 430 000 | 1 573 000 |
| Public safety | 3 300 000 | 130 000 | 1 700 004 | 1 700 000 | 1 870 000 | 2 057 000 |
| <i>Economic and environmental services</i> | 79 800 699 | 90 248 914 | 82 224 204 | 80 724 200 | 76 412 504 | 81 762 334 |
| Planning and development | 382 000 | 67 000 | 480 000 | 480 000 | 528 000 | 580 800 |
| Road transport | 79 418 699 | 90 181 914 | 81 744 204 | 80 244 200 | 75 884 504 | 81 181 534 |
| <i>Trading services</i> | 83 982 000 | 77 502 000 | 61 170 972 | 81 170 996 | 94 937 312 | 102 335 800 |
| Energy sources | 80 702 000 | 77 302 000 | 58 240 992 | 78 240 996 | 91 714 312 | 98 790 500 |
| Waste management | 3 280 000 | 200 000 | 2 929 980 | 2 930 000 | 3 223 000 | 3 545 300 |
| <i>Other</i> | - | - | - | - | - | - |
| Total Capital Expenditure - Functional | 178 384 250 | 178 384 250 | 154 313 700 | 174 313 696 | 184 724 166 | 198 809 919 |
| Funded by | | | | | | |
| National Government | 116 969 250 | 116 969 252 | 99 080 196 | 99 080 196 | 127 553 316 | 135 921 984 |
| Provincial Government | 90 000 | 90 000 | 260 004 | 260 000 | - | - |
| District Municipality | - | - | - | - | - | - |
| Other transfers and grants | - | - | - | - | - | - |
| Transfers recognised - capital | 117 059 250 | 117 059 252 | 99 340 200 | 99 340 196 | 127 553 316 | 135 921 984 |
| Public contributions and donations | | | | | | |
| Borrowing | - | - | - | - | - | - |
| Internally generated funds | 61 325 000 | 61 324 998 | 54 973 500 | 74 973 500 | 57 170 850 | 62 887 935 |
| Total Capital Funding | 178 384 250 | 178 384 250 | 154 313 700 | 174 313 696 | 184 724 166 | 198 809 919 |

Remarks;

The capital expenditure is anticipated to be R174,313, 696 in the 2020/21 financial year. The adjusted budget for 2019/20 was R178, 384, 250 million. This is a decrease of R4, million from the adjustment budget due to the following:

- Decrease in INEP from R70m (2019/2020 MTERF) to R52, 5m (2020/2021 MTERF),
- Decrease of MIG from R46.7m (2019/2020 MTERF) to R46,4m (2020/2021 MTERF),
- Increase of Municipal Reserves Funding from R61,3m (2019/2020 MTERF) to R74,9m (2020/2021 MTERF).

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 2021/22 |
| R thousands | | | | | |
| RECEIPTS: | | | | | |
| Operating Transfers and Grants | | | | | |
| National Government: | 242 338 750 | 239 876 000 | 255 022 000 | 267 930 000 | 281 432 000 |
| Local Government Equitable Share | 234 919 000 | 234 919 000 | 249 823 000 | 266 230 000 | 279 732 000 |
| EPWP Incentive | 3 257 000 | 3 257 000 | 3 499 000 | - | - |
| Finance Management | 1 700 000 | 1 700 000 | 1 700 000 | 1 700 000 | 1 700 000 |
| Municipal Infrastructure Grant (MIG) | 2 462 750 | - | - | - | - |
| Provincial Government: | 560 000 | 560 000 | 1 190 000 | - | - |
| Sport and Recreation | 560 000 | 560 000 | 1 190 000 | - | - |
| Total Operating Transfers and Grants | 242 898 750 | 240 436 000 | 256 212 000 | 267 930 000 | 281 432 000 |
| Capital Transfers and Grants | | | | | |
| National Government: | 116 969 250 | 119 432 000 | 101 527 000 | 127 554 000 | 135 922 000 |
| Municipal Infrastructure Grant (MIG) | 46 792 250 | 49 255 000 | 48 936 000 | 53 054 000 | 56 068 000 |
| Integrated National Electrification Programme | 70 177 000 | 70 177 000 | 52 591 000 | 74 500 000 | 79 854 000 |
| Provincial Government: | 90 000 | 90 000 | - | - | - |
| Other capital transfers/grants [insert description] | 90 000 | 90 000 | - | - | - |
| Total Capital Transfers and Grants | 117 059 250 | 119 522 000 | 101 527 000 | 127 554 000 | 135 922 000 |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | 359 958 000 | 359 958 000 | 357 739 000 | 395 484 000 | 417 354 000 |

Remarks;

- The municipality will receive both conditional and unconditional grants of R357, 7 million, (R101, 5m Conditional and R256, 2m Unconditional) (a decrease from R359, 9 million from 2019/20) from the allocations as gazetted on Division of Revenue Act (DoRA).
- The equitable share allocation is appropriated to fund municipal delivery of services through day to day operations and strategic social development programs.
- Conditional capital grants (MIG & INEP) are appropriated to fund capital expenditure of roads construction, local economic development capital projects and electrification projects.
- Conditional operational grants (EPWP & FMG) are appropriated to fund expenditures relate to EPWP programs and financial reforms respectively as per grants stipulated conditions.

The Detailed Capital budget per municipal departments is tabulated as below;

Budget & Treasury

| PROJECT DESCRIPTION | NEW OR UPGRADE OF EXISTING | REGION /WARD | BUDGET 2020/2021 | CAPITAL REPLACEMENT RESERVES | MUNICIPAL INFRASTRUCTURE GRANT | INEP | LIBRARY SUPPORT | BUDGET +2021/2022 | BUDGET +/2022/2023 |
|---|----------------------------|--------------|------------------|------------------------------|--------------------------------|----------|-----------------|-------------------|--------------------|
| Revenue & Expenditure Management | | | | | | | | | |
| Smart metering | Upgrade | 19 & 20 | 1 000 000 | 1 000 000 | - | - | - | | |
| | | | 1 000 000 | 1 000 000 | - | - | - | - | - |
| Supply Chain Management | | | | | | | | | |
| Municipal Fleet | New | Admin | 3 000 000 | 3 000 000 | - | - | - | - | - |
| Machinery & Equipment | New | Admin | 1 500 000 | 1 500 000 | - | - | - | - | - |
| | | | 4 500 000 | 4 500 000 | - | - | - | - | - |
| TOTAL BUDGET & TREASURY | | | 5 500 000 | 5 500 000 | - | - | - | - | - |

Remarks;

- The total final budget for Budget and Treasury is R5,5 million, to be funded from the Capital Replacement Reserves.
- Included on the capital projects is the smart metering project, procurement of municipal fleet and Machinery and Equipment to procure equipment in response to Covid-19 measures.

Other Administration

| PROJECT DESCRIPTION | NEW OR UPGRADE OF EXISTING | REGION /WARD | BUDGET 2020/2021 | CAPITAL REPLACEMENT RESERVES | MUNICIPAL INFRASTRUCTURE GRANT | INEP | LIBRARY SUPPORT |
|-------------------------------------|----------------------------|--------------|------------------|------------------------------|--------------------------------|----------|-----------------|
| SPU & Communications | | | 528 500 | 528 500 | - | - | - |
| Outdoor billboards (welocme boards) | New | 14,19 &20 | 500 000 | 500 000 | - | - | - |
| Computer Equipment | New | Admin | 20 000 | 20 000 | | | |
| Corel Draw graphic software | New | Admin | 8 500 | 8 500 | | | |
| | | | | | | | |
| Total Admin | | | 528 500 | 528 500 | - | - | - |

Remarks;

- The final budget for Special Programmes Unit is R528 500 to be funded from the Capital Replacement Reserves.

Corporate Services

| PROJECT DESCRIPTION | NEW OR UPGRADE OF EXISTING | REGION /WARD | BUDGET 2020/2021 | CAPITAL REPLACEMENT RESERVES | MUNICIPAL INFRASTRUCTURE GRANT | INEP | LIBRARY SUPPORT | BUDGET +2021/2022 | BUDGET +/2022/2023 |
|-----------------------------------|----------------------------|--------------|------------------|------------------------------|--------------------------------|------|-----------------|-------------------|--------------------|
| Human Resources | | | 200 000 | 200 000 | - | - | - | - | - |
| Furniture & Equipment | New | Admin | - | - | - | - | - | - | - |
| IPMS Electronic System | New\ | Admin | 200 000 | 200 000 | - | - | - | - | - |
| | | | | - | - | - | - | - | - |
| ICT | | | 2 850 000 | 2 850 000 | - | - | - | 6 600 000 | 4 600 000 |
| Computer Equipment | new and upgrades | Admin | 300 000 | 300 000 | - | - | - | 500 000 | 500 000 |
| Public Wi-Fi Rollout | new | 19 | 500 000 | 500 000 | - | - | - | 1 200 000 | 1 200 000 |
| Clock- in-System | new | Admin | 450 000 | 450 000 | - | - | - | - | - |
| Uninterrupted Power Supply (UPSs) | new/upgrade | Admin | 500 000 | 500 000 | - | - | - | 800 000 | 800 000 |
| Provision of Surveillance Cameras | new/upgrade | Admin | 400 000 | 400 000 | - | - | - | 1 000 000 | 1 000 000 |
| Network Cable Install /upgrade | Upgrade | Admin | 300 000 | 300 000 | - | - | - | 600 000 | - |
| Computer Equipment | new | All Wards | 250 000 | 250 000 | - | - | - | 1 000 000 | 1 100 000 |
| Network Cable (ICT Centres) | New | Varios Wards | 150 000 | 150 000 | - | - | - | 1 500 000 | - |
| | | | | - | - | - | - | - | - |
| TOTAL CORPORATE SERVICES | | | 3 050 000 | 3 050 000 | - | - | - | 6 600 000 | 4 600 000 |

Remarks;

- The total proposed budget for Corporate Services is R3, million to be funded from the Municipal Reserves.

Economic Development and planning

| PROJECT DESCRIPTION | NEW OR UPGRADE OF EXISTING | REGION /WARD | BUDGET 2020/2021 | CAPITAL REPLACEMENT RESERVES | MUNICIPAL INFRASTRUCTURE GRANT | INEP | LIBRARY SUPPORT |
|---------------------------------------|----------------------------|--------------|------------------|------------------------------|--------------------------------|------|-----------------|
| Local Economic Development | | | 450 000 | 450 000 | - | - | - |
| Hawker Stalls | New | 19 | 450 000 | 450 000 | - | - | - |
| | | | - | - | - | - | - |
| Planning | | | 15 000 | 15 000 | - | - | - |
| Computer Equipment | New | Admin | 15 000 | 15 000 | - | - | - |
| | | | - | - | - | - | - |
| EDP Governance | | | 15 000 | 15 000 | - | - | - |
| Furniture & Equipment | New | Admin | 15 000 | 15 000 | - | - | - |
| | | | - | - | - | - | - |
| TOTAL DEVELOPMENT AND PLANNING | | | 480 000 | 480 000 | - | - | - |

Remarks;

- The final budget is R480 000 for Economic Development and Planning, included on the budget is the procurement of hawker stalls with a budget of R450 000, to be funded from the Municipal Reserves.

Community Services

| PROJECT DESCRIPTION | NEW OR UPGRADE OF EXISTING | REGION /WARD | BUDGET 2020/2021 | CAPITAL REPLACEMENT RESERVES | MUNICIPAL INFRASTRUCTURE GRANT | INEP | LIBRARY SUPPORT |
|--|----------------------------|--------------|------------------|------------------------------|--------------------------------|------|-----------------|
| Public Amenities | | | 1 560 000 | 1 300 000 | - | - | 260 000 |
| Halls Cleaning Machinery Gear & Machinery | UPGRADE | All ward | 200 000 | 200 000 | - | | |
| Furniture & Equipment (GRANT) | NEW | Admin | 200 000 | - | - | | 200 000 |
| Netball Court | UPGRADE | 20 | 50 000 | 50 000 | - | | |
| Open ground fencing | UPGRADE | 20 | 200 000 | 200 000 | - | | |
| Construction of new blocks of public toilets | NEW | 19 | 700 000 | 700 000 | - | | |
| Procure Jojo tanks | NEW | All wards | 150 000 | 150 000 | - | | |
| Library laptops (Library Grant) | NEW | Admin | 60 000 | - | | | 60 000 |
| | | | | - | | | |
| | | | | - | | | |
| Public Participation | | | 80 000 | 80 000 | - | - | - |
| Computer Equipment | | Admin | 50 000 | 50 000 | | | |
| Furniture & Equipment | | Admin | 30 000 | 30 000 | | | |
| | | | | | | | |
| Public Safety | | | 1 700 000 | 1 700 000 | - | - | - |
| | | | | - | - | - | - |
| Roadmarking Machine | New | All wards | 200 000 | 200 000 | - | | |
| Traffic Signals (Robots) | Upgrade | 19 | 1 200 000 | 1 200 000 | - | | |
| Traffic Management system | New | Admin | 300 000 | 300 000 | - | | |
| | | | | - | - | - | - |
| | | | | | | | |
| Solid Waste & Environment | | | 2 930 000 | 2 930 000 | - | - | - |
| Grass cutting Machines | New | | 30 000 | 30 000 | - | - | - |
| weigh bridge | New | | 1 000 000 | 1 000 000 | - | - | - |
| Landfill site remediation | Upgrade | | 400 000 | 400 000 | - | - | - |
| cemetery development | New | | 1 000 000 | 1 000 000 | - | - | - |
| Upgrade of landfill site & nature reserve | Upgrade | | 200 000 | 200 000 | - | - | - |
| Furniture | New | | 160 000 | 160 000 | - | - | - |
| Security guard houses at cemetery & nature reserve | New | | 100 000 | 100 000 | - | - | - |
| Computer Equipment | New | | 40 000 | 40 000 | - | - | - |
| | | | | | | | |
| TOTAL COMMUNITY SERVICES | | | 6 270 000 | 6 010 000 | - | - | 260 000 |

Remarks;

- The total proposed budget for Community Services is R6,2 million, an amount of R260 000 will be funded from the Library support grant and R6, million will be funded from the Capital Reserves.

INFRASTRUCTURE

Human settlements and building control

| PROJECT DESCRIPTION | NEW OR UPGRADE OF EXISTING | REGION /WARD | BUDGET 2020/2021 | CAPITAL REPLACEMENT RESERVES | MUNICIPAL INFRASTRUCTURE GRANT | INEP | LIBRARY SUPPORT |
|---|----------------------------|--------------|-------------------|------------------------------|--------------------------------|------|-----------------|
| Completion of Council Chamber & Offices | New | Admin | 13 000 000 | 13 000 000 | - | - | - |
| Renovation of Municipal Stores | Upgrade | Admin | 800 000 | 800 000 | - | - | - |
| Pound Structure | New | 19 | 2 000 000 | 2 000 000 | - | - | - |
| Total Human Settlements | | | 15 800 000 | 15 800 000 | - | - | - |

Remarks;

- The proposed capital budget for Human Settlements is R15,8 million to be funded from the Capital Reserves.
- Included on the above is completion of council chambers, renovation of municipal stores and the construction of the Pound structure.

Electricity Unit

| PROJECT DESCRIPTION | NEW OR UPGRADE OF EXISTING | REGION /WARD | BUDGET 2020/2021 | CAPITAL REPLACEMENT RESERVES | MUNICIPAL INFRASTRUCTURE GRANT | INEP | LIBRARY SUPPORT | BUDGET +2021/2022 | BUDGET +/2022/2023 |
|--|----------------------------|--------------|-------------------|------------------------------|--------------------------------|-------------------|-----------------|-------------------|--------------------|
| Vikinduku –Lubaleko (500) | New | 5 | 9 000 000 | - | - | 9 000 000 | - | - | - |
| Hillside –Manzi (320) | New | 7 | 5 796 000 | - | - | 5 796 000 | - | - | - |
| Sifolweni (155) | New | 7 | 2 821 000 | - | - | 2 821 000 | - | - | - |
| Ngcwengana (147) | New | 7 | 2 646 000 | - | - | 2 646 000 | - | - | - |
| Matiasse B (Mhlangeni, Vimba, Mavundleni, Mngqayi):(500) | New | 9 | 9 000 000 | - | - | 9 000 000 | - | - | - |
| Mbombo (390) | New | 9 | 7 128 000 | - | - | 7 128 000 | - | - | - |
| Mnyamaneni (Kesa, Sdakeni) –(400) | New | 18 | 7 200 000 | - | - | 7 200 000 | - | - | - |
| Small Location-Mpofini (500) | New | 22 | 9 000 000 | - | - | 9 000 000 | - | - | - |
| Epiphany Electrification | New | 22 | 10 000 000 | 10 000 000 | - | - | - | - | - |
| Shenxa | Existing | 26 | 6 000 000 | 6 000 000 | - | - | - | - | - |
| Mohapi #2 | Existing | 13 | 4 000 000 | 4 000 000 | - | - | - | - | - |
| Transformers | Upgrade | 19& 20 | 800 000 | 800 000 | - | - | - | - | - |
| 50 x Electrical Poles | Upgrade | 19 | 150 000 | 150 000 | - | - | - | - | - |
| Substation Switch Gears | Upgrade | 19 | 1 500 000 | 1 500 000 | - | - | - | - | - |
| Installation of High Mast Lights | New | 19 | 1 500 000 | 1 500 000 | - | - | - | - | - |
| Street lights | New | 19 | 1 000 000 | 1 000 000 | - | - | - | - | - |
| Christmas Lights | New | 19 | 250 000 | 250 000 | - | - | - | - | - |
| Furniture | New | 19 | 150 000 | 150 000 | - | - | - | - | - |
| 1500m MV Paper Cable | New | 19 | 300 000 | 300 000 | - | - | - | - | - |
| Replacement of 100 Street Lights & 6 High Mast Lights | New | 01 &26 | - | - | - | - | - | - | - |
| | | | 78 241 000 | 25 650 000 | - | 52 591 000 | - | - | - |

Remarks;

- The total capital budget for the Electricity Unit is R78,2 million, INEP will fund R52,5 million of the budget and R25,6 million will be funded from the capital reserves.
- This budget includes electrification in various wards and the upgrade of electricity infrastructure.

Project Management

| PROJECT DESCRIPTION | NEW OR UPGRADE OF EXISTING | REGION /WARD | BUDGET 2020/2021 | CAPITAL REPLACEMENT RESERVES | MUNICIPAL INFRASTRUCTURE GRANT | INEP | LIBRARY SUPPORT | BUDGET +2021/2022 | BUDGET +/2022/2023 |
|---|----------------------------|--------------|-------------------|------------------------------|--------------------------------|------|-----------------|-------------------|--------------------|
| Maluti Internal Streets -Phase 4 | Upgrade | 1 | 15 000 000 | - | 15 000 000 | - | - | 1 200 000 | - |
| Matatiele CBD Internal Streets -Phase 2 | Upgrade | 19 | 4 000 000 | - | 4 000 000 | - | - | - | - |
| Cedarville Internal Roads –Phase 3 | Upgrade | 26 | 7 229 200 | - | 7 229 200 | - | - | 12 000 000 | - |
| Matatiele CBD Internal Streets -Phase 3 | Upgrade | 19 | 1 000 000 | - | 1 000 000 | - | - | - | - |
| Harry Gwala Internal Streets | Upgrade | 20 | 2 000 000 | - | 2 000 000 | - | - | 18 601 837 | 10 000 000 |
| Cedarville Sport Center | New | 26 | 975 000 | 975 000 | - | - | - | - | - |
| Extension of Matatiele Sport Center | New | 20 | 4 000 000 | - | 4 000 000 | - | - | - | - |
| Mahangu AR and Bridge | New | 9 | 2 500 000 | - | 2 500 000 | - | - | 17 558 509 | 1 050 000 |
| Freystata Bridge | New | 15 | 800 000 | - | 800 000 | - | - | - | - |
| Ngcwengane Bridge | New | 7 | 460 000 | - | 460 000 | - | - | - | - |
| Mohapi Access Road and Bridges | New | 13 | 2 500 000 | - | 2 500 000 | - | - | 6 698 883 | - |
| Purutle to Moyeni AR and Bridges | New | 24 | 2 500 000 | - | 2 500 000 | - | - | 18 589 161 | - |
| Magongqolweni AR | New | 10 | 2 500 000 | - | 2 500 000 | - | - | 5 600 000 | - |
| Msukeni Access Road | New | 21 | 2 000 000 | - | 2 000 000 | - | - | - | - |
| Lagrange Pedestrian Bridge | New | 7 | 480 000 | 480 000 | - | - | - | - | - |
| Nkasele Access Road | New | 4 | 8 000 000 | 8 000 000 | - | - | - | 3 750 000 | - |
| Moiketsi Access Road | New | 14 | 2 500 000 | 2 500 000 | - | - | - | 275 000 | - |
| Mkhemane Access Road | New | 22 | 6 000 000 | 6 000 000 | - | - | - | 250 000 | - |
| | | | 64 444 200 | 17 955 000 | 46 489 200 | - | - | 84 523 390 | 11 050 000 |

Remarks;

- The capital budget for Project Management Unit is proposed to be R64, 4million, a portion of R46, 4 million to be funded from the Municipal Infrastructure Grant and R17, 9million will be funded from the capital reserves.
- The total capital budget for Project Management Unit relates to construction, upgrade of existing road infrastructure and construction of sports fields and per the table above.

TOTAL BUDGET 2020/21-2022/23

| Description | Current Year | | 2020/21 MEDIUM TERM REVENUE | | | |
|------------------------|--------------------|--------------------|-----------------------------|----------------------|------------------------|------------------------|
| | Approved Budget | Adjusted Budget | Tabled Budget 2020/21 | Final Budget 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Total Operating Budget | 388 292 128 | 389 065 128 | 408 392 880 | 408 392 876 | 429 993 930 | 451 493 561 |
| Total Capital Budget | 178 384 250 | 178 384 250 | 154 313 700 | 174 313 696 | 184 724 166 | 198 809 919 |
| Total Budget | 566 676 378 | 567 449 378 | 562 706 580 | 582 706 572 | 614 718 096 | 650 303 479 |

Remarks:

- The total budget amounts to R582,706,572 ,it should be noted that this is an increase of R15, million from the current adjustments budget as a result of prioritisation of electrification projects.
- The grant funding has increase from the 2019/2020 adjustments budget mainly as a result of decreased allocation on the capital grants
i.e. MIG and INEP.

PROPOSED TARIFF INCREASES AND BUDGET ASSUMPTIONS**Property Rates**

Property rates tariff is proposed to increase by 5% for the 2020/21 financial year as follows:

| Categories | Rate Randages /Rand Value – c/R | Ratio in relation to residential property |
|---|--|--|
| Residential property | 0.010058 | 1:1 |
| Farm property as defined in Section 8(2) (d)(i) and 8 (2) (f) (i) of the Act (being Farm property used for agricultural purposes and smallholdings used for agricultural purposes) | 0.0025145 | 1: 0.25 |
| Agricultural property used predominantly for commercial and / or industrial purposes | 0.0025145 | 1:0.25 |
| Smallholdings used predominantly for commercial and / or industrial purposes | 0.0025145 | 1: 0.25 |
| Commercial / Business properties | 0.0120696 | 1: 1.2 |
| Industrial properties | 0.0120696 | 1:1.2 |
| Public Service Infrastructure properties | 0.0025145 | 1:0.25 |

| | | |
|-----------------------------|------------------|--------------|
| Municipal properties | 0.0120696 | 1:1.2 |
|-----------------------------|------------------|--------------|

ASSESMENT RATES

| | | |
|--|------------------|-----------|
| Residential First R65 000 exempt 40% Rebate | 0.010058 | 5% |
| Vacant Land | 0.020116 | 5% |
| Commercial 15% exempt Government | 0.0120696 | 5% |
| | 0.020116 | 5% |
| Farms 70% rebate | 0.0025145 | 5% |
| Industrial 15% rebate | 0.0120696 | 5% |
| Municipal 100% rebate | 0.0120696 | 5% |

Service Charges

- The electricity tariff is proposed to increase by 6.22% as per NERSA guideline.
- Refuse tariffs are proposed to increase by 5% and all other tariffs are proposed to increase by 5%.

Rental of Facilities

For the 2020/21 draft budget the following charges are proposed as new for the Tennis court rental;

| | WITHOUT VAT | Current Tariff VAT Excluded 2018/2019 | Increase for 2019/2020 | New Tariff VAT Excluded 2019/2020 | Increase for 2020/2021 | New Tariff VAT Excluded 2020/2021 |
|--|-----------------------|---------------------------------------|------------------------|-----------------------------------|------------------------|-----------------------------------|
| Tennis Court Rental | | | | | | |
| PER PRACTICE | | | | | | |
| <i>Practice sessions maximum of 3 hours per session</i> | | | | | | |
| <i>Fees per player – (below the age of 18)</i> | | | | | | |
| | | R - | R - | R - | | R 26.09 |
| | <i>(18 and above)</i> | R - | R - | R - | | R 95.65 |
| PER MATCH | | | | | | |
| <i>Fees per Match – (below the age of 18)</i> | | | | | | |
| | <i>(18 and above)</i> | R - | R - | R - | | R 104.35 |
| | | R - | R - | R - | | R 182.61 |
| SEASON TICKETS (SIX MONTHS) | | | | | | |
| <i>Fees per Practice per person – (below the age of 18)</i> | | | | | | |
| | <i>(18 and above)</i> | R - | R - | R - | | R 191.30 |
| | | R - | R - | R - | | R 573.91 |
| YEAR TICKETS (12 MONTHS) | | | | | | |
| <i>Fees per Practice – (below the age of 18)</i> | | | | | | |
| | <i>(18 and above)</i> | R - | R - | R - | | R 486.96 |
| | | R - | R - | R - | | R 973.91 |

Employee Related Costs Increase

- As per circular NO.: 02/2020 from SALGA the salary and wage increase shall be 6.25% for the period 1 July 2020 to 30 June 2021, the municipality has effected the increase as stipulated on the circular.

