



MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR THE FINANCIAL YEAR

2021/2022

Acronyms and abbreviations

BSC	Budget Steering Committee
CFO	Chief Financial Officer
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DoRA	Division of Revenue Act
EXCO	Executive Committee
FBS	Free basic services
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
IBT	Inclining Block Tariff
IDP	Integrated Development Plan
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt hour
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act (56 of 2003)
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
mSCOA	Municipal Standard Charts of Account
MTBPS	Medium Term Budget Policy Statement
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator of South Africa
NDP	National Development Plan, 2030
PBO	Public Benefit Organisations
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
SALGA	South African Local Government Association
SDBIP	Service Delivery Budget Implementation Plan

1 Table of Contents

PART 1 – ANNUAL BUDGET	4
1.1 MAYOR’S REPORT	4
1.2 COUNCIL RESOLUTIONS	5
1.3 EXECUTIVE SUMMARY	7
1.4 CAPITAL EXPENDITURE	29
1.5 ANNUAL BUDGET TABLES	33
PART 2 – SUPPORTING DOCUMENTATION	48
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS	48
2.2 IDP AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN	49
2.3 COMMUNITY CONSULTATION	50
2.4 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	51
2.5 FREE BASIC SERVICES: BASIC SOCIAL SERVICES PACKAGE FOR HOUSEHOLDS	61
2.6 PROVIDING CLEAN WATER AND MANAGING WASTE WATER	61
2.7 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	61
2.8 OVERVIEW OF BUDGET RELATED-POLICIES	63
2.9 OVERVIEW OF BUDGET ASSUMPTIONS	64
2.11 EXPENDITURE ON ALLOCATION AND GRANT PROGRAMME	74
2.12 ANNUAL BUDGET AND SDBIP – INTERNAL DEPARTMENTS	76
2.13 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	76
2.14 MONTHLY TARGET FOR REVENUE, EXPENDITURE AND CASH FLOW	76
2.15 LEGISLATION COMPLIANCE STATUS	80
2.16 QUALITY CERTIFICATION	81
ANNEXURE 1: BUDGET TABLES	82
ANNEXURE 2: TARIFF BOOK	82
ANNEXURE 3: AMENDED BUDGET RELATED POLICIES AND BY-LAWS	82
ANNEXURE 4: ORGANIZATIONAL STRUCTURE	82
ANNEXURE 5: SERVICE STANDARDS	82
ANNEXURE 6: STRATEGIC RISK REGISTER	82

Part 1 – Annual Budget

1.1 Mayor's Report (Budget speech)

1.2 Council Resolutions

Year 2021 will be the last council term since previously sworn in council during 2016 election. In terms of the Municipal Systems Act, new council will be expected to draft through prescribed consultation with all stakeholder a 5-year Municipality Integrated Development Plan which will prioritise all government spending and be aligned to the National Development Planning programs during 2021. Therefore, the current budget for financial period 2021/22 will be the final council budget to conclude on all planning as formulated during the council seating in 2016.

The strategic direction that the Municipality will undertake is set out in its five-year Integrated Development Plan (IDP).

The Medium-Term Revenue and Expenditure Framework (MTREF) allows for a three-year planning and spending framework. The MTREF planning horizon allows Municipality to improve planning and to project the impact of policy choices on future budgets.

Since current council was sworn in during 2016, the 2021/2022 MTREF will mark as the fifth term for the councillors to approve the annual budget which seek to improve the service delivery of Bela-Bela Local Community.

National Treasury issued Municipal Finance Management Act (MFMA) circular numbers 107 and 108 to guide the compilation of the 2021/2022 medium term revenue and expenditure framework (MTREF). Among the objectives of this Circulars, is to support municipalities with giving effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR) within the current economic climate.

As a result of the stipulated requirement in the budget circular, the 2021/2022 Medium Term Revenue and Expenditure will seek to address any service delivery in the community of Bela-Bela and able the newly to be sworn council to further implement any proposed project emulating from previous financial year together with the newly identified service delivery projects.

In terms of Section 16(2) of the Municipal Finance Management Act (56 of 2003), "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*. This budget is usually referred to as the "draft budget". Paragraph 9 and Schedule A of the Municipal Budget and Reporting Regulations prescribe the format and contents of the budgets of municipalities and municipal entities.

The Mayor of Bela-Bela Local Municipality is expected to table the final budget, in terms of section 16(2) of the MFMA after public consultation. At the meeting the, the following resolutions will be approved:

1. The Council of Bela-Bela Local Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2021/2022 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 17;
 - 1.1.2. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 18; and

- 1.1.3. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 19.
- 1.2. The cash flow budget, cash-backed reserve/accumulated surplus and asset management are approved as set out in the following tables:
 - 1.2.1. Budgeted Cash Flows as contained in Table 21;
 - 1.2.2. Asset management as contained in Table 23.
2. The Council of Bela-Bela Local Municipality approved the following 2021/2022 revised budget related policies and By-Laws as set out in Annexure 1:
 - 2.1. Credit Control and Debt Collection Policy
 - 2.2. property Rates Policy
 - 2.3. Assets Management Policy
 - 2.4. Indigent Management Policy
 - 2.5. Borrowing framework policy
 - 2.6. Budget Implementation and Monitoring Policy
 - 2.7. Cash Management and Investment Policy
 - 2.8. Funding Reserves Policy
 - 2.9. Prioritisation Model for Capital Assets Investment
 - 2.10. Policy on Infrastructure Investment and Capital Projects
 - 2.11. Policy on Long Term Financial Planning
 - 2.12. Policy on Provision for doubtful debts and writing off of irrecoverable debts
 - 2.13. Principles and Policy on Tariffs
 - 2.14. Petty Cash Policy
 - 2.15. Supply Chain Management Policy
 - 2.16. Property Rates By-Law
 - 2.17. Indigents support By-Law
 - 2.18. Tariffs By-Law
 - 2.19. Credit control and debt collection By-Laws.

All other budget related policies and By-Laws remain unchanged from the previous year.

