

TSWELOPELE LOCAL MUNICIPALITY

FS 183

CIVIC CENTRE, BOSMAN STREET

BULTFONTEIN, 9670

051 853 1111

www.tswelopele.gov.za

March 2020



MTREF

2020/2021–2022/2023

**PREPARED IN ACCORDANCE WITH BUDGET REGULATIONS, MFMA
CIRCULARS**

Contents

PART 1.....	4
1. Mayoral Report by Cllr. Matsholo	4
2. Budget resolution by Council.....	4
3. Executive summary	7
3.1. Operating revenue overview.....	10
3.1.1. Electricity.....	13
3.1.2. Water	13
3.1.3. Sanitation (Sewerage).....	13
3.1.4. Waste Removal	14
3.1.5. Property rates.....	14
3.2. Operating Expenditure Framework.....	14
3.3. Analysis of Capital Budget.....	17
4. Annual budget tables	17
5. Explanatory notes to budget.....	28
PART 2.....	31
1. Municipal budget process.....	31
2. Overview of the alignment of annual budget with integrated development plan	32
3. Measurable performance objectives and indicators	33
3.1. Performance indicators and Benchmarking	34
4. Overview of budget related policies.....	35
4.1. Review of credit control and debt collection policies	35
4.2. Asset Management Policy.....	35
4.3. Supply Chain Management Policy	35
4.4. Budget and Virement Policy	36
4.5. Investment Policy	36

4.6. Tariff Policies	36
4.7. Property Rates Policy	36
5. Overview of budget assumptions.....	37
6. Overview of the funding of the budget.....	38
7. Expenditure on Allocations and Grant Programmes.....	39
8. Allocations made by the municipality	40
9. Councillor and board members allowance and employee benefits.....	42
10. Contracts having future budgetary implications	42
13. Quality Certificate	45

PART 1

1. Mayoral Report by Cllr. Matsholo

BUDGET SPEECH FOR 2020/2021 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

Madam Speaker, Councillors, Municipal Manager, Directors, stakeholders and community at large, Good Morning:

We have once more arrived at the time of the year where we must prepared for the future, and indeed there is no better time to prepare for tomorrow than today.

Madam Speaker, it is not long ago that we were gathered here presenting to you the municipal adjustment budget for the current phase of the financial year. I have noted and presented to you the financial challenges faced by the municipality with limited resources to cater for service delivery during my presentation on the adjustment budget.

This suggest that the course ahead of us will be tougher than ever before. As we present where we are now, we must tell Tswelopele Citizens, the people of Free State and South Africa at large that our journey for 2019/2020 Financial Year has not been a smooth one.

As we know Madam Speaker, this gathering was meant to take place next week on the 30th of March, however due to the call made by the state President Hon. Cyril Ramaphosa, announcing that the government has decided on national lockdown in order to contain the Covid-19 virus that attacked the country and world at large. We saw the necessity to call an urgent earlier meeting in order to enable the Municipal Manager and her team to comply with the MFMA regulations regarding tabling of the Draft Budget ninety days before the beginning of the new financial year.

As a council of Tswelopele Local Municipality, we would also like to make a call to the community of Tswelopele at large to comply with the regulations of the lockdown as this will assist South Africa to contain the spread of the virus and save peoples' lives.

We also make a special call to our churches to come together spiritually and pray for the country while observing social distance during this trying times.

We are all in this together, businesses and community organizations, labour and government, the employed, self-employed and the unemployed, the urban and the rural, men and women, we may not all be affected in the same way, but we face the same dead winds of uncertainties.

Madam Speaker, we however, as a council of Tswelopele Local Municipality pledge to support the President together with his team to fight this pandemic.

We are highly committed in serving the community of Tswelopele Local Municipality with the service delivery of the standard they deserve, we will come up with alternative measures to ensure that we service them with services of quality they deserve during the course of this lockdown. We can only achieve all our targets by working together as a united force and practicing the Batho-Pele principles as we are here due the faith they entrusted to us.

Madam Speaker, coming back to the purpose of this gathering, it still remains part of our responsibility as municipal council to ensure that the municipality is functioning well and in line with its mission and visions. To ensure that we achieve the targets as set out in the municipal IDP, the IDP should be fully aligned to the Budget in order to ensure that our IDP targets do not remain just a wish-list.

Madam Speaker it is for this reason we had to take time to prepare this budget, and the following are factors we took into account when preparing the budget:

Alignment between National and Provincial priorities

Tswelopele Local Municipality development plan needs to align with National and Provincial initiatives to ensure optimal impact from the combined efforts of government.

Here are some of the National Government's framework to enhance the social, cultural and economic welfare of all South Africans:

- Enhancing quality of education
- Sustaining employment growth through increased public investment spending
- Improving provision of healthcare and broadening programs tackling HIV and Aids
- Reducing the levels of crime and enhancing citizen safety
- Increasing access to basic services

Provincial Priorities are:

- Fighting Poverty
- Reducing Crime
- Implementing a comprehensive response to HIV and AIDS

Local Priorities

- Improve municipal Infrastructure
- Improve Service delivery
- Fight poverty
- Improve skills development

This budget and many government programmes and plans contribute to the raising growth potential in the future. Our investment in physical infrastructure, education, skills research and development, fighting crime and contributing to regional peace are aimed at

improving our growth prospects over broadening opportunity, we will grow even faster with equitable outcomes. In his recent book on social democratic policy challenges, Harvard academic Roberto Anger, speaks of the need to energize democracy by confronting the interplay of global and local forces and building the capacity to negotiate from position of strength by mobilizing resources of knowledge and national capabilities. Our high rate of unemployment remains our great challenge, but our response to the unemployment challenge needs to be better coordinated. This is the centre of our war against poverty. In particular, efforts to increase employment of young people have to be intensified and skills development better focused.

Tswelopele Local Municipality is confident that this budget is structured to give effect to the strategic priorities and support long term sustained growth and development, in line with National and Provincial objectives:

The following are some of the key project that impact positively in the lives of the residents of Tswelopele Local Municipality:

- Poverty Alleviation
- Pauper Funerals
- Free Basic Services (Water, Electricity, Refuse, Sewerage)
- Disaster Management
- Rehabilitation of Roads
- Maintenance of Infrastructure assets

Madam Speaker, 2018/2019 has been a very challenging year, and for the second time in row, Tswelopele Municipality received qualified audit opinion, it is however worth noting that the performance for 2018/2019 improved a lot compared to 2017/2018 financial year. The administrative team is working very hard to ensure to ensure that the situation is turned around in 2019/2020 and as council of the municipality we are very committed in providing as much possible support in this regard.

In conclusion Madam Speaker, each budget that we have presented to this council has been different. The important shift this year is that the global economy has changed; economic trends do not stop at the border post they come with no passports, and have the potential to wreak havoc, even when plans have been carefully laid.

Madam Speaker, to synthesis a budget that will stand up to scrutiny requires an ability to take advises from many quarters to analyze and test them.

Amongst the sources of ideas is the broader public consultation and engagement in the process and taking ownership of the budget. This year all stakeholders will share their ideas with us, and I can assure you their inputs will be taken into consideration.

After having considered all the proposals, I am privileged to present this budget as a statement of collective of Tswelopele Local Municipality responsibilities.

2. Budget resolution by Council

1. PURPOSE

This item is submitted to Council for consideration and tabling of the annual budget for the 2020 / 2021 financial year and two outer years [i.e. 2021 / 22 and 2022 / 23] as required by the Municipal Finance Management, 2000 [Act 56 of 2003].

2. BACKGROUND

In terms of the Municipal Finance Management Act, 2003, section 24 (2)(a), the annual budget of the Municipality must be approved before the start of the new financial year, section 24 (2)(b), annual budget is approved by the adoption by the Council of a resolution referred to in section 17(3)(a)(i) and section 24 (2)(c) annual budget of the Municipality must be approved together with the adoption of resolutions as may be necessary.

It is crucial that the Municipal Council approves the annual budget before the start of the financial year.

In order to comply with the above requirements, the Mayor of the Municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year, latest being 31 March 2020.

3. STAKEHOLDERS CONSULTED

- ◆ None.

4. LEGAL IMPLICATIONS

- ◆ Compliance to the Municipal Finance Management Act, 2003 [Act 56 of 2003].
- ◆ Compliance to the Municipal Budget and Reporting Regulations.

5. STAFF IMPLICATIONS

- ◆ None.

