



Sarah Baartman

DISTRICT MUNICIPALITY
Province of the Eastern Cape

progress through development

Medium-Term Budget

2020/21 – 2022/23

Final Annual Budget – Council meeting 5 June 2020

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PART 1

ANNUAL BUDGET

CHAPTER 1



Mayor's Report

EXECUTIVE MAYOR'S BUDGET SPEECH

(Will be included in the Budget Book which will be made public and submitted to National and Provincial Treasury after approval by Council 5 June 2020)

CHAPTER 2



Resolutions



CHAPTER 2

RESOLUTIONS

Capital Budget

IT IS RECOMMENDED

That the annual capital budget of R5.1 million for the year 2020/2021 and the estimates for the two projected outer years 2021/2022 and 2022/2023 for the Sarah Baartman District Municipality are approved as set out in the following schedules:

- Capital budget by vote (**Annexure “E”**)

Operating Budget

IT IS RECOMMENDED

That the annual Operating Revenue of R164 million and the Operating Expenditure of R164 million for the Sarah Baartman District Municipality for the financial year 2020/2021, and the indicatives for the projected medium term period 2021/2022 and 2022/2023 be approved as set out in the following attachments:

The total operating budget by vote for the departments as reflected on Table A3

That the supporting information contained in the 2020/2021 – 2022/2023 Medium Term Revenue and Expenditure Budget document as required in terms of Section 17(3) of the Municipal Finance Management Act (Act 56 of 2003) be considered in conjunction with this report.

Tariffs

IT IS RECOMMENDED

That the tariffs and charges as tabled in the Council agenda in **Annexure “F”** be approved for the 2020/2021 financial year.

Service Level Standards

IT IS RECOMMENDED

That the Service Level Standard for 2020/2021 Medium Term Revenue Expenditure Framework attached as **Annexure “L”** be adopted

Procurement Plan

IT IS RECOMMENDED

That the Procurement Plan for 2020/2021 Medium Term Revenue Expenditure Framework attached as **Annexure “M”** be adopted

Budget Related Policies

IT IS RECOMMENDED

That the revised and updated Budget Related Policies detailed below, circulated under separate cover be approved:

- Budget policy;
- Banking and Investment Policy;
- Supply Chain Management Policy;
- Virement Policy;
- Credit Control and Debt Collection Policy;
- Revenue By-laws;
- Tariff Policy;
- Sundry Financial Policies;
- Policy on Unauthorised, Irregular, Fruitless and Wasteful Expenditure and the Enforcement of Proper Financial Management;
- Petty Cash Policy;
- Enterprise Risk Management Policy; and
- Cost containment Policy

Cacadu District Development Agency

IT IS RECOMMENDED

That the annual capital budget of R340 000 for the year 2020/2021 and the estimates for the two projected outer years 2021/2022 and 2022/2023 for the Cacadu District Development Agency be approved.

That the annual Operating Revenue of R41.1 million and the Operating Expenditure of R40.7 million for the Cacadu District Development Agency for the financial year 2020/2021, and the indicatives for the projected medium term period 2021/2022 and 2022/2023 be approved.

The total capital and operating budget by source / type as reflected on Table D2

That the supporting information contained in the 2020/2021 – 2022/2023 Medium Term Revenue and Expenditure Budget document as required in terms of Section 17(3) of the Municipal Finance Management Act (Act 56 of 2003) be considered in conjunction with this report.

CHAPTER 3



Executive Summary

CHAPTER 3

EXECUTIVE SUMMARY

The Sarah Baartman District Municipality's projected overall spending envelope for the 2020/2021 Medium Term Budget (MTB) amounts to R164million. Approximately R5.1 million will be invested in the office building infrastructure, vehicles, furniture and equipment.

The 2020/2021 MTREF has been prepared within the context of a fragile global economy, taking into account the implications of the rising inflation rates and the slow growth in the gross domestic product.

Within the fragile global economic environment and the local low-growth scenario, it is expected that the Sarah Baartman District Municipality's revenue base will be adversely affected. The Sarah Baartman District Municipality has also seen a slow increase in its revenue base in terms of the Levy Replacement Grant. The demarcation process whereby the District Management Areas (DMA) was incorporated in the local municipal areas has adversely impacted on the SBDM's revenue base as well. The DORA then reflected an increase in Equitable Share. The Levy Replacement Grant increased marginally from R66 million in the 2019/2020 to R68 million in the 2020/2021 financial year which creates a challenge for SBDM to perform its legal mandate together with ensuring financial sustainability in the short and medium term.

The impact of this revenue slow growth in comparison to the consumer price index increases have forced the municipality to use greater amounts of its accumulated surplus impacting negatively on its financial sustainability in the medium term. It therefore means that more should be done with less, without compromising on essential programmes or services.

In the MFMA Circular No 99, the National Treasury reminded municipalities once again of all the previous Budget Circulars' issued and highlighted important factors to consider when preparing the current 2020/2021 Medium Term Budget (MTB). These highlights were as follows:

In the MFMA Circular No 54, the National Treasury provided some guidelines, taking into account the ongoing constraints on the revenue side, municipalities are made aware that tough decisions will have to be made on the expenditure side and that priority ought to be given to:

- Ensuring that drinking water meets the required quality standards at all times;
- Protecting the poor from the worst impacts of the slow recovery in the labour market;
- Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation;
- Securing the health of their asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance; and
- Expediting spending on capital projects that are funded by conditional grants.

National Treasury also issued MFMA Circular 74 to remind municipalities of the implication of all previous Circulars issued.

National Treasury then advised municipalities to pay special attention to MFMA Circular 97. The objective of this Circular is to ensure that the resources of the municipality are used effectively, efficiently and economically and implement cost containment measures as promulgated in the Municipal Cost Containment Regulations, 2019. MFMA Circular 97 regulates spending on:

- Use of consultants
- Procurement of vehicles used by Councillors
- Travel & subsistence and domestic accommodation
- Credit cards
- Events and meetings
- Publications
- Conferences, events and study tours
- Other related expenditure items

Accordingly, the Sarah Baartman District Municipality's 2020/2021 MTB was guided by the following principles:

- Producing a credible balanced budget:
- Maintaining fiscal stability and financial sustainability;
- Maintaining the commitment to deliver quality services;
- Collectively managing the costs down;
- Identifying alternative funding;
- Reviewing all Sarah Baartman District Municipality's services and programmes for operational efficiencies to improve service levels and delivery;
- Ongoing costs should be funded with ongoing revenues by aligning recurring expenditures with recurring revenues, on a level that can be reasonably sustained and reduce reliance on one-time funding;
- Further managing down general expenditure and contracted services. The choice of a service provider should be based on which service provider can provide the service most effectively at the lowest cost; and
- Maintaining all assets at a level adequate to protect the capital investment and minimise future maintenance and replacement cost

In addressing the budget pressures, the Sarah Baartman District Municipality will continue to implement cost containment measures, mainly by scrutinizing discretionary items, not limited to the following:

- Scaling down the cost of consulting services;
- Paying bills on time so that no late charges are incurred;
- Limiting printing, e.g. budget book, IDP, financial statements and other publications;
- Managing overtime;
- Managing breakaways;
- Managing IT costs (no unnecessary purchases of new laptops, computers, printers, etc);
- Delaying conferences and seminars;
- Re-negotiating some of the contracts where necessary; and
- Limiting purchasing of furniture

In MFMA Circular 97, National Treasury requires the municipality to report on cost containment measures as National Treasury will be monitoring the implementation thereof. Based on this requirement, specific cost containment measures were identified to reduce the following categories of expenditure as follows:

Cost item	Cost containment measure
Catering	Limit catering to specific Inter Governmental Relation meetings only
Printing and Stationery	Introduction of stores for all consumables; Move to electronic Agendas; Centralise printing (one printer per floor)
Advertising	Plan advertisements of bids and vacancies - more than 1 bid per advert / more than 1 vacancy per advert
Audit fees	Make all information available for Auditor General based on Prior Year Requests For Information to reduce audit fees
Post-employment medical benefits	Consider offering settlements to members
Vehicles costs (fuel and oil, repairs and maintenance)	Centralise fleet - fleet officer identified / appointed
Publications	Limit number of publications (meet need); use social media more effectively
Electricity	Assess usage and introduce efficiencies in usage
Congress and visits	Review Travel and Subsistence Policy; Limit travelling to high priority meetings
Capital items	Review Asset Management Policy to identify timing of replacement of assets and consequences for damage / loss of assets; Employee to have either a laptop or a desktop (not both) based on job requirements

The above cost containment measures were approved by Council when the Final Budget 2017/18 was approved. These initiatives are in the process of being implemented and the implementation will continue into the 2020/21 financial year.

The municipality has also established a Lobby Team to assist in generating additional revenue for the municipality through accessing grants from National and Provincial Government. The intention is to assist the local municipalities in addressing key issues identified through their consultative processes which the local municipalities are not in a position to implement in the 2020/21 budget year due to limited resources. The additional revenue to the municipality would be received through the raising of input value added taxation as revenue as well as a management fee.

The financial position of the Sarah Baartman District Municipality is still strong. The Sarah Baartman District Municipality achieved unqualified audit reports for thirteen continuous years, reflecting the drive towards financial management excellence in the Sarah Baartman District Municipality.

The Sarah Baartman District Municipality's IDP is the primary point of reference for the MTB. In turn, the IDP is influenced by the support needs in the District. The aim is to align the financial resources to the Sarah Baartman District Municipality's strategy and priorities, as well as continuously looking for efficiencies in all activities and programmes.

The 2020/2021 MTB will assist in addressing the following key IDP priorities:

- Good Governance and Public Participation
- Institutional Transformation
- Financial Viability and Management
- Infrastructure and Basic Services
- Local Economic Development

The Sarah Baartman District Municipality will therefore focus on maximizing its contribution to job creation by:

- Ensuring that service delivery and capital projects use labour intensive methods wherever appropriate;
- Ensuring that service providers use labour intensive approaches;
- Supporting labour intensive LED projects;
- Participating fully in the Extended Public Works Programme.
- Implementing intern programmes to provide young people with on-the-job training.

The challenge for all municipalities in South Africa is to support these government initiatives and to do more within the existing resource envelope.

CHAPTER 4



Annual Budget Tables

CHAPTER 4

ANNUAL BUDGET TABLES

The Sarah Baartman District Municipality's projected overall spending envelope for the 2020/2021 MTREF amounts to R164 million. Approximately R5.1 million will be invested in the motor vehicles, furniture and equipment items.

Operating Budget

The Sarah Baartman District Municipality presents an Operating Revenue Budget of R164 million for the 2020/2021 financial year. This estimate represents a increase of 0.9% on the adjusted revenue budget of the 2019/2020 financial year. The decrease is predominantly due to the prudent budgeting method to ensure financial sustainability and the phased in approach of the development facilitation role of the municipality emphasized through the Strategic Plan.

The table below sets out the medium-term revenue and expenditure budget for the 2020/2021 – 2022/23 financial years.

Details	Forecast Budget 2019/2020 R'm	Budget 2020/2021 R'm	Estimate 2021/2022 R'm	Estimate 2022/2023 R'm
Revenue	162.7	164.2	153.8	160.9
Expenditure	162.7	164.2	153.8	160.9
Surplus	-	-	-	-

The operating expenditure includes a substantial amount in respect of projects and support programmes summarized below and more fully detailed in **Annexure "A"**.

The Sarah Baartman District Municipality is projecting a balanced budget for 2020/2021, 2021/2022 and 2022/2023. Should any surpluses be realized, these will be applied towards the capital infrastructure investment. The municipality's projects and programmes are summarised below.

Projects and Programmes	R'm
Office Of The Mayor	0.4
Office Of The Municipal Manager	1.0
Infrastructure Development & Community Services	52.6
Planning & Economic Development	15.3
Finance & Corporate Services	3.9
Total	73.2

Financing of Projects & Programmes

Funding Sources	R'm
Grants: National	5.0
Discretionary Revenue	38.0
Accumulated Surplus	30.2
TOTAL	73.2

Revenue

The increase is attributed to a slight increase in usage from accumulated surplus for project related costs and the prudent budgeting method to ensure financial sustainability.

Tariffs

For the 2020/2021 year the tariffs will increase by approximately 4.6%.

Expenditure

The actual approved adjusted budget for 2019/2020 financial year including project expenditure amounted to R162.7 million.

The 2020/2021 budget has been prepared on the basis of budget constraints. However, it is acknowledged that Sarah Baartman District Municipality still needs to fund programmes and continue to invest in its infrastructure projects and support programmes to ensure that service delivery is maintained and remain responsive to the community's needs.

Sarah Baartman District Municipality's budgeted balance sheet shows a continuation of a strong financial position. However, the greater utilization of Accumulated Surplus to finance operating expenditure will adversely affect the financial sustainability in the medium term.

Cash Position

The cash position is expected to decline in the current financial year primarily because of a decline in revenue and increase in projects being funded from Accumulated Surplus. This will result in a decline in the Accumulated Surplus and interest earnings.

Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of Sarah Baartman District 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 eliminate 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 are;
 - o Internally generated funds from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years.