Budget Related Policies

- Budget related policies have been reviewed for the 2020/21 budget, with the following proposed amendment on the indigent policy;

| Current Policy | Proposed Policy |
|--|---|
| The validity period of assistance will be for the duration that the applicant remains indigent. Households, in terms of the audit and review process, will be subjected to scrutiny to determine any change in status. Households may have to re-apply after every second year if the situation has not changed. | The indigent register will be valid for a period of twelve months after which the applicants will be required to reapply. The application period will only be open once in a financial year (the register will be updated once a year). |

Operating Revenue Framework

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure 85 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

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

Table 1 -Summary of revenue classified by main revenue source

| Description | Ref | 2016/17 | | | 2017/18 | | | 2018/19 | | | Current Year 2019/20 | | | | 2020/21 Medium Term Revenue & | | |
|---|-----|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|-------------------|---------------------|------------------------|------------------------|--|--|--|-------------------------------|--|--|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 | | | | | | |
| Revenue By Source | | | | | | | | | | | | | | | | | |
| Property rates | 2 | 25 919 | 25 727 | 43 280 | 44 100 | 44 100 | 44 100 | - | 48 190 | 50 600 | 53 129 | | | | | | |
| Service charges - electricity revenue | 2 | 47 633 | 48 494 | 51 157 | 53 291 | 53 287 | 53 287 | - | 53 291 | 59 871 | 63 055 | | | | | | |
| Service charges - water revenue | 2 | - | - | - | - | - | - | - | - | - | - | | | | | | |
| Service charges - sanitation revenue | 2 | - | - | - | - | - | - | - | - | - | - | | | | | | |
| Service charges - refuse revenue | 2 | 8 657 | 9 451 | 10 009 | 14 786 | 14 790 | 14 790 | - | 15 526 | 16 302 | 17 117 | | | | | | |
| Rental of facilities and equipment | | 732 | 956 | 871 | 1 700 | 815 | 815 | - | 500 | 525 | 551 | | | | | | |
| Interest earned - external investments | | 7 061 | 8 989 | 10 495 | 13 000 | 13 000 | 13 000 | - | 14 650 | 15 383 | 16 152 | | | | | | |
| Interest earned - outstanding debtors | | 7 206 | 9 273 | 9 614 | 10 225 | 11 237 | 11 237 | - | 11 799 | 12 389 | 13 008 | | | | | | |
| Dividends received | | - | - | - | - | - | - | - | - | - | - | | | | | | |
| Fines, penalties and forfeits | | 802 | 1 296 | 3 471 | 2 094 | 2 244 | 2 244 | - | 2 094 | 2 198 | 2 308 | | | | | | |
| Licences and permits | | 3 793 | 3 598 | 3 279 | 4 525 | 4 535 | 4 535 | - | 4 525 | 4 751 | 4 988 | | | | | | |
| Agency services | | - | - | - | - | - | - | - | - | - | - | | | | | | |
| Transfers and subsidies | | 170 764 | 194 284 | 215 619 | 242 899 | 241 181 | 241 181 | - | 256 212 | 267 930 | 281 432 | | | | | | |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | 143 839 | 128 730 | 107 817 | 117 059 | 128 522 | 128 522 | - | 101 527 | 127 554 | 135 922 | | | | | | |
| Other revenue | 2 | 7 085 | 1 444 | 2 441 | 1 673 | 2 159 | 2 159 | - | 1 608 | 1 688 | 1 773 | | | | | | |
| Gains | | - | 295 | 18 761 | - | - | - | - | - | - | - | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | | 423 491 | 432 537 | 476 814 | 505 352 | 515 870 | 515 870 | - | 509 921 | 559 191 | 589 437 | | | | | | |

1.4.1 Property Rates

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

National Treasury's MFMA Circular No.51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio to residential properties to be 1:025. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17 (h) of the MPRA). In addition to this rebate, a further R50 000 reduction on the market value of a property will be granted in terms of the municipality's own Property Rates Policy i.e. the market value less R 65 000.00;
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a minimum total rebate of 40 per cent will be granted to owners of rateable property if the total gross income of the applicant and/or his/her spouse, if any, is the following:
 - Income not exceeding R5 000.00

In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse.
- The applicant must submit proof of his/her age, identity and also proof of the annual income from a social pension;
- The applicant's account must be paid in full, or if not, an arrangement to the debt should be in place; and
- The property must be categorized as residential.

Additional:

- Residential properties a 40% rebate
- Properties categorized commercial 15% rebate on rates.
- Farms/ Smallholdings used for agricultural purposes 70% rebates.
- The municipality may award a 100 per cent grant in aid on the assessment rates of rate-able properties of certain
Classes such as churches, registered welfare organizations, institutions or organizations performing charitable work,
Sports grounds used for purposes of amateur sport.

In considering changes in property rates, cognizance was taken of the local economic conditions such as the gradual recovery in the property market, trends in household incomes and unemployment. Excessive increases in property rates and other tariffs are likely to be counterproductive, resulting in higher levels of non-payment and increased bad debts.

Table 2- Operating Transfers and Grant Receipts

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|--|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| RECEIPTS: | 1, 2 | | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | | | |
| National Government: | | 176 032 | 193 039 | 214 943 | 242 339 | 240 621 | 240 621 | 255 022 | 267 930 | 281 432 |
| Local Government Equitable Share | | 170 266 | 185 808 | 207 642 | 234 919 | 234 919 | 234 919 | 249 823 | 266 230 | 279 732 |
| Expanded Public Works Programme Integrated Grant | | 1 790 | 2 780 | 3 185 | 3 257 | 3 257 | 3 257 | 3 499 | - | - |
| Local Government Financial Management Grant | | 1 625 | 1 699 | 1 701 | 1 700 | 1 700 | 1 700 | 1 700 | 1 700 | 1 700 |
| Municipal Disaster Grant | | 2 351 | - | - | - | 745 | 745 | - | - | - |
| Municipal Infrastructure Grant | | - | 2 752 | 2 415 | 2 463 | - | - | - | - | - |
| Provincial Government: | | - | 1 246 | 676 | 560 | 560 | 560 | 1 190 | - | - |
| Capacity Building and Other | | - | - | - | 560 | 560 | 560 | 1 190 | - | - |
| Human Settlement Development | | - | 778 | - | - | - | - | - | - | - |
| IDP | | - | 8 | 168 | - | - | - | - | - | - |
| Libraries, Archives and Museums | | - | - | 508 | - | - | - | - | - | - |
| Library Service | | - | 459 | - | - | - | - | - | - | - |
| District Municipality: | | - | - | - | - | - | - | - | - | - |
| [insert description] | | - | - | - | - | - | - | - | - | - |
| Other grant providers: | | - | - | - | - | - | - | - | - | - |
| [insert description] | | - | - | - | - | - | - | - | - | - |
| Total Operating Transfers and Grants | 5 | 176 032 | 194 284 | 215 619 | 242 899 | 241 181 | 241 181 | 256 212 | 267 930 | 281 432 |

The municipality operational grants budget amounts to R256,2 million for 2020/21 year, included in this amount is the equitable share allocation, the operational grants budget equates to 50% of the total revenue budget.

Table 3 Comparison of rated levies for the 2020/21 financial year

| | DESCRIPTION | CURRENT TARIFF VAT EXCLUDED 2019/2020 | NEW TARIFF 2020/2021 (Effective from 1 July 2020) |
|--|---|---------------------------------------|---|
| | <i>Residential</i> First R65 000 Exemption 40% Rebate | 0.010058055 | 0.010560958 |
| | <i>Vacant Land</i> | 0.0201159 | 0.021121695 |
| | <i>Commercial</i> 15% Rebate | 0.012075 | 0.0126732 |
| | Government 0 Rebates | 0.0201159 | 0.021121695 |
| | <i>Farms</i> 70% Rebate | 0.00251475 | 0.00264025 |
| | <i>Industrial</i> 15% Rebate | 0.012075 | 0.0126732 |
| | <i>Municipal</i> 100% discount | 0.012075 | 0.0126732 |

Table 4 Comparison between current electricity charges and increases

| | DESCRIPTION | CURRENT TARIFF VAT EXCLUDED 2019/2020 | NEW TARIFF 2020/2021 (Effective from 1 July 2020) |
|--|--|--|--|
| | Scale 1: Domestic Consumers | | |
| | Basic charge, single or three phase per household per month. Plus the following kWh charges per month. | R 434.53 | R 461.56 |
| | 0-50 | R 0.96 | R 1.02 |
| | 51-350 | R 1.25 | R 1.33 |
| | 351-600 | R 1.77 | R 1.88 |
| | 600 over | R 2.12 | R 2.25 |
| | 0 - 25 KVA | R 481.86 | R 511.83 |
| | Commercial unit charge: | R 1.89 | R 2.01 |
| | 26 - 64 KVA | R 1 796.28 | R 1 908.01 |
| | Commercial unit charge: | R 1.92 | R 2.04 |
| | 65 KVA and more | R 10 510.43 | R 11 164.18 |
| | Commercial unit charge: | R 1.92 | R 2.04 |

Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as fuel and oil and the employee related cost.

A 5 per cent increase in the waste tariff is proposed from for the 2020/21 budget year.

The following table compares current and proposed amounts payable for the 2020/21 MTREF

Table 6 Comparison between current waste removal fees and increases

| | DESCRIPTION | CURRENT TARIFF VAT EXCLUDED 2019/2020 | Increase for 2020/2021 | NEW TARIFF 2020/2021 (Effective from 1 July 2020) |
|--|--|--|---------------------------|--|
| | REFUSE REMOVAL CHARGES | | | |
| | <i>Domestic Removals</i> | | | |
| | Every owner or occupier of premises from which refuse is removed twice weekly shall pay the Council a fee of per bag per month. | R 132.56 | 5% | R 139.19 |
| | <i>Commercial Removals</i> | | | |
| | Each individual/separate business shall be charged a basic service charge per month. | R 198.83 | 5% | R 208.77 |
| | In addition to 1.2 every owner or occupier of business premises from which refuse is removed, shall pay the Council a fee of per bag per month, removal twice weekly. | R 198.83 | 5% | R 208.77 |
| | Provided that Council may at any time conclude separate agreements with commercial users who require that refuse be removed more than twice a week. The above tariff shall be the applicable tariff. | | | |
| | <i>Removal from Separate Consumers on same Premises</i> | | | |
| | Where refuse is removed from shops and dwellings or flats situated on the same premises such shops and dwellings or flats shall be regarded as separately occupied buildings, and the charges for the removal of refuse shall be as prescribed in applicable scales. | | | |
| | <i>Availability Charge</i> | | | |
| | A availability fee , is charged to any vacant commercial erven located in the town areas of Cedarville, Matatiele and Maluti. | R 224.70 | 5% | R 235.94 |
| | A availability fee , is charged to any vacant domestic erven located in the town areas of Cedarville, Matatiele and Maluti. | R 112.35 | 5% | R 117.97 |

1.2.1 Overall impact of tariff increases on households

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

Note that in all instances the overall impact of the tariff increases on household bills has been kept at an average of 5 per cent.

Table 7 EC441 MATATIELE LOCAL MUNICIPALITY Table SA14 – Household bills

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | 2020/21 Medium Term Revenue & Expenditure Framework | | | |
|---|-----|-------------------|-------------------|-------------------|----------------------|------------------|--------------------|---|---------------------|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2020/21 % incr. | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Rand/cent | | | | | | | | | | | |
| Monthly Account for Household - 'Middle Income Range' | 1 | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | | |
| Property rates | | 322.72 | 322.72 | 355.79 | 355.79 | 355.79 | 355.79 | 5.0% | 392.26 | 411.87 | 432.46 |
| Electricity: Basic levy | | 219.21 | 219.21 | 247.76 | 247.76 | 247.76 | 247.76 | 13.0% | 297.17 | 335.80 | 379.46 |
| Electricity: Consumption | | 659.56 | 659.56 | 745.45 | 745.45 | 745.45 | 745.45 | 13.0% | 894.13 | 1 010.36 | 1 141.71 |
| Water: Basic levy | | - | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Water: Consumption | | - | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Sanitation | | - | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Refuse removal | | 50.85 | | | | | | 5.0% | 139.19 | 146.14 | 153.46 |
| Other | | | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| sub-total | | 1 252.34 | 1 201.49 | 1 349.00 | 1 349.00 | 1 349.00 | 1 349.00 | 27.7% | 1 722.75 | 1 904.17 | 2 107.09 |
| VAT on Services | | | | | | | | | | | |
| Total large household bill: | | 1 252.34 | 1 201.49 | 1 349.00 | 1 349.00 | 1 349.00 | 1 349.00 | 27.7% | 1 722.75 | 1 904.17 | 2 107.09 |
| % increase/-decrease | | | (4.1%) | 12.3% | - | - | - | 27.7% | 10.5% | 10.7% | |
| Monthly Account for Household - 'Affordable Range' | 2 | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | | |
| Property rates | | 322.72 | 322.72 | 355.79 | 0.05 | 0.05 | 0.05 | 5.0% | 392.25 | 411.87 | 432.46 |
| Electricity: Basic levy | | 219.21 | 219.21 | 247.76 | 0.07 | 0.07 | 0.07 | 13.0% | 491.33 | 555.20 | 627.38 |
| Electricity: Consumption | | 659.56 | 659.56 | 745.45 | - | - | - | 13.0% | 951.86 | 1 075.60 | 1 215.44 |
| Water: Basic levy | | - | - | - | - | - | - | n/a | n/a | n/a | n/a |
| Water: Consumption | | - | - | - | - | - | - | n/a | n/a | n/a | n/a |
| Sanitation | | - | - | - | - | - | - | n/a | n/a | n/a | n/a |
| Refuse removal | | 50.85 | 50.85 | 117.99 | 0.05 | 0.05 | 0.05 | | 139.19 | 146.14 | 153.45 |
| Other | | | | | | | | | | | |
| sub-total | | 1 252.34 | 1 252.34 | 1 466.99 | 0.17 | 0.17 | 0.17 | 1 161 447.1% | 1 974.63 | 2 188.81 | 2 428.73 |
| VAT on Services | | | | | | | | | | | |
| Total small household bill: | | 1 252.34 | 1 252.34 | 1 466.99 | 0.17 | 0.17 | 0.17 | 1 161 447.1% | 1 974.63 | 2 188.81 | 2 428.73 |
| % increase/-decrease | | | - | 17.1% | (100.0%) | - | - | 1 161 447.1% | 10.8% | 11.0% | |
| | | | | | -6.83 | -1.00 | - | | | | |
| Monthly Account for Household - 'Indigent' Household receiving free basic services | 3 | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | | |
| Property rates | | 30 000.00 | 30 000.00 | 30 000.00 | 55 000.00 | 55 000.00 | 55 000.00 | 5.0% | 65 000.00 | 65 000.00 | 65 000.00 |
| Electricity: Basic levy | | | | | | | | | | | |
| Electricity: Consumption | | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 | - | 50.00 | 50.00 | 50.00 |
| Water: Basic levy | | | | | | | | | | | |
| Water: Consumption | | | | | | | | | | | |
| Sanitation | | | | | | | | | | | |
| Refuse removal | | 76 454.37 | 72 813.69 | 76 454.37 | 117.99 | 117.99 | 117.99 | 5.0% | 139.19 | 146.14 | 153.45 |
| Other | | | | | | | | | | | |
| sub-total | | 106 504.37 | 102 863.69 | 106 504.37 | 55 167.99 | 55 167.99 | 55 167.99 | 18.2% | 65 189.19 | 65 196.14 | 65 203.45 |
| VAT on Services | | | | | | | | | | | |
| Total small household bill: | | 106 504.37 | 102 863.69 | 106 504.37 | 55 167.99 | 55 167.99 | 55 167.99 | 18.2% | 65 189.19 | 65 196.14 | 65 203.45 |
| % increase/-decrease | | | (3.4%) | 3.5% | (48.2%) | - | - | 18.2% | 0.0% | 0.0% | |

Operating Expenditure Framework

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

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

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

Table 8 Summary of operating expenditure by standard classification item

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | | 2020/21 Medium Term Revenue & | | |
|---------------------------------|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|-------------------------------|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Expenditure By Type | | | | | | | | | | | |
| Employee related costs | 2 | 86 312 | 100 317 | 108 880 | 120 608 | 122 505 | 122 505 | - | 125 231 | 131 492 | 138 067 |
| Remuneration of councillors | | 16 987 | 18 636 | 19 626 | 22 763 | 22 795 | 22 795 | - | 21 537 | 21 753 | 22 841 |
| Debt impairment | 3 | 1 194 | (66) | 5 848 | 5 500 | 4 000 | 4 000 | - | 5 000 | 5 250 | 5 513 |
| Depreciation & asset impairment | 2 | 32 720 | 51 771 | 54 995 | 30 448 | 30 448 | 30 448 | - | 33 110 | 34 766 | 36 504 |
| Finance charges | | 42 | 8 | 5 | - | - | - | - | - | - | - |
| Bulk purchases | 2 | 36 714 | 37 197 | 39 260 | 47 900 | 47 900 | 47 900 | - | 48 000 | 50 400 | 52 920 |
| Other materials | 8 | 2 182 | 4 551 | 3 646 | 4 632 | 7 360 | 7 360 | - | 5 567 | 5 845 | 6 137 |
| Contracted services | | 64 700 | 68 201 | 67 838 | 88 323 | 92 520 | 92 520 | - | 101 279 | 107 466 | 112 840 |
| Transfers and subsidies | | - | - | 150 | - | - | - | - | - | - | - |
| Other expenditure | 4, 5 | 42 927 | 35 491 | 41 919 | 68 119 | 62 282 | 62 282 | - | 68 670 | 73 022 | 76 673 |
| Losses | | 208 | 45 938 | 118 195 | - | - | - | - | - | - | - |
| Total Expenditure | | 283 987 | 362 045 | 460 363 | 388 292 | 389 810 | 389 810 | - | 408 393 | 429 994 | 451 494 |

The budgeted allocation for employee related costs for the 2020/21 financial year totals

R125, 2 million, which equals 31 per cent of the total operating expenditure. The municipality has effected an increase of 6.25 % for the 2020/2021 budget year.

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

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2020/21 financial year this amount equates to R5, million and escalates to R5,5, million by 2023/23. 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 asset consumption. Budget appropriations in this regard total R33, 1 million for the 2020/21 financial and equates to 8 per cent of the total operating expenditure.

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. The expenditures include distribution losses.

Other material comprises of amongst others materials for maintenance.

For 2020/21 budget year the appropriation against this group of expenditure is by 2 per cent and continues to grow at 3 and 5 per cent for the two outer years.

Other expenditure comprises of various line items relating to the daily operations of the municipality. The appropriation for this group of expenditures equates to 17 per cent for 2020/21.

1.2.2 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2020/21 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

The table below provides a breakdown of the repairs and maintenance in relation expenditure items:

Table 9 Repairs and maintenance by expenditure item

| Description | Ref | Current Year 2019/20 | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|---|----------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand | 1 | | | | | | |
| Repairs and maintenance expenditure by Asset Class/Sub-class | | | | | | | |
| Infrastructure | | 5 457 | 4 457 | 4 457 | 6 998 | 7 348 | 7 715 |
| Roads Infrastructure | | 5 457 | 4 457 | 4 457 | 6 998 | 7 348 | 7 715 |
| <i>Roads</i> | | 5 457 | 4 457 | 4 457 | 6 998 | 7 348 | 7 715 |
| Community Assets | | 13 500 | 12 679 | 12 679 | 10 230 | 10 742 | 11 279 |
| Community Facilities | | 750 | 785 | 785 | 1 180 | 1 239 | 1 301 |
| <i>Halls</i> | | 100 | 100 | 100 | 100 | 105 | 110 |
| <i>Fire/Ambulance Stations</i> | | - | - | - | - | - | - |
| <i>Public Open Space</i> | | - | - | - | 210 | 221 | 232 |
| <i>Nature Reserves</i> | | - | - | - | - | - | - |
| <i>Public Ablution Facilities</i> | | 650 | 685 | 685 | 750 | 788 | 827 |
| <i>Markets</i> | | - | - | - | - | - | - |
| <i>Stalls</i> | | - | - | - | 120 | 126 | 132 |
| Sport and Recreation Facilities | | 12 750 | 11 894 | 11 894 | 9 050 | 9 503 | 9 978 |
| <i>Indoor Facilities</i> | | - | - | - | - | - | - |
| <i>Outdoor Facilities</i> | | 12 750 | 11 894 | 11 894 | 9 050 | 9 503 | 9 978 |
| <i>Capital Spares</i> | | - | - | - | - | - | - |
| Other assets | | 3 510 | 3 640 | 3 640 | 1 210 | 1 271 | 1 334 |
| Operational Buildings | | 3 510 | 3 640 | 3 640 | 1 210 | 1 271 | 1 334 |
| <i>Municipal Offices</i> | | 3 510 | 3 640 | 3 640 | 1 210 | 1 271 | 1 334 |
| Machinery and Equipment | | 1 550 | 2 375 | 2 375 | 1 225 | 1 286 | 1 351 |
| Machinery and Equipment | | 1 550 | 2 375 | 2 375 | 1 225 | 1 286 | 1 351 |
| Transport Assets | | - | - | - | 2 430 | 2 625 | 2 756 |
| Transport Assets | | - | - | - | 2 430 | 2 625 | 2 756 |
| Land | | - | - | - | - | - | - |
| Land | | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - |
| Total Repairs and Maintenance Expenditure | 1 | 24 017 | 23 151 | 23 151 | 22 093 | 23 271 | 24 435 |

For the 2020/21 financial year repairs and maintenance is budgeted at R22, 1 million this equates to 5 % of the total operating budget, this increase to R24, 4 million in the 2022/23 outer year.

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. The target is to register 17 000 or more indigent households during the 2020/21 financial year, a process reviewed annually.