6. FINANCIAL IMPLICATIONS

- ◆ Approval of the item as submitted will constitute the tabled budget for the 2020 / 2021 financial year, this budget will undergo community consultation processes, the final budget will be approved by Council on the latest 30 June 2020.
- ◆ The following are the proposed tariff increases for 2020 / 2021 financial year:
 - Property Rates for all other properties : 5.0%
 - Property Rates for agricultural properties : 5.0%
 - Water : 5.0%
 - Refuse : 5.0%

- Sanitation : 5.0%
- Electricity : 6.24%

- ♦ All other tariff increases are per the Tariff List of the Municipality.
- ♦ Formal application will be made to NERSA on the electricity tariff. NERSA issued a guideline to municipalities indicating a pre-approved tariff of 6.24%

7. RISKS

- ♦ Failure to approve the “draft” budget by Municipal Council may result in the deadline for the approval of the final budget not to be met, and the results thereof will lead to all expenditure items having to be approved by the Member of the Executive Council [MEC] responsible for local government in the province prior to being incurred.
- ♦ The municipality maybe unable to render services to the community due to none availability of financial resources if the budget is not approved.
- ♦ Section 139 of the Constitution may be imposed on the Council of the Municipality.
- ♦ Non-compliance with MPRA Regulations.

8. ANNEXURE

- ♦ Draft Budget Document.
- ♦ Tariffs List.

9. RECOMMENDATION

1. That the draft annual budget of the Municipality for the financial year 2020 / 2021 be adopted and public participation be undertaken on the budget.
2. That public comments be invited on the budget related policies.
3. That all stakeholders be consulted on the tabled draft annual budget.
4. Approval of one year extension of municipal valuation roll to run until the end of 2021 / 22 financial year.

[FOR RESOLUTION]

Minutes: Special Council Meeting: 30 March 2020

The Mayor proposed that the matter be resolved as follows and was seconded by Cllr Baleni.

RESOLVED:

1. That the draft annual budget of the Municipality for the financial year 2020 / 2021 be adopted and public participation be undertaken on the budget.
2. That public comments be invited on the budget related policies.
3. That all stakeholders be consulted on the tabled draft annual budget.
4. Approval of one year extension of municipal valuation roll to run until the end of 2021 / 22 financial year.

3. Executive summary

Tswelopele Local Municipality budget process started in August 2019, when the Municipal Council approved budget timelines as required by legislation. Subsequent to the approval the schedule was sent to the relevant stakeholders and the processes pertaining to the review of the IDP and compilation of the draft annual budget been undertaken as per the schedule [with immaterial deviations from the schedule as adopted by Council].

The municipality vastly depends on grants from national government as majority of its revenue is made up of equitable shares and some other grants, [i.e. Financial Management Grant, Lejweleputswa district municipality grant, and a grant from Public works]. Table SA 18 on the municipality annual budget tables clearly distinguishes between all this different allocations, total operating grants allocated to the municipality amount to R77.3 million.

The municipality has 11 992 households (*Census 2011*), of which over 70% are poor. Currently the outstanding debtors of the municipality are at R99.9 million as at the end of February 2020. National Treasury MFMA Circulars were used to guide in the compilation of the 2020/2021 Medium Term revenue and expenditure framework. The following budget principles and guidelines informed the compilation of the 2020/2021 Medium Term revenue and expenditure framework:

- 201/2020 MFMA Section 72 report – mid-term assessment report
- 2019/2020 Adjustment Budget
- Average CPI from 1 April 2020 to 31 March 2021.

Total revenue is anticipated to grow in the mid-term. The growth will be informed by the increase in tariffs on service charges. The municipality aligned its budget to the national and provincial priorities, mentioned below are some of the National and Provincial priorities:

- ☐ National Priorities
 - ☐ Increase access to basic services
 - ☐ Sustainable employment growth through increased public investment spending
- ☐ Provincial priorities
 - ☐ Fighting Poverty
 - ☐ Reduce Crime

Tswelopele local Municipality prepared its budget with all this priorities in consideration [e.g. sustainable employment: job creation through MIG and EPWP and provincial priorities such as fighting poverty]. Currently the municipality has eradicated all the buckets in its jurisdiction except in new extension. This budget is catering for construction of toilets structures in new extensions.

All households have access to water, mentioned below is the progress made to address any backlogs in the municipality:

- All households have access to water and sanitation
- All households are connected to public sewerage network

3.1. Operating revenue overview

Tswelopele Local Municipality has implemented Revenue Enhancement Strategy. The following key components were used in terms of budgeted revenue of the municipality:

- National Treasury MFMA Circulars
- Electricity Tariff increases as applied to National Electricity Regulator of South Africa
- Latest Valuation roll in terms of Municipal Property Rates Act, Act 6 of 2004 as amended
- Municipality's indigent policy
- Tariff Policy of the Municipality
- Tariff Increases for Water, Refuse and Sewerage
- Targeted revenue collection rate averaging 90% of the billed revenue

The table in the next page summarises the 2020/2021 revenue by source:

As it can be seen from the table below, the revenue of the Municipality will increase in the Medium term, the main contributor is revenue from National Transfers (Grants):

FS183 Tswelopele - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	15 085	15 854	22 738	16 000	20 600	20 600	-	17 100	18 810	20 691
Service charges - electricity revenue	2	20 326	24 801	27 710	39 500	40 000	40 000	-	39 355	43 603	48 275
Service charges - water revenue	2	3 183	3 037	3 048	9 000	6 000	6 000	-	8 500	9 520	10 642
Service charges - sanitation revenue	2	4 732	4 569	4 244	6 700	6 700	6 700	-	5 585	6 324	7 136
Service charges - refuse revenue	2	3 157	3 022	2 665	4 500	4 500	4 500	-	3 220	3 712	4 253
Rental of facilities and equipment		748	737	608	512	657	657		655	721	793
Interest earned - external investments		1 133	654	1 025	700	900	900		1 100	600	710
Interest earned - outstanding debtors		1 604	702	197	500	500	500		500	550	605
Dividends received		49	20	51	43	104	104		100	100	100
Fines, penalties and forfeits		301	274	269	50	300	300		300	330	363
Licences and permits		66	28	22	10	25	25		40	44	48
Agency services		-	-	-	-	-	-		-	-	-
Transfers and subsidies		67 994	62 528	62 602	77 563	77 027	77 027		82 114	86 452	91 487
Other revenue	2	1 051	1 160	551	1 009	1 009	1 009	-	1 276	1 046	1 117
Gains				324							
Total Revenue (excluding capital transfers and contributions)		119 431	117 386	126 054	156 086	158 322	158 322	-	159 845	171 811	186 221

Table 2: Grants

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:		60 553	62 527	69 989	77 513	76 977	76 977	77 292	81 046	91 487
Local Government Equitable Share		57 728	59 702	67 019	74 224	73 688	73 688	74 224	79 046	89 287
Finance Management		1 825	1 825	1 970	1 970	1 970	1 970	1 900	2 000	2 200
EPWP Incentive		1 000	1 000	1 000	1 319	1 319	1 319	1 168	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality:		50	50	50	50	50	50	50	50	50
Lejweleputswa		50	50	50	50	50	50	50	50	50
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	60 603	62 577	70 039	77 563	77 027	77 027	77 342	81 096	91 537

Total grants received will increase in the MTREF due to increase in equitable share allocation.

Different components of revenue will be discussed in this page

3.1.1. Electricity

Tswelopele Local Municipality comprises of 2 townships (Phahameng and Tikwana) and 2 towns (Bultfontein and Hoopstad), and according to the latest census 2011 result, the municipality has 11992, out of this 11992 households, the Municipality only sells electricity to about 1350 households and the rest are serviced by Eskom. The Municipality buys bulk electricity from Eskom to sell to these households and businesses in Bultfontein and Hoopstad respectively.

National Energy Regulator of South Africa (NERSA) approved an average increase of 6.24% for the municipality for the year 2019/2020. Tswelopele Local Municipality target indigent households as per the approved indigent register for free basic electricity. All indigent households receive 50Kwh on a monthly basis.

3.1.2. Water

The Municipality is billing townships flat rate the intention is to bill them on consumption. However, the water infrastructure needs to be upgraded/fixed for this target to be achieved. Billing of townships on consumption-based will only be implemented when the water meters are fixed, which is not yet the case. The Municipality proposed an increase of 5% for water tariff. There is currently no inclining block tariff structure implemented for water services and for future, the Municipality would like to have this tariff structure in place. In terms of the free basic services policy of the Municipality, all households receive the free 6kl per month of water.