DC10 Sarah Baartman - 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	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-
Investment revenue	18,866	16,299	16,657	15,000	15,000	15,000	15,000	10,000	11,000	12,000
Transfers recognised - operational	87,632	89,310	92,582	96,837	96,837	96,837	96,837	101,433	100,496	104,590
Other own revenue	8,878	5,385	2,885	37,138	50,895	50,895	50,895	52,779	42,269	44,322
Total Revenue (excluding capital transfers and contributions)	115,376	110,994	112,124	148,975	162,732	162,732	162,732	164,212	153,765	160,912
Employee costs	37,668	36,036	38,478	45,933	46,233	46,233	46,233	49,092	52,526	56,203
Remuneration of councillors	6,652	7,288	7,398	8,196	8,196	8,196	8,196	8,331	8,914	9,538
Depreciation & asset impairment	1,581	1,543	1,569	1,800	1,800	1,800	1,800	2,300	2,410	2,530
Finance charges	-	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	20,093	16,041	19,425	31,503	32,111	32,111	32,111	35,349	30,000	31,495
Other expenditure	62,465	43,537	46,622	61,543	74,392	74,392	74,392	69,140	59,915	61,147
Total Expenditure	128,460	104,446	113,491	148,975	162,732	162,732	162,732	164,212	153,765	160,912
Surplus/(Deficit)	(13,084)	6,548	(1,367)	-	-	-	-	-	-	(0)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	-	-	-	-	-	-	-	-	-
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	(13,084)	6,548	(1,367)	-	-	-	-	-	-	(0)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(13,084)	6,548	(1,367)	-	-	-	-	-	-	(0)
Capital expenditure & funds sources										
Capital expenditure	6,122	2,065	3,844	1,418	7,240	7,240	7,240	5,094	900	600
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	6,122	2,065	3,844	1,418	7,240	7,240	7,240	5,094	900	600
Total sources of capital funds	6,122	2,065	3,844	1,418	7,240	7,240	7,240	5,094	900	600
Financial position										
Total current assets	236,748	218,666	229,550	88,584	82,762	228,712	228,712	77,588	62,067	346,382
Total non current assets	48,563	48,875	51,044	56,437	62,259	62,259	62,259	62,120	54,427	54,127
Total current liabilities	41,212	17,696	30,414	20,509	20,509	20,509	20,509	1,133	19,376	19,376
Total non current liabilities	56,814	54,148	55,556	65,000	65,000	65,000	65,000	65,000	-	-
Community wealth/Equity	187,285	195,696	194,625	59,512	59,512	205,462	205,462	73,575	97,118	381,133
Cash flows										
Net cash from (used) operating	(2,748)	(6,954)	19,307	1,800	(6,135)	(6,135)	(6,135)	(18,250)	5,287	(1,740)
Net cash from (used) investing	(5,174)	(1,986)	(3,551)	-	-	-	-	(5,094)	(900)	(600)
Net cash from (used) financing	13,928	(37,239)	(39,326)	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	109,841	63,659	40,089	41,889	35,754	35,754	35,754	12,410	16,797	14,457
Cash backing/surplus reconciliation										
Cash and investments available	226,839	213,660	225,330	82,847	77,025	222,975	222,975	71,851	56,830	341,145
Application of cash and investments	33,861	6,670	20,861	9,034	9,964	9,964	9,964	(3,597)	10,225	10,447
Balance - surplus (shortfall)	192,978	206,990	204,469	73,813	67,061	213,011	213,011	75,448	46,605	330,698
Asset management										
Asset register summary (WDV)	54,447	50,711	48,646	56,208	62,030	62,030	62,030	61,892	54,198	53,898
Depreciation	1,581	1,543	1,569	1,800	1,800	1,800	1,800	2,300	2,410	2,530
Renewal and Upgrading of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	627	776	910	500	1,200	1,200	1,200	500	500	500
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

DC10 Sarah Baartman - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcomes	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											
REVENUE ITEMS:											
Property rates											
Total Property Rates	6										
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>											
Net Property Rates		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue											
Total Service charges - electricity revenue	6										
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>											
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>		-	-	-	-	-	-	-	-	-	-
Net Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-
Service charges - water revenue											
Total Service charges - water revenue	6										
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>											
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>		-	-	-	-	-	-	-	-	-	-
Net Service charges - water revenue		-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue											
Total Service charges - sanitation revenue											
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>											
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>		-	-	-	-	-	-	-	-	-	-
Net Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue											
Total refuse removal revenue	6										
Total landfill revenue											
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>											
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>		-	-	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-
Other Revenue by source											
Fuel Levy											
Other Revenue		7,167	3,974	1,270	35,688	49,445	49,445	49,445	51,329	40,819	42,872
Total 'Other' Revenue	1	7,167	3,974	1,270	35,688	49,445	49,445	49,445	51,329	40,819	42,872
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	37,668	36,036	32,820	32,848	32,848	32,848	32,848	38,967	41,746	44,669
Pension and UIF Contributions		-	-	5,659	2,738	2,738	2,738	2,738	3,213	3,436	3,677
Medical Aid Contributions		-	-	-	1,184	1,184	1,184	1,184	1,416	1,516	1,622
Overtime		-	-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	1,248	1,248	1,248	1,248	1,415	1,505	1,810
Motor Vehicle Allowance		-	-	-	462	462	462	462	858	918	983
Cellphone Allowance		-	-	-	157	457	457	457	269	244	261
Housing Allowances		-	-	-	370	370	370	370	623	667	714
Other benefits and allowances		-	-	-	1,604	1,604	1,604	1,604	1,953	2,089	2,235
Payments in lieu of leave		-	-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	272	272	272	272	378	404	433
Post-retirement benefit obligations	4	-	-	-	5,050	5,050	5,050	5,050	-	-	-
<i>Less: Employees costs capitalised to PPE</i>	sub-total 5	37,668	36,036	38,478	45,933	46,233	46,233	46,233	49,092	52,526	56,203
Total Employee related costs	1	37,668	36,036	38,478	45,933	46,233	46,233	46,233	49,092	52,526	56,203

Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment	1,581	1,543	1,569	1,800	1,800	1,800	1,800	2,300	2,410	2,530	
Lease amortisation											
Capital asset impairment											
Total Depreciation & asset impairment	1	1,581	1,543	1,569	1,800	1,800	1,800	1,800	2,300	2,410	2,530
Bulk purchases											
Electricity Bulk Purchases											
Water Bulk Purchases											
Total bulk purchases	1	-	-	-	-	-	-	-	-	-	
Transfers and grants											
Cash transfers and grants	20,093	16,041	19,425	31,503	32,111	32,111	32,111	35,349	30,000	31,495	
Non-cash transfers and grants	-	-	-	-	-	-	-	-	-	-	
Total transfers and grants	1	20,093	16,041	19,425	31,503	32,111	32,111	32,111	35,349	30,000	31,495
Contracted services											
Outsourced Services	4,162	2,485	3,298	2,200	2,200	2,200	2,200	2,300	2,410	2,530	
Consultants and Professional Services	-	-	-	200	4,560	4,560	4,560	-	-	-	
Contractors	-	-	-	-	1,506	1,506	1,506	-	-	-	
Total contracted services	4,162	2,485	3,298	2,400	8,266	8,266	8,266	2,300	2,410	2,530	
Other Expenditure By Type											
Collection costs	-	-	-	1,000	1,000	1,000	1,000	900	940	990	
Contributions to 'other' provisions	4,072	4,239	-	-	-	-	-	-	-	-	
Audit fees	3,804	3,807	-	-	-	-	-	-	-	-	
Other Expenditure	50,044	30,674	42,512	58,143	65,126	65,126	65,126	65,940	56,565	57,627	
Total 'Other' Expenditure	1	57,920	38,921	42,512	59,143	66,126	66,126	66,840	57,505	58,617	
by Expenditure Item											
Employee related costs	8										
Other materials											
Contracted Services				500	1,200	1,200	500	500	500	500	
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	-	-	-	500	1,200	1,200	500	500	500	

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 enable the National Treasury to compile a complete set of government reports.

DC10 Sarah Baartman - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional										
<i>Governance and administration</i>		112,515	108,178	111,467	146,602	160,359	160,359	161,954	151,383	158,392
Executive and council		779	-	442	34,223	47,980	47,980	80,292	68,721	72,830
Finance and administration		111,736	108,178	111,025	112,379	112,379	112,379	81,662	82,662	85,562
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		2,861	2,838	657	2,373	2,373	2,373	2,258	2,382	2,520
Planning and development		877	885	-	-	-	-	-	-	-
Road transport		1,983	1,953	657	2,373	2,373	2,373	2,258	2,382	2,520
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	115,376	111,015	112,124	148,975	162,732	162,732	164,212	153,765	160,912
Expenditure - Functional										
<i>Governance and administration</i>		62,810	60,156	69,720	71,433	74,933	74,933	75,903	74,876	78,751
Executive and council		21,254	12,497	23,639	27,703	28,253	28,253	29,483	30,507	32,028
Finance and administration		41,556	47,659	46,081	43,730	46,680	46,680	46,420	44,370	46,723
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		32,132	22,467	28,525	46,953	49,378	49,378	53,728	48,172	50,312
Community and social services		1,128	-	-	9,447	9,310	9,310	9,007	8,738	9,250
Sport and recreation		148	-	-	-	-	-	-	-	-
Public safety		22,581	11,778	16,595	24,014	26,428	26,428	29,762	23,858	24,563
Housing		439	438	-	490	490	490	562	602	644
Health		7,836	10,251	11,930	13,002	13,150	13,150	14,397	14,975	15,855
<i>Economic and environmental services</i>		28,064	19,376	11,773	21,504	28,486	28,486	26,617	22,352	23,309
Planning and development		25,932	17,424	9,825	18,411	25,013	25,013	21,695	19,970	20,789
Road transport		2,132	1,953	1,948	3,093	3,473	3,473	4,922	2,382	2,520
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		510	455	877	3,057	3,057	3,057	2,180	2,274	2,337
Energy sources		-	-	-	-	-	-	-	-	-
Water management		510	455	877	3,057	3,057	3,057	2,180	2,274	2,337
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	4,945	1,763	2,597	6,028	6,878	6,878	5,784	6,090	6,203
Total Expenditure - Functional	3	128,460	104,217	113,491	148,975	162,732	162,732	164,212	153,765	160,912
Surplus/(Deficit) for the year		(13,084)	6,799	(1,367)	-	-	-	0	-	0