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

1.3 Capital expenditure

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

Table 10 2020/21 Medium-term capital budget per vote

| Vote Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Capital expenditure - Vote | 1 | | | | | | | | | | |
| Multi-year expenditure to be appropriated | 2 | | | | | | | | | | |
| Vote 1 - Executive and council | | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - Finance and Admin | | - | - | - | - | - | - | - | 1 000 | 1 100 | 1 210 |
| Vote 3 - Corporate | | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - Development and Planning | | - | - | - | - | - | - | - | - | - | - |
| Vote 5 - Community | | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - Infrastructure | | - | - | - | - | - | - | - | 136 755 | 157 910 | 167 362 |
| Vote 7 - Internal Audit | | - | - | - | - | - | - | - | - | - | - |
| Capital multi-year expenditure sub-total | 7 | - | - | - | - | - | - | - | 137 755 | 159 010 | 168 572 |
| Single-year expenditure to be appropriated | 2 | | | | | | | | | | |
| Vote 1 - Executive and council | | 1 106 | 1 | - | 5 000 | 3 300 | 3 300 | - | - | - | - |
| Vote 2 - Finance and Admin | | 13 853 | 1 480 | 4 974 | 1 315 | 2 330 | 2 330 | - | 5 029 | 5 531 | 6 084 |
| Vote 3 - Corporate | | - | - | - | 3 732 | 8 733 | 8 733 | - | 3 130 | 3 443 | 3 787 |
| Vote 4 - Development and Planning | | 1 016 | 91 | 175 | 62 601 | 70 251 | 70 251 | - | 480 | 528 | 581 |
| Vote 5 - Community | | 3 141 | 181 | 43 632 | 7 785 | 720 | 720 | - | 6 190 | 6 523 | 7 175 |
| Vote 6 - Infrastructure | | 120 833 | 89 235 | 75 598 | 97 902 | 102 000 | 102 000 | - | 21 730 | 9 689 | 12 610 |
| Vote 7 - Internal Audit | | - | 47 | - | 50 | 50 | 50 | - | - | - | - |
| Capital single-year expenditure sub-total | | 139 948 | 91 035 | 124 378 | 178 384 | 187 384 | 187 384 | - | 36 559 | 25 714 | 30 238 |
| Total Capital Expenditure - Vote | | 139 948 | 91 035 | 124 378 | 178 384 | 187 384 | 187 384 | - | 174 314 | 184 724 | 198 810 |

1.4 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 2020/21 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 11 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 | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousands | | | | | | | | | | |
| Financial Performance | | | | | | | | | | |
| Property rates | 25 919 | 25 727 | 43 280 | 44 100 | 44 100 | 44 100 | - | 48 190 | 50 600 | 53 129 |
| Service charges | 56 290 | 57 945 | 61 166 | 68 077 | 68 077 | 68 077 | - | 68 817 | 76 173 | 80 172 |
| Investment revenue | 7 061 | 8 989 | 10 495 | 13 000 | 13 000 | 13 000 | - | 14 650 | 15 383 | 16 152 |
| Transfers recognised - operational | 170 764 | 194 284 | 215 619 | 242 899 | 241 181 | 241 181 | - | 256 212 | 267 930 | 281 432 |
| Other own revenue | 19 618 | 16 862 | 38 437 | 20 216 | 20 989 | 20 989 | - | 20 525 | 21 551 | 22 629 |
| Total Revenue (excluding capital transfers and contributions) | 279 653 | 303 807 | 368 997 | 388 292 | 387 348 | 387 348 | - | 408 394 | 431 637 | 453 515 |
| Employee costs | 86 312 | 100 317 | 108 880 | 120 608 | 122 505 | 122 505 | - | 125 231 | 131 492 | 138 067 |
| Remuneration of councillors | 16 987 | 18 636 | 19 626 | 22 763 | 22 795 | 22 795 | - | 21 537 | 21 753 | 22 841 |
| Depreciation & asset impairment | 32 720 | 51 771 | 54 995 | 30 448 | 30 448 | 30 448 | - | 33 110 | 34 766 | 36 504 |
| Finance charges | 42 | 8 | 5 | - | - | - | - | - | - | - |
| Materials and bulk purchases | 38 896 | 41 748 | 42 906 | 52 532 | 55 260 | 55 260 | - | 53 567 | 56 245 | 59 057 |
| Transfers and grants | - | - | 150 | - | - | - | - | - | - | - |
| Other expenditure | 109 029 | 149 564 | 233 800 | 161 942 | 158 802 | 158 802 | - | 174 949 | 185 738 | 195 025 |
| Total Expenditure | 283 987 | 362 045 | 460 363 | 388 292 | 389 810 | 389 810 | - | 408 393 | 429 994 | 451 494 |
| Surplus/(Deficit) | (4 335) | (58 238) | (91 366) | 0 | (2 463) | (2 463) | - | 1 | 1 643 | 2 021 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | 143 839 | 119 424 | 104 943 | 117 059 | 128 522 | 128 522 | - | 101 527 | 127 554 | 135 922 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all) | - | 9 306 | 2 874 | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 139 504 | 70 492 | 16 451 | 117 059 | 126 059 | 126 059 | - | 101 528 | 129 197 | 137 943 |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | 139 504 | 70 492 | 16 451 | 117 059 | 126 059 | 126 059 | - | 101 528 | 129 197 | 137 943 |
| Capital expenditure & funds sources | | | | | | | | | | |
| Capital expenditure | 139 948 | 91 035 | 124 378 | 178 384 | 187 384 | 187 384 | - | 174 314 | 184 724 | 198 810 |
| Transfers recognised - capital | 119 568 | 66 228 | 90 529 | 117 059 | 126 059 | 126 059 | - | 99 340 | 127 553 | 135 922 |
| Borrowing | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | 20 380 | 24 806 | 33 850 | 61 325 | 61 325 | 61 325 | - | 74 974 | 57 171 | 62 888 |
| Total sources of capital funds | 139 948 | 91 035 | 124 378 | 178 384 | 187 384 | 187 384 | - | 174 314 | 184 724 | 198 810 |
| Financial position | | | | | | | | | | |
| Total current assets | 131 188 | 215 785 | 257 913 | 210 603 | 227 035 | 227 035 | - | 232 526 | 660 811 | 187 816 |
| Total non current assets | 820 749 | 940 377 | 986 844 | 1 144 736 | 1 143 780 | 1 143 780 | - | 1 143 450 | 1 163 566 | 900 807 |
| Total current liabilities | 41 435 | 92 621 | 96 378 | 37 821 | 96 378 | 96 378 | - | 97 388 | 65 452 | 92 485 |
| Total non current liabilities | 25 262 | 27 466 | 27 114 | 29 114 | 27 114 | 27 114 | - | 27 398 | 27 685 | 27 976 |
| Community wealth/Equity | 885 240 | 1 036 076 | 1 121 264 | 1 288 405 | 1 247 324 | 1 247 324 | 264 232 | 1 251 190 | 1 731 240 | 968 163 |
| Cash flows | | | | | | | | | | |
| Net cash from (used) operating | 169 885 | 380 633 | 198 955 | 125 951 | 135 164 | 135 164 | - | 140 489 | 158 623 | 160 820 |
| Net cash from (used) investing | (146 258) | (139 800) | (145 577) | (125 574) | (178 384) | (178 384) | - | (174 314) | (184 724) | (198 810) |
| Net cash from (used) financing | - | 1 180 | 75 | (954) | 954 | 954 | - | 13 | 13 | 13 |
| Cash/cash equivalents at the year end | 71 912 | 245 985 | 173 322 | 131 679 | 81 731 | 81 731 | - | 103 071 | 91 620 | 69 013 |
| Cash backing/surplus reconciliation | | | | | | | | | | |
| Cash and investments available | 71 912 | 119 869 | 123 997 | 127 134 | 81 522 | 81 522 | - | 117 708 | 106 990 | 85 151 |
| Application of cash and investments | (17 961) | (245 204) | (134 622) | (16 431) | (75 045) | (75 045) | - | (73 026) | (635 979) | (51 788) |
| Balance - surplus (shortfall) | 89 873 | 365 073 | 258 619 | 143 565 | 156 566 | 156 566 | - | 190 734 | 742 969 | 136 939 |
| Asset management | | | | | | | | | | |
| Asset register summary (WDV) | 525 879 | 671 076 | 761 825 | 771 114 | 749 893 | 749 893 | 749 893 | 760 488 | 769 398 | 534 815 |
| Depreciation | 32 720 | 51 771 | 54 995 | 30 448 | 30 448 | 30 448 | 30 448 | 33 110 | 34 766 | 36 504 |
| Renewal and Upgrading of Existing Assets | - | 505 | 13 215 | 8 230 | 5 250 | 5 250 | 5 250 | 35 079 | 47 152 | 49 667 |
| Repairs and Maintenance | - | (303) | (5 376) | 24 017 | 23 151 | 23 151 | 23 151 | 22 093 | 23 271 | 24 435 |
| Free services | | | | | | | | | | |
| Cost of Free Basic Services provided | - | - | - | - | - | - | - | - | - | - |
| Revenue cost of free services provided | - | - | - | 19 274 | - | - | 17 954 | 17 954 | 18 852 | 19 794 |
| Households below minimum service level | | | | | | | | | | |
| Water: | - | - | - | - | - | - | - | - | - | - |
| Sanitation/sew erage: | - | - | - | - | - | - | - | - | - | - |
| Energy: | - | - | - | - | - | - | - | - | - | - |
| Refuse: | - | - | - | - | - | - | - | - | - | - |

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 emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers 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, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently, Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2019/20, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 12 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

| Functional Classification Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|--|-----|--------------------|--------------------|--------------------|-------------------------|--------------------|-----------------------|--|---------------------------|---------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand | 1 | | | | | | | | | |
| Revenue - Functional | | | | | | | | | | |
| Governance and administration | | 367 201 | 236 486 | 299 999 | 304 530 | 306 471 | 306 471 | 325 819 | 345 941 | 363 344 |
| Executive and council | | - | - | - | - | - | - | - | - | - |
| Finance and administration | | 367 201 | 236 486 | 299 999 | 304 530 | 306 471 | 306 471 | 325 819 | 345 941 | 363 344 |
| Internal audit | | - | - | - | - | - | - | - | - | - |
| Community and public safety | | - | 4 500 | 7 240 | 11 026 | 10 406 | 10 406 | 11 958 | 7 633 | 8 014 |
| Community and social services | | - | 41 | 1 107 | 4 937 | 4 317 | 4 317 | 5 719 | 1 082 | 1 136 |
| Sport and recreation | | - | - | - | - | - | - | - | - | - |
| Public safety | | - | 4 459 | 6 133 | 6 089 | 6 089 | 6 089 | 6 239 | 6 551 | 6 879 |
| Housing | | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - |
| Economic and environmental services | | - | 47 651 | 64 764 | 50 815 | 58 925 | 58 925 | 49 081 | 53 206 | 56 228 |
| Planning and development | | - | 638 | 888 | 145 | 350 | 350 | 145 | 152 | 160 |
| Road transport | | - | 47 013 | 63 877 | 50 670 | 58 575 | 58 575 | 48 936 | 53 054 | 56 068 |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| Trading services | | 56 290 | 143 899 | 104 810 | 138 981 | 140 068 | 140 068 | 123 062 | 152 411 | 161 851 |
| Energy sources | | 47 633 | 134 349 | 94 680 | 124 132 | 125 140 | 125 140 | 107 474 | 136 043 | 144 665 |
| Water management | | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | - | - | - | - | - | - |
| Waste management | | 8 657 | 9 551 | 10 131 | 14 849 | 14 928 | 14 928 | 15 588 | 16 367 | 17 186 |
| Other | 4 | - | - | - | - | - | - | - | - | - |
| Total Revenue - Functional | 2 | 423 491 | 432 537 | 476 814 | 505 352 | 515 870 | 515 870 | 509 921 | 559 191 | 589 437 |
| Expenditure - Functional | | | | | | | | | | |
| Governance and administration | | 283 987 | 219 661 | 288 170 | 231 762 | 207 507 | 207 507 | 212 043 | 222 015 | 233 116 |
| Executive and council | | - | 26 388 | 27 744 | 31 926 | 35 768 | 35 768 | 28 964 | 30 575 | 32 103 |
| Finance and administration | | 283 987 | 190 364 | 257 355 | 195 928 | 167 522 | 167 522 | 179 004 | 187 109 | 196 465 |
| Internal audit | | - | 2 909 | 3 071 | 3 908 | 4 218 | 4 218 | 4 075 | 4 331 | 4 548 |
| Community and public safety | | - | 19 004 | 27 388 | 31 101 | 27 909 | 27 909 | 36 223 | 38 313 | 40 228 |
| Community and social services | | - | 5 349 | 10 768 | 12 259 | 12 559 | 12 559 | 15 351 | 16 239 | 17 051 |
| Sport and recreation | | - | - | - | - | - | - | - | - | - |
| Public safety | | - | 13 655 | 16 620 | 18 842 | 15 350 | 15 350 | 20 873 | 22 074 | 23 177 |
| Housing | | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - |
| Economic and environmental services | | - | 59 982 | 82 509 | 48 631 | 75 526 | 75 526 | 78 862 | 83 593 | 87 772 |
| Planning and development | | - | 16 738 | 47 416 | 22 054 | 20 644 | 20 644 | 25 584 | 27 236 | 28 598 |
| Road transport | | - | 43 244 | 35 094 | 26 577 | 54 882 | 54 882 | 53 278 | 56 357 | 59 174 |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| Trading services | | - | 63 399 | 62 295 | 76 798 | 78 868 | 78 868 | 81 265 | 86 074 | 90 377 |
| Energy sources | | - | 51 497 | 46 013 | 56 551 | 56 851 | 56 851 | 57 506 | 60 412 | 63 433 |
| Water management | | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | - | - | - | - | - | - |
| Waste management | | - | 11 902 | 16 283 | 20 247 | 22 017 | 22 017 | 23 759 | 25 661 | 26 944 |
| Other | 4 | - | - | - | - | - | - | - | - | - |
| Total Expenditure - Functional | 3 | 283 987 | 362 045 | 460 363 | 388 292 | 389 810 | 389 810 | 408 393 | 429 994 | 451 494 |
| Surplus/(Deficit) for the year | | 139 504 | 70 492 | 16 451 | 117 059 | 126 059 | 126 059 | 101 528 | 129 197 | 137 943 |

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 the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

Table 13 Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Revenue by Vote | 1 | | | | | | | | | |
| Vote 1 - Executive and council | | - | - | 10 | 250 | 250 | 250 | - | - | - |
| Vote 2 - Finance and Admin | | 423 491 | 234 109 | 296 420 | 303 930 | 305 726 | 305 726 | 325 469 | 345 573 | 362 958 |
| Vote 3 - Corporate | | - | 3 156 | 3 570 | 350 | 495 | 495 | 350 | 368 | 386 |
| Vote 4 - Development and Planning | | - | 46 698 | 64 598 | 50 600 | 58 610 | 58 610 | 49 081 | 53 206 | 56 228 |
| Vote 5 - Community | | - | 14 051 | 17 371 | 25 875 | 25 334 | 25 334 | 27 546 | 24 000 | 25 200 |
| Vote 6 - Infrastructure | | - | 134 523 | 94 846 | 124 347 | 125 455 | 125 455 | 107 474 | 136 043 | 144 665 |
| Vote 7 - Internal Audit | | - | - | - | - | - | - | - | - | - |
| Total Revenue by Vote | 2 | 423 491 | 432 537 | 476 814 | 505 352 | 515 870 | 515 870 | 509 921 | 559 191 | 589 437 |
| Expenditure by Vote to be appropriated | 1 | | | | | | | | | |
| Vote 1 - Executive and council | | - | 30 486 | 31 795 | 40 228 | 39 100 | 39 100 | 38 126 | 40 547 | 42 574 |
| Vote 2 - Finance and Admin | | 283 987 | 150 334 | 194 094 | 118 539 | 86 614 | 86 614 | 96 839 | 102 537 | 107 664 |
| Vote 3 - Corporate | | - | 58 740 | 54 714 | 63 183 | 67 077 | 67 077 | 67 765 | 68 969 | 72 418 |
| Vote 4 - Development and Planning | | - | 28 617 | 42 924 | 40 735 | 67 869 | 67 869 | 72 020 | 76 136 | 79 942 |
| Vote 5 - Community | | - | 32 994 | 48 166 | 57 252 | 60 425 | 60 425 | 65 219 | 69 604 | 73 084 |
| Vote 6 - Infrastructure | | - | 57 964 | 85 599 | 64 447 | 64 507 | 64 507 | 64 347 | 67 869 | 71 262 |
| Vote 7 - Internal Audit | | - | 2 909 | 3 071 | 3 908 | 4 218 | 4 218 | 4 075 | 4 331 | 4 548 |
| Total Expenditure by Vote | 2 | 283 987 | 362 045 | 460 363 | 388 292 | 389 810 | 389 810 | 408 393 | 429 994 | 451 494 |
| Surplus/(Deficit) for the year | 2 | 139 504 | 70 492 | 16 451 | 117 059 | 126 059 | 126 059 | 101 528 | 129 197 | 137 943 |

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 organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 14 Table A4 - Budgeted Financial Performance (revenue and expenditure)

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|--|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Revenue By Source | 1 | | | | | | | | | | |
| Property rates | 2 | 25 919 | 25 727 | 43 280 | 44 100 | 44 100 | 44 100 | - | 48 190 | 50 600 | 53 129 |
| Service charges - electricity revenue | 2 | 47 633 | 48 494 | 51 157 | 53 291 | 53 287 | 53 287 | - | 53 291 | 59 871 | 63 055 |
| Service charges - water revenue | 2 | - | - | - | - | - | - | - | - | - | - |
| Service charges - sanitation revenue | 2 | - | - | - | - | - | - | - | - | - | - |
| Service charges - refuse revenue | 2 | 8 657 | 9 451 | 10 009 | 14 786 | 14 790 | 14 790 | - | 15 526 | 16 302 | 17 117 |
| Rental of facilities and equipment | | 732 | 956 | 871 | 1 700 | 815 | 815 | - | 500 | 525 | 551 |
| Interest earned - external investments | | 7 061 | 8 989 | 10 495 | 13 000 | 13 000 | 13 000 | - | 14 650 | 15 383 | 16 152 |
| Interest earned - outstanding debtors | | 7 206 | 9 273 | 9 614 | 10 225 | 11 237 | 11 237 | - | 11 799 | 12 389 | 13 008 |
| Dividends received | | - | - | - | - | - | - | - | - | - | - |
| Fines, penalties and forfeits | | 802 | 1 296 | 3 471 | 2 094 | 2 244 | 2 244 | - | 2 094 | 2 198 | 2 308 |
| Licences and permits | | 3 793 | 3 598 | 3 279 | 4 525 | 4 535 | 4 535 | - | 4 525 | 4 751 | 4 988 |
| Agency services | | - | - | - | - | - | - | - | - | - | - |
| Transfers and subsidies | | 170 764 | 194 284 | 215 619 | 242 899 | 241 181 | 241 181 | - | 256 212 | 267 930 | 281 432 |
| Other revenue | 2 | 7 085 | 1 444 | 2 441 | 1 673 | 2 159 | 2 159 | - | 1 608 | 1 688 | 1 773 |
| Gains | | - | 295 | 18 761 | - | - | - | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | | 279 653 | 303 807 | 368 997 | 388 292 | 387 348 | 387 348 | - | 408 394 | 431 637 | 453 515 |
| Expenditure By Type | | | | | | | | | | | |
| Employee related costs | 2 | 86 312 | 100 317 | 108 880 | 120 608 | 122 505 | 122 505 | - | 125 231 | 131 492 | 138 067 |
| Remuneration of councillors | | 16 987 | 18 636 | 19 626 | 22 763 | 22 795 | 22 795 | - | 21 537 | 21 753 | 22 841 |
| Debt impairment | 3 | 1 194 | (66) | 5 848 | 5 500 | 4 000 | 4 000 | - | 5 000 | 5 250 | 5 513 |
| Depreciation & asset impairment | 2 | 32 720 | 51 771 | 54 995 | 30 448 | 30 448 | 30 448 | - | 33 110 | 34 766 | 36 504 |
| Finance charges | | 42 | 8 | 5 | - | - | - | - | - | - | - |
| Bulk purchases | 2 | 36 714 | 37 197 | 39 260 | 47 900 | 47 900 | 47 900 | - | 48 000 | 50 400 | 52 920 |
| Other materials | 8 | 2 182 | 4 551 | 3 646 | 4 632 | 7 360 | 7 360 | - | 5 567 | 5 845 | 6 137 |
| Contracted services | | 64 700 | 68 201 | 67 838 | 88 323 | 92 520 | 92 520 | - | 101 279 | 107 466 | 112 840 |
| Transfers and subsidies | | - | - | 150 | - | - | - | - | - | - | - |
| Other expenditure | 4, 5 | 42 927 | 35 491 | 41 919 | 68 119 | 62 282 | 62 282 | - | 68 670 | 73 022 | 76 673 |
| Losses | | 208 | 45 938 | 118 195 | - | - | - | - | - | - | - |
| Total Expenditure | | 283 987 | 362 045 | 460 363 | 388 292 | 389 810 | 389 810 | - | 408 393 | 429 994 | 451 494 |
| Surplus/(Deficit) | | (4 335) | (58 238) | (91 366) | 0 | (2 463) | (2 463) | - | 1 | 1 643 | 2 021 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | 143 839 | 119 424 | 104 943 | 117 059 | 128 522 | 128 522 | - | 101 527 | 127 554 | 135 922 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | 6 | - | 9 306 | - | - | - | - | - | - | - | - |
| Transfers and subsidies - capital (in-kind - all) | | - | - | 2 874 | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | | 139 504 | 70 492 | 16 451 | 117 059 | 126 059 | 126 059 | - | 101 528 | 129 197 | 137 943 |
| Taxation | | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after taxation | | 139 504 | 70 492 | 16 451 | 117 059 | 126 059 | 126 059 | - | 101 528 | 129 197 | 137 943 |
| Attributable to minorities | | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) attributable to municipality | | 139 504 | 70 492 | 16 451 | 117 059 | 126 059 | 126 059 | - | 101 528 | 129 197 | 137 943 |
| Share of surplus/ (deficit) of associate | 7 | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | | 139 504 | 70 492 | 16 451 | 117 059 | 126 059 | 126 059 | - | 101 528 | 129 197 | 137 943 |

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

1. Total revenue is R408,3 million (excluding capital and escalates to R453,5, million by 2022/23.
2. Revenue to be generated from property rates is R48, 1 million in the 2020/21 financial year and increases to R53,1 million by 2022/23 which represents 12 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality's own revenue.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R68,8 million for the 2020/21 financial year and increasing to R75,8 million by 2022/23. For the 2020/21 financial year services charges amount to 17 per cent of the total operating revenue base. This growth can mainly be attributed to the increase in the bulk prices of electricity.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. The percentage share of this revenue source increases each year as per the allocations on the DORA.
5. Bulk purchases amounts to R48 million and increases to R52 million for 2022/23. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 15 Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

| Vote Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Capital Expenditure - Functional | 1 | | | | | | | | | | |
| Governance and administration | | 14 959 | 1 528 | 4 974 | 10 122 | 14 413 | 14 413 | - | 9 159 | 10 074 | 11 082 |
| Executive and council | | 1 106 | 1 | | 25 | - | - | - | - | - | - |
| Finance and administration | | 13 853 | 1 480 | 4 974 | 10 047 | 14 363 | 14 363 | - | 9 159 | 10 074 | 11 082 |
| Internal audit | | | 47 | | 50 | 50 | 50 | - | - | - | - |
| Community and public safety | | 3 141 | 162 | 38 302 | 4 480 | 520 | 520 | - | 3 260 | 3 300 | 3 630 |
| Community and social services | | 2 347 | 83 | 37 658 | 1 180 | 390 | 390 | - | 1 560 | 1 430 | 1 573 |
| Sport and recreation | | | | | - | - | - | - | - | - | - |
| Public safety | | 794 | 80 | 644 | 3 300 | 130 | 130 | - | 1 700 | 1 870 | 2 057 |
| Housing | | - | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - | - |
| Economic and environmental services | | 48 481 | 9 217 | 32 120 | 79 801 | 94 949 | 94 949 | - | 80 724 | 76 412 | 81 762 |
| Planning and development | | 1 016 | 91 | 175 | 382 | 67 | 67 | - | 480 | 528 | 581 |
| Road transport | | 47 465 | 9 126 | 31 945 | 79 419 | 94 882 | 94 882 | - | 80 244 | 75 884 | 81 182 |
| Environmental protection | | | | | - | - | - | - | - | - | - |
| Trading services | | 73 368 | 80 127 | 48 982 | 83 982 | 77 502 | 77 502 | - | 81 171 | 94 937 | 102 336 |
| Energy sources | | 73 368 | 80 109 | 43 653 | 80 702 | 77 302 | 77 302 | - | 78 241 | 91 714 | 98 791 |
| Water management | | | | | - | - | - | - | - | - | - |
| Waste water management | | | | | - | - | - | - | - | - | - |
| Waste management | | | 18 | 5 330 | 3 280 | 200 | 200 | - | 2 930 | 3 223 | 3 545 |
| Other | | - | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure - Functional | 3 | 139 948 | 91 035 | 124 378 | 178 384 | 187 384 | 187 384 | - | 174 314 | 184 724 | 198 810 |
| Funded by: | | | | | | | | | | | |
| National Government | | 110 568 | 66 228 | 90 529 | 116 969 | 125 969 | 125 969 | - | 99 080 | 127 553 | 135 922 |
| Provincial Government | | 9 000 | - | - | 90 | 90 | 90 | - | 260 | - | - |
| District Municipality | | | | | - | - | - | - | - | - | - |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | | | | | - | - | - | - | - | - | - |
| Transfers recognised - capital | 4 | 119 568 | 66 228 | 90 529 | 117 059 | 126 059 | 126 059 | - | 99 340 | 127 553 | 135 922 |
| Borrowing | 6 | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | | 20 380 | 24 806 | 33 850 | 61 325 | 61 325 | 61 325 | - | 74 974 | 57 171 | 62 888 |
| Total Capital Funding | 7 | 139 948 | 91 035 | 124 378 | 178 384 | 187 384 | 187 384 | - | 174 314 | 184 724 | 198 810 |

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

1. Table A5 is a breakdown of the capital programme 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.

Table 16 MBRR Table A6 -Budgeted Financial Position
Explanatory notes to Table A6 - Budgeted Financial Position

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| ASSETS | | | | | | | | | | | |
| Current assets | | | | | | | | | | | |
| Cash | | 71 912 | 3 412 | 11 401 | 3 690 | 6 794 | 6 794 | - | 23 886 | 2 363 | (20 572) |
| Call investment deposits | 1 | - | 116 456 | 112 597 | 123 444 | 74 728 | 74 728 | - | 93 822 | 104 626 | 105 723 |
| Consumer debtors | 1 | 41 662 | 54 629 | 88 239 | 68 231 | 99 277 | 99 277 | - | 66 534 | 504 948 | 86 171 |
| Other debtors | | 7 795 | 40 314 | 44 702 | 14 206 | 45 263 | 45 263 | - | 47 299 | 47 879 | 13 763 |
| Current portion of long-term receivables | | 9 150 | - | - | - | - | - | - | - | - | - |
| Inventory | 2 | 670 | 974 | 974 | 1 032 | 974 | 974 | - | 984 | 994 | 2 731 |
| Total current assets | | 131 188 | 215 785 | 257 913 | 210 603 | 227 035 | 227 035 | - | 232 526 | 660 811 | 187 816 |
| Non current assets | | | | | | | | | | | |
| Long-term receivables | | - | - | - | - | - | - | - | - | - | - |
| Investments | | - | - | - | - | - | - | - | - | - | - |
| Investment property | | 20 457 | 20 020 | 35 575 | 21 221 | 35 575 | 35 575 | - | 35 947 | 36 324 | 36 705 |
| Investment in Associate | | - | - | - | - | - | - | - | - | - | - |
| Property, plant and equipment | 3 | 797 779 | 918 736 | 950 856 | 1 121 717 | 1 107 713 | 1 107 713 | - | 1 107 177 | 1 126 906 | 863 778 |
| Biological | | - | - | - | - | - | - | - | - | - | - |
| Intangible | | 2 513 | 1 621 | 413 | 1 719 | 413 | 413 | - | 326 | 336 | 324 |
| Other non-current assets | | - | - | - | 80 | 80 | 80 | - | - | - | - |
| Total non current assets | | 820 749 | 940 377 | 986 844 | 1 144 736 | 1 143 780 | 1 143 780 | - | 1 143 450 | 1 163 566 | 900 807 |
| TOTAL ASSETS | | 951 937 | 1 156 162 | 1 244 756 | 1 355 340 | 1 370 816 | 1 370 816 | - | 1 375 976 | 1 824 377 | 1 088 623 |
| LIABILITIES | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | |
| Bank overdraft | 1 | - | - | - | - | - | - | - | - | - | - |
| Borrowing | 4 | - | - | - | - | - | - | - | - | - | - |
| Consumer deposits | | 282 | 1 180 | 1 255 | 301 | 1 255 | 1 255 | - | 1 268 | 1 282 | 1 295 |
| Trade and other payables | 4 | 39 968 | 82 679 | 80 832 | 36 607 | 80 832 | 80 832 | - | 81 679 | 49 578 | 76 445 |
| Provisions | | 1 185 | 8 762 | 14 291 | 912 | 14 291 | 14 291 | - | 14 440 | 14 592 | 14 745 |
| Total current liabilities | | 41 435 | 92 621 | 96 378 | 37 821 | 96 378 | 96 378 | - | 97 388 | 65 452 | 92 485 |
| Non current liabilities | | | | | | | | | | | |
| Borrowing | | - | - | - | - | - | - | - | - | - | - |
| Provisions | | 25 262 | 27 466 | 27 114 | 29 114 | 27 114 | 27 114 | - | 27 398 | 27 685 | 27 976 |
| Total non current liabilities | | 25 262 | 27 466 | 27 114 | 29 114 | 27 114 | 27 114 | - | 27 398 | 27 685 | 27 976 |
| TOTAL LIABILITIES | | 66 698 | 120 087 | 123 492 | 66 934 | 123 492 | 123 492 | - | 124 787 | 93 137 | 120 460 |
| NET ASSETS | 5 | 885 240 | 1 036 076 | 1 121 264 | 1 288 405 | 1 247 324 | 1 247 324 | - | 1 251 190 | 1 731 240 | 968 163 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | 798 155 | 649 812 | 668 804 | 878 966 | 794 864 | 794 864 | - | 793 988 | 1 269 247 | 501 328 |
| Reserves | 4 | 87 085 | 386 264 | 452 460 | 409 440 | 452 460 | 452 460 | - | 457 202 | 461 993 | 466 835 |
| TOTAL COMMUNITY WEALTH/EQUITY | 5 | 885 240 | 1 036 076 | 1 121 264 | 1 288 405 | 1 247 324 | 1 247 324 | - | 1 251 190 | 1 731 240 | 968 163 |

1. Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets Less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt.