3.1.3. Sanitation (Sewerage)

A tariff increase of 5% for sanitation from 1 July 2020 is proposed. The following factors contributed to the proposed tariff:

- Sanitation charges are charged at a flat rate, irrespective of the quantity of water used / consumed
- Free Sanitation is only provided to indigent households as per the council approved Indigent register
- There is no inclining tariff structure for sanitation consumption
- Proposed tariff is in line with CPI 2020/2021

3.1.4. Waste Removal

The proposed tariff increase for waste removal is 5%; the reason for this increase is due to the fact that this will only be the fourth financial year that these tariffs are increased. The following factors were considered for the proposed tariff increase:

- Waste removal charges are charged at a flat rate, irrespective of litres of waste removed
- The increment will also cover the wear and tear off all the trucks and vehicles used to provide this service
- Waste removal is provided for free to all the households who are indigent
- All 11992 households waste are removed once a week

3.1.5. Property rates

Property rates is a statutory tax charged on all property owners within the jurisdiction of the Municipality. The tax is imposed in accordance to section 229 of the Constitution of South Africa and Municipal Property rates act, act 6 of 2004 (MPRA). In terms of MPRA [original Act] the municipality must prepare a valuation roll after every 4 financial year. Tswelopele Local Municipality first implemented the valuation roll in accordance with MPRA prescripts on the 1st July 2009. The current valuation roll was effective from July 2017 and it is supposed to end by June 2021.

However, the municipality intends to extend the validity period of the valuation roll with additional twelve months for it to expire by June 2022. This will enable the municipality to align its valuation roll with the amended MPRA [which now requires municipality to have a valuation roll valid for a period of five years]. The valuation date [as previously determined when the 2017 roll was implemented remains the same]. The municipality is proposing an increase of the tariffs on Property rates by 5% for all the properties for the 2020/21 financial year.

3.2. Operating Expenditure Framework

The municipality budgeted for an expenditure budget of R198 769 000 (including non-cash items of R 33 000 000). This figures were informed by the following:

- Balance budget constraints – the municipality must not budget for a deficit

- Funding of the budget as based on section 18 and section 19 of Municipal Finance Management act, act 54 of 2003
- National Treasury MFMA circulars
- South African Local Government Bargaining Council collective agreement on salaries
- Average CPI from 1 April 2020 to 31 March 2021

The table below show the total budgeted 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
Expenditure By Type											
Employee related costs	2	57 697	62 639	61 913	61 468	66 136	66 136	–	70 300	77 330	85 015
Remuneration of councillors		4 663		5 425	6 710	6 342	6 342		6 778	7 456	8 201
Debt impairment	3	7 531	13 053	6 849	6 900	12 900	12 900		13 000	13 000	13 000
Depreciation & asset impairment	2	26 179	27 034	26 574	26 000	20 000	20 000	–	20 000	20 000	20 000
Finance charges		2 562	4 760	7 813	3 108	3 108	3 108		2 508	2 759	3 035
Bulk purchases	2	32 282	34 144	36 438	39 100	39 100	39 100	–	41 309	45 180	49 428
Other materials	8	6 460	7 697		7 448	6 925	6 925		8 104	9 500	10 060
Contracted services		27	38	960	2 000	2 000	2 000	–	2 150	2 365	2 602
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	28 587	34 258	35 201	29 311	34 527	34 527	–	34 621	36 375	39 336
Losses			2 303	2 344							
Total Expenditure		165 988	185 927	183 516	182 044	191 038	191 038	–	198 769	213 964	230 677

3.3. Analysis of Capital Budget

Tswelopele Local Municipality capital budget is funded through Municipal Infrastructure Grant. The following are the major capital projects budgeted for:

- Construction of 1.3 km Paved Road: Phahameng
- Construction of Toilet Structures & Sewer Reticulation and Connections: Phahameng
- Construction of Toilet Structures & Sewer Reticulation and Connections: Tikwana
- Upgrading of Sports facilities: Phahameng/ Bultfontein
- Fencing of cemeteries: Phahameng
- Fencing of cemeteries: Tikwana
- Construction of High mast lights: Tikwana/ Hoopstad
- Construction of 2.0KM Paved Road and Stormwater Drainage: Tikwana

The above projects will mainly be funded from the conditional grants to be received from government. The municipality also plans to allocate R1.5 million towards the procurement of vehicles for the Mayor and Speaker [for official business purposes], office equipment and service delivery vehicles. This will be funded from internally generated funds to be raised from various revenue sources.

4. Annual budget tables

The following tables will show the all ten (10) main annual budget tables and the analysis thereof:

FS183 Tswelopele - 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	15 085	15 854	22 738	16 000	20 600	20 600	-	17 100	18 810	20 691
Service charges	31 399	35 430	37 667	59 700	57 200	57 200	-	56 660	63 158	70 306
Investment revenue	1 133	654	1 025	700	900	900	-	1 100	600	710
Transfers recognised - operational	67 994	62 528	62 602	77 563	77 027	77 027	-	82 114	86 452	91 487
Other own revenue	3 819	2 921	2 022	2 123	2 595	2 595	-	2 871	2 791	3 027
Total Revenue (excluding capital transfers and contributions)	119 431	117 386	126 054	156 086	158 322	158 322	-	159 845	171 811	186 221
Employee costs	57 697	62 639	61 913	61 468	66 136	66 136	-	70 300	77 330	85 015
Remuneration of councillors	4 663	-	5 425	6 710	6 342	6 342	-	6 778	7 456	8 201
Depreciation & asset impairment	26 179	27 034	26 574	26 000	20 000	20 000	-	20 000	20 000	20 000
Finance charges	2 562	4 760	7 813	3 108	3 108	3 108	-	2 508	2 759	3 035
Materials and bulk purchases	38 742	41 841	36 438	46 548	46 025	46 025	-	49 412	54 680	59 488
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	36 145	49 653	45 353	38 211	49 427	49 427	-	49 771	51 740	54 938
Total Expenditure	165 988	185 927	183 516	182 044	191 038	191 038	-	198 769	213 964	230 677
Surplus/(Deficit)	(46 558)	(68 541)	(57 461)	(25 958)	(32 716)	(32 716)	-	(38 924)	(42 153)	(44 456)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	33 794	33 835	36 844	16 488	16 488	16 488	-	26 405	29 474	30 832
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)	-	-	500	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(12 764)	(34 706)	(20 117)	(9 470)	(16 228)	(16 228)	-	(12 519)	(12 679)	(13 624)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(12 764)	(34 706)	(20 117)	(9 470)	(16 228)	(16 228)	-	(12 519)	(12 679)	(13 624)
Capital expenditure & funds sources										
Capital expenditure	32 306	33 760	31 219	16 763	17 801	17 801	-	27 852	31 043	32 436
Transfers recognised - capital	30 405	31 859	28 830	16 488	16 488	16 488	-	26 405	29 474	30 832
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	1 901	1 901	2 389	275	1 313	1 313	-	1 447	1 569	1 704
Total sources of capital funds	32 306	33 760	31 219	16 763	17 801	17 801	-	27 852	31 043	32 536
Financial position										
Total current assets	22 251	30 177	50 687	43 200	46 400	46 400	-	36 500	28 700	20 650
Total non current assets	581 522	586 843	589 170	611 763	612 811	612 811	-	642 663	674 706	712 241
Total current liabilities	37 108	69 655	97 097	21 800	21 800	21 800	-	26 700	21 500	17 000
Total non current liabilities	27 052	34 212	37 127	19 437	19 437	19 437	-	17 500	16 500	16 000
Community wealth/Equity	539 829	513 152	505 633	613 526	617 974	617 974	-	620 963	654 406	691 841
Cash flows										
Net cash from (used) operating	24 435	34 101	38 583	16 805	21 117	21 117	-	25 426	28 641	27 696
Net cash from (used) investing	(26 719)	(33 659)	(31 056)	(16 763)	(17 801)	(17 801)	-	(27 852)	(31 043)	(32 436)
Net cash from (used) financing	149	410	(1 466)	(830)	(830)	(830)	-	(800)	(800)	(800)
Cash/cash equivalents at the year end	4 221	5 074	11 135	712	3 986	3 986	-	774	(2 428)	(7 969)
Cash backing/surplus reconciliation										
Cash and investments available	7 304	6 027	11 995	2 800	5 800	5 800	-	6 000	8 500	10 150
Application of cash and investments	17 321	43 027	56 877	(19 769)	(19 843)	(19 843)	-	(6 742)	(1 836)	4 179
Balance - surplus (shortfall)	(10 017)	(37 000)	(44 882)	22 569	25 643	25 643	-	12 742	10 336	5 971
Asset management										
Asset register summary (WDV)	580 573	585 890	588 214	611 763	611 763	611 763	611 763	636 150	651 876	682 675
Depreciation	26 783	27 034	26 574	-	20 000	20 000	20 000	-	-	-
Renewal and Upgrading of Existing Assets	-	-	-	8 079	8 079	8 079	8 079	-	-	-
Repairs and Maintenance	7 783	7 782	8 324	7 448	6 925	6 925	6 925	-	-	-
Free services										
Cost of Free Basic Services provided	11 801	13 088	12 598	8 320	8 320	8 320	8 320	8 320	8 320	8 320
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	1	1	1	1	1	1	1	1	1	1
Sanitation/sew erage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	6	6	6	6	6	6	6	6	6	6