DC10 Sarah Baartman - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2016/17			2017/18			2018/19			Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome			Audited Outcome			Audited Outcome			Original Budget			Adjusted Budget		
		2016/17	2017/18	2018/19	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23						
Revenue - Functional	1															
Municipal governance and administration		112,515	109,178	111,467	146,602	160,359	160,359	161,954	151,383	158,392						
Executive and council		779	-	442	34,223	47,980	47,980	60,292	68,721	72,830						
Mayor and Council		779	-	442	34,223	47,980	47,980	50,064	39,354	41,407						
Municipal Manager, Town Secretary and Chief Executive		-	-	-	-	-	-	29,428	29,367	31,423						
Finance and administration		111,736	108,178	111,025	112,379	112,379	112,379	81,662	82,662	85,562						
Administrative and Corporate Support		1,025	-	-	1,000	1,000	1,000	1,000	1,000	1,000						
Asset Management		109,667	108,178	111,025	109,514	109,514	109,514	78,797	79,797	82,697						
Finance		187	-	-	440	440	440	440	440	440						
Fleet Management		-	-	-	-	-	-	-	-	-						
Human Resources		-	-	-	-	-	-	-	-	-						
Information Technology		-	-	-	-	-	-	-	-	-						
Legal Services		-	-	-	-	-	-	-	-	-						
Marketing, Customer Relations, Publicity and Media Co-Property Services		578	-	-	1,400	1,400	1,400	1,400	1,400	1,400						
Risk Management		-	-	-	-	-	-	-	-	-						
Security Services		-	-	-	-	-	-	-	-	-						
Supply Chain Management		-	-	-	25	25	25	25	25	25						
Valuation Service		-	-	-	-	-	-	-	-	-						
Internal audit		-	-	-	-	-	-	-	-	-						
Governance Function		-	-	-	-	-	-	-	-	-						
Community and public safety		-	-	-	-	-	-	-	-	-						
Community and social services		-	-	-	-	-	-	-	-	-						
Public safety		-	-	-	-	-	-	-	-	-						
Fire Fighting and Protection		-	-	-	-	-	-	-	-	-						
Housing		-	-	-	-	-	-	-	-	-						
Housing		-	-	-	-	-	-	-	-	-						
Informal Settlements		-	-	-	-	-	-	-	-	-						
Health		-	-	-	-	-	-	-	-	-						
Health Services		-	-	-	-	-	-	-	-	-						
Chemical Safety		-	-	-	-	-	-	-	-	-						
Economic and environmental services		2,861	2,838	657	2,373	2,373	2,373	2,258	2,382	2,520						
Planning and development		877	885	-	-	-	-	-	-	-						
Economic Development/Planning		-	885	-	-	-	-	-	-	-						
Regional Planning and Development		877	-	-	-	-	-	-	-	-						
Town Planning, Building Regulations and Enforcement, and		-	-	-	-	-	-	-	-	-						
Road transport		1,983	1,953	657	2,373	2,373	2,373	2,258	2,382	2,520						
Public Transport		-	-	-	-	-	-	-	-	-						
Road and Traffic Regulation		-	-	-	-	-	-	-	-	-						
Roads		1,983	1,953	657	2,373	2,373	2,373	2,258	2,382	2,520						
Taxi Ranks		-	-	-	-	-	-	-	-	-						
Environmental protection		-	-	-	-	-	-	-	-	-						
Trading services		-	-	-	-	-	-	-	-	-						
Water management		-	-	-	-	-	-	-	-	-						
Water Treatment		-	-	-	-	-	-	-	-	-						
Water Distribution		-	-	-	-	-	-	-	-	-						
Water Storage		-	-	-	-	-	-	-	-	-						
Other		-	-	-	-	-	-	-	-	-						
Markets		-	-	-	-	-	-	-	-	-						
Tourism		-	-	-	-	-	-	-	-	-						
Total Revenue - Functional	2	115,376	111,015	112,124	148,975	162,732	162,732	164,212	153,765	160,912						
Expenditure - Functional																
Municipal governance and administration		62,010	60,156	69,720	71,433	74,933	74,933	75,903	74,876	78,791						
Executive and council		21,254	12,497	23,839	27,703	28,253	28,253	29,483	30,507	32,028						
Mayor and Council		21,254	12,497	23,839	22,002	22,552	22,552	21,609	22,503	23,536						
Municipal Manager, Town Secretary and Chief Executive		-	-	-	5,701	5,701	5,701	7,874	8,004	8,491						
Finance and administration		41,556	47,659	46,081	43,730	46,680	46,680	46,420	44,370	46,723						
Administrative and Corporate Support		8,002	14,428	-	11,284	11,784	11,784	11,351	11,606	12,180						
Asset Management		-	-	-	4,472	4,772	4,772	4,859	5,110	5,366						
Finance		28,215	33,233	25,318	15,106	16,558	16,558	18,110	15,329	16,171						
Fleet Management		-	-	-	-	-	-	-	-	-						
Human Resources		1,802	-	20,783	3,061	3,061	3,061	3,099	3,265	3,430						
Information Technology		2,878	-	-	3,227	3,227	3,227	2,724	2,835	3,002						
Legal Services		-	-	-	1,774	1,774	1,774	1,521	1,300	1,381						
Marketing, Customer Relations, Publicity and Media Co-Property Services		591	-	-	1,990	2,690	2,690	1,960	1,970	2,050						
Risk Management		-	-	-	-	-	-	-	-	-						
Security Services		-	-	-	1,981	1,981	1,981	1,938	2,036	2,148						
Supply Chain Management		-	-	-	832	832	832	849	918	981						
Internal audit		-	-	-	-	-	-	-	-	-						
Governance Function		-	-	-	-	-	-	-	-	-						
Community and public safety		32,132	22,467	28,525	46,953	49,378	49,378	53,728	48,172	50,312						
Community and social services		1,129	-	-	9,447	9,310	9,310	9,007	8,738	9,250						
Disaster Management		-	-	-	9,447	9,310	9,310	9,007	8,738	9,250						
Libraries and Archives		1,129	-	-	-	-	-	-	-	-						
Sport and recreation		148	-	-	-	-	-	-	-	-						
Sports Grounds and Stadiums		148	-	-	-	-	-	-	-	-						
Public safety		22,581	11,778	18,595	24,914	26,428	26,428	29,762	23,858	24,563						
Fire Fighting and Protection		22,581	11,778	18,595	24,914	26,428	26,428	29,762	23,858	24,563						
Housing		439	438	-	490	490	490	562	602	644						
Housing		439	438	-	490	490	490	562	602	644						
Informal Settlements		-	-	-	-	-	-	-	-	-						
Health		7,836	10,251	11,930	13,002	13,150	13,150	14,397	14,975	15,855						
Health Services		7,836	10,251	11,930	13,002	13,150	13,150	14,397	14,975	15,855						
Chemical Safety		-	-	-	-	-	-	-	-	-						
Economic and environmental services		28,064	19,724	11,773	21,504	28,488	28,488	26,617	22,352	23,369						
Planning and development		25,932	17,424	9,825	18,411	25,813	25,813	21,695	19,970	20,789						
Billboards		-	-	-	-	-	-	-	-	-						
Corporate Wide Strategic Planning (IDPs, LEDs)		-	-	-	55	260	260	187	190	192						
Central City Improvement District		-	-	-	-	-	-	-	-	-						
Development Facilitation		-	-	-	-	-	-	-	-	-						
Economic Development/Planning		25,932	17,424	9,825	13,217	15,402	15,402	13,879	12,886	13,475						
Regional Planning and Development		-	-	-	1,865	1,865	1,865	1,713	1,580	1,886						
Town Planning, Building Regulations and Enforcement, and		-	-	-	1,254	4,760	4,760	2,800	3,667	3,777						
Project Management Unit		-	-	-	-	-	-	-	-	-						
Provincial Planning		-	-	-	-	-	-	-	-	-						
Support to Local Municipalities		-	-	-	2,020	2,720	2,720	3,318	1,637	1,658						
Road transport		2,132	1,953	1,948	3,093	3,473	3,473	4,922	2,382	2,520						
Public Transport		-	-	-	-	-	-	-	-	-						
Road and Traffic Regulation		-	-	-	-	-	-	-	-	-						
Roads		2,132	1,953	1,948	3,093	3,473										

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 Sarah Baartman District Municipality.

DC10 Sarah Baartman - 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
R thousand										
Revenue by Vote	1									
Vote 1 - Executive and Council		779	-	442	34,223	47,980	47,980	80,292	68,721	72,830
Vote 2 - Finance and Corporate Services		111,736	108,009	110,763	112,379	112,379	112,379	81,662	82,662	85,562
Vote 3 - Planning and Development		877	885	-	-	-	-	-	-	-
Vote 4 - Health		-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 6 - Housing		-	-	-	-	-	-	-	-	-
Vote 7 - Roads		1,983	1,953	919	2,373	2,373	2,373	2,258	2,382	2,520
Vote 8 - Water		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	115,376	110,847	112,124	148,975	162,732	162,732	164,212	153,765	160,912
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		21,254	12,497	24,960	38,487	39,942	39,942	42,014	39,566	41,598
Vote 2 - Finance and Corporate Services		41,556	47,888	38,403	39,408	41,658	41,658	42,318	40,669	42,831
Vote 3 - Planning and Development		25,923	17,424	18,779	17,976	25,223	25,223	17,501	18,113	18,685
Vote 4 - Health		7,836	10,251	11,930	13,002	13,150	13,150	14,412	14,991	15,873
Vote 5 - Public Safety		22,581	11,778	10,913	33,461	36,012	36,012	39,304	33,168	34,425
Vote 6 - Housing		439	438	-	490	490	490	562	602	644
Vote 7 - Roads		2,132	1,953	1,948	3,093	3,473	3,473	5,922	4,382	4,520
Vote 8 - Water		510	455	877	3,057	3,057	3,057	2,180	2,274	2,337
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	122,229	102,683	107,810	148,974	163,005	163,005	164,212	153,765	160,912
Surplus/(Deficit) for the year	2	(6,853)	8,164	4,314	0	(274)	(274)	-	-	-

DC10 Sarah Baartman - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

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										
Vote 1 - Executive and Council	1	779	-	442	34,223	47,980	47,980	80,292	68,721	72,830
1.1 - Council's expenses		779	-	442	34,223	34,223	34,223	50,864	39,354	41,407
1.2 - Office of the speaker										
1.3 - Management MM						13,757	13,757	29,428	29,367	31,423
1.4 - Capacity building										
1.5 - Performance management										
1.6 - Management Infrastructure										
1.7 - Management - Finance and Corporate Services										
1.8 - Executive Committee										
1.9 - Legal Services										
1.10 - Other										
Vote 2 - Finance and Corporate Services		111,736	108,009	110,763	112,379	112,379	112,379	81,662	82,662	85,562
2.1 - Financial Accounting Division										
2.2 - Revenue Collection		99,396	108,009	110,763	108,464	108,464	108,464	77,747	78,747	81,647
2.3 - Payroll Administration		42	-	-	50	50	50	50	50	50
2.4 - Information Technology										
2.5 - Pensioners Expenditure - Roadworks		4,574	-	-	-	-	-	-	-	-
2.6 - Manager: Corporate Services										
2.7 - Manager: Finance										
2.8 - Procurement		-	-	-	25	25	25	25	25	25
2.9 - People Management		167	-	-	440	440	440	440	440	440
2.10 - Other		7,557	-	-	3,400	3,400	3,400	3,400	3,400	3,400
Vote 3 - Planning and Development		877	885	-	-	-	-	-	-	-
3.1 - GIS Specialist										
3.2 - Project Management		677	-	-	-	-	-	-	-	-
3.3 - Admin Support										
3.4 - Local Economic Development										
3.5 - Planning Unit		-	885	-	-	-	-	-	-	-
3.6 - Tourism Promotion and Development										
Vote 4 - Health		-	-	-	-	-	-	-	-	-
4.1 - Environmental Health										
4.2 - Environmental Health Management										
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-
5.1 - Disaster Management										
5.2 - Fire Services										
Vote 6 - Housing		-	-	-	-	-	-	-	-	-
6.1 - Housing Co-ordinator										
Vote 7 - Roads		1,983	1,953	919	2,373	2,373	2,373	2,258	2,382	2,520
Roads and Capacity Building		1,983	1,953	919	2,373	2,373	2,373	2,258	2,382	2,520
Vote 8 - Water		-	-	-	-	-	-	-	-	-
8.1 - Water Services Authority										
Total Revenue by Vote	2	115,376	110,847	112,124	148,975	162,732	162,732	164,212	153,765	160,912

DC10 Sarah Baartman - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

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
Expenditure by Vote										
Vote 1 - Executive and Council	1	21,254	12,497	24,960	38,487	39,942	39,942	42,014	39,566	41,598
1.1 - Council's expenses		4,440	2,458	24,960	1,669	1,669	1,669	3,332	3,258	3,479
1.2 - Office of the speaker		1,792	1,591	-	3,071	3,221	3,221	3,106	3,230	3,396
1.3 - Management MM		1,284	1,838	-	4,883	5,088	5,088	5,176	3,631	3,866
1.4 - Capacity building		908	655	-	320	320	320	400	420	440
1.5 - Performance management		744	921	-	896	896	896	983	1,051	1,118
1.6 - Management Infrastructure		-	-	-	1,615	1,615	1,615	1,633	1,553	1,655
1.7 - Management - Finance and Corporate Services		1,342	-	-	2,084	2,384	2,384	1,944	2,036	2,150
1.8 - Executive Committee		6,979	5,035	-	8,190	8,590	8,590	8,357	9,297	9,832
1.9 - Legal Services		-	-	-	1,774	1,774	1,774	1,521	1,300	1,381
1.10 - Other		3,765	-	-	13,987	14,387	14,387	15,564	13,790	14,280
Vote 2 - Finance and Corporate Services		41,556	47,888	38,403	39,408	41,658	41,658	42,318	40,669	42,831
2.1 - Financial Accounting Division		7,725	33,462	38,403	7,124	8,274	8,274	9,203	7,050	7,399
2.2 - Revenue Collection		1,574	-	-	587	587	587	746	797	852
2.3 - Payroll Administration		769	-	-	5,742	5,742	5,742	1,029	1,101	1,178
2.4 - Information Technology		3,811	-	-	3,237	3,237	3,237	2,749	2,875	3,042
2.5 - Pensioners Expenditure - Roadworks		4,203	-	-	5,050	5,050	5,050	4,620	4,850	5,090
2.6 - Manager: Corporate Services		-	-	-	160	160	160	2,109	2,243	2,379
2.7 - Manager: Finance		594	-	-	431	431	431	1,140	1,221	1,303
2.8 - Procurement		-	-	-	832	832	832	849	918	981
2.9 - People Management		1,505	-	-	3,081	3,081	3,081	3,099	3,265	3,438
2.10 - Other		21,375	14,426	-	13,163	14,263	14,263	16,774	16,348	17,168
Vote 3 - Planning and Development		25,923	17,424	18,779	17,976	25,223	25,223	17,501	18,113	18,665
3.1 - GIS Specialist		582	-	-	6,281	6,281	6,281	616	655	696
3.2 - Project Management		7,112	-	-	1,254	4,766	4,766	1,800	1,667	1,777
3.3 - Admin Support		-	-	-	217	217	217	774	828	886
3.4 - Local Economic Development		16,635	-	18,779	2,174	4,259	4,259	4,209	4,363	4,453
3.5 - Planning Unit		1,594	17,424	-	2,022	2,822	2,822	4,318	4,508	4,668
3.6 - Tourism Promotion and Development		-	-	-	6,028	6,878	6,878	5,784	6,090	6,203
Vote 4 - Health		7,836	10,251	11,930	13,002	13,150	13,150	14,412	14,991	15,873
4.1 - Environmental Health		7,836	10,251	11,930	11,466	11,614	11,614	12,746	13,172	13,932
4.2 - Environmental Health Management		-	-	-	1,536	1,536	1,536	1,666	1,819	1,940
Vote 5 - Public Safety		22,581	11,778	10,913	33,461	36,012	36,012	39,304	33,168	34,425
5.1 - Disaster Management		8,865	-	-	9,447	9,584	9,584	9,542	9,311	9,863
5.2 - Fire Services		13,716	11,778	10,913	24,014	26,428	26,428	29,762	23,858	24,563
Vote 6 - Housing		439	438	-	490	490	490	562	602	644
6.1 - Housing Co-ordinator		439	438	-	490	490	490	562	602	644
Vote 7 - Roads		2,132	1,953	1,948	3,093	3,473	3,473	5,922	4,382	4,520
Roads and Capacity Building		2,132	1,953	1,948	3,093	3,473	3,473	5,922	4,382	4,520
Vote 8 - Water		510	455	877	3,057	3,057	3,057	2,180	2,274	2,337
8.1 - Water Services Authority		510	455	877	3,057	3,057	3,057	2,180	2,274	2,337
Total Expenditure by Vote	2	122,229	102,683	107,810	148,974	163,005	163,005	164,212	153,765	160,912
Surplus/(Deficit) for the year	2	(6,853)	8,164	4,314	0	(274)	(274)	-	-	-

Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R164.2 million in 2020/2021, increases to R153.8 million in 2021/2022 and then further increases to R160.9 million by 2022/2023.
2. Transfers recognised – operating; includes the local government equitable share and other operating grants from national and provincial government.