3. The Council of Bela-Bela Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves tabling with effect from 1 July 2021 the rates and tariffs as set out in Annexure 2;
 - 3.1. the tariffs for property rates;
 - 3.2. the tariffs for electricity;
 - 3.3. the tariffs for the supply of water;
 - 3.4. the tariffs for sanitation services;
 - 3.5. the tariffs for solid waste services;
 - 3.6. the tariffs for all sundry services;
4. To give proper effect to the municipality's draft annual budget, the Council of Bela-Bela Local Municipality approves:
 - 4.1. That the municipality is not budgeting to raise long-term loans to fund the capital budget.

5. That the Acting Accounting Officer adheres to all prescribed requirements in terms of legislation regarding the submission of the draft budget document to the various institutions.

1.3 Executive Summary

National Treasury has in the past, published budget review notes where spending plans were outlined and commitment to support government's commitment to broadening service delivery and expanding investment in infrastructure, while taking account of the constrained fiscal environment. It provides the foundation for structural reforms and is focused on the transformation essentials which will ultimately accelerate growth, create work opportunities and build an equal society. The emphasis of the National Budget is placed on ensuring that expenditure is allocated in an efficient manner, that management is enhanced and that cutting of waste occur. It is therefore imperative that we follow the tone at the top and ensure that our own local budget exhibits the same potential for being a developmental local government and implement cost containing measures to eliminate non-priority spending.

Circular number 107 which was issued in December 2020 and the subsequently 108 issued in March 2021 guides municipalities with their preparation of the 2021/22 Medium Term Revenue and Expenditure Framework (MTREF) and, as with previous annual budget circulars. A great emphasis is on the current economic state and inflation targets of South Africa which is enormously affected by the impact of the Covid-19 pandemic. The economic effects of the pandemic is extensive. It is stated that, the economy is contracted by an estimated 7.2 per cent in 2020 compared with the 7.8 per cent contraction projected in the 2020 Medium Term Budget Policy Statement (MTBPS). GDP is expected to grow at 1,7% in 2022, 1,5% in 2023 and 2,1% in 2024

The Service Delivery and Budget Implementation Plan (SDBIP) give effect to the IDP and the budget of the municipality. It is an expression of the objectives of the Municipality in quantifiable outcomes that will be implemented by the administration for the financial period from 1 July 2021 to 30 June 2022 (Municipality's financial year). It includes the service delivery targets and performance indicators for each quarter which is linked to the performance agreements of senior management. It therefore facilitates oversight over financial and non-financial performance of the municipality and allows the Acting Municipal Manager to monitor the performance of the Senior Managers, the Mayor/Council to monitor the performance of the Acting Municipal Manager, and the Community to monitor the performance of the Municipality as a whole.

The process of developing the municipality's annual budget is mostly guided by the strategic thrust and operational priorities of Bela-Bela's Integrated Development Plan (IDP) as well as the MTREF that sets out the expected annual revenue and projected expenditure for the budget year under consideration, plus the outer years.

The municipality has been subjected to statutory audit from the beginning of November 2020 to the end of March 2021; The Office of the Auditor General is responsible for all the statutory audit function of the Municipality.

Despite the collective effort in driving municipality performance agreement by all departments, municipality received qualified audit opinion on the 2019/20 financial year. The audit finding which led to qualification was as result of understated irregular expenditure in the disclosure notes and the conditional grants.

Audit finding which led to qualification are well known and quantified by the Municipality and this form part of the developed AGSA action plan. Extra effort has been put in place through the established AGSA action plan committee which seek to address any issues raised. To ensure the committee is effectively discharge; the accounting officer oversee the committee as the chairperson. Municipality plan to improve audit outcome in the 2020/2021 financial year and will use 2019/2020 financial year as the learning curve to any shortcoming experienced

Bela-Bela Local Municipality will strive on each financial reporting years to recognises the application of sound financial management principles for the compilation of the municipality's financial plan as essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality also embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Amongst this strategies, the municipality will develop a funding plan in order to outline mechanisms for dealing with the current identified challenges. Covid-19 pandemic has impacted the ability of municipality to optimise revenue collection. A critical review was also undertaken of expenditures on noncore and 'nice to have' items and which led to implementation of cost containment measures. The municipality prepared a draft budget that is **cost containment measures** oriented while taking into consideration the importance of service delivery. Fixed term service providers contracts are continually reviewed with a view to reduce the monthly fixed costs.

m-SCOA Implementation

Bela-Bela Local Municipality has successfully migrated into m-SCOA as from 1st of July 2017. Municipality had for the 2018/2019 and 2019/2020 financial period manage to compile its annual financial statement based on the m-SCOA chart of account.

New challenges were however experienced during the compilation of the 2019/2020 annual financial statement relating to segment not being properly set to allow proper budgeting which result in unauthorized expenditure particularly in the employee related line items mainly affected by the migration between two systems. Municipality has embarked on project to correct this starting from the time of the 2020/21 adjustment budget compilation and optimistic for completion during the finalization of 2021/2022 budget.

Municipality had established a committee which oversee the implementation of the plan to resolve the challenges as outlined above. The committee consist among others National Treasury and Provincial Treasury delegate and the System vendor representative.

Bela-Bela Local Municipality had also played a vital role on specific strategies and interventions required by local government in achieving economic stability and higher levels of growth as outlined in the Medium-Term Budget Policy Statement and include, among others:

- Intervention in expanding public sector investment in infrastructure through ensuring the budgets and MTREF's acknowledge that capital programmes need a balanced funding structure addressing not only backlogs in services, but also investment in new infrastructure as well as renewing current infrastructure which also sustain the Bela-Bela Local Municipality as an eco-tourism hub;
- The Municipality continue to create a joint planning with its community and business sectors. This means that all economic forces in the local situation have to be brought on board to identify resources, understand needs and work out plans to find the best ways of

making the local economy fully functional, investor friendly and competitively productive; and

Before compilation of the 2021/2022 to 2023/2024 planning and budget process, a review to the municipality's service delivery priorities were done. Strategic planning sessions where planning of the 2021/2022 budget was held during February 2021. The compilation of the 2021/2022 budget was further guided by prescribed budget legislative, policy frameworks and budget circulars.