FS183 Tswelopele - 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
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		88 187	115 026	124 602	33 071	99 417	99 417	127 956	136 329	144 769
Executive and council		1 079	—	—	4 742	4 742	4 742	4 891	5 380	5 918
Finance and administration		87 108	115 026	124 602	28 329	94 675	94 675	123 065	130 949	138 851
Internal audit		—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		406	28	522	5 205	1 270	1 270	1 197	1 317	1 449
Community and social services		402	28	522	5 185	1 250	1 250	1 167	1 284	1 413
Sport and recreation		3	—	—	20	20	20	30	33	36
Public safety		1	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		16 433	737	608	50	50	50	50	55	61
Planning and development		—	—	—	—	—	—	—	—	—
Road transport		16 433	737	608	50	50	50	50	55	61
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		59 999	48 518	50 266	117 761	57 585	57 585	65 367	71 903	79 094
Energy sources		26 779	31 319	31 415	59 512	40 350	40 350	42 825	47 108	51 818
Water management		22 508	5 843	6 782	24 109	6 035	6 035	10 237	11 260	12 386
Waste water management		6 427	6 831	7 289	20 464	6 700	6 700	7 385	8 124	8 936
Waste management		4 284	4 526	4 780	13 676	4 500	4 500	4 920	5 412	5 953
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Revenue - Functional	2	165 025	164 309	175 997	156 086	158 322	158 322	194 570	209 605	225 373
Expenditure - Functional										
<i>Governance and administration</i>		50 804	144 086	147 078	47 728	51 244	51 244	65 034	71 538	78 691
Executive and council		13 481	—	—	14 781	15 785	15 785	16 184	17 802	19 583
Finance and administration		37 323	144 086	147 078	32 948	35 459	35 459	48 850	53 735	59 109
Internal audit		—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		17 410	—	—	16 561	15 462	15 462	16 615	18 276	20 104
Community and social services		13 170	—	—	16 434	15 355	15 355	16 486	18 134	19 948
Sport and recreation		2 281	—	—	127	107	107	129	142	156
Public safety		1 959	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		20 257	—	—	15 311	14 128	14 128	35 592	34 469	33 232
Planning and development		—	—	—	—	—	—	—	—	—
Road transport		20 257	—	—	15 311	14 128	14 128	35 592	34 469	33 232
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		77 517	41 841	36 438	76 444	77 305	77 305	81 528	89 681	98 649
Energy sources		31 265	39 737	36 438	38 920	38 372	38 372	40 899	44 989	49 488
Water management		19 323	2 104	—	14 571	14 825	14 825	15 801	17 381	19 120
Waste water management		17 562	—	—	13 223	14 357	14 357	14 481	15 929	17 522
Waste management		9 368	—	—	9 729	9 751	9 751	10 347	11 381	12 520
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Expenditure - Functional	3	165 988	185 927	183 516	156 044	158 138	158 138	198 769	213 964	230 677
Surplus/(Deficit) for the year		(964)	(21 618)	(7 519)	42	184	184	(4 199)	(4 359)	(5 304)

FS183 Tswelopele - 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		1 079	–	–	4 742	4 742	4 742	4 891	5 380	5 918
Vote 2 - Budget and Treasury Office		87 108	–	–	28 219	94 575	94 575	122 965	130 839	138 730
Vote 3 - Community and Social Services		402	–	–	5 185	1 250	1 250	1 167	1 284	1 413
Vote 4 - Public Safety		1	–	–	–	–	–	–	–	–
Vote 5 - Sport and Recreation		3	–	–	20	20	20	30	33	36
Vote 6 - Waste Management		4 284	–	–	13 676	4 500	4 500	4 920	5 412	5 953
Vote 7 - Waste Water Management		6 427	–	–	20 464	6 700	6 700	7 385	8 124	8 936
Vote 8 - Road Transport		16 433	–	–	50	50	50	50	55	61
Vote 9 - Water		22 508	–	–	24 109	6 035	6 035	10 237	11 260	12 386
Vote 10 - Electricity		26 779	–	–	59 512	40 350	40 350	42 825	47 108	51 818
Vote 11 - Corporate Services		–	–	–	110	100	100	100	110	121
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	165 025	–	–	156 086	158 322	158 322	194 570	209 605	225 373
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		13 481	–	–	14 781	15 785	15 785	16 184	17 802	19 583
Vote 2 - Budget and Treasury Office		37 323	–	–	23 153	58 102	58 102	37 778	41 556	45 712
Vote 3 - Community and Social Services		13 170	–	–	16 599	15 355	15 355	15 732	17 305	19 035
Vote 4 - Public Safety		1 959	–	–	–	–	–	754	829	912
Vote 5 - Sport and Recreation		2 281	–	–	127	107	107	129	142	156
Vote 6 - Waste Management		9 368	–	–	9 729	9 751	9 751	10 347	11 381	12 520
Vote 7 - Waste Water Management		17 562	–	–	13 223	14 457	14 457	14 481	15 929	17 522
Vote 8 - Road Transport		20 257	–	–	15 311	14 128	14 128	35 592	34 469	33 232
Vote 9 - Water		19 323	–	–	14 571	14 850	14 850	15 801	17 381	19 120
Vote 10 - Electricity		31 265	–	–	38 920	38 372	38 372	40 899	44 989	49 488
Vote 11 - Corporate Services		–	–	–	9 794	10 298	10 298	11 072	12 179	13 397
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	165 988	–	–	156 209	191 203	191 203	198 769	213 964	230 677
Surplus/(Deficit) for the year	2	(964)	–	–	(123)	(32 881)	(32 881)	(4 199)	(4 359)	(5 304)

FS183 Tswelopele - 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	15 085	15 854	22 738	16 000	20 600	20 600	-	17 100	18 810	20 691
Service charges - electricity revenue	2	20 326	24 801	27 710	39 500	40 000	40 000	-	39 355	43 603	48 275
Service charges - water revenue	2	3 183	3 037	3 048	9 000	6 000	6 000	-	8 500	9 520	10 642
Service charges - sanitation revenue	2	4 732	4 569	4 244	6 700	6 700	6 700	-	5 585	6 324	7 136
Service charges - refuse revenue	2	3 157	3 022	2 665	4 500	4 500	4 500	-	3 220	3 712	4 253
Rental of facilities and equipment		748	737	608	512	657	657		655	721	793
Interest earned - external investments		1 133	654	1 025	700	900	900		1 100	600	710
Interest earned - outstanding debtors		1 604	702	197	500	500	500		500	550	605
Dividends received		49	20	51	43	104	104		100	100	100
Fines, penalties and forfeits		301	274	269	50	300	300		300	330	363
Licences and permits		66	28	22	10	25	25		40	44	48
Agency services		-	-	-	-	-	-		-	-	-
Transfers and subsidies		67 994	62 528	62 602	77 563	77 027	77 027		82 114	86 452	91 487
Other revenue	2	1 051	1 160	551	1 009	1 009	1 009	-	1 276	1 046	1 117
Gains				324							
Total Revenue (excluding capital transfers and contributions)		119 431	117 386	126 054	156 086	158 322	158 322	-	159 845	171 811	186 221
Expenditure By Type											
Employee related costs	2	57 697	62 639	61 913	61 468	66 136	66 136	-	70 300	77 330	85 015
Remuneration of councillors		4 663		5 425	6 710	6 342	6 342		6 778	7 456	8 201
Debt impairment	3	7 531	13 053	6 849	6 900	12 900	12 900		13 000	13 000	13 000
Depreciation & asset impairment	2	26 179	27 034	26 574	26 000	20 000	20 000	-	20 000	20 000	20 000
Finance charges		2 562	4 760	7 813	3 108	3 108	3 108		2 508	2 759	3 035
Bulk purchases	2	32 282	34 144	36 438	39 100	39 100	39 100	-	41 309	45 180	49 428
Other materials	8	6 460	7 697		7 448	6 925	6 925		8 104	9 500	10 060
Contracted services		27	38	960	2 000	2 000	2 000	-	2 150	2 365	2 602
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	28 587	34 258	35 201	29 311	34 527	34 527	-	34 621	36 375	39 336
Losses			2 303	2 344							
Total Expenditure		165 988	185 927	183 516	182 044	191 038	191 038	-	198 769	213 964	230 677
Surplus/(Deficit)		(46 558)	(68 541)	(57 461)	(25 958)	(32 716)	(32 716)	-	(38 924)	(42 153)	(44 456)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		33 794	33 835	36 844	16 488	16 488	16 488		26 405	29 474	30 832

