

O. R. TAMBO DM
BUDGET AND TREASURY OFFICE



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

PREPARED FOR COUNCIL

MARCH 2020

DECISION MEMORANDUM ON DRAFT BUDGET FOR 2020/21 AND 2022 -2023 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

1. SUBJECT:- DRAFT BUDGET 2020/21 and two outer years

Section 21 of Chapter 4 of the Municipal Finance Management Act, Act No. 56 of 2003 and MFMA Circulars.

2. PURPOSE AND BACKGROUND

Section 16 of the Municipal Finance Management Act No. 56 of 2003, states that:

- 1) The council of the municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- 2) In order for a municipality to achieve comply with subsection (1); the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of that budget year.

3. SUMMARY

This report was prepared in accordance with section 21 Chapter 4 of the Municipal Finance Management Act, Act No.56 of 2003 and the MFMA Circulars, including circular 98 and 99 issued to table the draft budget for 2020-21 financial year. Completed Service delivery standard template has been completed and attached as per the requirement of Circular 75.

Funding of the budget

In terms of section 18 of chapter 4 of MFMA, an annual budget may only be funded from-

- a) realistically anticipated revenues to be collected;
- b) cash-backed accumulated funds from previous years surpluses not committed for other purposes; and
- c) borrowed funds, but only for the capital budget referred to in section 17 (2)

Regulation 10 of the Municipal Budget Reporting Regulations states that:

- 1) The funding of the annual budget must :-
 - (a) Be estimated in accordance with the assumptions and methodologies set out in the funding and reserves policy.
 - (b) Be consistent with the trends, current and past of actual funding collected or received.

Revenue composed of the following:-

ACCOUNT DESCRIPTION	ORIGINAL BUDGET 2019/2020	ADJUSTED BUDGET 2019/2020	BUDGETED 2020/2021	BUDGETED 2021/2022	BUDGETED 2022/2023
Service charges	320,474,028	339,702,470	339,702,470	360,084,618	381,689,695
Rental of facilities and equipment	60,984	64,278	64,278	67,749	70,865
Interest earned - Investments and Debtors	53,882,200	61,315,576	61,315,576	72,607,639	76,419,503
Transfers and subsidies - Operating	863,952,001	927,508,000	927,508,000	991,629,000	1,059,277,000
Transfers and subsidies - Capital	1,149,755,731	891,519,000	891,519,000	882,465,000	988,437,000
Other revenue	367,829,380.39	535,845,001.18	349,558,865.96	311,918,699.66	298,427,114.09
TOTAL REVENUE	2,755,954,325	2,755,954,325	2,569,668,190	2,618,772,706	2,804,321,177

Revenue anticipated to decrease by 7 percent or R186 million for the 2020/21 financial year when compared to the 2019/20 Adjustments Budget. For the two outer years, operational revenue will increase by 2 and 7 percent respectively.

Graphic Illustration of revenue

Revenue comprises of 71 percent of government grants and transfers recognized being:

- Equitable share – R918.9 million
- Finance Management Grant – R2 million
- Extended Public Works Program – R6.5 million
- Municipal Infrastructure Grant – R628.8 million.
- Water Services Infrastructure Grant – R90 million
- Regional Bulk Infrastructure Grant – R129.6 million
- Rural Roads Asset Management – R2.9 million
- Emergency Housing Grant- R40 million

Service Charges of 13 percent being:-

- Water and Sanitation - R339.7 million

Interest received of 2 percent being:-

- Interest received from investments – R29.5 million
- Interest received from debtors – R31.8 million

Other own revenue of 14 percent being:-

- Reserves – R79.3 million
- Hall hire fees – R64 278
- VAT refund – R 140 million
- Proceeds on old debtors – R130 million

Illustration of Total revenue

The municipality is reliant on government grants and subsidies being 71 percent of revenue as depicted above.