The following budget principles and assumptions directly informed the compilation of the 2021/2022 MTREF;

- National Treasury's MFMA Circular No. 48, 51, 55, 58, 59, 66, 67, 70, 72, 74, 75, 78, 79, 80, 86, 89, 91, 93, 94, 99, 107 and 108 were used to guide the compilation of the 2021/2022 MTREF.
- Headline inflation predictions;
- National outcomes and priorities as contained in the NDP, MTBPS, the President's State of the Nation Address and the 2021 national budget;
- NERSA guidelines;
- The priorities and targets in relation to the key strategic focus areas as determined in the IDP;
- The 2020/2021 Adjustment Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baseline for the 2021/2022 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs. In this vein, the municipality will consider appointing specialists to remodel the water, electricity and sanitation tariffs to be cost reflective in future;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- An assessment of the relative human resources capacity to implement the Budget;
- The need to enhance the municipality's revenue base;
- All conditional grants should always be cash backed;
- Cash flow projections should be strictly maintained to ensure the municipality's ability to meet its obligations;
- Operational cost will be maintained at current levels or reduced as cost containment measures will continue to be implemented; and
- Expenditure will be strictly monitored and be limited to the "absolutely necessary" items. Expenditure on the "nice to have" will be stopped forthwith.

During the compilation of 2021/2022 MTREF Municipality determined few challenges which will have an impact on the revenue and expenditure projections as follows:

- The on-going difficulties in the national and local economy;
- The modestly increasing debt as a result of non-payment;
- Aging and insufficiently funded maintenance for water, roads and electricity infrastructure;
- Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the Municipality's cash position into account;

- The increased cost of bulk water and electricity (due to tariff increases from Magalies Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- Insufficient Capital Replacement Reserve, impacting on the Municipality's ability to fund capital expenditure from internal sources; and

During the 2021/2022 budget no re-modelling on tariff will be done other than applying normal tariff rate increase linked to Consumer Price Inflation (CPI) of 3.2 % as recommended in circular 108 issued by National Treasury during month of March 2021.

Tariffs on sundry services, service charges and property rates have increased by 3.2% in the 2021/2022 financial year in line with the relevant guidance provided. Circular 108 provide that any increase in tariff rates above 3.2% will require justification to be narrated on each increase above such rates. The justification on each tariff are details on the tariff summary sections on this budget book.

On the expenditure side, the percentage increases were as follows:

- Provision on Councillor's allowances were increased in accordance to SALGA benchmarked on the past prescribed rates of 6% (estimated for new financial year).
- Bulk purchases increased in line with the regulators guidance.
- Inventory consumed, this previously classified as Bulk purchase water proposed 12% increase as per Magalies tariff increase.
- Employee costs are increased by 3% from 2020/21 adjusted budget.
- Overall expenditure was increased by 3% from the adjusted budget.

Municipality intend to hold public participation sessions with the communities after the budget have been tabled to council at the end of March 2021 in terms of the relevant legislation. The sessions are due to be conducted during the month of April 2020 in line with the prescribed budget regulations dealing with consultation requirement. The issues raised in the previous budget year of 2020/2021 were mostly around complaints about accounts, implementation of credit control policy, housing, security, use of drugs, lack of recreational facilities for the youth and sewer treatment. These issues will continue to be considered when drafting 2021/2022 budget and allow the issues to be taken through the governance structures for further processing.

The budget benchmarking exercise with relevant treasury will also form part of the 2021/2022 budget compilation process to allow them to perform assessment for credibility, relevance and sustainability. The inputs from the session will be incorporated in this budget. In terms of compliance assessment, this budget will be considered if it is compliant by the Provincial Treasury. Where necessary few budget tables (A Schedule) have been adjusted to obtain full compliance and to align to mSCOA requirement.

Council has in the past resolved to build up a Capital Reserve Fund over the medium-term in terms of the long-term financial plan/policy. This resolution was not successfully implemented during 2020/2021 budget year. Over the MTREF outer years Council expects to have built up enough cash reserve in order to fund own source projects. Municipality plan to have surplus of R10 million in the 2021/22 budget year and the reserve will be kept which will assist Municipality to fund any internal capital projects. Municipality has no own source fund projects on the draft budget though optimistically to incorporate own source in the final budget after thorough consultation with relevant stakeholders.

With regards to grant funding, MIG is allocated around R 27 194 million, EEDSM R3 million and with water infrastructure (WSIG) having received higher allocation of R32 086 million in the 2021/2022 budget year.

The credit and debt collection drive that Council embarked on in the past financial year resulted in the payment level improved. In this regard, the administration is continuing to implement the following;

- Efficient revenue management, which aims to ensure a minimum of 85% annual collection rate for property rates and other key service charges.
- Consistent and sustainable implementation of credit control action to all households and other consumers that can afford payment of services, including reminder letters, telephone, sms and other means of reminding consumers of the obligation with regard to their municipal accounts;
- Compilation of indigent register;
- Resolution of the current non-payment by the farmers;
- Accurate and predictable monthly billing of municipal services, which requires that accounts are sent regularly and on time can enable consumers to plan or arrange for payment of services;
- Conduct electricity and water meter audit in order to address the losses; and
- A continuance campaign that is led by the respective ward Councillor to promote payment of services within each ward. This campaign should include all stakeholders and the ward committees.

1.3.1. Budget Overview for the 2021/2022 MTREF

This section provides an overview of Bela-Bela Local Municipality's 2021/2022 to 2023/2024 MTREF. It focuses on the billing and revenue environment of the Municipality; the expenditure framework includes an assessment of how the budget links with the national and provincial government contexts along with a review of the fiscal position of the municipality. As mentioned in the preceding paragraph, this budget continues to be assessed by both National and Provincial Treasuries during consultation and thereafter for:

- Credibility – revenue and expenditure estimates are realistic;
- Relevance – to the legislation (compliance), IDP and national government priorities; and
- Sustainability – the revenue, expenditure and cash flow estimates are achievable over the short to medium term.

1.3.1.1. Budget related By-Laws

Constitution of the republic gives Local Councils powers to pass laws in a form of By-Laws. By-Laws are local laws that are only applicable in the Jurisdiction of the Local Municipality.

Tariffs By-Law

The tariff By-Law give the Municipality powers to levy tariffs as outlined on the Municipal Systems Act. Tariffs that are levied by the Municipality includes the following services:

- Electricity services
- Water services

- Sanitation services
- Waste removal
- Cemetery services
- Other sundry tariffs as listed on the tariff book.