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 - Functional											
Governance and administration		20 120	20 120	2 389	150	295	295	-	1 117	1 228	1 351
Executive and council		20 120	20 120	1 794	85	220	220		1 032	1 135	1 248
Finance and administration				594	65	75	75		85	94	103
Internal audit											
Community and public safety		-	-	7 643	742	772	772	-	2 349	1 127	286
Community and social services				171					1 573	283	286
Sport and recreation				7 472	742	772	772		776	844	
Public safety											
Housing											
Health											
Economic and environmental services		948	2 402	5 665	6 396	7 271	7 271	-	3 108	16 070	18 157
Planning and development											
Road transport		948	2 402	5 665	6 396	7 271	7 271		3 108	16 070	18 157
Environmental protection											
Trading services		11 238	11 238	15 522	9 475	9 463	9 463	-	21 278	12 618	12 642
Energy sources		1 434	1 434	1 918	2 020	2 020	2 020				
Water management		9 804	9 804	4 472	25	20	20		10 030	12 033	12 612
Waste water management				9 131	7 430	7 423	7 423		11 248	585	30
Waste management											
Other											
Total Capital Expenditure - Functional	3	32 306	33 760	31 219	16 763	17 801	17 801	-	27 852	31 043	32 436
Funded by:											
National Government		12 186	13 640	28 830	16 488	16 488	16 488		26 405	29 474	30 832
Provincial Government		-									
Transfers recognised - capital	4	30 405	31 859	28 830	16 488	16 488	16 488	-	26 405	29 474	30 832
Borrowing	6										
22 Internally generated funds		1 901	1 901	2 389	275	1 313	1 313		1 447	1 569	1 704
Total Capital Funding	7	32 306	33 760	31 219	16 763	17 801	17 801	-	27 852	31 043	32 536

FS183 Tswelopele - 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		4 650	2 989	1 498	1 000	4 000	4 000		2 000	2 500	2 100
Call investment deposits	1	1 706	2 085	9 637	1 800	1 800	1 800		4 000	6 000	8 050
Consumer debtors	1	9 438	14 252	18 498	-	-	-	-	-	-	-
Other debtors		5 917	10 219	20 382	40 000	40 000	40 000		30 000	20 000	10 000
Current portion of long-term receivables											
Inventory	2	540	631	671	400	600	600		500	200	500
Total current assets		22 251	30 177	50 687	43 200	46 400	46 400	-	36 500	28 700	20 650
Non current assets											
Long-term receivables				97							
Investments		948	953	859							
Investment property		22 858	47 015	45 484	24 000	24 000	24 000		24 000	24 000	25 000
Investment in Associate											
Property, plant and equipment	3	554 542	538 004	541 535	586 763	587 811	587 811	-	615 663	646 706	679 241
Biological											
Intangible		3 174	871	1 195	1 000	1 000	1 000		3 000	4 000	8 000
Other non-current assets											
Total non current assets		581 522	586 843	589 170	611 763	612 811	612 811	-	642 663	674 706	712 241
TOTAL ASSETS		603 774	617 019	639 857	654 963	659 211	659 211	-	679 163	703 406	732 891
LIABILITIES											
Current liabilities											
Bank overdraft	1	-									
Borrowing	4	1 390	2 446	981	800	800	800	-	700	600	500
Consumer deposits		933	1 051	1 022	1 000	1 000	1 000		1 000	900	1 500
Trade and other payables	4	33 972	65 398	94 021	20 000	20 000	20 000	-	25 000	20 000	15 000
Provisions		814	760	1 073							
Total current liabilities		37 108	69 655	97 097	21 800	21 800	21 800	-	26 700	21 500	17 000
Non current liabilities											
Borrowing		10 344	8 914	8 937	8 937	8 937	8 937	-	7 000	6 000	5 500
Provisions		16 708	25 298	28 190	10 500	10 500	10 500	-	10 500	10 500	10 500
Total non current liabilities		27 052	34 212	37 127	19 437	19 437	19 437	-	17 500	16 500	16 000
TOTAL LIABILITIES		64 161	103 867	134 224	41 237	41 237	41 237	-	44 200	38 000	33 000
NET ASSETS	5	539 613	513 152	505 633	613 726	617 974	617 974	-	634 963	665 406	699 891
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		539 829	513 152	505 633	613 526	617 974	617 974		634 963	665 406	699 891
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	539 829	513 152	505 633	613 526	617 974	617 974	-	634 963	665 406	699 891

FS183 Tswelopele - Table A7 Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		12 085	13 552	16 113	16 000	18 540	18 540		17 100	18 810	20 691
Service charges		40 344	33 751	42 752	59 700	59 700	59 700		61 604	71 478	78 626
Other revenue		2 063	2 231	269	1 631	1 736	1 736		2 271	2 141	2 322
Transfers and Subsidies - Operational	1	71 291	95 728	102 089	77 513	77 513	77 513		82 114	86 452	91 487
Transfers and Subsidies - Capital	1	28 425	-		16 488	16 488	16 488		26 405	29 474	30 832
Interest		2 736	1 356	1 222	1 200	1 200	1 200		1 600	1 150	1 315
Dividends		49	20	51	43	43	43		100	100	100
Payments											
Suppliers and employees		(130 103)	(107 871)	(117 978)	(152 661)	(150 994)	(150 994)		(163 261)	(178 205)	(194 642)
Finance charges		(2 456)	(4 666)	(5 936)	(3 108)	(3 108)	(3 108)		(2 508)	(2 759)	(3 035)
Transfers and Grants	1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		24 435	34 101	38 583	16 805	21 117	21 117	-	25 426	28 641	27 696
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		1 092							-	-	-
Decrease (increase) in non-current receivables									-	-	-
Decrease (increase) in non-current investments		4 495							-	-	-
Payments											
Capital assets		(32 306)	(33 659)	(31 056)	(16 763)	(17 801)	(17 801)		(27 852)	(31 043)	(32 436)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(26 719)	(33 659)	(31 056)	(16 763)	(17 801)	(17 801)	-	(27 852)	(31 043)	(32 436)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		149	410	(1 466)	(830)	(830)	(830)		(800)	(800)	(800)
NET CASH FROM/(USED) FINANCING ACTIVITIES		149	410	(1 466)	(830)	(830)	(830)	-	(800)	(800)	(800)
NET INCREASE/ (DECREASE) IN CASH HELD		(2 134)	852	6 061	(788)	2 486	2 486	-	(3 226)	(3 202)	(5 541)
Cash/cash equivalents at the year begin:	2	6 355	4 222	5 074	1 500	1 500	1 500		4 000	774	(2 428)
Cash/cash equivalents at the year end:	2	4 221	5 074	11 135	712	3 986	3 986		774	(2 428)	(7 969)

FS183 Tswelopele - 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	4 221	5 074	11 135	712	3 986	3 986	-	774	(2 428)	(7 969)
Other current investments > 90 days		2 134	-	-	2 088	1 814	1 814	-	5 226	10 928	18 119
Non current assets - Investments	1	948	953	859	-	-	-	-	-	-	-
Cash and investments available:		7 304	6 027	11 995	2 800	5 800	5 800	-	6 000	8 500	10 150
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	17 321	43 027	56 877	(19 769)	(19 843)	(19 843)	-	(6 742)	(1 836)	4 179
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		17 321	43 027	56 877	(19 769)	(19 843)	(19 843)	-	(6 742)	(1 836)	4 179
Surplus(shortfall)		(10 017)	(37 000)	(44 882)	22 569	25 643	25 643	-	12 742	10 336	5 971