Table 17 Table A7 - Budgeted Cash Flow Statement

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|--|-----|------------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Property rates | | 25 919 | 17 489 | 1 | 43 322 | 39 690 | 39 690 | - | 49 807 | 99 574 | 54 912 |
| Service charges | | 54 321 | 35 272 | 49 707 | 53 895 | 61 270 | 61 270 | - | 82 700 | 65 678 | 75 402 |
| Other revenue | | 12 352 | 264 176 | 116 518 | 21 119 | 8 181 | 8 181 | - | 8 726 | 8 434 | 9 621 |
| Transfers and Subsidies - Operational | 1 | 159 992 | 188 694 | 240 745 | 240 436 | 240 436 | 240 436 | - | 256 212 | 245 603 | 281 432 |
| Transfers and Subsidies - Capital | 1 | 152 934 | 139 396 | 73 290 | 119 522 | 119 522 | 119 522 | - | 101 527 | 116 924 | 135 922 |
| Interest | | 14 266 | - | - | - | 21 428 | 21 428 | - | 11 799 | 12 389 | 13 008 |
| Dividends | | - | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | | |
| Suppliers and employees | | (231 600) | (264 386) | (281 152) | (352 344) | (355 362) | (355 362) | - | (370 283) | (389 978) | (409 477) |
| Finance charges | | (34) | (8) | (5) | - | - | - | - | - | - | - |
| Transfers and Grants | 1 | (18 265) | - | (150) | - | - | - | - | - | - | - |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | 169 885 | 380 633 | 198 955 | 125 951 | 135 164 | 135 164 | - | 140 489 | 158 623 | 160 820 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Proceeds on disposal of PPE | | 823 | - | - | - | - | - | - | - | - | - |
| Decrease (increase) in non-current receivables | | (8 627) | - | - | - | - | - | - | - | - | - |
| Decrease (increase) in non-current investments | | 375 | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | | |
| Capital assets | | (138 829) | (139 800) | (145 577) | (125 574) | (178 384) | (178 384) | - | (174 314) | (184 724) | (198 810) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | (146 258) | (139 800) | (145 577) | (125 574) | (178 384) | (178 384) | - | (174 314) | (184 724) | (198 810) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Short term loans | | - | - | - | - | - | - | - | - | - | - |
| Borrowing long term/refinancing | | - | - | - | - | - | - | - | - | - | - |
| Increase (decrease) in consumer deposits | | - | 1 180 | 75 | (954) | 954 | 954 | - | 13 | 13 | 13 |
| Payments | | | | | | | | | | | |
| Repayment of borrowing | | - | - | - | - | - | - | - | - | - | - |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | - | 1 180 | 75 | (954) | 954 | 954 | - | 13 | 13 | 13 |
| NET INCREASE/ (DECREASE) IN CASH HELD | | 23 628 | 242 013 | 53 453 | (578) | (42 266) | (42 266) | - | (33 812) | (26 088) | (37 977) |
| Cash/cash equivalents at the year begin: | 2 | 48 284 | 3 972 | 119 869 | 132 257 | 123 997 | 123 997 | - | 136 883 | 117 708 | 106 990 |
| Cash/cash equivalents at the year end: | 2 | 71 912 | 245 985 | 173 322 | 131 679 | 81 731 | 81 731 | - | 103 071 | 91 620 | 69 013 |

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 2020/21 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. The estimated surplus for the 2020/21 MTREF is based on enhancing the going concern principle of the municipality, the cash and cash equivalents is estimated at R103 million and R69 million in 2022/23 outer year .

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

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|------------------|------------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand | | | | | | | | | | | |
| Cash and investments available | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 1 | 71 912 | 245 985 | 173 322 | 131 679 | 81 731 | 81 731 | - | 103 071 | 91 620 | 69 013 |
| Other current investments > 90 days | | - | (126 116) | (49 324) | (4 546) | (209) | (209) | - | 14 637 | 15 369 | 16 138 |
| Non current assets - investments | 1 | - | - | - | - | - | - | - | - | - | - |
| Cash and investments available: | | 71 912 | 119 869 | 123 997 | 127 134 | 81 522 | 81 522 | - | 117 708 | 106 990 | 85 151 |
| Application of cash and investments | | | | | | | | | | | |
| Unspent conditional transfers | | 4 030 | 9 821 | 3 236 | 10 411 | 3 236 | 3 236 | - | 3 270 | (29 653) | 3 340 |
| Unspent borrowing | | - | - | - | - | - | - | - | - | - | - |
| Statutory requirements | 2 | - | - | - | - | - | - | - | - | - | - |
| Other working capital requirements | 3 | (21 991) | (255 025) | (137 858) | (26 841) | (78 281) | (78 281) | - | (76 296) | (606 326) | (55 128) |
| Other provisions | | - | - | - | - | - | - | - | - | - | - |
| Long term investments committed | 4 | - | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | 5 | - | - | - | - | - | - | - | - | - | - |
| Total Application of cash and investments: | | (17 961) | (245 204) | (134 622) | (16 431) | (75 045) | (75 045) | - | (73 026) | (635 979) | (51 788) |
| Surplus(shortfall) | | 89 873 | 365 073 | 258 619 | 143 565 | 156 566 | 156 566 | - | 190 734 | 742 969 | 136 939 |

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Considering the requirements of section 18 of the MFMA, it can be concluded that the tabled 2020/21 MTREF is funded.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2020/21 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 18 A9 - Asset Management

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand | | | | | | | | | | |
| CAPITAL EXPENDITURE | | | | | | | | | | |
| Total New Assets | 1 | 139 948 | 90 529 | 111 163 | 170 154 | 182 134 | 182 134 | 139 235 | 137 572 | 149 143 |
| <i>Roads Infrastructure</i> | | - | 30 888 | 64 432 | 44 469 | 50 659 | 50 659 | 27 240 | 20 127 | 22 429 |
| <i>Storm water Infrastructure</i> | | - | - | - | - | - | - | - | - | - |
| <i>Electrical Infrastructure</i> | | - | (3 338) | (76 954) | 80 727 | 75 727 | 75 727 | 78 091 | 91 549 | 98 609 |
| <i>Solid Waste Infrastructure</i> | | - | - | - | 1 500 | - | - | 1 000 | 1 100 | 1 210 |
| <i>Information and Communication Infrastructure</i> | | - | - | (1) | 530 | 5 335 | 5 335 | 950 | 1 045 | 1 150 |
| Infrastructure | | - | 27 550 | (12 522) | 127 226 | 131 721 | 131 721 | 107 281 | 113 821 | 123 397 |
| Community Facilities | | - | 104 | 35 022 | 1 150 | - | - | 1 750 | 1 925 | 2 118 |
| Sport and Recreation Facilities | | - | (146) | 2 450 | 13 350 | 17 250 | 17 250 | 5 175 | 8 880 | 9 389 |
| Community Assets | | - | (42) | 37 472 | 14 500 | 17 250 | 17 250 | 6 925 | 10 805 | 11 506 |
| Heritage Assets | | - | - | - | 80 | 80 | 80 | - | - | - |
| Revenue Generating | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Operational Buildings | | - | 47 | (10 195) | 17 400 | 24 828 | 24 828 | 16 000 | 3 300 | 3 630 |
| Housing | | - | - | - | - | - | - | - | - | - |
| Other Assets | | - | 47 | (10 195) | 17 400 | 24 828 | 24 828 | 16 000 | 3 300 | 3 630 |
| Biological or Cultivated Assets | | - | - | - | 680 | - | - | - | - | - |
| Servitudes | | - | - | - | - | - | - | - | - | - |
| Licences and Rights | | 139 948 | 18 395 | 91 442 | - | - | - | 209 | 229 | 252 |
| Intangible Assets | | 139 948 | 18 395 | 91 442 | - | - | - | 209 | 229 | 252 |
| Computer Equipment | | - | 16 502 | 16 422 | 3 419 | 3 765 | 3 765 | 2 100 | 2 244 | 2 468 |
| Furniture and Office Equipment | | - | 3 781 | 4 825 | 220 | 1 160 | 1 160 | 540 | 374 | 411 |
| Machinery and Equipment | | - | 2 100 | 2 384 | 130 | 30 | 30 | 2 880 | 3 168 | 3 485 |
| Transport Assets | | - | 22 195 | 24 904 | 6 500 | 3 300 | 3 300 | 3 300 | 3 630 | 3 993 |
| Land | | - | - | (43 568) | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - |
| Total Renewal of Existing Assets | 2 | - | - | - | - | - | - | - | - | - |
| <i>Roads Infrastructure</i> | | - | - | - | - | - | - | - | - | - |
| <i>Storm water Infrastructure</i> | | - | - | - | - | - | - | - | - | - |
| <i>Electrical Infrastructure</i> | | - | - | - | - | - | - | - | - | - |
| Total Upgrading of Existing Assets | 6 | - | 505 | 13 215 | 8 230 | 5 250 | 5 250 | 35 079 | 47 152 | 49 667 |
| <i>Roads Infrastructure</i> | | - | - | 1 422 | 4 600 | 2 250 | 2 250 | 32 429 | 44 237 | 46 460 |
| <i>Storm water Infrastructure</i> | | - | - | - | - | - | - | - | - | - |
| <i>Electrical Infrastructure</i> | | - | - | 463 | 1 750 | 1 500 | 1 500 | 400 | 440 | 484 |
| <i>Water Supply Infrastructure</i> | | - | - | - | - | - | - | - | - | - |
| <i>Sanitation Infrastructure</i> | | - | - | - | - | - | - | - | - | - |
| <i>Solid Waste Infrastructure</i> | | - | - | - | - | - | - | 400 | 440 | 484 |
| Infrastructure | | - | - | 1 885 | 6 350 | 3 750 | 3 750 | 33 229 | 45 117 | 47 428 |
| Community Facilities | | - | - | - | 500 | 200 | 200 | - | - | - |
| Sport and Recreation Facilities | | - | - | - | 130 | 300 | 300 | 50 | 55 | 61 |
| Community Assets | | - | - | - | 630 | 500 | 500 | 50 | 55 | 61 |
| Heritage Assets | | - | - | - | - | - | - | - | - | - |
| Revenue Generating | | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Operational Buildings | | - | - | 9 | 200 | - | - | 800 | 880 | 968 |
| Housing | | - | - | - | - | - | - | - | - | - |
| Other Assets | | - | - | 9 | 200 | - | - | 800 | 880 | 968 |
| Biological or Cultivated Assets | | - | - | - | 50 | - | - | - | - | - |
| Servitudes | | - | - | - | - | - | - | - | - | - |
| Licences and Rights | | - | - | - | - | - | - | - | - | - |
| Intangible Assets | | - | - | - | - | - | - | - | - | - |
| Computer Equipment | | - | - | (1) | - | - | - | - | - | - |
| Furniture and Office Equipment | | - | - | - | - | - | - | - | - | - |
| Machinery and Equipment | | - | 505 | 11 322 | 1 000 | 1 000 | 1 000 | 1 000 | 1 100 | 1 210 |
| Transport Assets | | - | - | - | - | - | - | - | - | - |
| Land | | - | - | - | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - |

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Total Capital Expenditure | 4 | 139 948 | 91 035 | 124 378 | 178 384 | 187 384 | 187 384 | 174 314 | 184 724 | 198 810 |
| <i>Roads Infrastructure</i> | | - | 30 888 | 65 854 | 49 069 | 52 909 | 52 909 | 59 669 | 64 364 | 68 889 |
| <i>Storm water Infrastructure</i> | | - | - | - | - | - | - | - | - | - |
| <i>Electrical Infrastructure</i> | | - | (3 338) | (76 490) | 82 477 | 77 227 | 77 227 | 78 491 | 91 989 | 99 093 |
| <i>Water Supply Infrastructure</i> | | - | - | - | - | - | - | - | - | - |
| <i>Sanitation Infrastructure</i> | | - | - | - | - | - | - | - | - | - |
| <i>Solid Waste Infrastructure</i> | | - | - | - | 1 500 | - | - | 1 400 | 1 540 | 1 694 |
| <i>Rail Infrastructure</i> | | - | - | - | - | - | - | - | - | - |
| <i>Coastal Infrastructure</i> | | - | - | - | - | - | - | - | - | - |
| <i>Information and Communication Infrastructure</i> | | - | - | (1) | 530 | 5 335 | 5 335 | 950 | 1 045 | 1 150 |
| Infrastructure | | - | 27 550 | (10 638) | 133 576 | 135 471 | 135 471 | 140 510 | 158 939 | 170 825 |
| Community Facilities | | - | 104 | 35 022 | 1 650 | 200 | 200 | 1 750 | 1 925 | 2 118 |
| Sport and Recreation Facilities | | - | (146) | 2 450 | 13 480 | 17 550 | 17 550 | 5 225 | 8 935 | 9 449 |
| Community Assets | | - | (42) | 37 472 | 15 130 | 17 750 | 17 750 | 6 975 | 10 860 | 11 567 |
| Heritage Assets | | - | - | - | 80 | 80 | 80 | - | - | - |
| Revenue Generating | | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Operational Buildings | | - | 47 | (10 186) | 17 600 | 24 828 | 24 828 | 16 800 | 4 180 | 4 598 |
| Housing | | - | - | - | - | - | - | - | - | - |
| Other Assets | | - | 47 | (10 186) | 17 600 | 24 828 | 24 828 | 16 800 | 4 180 | 4 598 |
| Biological or Cultivated Assets | | - | - | - | 730 | - | - | - | - | - |
| Servitudes | | - | - | - | - | - | - | - | - | - |
| Licences and Rights | | 139 948 | 18 395 | 91 442 | - | - | - | 209 | 229 | 252 |
| Intangible Assets | | 139 948 | 18 395 | 91 442 | - | - | - | 209 | 229 | 252 |
| Computer Equipment | | - | 16 502 | 16 422 | 3 419 | 3 765 | 3 765 | 2 100 | 2 244 | 2 468 |
| Furniture and Office Equipment | | - | 3 781 | 4 825 | 220 | 1 160 | 1 160 | 540 | 374 | 411 |
| Machinery and Equipment | | - | 2 606 | 13 706 | 1 130 | 1 030 | 1 030 | 3 880 | 4 268 | 4 695 |
| Transport Assets | | - | 22 195 | 24 904 | 6 500 | 3 300 | 3 300 | 3 300 | 3 630 | 3 993 |
| Land | | - | - | (43 568) | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - |
| TOTAL CAPITAL EXPENDITURE - Asset class | | 139 948 | 91 035 | 124 378 | 178 384 | 187 384 | 187 384 | 174 314 | 184 724 | 198 810 |
| ASSET REGISTER SUMMARY - PPE (WDV) | 5 | 525 879 | 671 076 | 761 825 | 771 114 | 749 893 | 749 893 | 760 488 | 769 398 | 534 815 |
| <i>Roads Infrastructure</i> | | 323 409 | 459 646 | 467 117 | 487 690 | 438 147 | 438 147 | 442 163 | 445 617 | 333 243 |
| <i>Storm water Infrastructure</i> | | - | (2 282) | (2 282) | (2 419) | (2 282) | (2 282) | 778 | 754 | 778 |
| <i>Electrical Infrastructure</i> | | - | (680) | (816) | 75 756 | 2 984 | 2 984 | 4 675 | 5 236 | 4 422 |
| <i>Solid Waste Infrastructure</i> | | - | - | (360) | - | (360) | (360) | 1 613 | 2 520 | 1 034 |
| <i>Rail Infrastructure</i> | | - | - | - | - | - | - | - | - | - |
| <i>Coastal Infrastructure</i> | | - | - | - | - | - | - | - | - | - |
| <i>Information and Communication Infrastructure</i> | | - | 372 | 372 | 924 | 5 707 | 5 707 | 1 325 | 1 424 | 1 532 |
| Infrastructure | | 323 409 | 457 056 | 464 030 | 561 952 | 444 195 | 444 195 | 450 554 | 455 551 | 341 009 |
| Community Assets | | 74 814 | 81 938 | 125 421 | 89 054 | 125 571 | 125 571 | 128 435 | 129 941 | 123 998 |
| Heritage Assets | | - | - | - | 80 | 80 | 80 | - | - | - |
| Investment properties | | 21 614 | 20 020 | 35 575 | 21 221 | 35 575 | 35 575 | 35 947 | 36 324 | 36 705 |
| Other Assets | | 33 209 | 39 100 | (6 024) | 41 746 | (6 097) | (6 097) | 70 772 | 71 568 | (14 438) |
| Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - |
| Intangible Assets | | 421 | 1 621 | 413 | 1 719 | 413 | 413 | 326 | 336 | 324 |
| Computer Equipment | | - | (837) | 16 273 | 2 506 | 19 963 | 19 963 | 18 041 | 18 333 | (891) |
| Furniture and Office Equipment | | - | (1 123) | 14 117 | (1 045) | 15 192 | 15 192 | 14 283 | 14 239 | 8 087 |
| Machinery and Equipment | | - | 29 | 1 461 | (30 287) | 1 491 | 1 491 | 4 206 | 4 502 | 4 097 |
| Transport Assets | | - | (1 433) | 13 703 | 4 981 | 16 653 | 16 653 | 16 847 | 17 307 | 14 589 |
| Land | | 72 412 | 74 704 | 96 856 | 79 187 | 96 856 | 96 856 | 21 076 | 21 297 | 21 335 |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | 5 | 525 879 | 671 076 | 761 825 | 771 114 | 749 893 | 749 893 | 760 488 | 769 398 | 534 815 |

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| EXPENDITURE OTHER ITEMS | | 32 720 | 51 468 | 49 619 | 54 465 | 53 599 | 53 599 | 55 203 | 58 037 | 60 938 |
| <u>Depreciation</u> | 7 | 32 720 | 51 771 | 54 995 | 30 448 | 30 448 | 30 448 | 33 110 | 34 766 | 36 504 |
| <u>Repairs and Maintenance by Asset Class</u> | 3 | - | (303) | (5 376) | 24 017 | 23 151 | 23 151 | 22 093 | 23 271 | 24 435 |
| Roads Infrastructure | | - | (161) | (2 658) | 5 457 | 4 457 | 4 457 | 6 998 | 7 348 | 7 715 |
| Storm water Infrastructure | | - | - | - | - | - | - | - | - | - |
| Electrical Infrastructure | | - | - | - | - | - | - | - | - | - |
| Water Supply Infrastructure | | - | - | - | - | - | - | - | - | - |
| Sanitation Infrastructure | | - | - | - | - | - | - | - | - | - |
| Solid Waste Infrastructure | | - | - | - | - | - | - | - | - | - |
| Rail Infrastructure | | - | - | - | - | - | - | - | - | - |
| Coastal Infrastructure | | - | - | - | - | - | - | - | - | - |
| Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - |
| Infrastructure | | - | (161) | (2 658) | 5 457 | 4 457 | 4 457 | 6 998 | 7 348 | 7 715 |
| Community Facilities | | - | 104 | (1) | 750 | 785 | 785 | 1 180 | 1 239 | 1 301 |
| Sport and Recreation Facilities | | - | - | - | 12 750 | 11 894 | 11 894 | 9 050 | 9 503 | 9 978 |
| Community Assets | | - | 104 | (1) | 13 500 | 12 679 | 12 679 | 10 230 | 10 742 | 11 279 |
| Heritage Assets | | - | - | - | - | - | - | - | - | - |
| Revenue Generating | | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Operational Buildings | | - | (232) | (3 223) | 3 510 | 3 640 | 3 640 | 1 210 | 1 271 | 1 334 |
| Housing | | - | - | - | - | - | - | - | - | - |
| Other Assets | | - | (232) | (3 223) | 3 510 | 3 640 | 3 640 | 1 210 | 1 271 | 1 334 |
| Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - |
| Servitudes | | - | - | - | - | - | - | - | - | - |
| Licences and Rights | | - | - | - | - | - | - | - | - | - |
| Intangible Assets | | - | - | - | - | - | - | - | - | - |
| Computer Equipment | | - | - | - | - | - | - | - | - | - |
| Furniture and Office Equipment | | - | - | - | - | - | - | - | - | - |
| Machinery and Equipment | | - | (14) | 505 | 1 550 | 2 375 | 2 375 | 1 225 | 1 286 | 1 351 |
| Transport Assets | | - | - | - | - | - | - | 2 430 | 2 625 | 2 756 |
| Land | | - | - | - | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURE OTHER ITEMS | | 32 720 | 51 468 | 49 619 | 54 465 | 53 599 | 53 599 | 55 203 | 58 037 | 60 938 |
| <i>Renewal and upgrading of Existing Assets as % of total capex</i> | | 0.0% | 0.6% | 10.6% | 4.6% | 2.8% | 2.8% | 20.1% | 25.5% | 25.0% |
| <i>Renewal and upgrading of Existing Assets as % of deprecn</i> | | 0.0% | 1.0% | 24.0% | 27.0% | 17.2% | 17.2% | 105.9% | 135.6% | 136.1% |
| <i>R&M as a % of PPE</i> | | 0.0% | 0.0% | -0.6% | 2.1% | 2.1% | 2.1% | 2.0% | 2.1% | 2.8% |
| <i>Renewal and upgrading and R&M as a % of PPE</i> | | 0.0% | 0.0% | 1.0% | 4.0% | 4.0% | 4.0% | 8.0% | 9.0% | 14.0% |

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 9 per cent of PPE.