There are no major changes in the 2021/2022 financial year other than a normal increase in tariff at rate equivalent to CPI and regulators.

Property Rates By-Law

Property By-Law is adopted in terms of Local Government: Municipal Property Rates Act, 2004 in order to give effect to the implementation of its property rates policy; the by-laws may differentiate between the different categories of properties and different categories of owners of properties liable for the payment of rates.

Indigent's By-Law

The main objective of the Indigent By-Law is to ensure that the poor households within the Municipal jurisdiction get access to basic services. The by law also paves a way for the council to draft the Indigent policy which outlines the qualification criteria's and the quantity of free services that the approved consumers will receive on a monthly basis.

Credit control and debt collection By-Law

The credit control and debt collection by-law give the Municipal Council to draft a Credit Control and Debt collection policy which guides the municipality on the frequency of billing for the services rendered, closing dates of accounts payments. The By-Laws also gives the Municipality powers to disconnect services in the event of misuse or non-payment.

1.3.1.2. Budget related policies

Council has a role to draft policies that are used on the running of the Municipality. Policies are used for the smooth running of administration. The Municipal budget related policies are as follows:

- Credit Control and Debt Collection Policy
- Property Rates Policy
- Assets Management Policy
- Indigent Policy
- Borrowing framework policy
- Budget Implementation and Monitoring Policy
- Cash Management and Investment Policy
- Funding Reserves Policy
- Prioritisation Model for Capital Assets Investment
- Policy on Infrastructure Investment and Capital Projects

- Policy on Long Term Financial Planning
- Policy on Provision for doubtful debts and writing off of irrecoverable debts
- Principles and Policy on Tariffs
- Petty Cash Policy
- Supply Chain Management Policy
- Tariff policy

There few were changes made on the following policies:

Supply Chain Management Policy

The policy was reviewed in order to align it with the Supply Chain Management regulations. Special emphasis was also taken into consideration in order to address shortcoming in supporting local small business.

One other consideration taken into the policy was the review in order to provide transparency in the procurement process and eliminate any non-compliance raised by AG in the past.

1.3.1.3. Operating Revenue Framework

Despite financial challenges experienced by Bela-Bela Local Municipality, the council will continue improving the quality of services provided to its citizens and generate the required revenue levels without creating heavy burden to the community. In these tough economic times, strong revenue management is fundamental to the financial sustainability of the municipality. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices and trade-off have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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

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

The following table is a summary of the 2021/2022 MTREF (classified by main revenue source):

Table 1 Summary of revenue classified by main revenue source

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand	1										
Revenue By Source											
Property rates	2	62 003	68 761	74 792	94 479	92 979	92 979	59 903	92 979	91 002	95 097
Service charges - electricity revenue	2	103 786	109 446	115 233	147 928	146 428	146 428	84 129	145 501	158 450	172 552
Service charges - water revenue	2	25 122	27 255	31 806	32 060	32 060	32 060	27 428	38 874	42 334	46 101
Service charges - sanitation revenue	2	15 101	15 479	17 855	17 905	17 905	17 905	15 350	18 603	19 385	20 238
Service charges - refuse revenue	2	7 260	7 596	8 585	8 765	8 765	8 765	7 207	9 107	9 490	9 907
Rental of facilities and equipment		1 216	1 376	1 412	1 728	1 528	1 528	1 023	1 588	1 873	1 952
Interest earned - external investments		742	1 764	1 719	2 363	1 000	1 000	83	1 247	1 500	2 000
Interest earned - outstanding debtors		9 103	11 024	12 111	13 730	13 730	13 730	9 136	14 265	14 879	15 504
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		15 611	6 224	6 671	10 200	8 200	8 200	352	8 520	8 878	9 268
Licences and permits		-	1 241	1 415	5 172	5 172	5 172	6 010	5 800	6 044	6 310
Agency services		-	2 497	3 490	-	-	-	-	-	-	-
Transfers and subsidies		77 791	85 053	94 046	103 274	119 389	119 389	103 869	108 804	115 307	116 576
Other revenue	2	7 859	7 909	6 369	8 593	7 093	7 093	1 422	7 370	9 312	9 704
Gains		3 592	2 820	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		329 187	348 445	375 504	446 198	454 250	454 250	315 912	452 658	478 452	505 209

Bela-Bela Local Municipal budget is financed through realistically anticipated revenue streams.

Bela-Bela Local Municipality anticipate collecting operating revenue (total operating revenue less revenue forgone) during the 2021/2022 financial year of an estimated R452 million or R 1% less than the 2020/2021 adjustments budget revenue of R454 million.

Operating grants which are guided by Division of Revenue Act (DoRa) was decreased from R119 Million to R108 million which represent 9%. Grant to fund capital spending decreased from R74 million to R60 million in the 2021/2022 financial year.

Overall services charges revenue increased by 3% from the 2021/2022 adjusted budget. The increase was further driven by the increase in certain revenue stream such as water, electricity and sanitation which had been increased by 3.2% in line with Consumer Price Inflation (CPI) of 3.2% as recommended in circular 108 issued by National Treasury during month of March 2021 while also taking into consideration consumption level or economic factors.

Details analysis of revenue sources

Property Rates

Property rates tariff was increased by 3.2% for the 2021/2022 budget year. However, the total property rates revenue increase remains unchanged from the adjusted budget and will take into account any outcome of objections.

The following stipulations in the reviewed Property Rates Policy are highlighted:

Municipal properties

Municipal properties are exempted from paying property rates.

Residential properties

Residential properties with improvements shall be granted R50 000 exemption on the market value and further rebate of 10%. Indigent's households shall be granted 100% rebate on property rates i.t.o Indigent Policy.

Farms used for residential purposes shall be granted a R50 000 exemption on the market value and further rebate of 30%.

Bona Fide Farmers shall be granted rebate of 55%

The council shall grant additional rebate of 30% to pensioners/disabled people's i.t.o Property Rates Policy

Public Service Infrastructure

Public Services Infrastructure is exempted from paying rates as it provides essential services to the community.

Public Benefit Organisations

Public Benefit Organisation Property means property owned by public benefit organisations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act.