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
ASSET REGISTER SUMMARY - PPE (WDV)	5	580 573	585 890	588 214	611 763	611 763	611 763	636 150	651 876	682 675
<i>Roads Infrastructure</i>		51 478	94 207	58 436	141 179	141 179	141 179	144 287	147 395	165 552
<i>Storm water Infrastructure</i>		–			–	–	–	–	–	–
<i>Electrical Infrastructure</i>		62 174	44 631	25 771	53 089	53 089	53 089	53 089	53 089	53 089
<i>Water Supply Infrastructure</i>		105 790	188 044	41 122	265 897	265 897	265 897	275 927	287 960	300 572
<i>Sanitation Infrastructure</i>		80 594	71 450	78 759	118 420	118 420	118 420	129 669	130 254	130 284
<i>Solid Waste Infrastructure</i>		69 865	5 310	184 157	8 178	8 178	8 178	8 178	8 178	8 178
<i>Rail Infrastructure</i>										
<i>Coastal Infrastructure</i>										
<i>Information and Communication Infrastructure</i>										
Infrastructure		369 901	403 643	388 246	586 763	586 763	586 763	611 150	626 876	657 675
Community Assets		113 981	102 572	94 809						
Heritage Assets										
Investment properties		22 858	47 015	45 484	24 000	24 000	24 000	24 000	24 000	24 000
Other Assets		70 659	31 789	58 481						
Biological or Cultivated Assets		3 174	871	1 195	1 000	1 000	1 000	1 000	1 000	1 000
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	580 573	585 890	588 214	611 763	611 763	611 763	636 150	651 876	682 675

FS183 Tswelopele - 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		7 650	7 650	7 650	7 650	7 650	7 650	7 650	7 650	7 650
Piped water inside yard (but not in dwelling)		14 044	14 044	14 044	14 044	14 044	14 044	14 044	14 044	14 044
Using public tap (at least min.service level)	2	1 264	1 264	1 264	1 264	1 264	1 264	1 264	1 264	1 264
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		22 958	22 958	22 958	22 958	22 958	22 958	22 958	22 958	22 958
Using public tap (< min.service level)	3	1 028	1 028	1 028	1 028	1 028	1 028	1 028	1 028	1 028
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		1 028	1 028	1 028	1 028	1 028	1 028	1 028	1 028	1 028
Total number of households	5	23 986	23 986	23 986	23 986	23 986	23 986	23 986	23 986	23 986
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		18 426	23 984	23 984	23 984	23 984	23 984	23 984	23 984	23 984
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>		18 426	23 984	23 984	23 984	23 984	23 984	23 984	23 984	23 984
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	18 426	23 984	23 984	23 984	23 984	23 984	23 984	23 984	23 984
Energy:										
Electricity (at least min.service level)		22 042	22 042	22 042	22 042	22 042	22 042	22 042	22 042	22 042
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		22 042	22 042	22 042	22 042	22 042	22 042	22 042	22 042	22 042
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	22 042	22 042	22 042	22 042	22 042	22 042	22 042	22 042	22 042
Refuse:										
Removed at least once a week		17 822	17 822	17 822	17 822	17 822	17 822	17 822	17 822	17 822
<i>Minimum Service Level and Above sub-total</i>		17 822	17 822	17 822	17 822	17 822	17 822	17 822	17 822	17 822
Removed less frequently than once a week		86	86	86	86	86	86	86	86	86
Using communal refuse dump		170	170	170	170	170	170	170	170	170
Using own refuse dump		3 270	3 270	3 270	3 270	3 270	3 270	3 270	3 270	3 270
Other rubbish disposal		2 078	2 078	2 078	2 078	2 078	2 078	2 078	2 078	2 078
No rubbish disposal		558	558	558	558	558	558	558	558	558
<i>Below Minimum Service Level sub-total</i>		6 162	6 162	6 162	6 162	6 162	6 162	6 162	6 162	6 162
Total number of households	5	23 984	23 984	23 984	23 984	23 984	23 984	23 984	23 984	23 984
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		11 500	11 500	11 992	11 992 000	11 992 000	11 992 000	11 992 000	11 992 000	11 992 000
Sanitation (free minimum level service)		3 215	3 900	4 980	4 980 000	4 980 000	4 980 000	4 980 000	4 980 000	4 980 000
Electricity/other energy (50kwh per household per month)		11 500	11 500	4 980	4 980 000	4 980 000	4 980 000	4 980 000	4 980 000	4 980 000
Refuse (removed at least once a week)		3 215	3 900	4 980	4 980 000	4 980 000	4 980 000	4 980 000	4 980 000	4 980 000

5. Explanatory notes to budget

Table A1 is a summary of the budget of Tswelopele Local Municipality that gives an overview of the of the budget, it includes, the following key aspects

Financial Performance: This is a summary of income statement of the Municipality

Capital Expenditure and funding sources: This gives a brief overview of the capital expenditure and its funding sources

Financial Position: This is the balance sheet of Tswelopele Local Municipality

Cash Flow: This gives a brief overview of the Cash flow of the Municipality

Asset Management: This is the overview of the total assets of the Municipality

Free Services: This section gives the total amount of free basic services as provided by the municipality. This is the most important as it gives users of the budget a “snapshot” of what is going to follow in the next nine (9) main table

Explanatory Notes to Table A2

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per functional classification.
2. Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4 as Table A4 exclude capital transfers

Explanatory Note to Table A3

1. Table A3 is an overview of the budgeted financial performance in relation to the revenue and expenditure per municipal vote.
2. From the above it can be seen that all trading services are making surpluses, and this is attributable to the following
 - a. Council proposes a 6.24% on electricity tariffs as per proposal on NERSA guideline

- b. An increase of 5.0% on refuse, 5.0% on sewerage and 5.0% on water tariffs and 5.0% on Property rates
 - c. Cut on non-priority spending
3. Profits made on this services are used to subsidise non-trading services

Explanatory note on table A4

1. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the budgeted revenue of Tswelopele Local Municipality
2. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
3. Major component of expenditure relates to employee costs.
4. Transfers recognised – capital is decreasing over the mid-term and this is due to the decrease in the population of the community of Tswelopele Local Municipality according to Census 2011 data.

Explanatory note on Table A5

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

Explanatory Notes to Table A6

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.

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

Explanation to Table A7

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.

Explanatory note to table A8

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. Considering the requirements of section 18 of the MFMA, it can be concluded that the draft budget for 2020/2021 MTREF is funded because Municipality anticipates making a profit over the MTREF.

Explanatory Note for Table A9

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.

Explanatory notes to Table A10

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

PART 2

1. Municipal budget process

Municipal Financial Management Act (MFMA) mentions six (6) steps (i.e. Planning, Strategizing, Preparing, Tabling, Consulting and Finalising/ Adopting) that the municipality must follow in order to prepare the annual budget that is credible. The planning and strategizing processes started with the preparation of budget timelines as required by MFMA and IDP review process plan. 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 annual 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.

Due to the size of the municipality, the functions of the Budget Steering Committee are performed by the Finance Committee and much still needs to be done to ensure that the committee is effective throughout the financial year and exercises oversight not only on the budget but the overall financial management at the municipality and advice / recommend to Council accordingly. Furthermore, there is a need for resuscitation of the MSA section 79 committee to assist Council in playing its oversight role on the administration matters of the municipality.

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2019) a time schedule that sets out the process to revise the IDP and prepare the annual budget. The Mayor tabled the required IDP process plan and budget timeline schedule in line with the applicable legislation. The IDP process plan and budget timeline schedule were tabled to Council during August 2019.

As per the budget timelines all the department heads were asked to give their inputs on the annual budget. The Budget & Treasury Office of the municipality under the leadership of the Chief Financial Officer prepared the draft budget, which will be tabled to Council at the end of March 2020 as stipulated in the MFMA.

Council having approved the draft budget, the municipality must embark on the public participation process. Annual budget and IDP of the municipality will be placed at municipal offices and libraries and communities and relevant stakeholders were requested to provide inputs on the tabled budget.

The Mayor, assisted by Councillors and Municipal Officials will embark on the community consultations at various wards within the municipality.