Sources of funding

DESCRIPTION	ORIGINAL BUDGET 2019/2020	ADJUSTED BUDGET 2019/2020	BUDGETED 2020/2021	BUDGETED 2021/2022	BUDGETED 2022/2023
OWN REVENUE	1,597,789,594	1,855,918,325	1,669,632,190	1,734,207,706	1,813,784,177
GRANT REVENUE	1,158,164,731	900,036,000	900,036,000	884,565,000	990,537,000
TOTAL REVENUE	2,755,954,325	2,755,954,325	2,569,668,190	2,618,772,706	2,804,321,177

Service Charges Collection

ACCOUNT DESCRIPTION	ORIGINAL BUDGET 2019/2020	ADJUSTED BUDGET 2019/2020	BUDGETED 2020/2021	BUDGETED 2021/2022	BUDGETED 2022/2023
Service charges	307,474,028	320,474,028	339,702,470	360,084,618	381,689,695
Interest earned-Debtors	30,000,000	30,000,000	31,800,000	33,708,000	35,730,480
Gross Service Charges	337,474,028	350,474,028	371,502,470	393,792,618	417,420,175
Less: Debt Impairment	- 92,405,456	- 92,405,456	- 164,430,386	- 171,994,184	- 179,905,916
	245,068,572	258,068,572	207,072,084	221,798,434	237,514,259

The gross revenue for service charges in original equals to R307.4 million and adjustment budget equals to R320.4 million relating to 2019/20 with interest on outstanding debtors of R30 million resulting in the gross service charges anticipated to be R337.4 million in original budget and R350.4 million in adjustment budget. For the 2020/21 MTREF, the gross revenue for services charges amounts to R371.5 million, R393.7 million and R417.4 million respectively. The anticipated debt impairment for 2020/21 MTREF amounts to R164.4 million, R171.9 million and R180 million respectively. Resulting in the anticipated collections being R207 million, R221.7 million and R237.5 million being 56 percent in 2020/21, and 2021/22 while 2022/23 is 57 percent collection rate. Furthermore, old debt of R130 million is included in the budget as part of revenue and should be collected with assistance of the contracted debt collector.

The propose tariff increase is 6 percent for residential, 9 percent for business and 12 percent for government during 2020/21. The Tariff policy is attached.

EXTRACT FROM TABLE A1 OF SCHEDULE A

Operating expenditure comprises of the following:-

ACCOUNT DESCRIPTION	ORIGINAL BUDGET 2019/2020	ADJUSTED BUDGET 2019/2020	BUDGETED 2020/2021	BUDGETED 2021/2022	BUDGETED 2022/2023
Employee related costs	579,709,961.80	584,968,432.48	633,043,787.31	672,438,892.57	714,288,365.85
Remuneration of councillors	22,659,099.25	22,659,099.25	24,075,292.95	25,579,998.76	27,178,748.69
Debt impairment	92,405,456.35	92,405,456.35	164,430,386.09	171,994,183.85	179,905,916.31
Depreciation & asset impairment	165,748,000.00	165,748,000.00	173,206,660.00	181,174,166.36	189,508,178.01
Bulk purchases	41,145,000.00	35,745,000.00	37,353,525.00	39,071,787.15	40,869,089.36
Contracted services	213,751,991.01	193,413,463.27	164,937,079.66	167,294,185.33	170,489,717.85
Transfers and subsidies	71,524,656.55	86,958,630.18	100,582,001.29	105,208,773.35	110,048,376.93
Other materials	24,758,781.45	24,258,781.45	25,350,426.62	26,516,546.24	27,736,307.37
Other expenditure	221,540,795.94	258,136,907.14	238,137,173.95	249,043,636.65	260,403,043.94
TOTAL EXPENDITURE	1,433,243,742.35	1,464,293,770.13	1,561,116,332.88	1,638,322,170.26	1,720,427,744.30

Operating expenditure is projected to increase by R96.8 million being 7 percent for the 2020/21 financial year when compare to adjustment budget. For the two outer years, operational expenditure will increase by 5 percent, in 2021/22 and 5 percent in 2022/23.

The analysis as per line items is explained as follows:

Personnel Expenditure:

Employee costs is projected to increase by R48 million which is 8 percent from the adjustment budget. This is mainly due to the increment of 6.25 percent being projected. The budgeting for the filling of critical vacant posts was already included in the adjustment budget therefore the increase of 6.25 percent has also been effected in the budget for critical posts.

Then subsequently increase for the outer years is 6.25 percent respectively.

Remuneration to Councilors increased by 6.25 percent as compared to adjustment budget this is to carter for the upper limits since remuneration of councilors was not adjusted the adjustment budget of 2019-2020.

Bulk Purchases

Bulk purchases (water) increased by R1.6 million from R35.7 million to R37.3 million which is 5 percent.