Residential properties exemptions will automatically apply and no application is thus required by the owners of such property. Exemptions for other property categories will not

automatically apply and the owners of such properties are required to submit applications. Property rates tariffs are depicted in table 4 below:

Cash management and investment policy

Money deposited into the Municipality's bank account by unknown persons without traceable reference that remains unallocated for a period of 24 months will be classified as Municipality's other revenue after a notice has been published in the local newspaper as prescribed in the Municipal policy.

Table 4: Property rates tariffs

Rating Category	2020/2021	2021/2022
	R/c	R/c
BUSINESS & COMMERCIAL	0.0164	0.0169
AGRICULTURAL	0.0032	0.0033
FARMS OTHER	0.0164	0.0169
FARMS RESIDENTIAL	0.0131	0.0135
VACANT LAND	0.0164	0.0169
INDUSTRIAL	0.0164	0.0169
MUNICIPAL PROPERTY	0.0164	0.0169
PRIVATE OPEN SPACE	0.0131	0.0135
PROPERTIES USED FOR PUBLIC BENEFIT ACTIVITIES	0.0032	0.0033
RESIDENTIAL	0.0131	0.0135
STATE-OWNED PROPERTY	0.0164	0.0169

The proposed increase for property rates rate in the rand for 2021/2022 the financial year is 3.2%.

Rates Exemptions and Rebates

All residential properties shall be granted R50 000 exemption on the market value and further rebate of 10%. Indigent's households shall be granted 100% rebate on property rates i.t.o Indigent Policy.

Farms used for residential purpose shall be granted a R50 000 exemption on market value and further rebate of 30%.

Bona Fide Farmers shall be granted rebate of 55%

The council shall grant additional rebate of 30% to pensioners/disabled people's i.t.o Property Rates Policy

Table 5: Service charge: Electricity

2020/2021				2021/2022			
	Basic charge	Capacity charge	Energy charge		Basic Charge	Capacity Charge	Energy Charge
	Rand/ Month	R/ Amp/m	c/kWh		Rand/ Month	R/ Amp/m	c/kWh
Domestic Prepaid (Indigents)	0	0	179.48	Domestic Prepaid (Indigents)	0	0	188.81
Domestic Prepaid	0	0	179.48	Domestic Prepaid	0	0	188.81
Domestic Conventional	0	0	179.48	Domestic Conventional	0	0	188.81
General Tariffs							
	Basic charge	Capacity charge	Energy charge		Basic Charge	Capacity Charge	Energy Charge
General Tariffs: Government, Business	Rand/ Month	R/ Amp/m	c/kWh	General Tariffs: Government, Business	Rand/ Month	R/ Amp/m	c/kWh
General Tariffs Prepaid 30 Amp			230.51	General Tariffs Prepaid 30 Amp			242.50
General Tariffs Prepaid > 20Amp 1 Phase	65.36	17.93	155.26	General Tariffs Prepaid > 20Amp 1 Phase	68.78	18.86	163.33
General Tariffs Conventional Business and Government	65.36	17.93	155.26	General Tariffs Conventional Business and Government	68.78	18.86	163.33
Single Phase:	65.36	17.93	155.26	Single Phase:	68.78	18.86	163.33
Three Phase:	98.05	17.93	155.26	Three Phase:	103.15	18.86	163.33
Industrial Tariffs							
	Basic charge	Demand charge	Energy charge		Basic charge	Demand charge	Energy charge
Industrial Tariffs	Rand/ Month	R/ Amp/m	c/kWh	Industrial Tariffs	Rand/ Month	R/ Amp/m	c/kWh
Low Voltage	1515.11	186.28	133.72	Low Voltage	1593.90	195.97	140.67
Medium Voltage	3589.81	186.92	131.87	Medium Voltage	3776.48	196.64	138.73
Agricultural Tariffs							
	Basic charge	Capacity charge	Energy charge		Basic charge	Capacity charge	Energy charge
Agricultural Tariffs (Prepaid and Conventional)	Rand/ Month	R/ Amp/m	c/kWh	Agricultural Tariffs (Prepaid and Conventional)			c/kWh
Low Voltage	196.09	17.93	155.26	Low Voltage	206.29	18.86	163.33

Service charge: Electricity

The total cost of distributing electricity in the 2021/2022 financial year will be R115 million, the Municipality will only raise revenue to the value of R145 million. It is clear that the Municipality will be selling electricity at a surplus in the 2021/2022 financial year. However the resulted surpluses didn't take into account the electricity losses which Municipality experienced from the past financial year due to illegal connection.

The National Energy Regulator of South Africa (NERSA) publishes their "Municipal Tariff Guideline Increase, Benchmarks and Proposed Timelines for Municipal Tariff Approval Process for the 2021/2022 Financial Year" is expected to be published during month of April 2021. It is the responsibility of NERSA for price determination of the bulk costs for electricity.

The NERSA document proposes a 5.2% guideline increase for municipal electricity tariffs for 2021/2022. Municipalities are urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving fully cost-reflective tariffs that will help them achieve financial sustainability.

Indigent Subsidy related to electricity. Indigent households shall receive 50kwh free on prepaid electricity i.t.o Indigent Policy

Furthermore, the municipality has proposed the following tariff for 2021/2022 financial year:

Water

Water tariffs for 2021/2022 will increase in line with Magalies Water tariffs. The proposed increase for 2021/2022 is 12% as per Municipality tariff book.

Therefore, the resulted increase is not within the recommended CPI of 2021/2022 budget year. Magalies continues to increase its bulk tariffs on each financial period which is always above the increased tariff rates.