DC10 Sarah Baartman - 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
R thousand	1										
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1,661	1,364	1,353	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Interest earned - external investments		18,866	16,299	16,657	15,000	15,000	15,000	15,000	10,000	11,000	12,000
Interest earned - outstanding debtors											
Dividends received											
Fines, penalties and forfeits											
Licences and permits											
Agency services		50	48	49	50	50	50	50	50	50	50
Transfers and subsidies		87,632	89,310	92,582	96,837	96,837	96,837	96,837	101,433	100,496	104,590
Other revenue	2	7,167	3,974	1,270	35,688	49,445	49,445	49,445	51,329	40,819	42,872
Gains		-	-	213	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		115,376	110,994	112,124	148,975	162,732	162,732	162,732	164,212	153,765	160,912
Expenditure By Type											
Employee related costs	2	37,668	36,036	38,478	45,933	46,233	46,233	46,233	49,092	52,526	56,203
Remuneration of councillors		6,652	7,288	7,398	8,196	8,196	8,196	8,196	8,331	8,914	9,538
Debt impairment	3	(868)	2,031	811	-	-	-	-	-	-	-
Depreciation & asset impairment	2	1,581	1,543	1,569	1,800	1,800	1,800	1,800	2,300	2,410	2,530
Finance charges											
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8										
Contracted services		4,162	2,485	3,298	2,400	8,266	8,266	8,266	2,300	2,410	2,530
Transfers and subsidies		20,093	16,041	19,425	31,503	32,111	32,111	32,111	35,349	30,000	31,495
Other expenditure	4, 5	57,920	38,921	42,512	59,143	66,126	66,126	66,126	66,840	57,505	58,617
Losses		1,251	101	-	-	-	-	-	-	-	-
Total Expenditure		128,460	104,446	113,491	148,975	162,732	162,732	162,732	164,212	153,765	160,912
Surplus/(Deficit)		(13,084)	6,548	(1,367)	-	-	-	-	-	-	(0)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-									
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		(13,084)	6,548	(1,367)	-	-	-	-	-	-	(0)
Taxation											
Surplus/(Deficit) after taxation		(13,084)	6,548	(1,367)	-	-	-	-	-	-	(0)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(13,084)	6,548	(1,367)	-	-	-	-	-	-	(0)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(13,084)	6,548	(1,367)	-	-	-	-	-	-	(0)

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. There is no capital funds budgeted in the two outer years.

DC10 Sarah Baartman - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 4 - Health		-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 6 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 7 - Roads		-	-	-	-	-	-	-	-	-	-
Vote 8 - Water		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		1,913	250	22	80	179	179	179	41	-	-
Vote 2 - Finance and Corporate Services		4,166	1,810	3,821	1,086	4,910	4,910	4,910	4,994	900	600
Vote 3 - Planning and Development		22	5	-	192	192	192	192	19	-	-
Vote 4 - Health		-	-	-	30	30	30	30	4	-	-
Vote 5 - Public Safety		-	-	-	30	30	30	30	36	-	-
Vote 6 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 7 - Roads		-	-	-	-	-	-	-	-	-	-
Vote 8 - Water		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		6,101	2,065	3,844	1,418	5,341	5,341	5,341	5,094	900	600
Total Capital Expenditure - Vote		6,101	2,065	3,844	1,418	5,341	5,341	5,341	5,094	900	600
Capital Expenditure - Functional											
Governance and administration		6,122	2,065	3,840	1,136	6,859	6,859	6,859	5,094	900	600
Executive and council		-	-	9	-	-	-	-	-	-	-
Finance and administration		6,122	2,065	3,831	1,136	6,859	6,859	6,859	5,094	900	600
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	60	60	60	60	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	30	30	30	30	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	30	30	30	30	-	-	-
Economic and environmental services		-	-	4	182	281	281	281	-	-	-
Planning and development		-	-	4	182	281	281	281	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	40	40	40	40	-	-	-
Total Capital Expenditure - Functional	3	6,122	2,065	3,844	1,418	7,240	7,240	7,240	5,094	900	600
Funded by:											
National Government											
Provincial Government											
District Municipality											
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)											
Transfers recognised - capital	4	-	-	-	-	-	-	-	-	-	-
Borrowing	6										
Internally generated funds		6,122	2,065	3,844	1,418	7,240	7,240	7,240	5,094	900	600
Total Capital Funding	7	6,122	2,065	3,844	1,418	7,240	7,240	7,240	5,094	900	600

DC10 Sarah Baartman - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Capital expenditure - Municipal Vote											
Multi-year expenditure appropriation	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
1.1 - Council's expenses		-	-	-	-	-	-	-	-	-	-
1.2 - Office of the speaker		-	-	-	-	-	-	-	-	-	-
1.3 - Management MM		-	-	-	-	-	-	-	-	-	-
1.4 - Capacity building		-	-	-	-	-	-	-	-	-	-
1.5 - Performance management		-	-	-	-	-	-	-	-	-	-
1.6 - Management Infrastructure		-	-	-	-	-	-	-	-	-	-
1.7 - Management - Finance and Corporate Services		-	-	-	-	-	-	-	-	-	-
1.8 - Executive Committee		-	-	-	-	-	-	-	-	-	-
1.9 - Legal Services		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Corporate Services		-	-	-	-	-	-	-	-	-	-
2.1 - Financial Accounting Division		-	-	-	-	-	-	-	-	-	-
2.2 - Revenue Collection		-	-	-	-	-	-	-	-	-	-
2.3 - Payroll Administration		-	-	-	-	-	-	-	-	-	-
2.4 - Information Technology		-	-	-	-	-	-	-	-	-	-
2.5 - Pensioners Expenditure - Roadworks		-	-	-	-	-	-	-	-	-	-
2.6 - Manager: Corporate Services		-	-	-	-	-	-	-	-	-	-
2.7 - Manager: Finance		-	-	-	-	-	-	-	-	-	-
Vote 3 - Planning and Development		-	-	-	-	-	-	-	-	-	-
3.1 - GIS Specialist		-	-	-	-	-	-	-	-	-	-
3.2 - Project Management		-	-	-	-	-	-	-	-	-	-
3.3 - Admin Support		-	-	-	-	-	-	-	-	-	-
3.4 - Local Economic Development		-	-	-	-	-	-	-	-	-	-
3.5 - Planning Unit		-	-	-	-	-	-	-	-	-	-
3.6 - Tourism Promotion and Development		-	-	-	-	-	-	-	-	-	-
Vote 4 - Health		-	-	-	-	-	-	-	-	-	-
4.1 - Environmental Health		-	-	-	-	-	-	-	-	-	-
4.2 - Environmental Health Management		-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-	-
5.1 - Disaster Management		-	-	-	-	-	-	-	-	-	-
5.2 - Fire Services		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Capital expenditure - Municipal Vote											
Single-year expenditure appropriation	2										
Vote 1 - Executive and Council		1,913	250	22	80	179	179	179	41	-	-
1.1 - Council's expenses		1,496	250	9	-	-	-	-	-	-	-
1.2 - Office of the speaker		-	-	-	-	-	-	-	-	-	-
1.3 - Management MM		12	-	-	-	-	-	-	-	-	-
1.4 - Capacity building		-	-	-	-	-	-	-	-	-	-
1.5 - Performance management		-	-	-	-	-	-	-	-	-	-
1.6 - Management Infrastructure		-	-	-	30	129	129	129	16	-	-
1.7 - Management - Finance and Corporate Services		404	-	13	-	-	-	-	-	-	-
1.8 - Executive Committee		-	-	-	-	-	-	-	-	-	-
1.9 - Legal Services		-	-	-	50	50	50	50	-	-	-
1.10 - Other		-	-	-	-	-	-	-	25	-	-
Vote 2 - Finance and Corporate Services		4,166	1,810	3,821	1,086	4,910	4,910	4,910	4,994	900	600
2.1 - Financial Accounting Division		-	-	-	15	130	130	130	-	200	-
2.2 - Revenue Collection		-	-	-	-	-	-	-	-	-	-
2.3 - Payroll Administration		1,734	-	-	-	-	-	-	-	-	-
2.4 - Information Technology		-	1,043	265	454	1,734	1,734	1,734	2,630	200	100
2.5 - Pensioners Expenditure - Roadworks		-	-	-	-	-	-	-	-	-	-
2.6 - Manager: Corporate Services		-	-	-	-	-	-	-	6	-	-
2.7 - Manager: Finance		-	-	-	-	-	-	-	-	-	-
2.8 - Procurement		-	-	-	15	15	15	15	4	-	-
2.9 - People Management		-	-	-	-	-	-	-	-	-	-
2.10 - Other		2,432	768	3,557	602	3,031	3,031	3,031	2,354	500	500
Vote 3 - Planning and Development		22	5	-	192	192	192	192	19	-	-
3.1 - GIS Specialist		-	-	-	107	107	107	107	-	-	-
3.2 - Project Management		-	-	-	30	30	30	30	-	-	-
3.3 - Admin Support		-	-	-	-	-	-	-	-	-	-
3.4 - Local Economic Development		-	-	-	-	-	-	-	4	-	-
3.5 - Planning Unit		22	5	-	15	15	15	15	12	-	-
3.6 - Tourism Promotion and Development		-	-	-	40	40	40	40	3	-	-
Vote 4 - Health		-	-	-	30	30	30	30	4	-	-
4.1 - Environmental Health		-	-	-	-	-	-	-	-	-	-
4.2 - Environmental Health Management		-	-	-	30	30	30	30	4	-	-
Vote 5 - Public Safety		-	-	-	30	30	30	30	36	-	-
5.1 - Disaster Management		-	-	-	30	30	30	30	28	-	-
5.2 - Fire Services		-	-	-	-	-	-	-	8	-	-
Capital single-year expenditure sub-total		6,101	2,065	3,844	1,418	5,341	5,341	5,341	5,094	900	600
Total Capital Expenditure		6,101	2,065	3,844	1,418	5,341	5,341	5,341	5,094	900	600

Explanatory notes to Table A6 - Budgeted Financial Position

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

DC10 Sarah Baartman - Table A6 Budgeted Financial Position

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
ASSETS											
Current assets											
Cash		109,841	63,659	40,089	41,889	33,954	33,954	33,954	10,610	14,997	12,657
Call investment deposits	1	117,000	150,000	185,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Consumer debtors	1	2,014	1,764	1,449	3,237	3,237	3,237	3,237	3,237	3,237	3,237
Other debtors		7,895	3,242	2,772	2,500	2,500	2,500	2,500	2,500	2,000	2,000
Current portion of long-term receivables											
Inventory	2										
Total current assets		236,750	218,665	229,309	197,626	189,691	189,691	189,691	166,347	170,234	167,894
Non current assets											
Long-term receivables		238	228	162	228	228	228	228	228	228	228
Investments											
Investment property		12,643	12,640	12,640	12,640	12,640	12,640	12,640	12,640	12,640	12,640
Investment in Associate											
Property, plant and equipment	3	17,953	17,253	19,489	24,815	29,357	29,357	29,357	29,399	22,105	21,905
Biological											
Intangible		1,517	2,541	2,541	2,541	3,821	3,821	3,821	3,641	3,241	3,141
Other non-current assets		16,213	16,213	16,213	16,213	16,213	16,213	16,213	16,213	16,213	16,213
Total non current assets		48,563	48,875	51,044	56,437	62,259	62,259	62,259	62,120	54,427	54,127
TOTAL ASSETS		285,314	267,540	280,354	254,063	251,950	251,950	251,950	228,468	224,661	222,021
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	4,173	4,376	4,496	4,376	4,376	4,376	4,376	4,376	4,376	4,376
Consumer deposits											
Trade and other payables	4	35,810	12,539	24,917	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Provisions		1,229	782	1,001	1,133	1,133	1,133	1,133	1,133	-	-
Total current liabilities		41,212	17,696	30,414	20,509	20,509	20,509	20,509	20,509	19,376	19,376
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		56,814	54,148	55,556	65,000	65,000	65,000	65,000	65,000	-	-
Total non current liabilities		56,814	54,148	55,556	65,000	65,000	65,000	65,000	65,000	-	-
TOTAL LIABILITIES		98,026	71,844	85,970	85,509	85,509	85,509	85,509	85,509	19,376	19,376
NET ASSETS	5	187,287	195,696	194,384	168,554	166,441	166,441	166,441	142,959	205,285	202,645
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		187,287	195,696	194,384	168,554	166,441	166,441	166,441	142,959	205,285	202,645
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	187,287	195,696	194,384	168,554	166,441	166,441	166,441	142,959	205,285	202,645

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.