Repairs and Maintenance

Repairs and maintenance increased by R2.7 million as compared to adjustment budget for 2019/20. The main item in the Repairs and maintenance are:

DESCRIPTION	ORIGINAL BUDGET 2019/2020	ADJUSTED BUDGET 2019/2020	BUDGETED 2020/2021	BUDGETED 2021/2022	BUDGETED 2022/2023
3. REPAIRS AND MAINTENANCE					
BUILDINGS & INSTALLATIONS	10,953,786	8,853,786	6,178,040	6,462,230	6,759,492
SURVEILLANCE EQUIPMENT MAINTENANCE	562,294	562,294	587,597	614,627	642,900
IT EQUIPMENT REPAIRS	582,124	582,124	608,320	636,302	665,572
LAND & FENCES	254,254	254,254	265,696	277,918	290,702
SEWERAGE RETICULATION	4,790,051	1,131,432	1,182,346	1,236,734	1,293,624
SEWERAGE TREATMENT WORKS	2,217,616	-	-	-	-
SEWERAGE PUMP STATIONS	1,663,212	-	-	-	-
WATER PUMP STATIONS	10,415,354	10,415,354	10,884,045	11,384,711	11,908,408
SUPPORT TO STRATEGIC ROADS	5,112,000	5,912,000	9,252,206	9,677,807	10,122,986
MATERIALS AND STORES	10,761,182	10,761,182	11,245,435	11,762,725	12,303,811
REPAIRS TO BULK WATER METERS	3,326,424	-	-	-	-
VIP SLUDGE SUCKING	11,088,080	10,500,000	10,972,500	11,477,235	12,005,188
SPRING PROTECTION	970,207	4,296,631	4,489,979	4,696,518	4,912,558
TOOLS & EQUIPMENT	1,054,000	1,054,000	1,101,430	1,152,096	1,205,092
MAINTENANCE OF PIPE LEAKS	3,370,144	-	-	-	-
REPAIR OF ELEMENTS ON TREATMENT WORKS	1,164,248	-	-	-	-
SEALING OF RESERVOIRS	1,136,528	1,136,528	1,187,672	1,242,305	1,299,451
MOTOR VEHICLES	3,689,000	3,689,000	3,855,005	4,032,335	4,217,823
TOTAL REPAIRS & MAINTENANCE	73,110,504	59,148,585	61,810,272	64,653,544	67,627,607

The percentage of Repairs and maintenance in relation to Capital expenditure is 6 percent. The norm that National Treasury recommends is 8 percent of repairs and maintenance to capital expenditure. The operating and maintenance includes the items which are classified under the general expenditure and not in the repairs but they form part of the operating and maintenance. The items included in the general expenditure are:

- Water purification chemicals amounting to R12.7 million
- Electricity on water schemes – R37.3 million

When the above items which form part of operating and maintenance are included, the total amount of O&M amounts to R111.8 million which is 11 percent of capital expenditure which is above the recommended norm moreover depreciation of R173.2 million is budgeted for which sets aside funds for planning for the future maintenance of the infrastructure.

Contracted Services

This comprises of security fees paid to contracted security companies guarding the properties of the municipality together with the water schemes in various local municipalities and professional fees for consultants. Contracted services decreased by R28.4 million being 15 percent of the adjustment budget. This is mainly due to decrease in items such as consultants and catering.

Grants and Subsidies paid

Comprises of transfers to Ntinga Development Agency and allocation, support to local municipalities and programs for the benefit of the local communities. Increase of R13.6 million being 16 percent. The increase is due to increase in water carting and social relief budget as compared to the adjustment budget.

Other Expenditure:-

Other expenditure decreased by R20 million which resulted in 8 percent decrease as compared to adjustment budget. This is mainly due to decrease Hire charges etc and cutting of non-core expenditure.

Main items comprising other expenditure are as follows:

DESCRIPTION	ORIGINAL BUDGET 2019/2020	ADJUSTED BUDGET 2019/2020	BUDGETED 2020/2021	BUDGETED 2021/2022	BUDGETED 2022/2023
AUDIT FEES	10,013,000	10,013,000	10,463,585	10,944,910	11,448,376
DEPRECIATION	165,748,000	165,748,000	173,206,660	181,174,166	189,508,178
ELECTRICITY PURCHASES	35,699,191	35,699,191	37,305,654	39,021,714	40,816,713
VEHICLE FUEL & OIL	7,759,759	11,509,759	12,027,698	12,580,972	13,159,697
HIRE- EQUIPMENT & MACHINERY	6,346,661	6,346,661	4,632,261	4,845,345	5,068,231
WATER PURIFICATION CHEMICALS	12,191,478	12,191,478	12,740,094	13,326,138	13,939,141
TELEPHONE	18,469,242	18,469,242	16,300,358	17,050,174	17,834,482
SUBSISTENCE & TRAVELLING	27,566,122	38,834,076	33,819,260	35,374,946	37,002,194
COMMISSION PAID- DEBT COLLECTION	20,000,000	7,000,000	10,450,000	5,930,700	1,433,512
CO-OPERATIVE SUPPORT	8,540,000	11,050,000	10,547,250	11,032,424	11,539,915
AGRI-PARKS	7,750,800	7,750,800	8,099,586	8,472,167	8,861,887
RURAL AGRO INDUSTRIAL SUPPORT	8,013,000	7,493,000	7,830,185	8,190,374	8,567,131
REGIONAL INDUSTRIAL DEVELOPMENT PLAN	4,970,000	4,020,000	4,200,900	4,394,141	4,596,272
	333,067,252	336,125,207	341,623,491	352,338,172	363,775,728

Graphic Illustrations

EXTRACT FROM TABLE A2 BUDGETED FINANCIAL PERFORMANCE (FUNCTIONAL CLASSIFICATION)

EXTRACT FROM TABLE A3 BUDGETED FINANCIAL PERFORMANCE (MUNICIPAL VOTE)

EXTRACT FROM TABLE A4 BUDGETED FINANCIAL PERFORMANCE

Capital Expenditure

DESCRIPTION	ORIGINAL BUDGET 2019/2020	ADJUSTED BUDGET 2019/2020	BUDGETED 2020/2021	BUDGETED 2021/2022	BUDGETED 2022/2023
CAPITAL EXPENDITURE	1,123,227,533	1,288,999,369	1,001,053,953	966,781,650	1,056,340,723

Capital expenditure decreased by R288 million as compared with adjustment budget resulting in 22 percent decrease. The main reasons for the decrease are the municipality received additional grant for drought relief during the adjustment budget and that caused the capital expenditure to increase during the adjustment. The main contributors to the decrease are WSIG from R219.6 million to R90 million while RBIG decreased from R246.3 million to R129.6 million.

Capital expenditure is mainly comprised of :-
New Assets -

- Municipal Infrastructure Grant - R628.8 million
- Regional Bulk Infrastructure Grant - R129.6 million
- Water Services Infrastructure Grant - R90 million
- Motor Vehicles - R8 million
- Buildings - R10 million

- Fire Fighting Equipment - R5.5 million
- Disaster facilities - R15 million
- Provision of public toilets in town - R1.5 million

Asset Renewal (replacement) –

- Refurbishment of Water Schemes - R39.6 million
- Water Meters - R3 million
- Sewerage Reticulation - R8.7 million
- Water Pump Stations - R4.3 million
- Element of Treatment Works - R1.2 million

EXTRACT FROM TABLE A5 BUDGETED CAPITAL EXPENDITURE

Grant Allocation over 2020/2021 MTREF

DESCRIPTION	ORIGINAL BUDGET 2019/2020	ADJUSTED BUDGET 2019/2020	BUDGETED 2020/2021	BUDGETED 2021/2022	BUDGETED 2022/2023
EQUITABLE SHARE	855,543,000.00	855,543,000.00	918,991,000.00	989,529,000.00	1,057,177,000.00
FMG	2,115,000.00	2,115,000.00	2,000,000.00	2,100,000.00	2,100,000.00
EPWP	6,294,000.00	6,294,000.00	6,517,000.00	-	-
MIG	633,395,001.00	633,395,001.00	628,864,000.00	687,340,000.00	730,131,000.00
RBIG	246,398,000.00	246,398,000.00	129,693,000.00	100,000,000.00	160,000,000.00
WSIG	100,000,000.00	219,600,000.00	90,000,000.00	92,000,000.00	95,000,000.00
EMERGENCY HOUSING GRANT	-	47,250,730.00	40,000,000.00	-	-
RRAMS	3,112,000.00	3,112,000.00	2,962,000.00	3,125,000.00	3,306,000.00
	1,846,857,001	2,013,707,731	1,819,027,000	1,874,094,000	2,047,714,000