Indigent Subsidy

Indigent households receive 6kl free on water charges i.t.o Indigent Policy

NB: As per Budget Circular No 85, Municipalities must provide for drought penalty tariff

Table 6: Water tariffs (Variable cost)

	2020/2021		2021/2022	
	Rand		Rand	
Range	Residential, Churches, School, PBO, Hospitals - State	Commercial, Government, hotels, Resorts and Other	Residential, Churches, School, PBO, Hospitals – State	Commercial, Government, hotels, Resorts and Other
	Rate (R/kl)	Rate (R/kl)	Rate (R/kl)	Rate (R/kl)
0 kl - 30 kl	15.57	23.36	17.44	26.16

31 kl - 50 kl	18.67	28.02	20.91	31.38
51 kl - 80 kl	22.40	33.62	25.09	37.65
81kl – 100kl	24.64	36.98	27.60	41.42
101kl – 130kl	24.64	36.98	27.60	41.42
131kl – 210kl	24.64	36.98	27.60	41.42
211kl – more	24.64	36.98	27.60	41.42

NB: The above water inclining block tariffs will also be applied in charging drought penalties (Budget circular No 85)

The variable cost components are as follows:

Table 7: Water tariffs (Fixed costs)

2021/2022		2021/2022	
Rand		Rand	
Residential, Churches, School, PBO, Hospitals - State	Commercial, Government, hotels, Resorts and Other	Residential, Churches, School, PBO, Hospitals - State	Commercial, Government, hotels, Resorts and Other
Rate per meter	Rate per meter	Rate per meter	Rate per meter
82.01	127.85	91.85	143.19

Sewerage (Sanitation)

The proposed increase in sanitation tariff for 2021/2022 MTREF is 3.2%

Table 8: Sanitation tariffs

Description	2020/2021	2021/2022
	Rand	Rand
a) Residential/Flats/ Security Villages	218	225
b) Commercial/Government/Resorts/Hotels and Other	437	451
c) Churches/Schools/PBO	218	225
d) Hospitals – State	218	225
e) Hospitals – Private	437	451

Indigents households receive full subsidy (100%) on sanitation levy i.t.o Indigent Policy

Refuse (Solid Waste)

The proposed increase on refuse for 2021/2022 financial year is 3.2%.

Table 9: Refuse tariffs

Description	2020/2021	2021/2022
	Rand	Rand
a) Residential		
Smaller than 800m ²	82	85
Larger than 800m ²	191	197
b) Commercial	382	394
c) Security Villages (per container)	3742	3862
d) Churches	191	197
e) Schools – State	382	394
f) Hospitals – State	382	394
g) Hospitals – Private	3089	3188

NB: Flats are charged residential tariffs and

The refuse tariffs have been adjusted in order to be cost reflective.

Indigent Subsidy. Indigents households shall be granted full subsidy (100%) on refuse charges i.t.o Indigent Policy

Sundry Services

The proposed sundry tariff increase for 2021/2022 is 3.2%.

Cemetery

Description	2020/2021		2021/2022	
Item	Adults (per grave)	Children (per grave)	Adults (per grave)	Children (per grave)
a) Cemetery A	1387	1306	1431	1348
b) Cemetery B	1387	1306	1431	1348
c) Cemetery C	1387	1306	1431	1348
d) Cemetery D (Muslim Section)	1472	1306	1519	1348
e) Cemetery E	620	506	640	522
f) Cemetery F (Masakhane)	620	506	640	522

g) Non Residents	2591	2405	2674	2482
h) To open grave for second burial	675		697	
i) Booking on Friday for same weekend	862		890	
j) Exhumation	862		890	
k) Burial of Ashes	675		697	
l) Tombstones (permission)	346		357	
m) Enlarging of graves (double graves compulsory)	Double applicable tariff per section		Double applicable tariff per section	
n) Use of TLB for burial purposes	197		203	

NB: Booking of graves can be done from Mondays- Thursdays between 08h00 and 16h00, Fridays between 08:00 and 12:00 for burials taking place on the immediate weekend. There will be an additional fee of R723.99 charged for bookings made on Friday after 12:00 for burials taking place on the immediate weekend.

Conclusion remarks on tariffs

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of CPI. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment and community unrest.

The percentage increases of Magalies Water bulk tariffs are above the mentioned inflation target. Material purchases were set to increase by 12%. These tariff increases are determined by external agencies, the impact they have is largely outside the control of the municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the municipality's future financial position and viability.

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

gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

Grants

Bela-Bela Local Municipality had in the past financial period met all condition as per the allocated grant, with exception to 2019/20 where roll over on project was applied. Bela-Bela Local Municipality further anticipate implementing proposed 2021/2022 projects within the time frame as stipulated in the grant conditions.

The following table provides a breakdown of the various capital and operating grants and subsidies allocated to the municipality over the medium term:

Table - Transfers and Grant Receipts (2021/2022)

GRANT Capex	FINANCIAL YEAR		
	2021/22	2022/23	2023/24
MIG	R 25 834 000	R 29 130 000	R 30 286 500
WSIG	R 32 086 000	R 32 010 000	R 25 750 000
INEP		R 8 000 000	R 9 000 000
EEDSM	R 3 000 000	0	0
Total	R 60 920 000.00	R 69 140 000	R 65 036 000

GRANT Operating	FINANCIAL YEAR		
	2021/22	2022/23	2023/24
Equitable share	R 104 441 000	R 112 200 000	R 113 412 000
FMG	R 1 650 000	R 1 650 000	R 1 700 000
EPWP	R 1 353 000	0	0
MIG - Project Management Unit	R 1 359 700	0	0
Total	R 108 803 700	R 113 850 000	R 115 112 000

Operating grant dependence

Grant dependence ratio is sitting at 24% of total revenue of R452 million. The ratio measures the extent to which the municipality's total operating expenditure is funded through internally generated funds or borrowings. The rate of 24% indicates that municipality is not significantly grant dependent regarding funding of operations. Municipality does not as well relied on borrowings.

Debt Management

Bela-Bela Local Municipality debtors book have in the past financial year slight increased. Majority of Municipality debtor's book relate to debt over 120 days. Further reason for steady collection to reduce old debts which have become difficult to collect, relate to difficulties in locating or tracing some of the debtors.

The set collection rate during 2020/2021 was 85% of the billed revenue. Municipality had enforced the issue of credit control by making sure the credit control policy is fully implemented.

The Municipality has also promulgated the Credit Control and Debt Collection policy to strengthen the internal credit control and debt collection procedures through handing over of all debt over 60 days to the appointed debt collector. The debt collector is employed on a basis of performance and certain targets been agreed to between the service provider and the municipality. If these performance targets are not met, the municipality will have to enforce all penalty clauses to debt collectors.