DC10 Sarah Baartman - Table A7 Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates									-	-	-
Service charges									-	-	-
Other revenue		1,705	6,038	2,472	37,138	42,960	42,960	42,960	31,825	36,925	36,925
Transfers and Subsidies - Operational	1	86,525	89,310	92,582	96,837	96,837	96,837	96,837	96,837	104,717	104,717
Transfers and Subsidies - Capital	1								-	-	-
Interest		18,886	16,277	16,800	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Dividends									-	-	-
Payments											
Suppliers and employees		(68,604)	(60,613)	(66,749)	(115,672)	(128,821)	(128,821)	(128,821)	(126,563)	(121,355)	(126,887)
Finance charges									-	-	-
Transfers and Grants	1	(41,261)	(57,966)	(25,799)	(31,503)	(32,111)	(32,111)	(32,111)	(35,349)	(30,000)	(31,495)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(2,748)	(6,954)	19,307	1,800	(6,135)	(6,135)	(6,135)	(18,250)	5,287	(1,740)
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		161	69	227	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		837	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(50)	10	66	-	-	-	-	-	-	-
Payments											
Capital assets		(6,122)	(2,065)	(3,844)	-	-	-	-	(5,094)	(900)	(600)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(5,174)	(1,986)	(3,551)	-	-	-	-	(5,094)	(900)	(600)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits		18,000	(33,000)	(35,000)	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(4,072)	(4,239)	(4,326)	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		13,928	(37,239)	(39,326)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	103,836	109,839	63,659	40,089	40,089	40,089	40,089	33,954	10,610	14,997
Cash/cash equivalents at the year end:	2	109,841	63,659	40,089	41,889	33,954	33,954	33,954	10,610	14,997	12,657

Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

DC10 Sarah Baartman - 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	109,841	63,659	40,089	41,889	35,754	35,754	35,754	12,410	16,797	14,457
Other current investments > 90 days		116,998	150,000	185,241	40,958	41,271	187,221	187,221	59,440	40,032	326,688
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		226,839	213,660	225,330	82,847	77,025	222,975	222,975	71,851	56,830	341,145
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	33,861	6,670	20,861	9,034	9,964	9,964	9,964	(3,530)	10,225	10,447
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		33,861	6,670	20,861	9,034	9,964	9,964	9,964	(3,530)	10,225	10,447
Surplus(shortfall)		192,978	206,990	204,469	73,813	67,061	213,011	213,011	75,381	46,605	330,698

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. Sarah Baartman District Municipality does not meet these recommendations, because it does not have infrastructural assets.

DC10 Sarah Baartman - Table A9 Asset Management

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	6,122	2,065	3,844	1,418	7,240	7,240	5,094	900	600
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		2,784	505	-	500	500	500	2,300	500	500
Housing		-	-	-	-	-	-	-	-	-
Other Assets		2,784	505	-	500	500	500	2,300	500	500
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	300	1,580	1,580	800	200	100
Intangible Assets		-	-	-	300	1,580	1,580	800	200	100
Computer Equipment		1,895	1,226	265	195	2,434	2,434	1,870	200	-
Furniture and Office Equipment		177	77	22	423	2,726	2,726	124	-	-
Machinery and Equipment		-	7	-	-	-	-	-	-	-
Transport Assets		1,266	250	3,557	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
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>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

Total Upgrading of Existing Assets	6	-	-	-	-	-	-	-	-	-
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	6,122	2,065	3,844	1,418	7,240	7,240	5,094	900	600
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		2,784	505	-	500	500	500	2,300	500	500
Housing		-	-	-	-	-	-	-	-	-
Other Assets		2,784	505	-	500	500	500	2,300	500	500
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	300	1,580	1,580	800	200	100
Intangible Assets		-	-	-	300	1,580	1,580	800	200	100
Computer Equipment		1,895	1,226	265	195	2,434	2,434	1,870	200	-
Furniture and Office Equipment		177	77	22	423	2,726	2,726	124	-	-
Machinery and Equipment		-	7	-	-	-	-	-	-	-
Transport Assets		1,266	250	3,557	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		6,122	2,065	3,844	1,418	7,240	7,240	5,094	900	600

ASSET REGISTER SUMMARY - PPE (WDV)	5	54,447	50,711	48,646	56,208	62,030	62,030	61,892	54,198	53,898
<i>Roads Infrastructure</i>										
<i>Storm water Infrastructure</i>										
<i>Electrical Infrastructure</i>										
<i>Water Supply Infrastructure</i>										
<i>Sanitation Infrastructure</i>										
<i>Solid Waste Infrastructure</i>										
<i>Rail Infrastructure</i>										
<i>Coastal Infrastructure</i>										
<i>Information and Communication Infrastructure</i>										
Infrastructure		-	-	-	-	-	-	-	-	-
Community Assets										
Heritage Assets		16,213	16,213	16,213	16,213	16,213	16,213	16,213	16,213	16,213
Investment properties		12,643	12,640	12,640	12,640	12,640	12,640	12,640	12,640	12,640
Other Assets		13,071	6,341	1,292	6,841	6,841	6,841	9,641	7,841	7,841
Biological or Cultivated Assets										
Intangible Assets		1,517	2,541	2,541	2,541	3,821	3,821	3,641	3,241	3,141
Computer Equipment		3,009	3,780	-	3,990	6,004	6,004	5,829	4,090	3,890
Furniture and Office Equipment		2,757	4,691	2,487	9,478	12,006	12,006	9,423	5,668	5,668
Machinery and Equipment		911	692	692	692	692	692	692	692	692
Transport Assets		4,327	3,814	3,814	3,814	3,814	3,814	3,814	3,814	3,814
Land		-	-	8,968	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	54,447	50,711	48,646	56,208	62,030	62,030	61,892	54,198	53,898
EXPENDITURE OTHER ITEMS		2,208	2,319	2,479	2,300	3,000	3,000	2,300	2,410	2,530
Depreciation	7	1,581	1,543	1,569	1,800	1,800	1,800	2,300	2,410	2,530
Repairs and Maintenance by Asset Class	3	627	776	910	500	1,200	1,200	-	-	-
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>		627	776	910	500	1,200	1,200	-	-	-
<i>Housing</i>		-	-	-	-	-	-	-	-	-
Other Assets		627	776	910	500	1,200	1,200	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
<i>Servitudes</i>		-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		2,208	2,319	2,479	2,300	3,000	3,000	2,300	2,410	2,530
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal and upgrading of Existing Assets as % of deprec</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&M as a % of PPE</i>		3.5%	4.5%	4.7%	2.0%	4.1%	4.1%	0.0%	0.0%	0.0%
<i>Renewal and upgrading and R&M as a % of PPE</i>		1.0%	2.0%	2.0%	1.0%	2.0%	2.0%	0.0%	0.0%	0.0%

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. This Table is not completed by the municipality as the basic services are provided by the Local Municipalities within the District and the required information is included in the budget documents of the respective Local Municipalities.

DC10 Sarah Baartman - Table A10 Basic service delivery measurement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5									
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5									
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Electricity (< min service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5									
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5									
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided										
Highest level of free service provided per household										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
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)		-	-	-	-	-	-	-	-	-
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										

PART 2

SUPPORTING DOCUMENTATION

CHAPTER 5



Overview Of The Annual Budget Process

CHAPTER 5

Overview of the annual budget process

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

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

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

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

Budget Process Overview

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

The Mayor tabled in Council the required IDP and budget time schedule in August 2019. Key dates applicable to the process were:

- 30/01/2020 1st Budget Steering Committee meeting
- 11/03/2020 Mayoral Committee where draft budget is presented and adopted
- 25/03/2020 Council to approve draft budget
- 01/04/2020 Public participation process
- 23/04/2020 Public participation ends
- 07/05/2020 2nd Budget Steering Committee meeting
- 13/05/2020 Mayoral Committee where final budget is presented and adopted
- 27/05/2020 Council to approve final budget
- 10/06/2020 Submit final budget to National and Provincial Treasury

The draft budget for 2020/21 was tabled to Council on 25 March 2020. The President of South Africa declared a nationwide lockdown, which commenced at midnight on 26 March 2020, due to the COVID-19 pandemic. The Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) on 30 March 2020 to facilitate and enable the performance of legislative responsibilities by municipalities during the national state of disaster. The Exemption enabled a relaxation of all those provisions that would have compromised amongst others, the social distancing and the prohibition of gatherings of more than 100 people measures that was introduced as part of the national state of disaster declaration.

As a result of the nationwide lockdown, the public consultation meetings with local municipalities and other stakeholders could not be concluded timeously in order for all inputs to be obtained and considered before the Council meeting of 27 May 2020 to approve the final budget. The council meeting therefore had to be re-scheduled to 5 June 2020. This will also ensure compliance with section 25 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

IDP and Service Delivery and Budget Implementation Plan

The SBDM IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the 5-year IDP included the following key processes and deliverables:

- Registration of local municipality and community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- Review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the new 5-year IDP which commenced with the 2017/2018 MTREF and will be reviewed annually. The business planning process has been refined to align the IDP to the key national and provincial priorities and current economic circumstances.

With the compilation of the new 5-year IDP, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the performance against the previous 5-year Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

Financial Modelling and Key Planning Drivers

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

- Dependence on grant funding
- Dependence on interest income
- Consequences of the utilisation of the accumulated surplus
- Policy priorities and strategic objectives
- Amended strategies emanating from the Strategic Plan
- Economic climate and trends
- Performance trends
- The approved 2019/20 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Investment possibilities
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 58, 66, 70, 74, 78, 82, 85, 86, 88, 89, 91, 93, 94, 98 and 99 has been taken into consideration in the planning and prioritisation process.

Community Consultation

The draft 2020/21 MTREF as tabled before Council on 25 March 2020 for community consultation was published on the municipality's website and soft copies were emailed to all seven local municipalities in March 2020. The opportunity to give electronic feedback was also communicated on the SBDM website. In addition, in May 2020, airing of "live reads" to request for input on the District IDP and Budget was done on local radio stations as well as on social media platforms such as Youtube, Twitter, Facebook.

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

Submissions received during the local municipality and community consultation process and additional information regarding revenue and expenditure and individual capital projects were considered as part of the finalisation of the 2020/21 MTREF within the limited resources of the municipality. Feedback and responses to the submissions received are available on request.

CHAPTER 6



Overview Of Alignment Of The Annual Budget With The IDP

CHAPTER 6

Overview of alignment of annual budget with IDP

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

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

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

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the SBDM, 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 SBDM strategically complies with the key national and provincial priorities.

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

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

IDP Strategic Objectives

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

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. Good Governance and Public Participation
2. Institutional Transformation
3. Financial Viability and Management
4. Infrastructure and Basic Services
5. Local Economic Development

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

This process has translated into a Municipal Standard Chart of Accounts budget.

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

DC10 Sarah Baartman - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand												
BASIC SERVICE DELIVERY AND INFRASTRUCTURE				3,261	7,244	2,240	15,988	15,988	15,988	66,286	59,466	62,118
FINANCIAL VIABILITY AND MANAGEMENT				105,509	46,384	158,406	121,837	135,594	135,594	46,479	44,757	47,175
LOCAL ECONOMIC DEVELOPMENT				50	17,327	4,507	10,900	10,900	10,900	23,525	22,816	23,365
GOOD GOVERNANCE AND PUBLIC PARTICIPATION				4,847	39,892	14,193	250	250	250	27,922	26,727	28,254
MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT												
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	113,667	110,847	179,346	148,975	162,732	162,732	164,212	153,765	160,912

DC10 Sarah Baartman - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
R thousand													
BASIC SERVICE DELIVERY AND INFRASTRUCTURE				2,642	7,244	2,240	15,988	15,988	15,988	66,286	59,466	62,118	
FINANCIAL VIABILITY AND MANAGEMENT				55,825	82,754	158,406	121,837	135,594	135,594	46,479	44,757	47,175	
LOCAL ECONOMIC DEVELOPMENT				23,235	17,327	4,507	10,900	10,900	10,900	23,525	22,816	23,365	
GOOD GOVERNANCE AND PUBLIC PARTICIPATION				45,923	39,892	14,193	250	250	250	27,922	26,727	28,254	
MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT													
Allocations to other priorities													
Total Expenditure				1	127,625	147,217	179,346	148,975	162,732	162,732	164,212	153,765	160,912

DC10 Sarah Baartman - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand												
Not linked to the IDP strategic objectives due to the nature of the entity - no infrastructure assets		A										
		B										
		C										
		D										
		E										
		F										
		G										
		H										
		I										
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	-	-	-	-	-	-	-	-	-

DC10 Sarah Baartman - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	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
Vote 1 - vote name	See SDBIP	See SDBIP	See SDBIP	See SDBIP	See SDBIP	See SDBIP	See SDBIP	See SDBIP	See SDBIP	See SDBIP
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure's description</i>										
Sub-function 2 - (name)										
<i>Insert measure's description</i>										
Sub-function 3 - (name)										
<i>Insert measure's description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure's description</i>										
Sub-function 2 - (name)										
<i>Insert measure's description</i>										
Sub-function 3 - (name)										
<i>Insert measure's description</i>										
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure's description</i>										
Sub-function 2 - (name)										
<i>Insert measure's description</i>										
Sub-function 3 - (name)										
<i>Insert measure's description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure's description</i>										
Sub-function 2 - (name)										
<i>Insert measure's description</i>										
Sub-function 3 - (name)										
<i>Insert measure's description</i>										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure's description</i>										
Sub-function 2 - (name)										
<i>Insert measure's description</i>										
Sub-function 3 - (name)										
<i>Insert measure's description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure's description</i>										
Sub-function 2 - (name)										
<i>Insert measure's description</i>										
Sub-function 3 - (name)										
<i>Insert measure's description</i>										
And so on for the rest of the Votes										

DC10 Sarah Baartman - Entities measureable performance objectives

Description	Unit of measurement	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
Entity 1 - (name of entity)										
<i>Insert measure's description</i>										
Entity 2 - (name of entity)										
<i>Insert measure's description</i>										
Entity 3 - (name of entity)										
<i>Insert measure's description</i>										
And so on for the rest of the Entities										