Expenditure for each department –

Office of the Speaker

	BUDGETED 2019/2020	ADJUSTMENT BUDGETED 2019/2020	BUDGETED 2019/2020	BUDGETED 2020/2021	BUDGETED 2020/2022
Operating Expenditure	75,249,118	84,424,118	86,330,932	89,209,001	94,368,138
Capital Expenditure	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
	77,249,118	86,424,118	88,330,932	91,209,001	96,368,138

Office of Executive
Mayor

	BUDGETED 2019/2020	ADJUSTMENT BUDGETED 2019/2020	BUDGETED 2019/2020	BUDGETED 2020/2021	BUDGETED 2020/2022
Operating Expenditure	82,837,018	90,965,191	81,915,368	86,441,569	91,223,357
Capital Expenditure	-	-	-	-	-
	82,837,018	90,965,191	81,915,368	86,441,569	91,223,357

Office of Municipal Manager

	BUDGETED 2019/2020	ADJUSTMENT BUDGETED 2019/2020	BUDGETED 2019/2020	BUDGETED 2020/2021	BUDGETED 2020/2022
Operating Expenditure	63,807,175	70,307,175	63,704,093	67,124,135	70,732,100
Capital Expenditure	-	-	-	-	-
	63,807,175	70,307,175	63,704,093	67,124,135	70,732,100

Corporate Services

	BUDGETED 2019/2020	ADJUSTMENT BUDGETED 2019/2020	BUDGETED 2019/2020	BUDGETED 2020/2021	BUDGETED 2020/2022
Operating Expenditure	169,166,944	157,766,944	172,460,066	181,944,601	191,962,388
Capital Expenditure	3,186,154	3,586,154	3,804,206	4,762,259	5,150,000
	172,353,098	161,353,098	176,264,272	186,706,861	197,112,388

Budget and Treasury
Office

	BUDGETED 2019/2020	ADJUSTMENT BUDGETED 2019/2020	BUDGETED 2019/2020	BUDGETED 2020/2021	BUDGETED 2020/2022
Operating Expenditure	137,387,285	144,676,271	148,288,604	156,432,298	164,928,153
Capital Expenditure	18,650,000	22,150,000	6,350,000	7,350,000	5,000,000
	156,037,285	166,826,271	154,638,604	163,782,298	169,928,153

Rural Economic & Development Planning

	BUDGETED 2019/2020	ADJUSTMENT BUDGETED 2019/2020	BUDGETED 2019/2020	BUDGETED 2020/2021	BUDGETED 2020/2022
Operating Expenditure	100,831,933	118,106,933	108,919,096	114,295,377	119,941,839
Capital Expenditure	-	-	-	-	-
	100,831,933	118,106,933	108,919,096	114,295,377	119,941,839

Community and Social Services

	BUDGETED 2019/2020	ADJUSTMENT BUDGETED 2019/2020	BUDGETED 2019/2020	BUDGETED 2020/2021	BUDGETED 2020/2022
Operating Expenditure	108,121,617	108,121,617	110,762,718	117,235,888	124,092,955
Capital Expenditure	8,120,000	8,120,000	5,500,000	5,500,000	6,000,000
	116,241,617	116,241,617	116,262,718	122,735,888	130,092,955

Human Settlement

	BUDGETED 2019/2020	ADJUSTMENT BUDGETED 2019/2020	BUDGETED 2019/2020	BUDGETED 2020/2021	BUDGETED 2020/2022
Operating Expenditure	16,117,654	16,117,654	16,385,002	17,331,107	18,332,759
Capital Expenditure	3,545,000	50,795,730	40,045,000	45,000	-
	19,662,654	66,913,384	56,430,002	17,376,107	18,332,759

Water and Sanitation Services

	BUDGETED 2019/2020	ADJUSTMENT BUDGETED 2019/2020	BUDGETED 2019/2020	BUDGETED 2020/2021	BUDGETED 2020/2022
Operating Expenditure	658,009,369	646,996,262	750,770,277	783,969,740	819,155,380
Capital Expenditure	1,039,614,379	1,163,735,485	915,092,746	944,999,391	1,054,034,723
	1,697,623,747	1,810,731,747	1,665,863,023	1,728,969,131	1,873,190,103

Technical Services

	BUDGETED 2019/2020	ADJUSTMENT BUDGETED 2019/2020	BUDGETED 2019/2020	BUDGETED 2020/2021	BUDGETED 2020/2022
Operating Expenditure	21,715,629	22,515,629	21,580,177	22,624,301	23,719,670
Capital Expenditure	48,112,000	38,612,000	28,262,000	8,125,000	3,306,000
	69,827,629	61,127,629	49,842,177	30,749,301	27,025,670

MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA) COMPLIANCE

mSCOA is a multi-dimensional recording and reporting system across seven segments. Function or sub-function (GFS votes structure) Item (asset, liability, revenue, expenditure, etcetera) Funding source (rates, services charges, grants, loans, etcetera), Region (wards, whole municipality, head office), costing. National Treasury introduced the mSCOA in order to standardize and integrate the municipal activities in order to enhance the comparability, transparency of information for better planning, implementation and reporting.