Table 19 MBRR Table A10 - Basic Service Delivery Measurement

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|--|-----|---------|---------|---------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Total cost of FBS provided | | - | - | - | - | - | - | - | - | - |
| Highest level of free service provided per household | | | | | | | | | | |
| Property rates (R v value threshold) | | 55 000 | 55 000 | 55 000 | 65 000 | 65 000 | 65 000 | 65 000 | 65 000 | 65 000 |
| Water (kilolitres per household per month) | | - | - | - | - | - | - | - | - | - |
| Sanitation (kilolitres per household per month) | | - | - | - | - | - | - | - | - | - |
| Sanitation (Rand per household per month) | | - | - | - | - | - | - | - | - | - |
| Electricity (kwh per household per month) | | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Refuse (average litres per week) | | - | - | - | - | - | - | - | - | - |
| Revenue cost of subsidised services provided (R'000) | 9 | | | | | | | | | |
| Property rates (tariff adjustment) (impermissible values per section 17 of MPRA) | | | | | 19 274 | | | 17 954 | 18 852 | 19 794 |
| Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA | | - | - | - | - | - | - | - | - | - |
| Water (in excess of 6 kilolitres per indigent household per month) | | - | - | - | - | - | - | - | - | - |
| Sanitation (in excess of free sanitation service to indigent households) | | - | - | - | - | - | - | - | - | - |
| Electricity/other energy (in excess of 50 kwh per indigent household per month) | | - | - | - | - | - | - | - | - | - |
| Refuse (in excess of one removal a week for indigent households) | | - | - | - | - | - | - | - | - | - |
| Municipal Housing - rental rebates | | | | | | | | | | |
| Housing - top structure subsidies | 6 | | | | | | | | | |
| Other | | | | | | | | | | |
| Total revenue cost of subsidised services provided | | - | - | - | 19 274 | - | - | 17 954 | 18 852 | 19 794 |

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for 17000 households to be registered as indigent in 2020/21, and therefore entitled to receiving Free Basic Services. The number is to be maintained at 19 000 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
3. It is anticipated that these Free Basic Services will cost the municipality R17 million in 2020/21, increasing to R19 million in 2020/20. This is covered by the municipality's equitable share allocation from national government.

2 Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

1. The process followed in compiling the 2020/21 Budget can be summarised as follows:
 - a) Council Adopted a Budget Timetable in August 2019.
 - b) The Budget & Finance Standing Committee Compiled Budget Assumptions and recommended same to Council for adoption. During this meeting the Budget, Tariff, Rates, Indigent and SCM Policies were reviewed.;
 - c) The CFO presented the Budget Assumptions and Guideline to the General Manager in October 2019;
 - d) On the 14th- 17th April 2020, accompanied by the Chief financial officer, I tabled the draft budget for 2020/21-2022/23 to the community of Matatiele through the local community radio stations, The voice of Matat and Alfred Nzo Community Radio. The comments received have been taken into account on this final budget.

2.2 Overview of alignment of annual budget with IDP

The development of the IDP of 2018-2022 and the 2020/21 Budget Compilation were done simultaneously. During the Community Participation Process IDP priorities and the implications it will have on the current and future budgets were discussed. Community input in this regard was invited and included in both the IDP and the 2020/2021 Budget. Only capital items listed in the IDP was included in the Budget, funds permitting.

The Municipal Departments are aligned with the 5 Local Government Key Performance Areas. The Department's strategies are therefore linked to the 5 KRA's Details of the Budgets allocated to the various departments are reflected in schedules SA4-6.

The Departmental SDBIP contains projects and programmes listed in the IDP. The General Manager's performances plan is linked to the Departmental SDBIP.

The SDBIP marries the Performance Management System with the budget and the IDP. Thus the strategic Direction mapped out in the IDP is matched with financial resources and delivery of services as specified in the PMS.

The SDBIP allows the budget to be implemented fully as it identifies:

- The Strategic Imperative – Through link with the IDP.
- The Financial Imperative – Through links with the Budget
- The Performance Imperative – Through links to the PMS

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South Africa society can only be realised 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 other, 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 Nation 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 City, 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 City strategically complies with the key national and provincial priorities.

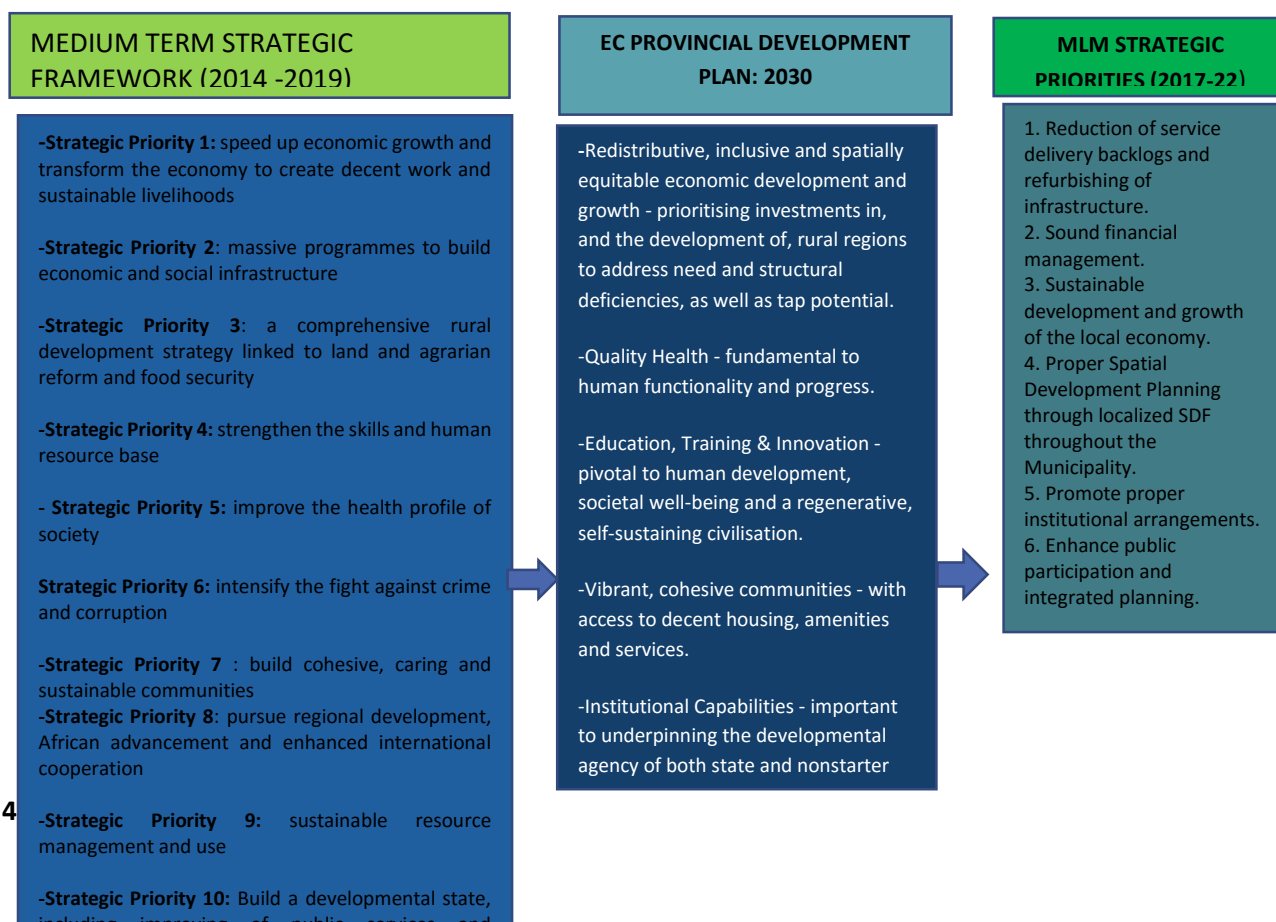
The aim of the revision cycle was develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and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

The national and provision priorities, policies

- Green Paper on National Strategic
- Government Programme of Action
- Development Facilitation Act of
- Provincial Growth and Development
- National and Provincial Spatial Development Perspectives;
- Relevant Sector plans such as transportation, Legislation and policy;
- National Key Performance Indicators (NKPI's);
- Accelerated and Shared Growth
- National Spatial Development
- The National Priority Outcomes

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/2017 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives



In order to ensure integrated and focused service delivery between all spheres of government it was important for the city to align its budget with that of national and provincial government. All spheres of government place a high priority on infrastructure development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements. Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic service and infrastructure which includes, amongst others:
 - Provide Electricity
 - Provide Water
 - Provide Sanitation
 - Provide Waste Removal
 - Provide Housing
 - Provide Roads and Storm Water
 - Provide Public Transport
 - Provide City Planning Service; and
 - Maintaining the Infrastructure of the municipality
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
3. Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the Provincial Department of Health to provide primary health care services;
 - Extending waste removal services and ensuring effective city cleansing;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.1 Integrated Social Services for empowered and sustained communities
 - Work with Provincial Departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and

- Implementing Batho Pele in the Revenue Management Strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 4.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personal;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the City. The five-year programme responds to the development challenges and opportunities faced by the City by identifying the key performance areas to achieve the five strategic objectives mentioned above.

In addition to the five-year IDP, the City undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the City so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the City's IDP, associated scrotal plans and strategies, and the allocation of resources of the City and other service delivery partners.

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

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

Lessons learned with Previous IDP revision planning cycles as well as changing environments were taken into consideration in the compilation for the fourth revised IDP, including;

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

Table 20 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

| Strategic Objective | Goal | Goal Code | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|---|---|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand | | | | | | | | | | | | |
| To improve revenue enhancement through broadening revenue base and improving revenue collection | Financially viable institution that is sustainable and complies with statutes | | | 423 491 | 432 537 | 476 814 | 505 352 | 515 870 | 515 870 | 505 396 | 554 440 | 584 448 |
| To promote safer, informed and secure communities | Realize sustainable communities in a safe and Healthy environment | | | - | - | - | - | - | - | 4 525 | 4 751 | 4 988 |
| | | | | - | - | - | - | - | - | - | - | - |
| | | | | - | - | - | - | - | - | - | - | - |
| | | | | - | - | - | - | - | - | - | - | - |
| | | | | - | - | - | - | - | - | - | - | - |
| Allocations to other priorities | | | 2 | | | | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | | | 1 | 423 491 | 432 537 | 476 814 | 505 352 | 515 870 | 515 870 | 509 921 | 559 191 | 589 437 |

Table 20MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

| Strategic Objective | Goal Code | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|--|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| .To Support the development of SMME to participate in a diversified and growing | | | - | - | - | - | - | - | 11 168 | 11 726 | 12 313 |
| To build a healthy competent and effective workforce | | | - | - | - | - | - | - | 358 880 | 373 931 | 392 628 |
| To ensure full compliance with legislative requirements of MFMA MPRA and financial | | | - | - | - | - | - | - | 490 | 515 | 540 |
| To improve the provision basic services to rural and urban communities in the | | | - | - | - | - | - | - | 12 | 13 | 13 |
| To maintain municipal infrastructure and public amenities | | | - | - | - | - | - | - | 19 800 | 21 336 | 22 403 |
| To promote a coherent and interactive communication and participation with customers | | | - | - | - | - | - | - | 3 220 | 3 675 | 3 859 |
| To Provide Land for Residential Commercial and Industrial Development | | | - | - | - | - | - | - | 4 670 | 5 219 | 5 479 |
| To Strengthen integrated planning performance monitoring and evaluation of | | | - | - | - | - | - | - | 10 153 | 13 580 | 14 259 |
| | | | 283 987 | 362 045 | 460 363 | 388 292 | 389 810 | 389 810 | - | - | - |
| Allocations to other priorities | | | | | | | | | | | |
| Total Expenditure | | 1 | 283 987 | 362 045 | 460 363 | 388 292 | 389 810 | 389 810 | 408 393 | 429 994 | 451 494 |

2.3 Measurable performance objectives and indicators

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

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

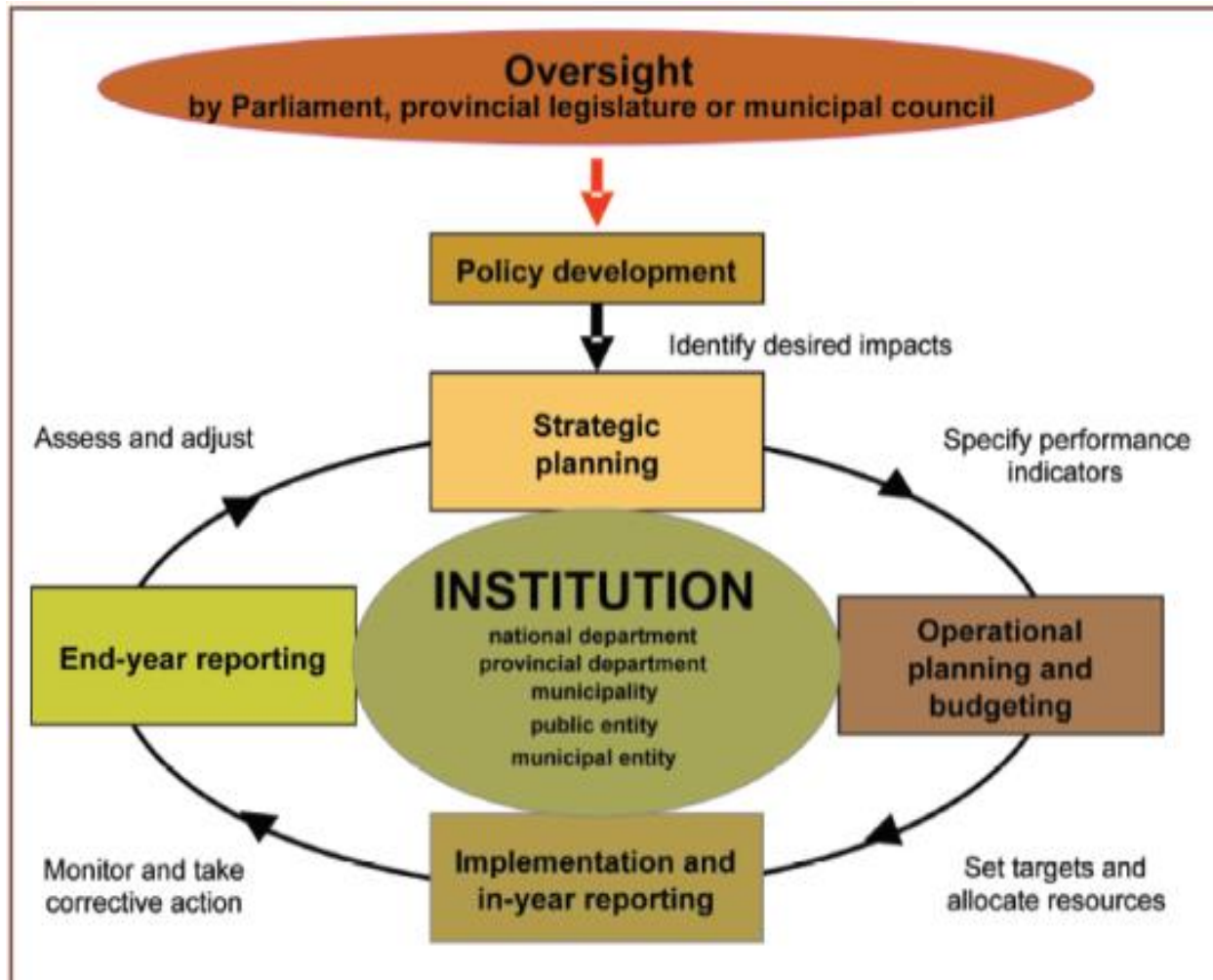


Figure 5 Planning, Budgeting and Reporting Cycle

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

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitor and checking on the progress against plan);
- Measurement (indicators of success)
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and

- Improvement (marking changes where necessary)

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:

Figure 6 Definition of performance information concepts

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

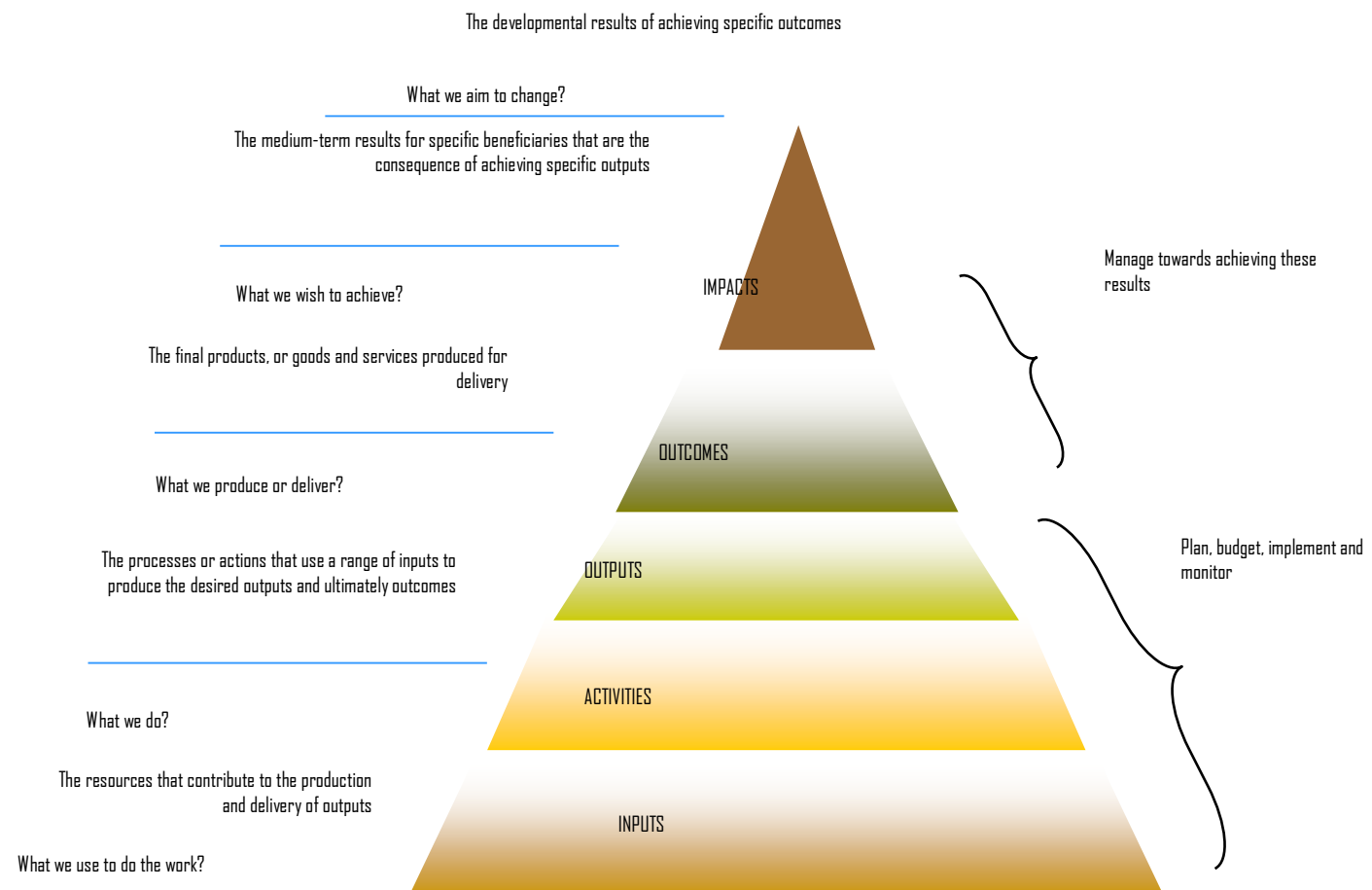


Figure 6 Definition of performance information concepts

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

Table 21MBRR Table SA8 - Performance indicators and benchmarks

| Description of financial indicator | Basis of calculation | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|--|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Borrowing Management | | | | | | | | | | | |
| Credit Rating | | | | | | | | | | | |
| Capital Charges to Operating Expenditure | Interest & Principal Paid /Operating Expenditure | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Capital Charges to Own Revenue | Finance charges & Repayment of borrowing /Own Revenue | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Borrowed funding of 'ow n' capital expenditure | Borrowing/Capital expenditure ex cl. transfers and grants and contributions | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Safety of Capital | | | | | | | | | | | |
| Gearing | Long Term Borrowing/ Funds & Reserves | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Liquidity | | | | | | | | | | | |
| Current Ratio | Current assets/current liabilities | 3.2 | 2.3 | 2.7 | 5.6 | 2.4 | 2.4 | - | 2.4 | 10.1 | 2.0 |
| Current Ratio adjusted for aged debtors | Current assets less debtors > 90 days/current liabilities | 3.2 | 2.3 | 2.7 | 5.6 | 2.4 | 2.4 | - | 2.4 | 10.1 | 2.0 |
| Liquidity Ratio | Monetary Assets/Current Liabilities | 1.7 | 1.3 | 1.3 | 3.4 | 0.8 | 0.8 | - | 1.2 | 1.6 | 0.9 |
| Revenue Management | | | | | | | | | | | |
| Annual Debtors Collection Rate (Payment Level %) | Last 12 Mths Receipts/Last 12 Mths Billing | | 87.1% | 63.1% | 47.6% | 86.7% | 90.0% | 90.0% | 0.0% | 113.2% | 130.4% |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue) | | 97.6% | 63.1% | 47.6% | 86.7% | 90.0% | 90.0% | 0.0% | 113.2% | 130.4% | 97.8% |
| Outstanding Debtors to Revenue | Total Outstanding Debtors to Annual Revenue | 21.0% | 31.3% | 36.0% | 21.2% | 37.3% | 37.3% | 0.0% | 27.9% | 128.1% | 22.0% |
| Longstanding Debtors Recovered | Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old | | | | | | | | | | |
| Creditors Management | | | | | | | | | | | |
| Creditors System Efficiency | % of Creditors Paid Within Terms (within 'MFMA' s 65(e)) | | | | | | | | | | |
| Creditors to Cash and Investments | | 32.0% | 18.4% | 23.2% | 35.6% | 49.2% | 49.2% | 0.0% | 39.4% | 44.8% | 50.1% |
| Other Indicators | | | | | | | | | | | |
| Electricity Distribution Losses (2) | Total Volume Losses (kW) | | | | | | | | | | |
| | Total Cost of Losses (Rand '000) | | | | | | | | | | |
| | % Volume (units purchased and generated less units sold)/units purchased and generated | | | | | | | | | | |
| Water Distribution Losses (2) | Total Volume Losses (kℓ) | | | | | | | | | | |
| | Total Cost of Losses (Rand '000) | | | | | | | | | | |
| | % Volume (units purchased and generated less units sold)/units purchased and generated | | | | | | | | | | |
| Employee costs | Employee costs/(Total Revenue - capital revenue) | 30.9% | 33.0% | 29.5% | 31.1% | 31.6% | 31.6% | 0.0% | 30.7% | 30.5% | 30.4% |
| Remuneration | Total remuneration/(Total Revenue - capital revenue) | 35.4% | 39.2% | 34.8% | 36.9% | 37.5% | 37.5% | | 35.9% | 35.5% | 35.5% |
| Repairs & Maintenance | R&M/(Total Revenue excluding capital revenue) | 0.0% | -0.1% | -1.5% | 6.2% | 6.0% | 6.0% | | 5.4% | 5.4% | 5.4% |
| Finance charges & Depreciation | FC&D/(Total Revenue - capital revenue) | 11.7% | 17.0% | 14.9% | 7.8% | 7.9% | 7.9% | 0.0% | 8.1% | 8.1% | 8.0% |
| IDP regulation financial viability indicators | | | | | | | | | | | |
| i. Debt coverage | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year) | - | - | - | 6.8 | 6.8 | 6.8 | - | 12.3 | 12.6 | 13.2 |
| ii. O/S Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services | 70.7% | 112.2% | 126.2% | 72.4% | 127.9% | 127.9% | 0.0% | 96.9% | 434.3% | 74.7% |
| iii. Cost coverage | (Available cash + Investments)/monthly fixed operational expenditure | 3.9 | 12.3 | 8.0 | 5.0 | 3.1 | 3.1 | - | 3.7 | 3.2 | 2.3 |

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

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

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.3.1.3 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 1, hence at no point in time should this ratio be less than 1. For the 2020/21 MTREF the current ratio is 1.4 in the 2020/21 financial year and 1.3 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *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.

2.3.1.4 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, and credit control and debt collection.