Further plans to reduce debt

- ✓ Write-off debt and interest on irrecoverable accounts upon council approval.
- ✓ Implementation of revenue enhancement strategy with the assistance of National Treasury.
- ✓ Municipality is still in the process of negotiating with ESKOM to implement credit control measures in Pienaarsrivier and Masakhane by way of Electricity disconnections with the aim to recover debt pertaining to Pienaars and Masakhane

There are approved indigents who are failing to settle their accounts due to lack of income or low income. We are therefore unable to recover the debt from this group of customers. The debt was taken to council to request approval for write-off during 2021/2022 financial year, however, it was deferred pending verification of the data and budget availability.

Communications will be sent out through stating that interest will be written off when the account is settled in full (as per Doubtful and Irrecoverable Debt Policy). The aim is to encourage more consumers to settle their accounts in full.

We are also in the process of correcting the billing data in Spa Park to ensure completeness and accuracy of revenue. There are about 151 stands that we are currently verifying physically as most of these stands were opened incorrectly on the system due to encroachments of the stands in this area. Most of their bills are incorrect.

Decision during 2019/20 was made to ensure the top 100 businesses will be prioritised for immediate collection throughout each the financial year under review.

All consumers who failed to make full payment on the due date will result in their electricity being disconnected excluding consumers who honoured their agreements.

1.3.1.4. Operating Expenditure Framework

The following table is a high-level summary of the 2021/2022 budget and MTREF (classified per type of expenditure):

Table 10 Summary of operating expenditure by type

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Expenditure By Type											
Employee related costs	2	119 572	119 514	149 584	144 153	149 053	149 053	108 490	152 802	153 523	163 502
Remuneration of councillors		6 869	7 364	7 072	8 235	8 235	8 235	5 627	8 729	8 647	9 079
Debt impairment	3	33 484	36 880	28 437	10 350	10 350	10 350	18 336	12 000	11 385	12 523
Depreciation & asset impairment	2	59 079	29 951	30 432	33 968	33 968	33 968	–	35 000	37 365	41 101
Finance charges		15 443	7 368	11 967	12 600	5 000	5 000	479	13 000	13 293	14 024
Bulk purchases - electricity	2	88 088	97 199	111 705	131 510	131 510	131 510	77 524	115 000	124 299	135 014
Inventory consumed	8	6 215	16 457	9 985	10 806	14 974	14 974	5 981	19 431	20 808	22 321
Contracted services		36 308	22 463	41 070	36 960	52 690	52 690	25 943	68 937	70 139	73 219
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	43 625	43 597	42 246	35 644	32 251	32 251	26 958	25 303	22 097	23 503
Losses		50 399	–	5 727	–	–	–	–	–	–	–
Total Expenditure		459 082	380 792	438 226	424 227	438 032	438 032	269 338	450 203	461 556	494 286

The anticipated operating expenditure for 2021/2022 financial year is increased to R450 million which represent at least 2.5% increase from adjusted budget. Realistically when looking at historic result, operating expense has been increasing when comparing audited result. This is as result of Municipal response to unfunded budget as raised in past financial year by National Treasury.

Some of the key features of the expenditure framework are:

- Overall expenditure increased by at least 2.5% from adjusted budget of R438 million to R450 million.
Debt impairment and depreciation was increased by 15% and 10 % respectively from the adjusted budget.
- Major increase /decrease relates. Increase of more than 100% in finance charges and contracted services was affected by reclassification beside the normal contract escalation increase per annum. Other expenditure decreased by 21% against the 2020/21 adjustment budget.
- Electricity bulk purchases increase by 5.2% despite the linked tariff hike by regulators. This increase relates to total spending measured against the expected volumes to be consumed.
- Personnel cost increases informed by the decisions of the SALGA Bargaining Council and the Remuneration of Public Office Bearers Act. The municipalities are advised to budget in alignment to the affordability. Overall, there is an increase in the total employee costs by 3% from the adjusted budget.
- Balanced budget constraint (operating expenditure should not exceed operating revenue except for non-cash provisions) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Municipality has undergone an exercise to cut expenditure without compromising expenditure which relate to service delivery.

Employee costs

The budgeted allocation for employee related costs for the 2021/2022 financial year totals R152 million, which equals 34% of the total operating expenditure. MFMA circular 71 sets the norm to be between 25% and 40%. Bela-Bela is seating 34%, which is favourable to the municipality. The proportion of personnel expenditure to total operating expenditure for the municipality is favourable at an average of 34% over the medium term. This leaves around 66% of operating expenditure available for other major service delivery expenditure items such as bulk water and electricity purchases, contracted services and finance charges.

Municipality has made provision of at least 3% increase from 2021/2022. We will further allow final budget process to take the outcome of Salary and Wage Collective Agreement should the need arise.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). In this regard, the most recent proclamation of an increase of 6% has been considered in compiling the municipality's budget.

Bulk Purchases

Bulk purchases increased despite the linked tariff hike by regulators. This increase relates to total spending measured against the expected volumes to be consumed

Repairs and maintenance

The National Treasury Municipal Budget Circular number 66 for the 2011/2012 MTREF stated that municipalities must "secure the health of their asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance. The municipality has, over the last two financial years, struggled to increase the investment in repairs and maintenance due to cash flow challenges. Municipality to be able to be within the norm, this means will need to budget at least R90 million in single year which will therefore represent huge spending to be incurred in a single year. The municipality will not be able to achieve the 8% norm in one year, but will gradually improve to achieve that norm over the medium term.

Finance charges

Finance charges entails cost associated with the finance lease contract as prescribed in General Recognised Accounting Practice General (GRAP). Municipality finance lease entailed leases over fleet vehicles, the finance charges on the actuarial gains and employment benefit.

Contracted Services

Segment Desc
Audit committee
Business and Financial Management
Valuer and Assessors
Legal consulting
Contractors- Catering
Contractors: Catering Services

Contracted services - Server infrastructure support
Contracted services - EPWP
Contracted services - LED Support (Contract)
LANDFILL SITE (DUMPING SITE)
Maintenance of Municipal Vehicles
Prepaid Electricity Vending
Credit Control & Debt Collection
Credit Control & Debt Collection
Outsourced Services- Catering Services
Credit Control & Debt Collection
Contracted services - Security services
Outsourced Services- Traffic Fines Management

The municipality anticipates to utilise contracted services in the 2021/2022 with spending of R68 million of the total operating expenditure of R450 million.