CHAPTER 7



Measurable Performance Objectives & Indicators

CHAPTER 7

MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

The measurable performance indicators of the Sarah Baartman District Municipality are detailed in the following:

- * **Annexure “B”**: Mandatory Performance Measures
- * **Annexure “C”**: Annual Performance Objectives by Vote – operational measures
- * **Annexure “D”**: Revenue by Source

DC10 Sarah Baartman - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.8%	4.8%	4.6%	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	14.7%	19.6%	22.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	5.7	12.4	7.5	4.3	4.0	11.2	11.2	68.5	3.2	17.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	5.7	12.4	7.5	4.3	4.0	11.2	11.2	68.5	3.2	17.9
Liquidity Ratio	Monetary Assets/Current Liabilities	5.5	12.1	7.4	4.0	3.8	10.9	10.9	63.4	2.9	17.6
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Debtors Collection Rate (Cash receipts % of Ratapayer & Other revenue)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	8.8%	4.7%	3.9%	4.0%	3.7%	3.7%	3.7%	3.6%	3.6%	3.4%
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		32.6%	19.7%	62.2%	35.8%	42.0%	42.0%	42.0%	0.0%	89.3%	103.8%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	32.6%	32.5%	34.3%	30.8%	28.4%	28.4%	28.4%	29.9%	34.2%	34.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.5%	0.7%	0.8%	0.3%	0.7%	0.7%	0.7%	0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	1.4%	1.4%	1.4%	1.2%	1.1%	1.1%	1.1%	1.4%	1.6%	1.6%
IDP regulation financial viability Indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	1.4	1.0	1.3	3.5	3.5	3.5	4.4	4.3	3.6	3.8
ii O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	596.5%	367.0%	311.9%	409.8%	409.8%	409.8%	409.8%	409.8%	374.1%	374.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	19.8	12.9	7.7	4.5	3.5	3.5	3.5	1.2	1.7	1.4

DC10 Sarah Baartman Supporting Table SA10 Funding 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	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	109,841	63,659	40,089	41,889	35,754	35,754	35,754	35,754	35,754	35,754	35,754	12,410	16,797	14,457
Cash + investments at the yr end less applications - R'000	18(1)b	2	192,978	206,990	204,469	73,813	67,061	213,011	213,011	213,011	213,011	213,011	213,011	75,381	46,605	330,698
Cash year end/monthly employee/supplier payments	18(1)b	3	19.8	12.9	7.7	4.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	1.2	1.7	1.4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	7,009	22,590	18,058	-	-	-	-	-	-	-	-	-	-	-
Service charge rev % change - macro CPIX target exclusive	18(1)a.(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a.(2)	6	19.2%	112.1%	92.5%	100.0%	84.4%	84.4%	84.4%	84.4%	84.4%	84.4%	84.4%	59.2%	87.4%	83.3%
Debt impairment expense as a % of total billable revenue	18(1)a.(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c;19	8	100.3%	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	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%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10														
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(49.5%)	(15.7%)	35.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	(8.7%)	0.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	(4.0%)	(29.0%)	40.8%	0.0%	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	3.5%	4.5%	4.7%	2.0%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	0.0%	0.0%	0.0%
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%	0.0%	0.0%	0.0%	0.0%

CHAPTER 8



Overview Of Budget- Related Policies

CHAPTER 8

OVERVIEW OF BUDGET-RELATED POLICIES

Budgeting is central to the process of prioritizing for service delivery and the management of the functions of Council. The Sarah Baartman District Municipality's budgeting process is guided and governed by relevant legislation, regulations and budget related policies.

The following budget-related policies were reviewed as part of the budget planning process:

- Budget policy;
- Banking and Investment Policy;
- Supply Chain Management Policy;
- Credit Control and Debt Collection Policy;
- Revenue By-laws;
- Tariff Policy;
- Sundry Financial Policy;
- Policy on Unauthorised, Irregular, Fruitless and Wasteful Expenditure and the Enforcement of Proper Financial Management;
- Petty Cash Policy;
- Virement Policy;
- Enterprise Risk Management Policy; and
- Cost containment policy

The following amendments to the policies were made:

Virement Policy

Existing:

4 (j) Virements towards employees cost expenditure are not permitted.

New:

4 (j) Virements towards personnel expenditure are not permitted, except where:

- temporary/ contracted (budget for as contracted services in terms to the mSCOA Classification) staff status has changed to permanent staff; or
- the budget savings resulted from Outsourced Services within the same function in terms of a Council delegated authority).

Existing:

4 (k) Virements from the following items are not permitted: debt impairment, interest charges and depreciation.

New:

4 (k) Virements from the following items are not permitted: bulk purchases; debt impairment, interest charges, depreciation, grants to individuals, revenue foregone, insurance and VAT

New:

4(m) A virement may not be done to create a new mSCOA project.

New:

4(n) A virement may not be done if the region of the mSCOA project is changed.

New:

4(o) A virement may not be done if the funding source of the mSCOA project is changed.

New:

Amended Virement Approval Form (Annexure A)

Supply Chain Management Policy

Existing:

14.(1) (e) has submitted an affidavit certifying -

(i) that he is not in the service of the state or has been in the service of the state in the previous twelve months;

(ii) that, in the event of the bidder not being a natural person, none of its directors, managers, principal shareholders or stakeholders are in the service of the state nor have they been in the service of the state in the previous twelve months; or

(iii) that neither his spouse, child or parent nor a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state or has been in the service of the state in the previous twelve months.

New:

14.(1) (e) has submitted a declaration indicating -

(i) that he is not in the service of the state or has been in the service of the state in the previous twelve months;

(ii) that, in the event of the bidder not being a natural person, none of its directors, managers, principal shareholders or stakeholders are in the service of the state nor have they been in the service of the state in the previous twelve months; or

(iii) that neither his spouse, child or parent nor a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state or has been in the service of the state in the previous twelve months.

New:

15.(5) Prospective providers of goods or services will be required to annually submit an affidavit certifying -

(i) that he is not in the service of the state or has been in the service of the state in the previous twelve months;

(ii) that, in the event of the bidder not being a natural person, none of its directors, managers, principal shareholders or stakeholders are in the service of the state nor have they been in the service of the state in the previous twelve months; or

(iii) that neither his spouse, child or parent nor a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state or has been in the service of the state in the previous twelve months.

CHAPTER 9



Overview Of Budget Assumptions

CHAPTER 9

OVERVIEW OF BUDGET ASSUMPTIONS

The 2020/21 – 2022/23 Medium Term Budget has been prepared in a volatile global and local economic market which appears to be gaining momentum in a positive direction. Internal and external factors have been considered in ensuring that realistic and accurate budget assumptions have been adopted in the preparation of a credible budget.

Global Economic Trends (*in accordance with National Treasury*)

The COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are severely impacting economic activity. As a result of the pandemic, the global economy is projected to contract sharply by minus 3 percent in 2020, much worse than during the 2008–09 financial crisis. In a baseline scenario which assumes that the pandemic fades in the second half of 2020 - the global economy is projected to grow by 5.8 percent in 2021 as economic activity normalizes.

With global projections agreeing on a negative growth rate of -3%, which is a downgrade of 6.3 percentage points from January 2020, this makes the great lockdown the worst recession since the Great Depression, and far worse than the Global Financial Crisis of 2008. The cumulative loss to global GDP over 2020 and 2021 from the pandemic crisis could be around \$9 trillion, greater than the economies of Japan and Germany combined. Now this is a truly global crisis, as no country is spared. Countries reliant on tourism, travel and entertainment for their growth are experiencing major disruptions. Emerging markets in developing economies face additional challenges; they face unprecedented reversals in capital flows, major currency pressures, while at the same time coping with weaker health systems and much lower fiscal space to support their economies.

For 2020 the growth in advanced economies is projected at minus 6 percent, emerging market and developing economies which typically have normal growth levels well above advanced economies are also projected to have negative growth of minus 1 percent; and minus 2.2 percent if you exclude China. Now income per capita is projected to shrink for over 170 countries. The pandemic may not recede in the second half of this year, leading to longer containment periods, worsening financial conditions, and further breakdowns in global supply chains. In such cases global GDP will fall even further by additional 3 percent in 2020; and if the health crisis rolls over in 2021 it can reduce the level of global GDP by an additional 8 percent compared to the baseline.

South African Economy (*in accordance with National Treasury*)

This worsening of global economic growth negatively impacts South Africa's GDP outcome, with demand for SA exports of goods and services suffering, as well as the negative impact on tourism, and income for workers in the industries. A worsening of the domestic outlook negatively impacts employment, production, income, profitability and the ability to service debt.

The economy slipped into recession in the first quarter where the supply-side activity collapsed due to troubles at the state-owned utilities provider Eskom. Manufacturing output contracted in January and February; and the Covid-19 related lockdown measures reduced domestic demand in March.

Employment

Negative economic outlook does not foster job creation and wage growth. Strict containment measures related to Covid-19 will be decreasing investment activity and private spending, with business confidence and the PMI (purchasing manager's index) dropping to their respective record lows in April, while the unemployment rate is expected to rise to as high as 35% in June and to over 50% by some estimates by the end of the year. Against this backdrop, the government announced an aid package of up to R 500 billion and about 10% of GDP to support businesses and protect jobs and boost the welfare system. The easing of lockdown regulations on 1 June, should give the economy a much-needed respite

Household consumption

With the economic recession both fixed investment and private consumption are projected to be hard hit by the pandemic, amid rising unemployment and evaporating business confidence. Meanwhile, concerns over debt sustainability due to a ballooning fiscal deficit may prompt the country to seek support from International Lending Institutions to prevent a liquidity crisis. Analysts see the economy shrinking by 6.8% in 2020, which is down 1 percentage point from last month's forecast, and expanding to 2.9% in 2021.

Investment

Stronger and more inclusive growth is required to address unemployment, poverty and inequality. Government must continue to work with business and labour to improve confidence and boost investment. Over the short and medium term, these efforts will be focused on rapidly changing the structure of the economy and creating new opportunities for more inclusive growth.

Inflation

Government will return to the fiscal consolidation path outlined in the 2020 Budget as soon as possible. Lower projected inflation will provide for reductions in the nominal expenditure ceiling. Further efficiency gains will have to be recognized. Government is committed to implementing structural reforms to move South Africa onto a higher growth path. The specific measures to do so, and details on the fiscal position, will be set out in the upcoming adjustments budget.

District Economy

Local municipalities are:

Makana (Grahamstown);
Ndlambe (Port Alfred, Alexandria);
Sunday's River Valley, (Kirkwood, Addo);
Blue Crane Route (Pearston, Somerset East, Cookhouse);
Kou-Kamma (Kareedouw, Tsitsikamma);
Kouga (Humansdorp, Jeffrey's Bay, St Francis Bay). and
Dr Beyers Naude (Graaf-Reinet, Jansenville, Willowmore)

Sarah Baartman covers the rural western areas of the province. At least 58,242 square kilometres, it is the largest of the six districts. The district forms the rural hinterland beyond Port Elizabeth. The coastal belt is a temperate, winter-rainfall area, with rains of 500 to 700 mm per annum and above. The beautiful Tsitsikamma and Baviaans Parks lie in the extreme west of the district, close to the Western Cape. The interior is mostly dry Karoo and grasslands composed of large commercial farms and vast expanses. The historic town of Graaf-Reinet is an important centre in the north of the district. Despite the arid interior, the Sundays and Fish Rivers support extensive irrigated farming and are fed by water from the Orange River under the Fish River Transfer Scheme. Grahamstown, in the east, is home to Rhodes University and the National Arts Festival.

This rural district has a population of about 480,000, with a low population density of seven people per square kilometre. The district has a substantial coloured population (36% of the population), with Africans in the majority (52%) and a higher proportion of whites (11%) than other districts.

Sarah Baartman ranks as a third largest economy of the province, with 9% of provincial value added. Agriculture dominates the district's economy, contributing 28% of all value added and 41% of formal employment. Small-stock farming predominates in the dry Karoo interior. This is the centre of wool and mohair farming in the Eastern Cape, providing a high proportion of world mohair production. Karoo mutton is known for its high quality and is also exported. Cattle and dairy farming are strong in the areas around Grahamstown, Cookhouse, Alexandria and Humansdorp. The Langkloof valley is home to deciduous fruit production of apples and pears. Major citrus farming areas are irrigated from the Sundays and Fish Rivers. Deciduous and citrus fruit is exported through Port Elizabeth. Commercial forestry is present around Tsitsikamma and Grahamstown. A small fishing industry operates from St Francis, centred on rock lobster.

The biggest employer is agriculture (32.4%). Manufacturing, centred on agro-processing, is a relatively small sector, providing 10% of value added and 7% of employment. Food and dairy processing and furniture production are present in the larger towns of Grahamstown and Humansdorp. Small businesses and craft co-operatives in the small towns of the Karoo produce wool and mohair garments, mostly hand-knitted. Tourism is well established in Sarah Baartman and the district has established its own network of tourism routes. Tourism attractions include the well-known Tsitsikamma, Baviaans and Addo National Parks and the coastal resorts of Jeffrey's Bay and Port Alfred. Farm tourism is beginning to develop in the

Karoo, and Graaf-Reinet is visited for its history and architecture. Many of the place names in the far south of the district have Khoi and San roots. The Khoisan Cultural Village at Tsitsikamma is the first of many planned attractions to reflect this heritage. Government services play a significant role in the economy, providing 28% of value and 23% of formal employment.