National Treasury requires that the municipalities be able to transact live to mSCOA by 01 July 2017 with the accounting system recognized and accredited by NT.

The municipality is transacting on Mscoa and generating data strings.

5. OTHER POTFOLIO FUNCTIONAL AREAS CONSULTED

Basic Services and Infrastructure, Local Economic Development and Good Governance & Public Participation.

6. ORGANISATION AND PERSONNEL IMPLICATIONS

mSCOA requires change management for the legislature, executive and administration since mSCOA is a major reform for the municipality. The processes will radically change due to the introduction of the mSCOA.

7. REPRESENTATIVITY

This issue does not apply in this regard.

8. CONSTITUTIONAL AND LEGAL IMPLICATIONS

Noncompliance with mSCOA deadlines may result in

1. National Treasury invoking chapter 13, s216 (1 and 2) which are as follows :
National legislation must establish a National Treasury and prescribe measures to ensure both transparency and expenditure control in each sphere of government by introducing
 - (a) Generally Recognised Accounting Practice,
 - (b) Uniform expenditure classification, and
 - (c) Uniform treasury norms and standards.
2. The National Treasury must enforce compliance with the measures established in terms of subsection (1), and may stop the transfer of funds to an organ of state if that organ of state commits a serious or persistent material breach of those measures.

i. FINANCIAL IMPLICATION

National Treasury invoking s216 of constitution as stated above due to non-compliance with mSCOA will result in withholding of equitable share.

ii. RECOMMENDATION

The Executive Mayor to table the draft budget and recommends to the Council for Council to:

10.1 Note the tabling of Draft Budget for 2020/2021 and the two outer financial years 2021/2022 and 2022/2023 for the subsequent stakeholder public participation on the budget and stakeholder input thereafter. Summary as follows

DESCRIPTION	ORIGINAL BUDGET 2019/2020	ADJUSTED BUDGET 2019/2020	BUDGETED 2020/2021	BUDGETED 2021/2022	BUDGETED 2022/2023
OPERATING REVENUE	1,466,954,956	1,466,954,956	1,568,614,237	1,647,991,056	1,730,830,454
OPERATING EXPENDITURE	1,464,497,794	1,464,497,794	1,561,116,333	1,638,608,018	1,720,456,739
SURPLUS/(DEFICIT)	2,457,161	2,457,161	7,497,904	9,383,038	10,373,716
TOTAL CAPITAL EXPENDITURE	1,288,999,369	1,288,999,369	1,001,053,953	970,781,650	1,073,490,723
OVERALL TOTAL BUDGET	2,755,954,325	2,755,954,325	2,569,668,190	2,618,772,706	2,804,321,177

The Executive Mayor recommends the council to approve the 2020/2021 budget related policies as follows:

- Budget Policy
- Adjustment budget management policy
- Cash Management and Investment Policy
- Credit Control and Debt Collection Policy
- Funding and Reserves Policy
- Indigent Policy
- Tariff Policy

- Unallocated Deposits Policy
- Virement Policy
- Supply Chain management

Furthermore the Executive Mayor recommends the council to note tabling of 2018/2019 budget and two outer years in terms of National Treasury tables A1 to A10 in accordance with section 24(1) to (2) of MFMA for further public participation of stakeholders as follows:

- Budgeted Financial Performance (revenue and expenditure by standard classification)
- Budgeted Financial Performance (revenue and expenditure by municipal vote)
- Budgeted Financial Performance (revenue by source and expenditure by type)
- Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source
- Budgeted Financial Position
- Budgeted Cash Flows
- Cash backed reserves and accumulated surplus reconciliation
- Asset management
- Basic service delivery measurement

iii. **RESPONSIBILITY**

Executive Mayor is responsible for presenting the budget to Council.