2.3.1.5 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 favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to increase over the MTREF.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

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

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2020/21 financial year 19 000 registered indigents have been provided for in the budget with this figured increasing to 21 000 by 2022/23. In terms of the Municipality's indigent policy registered households are entitled to 50 kWh of electricity and free waste removal as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 52.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.4 OVERVIEW OF BUDGET RALATED POLICIES

As listed hereunder are all the policies that are current adopted by Council

- 1.1. Appointment of consultant's policy,
- 1.2. Banking and investments policy,
- 1.3. Budget policy,
- 1.4. Cash management policy,
- 1.5. Cash shortage policy,
- 1.6. Credit control and debt collection policy,
- 1.7. Cost containment policy ,
- 1.8. Customer care policy,
- 1.9. Customer incentive scheme policy,
- 1.10. Data backup policy,
- 1.11. Debt capacity policy,
- 1.12. Donor finance policy,
- 1.13. Electricity token policy,
- 1.14. Entertainment & refreshments policy,
- 1.15. Unclaimed deposits policy,
- 1.16. Fraud prevention plan 2020-21,
- 1.17. Gifts policy for officials,
- 1.18. Grants & donation policy,
- 1.19. GRAP framework policy,
- 1.20. Impairment and write off policy,
- 1.21. Cash-up Policy,
- 1.22. Fixed Assets Policy,
- 1.23. Payment Policy,
- 1.24. Petty Cash Policy,
- 1.25. Rates Policy,
- 1.26. Special Services Policy,
- 1.27. Strategy to improve Debtor policy,
- 1.28. Supply Chain Management Policy,
- 1.29. Tariff Policy,
- 1.30. Use of Credit Card Policy and
- 1.31. Virement Policy.
- 1.32. Infrastructure procurement and delivery management policy.
- 1.33. Amended Indigent Policy of 2020/21

Overview of Budget Assumptions

Arising from the above Overview of Economic Analysis, the following Budget Assumptions were made and are affected in the 2020/21 budget:

✚ Estimate Salary Increases

- 2020/21 – 6.25%
- 2021/22 – 7%
- 2022/23 – 7%

✚ Debt Impairment: the overall collection levels are estimate around 85% overall for the MLM.

Payment levels for the following revenue streams have been estimated as follows:

- Property Rates (85% in 2020/21)
- Electricity (85% in 2020/21)
- Refuse (85% in 2020/21)

✚ Other expenditure: In order to accommodate the increases in salaries, bulk purchases, debt

Impairment and depreciation, it means that all other expenditure will increase at a reduced rate or maintained at the current levels;

✚ Matatiele Local Municipality will continue with its current powers and functions;

✚ The Budget is based on current service levels.

✚ Government grants for the years 2020/21- 2022/23 are as per the Division of Revenue Act, assuming that all allocations will be received;

✚ Growth in staff related costs has been provided for in the budget at 6.25% per annum, growth in the remaining expense items range from 0% to 10%;

✚ Provision has been made for tariff increases relating to services at an average rate of 5% per annum; and

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

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

Table 1 Breakdown of the operating revenue over the medium-term

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).

- The revenue strategy is a function of key components such as:
 - Growth in the municipality and economic development;
 - Revenue management and enhancement;
 - Achievement of a 85 per cent annual collection rate for consumer revenue;
 - National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The tariff increases for the 2020/21 MTREF on the different revenue categories are:

Proposed tariff increases over the medium-term- solid waste removal

| | DESCRIPTION | CURRENT TARIFF VAT EXCLUDED 2019/2020 | Increase for 2020/2021 | NEW TARIFF 2020/2021 (Effective from 1 July 2020) |
|--|--|--|---------------------------|--|
| | REFUSE REMOVAL CHARGES | | | |
| | <i>Domestic Removals</i> | | | |
| | Every owner or occupier of premises from which refuse is removed twice weekly shall pay the Council a fee of per bag per month. | R 132.56 | 5% | R 139.19 |
| | <i>Commercial Removals</i> | | | |
| | Each individual/separate business shall be charged a basic service charge per month. | R 198.83 | 5% | R 208.77 |
| | In addition to 1.2 every owner or occupier of business premises from which refuse is removed, shall pay the Council a fee of per bag per month, removal twice weekly. | R 198.83 | 5% | R 208.77 |
| | Provided that Council may at any time conclude separate agreements with commercial users who require that refuse be removed more than twice a week. The above tariff shall be the applicable tariff. | | | |
| | <i>Removal from Separate Consumers on same Premises</i> | | | |
| | Where refuse is removed from shops and dwellings or flats situated on the same premises such shops and dwellings or flats shall be regarded as separately occupied buildings, and the charges for the removal of refuse shall be as prescribed in applicable scales. | | | |
| | <i>Availability Charge</i> | | | |
| | A availability fee , is charged to any vacant commercial erven located in the town areas of Cedarville, Matatiele and Maluti. | R 224.70 | 5% | R 235.94 |
| | A availability fee , is charged to any vacant domestic erven located in the town areas of Cedarville, Matatiele and Maluti. | R 112.35 | 5% | R 117.97 |

Proposed tariff increases over the medium-term- Electricity

| | DESCRIPTION | CURRENT TARIFF VAT EXCLUDED 2019/2020 | Increase for 2020/2021 | NEW TARIFF 2020/2021 (Effective from 1 July 2020) |
|-----|---|--|---------------------------|--|
| | Scale 1: Domestic Consumers | | | |
| | Basic charge, single or three phase per household per month. Plus the following kWh charges per month. | R 434.53 | 6.22% | R 461.56 |
| | 0-50 | R 0.96 | 6.22% | R 1.02 |
| | 51-350 | R 1.25 | 6.22% | R 1.33 |
| | 351-600 | R 1.77 | 6.22% | R 1.88 |
| | 600 over | R 2.12 | 6.22% | R 2.25 |
| | Scale 2: Commercial & Other Consumers | | | |
| | Basic charge of consumers with the following kVA installed per month | | | |
| | 0 - 25 KVA | R 481.86 | 6.22% | R 511.83 |
| | Commercial unit charge: | R 1.89 | 6.22% | R 2.01 |
| | 26 - 64 KVA | R 1 796.28 | 6.22% | R 1 908.01 |
| | Commercial unit charge: | R 1.92 | 6.22% | R 2.04 |
| | 65 KVA and more | R 10 510.43 | 6.22% | R 11 164.18 |
| | Commercial unit charge: | R 1.92 | 6.22% | R 2.04 |
| (c) | Scale 3: Pre-Paid Metre Units | | | |
| | Domestic: | | | |
| | That a flat rate per kWh | | | |
| | 0-50 | R 0.95 | 6.22% | R 1.01 |
| | 51-350 | R 1.24 | 6.22% | R 1.32 |
| | 351-600 | R 1.76 | 6.22% | R 1.87 |
| | 600 over | R 2.11 | 6.22% | R 2.25 |
| | Commercial Prepaid | | | |
| | That a flat rate per kWh | | | |
| | 0 - 2000 kWh | R 1.92 | 6.22% | R 2.04 |
| (d) | Scale 4: Schools/School Hostels | | | |
| | "Schools defined as the majority of its Teachers paid for by the Government or State Education Department." | | | |
| | Basic Charges per month, | R 346.66 | 6.22% | R 368.22 |
| | Plus the following charger per kWh per month | R - | | |
| | 0 - 2000 kWh | R 1.30 | 6.22% | R 1.39 |
| | 2000 - and more | R 1.30 | 6.22% | R 1.39 |

Table 2MBRR SA16 – Investment particulars by maturity

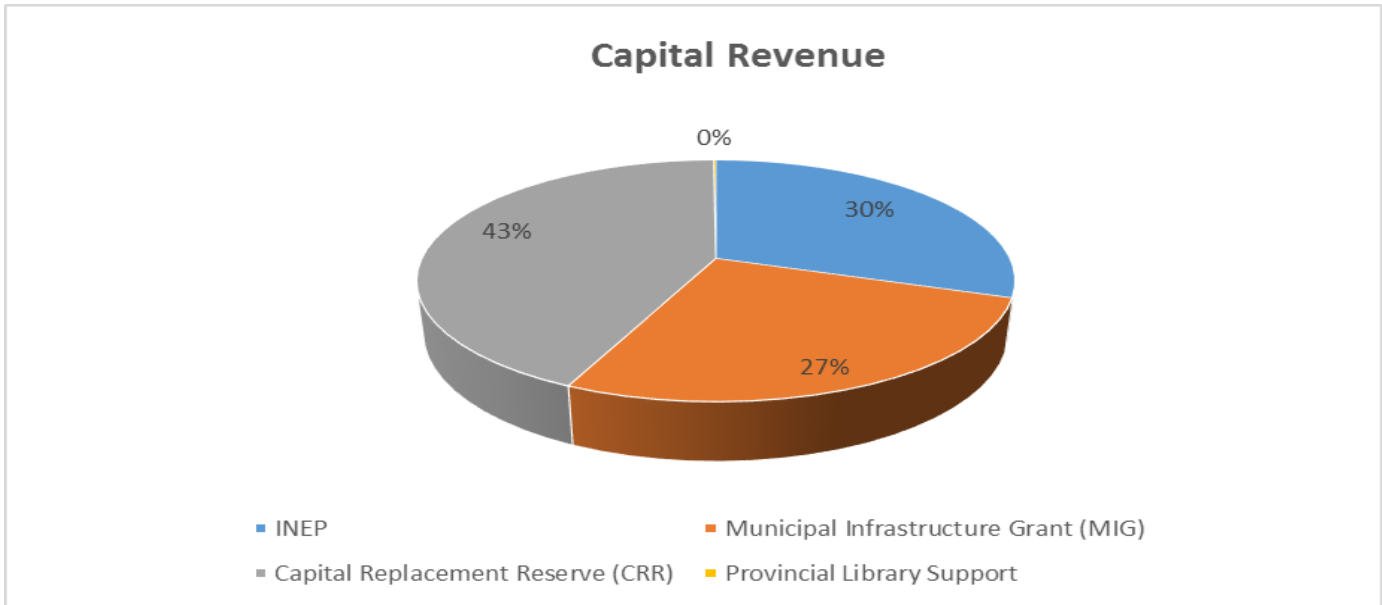
| Investments by Maturity | Ref | Period of Investment | Type of Investment | Capital Guarantee (Yes/ No) | Variable or Fixed interest rate | Interest Rate * | Commission Paid (Rands) | Commission Recipient | Expiry date of investment | Opening balance | Interest to be realised | Partial / Premature Withdrawal (4) | Investment Top Up | Closing Balance |
|---------------------------------------|----------|----------------------|--------------------|-----------------------------|---------------------------------|-----------------|-------------------------|----------------------|---------------------------|-----------------|-------------------------|------------------------------------|-------------------|-----------------|
| Name of institution & investment ID | 1 | Yrs/Months | | | | | | | | | | | | |
| Parent municipality | | | | | | | | | | | | | | |
| CALL ACC STD | | DAILY | CALL | YES | 5% | | 0 | | | 24 106 | 108 | | 10 300 | - |
| CALL ACC STD | | DAILY | CALL | YES | 5% | | 0 | | | 10 150 | 40 | | 40 | - |
| CALL ACC FNB | | DAILY | MONEY MARKET | YES | 5% | | 0 | | | 6 805 | 30 | | | - |
| NEDBANK 32 DAY CALL | | 32 DAY | 32 DAY | YES | 7% | | 0 | | | 5 605 | 33 | | 33 | - |
| NEDBANK | | DAILY | DAILY CALL | YES | 6% | | 0 | | | 16 055 | 321 | (10 027 393.97) | 168 | - |
| NEDBANK MIG ACC | | DAILY | DAILY CALL | YES | 6% | | 0 | | | 20 004 | 215 | | 215 | - |
| NEDBANK DOE ACC | | DAILY | DAILY CALL | YES | 6% | | 0 | | | 17 936 | 105 | (786 972.50) | 105 | - |
| NEDBANK RETENTION ACC | | DAILY | DAILY CALL | YES | 6% | | 0 | | | 5 506 | 38 | (5 732 240.18) | 10 038 | - |
| NEDBANK SMARTGRID | | DAILY | DAILY CALL | YES | 6% | | 0 | | | 5 087 | 27 | | 27 | - |
| NEDBANK MAN OF PLANT | | DAILY | DAILY CALL | YES | 6% | | 0 | | | 49 | 0 | | 0 | - |
| NEDBANK ELECTRIFICATION | | DAILY | DAILY CALL | YES | 5% | | 0 | | | 5 111 | 27 | | 27 | - |
| FNB ESTABLISHMENT PLAN | | DAILY | MONEY MARKET | YES | 5% | | 0 | | | 245 | 1 | | 1 | - |
| FNB HOUSING DEV FUND | | DAILY | MONEY MARKET | YES | 5% | | 0 | | | 50 011 | 305 | | 305 | - |
| FNB TOURISM | | DAILY | MONEY MARKET | YES | 5% | | 0 | | | 178 | | | | - |
| Municipality sub-total | | | | | | | | | | 166 848 | | (16 547) | 21 260 | - |
| Entities | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| Entities sub-total | | | | | | | | | | - | | - | - | - |
| TOTAL INVESTMENTS AND INTEREST | 1 | | | | | | | | | 166 848 | | (16 547) | 21 260 | - |

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2020/21 medium-term capital programme:
Sources of capital revenue for the 2020/21 financial year

| FUNDING OF CAPITAL BUDGET | 2020/21 |
|--------------------------------------|--------------------|
| INEP | R 52 591 000 |
| Municipal Infrastructure Grant (MIG) | R 46 489 200 |
| Capital Replacement Reserve (CRR) | R 74 973 504 |
| Provincial Library Support | R260 000 |
| TOTAL | 174 313 696 |

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



The Municipality’s capital reserves fund the major part of the municipal capital expenditure.

The following table is of the Municipality's borrowing liability, which is not applicable for the 2020/21 as we have no long term debt

Table 3MBRR Table SA 17 - Detail of borrowings

| Borrowing - Categorised by type R thousand | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Parent municipality | | | | | | | | | | |
| Annuity and Bullet Loans | | - | - | - | - | - | - | - | - | - |
| Long-Term Loans (non-annuity) | | - | - | - | - | - | - | - | - | - |
| Local registered stock | | - | - | - | - | - | - | - | - | - |
| Instalment Credit | | - | - | - | - | - | - | - | - | - |
| Financial Leases | | - | - | - | - | - | - | - | - | - |
| PPP liabilities | | - | - | - | - | - | - | - | - | - |
| Finance Granted By Cap Equipment Supplier | | - | - | - | - | - | - | - | - | - |
| Marketable Bonds | | - | - | - | - | - | - | - | - | - |
| Non-Marketable Bonds | | - | - | - | - | - | - | - | - | - |
| Bankers Acceptances | | - | - | - | - | - | - | - | - | - |
| Financial derivatives | | - | - | - | - | - | - | - | - | - |
| Other Securities | | - | - | - | - | - | - | - | - | - |
| Municipality sub-total | 1 | - | - | - | - | - | - | - | - | - |
| Total Borrowing | 1 | - | - | - | - | - | - | - | - | - |
| Unspent Borrowing - Categorised by type | | | | | | | | | | |
| Parent municipality | | | | | | | | | | |
| Long-Term Loans (annuity/reducing balance) | | - | - | - | - | - | - | - | - | - |
| Long-Term Loans (non-annuity) | | - | - | - | - | - | - | - | - | - |
| Local registered stock | | - | - | - | - | - | - | - | - | - |
| Instalment Credit | | - | - | - | - | - | - | - | - | - |
| Financial Leases | | - | - | - | - | - | - | - | - | - |
| PPP liabilities | | - | - | - | - | - | - | - | - | - |
| Finance Granted By Cap Equipment Supplier | | - | - | - | - | - | - | - | - | - |
| Marketable Bonds | | - | - | - | - | - | - | - | - | - |
| Non-Marketable Bonds | | - | - | - | - | - | - | - | - | - |
| Bankers Acceptances | | - | - | - | - | - | - | - | - | - |
| Financial derivatives | | - | - | - | - | - | - | - | - | - |
| Other Securities | | - | - | - | - | - | - | - | - | - |
| Municipality sub-total | 1 | - | - | - | - | - | - | - | - | - |
| Total Unspent Borrowing | 1 | - | - | - | - | - | - | - | - | - |

Table 41 MBRR Table SA 18 - Capital transfers and grants receipts

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Capital Transfers and Grants | | | | | | | | | | |
| National Government: | | 127 012 | 119 423 | 104 386 | 116 969 | 128 432 | 128 432 | 101 527 | 127 554 | 135 922 |
| Municipal Infrastructure Grant (MIG) | | 47 012 | 76 118 | 43 080 | 70 177 | 70 177 | 70 177 | 52 591 | 74 500 | 79 854 |
| Integrated National Electrification Programme (Municipal) | | 80 000 | 43 306 | 61 306 | 46 792 | 58 255 | 58 255 | 48 936 | 53 054 | 56 068 |
| Provincial Government: | | - | - | 557 | 90 | 90 | 90 | - | - | - |
| Capacity Building and Other | | - | - | - | 90 | 90 | 90 | - | - | - |
| Libraries, Archives and Museums | | - | 1 | 557 | - | - | - | - | - | - |
| District Municipality: | | - | - | - | - | - | - | - | - | - |
| [insert description] | | - | - | - | - | - | - | - | - | - |
| Other grant providers: | | - | 9 306 | 2 874 | - | - | - | - | - | - |
| Electrification Programme | | - | 9 306 | 2 874 | - | - | - | - | - | - |
| Total Capital Transfers and Grants | 5 | 127 012 | 128 729 | 107 817 | 117 059 | 128 522 | 128 522 | 101 527 | 127 554 | 135 922 |

2.6.3 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 understand ability for councillors 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 42 MBRR Table A7 - Budget cash flow statement

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|--|-----|------------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand | | | | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Property rates | | 25 919 | 17 489 | 1 | 43 322 | 39 690 | 39 690 | - | 49 807 | 99 574 | 54 912 |
| Service charges | | 54 321 | 35 272 | 49 707 | 53 895 | 61 270 | 61 270 | - | 82 700 | 65 678 | 75 402 |
| Other revenue | | 12 352 | 264 176 | 116 518 | 21 119 | 8 181 | 8 181 | - | 8 726 | 8 434 | 9 621 |
| Transfers and Subsidies - Operational | 1 | 159 992 | 188 694 | 240 745 | 240 436 | 240 436 | 240 436 | - | 256 212 | 245 603 | 281 432 |
| Transfers and Subsidies - Capital | 1 | 152 934 | 139 396 | 73 290 | 119 522 | 119 522 | 119 522 | - | 101 527 | 116 924 | 135 922 |
| Interest | | 14 266 | - | - | - | 21 428 | 21 428 | - | 11 799 | 12 389 | 13 008 |
| Dividends | | - | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | | |
| Suppliers and employees | | (231 600) | (264 386) | (281 152) | (352 344) | (355 362) | (355 362) | - | (370 283) | (389 978) | (409 477) |
| Finance charges | | (34) | (8) | (5) | - | - | - | - | - | - | - |
| Transfers and Grants | 1 | (18 265) | - | (150) | - | - | - | - | - | - | - |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | 169 885 | 380 633 | 198 955 | 125 951 | 135 164 | 135 164 | - | 140 489 | 158 623 | 160 820 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Proceeds on disposal of PPE | | 823 | - | - | - | - | - | - | - | - | - |
| Decrease (increase) in non-current receivables | | (8 627) | - | - | - | - | - | - | - | - | - |
| Decrease (increase) in non-current investments | | 375 | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | | |
| Capital assets | | (138 829) | (139 800) | (145 577) | (125 574) | (178 384) | (178 384) | - | (174 314) | (184 724) | (198 810) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | (146 258) | (139 800) | (145 577) | (125 574) | (178 384) | (178 384) | - | (174 314) | (184 724) | (198 810) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Short term loans | | - | - | - | - | - | - | - | - | - | - |
| Borrowing long term/refinancing | | - | - | - | - | - | - | - | - | - | - |
| Increase (decrease) in consumer deposits | | - | 1 180 | 75 | (954) | 954 | 954 | - | 13 | 13 | 13 |
| Payments | | | | | | | | | | | |
| Repayment of borrowing | | - | - | - | - | - | - | - | - | - | - |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | - | 1 180 | 75 | (954) | 954 | 954 | - | 13 | 13 | 13 |
| NET INCREASE/ (DECREASE) IN CASH HELD | | 23 628 | 242 013 | 53 453 | (578) | (42 266) | (42 266) | - | (33 812) | (26 088) | (37 977) |
| Cash/cash equivalents at the year begin: | 2 | 48 284 | 3 972 | 119 869 | 132 257 | 123 997 | 123 997 | - | 136 883 | 117 708 | 106 990 |
| Cash/cash equivalents at the year end: | 2 | 71 912 | 245 985 | 173 322 | 131 679 | 81 731 | 81 731 | - | 103 071 | 91 620 | 69 013 |

2.6.4 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 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|------------------|------------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Cash and investments available | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 1 | 71 912 | 245 985 | 173 322 | 131 679 | 81 731 | 81 731 | - | 103 071 | 91 620 | 69 013 |
| Other current investments > 90 days | | - | (126 116) | (49 324) | (4 546) | (209) | (209) | - | 14 637 | 15 369 | 16 138 |
| Non current assets - Investments | 1 | - | - | - | - | - | - | - | - | - | - |
| Cash and investments available: | | 71 912 | 119 869 | 123 997 | 127 134 | 81 522 | 81 522 | - | 117 708 | 106 990 | 85 151 |
| Application of cash and investments | | | | | | | | | | | |
| Unspent conditional transfers | | 4 030 | 9 821 | 3 236 | 10 411 | 3 236 | 3 236 | - | 3 270 | (29 653) | 3 340 |
| Unspent borrowing | | - | - | - | - | - | - | - | - | - | - |
| Statutory requirements | 2 | | | | | | | | | | |
| Other working capital requirements | 3 | (21 991) | (255 025) | (137 858) | (26 841) | (78 281) | (78 281) | - | (76 296) | (606 326) | (55 128) |
| Other provisions | | | | | | | | | | | |
| Long term investments committed | 4 | - | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | 5 | | | | | | | | | | |
| Total Application of cash and investments: | | (17 961) | (245 204) | (134 622) | (16 431) | (75 045) | (75 045) | - | (73 026) | (635 979) | (51 788) |
| Surplus(shortfall) | | 89 873 | 365 073 | 258 619 | 143 565 | 156 566 | 156 566 | - | 190 734 | 742 969 | 136 939 |

2.6.5 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 44MBRR SA10 – Funding compliance measurement

| Description | MFMA section | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|---|--------------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Funding measures | | | | | | | | | | | | |
| Cash/cash equivalents at the year end - R'000 | 18(1)b | 1 | 71 912 | 245 985 | 173 322 | 131 679 | 81 731 | 81 731 | – | 103 071 | 91 620 | 69 013 |
| Cash + investments at the yr end less applications - R'000 | 18(1)b | 2 | 89 873 | 365 073 | 258 619 | 143 565 | 156 566 | 156 566 | – | 190 734 | 742 969 | 136 939 |
| Cash year end/monthly employee/supplier payments | 18(1)b | 3 | 3.9 | 12.3 | 8.0 | 5.0 | 3.1 | 3.1 | – | 3.7 | 3.2 | 2.3 |
| Surplus/(Deficit) excluding depreciation offsets: R'000 | 18(1) | 4 | 139 504 | 70 492 | 16 451 | 117 059 | 126 059 | 126 059 | – | 101 528 | 129 197 | 137 943 |
| Service charge rev % change - macro CPIX target exclusive | 18(1)a,(2) | 5 | N.A. | (4.2%) | 18.8% | 1.4% | (6.0%) | (6.0%) | (106.0%) | (1.7%) | 2.3% | (0.8%) |
| Cash receipts % of Ratepayer & Other revenue | 18(1)a,(2) | 6 | 90.9% | 316.2% | 133.9% | 89.4% | 82.0% | 82.0% | 0.0% | 102.7% | 117.1% | 89.7% |
| Debt impairment expense as a % of total billable revenue | 18(1)a,(2) | 7 | 1.5% | (0.1%) | 5.6% | 4.9% | 3.6% | 3.6% | 0.0% | 4.3% | 4.1% | 4.1% |
| Capital payments % of capital expenditure | 18(1)c;19 | 8 | 99.2% | 153.6% | 117.0% | 70.4% | 95.2% | 95.2% | 0.0% | 100.0% | 100.0% | 100.0% |
| Borrowing receipts % of capital expenditure (excl. transfers) | 18(1)c | 9 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Grants % of Govt. legislated/gazetted allocations | 18(1)a | 10 | | | | | | | | 0.0% | 0.0% | 0.0% |
| Current consumer debtors % change - incr(decr) | 18(1)a | 11 | N.A. | 62.0% | 40.0% | (38.0%) | 75.3% | 0.0% | (100.0%) | (21.2%) | 385.6% | (81.9%) |
| Long term receivables % change - incr(decr) | 18(1)a | 12 | N.A. | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| R&M % of Property Plant & Equipment | 20(1)(vi) | 13 | 0.0% | (0.0%) | (0.6%) | 2.1% | 2.1% | 2.1% | 0.0% | 2.0% | 2.1% | 2.8% |
| Asset renewal % of capital budget | 20(1)(vi) | 14 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| High Level Outcome of Funding Compliance | | | | | | | | | | | | |
| Total Operating Revenue | | | 279 653 | 303 807 | 368 997 | 388 292 | 387 348 | 387 348 | – | 408 394 | 431 637 | 453 515 |
| Total Operating Expenditure | | | 283 987 | 362 045 | 460 363 | 388 292 | 389 810 | 389 810 | – | 408 393 | 429 994 | 451 494 |
| Surplus/(Deficit) Budgeted Operating Statement | | | (4 335) | (58 238) | (91 366) | 0 | (2 463) | (2 463) | – | 1 | 1 643 | 2 021 |
| Surplus/(Deficit) Considering Reserves and Cash Backing | | | 89 873 | 365 073 | 258 619 | 143 565 | 156 566 | 156 566 | – | 190 734 | 742 969 | 136 939 |
| MTREF Funded (1) / Unfunded (0) | | 15 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| MTREF Funded ✓ / Unfunded ✗ | | 15 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

2.6.5.1 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.