Opportunities

- Livestock: Small-stock farming (sheep and goats) in the Karoo can be expanded through farm worker enterprises and to provide wool, mohair and meat for processing. Cattle farming can be developed through mixed farming with game. The commercial dairy industry has its base in the district and is a source for growth.
- Crops: Irrigation can be expanded in the Fish and Sundays River catchments by increasing water transferred from the Orange River, giving opportunities for further citrus production and high value horticultural production (vegetables, flowers, exotics). Sugar beet is being developed in the Fish River Valley between Cookhouse and Cradock.
- Forestry can be expanded to a limited extent in the Tsitsikamma and the areas around Grahamstown, but potential lies more in wood products and links to furniture.
- Fishing: A small fishing fleet operating from St Francis Bay and Port Alfred may have limited opportunities to expand with new quota allocations to the province. Potential lies more in aquaculture.
- Food processing is currently centred on the strong local dairy industry with room for further expansion. Canning and bottling of deciduous and citrus fruits and fruit juices is a major opportunity.
- Wool and mohair can provide the raw material for a growing apparel and garments industry, growing initially from the existing small weavers and craft co-operatives, but diversifying into high-value hand knitted fashion items.
- Furniture has high potential with existing forestry in Tsitsikamma and Grahamstown. High-value custom-made hand-crafted furniture will have higher potential and can develop local employment, with limited opportunities for hardwood furniture.
- Leather and leather goods are already a small local industry, with a base in Grahamstown. The potential lies in high-value fashion leather goods and clothing, automotive seat leather and in exotic hides and skins. As livestock revives, the industry can expand.
- Tourism has massive potential for growth. The Addo and Baviaans Parks and the Fish River reserve are expanding, and will increase the attraction of game reserves in the district. A strong base in beach, marina and sports tourism, including surfing, can be developed further. The district has many diverse attractions and has already established tourism to link up and promote tourism.
- Downstream opportunities in the Energy Industry – job creation, skills development, SMME development, etc.

The average growth rate of the Sarah Baartman District is estimated at 1.1%, which is higher than the Provincial growth rate, estimated at 0.3% and slightly lower than the National growth rate of 1.2%. There has been a significant decrease in the growth rate of the District between 1996 (2.6%) to 2007 (1.1%).

There is a correlation between the concentration of people and population growth trends, with Makana, Kouga & Ndlambe experiencing the most significant increases between 1996 and 2007. Camdeboo and Sundays River Valley have also experienced increases over this period. Locally, internal migration trends are predominantly towards the more affluent centres of Makana, Kouga and Ndlambe, presumably by people in search of improved economic opportunities.

Migration trends increase the number of people seeking employment, demand for housing and other associated services in more secure economic areas. Living in larger cities permits individuals and families to take advantage of the opportunities of proximity, diversity, and marketplace competition. Rural migrants are attracted by the possibilities that larger cities can offer, but can find themselves in informal settlements and experience extreme poverty. Migration trends need to be studied and formulated as a planned phenomenon to prevent urban sprawl and the perpetuation of impoverishment. The Medium Term Spatial Framework (MTSF) stipulates that effective and efficient urban management and development should provide employment and economic growth opportunities. Statistical trends of migration within the Sarah Baartman area should be used to influence the Spatial Development Frameworks of affected local municipalities to ensure that correct measures are in place to accommodate an anticipated influx.

The Sarah Baartman District Municipality's Progress Development Indicators

There has been progress on improving the standards of living in the district. The improvement in the Human Development Index has been significant.

The HDI in Sarah Baartman has specific spatial and social characteristics. Those municipalities with an urban bias display a stronger Human Development Index (HDI) demonstrating that human development was higher in urban rather than rural areas.

The reduction in poverty and improvement in living standards can be attributed to steady economic growth over the same period. The problem with unemployment especially in the rural areas is a challenge and is the main reason many people live in poverty. Although social grants have provided a safety net for some people, it is not enough to ensure people live above the poverty line.

Unemployment in Sarah Baartman is coupled with slow job growth. Sarah Baartman specific industries are limited with little expansion and or revitalization plans. This situation has resulted in the obvious increase in the number of job seekers. The increasing numbers of unemployed residents erodes the private income source of service provision and increases the demand for social services.

An economy with high unemployment is not utilising all of the labour resources available to it and is thus operating below its productive potential. Such an economy could have higher outputs if all of the available workforce were gainfully employed in industrious enterprises.

The MTSF calls specifically for efforts to be taken to identify and enhance existing economic opportunities in the interests of work creation and sustainable livelihoods.

The current situation in Sarah Baartman requires:

- The mobilisation of existing industries to increase production or add value to existing products;
- The investigation and establishment of new or alternative production industries;
- Labour to become skilled in providing the services required by existing industries;
- A drive to establish and support gainful self-employment; and
- The establishment of a committed work ethic.

Long term unemployment has negative effects beyond impoverishment and social dependency of the jobless. These include:

- During a long period of unemployment, workers can lose their skills, causing a loss of human capital;
- Being unemployed can also reduce the life expectancy of workers by approximately 7 years; and
- High unemployment can encourage xenophobia as workers fear that foreigners could occupy available positions

Summary of Budget Assumptions

The global and national economic outlook seeks to improve and higher growth rates are expected over the medium term. This would eventually impact positively on collection rates of municipalities. The current harsh economic conditions are hard for both the businesses and households which have impacted negatively on the payment for municipal services.

The table hereafter gives a summary of the assumptions used to prepare the medium term budget.

Supporting Table: Social, Economic and Demographic Statistics and Assumptions

Description of Indicator	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Demographics					
Population (Census 2011)					
Economic					
Inflation / inflation outlook (CPIX)	6,0	6,4	5,2	5,2	4,6
Interest rate – borrowing	N/A	N/A	N/A	N/A	N/A
Interest rate – investment	7,0	7,0	7,5	7,0	4,3
Remuneration increases	7,0	7,0	7,1	6,45	6,05
Collection Rates					
Property tax / services charges	n/a	n/a	n/a	n/a	n/a
Rental of facilities & equipment	99%	100%	97%	97%	97%
Interest – external investments	100%	100%	100%	100%	100%
Interest – debtors	99%	100%	100%	100%	100%
Revenue from agency services	100%	100%	100%	100%	100%

CHAPTER 10



Overview of Budget Funding

CHAPTER 10

OVERVIEW OF BUDGET FUNDING

Review of past performance

Operating expenditure

The overall financial performance results for the 2019/2020 financial year forecasts no operating surplus or deficit, i.e. break even. Included in this forecast are amounts of Accumulated Surplus allocated to projects, based on budget principles and procedures.

A summarized extract of the statement of financial performance is as follows:

Details	Forecasted Actuals 2019/2020
Revenue	162.7
Expenditure	162.7
Operating Surplus	0

Revenue is equal to Expenditure.

BUDGET STRATEGIES

The Municipality's budget reflects the strategic outcomes embodied in the IDP and related strategic policies. Such a focus represents a shift away from detailed line-item budgeting that tend to focus on inputs. The budget that the Council will consider is at a high level vote, enabling the accounting officer to oversee the implementation and management of the budget in accordance with appropriate policies and internal controls through regular monthly, quarterly and half yearly reports (sections 71, 52 and 72) to Council on financial and outcome performance. The Service Delivery Budget Implementation Plan (SDBIP) linked to the IDP and Budget is also tabled today which will enable performance measurement as agreed in performance contracts of senior officials. Also, the introduction of mSCOA will ensure that reporting is accurate and the information provided is more meaningful to ensure better decision making within the municipality.

FINANCIAL CHALLENGES AND CONSTRAINTS

Since its levy base was reduced by 94% in 2000 with the establishment of the Nelson Mandela Metropolitan Municipality, the SBDM has become dependent on its interest earnings to fund its operating expenditure.

The SBDM still faces two main financial challenges:

- Either increasing its discretionary revenue base or reducing its operating expenditure in order to become less dependent on interest earnings and contributions from the accumulated surpluses to balance its budget; and
- Achieving long term financial sustainability.

In the ever evolving local government environment there are significant challenges for municipalities to meet legislative requirements, particularly in the areas of governance and the MFMA. The SBDM's efforts to comply with the Municipal Finance Management Act as well as all relevant legislation and the audit opinion are a good example. In order to meet these ever increasing obligations, new skills, systems, additional financial resources and personnel are required.

Over the last few years, staff numbers as per the organogram have only increased slightly, with compliance requirements increasing and additional functions to be performed. The increased payroll costs is due to inflation increases and is been funded from interest earnings, Equitable Share and the Levy Replacement Grant.

Unfortunately, the Equitable Share of national revenue is inadequate, which has forced the SBDM to become even more reliant on interest earnings and accumulated surplus to finance operating expenditure. The SBDM's Equitable Share Grant (including Levy Replacement Grant) increased by a mere 5.8%, whilst payroll costs increased by approximately 7%. The municipality's effort to balance the budget, to achieve financial sustainability in the medium term remains a challenge.

While SBDM expected the equitable share to increase in line with the CPIX figures provided in the Treasury circular, this did not materialize.

The SBDM believes that it cannot credibly promote its district or successfully lobby for funds from other sources unless it demonstrates that it:

- Can plan and manage strategically;
- Can prioritize and spend funds efficiently on development programmes; and
- Promote the development facilitation role.

In respect of the first, it believes that its new approach to strategic planning through its support and capacity building initiatives to the Local Municipalities is a step in the right direction.

In order to achieve the second, the SBDM needs to do the following:

- Complete projects in a timely manner and within budget; and
- Identify ways of increasing its productivity and reducing its operating expenditure to a level which can be funded within its sustainable discretionary funding envelope

The medium-term budget for the next three years was prepared within the context of government's macro-economic framework as well as NT guidelines.

2.2 Main Sources of Revenue

The Municipality's main sources of sustainable own discretionary revenue over the medium term will be Equitable Share, which includes the Levy Replacement Grant and will amount to R97.2 million for the 2020/2021 financial year. The allocations for the outer years are R101.1 million and R104.6 million respectively, which represents an increase of 4.1% and 3.4% respectively. The review of the local government fiscal framework by NT has had a significant impact on the SBDM's revenue budget with the phasing out of RSC levies; the municipality is now exclusively dependent on grant funding to finance its operations.

The new direction of the municipality in playing a more extensive role in supporting the Local Municipalities through lobbying for funding for key infrastructure projects is intended to provide a new revenue stream for the municipality. Also, the initiatives planned to assess the feasibility on the municipality performing mandated functions itself, which are currently being performed by the Local Municipalities, may create additional revenue streams for the municipality.

The estimated income from our main sources of discretionary revenue for the 2019/2020 financial year amounts to R108.5 million, this excludes other Income.

These are:

Income Source	Budget 2019/2020	Budget 2020/2021	Increase/ Decrease
	R	R	%
Interest on Investments	15.0	9.0	-40.0
Equitable Share	27.5	29.4	7.0
Levy Replacement Grant	66.0	67.7	2.7
Total	108.5	106.1	-2.2

Financial Sustainability

Financial sustainability can be defined as government's ability to manage its finances so it can meet its spending commitments, both now and in the future. It ensures future generations of taxpayers do not face an unmanageable tax burden for government services provided to the current generation.

Indicators which could provide evidence of unsustainable or sustainable financial practices can be classified into:

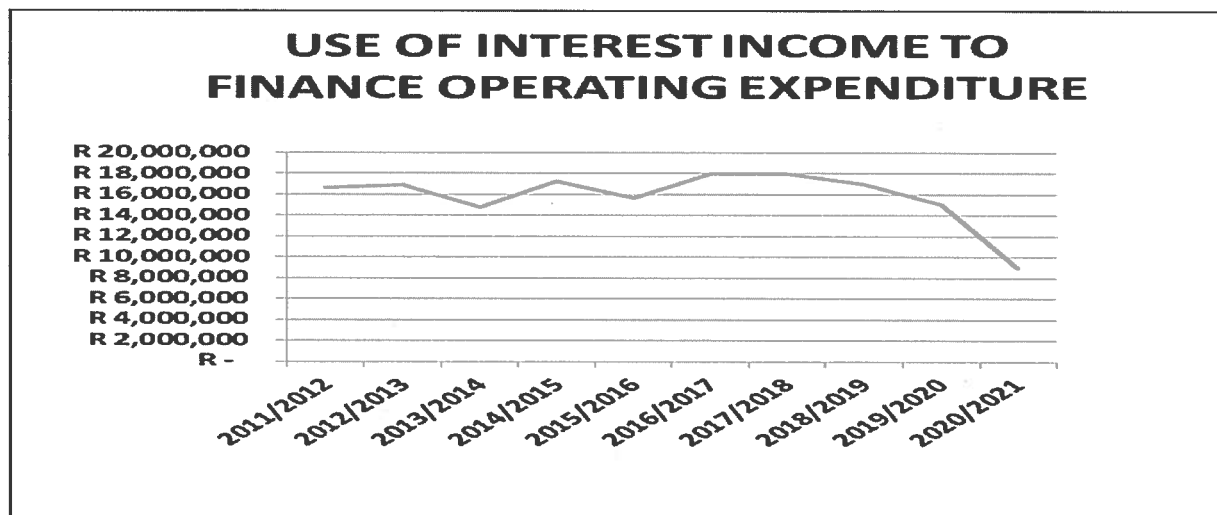
- Income generating efforts;
- Efficiently delivered services that are appropriate to needs;
- Short term and long term financial obligations; and
- Ability to maintain, renew and upgrade assets.