The public participation processes is used as an arena for co-management in which the community and the municipality decide together where and how the resources will be allocated. Furthermore, it is the objective of the municipality to move away from informing the community about what it plans to do, but rather to allow the community to influence development and resource allocation.

2. Overview of the alignment of annual budget with integrated development plan

The annual review of the Integrated Development Plan is a legislative requirement in terms of section 34 of the Municipal Systems Act. It stipulates that a Municipal Council must review its integrated plan annually in accordance with an assessment of its performance measurements in terms of section 41; and to the extent that changing circumstances so demand; and may amend its integrated development plan in accordance with a prescribed process. The Annual Budget and the IDP are inextricably linked to one another, something that has been formalised through the promulgation of the Municipal Finance Management Act in 2004.

In compliance with the Municipal Structures Act and Municipal Finance Management Act the municipality's budget must be informed by and aligned to the IDP objectives. The budgetary allocations for both capital and operating expenditure need to be undertaken in a manner that will not only ensure that the IDP outcomes are achieved but also leads to the municipality's vision being realized. This ensures that the IDP directs the development and implementation of projects.

Over the years, Auditor General has been raising exceptions that the Integrated Development Plan and Annual Budget are not aligned to each other. Furthermore, the Key Performance Indicators were not measurable and with no target dates. The performance management system is also not effective at the municipality as there is no dedicated unit or official entrusted with performance management. This in essence affected the audit opinion of the Auditor General on the predetermined objectives (although this was not necessarily expressed / reported in the audit report).

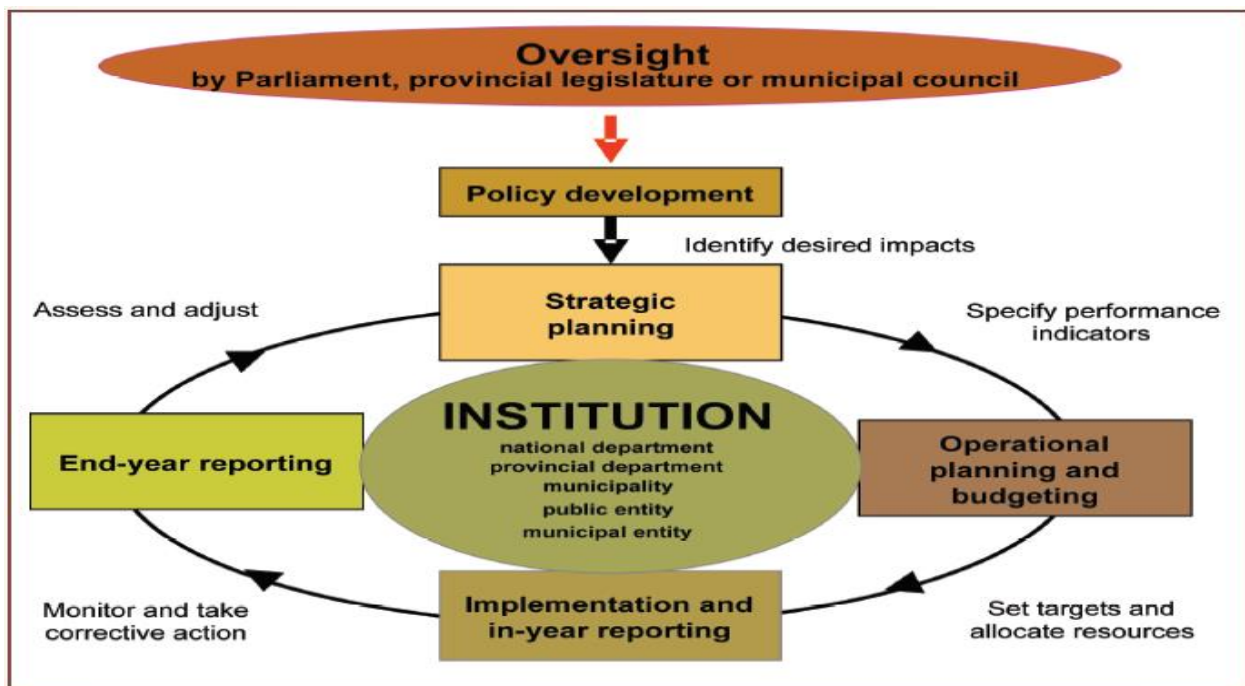
For the 2020/2021 financial year, quite substantial effort has been devoted towards ensuring that the Integrated Development Plan and Annual Budget are aligned as required by the MFMA. The process of reconciling financial plan to its Integrated Development Plan created a whole new

method of budgeting at the municipality. Council will in the future ensure that priorities within the budget are focused towards its strategies and objectives.

3. Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the predetermined strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has reviewed and will operationalize its performance management framework. The following diagram further explains the process of planning, budgeting and reporting in Municipal environment:

Graph - Planning and Reporting Cycle



A concentrated effort was made during the IDP review to ensure that it contains measurable performance objectives. From the measurable performance objectives, key performance indicators will be deduced to be included in the service delivery and budget implementation plan when it is submitted to the Mayor for approval (subsequent to the approval of the IDP and MTREF by Council).

In line with section 69(3) (a) of the Municipal Finance Management Act, which requires the Accounting Officer to submit a Service Delivery and Budget Implementation Plan (SDBIP) to the

Mayor no later than 14 days after the approval of the budget and drafts of the performance agreement as required in terms of section 57 (1) (b) of the Municipal Systems Act, plans are in place to ensure compliance with this prescript.

The Service Delivery and Budget Implementation Plan will provide a vital link between the Mayor, Council (executive) and the Administration, and facilitates the process for holding management accountable for its performance. It is the intention of Management to properly formulate the SDBIP to ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by council. The table below shows the performance indicators of the Municipality.

3.1. Performance indicators and Benchmarking

The following ratios are the analysis of performance of the Municipality for 2020/2021

- ***Current Ratio***

The current ratio measures the ability of the municipality to pay off its short term liability, the ratio should be 2:1, to assets.

- ***Gearing***

Gearing measures to what extend are the operation of the Municipality financed form Borrowings, and the gearing of the Municipality is zero (o), and this is a good sign, because it shows that the Municipality is not relying on borrowings

- ***Creditors Management***

The municipality anticipates that it will be in a position to pay off its 100% creditors by the due date; this is in terms of section 65 of the Municipal Finance Management Act

The anticipated performance of the municipality is on an acceptable level.

4. Overview of budget related policies

Tswelopele Budget process is guided and governed by relevant legislation and budget related policies. The main purpose of budget related policies is to govern and guide process and inform the projections of the medium term. The following budget related policies:

4.1. Review of credit control and debt collection policies

The Municipality aims to increase the collection rate to average 90% by the end of 2020/2021 Financial Year

Despite a credible policy that has been adopted by Municipal Council for the 2019/20 financial year, there has been a great challenge in terms of its effective implementation. Failure to adhere to the policy and ineffective procedures has led increase in debtors. Robust credit control will come handy for the municipality to collect the budgeted revenue and the current outstanding debtors.

One of the deliverables for the Municipal Manager and Senior Managers is the development of a revenue enhancement strategy with view of increasing revenue collection. However, the culture of non-payment for services has inculcated into the community. As such political will, support and buy-in will be essential to change the mind-set of the communities.

4.2. Asset Management Policy

The Municipality fully implemented generally recognised accounting principle (GRAP 17) and a policy on asset management was approved by council during 2019/2020 financial year. The Asset Management policy is considered as a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

4.3. Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council during 2007 and has been reviewed on an annual basis since then. The policy last reviewed for 2019/2020 financial year and there has been no changes to the policy.

4.4. Budget and Virement Policy

These policies are aimed at guiding the municipality in terms of compiling a credible and funded budget as required by the MFMA and also to guide the municipality in terms of shifting of funds during the financial year. In addition to these policies, the mid-year budget assessment is used to guide and inform the mid-year performance review and adjustment budget process.

The Municipality doesn't have an adjustment budget policy as the adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities.

4.5. Investment Policy

The cash management and investment policy was amended by Council for implementation during 2019/2020 financial year. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves and conditional grants that needs to be cash-backed. There are no significant changes effected to the policy.

4.6. Tariff Policies

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration that all proposed tariffs reflect the cost of providing such services. Over the years, the increase in tariffs was not always commensurate with the inflation rate. There were financial years where certain tariffs were not increased at all. This is currently having negative impact on the budget as the current tariffs are not cost-reflective. The need has aroused to increase the tariff with rate higher than the inflation to catch up with the years where increases were not implemented.