2.6.5.2 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 Table 43, on page 84. 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.

2.6.5.3 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. It is especially important to consider the position should the municipality be faced with an expected disaster that threatens revenue collection such as rate boycotts. As part of the 2020/21 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.3 and then increase slightly to 9 for outer years. As indicated above the Municipality aims to archive at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.5.4 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.

It needs to be noted that a surplus 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.

2.6.5.5 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 present). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 9% for the respective financial year of the 2019/20 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 5 per cent, with the increase in electricity at 1.88 per cent it is to be expected that the increase in revenue exceed the inflation target figures.

2.6.5.6 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 85 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. 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.

2.6.5.7 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. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.5.8 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 timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

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.

2.6.5.10 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 debtor's accounts within 30 days.

2.6.5.11 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.

2.6.5.12 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 (since MFMA Circular 28 which was issued in December 2005) 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.

Table 45 MBRR SA19 - Expenditure on transfers and grant programmes

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| EXPENDITURE: | 1 | | | | | | | | | |
| Operating expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | 176 032 | 189 039 | 221 316 | 242 390 | 240 156 | 240 156 | 254 000 | 267 016 | 280 366 |
| Local Government Equitable Share | | 170 266 | 183 880 | 213 561 | 234 970 | 234 454 | 234 454 | 248 801 | 261 557 | 274 634 |
| Expanded Public Works Programme Integrated Grant | | 1 790 | 2 780 | 3 185 | 3 257 | 3 257 | 3 257 | 3 499 | 3 674 | 3 858 |
| Local Government Financial Management Grant | | 1 625 | 1 500 | 1 484 | 1 700 | 1 700 | 1 700 | 1 700 | 1 785 | 1 874 |
| Municipal Disaster Grant | | 2 351 | | | | 745 | 745 | | | |
| Municipal Infrastructure Grant | | | 778 | | | | | | | |
| | | | 101 | 3 085 | 2 463 | | | | | |
| Provincial Government: | | – | 376 | 653 | 760 | 560 | 560 | 930 | 977 | 1 025 |
| Capacity Building and Other | | | | | 760 | 560 | 560 | 930 | 977 | 1 025 |
| Human Settlement Development IDP | | | 367 | 498 | | | | | | |
| Libraries, Archives and Museums | | | 8 | 155 | | | | | | |
| Library Service | | | | | | | | | | |
| District Municipality: | | – | – | – | – | – | – | – | – | – |
| <i>[insert description]</i> | | | | | | | | | | |
| Other grant providers: | | – | – | – | – | – | – | – | – | – |
| <i>[insert description]</i> | | | | | | | | | | |
| Total operating expenditure of Transfers and Grants: | | 176 032 | 189 415 | 221 969 | 243 150 | 240 716 | 240 716 | 254 930 | 267 992 | 281 392 |
| Capital expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | 127 012 | 104 642 | 124 856 | 116 969 | 125 969 | 125 969 | 99 080 | 127 553 | 135 922 |
| Municipal Infrastructure Grant (MIG) | | 47 012 | 66 647 | 36 843 | 70 177 | 70 177 | 70 177 | 52 591 | 74 499 | 79 854 |
| Integrated National Electrification Programme (Municipal Grant) | | 80 000 | 37 995 | 88 013 | 46 792 | 55 792 | 55 792 | 46 489 | 53 054 | 56 068 |
| Provincial Government: | | – | – | – | 90 | 90 | 90 | 260 | – | – |
| Capacity Building and Other | | | | | 90 | 90 | 90 | 260 | | |
| Libraries, Archives and Museums | | | 83 | 557 | | | | | | |
| District Municipality: | | – | – | – | – | – | – | – | – | – |
| <i>[insert description]</i> | | | | | | | | | | |
| Other grant providers: | | – | – | – | – | – | – | – | – | – |
| <i>Electrification Programme</i> | | | | | | | | | | |
| Total capital expenditure of Transfers and Grants | | 127 012 | 104 642 | 124 856 | 117 059 | 126 059 | 126 059 | 99 340 | 127 553 | 135 922 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | | 303 044 | 294 057 | 346 824 | 360 209 | 366 775 | 366 775 | 354 271 | 395 545 | 417 314 |

2.8 Table 4MBRR SA23 - Summary of councillor and staff benefits

| Disclosure of Salaries, Allowances & Benefits 1. | Ref | No. | Salary | Contribution | Allowances | Performance Bonuses | In-kind benefits | Total Package |
|--|------|-----|-------------------|------------------|-------------------|---------------------|------------------|-------------------|
| Rand per annum | | | | 1. | | | | 2. |
| Councillors | 3 | | | | | | | |
| Speaker | 4 | | 512 928 | 18 492 | 224 652 | | | 756 072 |
| Chief Whip | | | 498 204 | – | 213 594 | | | 711 798 |
| Executive Mayor | | | 617 928 | 46 344 | 268 932 | | | 933 204 |
| Deputy Executive Mayor | | | – | – | – | | | – |
| Executive Committee | | | 3 962 664 | 165 120 | 1 539 492 | | | 5 667 276 |
| Section 79 Committee | | | 454 128 | 34 056 | 210 240 | | | 698 424 |
| Total for all other councillors | | | 7 522 464 | 651 271 | 4 596 539 | | | 12 770 274 |
| Total Councillors | 8 | – | 13 568 316 | 915 283 | 7 053 449 | | | 21 537 048 |
| Senior Managers of the Municipality | 5 | | | | | | | |
| Municipal Manager (MM) | | | 991 528 | 15 454 | 541 968 | – | | 1 548 950 |
| Chief Finance Officer | | | 450 164 | 9 112 | 461 153 | – | | 920 429 |
| General Manager :Corporate Services | | | 266 736 | 66 815 | 934 757 | – | | 1 268 308 |
| General Manager :Community Services | | | 563 064 | 53 591 | 370 837 | – | | 987 492 |
| General Manager : EDP | | | 369 750 | 12 654 | 883 759 | – | | 1 266 163 |
| General Manager : Infrastructure | | | 472 362 | 9 117 | 427 455 | – | | 908 934 |
| List of each official with packages >= senior manager | | | | | | | | – |
| Total Senior Managers of the Municipality | 8,10 | – | 3 113 603 | 166 743 | 3 619 929 | – | | 6 900 276 |
| TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION | 10 | – | 16 681 919 | 1 082 026 | 10 673 378 | – | | 28 437 324 |

Table 49 MBRR SA24–Summary of personnel numbers

| Summary of Personnel Numbers Number | Ref 1,2 | 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 |
| Municipal Council and Boards of Municipal Entities | | | | | | | | | | |
| Councillors (Political Office Bearers plus Other Councillors) | | 61 | – | 61 | 61 | – | 60 | 51 | – | 51 |
| Board Members of municipal entities | 4 | | | | – | – | – | | | |
| Municipal employees | 5 | | | | – | – | – | | | |
| Municipal Manager and Senior Managers | 3 | 6 | – | 6 | 6 | – | 4 | 6 | – | 6 |
| Other Managers | 7 | 20 | – | 20 | 21 | – | 19 | 21 | – | 21 |
| Professionals | | 44 | 40 | 4 | 153 | 138 | 3 | 87 | 84 | 3 |
| <i>Finance</i> | | 11 | 10 | 1 | 40 | 35 | – | 19 | 19 | – |
| <i>Spatial/town planning</i> | | 2 | 2 | – | 14 | 13 | – | 4 | 4 | – |
| <i>Information Technology</i> | | 1 | 1 | – | 9 | 8 | – | 1 | 1 | – |
| <i>Roads</i> | | 6 | 3 | 3 | – | – | – | 7 | 4 | 3 |
| <i>Electricity</i> | | 6 | 6 | – | – | – | – | – | – | – |
| <i>Water</i> | | | | | – | – | – | – | – | – |
| <i>Sanitation</i> | | | | | – | – | – | – | – | – |
| <i>Refuse</i> | | | | | – | – | – | 1 | 1 | – |
| <i>Other</i> | | 18 | 18 | – | 90 | 82 | 3 | 55 | 55 | – |
| Technicians | | 102 | 102 | – | 6 | 6 | – | 58 | 58 | – |
| <i>Finance</i> | | 18 | 18 | – | – | – | – | 8 | 8 | – |
| <i>Spatial/town planning</i> | | 2 | 2 | – | – | – | – | – | – | – |
| <i>Information Technology</i> | | 4 | 4 | – | 1 | 1 | – | 7 | 7 | – |
| <i>Roads</i> | | 3 | 3 | – | – | – | – | 9 | 9 | – |
| <i>Electricity</i> | | | | | 3 | 3 | – | 3 | 3 | – |
| <i>Water</i> | | | | | – | – | – | – | – | – |
| <i>Sanitation</i> | | | | | – | – | – | – | – | – |
| <i>Refuse</i> | | 1 | 1 | – | – | – | – | 1 | 1 | – |
| <i>Other</i> | | 74 | 74 | – | 2 | 2 | – | 30 | 30 | – |
| Clerks (Clerical and administrative) | | 48 | 48 | – | – | 66 | 2 | 65 | 39 | 26 |
| Service and sales workers | | 25 | 25 | – | – | 44 | 1 | | | |
| Skilled agricultural and fishery workers | | | | | 2 | 2 | – | | | |
| Craft and related trades | | 9 | 9 | – | – | – | – | | | |
| Plant and Machine Operators | | 13 | 13 | – | 3 | 3 | – | 15 | 15 | – |
| Elementary Occupations | | 93 | 93 | – | 178 | 157 | – | 96 | 96 | – |
| TOTAL PERSONNEL NUMBERS | 9 | 421 | 330 | 91 | 430 | 416 | 89 | 399 | 292 | 107 |
| % increase | | | | | 2.1% | 26.1% | (2.2%) | (7.2%) | (29.8%) | 20.2% |
| Total municipal employees headcount | 6, 10 | 331 | 270 | 61 | 331 | 270 | 61 | | | |
| Finance personnel headcount | 8, 10 | 40 | 34 | 6 | 40 | 34 | 6 | 32 | 27 | 5 |
| Human Resources personnel headcount | 8, 10 | 13 | 12 | 1 | 13 | 12 | 1 | 13 | 12 | 1 |

2.9 Monthly targets for revenue, expenditure and cash flow

Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure

| Description | Ref | 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 |
| R thousand | | | | | | | | | | | | | | | | |
| Revenue By Source | | | | | | | | | | | | | | | | |
| Property rates | | 4 016 | 4 016 | 4 016 | 4 016 | 4 016 | 4 016 | 4 016 | 4 016 | 4 016 | 4 016 | 4 016 | 48 190 | 50 600 | 53 129 | |
| Service charges - electricity revenue | | 4 441 | 4 441 | 4 441 | 4 441 | 4 441 | 4 441 | 4 441 | 4 441 | 4 441 | 4 441 | 4 441 | 53 291 | 59 871 | 63 055 | |
| Service charges - water revenue | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Service charges - sanitation revenue | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Service charges - refuse revenue | | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 15 526 | 16 302 | 17 117 | |
| Rental of facilities and equipment | | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 500 | 525 | 551 | |
| Interest earned - external investments | | 1 221 | 1 221 | 1 221 | 1 221 | 1 221 | 1 221 | 1 221 | 1 221 | 1 221 | 1 221 | 1 221 | 14 650 | 15 383 | 16 152 | |
| Interest earned - outstanding debtors | | 983 | 983 | 983 | 983 | 983 | 983 | 983 | 983 | 983 | 983 | 983 | 11 799 | 12 389 | 13 008 | |
| Dividends received | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Fines, penalties and forfeits | | 174 | 174 | 174 | 174 | 174 | 174 | 174 | 174 | 174 | 174 | 174 | 2 094 | 2 198 | 2 308 | |
| Licences and permits | | 377 | 377 | 377 | 377 | 377 | 377 | 377 | 377 | 377 | 377 | 377 | 4 525 | 4 751 | 4 988 | |
| Agency services | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Transfers and subsidies | | 21 351 | 21 351 | 21 351 | 21 351 | 21 351 | 21 351 | 21 351 | 21 351 | 21 351 | 21 351 | 21 351 | 256 212 | 267 930 | 281 432 | |
| Other revenue | | 134 | 134 | 134 | 134 | 134 | 134 | 134 | 134 | 134 | 134 | 134 | 1 608 | 1 688 | 1 773 | |
| Gains | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total Revenue (excluding capital transfers and cont | | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 408 394 | 431 637 | 453 515 | |
| Expenditure By Type | | | | | | | | | | | | | | | | |
| Employee related costs | | 10 436 | 10 436 | 10 436 | 10 436 | 10 436 | 10 436 | 10 436 | 10 436 | 10 436 | 10 436 | 10 436 | 125 231 | 131 492 | 138 067 | |
| Remuneration of councillors | | 1 795 | 1 795 | 1 795 | 1 795 | 1 795 | 1 795 | 1 795 | 1 795 | 1 795 | 1 795 | 1 795 | 21 537 | 21 753 | 22 841 | |
| Debt impairment | | 417 | 417 | 417 | 417 | 417 | 417 | 417 | 417 | 417 | 417 | 417 | 5 000 | 5 250 | 5 513 | |
| Depreciation & asset impairment | | 2 759 | 2 759 | 2 759 | 2 759 | 2 759 | 2 759 | 2 759 | 2 759 | 2 759 | 2 759 | 2 759 | 33 110 | 34 766 | 36 504 | |
| Finance charges | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Bulk purchases | | 4 000 | 4 000 | 4 000 | 4 000 | 4 000 | 4 000 | 4 000 | 4 000 | 4 000 | 4 000 | 4 000 | 48 000 | 50 400 | 52 920 | |
| Other materials | | 464 | 464 | 464 | 464 | 464 | 464 | 464 | 464 | 464 | 464 | 464 | 5 567 | 5 845 | 6 137 | |
| Contracted services | | 8 440 | 8 440 | 8 440 | 8 440 | 8 440 | 8 440 | 8 440 | 8 440 | 8 440 | 8 440 | 8 440 | 101 279 | 107 466 | 112 840 | |
| Transfers and subsidies | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Other expenditure | | 5 722 | 5 722 | 5 722 | 5 722 | 5 722 | 5 722 | 5 722 | 5 722 | 5 722 | 5 722 | 5 722 | 68 670 | 73 022 | 76 673 | |
| Losses | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total Expenditure | | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 408 393 | 429 994 | 451 494 | |
| Surplus/(Deficit) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 643 | 2 021 | |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 101 527 | 127 554 | 135 922 | |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Transfers and subsidies - capital (in-kind - all) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Surplus/(Deficit) after capital transfers & contributions | | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 101 528 | 129 197 | 137 943 | |
| Taxation | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Attributable to minorities | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Share of surplus/ (deficit) of associate | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Surplus/(Deficit) | 1 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 101 528 | 129 197 | 137 943 | |

Table 5MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

| Description | Ref | 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 |
| R thousand | | | | | | | | | | | | | | | | |
| Revenue by Vote | | | | | | | | | | | | | | | | |
| Vote 1 - Executive and council | | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | (275) | - | - | - | |
| Vote 2 - Finance and Admin | | 27 097 | 27 097 | 27 097 | 27 097 | 27 097 | 27 097 | 27 097 | 27 097 | 27 097 | 27 097 | 27 397 | 325 469 | 345 573 | 362 958 | |
| Vote 3 - Corporate | | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 350 | 368 | 386 | |
| Vote 4 - Development and Planning | | 4 090 | 4 090 | 4 090 | 4 090 | 4 090 | 4 090 | 4 090 | 4 090 | 4 090 | 4 090 | 4 090 | 49 081 | 53 206 | 56 228 | |
| Vote 5 - Community | | 2 296 | 2 296 | 2 296 | 2 296 | 2 296 | 2 296 | 2 296 | 2 296 | 2 296 | 2 296 | 2 296 | 27 546 | 24 000 | 25 200 | |
| Vote 6 - Infrastructure | | 8 956 | 8 956 | 8 956 | 8 956 | 8 956 | 8 956 | 8 956 | 8 956 | 8 956 | 8 956 | 8 956 | 107 474 | 136 043 | 144 665 | |
| Vote 7 - Internal Audit | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total Revenue by Vote | | 42 493 | 42 493 | 42 493 | 42 493 | 42 493 | 42 493 | 42 493 | 42 493 | 42 493 | 42 493 | 42 493 | 509 921 | 559 191 | 589 437 | |
| Expenditure by Vote to be appropriated | | | | | | | | | | | | | | | | |
| Vote 1 - Executive and council | | 3 177 | 3 177 | 3 177 | 3 177 | 3 177 | 3 177 | 3 177 | 3 177 | 3 177 | 3 177 | 3 177 | 38 126 | 40 547 | 42 574 | |
| Vote 2 - Finance and Admin | | 8 070 | 8 070 | 8 070 | 8 070 | 8 070 | 8 070 | 8 070 | 8 070 | 8 070 | 8 070 | 8 070 | 96 839 | 102 537 | 107 664 | |
| Vote 3 - Corporate | | 5 647 | 5 647 | 5 647 | 5 647 | 5 647 | 5 647 | 5 647 | 5 647 | 5 647 | 5 647 | 5 647 | 67 765 | 68 969 | 72 418 | |
| Vote 4 - Development and Planning | | 6 002 | 6 002 | 6 002 | 6 002 | 6 002 | 6 002 | 6 002 | 6 002 | 6 002 | 6 002 | 6 002 | 72 020 | 76 136 | 79 942 | |
| Vote 5 - Community | | 5 435 | 5 435 | 5 435 | 5 435 | 5 435 | 5 435 | 5 435 | 5 435 | 5 435 | 5 435 | 5 435 | 65 219 | 69 604 | 73 084 | |
| Vote 6 - Infrastructure | | 5 362 | 5 362 | 5 362 | 5 362 | 5 362 | 5 362 | 5 362 | 5 362 | 5 362 | 5 362 | 5 362 | 64 347 | 67 869 | 71 262 | |
| Vote 7 - Internal Audit | | 340 | 340 | 340 | 340 | 340 | 340 | 340 | 340 | 340 | 340 | 340 | 4 075 | 4 331 | 4 548 | |
| Total Expenditure by Vote | | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 34 033 | 408 393 | 429 994 | 451 494 | |
| Surplus/(Deficit) before assoc. | | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 101 528 | 129 197 | 137 943 | |
| Taxation | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Attributable to minorities | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Share of surplus/ (deficit) of associate | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Surplus/(Deficit) | 1 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 101 528 | 129 197 | 137 943 | |

Table 6MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

| Description | Ref | 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 |
| R thousand | | | | | | | | | | | | | | | | |
| Multi-year expenditure to be appropriated | 1 | | | | | | | | | | | | | | | |
| Vote 1 - Executive and council | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - Finance and Admin | | - | - | - | - | - | - | - | - | - | - | - | 1 000 | 1 000 | 1 100 | 1 210 |
| Vote 3 - Corporate | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - Development and Planning | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 5 - Community | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - Infrastructure | | 11 396 | 11 396 | 11 396 | 11 396 | 11 396 | 11 396 | 11 396 | 11 396 | 11 396 | 11 396 | 11 396 | 11 396 | 136 755 | 157 910 | 167 362 |
| Vote 7 - Internal Audit | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital multi-year expenditure sub-total | 2 | 11 396 | 11 396 | 11 396 | 11 396 | 11 396 | 11 396 | 11 396 | 11 396 | 11 396 | 11 396 | 11 396 | 12 396 | 137 755 | 159 010 | 168 572 |
| Single-year expenditure to be appropriated | | | | | | | | | | | | | | | | |
| Vote 1 - Executive and council | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - Finance and Admin | | 127 | 127 | 127 | 127 | 127 | 127 | 127 | 127 | 127 | 127 | 127 | 3 627 | 5 029 | 5 531 | 6 084 |
| Vote 3 - Corporate | | 261 | 261 | 261 | 261 | 261 | 261 | 261 | 261 | 261 | 261 | 261 | 261 | 3 130 | 3 443 | 3 787 |
| Vote 4 - Development and Planning | | - | - | - | 450 | 30 | - | - | - | - | - | - | - | 480 | 528 | 581 |
| Vote 5 - Community | | 516 | 516 | 516 | 516 | 516 | 516 | 516 | 516 | 516 | 516 | 516 | 516 | 6 190 | 6 523 | 7 175 |
| Vote 6 - Infrastructure | | 1 811 | 1 811 | 1 811 | 1 811 | 1 811 | 1 811 | 1 811 | 1 811 | 1 811 | 1 811 | 1 811 | 1 811 | 21 730 | 9 689 | 12 610 |
| Vote 7 - Internal Audit | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital single-year expenditure sub-total | 2 | 2 715 | 2 715 | 2 715 | 3 165 | 2 745 | 2 715 | 2 715 | 2 715 | 2 715 | 2 715 | 2 715 | 6 215 | 36 559 | 25 714 | 30 238 |
| Total Capital Expenditure | 2 | 14 111 | 14 111 | 14 111 | 14 561 | 14 141 | 14 111 | 14 111 | 14 111 | 14 111 | 14 111 | 14 111 | 18 611 | 174 314 | 184 724 | 198 810 |

Table 7MBRR SA30 - Budgeted monthly cash flow

| MONTHLY CASH FLOWS | 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 |
| R thousand | | | | | | | | | | | | | | | |
| Cash Receipts By Source | | | | | | | | | | | | | | | |
| Property rates | 4 151 | 4 151 | 4 151 | 4 151 | 4 151 | 4 151 | 4 151 | 4 151 | 4 151 | 4 151 | 4 151 | 4 151 | 49 807 | 99 574 | 54 912 |
| Service charges - electricity revenue | 5 598 | 5 598 | 5 598 | 5 598 | 5 598 | 5 598 | 5 598 | 5 598 | 5 598 | 5 598 | 5 598 | 5 598 | 67 175 | 50 734 | 58 285 |
| Service charges - water revenue | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - sanitation revenue | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - refuse revenue | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 1 294 | 15 526 | 14 944 | 17 117 |
| Rental of facilities and equipment | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 500 | 481 | 551 |
| Interest earned - external investments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest earned - outstanding debtors | 983 | 983 | 983 | 983 | 983 | 983 | 983 | 983 | 983 | 983 | 983 | 983 | 11 799 | 12 389 | 13 008 |
| Dividends received | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fines, penalties and forfeits | 174 | 174 | 174 | 174 | 174 | 174 | 174 | 174 | 174 | 174 | 174 | 174 | 2 094 | 2 015 | 2 308 |
| Licences and permits | 377 | 377 | 377 | 377 | 377 | 377 | 377 | 377 | 377 | 377 | 377 | 377 | 4 525 | 4 355 | 4 988 |
| Agency services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers and Subsidies - Operational | 21 351 | 21 351 | 21 351 | 21 351 | 21 351 | 21 351 | 21 351 | 21 351 | 21 351 | 21 351 | 21 351 | 21 351 | 256 212 | 245 603 | 281 432 |
| Other revenue | 134 | 134 | 134 | 134 | 134 | 134 | 134 | 134 | 134 | 134 | 134 | 134 | 1 608 | 1 583 | 1 773 |
| Cash Receipts by Source | 34 104 | 34 104 | 34 104 | 34 104 | 34 104 | 34 104 | 34 104 | 34 104 | 34 104 | 34 104 | 34 104 | 34 104 | 409 244 | 431 677 | 434 375 |
| Other Cash Flows by Source | | | | | | | | | | | | | | | |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 8 461 | 101 527 | 116 924 | 135 922 |
| Increase (decrease) in consumer deposits | 1 268 | (1 268) | - | - | - | - | - | - | - | - | - | 13 | 13 | 13 | 13 |
| Decrease (increase) in non-current receivables | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Decrease (increase) in non-current investments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cash Receipts by Source | 43 833 | 41 296 | 42 564 | 42 564 | 42 564 | 42 564 | 42 564 | 42 564 | 42 564 | 42 564 | 42 564 | 42 577 | 510 785 | 548 615 | 570 311 |
| Cash Payments by Type | | | | | | | | | | | | | | | |
| Employee related costs | (10 436) | (10 436) | (10 436) | (10 436) | (10 436) | (10 436) | (10 436) | (10 436) | (10 436) | (10 436) | (10 436) | (10 436) | (125 231) | (131 492) | (138 067) |
| Remuneration of councillors | (1 795) | (1 795) | (1 795) | (1 795) | (1 795) | (1 795) | (1 795) | (1 795) | (1 795) | (1 795) | (1 795) | (1 795) | (21 537) | (21 753) | (22 841) |
| Finance charges | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Bulk purchases - Electricity | (4 000) | (4 000) | (4 000) | (4 000) | (4 000) | (4 000) | (4 000) | (4 000) | (4 000) | (4 000) | (4 000) | (4 000) | (48 000) | (50 400) | (52 920) |
| Bulk purchases - Water & Sewer | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other materials | (464) | (464) | (464) | (464) | (464) | (464) | (464) | (464) | (464) | (464) | (464) | (464) | (5 567) | (5 845) | (6 137) |
| Contracted services | (8 440) | (8 440) | (8 440) | (8 440) | (8 440) | (8 440) | (8 440) | (8 440) | (8 440) | (8 440) | (8 440) | (8 440) | (101 279) | (107 466) | (112 840) |
| Transfers and grants - other municipalities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers and grants - other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other expenditure | (5 722) | (5 722) | (5 722) | (5 722) | (5 722) | (5 722) | (5 722) | (5 722) | (5 722) | (5 722) | (5 722) | (5 722) | (68 670) | (73 022) | (76 673) |
| Cash Payments by Type | (30 857) | (30 857) | (30 857) | (30 857) | (30 857) | (30 857) | (30 857) | (30 857) | (30 857) | (30 857) | (30 857) | (30 857) | (370 283) | (389 978) | (409 477) |
| Other Cash Flows/Payments by Type | | | | | | | | | | | | | | | |
| Capital assets | (14 526) | (14 526) | (14 526) | (14 526) | (14 526) | (14 526) | (14 526) | (14 526) | (14 526) | (14 526) | (14 526) | (14 526) | (174 314) | (184 724) | (198 810) |
| Repayment of borrowing | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Cash Flows/Payments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cash Payments by Type | (45 383) | (45 383) | (45 383) | (45 383) | (45 383) | (45 383) | (45 383) | (45 383) | (45 383) | (45 383) | (45 383) | (45 383) | (544 597) | (574 703) | (608 287) |
| NET INCREASE/(DECREASE) IN CASH HELD | 89 216 | 86 679 | 87 947 | 87 947 | 87 947 | 87 947 | 87 947 | 87 947 | 87 947 | 87 947 | 87 947 | 87 960 | 1 055 381 | 1 123 318 | 1 178 598 |
| Cash/cash equivalents at the month/year begin: | 136 883 | 135 333 | 131 246 | 128 427 | 125 608 | 122 789 | 119 971 | 117 152 | 114 333 | 111 514 | 108 696 | 105 877 | 136 883 | 117 708 | 106 990 |
| Cash/cash equivalents at the month/year end: | 226 099 | 222 012 | 219 193 | 216 374 | 213 555 | 210 737 | 207 918 | 205 099 | 202 280 | 199 462 | 196 643 | 193 837 | 1 192 264 | 1 241 026 | 1 285 588 |