The SBDM has struggled to perform its legal mandate because of its inadequate revenue base. Due to the fact that it had its tax base significantly reduced since the abolishment of

RSC levies; it is now totally dependent on national government grants to finance its operating expenditure. Since 2002, in spite of a limited revenue base, additional functions such as fire fighting services, environmental health as well as onerous legislative compliance requirements which have placed enormous demands on the institution, which resulted in the increase in its staff establishment to respond to the additional responsibilities, it nevertheless managed to make a significant contribution to the improvement of the quality of life of the inhabitants in the district.

In order to respond to these challenges, the municipality had to adopt a pragmatic approach to ensure that it is able to continue providing services and add value in the district. Over a number of years it has been able to maintain reserve funds (Capital Replacement Reserve), which have recently been transferred to the Accumulated Surplus Account. It has only been possible to maintain service standards through the use of interest on investments to finance operating expenditure. In the 2020/2021 Operating Budget it is estimated that an amount of R9 million will be used to finance operating expenditure. This represents 8% of available discretionary sources of revenue. The interest income has been based on an average interest rate of 4.3% being earned in the 2019/2020 financial year. Interest rates are being increased and currently money invested earns an average of 4.3 % interest. Detailed below is a graph which gives an indication of how interest earnings have been used to balance the budget.

Growth in the use of interest to finance Operating Expenditure



Although there are concerns that this financing approach is not sustainable in the long term, the municipality has no other funding option at this stage. It is obvious that the municipality would be ineffective if it had to reduce its expenditure and its staff establishment within the limits of available discretionary resources excluding interest income.

National Treasury has advised that it will continue to compensate district municipalities through the Levy Replacement Grant (LRG).

Reforms will however be made to the Levy Replacement Grant in future to make it more reflective of the extent of service delivery responsibilities of the municipality rather than historical RSC levy collection rates. Revisions to the local government fiscal framework are

being considered, including determining appropriate funding for district municipalities, which will be informed by the outcomes of the COGTA White Paper policy review.

Until that process has been finalized, it is evident that the current funding approach will have to be maintained to ensure that service provision is not disrupted or compromised.

It is, however, incumbent on the management and political representatives to ensure that the utilization of unsustainable revenue sources to finance operating expenditure is undertaken in a responsible manner and that a capping is placed on the utilization of the accumulated surplus until a clearer picture emerges of future district municipality's revenue sources. The municipality is confident that the new strategic direction as reflected in the IDP will result in the municipality benefiting from supporting the Local Municipalities in lobbying initiatives for key infrastructure needs within the District as well as the limitations placed on the utilization of the accumulated surplus and innovative cost containment measures.

Capital expenditure

Capital expenditure for the 2020/2021 financial year is detailed in **Annexure "E"**.

Funding sources

The capital expenditure will be funded from Accumulated Surpluses. In 2020/2021 financial year, approximately R5.1 million will be financed from Accumulated surpluses.

Funding arrangements and strategies

The Sarah Baartman District Municipality has numerous funding options available, both short term and long term financing that are in line with the MFMA. The Sarah Baartman District Municipality Budget and Treasury Office (BTO) continuously analyses current and available financing arrangements, with an aim of identifying best financing mix. The BTO also monitors that the funding mix is in line with prudent indicators such as the revenue-to-debt ratio.

Short term funding

Section 45 of MFMA guides short-term borrowing of municipalities. Liquidity management is of paramount significance in a robust risk management framework. Due to a weak tax base Sarah Baartman District Municipality does not use loan funding to finance capital expenditure.

As part of innovative initiatives to be investigated by the municipality, the option of front-loading will be considered to assist the Local Municipalities to fast-track service delivery in an attempt to enhance the revenue base of the municipalities to assist in addressing the financial sustainability risk facing the municipalities.

Investments

Investments for the Sarah Baartman District Municipality are done in accordance with and adherence to the Municipal Investment Regulation of the MFMA, Sarah Baartman District Municipality's Investments Policy and other relevant legislation. Cash flow forecast and liquidity needs by the Sarah Baartman District Municipality provides guidance for the type of investments employed and tenor thereof. The investments are made with primary regard for the risk profile and appetite of the investment, liquidity needs of the Sarah Baartman District Municipality and the return on investments.

The BTO is obliged to invest all the Sarah Baartman District Municipality's funds within approved limits with counter parties' approval by Council. Due to high liquidity needs of the Sarah Baartman District Municipality, the investment portfolio constitutes mainly of money market instruments. The BTO continuously analyses the market for good investment opportunities relative to appropriate benchmarks and market conditions.

Measures of financial performance

- Current ratio shall not be less than 1 %
- Debt revenue shall be limited to 25%
- Salaries to operating not more than 35%
- Cost coverage ratio should cover at least one month.

The table below reflects the projected ratios of the Sarah Baartman District Municipality.

	Benchmark	2018/19	2019/20	2020/21
Current Ratio	2:1	2:1	2:1	3.8
Salaries as a % of Operating Expenditure (excl. Grants)	35%	40%	37%	35%

Current ratio

- Current ratio measures the ability of the Sarah Baartman District Municipality to pay its current liabilities out of the current assets. The industry usually looks for a ratio of 2:1; however the acceptable current ratio is 1:1 for municipalities.
- The current ratio is above 1:1 which means that the Sarah Baartman District Municipality will be able to meet its short term obligation if the trend continues.
- The ratio needs to be given utmost attention and the Sarah Baartman District Municipality will have to create cash through the operating account (minimise costs) to maintain liquidity.

Salaries ratio

Employee costs represent 35% of the total expenditure including project expenditure for the 2020/2021 financial year. It should however be pointed out that the payroll costs as a percentage of the discretionary revenue is 52%.

Ratio analysis

The current debt to revenue ratio need to be maintained going forward. The financial plan tries not to place more pressure on those ratios that are stretched (current ratios) and projects improved financial ratios in the outer financial years.

The level of capital investment and infrastructure projects in the outer years depends on (cash) surpluses and the financial plan is utilizing these (cash) surpluses towards capital infrastructure investments and soft support and capacity building programmes.

Challenges

The Sarah Baartman District Municipality is facing the following challenges:

- Dependence on grant funding;
- Collectively managing the cost down (doing more with less);
- Reviewing all Sarah Baartman District Municipality's services and programs for operational efficiencies to improve service levels and delivery;
- Exploring opportunities for cost saving (shared services);
- Exploring Management and Renewals Strategy; and
- Additional function such as Environment Health services and Fire Fighting services and decreasing Equitable of national revenues

Financial Risks

The financial risks include:

- Changes in economic variables like inflation, petrol price, etc;
- Current economic downscale and the impact on payment levels and grant funding;
- Unemployment trends; and
- Global financial instability.

The Sarah Baartman District Municipality's financial viability has been planned through financial modeling over five (5) years, the focus being on its financial performance, financial position and the cash flow statement. The plan is based on a number of assumptions. The assumptions have been developed to reflect a sustainable financial position over a planned period and to ensure that there is sufficient capacity to fund operating and capital expenditure. The plan seeks to address short-term and to achieve long-term financial stability while maintaining user charges/tariffs within reasonable levels.

The long-term financial plan has taken a conservative approach in projecting the Sarah Baartman District Municipality's financial position in the outer years.

The Sustainability Assessment Report clearly identifies the risks of the current funding strategies and highlights the going concern risk that faces the municipality, thus forcing the municipality to limit the utilization of its accumulated surplus to avoid future cash flow problems in the medium term.

Statement of tariff setting and revenue strategies

The MFMA requires annual budgets of municipalities to be funded by realistically anticipated revenue to be collected, based on the collection level to date and the actual revenue collected in previous financial years.

The Sarah Baartman District Municipality annually reviews the tariffs to ascertain whether they are still capable of producing the required revenue envelope, taking note of the prevailing trends. This process of tariff setting takes place within the framework of the Sarah Baartman District Municipality's Tariff Policy, which is based on social, economic and financial principles.

While the Sarah Baartman District Municipality is committed to maintain tariff increases within the forecasted inflation, increases above inflation are applied to some services (mainly major trading services) due to budgetary requirements aimed at sustaining service provision.

For the 2020/2021 financial year tariff increases for the major services were driven by the following broad considerations:

- The projected electricity and fuel levy increases;
- The deteriorated economic outlook; and
- The impact of inflation and other cost increases.

Informed by the aforementioned considerations, the Sarah Baartman District Municipality will increase tariffs for its services

It should however be noted that the revenue generated through the tariffs set is insignificant as the municipality do not charge tariffs for basic services. Also, the Environmental Health and Fire Services functions of the municipality are performed by the local municipalities and no tariffs were previously charged for these functions.

The schedule of tariffs and charges is attached as Annexure "F".

CHAPTER 11



Expenditure On Allocations And Grant Programme

DC10 Sarah Baartman - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		86,525	89,310	92,582	96,837	96,837	96,837	101,433	104,524	108,075
Local Government Equitable Share		22,641	22,641	24,262	27,500	27,500	27,500	29,428	31,495	33,225
RSC Levy Replacement		59,373	62,184	64,080	65,964	65,964	65,964	67,747	69,647	71,330
Finance Management		1,250	1,250	1,000	1,000	1,000	1,000	1,000	1,000	1,000
EPWP Incentive								1,000		
Rural Roods Access Management		3,261	3,235	3,240	2,373	2,373	2,373	2,258	2,382	2,520
Provincial Government:		-	-	-	-	-	-	-	-	-
Rural Roods Access Management										
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	86,525	89,310	92,582	96,837	96,837	96,837	101,433	104,524	108,075
Capital Transfers and Grants										
National Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants <i>[insert desc]</i>										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants <i>[insert description]</i>										
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	-	-	-	-	-	-	-	-
TOTAL RECEIPTS OF TRANSFERS & GRANTS		86,525	89,310	92,582	96,837	96,837	96,837	101,433	104,524	108,075

DC10 Sarah Baartman - Supporting Table SA19 Expenditure on transfers and grant programme

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:		86,525	89,310	92,582	96,837	96,837	96,837	101,433	104,524	108,075
Local Government Equitable Share		22,641	22,641	24,262	27,500	27,500	27,500	29,428	31,495	33,225
RSC Levy Replacement		59,373	62,184	64,080	65,964	65,964	65,964	67,747	69,647	71,330
Finance Management		1,250	1,250	1,000	1,000	1,000	1,000	1,000	1,000	1,000
EPWP Incentive			-	-				1,000		
Rural Raods Access Managment		3,261	3,235	3,240	2,373	2,373	2,373	2,258	2,382	2,520
Provincial Government:		-	-	-	-	-	-	-	-	-
Rural Raods Access Managment										
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		86,525	89,310	92,582	96,837	96,837	96,837	101,433	104,524	108,075
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants <i>[insert desc]</i>										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants <i>[insert description]</i>										
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		86,525	89,310	92,582	96,837	96,837	96,837	101,433	104,524	108,075

DC10 Sarah Baartman - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

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
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		86,525	89,310	92,582	96,837	96,837	96,837	101,433	104,524	108,075
Conditions met - transferred to revenue		86,525	89,310	92,582	96,837	96,837	96,837	101,433	104,524	108,075
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		86,525	89,310	92,582	96,837	96,837	96,837	101,433	104,524	108,075
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	-	-	-	-	-	-	-	-
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		86,525	89,310	92,582	96,837	96,837	96,837	101,433	104,524	108,075
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

CHAPTER 12



Allocation And Grants Made By The Municipality

DC10 Sarah Baartman - Supporting Table SA21 Transfers and grants made by the municipality

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 Transfers to other municipalities											
<i>Environmental Health contribution</i>		10,093	16,041	10,500	11,130	11,738	11,738	11,738	11,800	12,506	13,256
<i>Fire Services contribution</i>		10,000		8,925	11,000	11,000	11,000	11,000	14,540	10,112	10,719
Total Cash Transfers To Municipalities:		20,093	16,041	19,425	22,130	22,738	22,738	22,738	26,340	22,618	23,975
Cash Transfers to Entities/Other External Mechanisms											
<i>Cecadu Development Agency</i>	2	-	-	-	6,000	6,000	6,000	6,000	5,000	5,000	5,000
<i>FMS</i>		-	-	-	1,000	1,000	1,000	1,000	-	-	-
<i>RAMS & EPWP</i>		-	-	-	2,373	2,373	2,373	2,373	4,009	2,382	2,520
Total Cash Transfers To Entities/Ems'		-	-	-	9,373	9,373	9,373	9,373	9,009	7,382	7,520
Cash Transfers to other Organs of State											
<i>Environmental Health contribution</i>	3										
Total Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Organisations											
<i>Environmental Health contribution</i>											
Total Cash Transfers To Organisations		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Groups of Individuals											
<i>Environmental Health contribution</i>											
Total Cash Transfers To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	6	20,093	16,041	19,425	31,503	32,111	32,111	32,111	35,349	30,000	31,495
Non-Cash Transfers to other municipalities											
<i>Insert description</i>	1										
Total Non-Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to Entities/Other External Mechanisms											
<i>Environmental Health contribution</i>	2										
Total Non-Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other Organs of State											
<i>Environmental Health contribution</i>	3										
Total Non-Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Non-Cash Grants to Organisations											
<i>Environmental Health contribution</i>	4										
Total Non-Cash Grants To Organisations		-	-	-	-	-	-	-	-	-	-
Groups of Individuals											
<i>Environmental Health contribution</i>	5										
Total Non-Cash Grants To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL NON-CASH TRANSFERS AND GRANTS		-	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS	6	20,093	16,041	19,425	31,503	32,111	32,111	32,111	35,349	30,000	31,495