4.7. Property Rates Policy

Tswelopele Local Municipality's property rates policy provides a framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery, the policy is directly informed by section 229 of the Constitution of the Republic of South Africa and the Municipal Property Rates Act, act 6 of 2004.

4.8. Indigent Policy

The aim of the policy is to guide the municipality on the process of how to identify and register the indigent households in the Municipality. The indigent support policy was last reviewed during 2019/2020 financial year and this policy prescribes the threshold for indigent consumers as well as the free basic service component. The municipality has been experiencing problems where indigent consumers have been utilising services above the threshold thereby being unable to pay for the services, especially on water. There are no major changes to the policy other than the move to say, that only indigent household be provided with free basic electricity. There is a need for the development of free basic services policy and possible promulgation of the by-law. The policy is currently being reviewed.

4.9. Bad debt write off policy

The policy guides how and when the municipality should write off its debtors, the current debtor's book is approximately R99.9 million and it is in the light of the above that the policy was reviewed.

4.10. Other Related Policies

Municipality has also reviewed the following policies which have direct impact on the Annual Budget of the Municipality:

- Customer Care Policy
- Deposit Policy
- Petty Cash Policy

Soft copies of the policies may be downloaded from Tswelopele local Municipality website:

www.tswelopele.gov.za

5. Overview of budget assumptions

The budget was prepared on the incremental budgeting process with the assumption that goods and services as previously budgeted will increase by a certain percentage which is more than the current CPI and zero based budgeting mainly on Petrol. The following tariffs were increased; Sewerage .0%, Refuse 5.0%, water 5.0%, Electricity 6.24% and property rates 5.0%. Salaries are budgeted for an increase of 6.24%, this is informed by South African Local Bargaining Council collective agreement on salaries, the agreement as was concluded. National Treasury MFMA circulars were used for other assumptions of the budget and the following are some of the assumptions made:

1. Economic climate and poverty levels within the municipality will remain the same / constant for major part of the financial year given the limited economic activities with the vicinity;
2. Cash flow projections will be strictly maintained to ensure the municipality's ability to meet its financial obligations;
3. Operational costs will be maintained at current levels or reduced as cost containment measures and where there is material decrease in revenue collection rate, expenditure will have to be reduced at the same proportion;
4. Filling of vacant posts will be prioritised taking into account the cash flow projections of the municipality.

6. Overview of the funding of the budget

MFMA section 18 states that the expenditure of the budget may only be funded from:

- Realistically anticipated revenue to be collected
- Cash-backed accumulated funds from previous years' surpluses not committed for other purposes
- Borrowed funds, but only for capital budget referred to in section 17 (2).

Tswelopele local municipality operating budget totals R 156 million and is funded from:

- Grants
- Service Charges
- Other revenue

The capital budget of the municipal totals R 27.85 million, and is funded from:

- Municipal Infrastructure Grant
- Water Grant
- Internally Generated Funds

7. Expenditure on Allocations and Grant Programmes

Total Grants Allocated to Tswelopele Local Municipality are disclosed on table SA18

- **Financial Management Grant**

Total allocation to Tswelopele Local Municipality is R 1 900 000, the condition of the grant is that the municipality must appoint five (5) financial interns, the municipality has appointed Six (6) interns and the stipends will be R 720 000, the grant is used for training of the municipal budget and treasury office officials, the grant will also be used to fund Standard chart of account (SCOA) Project.

- **Municipal infrastructure grant**

The total allocation is R 16 405 000 and this amount will be spent on the following projects:

- Construction of 1.3 km Paved Road: Phahameng
- Construction of Toilet Structures & Sewer Reticulation and Connections: Phahameng
- Construction of Toilet Structures & Sewer Reticulation and Connections: Tikwana
- Upgrading of Sports facilities: Phahameng/ Bultfontein
- Fencing of cemeteries: Phahameng
- Fencing of cemeteries: Tikwana
- Construction of High mast lights: Tikwana/ Hoopstad
- Construction of 2.0KM Paved Road and Stormwater Drainage: Tikwana

- **Expanded Public Works Grant**

As per the division of Revenue Act, the Municipality will receive R 1 168 000 for EPWP projects

8. Allocations made by the municipality

Tswelopele Local Municipality uses equitable share to subsidise indigent households, the following table depicts this situation:

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
Water (6 kilolitres per household per month)		11 500	11 500	11 992	11 992 000	11 992 000	11 992 000	11 992 000	11 992 000	11 992 000
Sanitation (free minimum level service)		3 215	3 900	4 980	4 980 000	4 980 000	4 980 000	4 980 000	4 980 000	4 980 000
Electricity/other energy (50kwh per household per month)		11 500	11 500	4 980	4 980 000	4 980 000	4 980 000	4 980 000	4 980 000	4 980 000
Refuse (removed at least once a week)		3 215	3 900	4 980	4 980 000	4 980 000	4 980 000	4 980 000	4 980 000	4 980 000
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		2 944	2 805	3 734	1 700	1 700	1 700	1 700	1 700	1 700
Sanitation (free sanitation service to indigent households)		1 695	2 261	3 044	1 800	1 800	1 800	1 800	1 800	1 800
Electricity/other energy (50kwh per indigent household per month)		6 035	6 518	3 705	3 120	3 120	3 120	3 120	3 120	3 120
Refuse (removed once a week for indigent households)		1 128	1 505	2 116	1 700	1 700	1 700	1 700	1 700	1 700
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		11 801	13 088	12 598	8 320	8 320	8 320	8 320	8 320	8 320

Every household is receives 6 kl of water and indigent households receive 50 kwh of electricity, and the households that are 100% indigent also receive free sanitation and free removal of refuse.

9. Councillor and board members allowance and employee benefits

The actual increase will be determined when the Government Gazette on the Upper Limits of Councillors is issued and the necessary processes as per the gazette will be followed prior to implementation. The Municipal System Act requires the Municipal Manager to develop a staff establishment for the municipality within a policy framework determined by the municipal council and subject to any applicable legislation.

The Municipal Manager must submit the staff establishment to Council for consideration and approval. The Municipal System Act further requires the Municipal Manager to provide a job description for each post on the staff establishment and to attach to those posts the remuneration and other conditions of service as may be determined in accordance with any applicable labour legislation. The increase on employee benefit was according to the South African Local Bargaining Council collective agreement. In terms of the collective agreement, the municipality must fill all critical positions.

10. Contracts having future budgetary implications

In terms of regulation to the Municipal Finance Management Act, long term contracts are contracts that are more than 3 years and as such, the municipality do not have such contracts and further does not intend to enter into contracts that have future budgetary implications. In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Budget and Treasury Office.

11. Capital Expenditure Details

The total allocation is R16 405 000 and this amount will be spent on the following projects:

- Construction of 1.3 km Paved Road: Phahameng
- Construction of Toilet Structures & Sewer Reticulation and Connections: Phahameng

- Construction of Toilet Structures & Sewer Reticulation and Connections: Tikwana
- Upgrading of Sports facilities: Phahameng/ Bultfontein
- Fencing of cemeteries: Phahameng
- Fencing of cemeteries: Tikwana
- Construction of High mast lights: Tikwana/ Hoopstad
- Construction of 2.0KM Paved Road and Stormwater Drainage: Tikwana

12. Legislation Compliance

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

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis.

2. Internship programme

Tswelopele Local Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

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

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is on a draft stage

6. Annual Report

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

7. Integrated Development Plan and approval of the annual budget

The reviewed IDP of the Municipality will be tabled to Council during March 2020 together with the Budget of the municipality. Subsequently, the public consultations will take place with the relevant stakeholders.

9. Policies and bylaws

The municipality has compiled the various policies as required by various legislations as well as the Municipal Budget and Reporting regulations. The challenge has been on implementation and adherence to such policies subsequent to their approval by Council. Bylaws are yet to be promulgated, currently at draft / compilation stage.

13. Quality Certificate



TSWELOPELE
LOCAL MUNICIPALITY
A MUNICIPALITY IN PROGRESS

P.O. Box 3
Bultfontein
9670

Tel: 051 853 1111
Fax: 051 853 1332
e-mail: logov@tswelopele.org

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, **MRE Mogopodi**, the Municipal Manager of **TSWELOPELE LOCAL MUNICIPALITY (FS 183)**, hereby certify that the Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the act, and that the annual budget and supporting documents are consistent with the integrated development plan of the municipality.

Print Name: _____

Signature: _____

Date: _____