2.10 Contracts having future budgetary implications

In terms of the Municipality’s Supply Chain Management Policy, there were no contracts awarded beyond the medium-term revenue and expenditure framework (three years). See table attached: -

Table

| Description | Ref | Preceding Years | Current Year 2019/20 | 2020/21 Medium Term Revenue & Expenditure Framework | | | Forecast 2023/24 | Forecast 2024/25 | Forecast 2025/26 | Forecast 2026/27 | Forecast 2027/28 | Forecast 2028/29 | Forecast 2029/30 | Total Contract Value |
|---|-----|-----------------|----------------------|---|------------------------|------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------------|
| | | Total | Original Budget | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate |
| R thousand | 1,3 | | | | | | | | | | | | | |
| Parent Municipality: | | | | | | | | | | | | | | |
| Revenue Obligation By Contract | 2 | | | | | | | | | | | | | |
| Contract 1 | | | | | | | | | | | | | | - |
| Contract 2 | | | | | | | | | | | | | | - |
| Contract 3 etc | | | | | | | | | | | | | | - |
| Total Operating Revenue Implication | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Expenditure Obligation By Contract | 2 | | | | | | | | | | | | | |
| Contract 1 | | | | | | | | | | | | | | - |
| Contract 2 | | | | | | | | | | | | | | - |
| Contract 3 etc | | | | | | | | | | | | | | - |
| Total Operating Expenditure Implication | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital Expenditure Obligation By Contract | 2 | | | | | | | | | | | | | |
| Contract 1 | | | | | | | | | | | | | | - |
| Contract 2 | | | | | | | | | | | | | | - |
| Contract 3 etc | | | | | | | | | | | | | | - |
| Total Capital Expenditure Implication | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Parent Expenditure Implication | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Entities: | | | | | | | | | | | | | | |
| Revenue Obligation By Contract | 2 | | | | | | | | | | | | | |
| Contract 1 | | | | | | | | | | | | | | - |
| Contract 2 | | | | | | | | | | | | | | - |
| Contract 3 etc | | | | | | | | | | | | | | - |
| Total Operating Revenue Implication | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Expenditure Obligation By Contract | 2 | | | | | | | | | | | | | |
| Contract 1 | | | | | | | | | | | | | | - |
| Contract 2 | | | | | | | | | | | | | | - |
| Contract 3 etc | | | | | | | | | | | | | | - |
| Total Operating Expenditure Implication | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital Expenditure Obligation By Contract | 2 | | | | | | | | | | | | | |
| Contract 1 | | | | | | | | | | | | | | - |
| Contract 2 | | | | | | | | | | | | | | - |
| Contract 3 etc | | | | | | | | | | | | | | - |
| Total Capital Expenditure Implication | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Entity Expenditure Implication | | - | - | - | - | - | - | - | - | - | - | - | - | - |

2.11 Capital expenditure details

The following two tables present details of the Municipality’s capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|---|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand | 1 | | | | | | | | | |
| Capital expenditure on renewal of existing assets by Asset Class/Sub-class | | | | | | | | | | |
| Infrastructure | | - | - | - | - | - | - | - | - | - |
| Roads Infrastructure | | - | - | - | - | - | - | - | - | - |
| <i>Roads</i> | | - | - | - | - | - | - | - | - | - |
| <i>Road Structures</i> | | - | - | - | - | - | - | - | - | - |
| <i>Road Furniture</i> | | - | - | - | - | - | - | - | - | - |
| <i>Capital Spares</i> | | - | - | - | - | - | - | - | - | - |
| Storm water Infrastructure | | - | - | - | - | - | - | - | - | - |
| <i>Drainage Collection</i> | | - | - | - | - | - | - | - | - | - |
| <i>Storm water Conveyance</i> | | - | - | - | - | - | - | - | - | - |
| <i>Attenuation</i> | | - | - | - | - | - | - | - | - | - |
| Electrical Infrastructure | | - | - | - | - | - | - | - | - | - |
| <i>Power Plants</i> | | - | - | - | - | - | - | - | - | - |
| <i>HV Substations</i> | | - | - | - | - | - | - | - | - | - |
| <i>HV Switching Station</i> | | - | - | - | - | - | - | - | - | - |
| <i>HV Transmission Conductors</i> | | - | - | - | - | - | - | - | - | - |
| <i>MV Substations</i> | | - | - | - | - | - | - | - | - | - |
| <i>MV Switching Stations</i> | | - | - | - | - | - | - | - | - | - |
| <i>MV Networks</i> | | - | - | - | - | - | - | - | - | - |
| <i>LV Networks</i> | | - | - | - | - | - | - | - | - | - |
| <i>Capital Spares</i> | | - | - | - | - | - | - | - | - | - |
| Water Supply Infrastructure | | - | - | - | - | - | - | - | - | - |
| <i>Dams and Weirs</i> | | - | - | - | - | - | - | - | - | - |
| <i>Boreholes</i> | | - | - | - | - | - | - | - | - | - |
| <i>Reservoirs</i> | | - | - | - | - | - | - | - | - | - |
| <i>Pump Stations</i> | | - | - | - | - | - | - | - | - | - |
| <i>Water Treatment Works</i> | | - | - | - | - | - | - | - | - | - |
| <i>Bulk Mains</i> | | - | - | - | - | - | - | - | - | - |
| <i>Distribution</i> | | - | - | - | - | - | - | - | - | - |
| <i>Distribution Points</i> | | - | - | - | - | - | - | - | - | - |
| <i>PRV Stations</i> | | - | - | - | - | - | - | - | - | - |
| <i>Capital Spares</i> | | - | - | - | - | - | - | - | - | - |
| Sanitation Infrastructure | | - | - | - | - | - | - | - | - | - |
| <i>Pump Station</i> | | - | - | - | - | - | - | - | - | - |
| <i>Reticulation</i> | | - | - | - | - | - | - | - | - | - |
| <i>Waste Water Treatment Works</i> | | - | - | - | - | - | - | - | - | - |
| <i>Outfall Sewers</i> | | - | - | - | - | - | - | - | - | - |
| <i>Toilet Facilities</i> | | - | - | - | - | - | - | - | - | - |
| <i>Capital Spares</i> | | - | - | - | - | - | - | - | - | - |
| Solid Waste Infrastructure | | - | - | - | - | - | - | - | - | - |
| <i>Landfill Sites</i> | | - | - | - | - | - | - | - | - | - |
| <i>Waste Transfer Stations</i> | | - | - | - | - | - | - | - | - | - |
| <i>Waste Processing Facilities</i> | | - | - | - | - | - | - | - | - | - |
| <i>Waste Drop-off Points</i> | | - | - | - | - | - | - | - | - | - |
| <i>Waste Separation Facilities</i> | | - | - | - | - | - | - | - | - | - |
| <i>Electricity Generation Facilities</i> | | - | - | - | - | - | - | - | - | - |
| <i>Capital Spares</i> | | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure on renewal of existing | 1 | - | - | - | - | - | - | - | - | - |

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|---|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand | 1 | | | | | | | | | |
| Repairs and maintenance expenditure by Asset Class/Sub-class | | | | | | | | | | |
| Infrastructure | | - | (161) | (2 658) | 5 457 | 4 457 | 4 457 | 6 998 | 7 348 | 7 715 |
| Roads Infrastructure | | - | (161) | (2 658) | 5 457 | 4 457 | 4 457 | 6 998 | 7 348 | 7 715 |
| Roads | | - | (161) | (2 658) | 5 457 | 4 457 | 4 457 | 6 998 | 7 348 | 7 715 |
| Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - |
| Data Centres | | - | - | - | - | - | - | - | - | - |
| Core Layers | | - | - | - | - | - | - | - | - | - |
| Distribution Layers | | - | - | - | - | - | - | - | - | - |
| Capital Spares | | - | - | - | - | - | - | - | - | - |
| Community Assets | | - | 104 | (1) | 13 500 | 12 679 | 12 679 | 10 230 | 10 742 | 11 279 |
| Community Facilities | | - | 104 | (1) | 750 | 785 | 785 | 1 180 | 1 239 | 1 301 |
| Halls | | - | - | - | 100 | 100 | 100 | 100 | 105 | 110 |
| Centres | | - | - | - | - | - | - | - | - | - |
| Crèches | | - | - | - | - | - | - | - | - | - |
| Clinics/Care Centres | | - | - | - | - | - | - | - | - | - |
| Fire/Ambulance Stations | | - | 104 | - | - | - | - | - | - | - |
| Testing Stations | | - | - | - | - | - | - | - | - | - |
| Museums | | - | - | - | - | - | - | - | - | - |
| Galleries | | - | - | - | - | - | - | - | - | - |
| Theatres | | - | - | - | - | - | - | - | - | - |
| Libraries | | - | - | - | - | - | - | - | - | - |
| Cemeteries/Crematoria | | - | - | - | - | - | - | - | - | - |
| Police | | - | - | - | - | - | - | - | - | - |
| Parks | | - | - | - | - | - | - | - | - | - |
| Public Open Space | | - | - | - | - | - | - | 210 | 221 | 232 |
| Nature Reserves | | - | - | - | - | - | - | - | - | - |
| Public Ablution Facilities | | - | - | - | 650 | 685 | 685 | 750 | 788 | 827 |
| Markets | | - | - | - | - | - | - | - | - | - |
| Stalls | | - | - | (1) | - | - | - | 120 | 126 | 132 |
| Abattoirs | | - | - | - | - | - | - | - | - | - |
| Airports | | - | - | - | - | - | - | - | - | - |
| Taxi Ranks/Bus Terminals | | - | - | - | - | - | - | - | - | - |
| Capital Spares | | - | - | - | - | - | - | - | - | - |
| Sport and Recreation Facilities | | - | - | - | 12 750 | 11 894 | 11 894 | 9 050 | 9 503 | 9 978 |
| Indoor Facilities | | - | - | - | - | - | - | - | - | - |
| Outdoor Facilities | | - | - | - | 12 750 | 11 894 | 11 894 | 9 050 | 9 503 | 9 978 |
| Capital Spares | | - | - | - | - | - | - | - | - | - |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Monuments | | - | - | - | - | - | - | - | - | - |
| Historic Buildings | | - | - | - | - | - | - | - | - | - |
| Works of Art | | - | - | - | - | - | - | - | - | - |
| Conservation Areas | | - | - | - | - | - | - | - | - | - |
| Other Heritage | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Revenue Generating | | - | - | - | - | - | - | - | - | - |
| Improved Property | | - | - | - | - | - | - | - | - | - |
| Unimproved Property | | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - |
| Improved Property | | - | - | - | - | - | - | - | - | - |
| Unimproved Property | | - | - | - | - | - | - | - | - | - |
| Other assets | | - | (232) | (3 223) | 3 510 | 3 640 | 3 640 | 1 210 | 1 271 | 1 334 |
| Operational Buildings | | - | (232) | (3 223) | 3 510 | 3 640 | 3 640 | 1 210 | 1 271 | 1 334 |
| Municipal Offices | | - | (232) | (3 223) | 3 510 | 3 640 | 3 640 | 1 210 | 1 271 | 1 334 |
| Pay/Enquiry Points | | - | - | - | - | - | - | - | - | - |
| Building Plan Offices | | - | - | - | - | - | - | - | - | - |
| Workshops | | - | - | - | - | - | - | - | - | - |
| Yards | | - | - | - | - | - | - | - | - | - |
| Computer Equipment | | - | - | - | - | - | - | - | - | - |
| Computer Equipment | | - | - | - | - | - | - | - | - | - |
| Furniture and Office Equipment | | - | - | - | - | - | - | - | - | - |
| Furniture and Office Equipment | | - | - | - | - | - | - | - | - | - |
| Machinery and Equipment | | - | (14) | 505 | 1 550 | 2 375 | 2 375 | 1 225 | 1 286 | 1 351 |
| Machinery and Equipment | | - | (14) | 505 | 1 550 | 2 375 | 2 375 | 1 225 | 1 286 | 1 351 |
| Transport Assets | | - | - | - | - | - | - | 2 430 | 2 625 | 2 756 |
| Transport Assets | | - | - | - | - | - | - | 2 430 | 2 625 | 2 756 |
| Land | | - | - | - | - | - | - | - | - | - |
| Land | | - | - | - | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - |
| Total Repairs and Maintenance Expenditure | 1 | - | (303) | (5 376) | 24 017 | 23 151 | 23 151 | 22 093 | 23 271 | 24 435 |

2.13 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 uploading financial and non-financial information on the portal 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 has employed five interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Service Delivery and Implementation Plan

The detail SDBIP document was approved in May 2020 directly aligned and informed by the 2020/21 MTREF.

5. Annual Report

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

2.14 Other supporting documents

Table 65 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

| Description | Ref | Vote 1 - Executive and council | Vote 2 - Finance and Admin | Vote 3 - Corporate | Vote 4 - Development and Planning | Vote 5 - Community | Vote 6 - Infrastructur e | Vote 7 - Internal Audit | Total |
|--|-----|--------------------------------------|----------------------------------|-----------------------|--|-----------------------|--------------------------------|-------------------------------|----------------|
| R thousand | 1 | | | | | | | | |
| Revenue By Source | | | | | | | | | |
| Property rates | | – | 48 190 | – | – | – | – | – | 48 190 |
| Service charges - electricity revenue | | – | – | – | – | – | 53 291 | – | 53 291 |
| Service charges - water revenue | | – | – | – | – | – | – | – | – |
| Service charges - sanitation revenue | | – | – | – | – | – | – | – | – |
| Service charges - refuse revenue | | – | – | – | – | 15 526 | – | – | 15 526 |
| Rental of facilities and equipment | | – | – | – | – | 500 | – | – | 500 |
| Interest earned - external investments | | – | 14 650 | – | – | – | – | – | 14 650 |
| Interest earned - outstanding debtors | | – | 10 406 | – | – | – | 1 393 | – | 11 799 |
| Dividends received | | – | – | – | – | – | – | – | – |
| Fines, penalties and forfeits | | – | – | – | – | 2 074 | 20 | – | 2 094 |
| Licences and permits | | – | – | – | 47 | 4 478 | – | – | 4 525 |
| Agency services | | – | – | – | – | – | – | – | – |
| Other revenue | | – | 700 | 350 | 98 | 280 | 180 | – | 1 608 |
| Transfers and subsidies | | – | 251 523 | – | – | 4 689 | – | – | 256 212 |
| Gains | | – | – | – | – | – | – | – | – |
| Total Revenue (excluding capital transfers and contributions) | | – | 325 469 | 350 | 145 | 27 546 | 54 883 | – | 408 394 |
| Expenditure By Type | | | | | | | | | |
| Employee related costs | | 5 750 | 23 556 | 26 469 | 23 136 | 33 345 | 10 460 | 2 515 | 125 231 |
| Remuneration of councillors | | 21 537 | – | – | – | – | – | – | 21 537 |
| Debt impairment | | – | 5 000 | – | – | – | – | – | 5 000 |
| Depreciation & asset impairment | | 300 | 600 | 700 | 30 010 | 950 | 550 | – | 33 110 |
| Finance charges | | – | – | – | – | – | – | – | – |
| Bulk purchases | | – | – | – | – | – | 48 000 | – | 48 000 |
| Other materials | | 130 | 520 | 595 | 1 970 | 992 | 1 320 | 40 | 5 567 |
| Contracted services | | 3 310 | 40 404 | 20 237 | 11 885 | 22 808 | 1 885 | 750 | 101 279 |
| Transfers and subsidies | | – | – | – | – | – | – | – | – |
| Other expenditure | | 7 099 | 26 760 | 19 764 | 5 019 | 7 125 | 2 133 | 770 | 68 670 |
| Losses | | – | – | – | – | – | – | – | – |
| Total Expenditure | | 38 126 | 96 839 | 67 765 | 72 020 | 65 219 | 64 347 | 4 075 | 408 393 |
| Surplus/(Deficit) | | (38 126) | 228 630 | (67 415) | (71 875) | (37 673) | (9 464) | (4 075) | 1 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | – | – | – | 48 936 | – | 52 591 | – | 101 527 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | | – | – | – | – | – | – | – | – |
| Transfers and subsidies - capital (in-kind - all) | | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) after capital transfers & contributions | | (38 126) | 228 630 | (67 415) | (22 939) | (37 673) | 43 127 | (4 075) | 101 528 |

Table 8MBRR Table SA3 –

Supporting detail to Statement of Financial Position

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand | | | | | | | | | | | |
| ASSETS | | | | | | | | | | | |
| Consumer debtors | | | | | | | | | | | |
| Consumer debtors | | 72 553 | 94 133 | 134 411 | 110 106 | 148 609 | 148 609 | – | 117 362 | 96 420 | 138 476 |
| Less: Provision for debt impairment | | (38 377) | (39 504) | (46 172) | (41 875) | (49 333) | (49 333) | – | (50 827) | 408 528 | (52 305) |
| Total Consumer debtors | 2 | 34 176 | 54 629 | 88 239 | 68 231 | 99 277 | 99 277 | – | 66 534 | 504 948 | 86 171 |
| Debt impairment provision | | | | | | | | | | | |
| Balance at the beginning of the year | | (38 377) | (39 571) | (33 349) | (41 875) | (45 352) | (45 352) | – | (45 827) | 413 778 | (46 793) |
| Contributions to the provision | | – | 66 | (12 003) | – | – | – | – | – | – | – |
| Bad debts written off | | – | – | (820) | – | (3 981) | (3 981) | – | (5 000) | (5 250) | (5 513) |
| Balance at end of year | | (38 377) | (39 504) | (46 172) | (41 875) | (49 333) | (49 333) | – | (50 827) | 408 528 | (52 305) |
| Property, plant and equipment (PPE) | | | | | | | | | | | |
| PPE at cost/v aluation (excl. finance leases) | | 828 486 | 1 000 022 | 1 070 496 | 1 238 327 | 1 257 800 | 1 257 800 | – | 1 264 200 | 1 286 013 | 1 014 092 |
| Leases recognised as PPE | | – | – | – | – | – | – | – | – | – | – |
| Less: Accumulated depreciation | | 146 206 | (81 286) | (119 639) | (116 611) | (150 087) | (150 087) | – | (157 023) | (159 107) | (150 313) |
| Total Property, plant and equipment (PPE) | 2 | 974 692 | 918 736 | 950 856 | 1 121 717 | 1 107 713 | 1 107 713 | – | 1 107 177 | 1 126 906 | 863 778 |
| LIABILITIES | | | | | | | | | | | |
| Current liabilities - Borrowing | | | | | | | | | | | |
| Short term loans (other than bank overdraft) | | – | – | – | – | – | – | – | – | – | – |
| Current portion of long-term liabilities | | – | – | – | – | – | – | – | – | – | – |
| Total Current liabilities - Borrowing | | – | – | – | – | – | – | – | – | – | – |
| Trade and other payables | | | | | | | | | | | |
| Trade Payables | | 22 980 | 45 166 | 40 181 | 46 844 | 40 181 | 40 181 | – | 40 602 | 41 028 | 34 554 |
| Other creditors | | – | – | – | – | – | – | – | – | – | – |
| Unspent conditional transfers | | 4 030 | 9 821 | 3 236 | 10 411 | 3 236 | 3 236 | – | 3 270 | (29 653) | 3 340 |
| VAT | | 1 573 | 27 692 | 37 415 | (20 647) | 37 415 | 37 415 | – | 37 807 | 38 203 | 38 551 |
| Total Trade and other payables | 2 | 28 582 | 82 679 | 80 832 | 36 607 | 80 832 | 80 832 | – | 81 679 | 49 578 | 76 445 |
| Non current liabilities - Borrowing | | | | | | | | | | | |
| Borrowing | | – | – | – | – | – | – | – | – | – | – |
| Finance leases (including PPP asset element) | | – | – | – | – | – | – | – | – | – | – |
| Total Non current liabilities - Borrowing | | – | – | – | – | – | – | – | – | – | – |
| Provisions - non-current | | | | | | | | | | | |
| Retirement benefits | | 10 789 | 11 231 | 10 060 | 11 905 | 10 060 | 10 060 | – | 10 165 | 10 272 | 10 379 |
| Refuse landfill site rehabilitation | | 11 352 | 12 443 | 13 260 | 13 190 | 13 260 | 13 260 | – | 13 398 | 13 539 | 13 681 |
| Other | | 3 479 | 3 792 | 3 795 | 4 019 | 3 795 | 3 795 | – | 3 835 | 3 875 | 3 916 |
| Total Provisions - non-current | | 25 621 | 27 466 | 27 114 | 29 114 | 27 114 | 27 114 | – | 27 398 | 27 685 | 27 976 |
| CHANGES IN NET ASSETS | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) - opening balance | | 428 450 | 579 373 | 650 880 | 761 906 | 668 804 | 668 804 | – | 692 460 | 1 140 050 | 363 385 |
| GRAP adjustments | | – | – | – | – | – | – | – | – | – | – |
| Restated balance | | 428 450 | 579 373 | 650 880 | 761 906 | 668 804 | 668 804 | – | 692 460 | 1 140 050 | 363 385 |
| Surplus/(Deficit) | | 139 504 | 70 492 | 16 451 | 117 059 | 126 059 | 126 059 | – | 101 528 | 129 197 | 137 943 |
| Transfers to/from Reserves | | – | – | – | – | – | – | – | – | – | – |
| Depreciation offsets | | – | – | – | – | – | – | – | – | – | – |
| Other adjustments | | – | – | – | – | – | – | – | – | – | – |
| Accumulated Surplus/(Deficit) | 1 | 567 954 | 649 865 | 667 331 | 878 966 | 794 864 | 794 864 | – | 793 988 | 1 269 247 | 501 328 |
| Reserves | | | | | | | | | | | |
| Housing Development Fund | | 1 666 | 1 666 | 1 666 | 1 766 | 1 666 | 1 666 | – | 1 683 | 1 701 | 1 719 |
| Capital replacement | | 40 673 | 120 367 | 186 563 | 127 589 | 183 391 | 183 391 | – | 185 313 | 187 255 | 189 217 |
| Self-insurance | | – | – | – | – | – | – | – | – | – | – |
| Other reserves | | 176 504 | 176 504 | 176 504 | 187 094 | 179 676 | 179 676 | – | 181 559 | 183 462 | 185 384 |
| Revaluation | | 89 919 | 87 728 | 87 728 | 92 992 | 87 728 | 87 728 | – | 88 647 | 89 576 | 90 515 |
| Total Reserves | 2 | 308 761 | 386 264 | 452 460 | 409 440 | 452 460 | 452 460 | – | 457 202 | 461 993 | 466 835 |
| TOTAL COMMUNITY WEALTH/EQUITY | 2 | 876 715 | 1 036 129 | 1 119 791 | 1 288 405 | 1 247 324 | 1 247 324 | – | 1 251 190 | 1 731 240 | 968 163 |