The budgeted spending is above the norm of 5% as advised by National Treasury. Despite effort by Municipality to reduce this spending to an acceptable norm of 5%. Certain cost drivers are non-avoidable fees which were included in the contracted fees, such as security services, legal cost and traffic fines management.

In a long run, municipality intends not to solely rely on the contracted services to avoid reliance on the consultant. The municipality constantly monitors the consultants and ensures skills transfer is being done to the internal staff.

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigent Policy. The number of households budgeted during the 2021/2022 MTREF is approximately 5000. The total cost of free basic services amounts to R 80 million for the 2021/2022 financial year.

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

The Municipality will provide free basic services as follows:

- Electricity – 50 kWh per month
- Water – 6 Kl per month
- Sanitation – 100% rebate
- Property rates – 100% Rebate
- Waste collection – 100% Rebate (four collections per month or once a week)

Depreciation

Depreciation for 2021/2022 is increased to R35 million from adjusted budget of R33 million. The increase was to ensure realistic estimate being achieved. The budgeting was also in realistic when comparing to 2020 audit outcome and useful of the assets.

Other expenditure

Other expenditure was reduced from R32 million of the 2020/21 adjusted budget to R25 million in 2021/22 budget year. The reduction was mainly affected by the reclassification of segments in accordance to the mScoa guidelines and is part of the plans to improve on Municipality funding model without impacting on services delivery.

Segment Desc
EXTERNAL AUDIT FEES
COMPUTER LICENSE AND CONTRACTS
LEASE OF VEHICLES
FUEL AND OIL COST
AFFILIATION COST
INSURANCE PREMIUMS
UNIFORM AND CLOTHING
BANK CHARGES AND FEES
EXPENDITURE:OPERATING LEASES: MACHINERY AND EQUIPMENT (2021)
COMMISSION EXPENSE-ELECTRICITY
COMMUNICATION: TELEPHONE FAX TELEGRAPH AND TELEX(2020)
CAPACITY BUILDING
LED STRATEGY
PRINTING AND STATIONERY
POSTAGE AND COURIER SERVICE
PROFESSIONAL FEES
CHEMICALS
IDP PROGRAMME
CAPACITY BUILDING
DELEGATION COST - ACCOMMODATION
ANALYSIS- SAMPLES
ADVERTISING - TENDERS
EMPLOYEE WELLNESS
LED
STRATEGIC PLANNING

1.3.1.5. Operating Surplus / Deficit

Municipality anticipate incurring surplus of R 2.4 million by the end of the 2021/2022 budget year.

The below table which depict the surplus include operational income and operational expenditure, together with non-cash item relating to depreciation and debt impairment.

Table 11: Operating cash surplus/ deficit

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Surplus/(Deficit)		(129 895)	(32 348)	(62 722)	21 971	16 218	16 218	46 574	2 455	16 896	10 923
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		85 302	87 320	66 353	77 495	74 095	74 095	31 586	60 920	67 648	63 522
allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions,	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(44 593)	54 973	3 631	99 466	90 313	90 313	78 160	63 375	84 544	74 444
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		(44 593)	54 973	3 631	99 466	90 313	90 313	78 160	63 375	84 544	74 444
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		(44 593)	54 973	3 631	99 466	90 313	90 313	78 160	63 375	84 544	74 444
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		(44 593)	54 973	3 631	99 466	90 313	90 313	78 160	63 375	84 544	74 444

1.4 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure for 2021/2022 Medium-term capital budget per vote.

Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - 100 MAYOR AND COUNCIL (GENERAL)		-	-	-	-	-	-	-	-	-	-
Vote 2 - 102 MUNICIPAL MANAGER TOWN SECRETARY		-	-	-	-	-	-	-	-	-	-
Vote 3 - 103 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 4 - 104 BUDGET AND TREASURY OFFICE		-	-	-	-	-	-	-	-	-	-
Vote 5 - 105 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 6 - 500 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 7 - 520 SOLID WASTE REMOVAL		-	-	-	-	-	-	-	-	-	-
Vote 8 - 530 ENERGY SOURCES : ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 9 - 540 WATER DISTRIBUTION:WATER		-	-	-	-	-	-	-	-	-	-
Vote 10 - 550 ROADS: ROADS AND STORMWATER		-	-	-	-	-	-	-	-	-	-
Vote 11 - 560 WASTE WATER TREATMENT: SANITATION		-	-	-	-	-	-	-	-	-	-
Vote 12 - 106 HUMAN RESOURCES MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 13 - 107 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 14 - 108 ROAD AND TRAFFIC REGULATION: TRAFFIC		-	-	-	-	-	-	-	-	-	-
Vote 15 - 300 COMMUNITY HALLS AND FACILITIES		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - 100 MAYOR AND COUNCIL (GENERAL)		-	-	-	-	-	-	-	-	-	-
Vote 2 - 102 MUNICIPAL MANAGER TOWN SECRETARY		-	-	-	-	-	-	-	-	-	-
Vote 3 - 103 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 4 - 104 BUDGET AND TREASURY OFFICE		46 303	104 373	106 003	5 500	4 000	4 000	301	-	-	-
Vote 5 - 105 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	320	140	140	-	-	-	-
Vote 6 - 500 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 7 - 520 SOLID WASTE REMOVAL		26 405	26 405	35 985	500	-	-	9 580	1 363	6 593	7 044
Vote 8 - 530 ENERGY SOURCES : ELECTRICITY		123 906	121 388	126 818	16 248	12 646	12 646	9 114	3 000	8 000	500
Vote 9 - 540 WATER DISTRIBUTION:WATER		287 093	284 291	289 994	27 675	32 824	32 824	16 755	18 883	5 561	3 655
Vote 10 - 550 ROADS: ROADS AND STORMWATER		375 598	415 816	415 677	12 180	14 234	14 234	8 704	22 392	21 080	5 436
Vote 11 - 560 WASTE WATER TREATMENT: SANITATION		263 268	190 273	197 962	9 800	4 651	4 651	(2 415)	13 203	26 449	22 095
Vote 12 - 106 HUMAN RESOURCES MANAGEMENT		646	646	711	-	-	-	-	-	-	-
Vote 13 - 107 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 14 - 108 ROAD AND TRAFFIC REGULATION: TRAFFIC		-	-	-	-	-	-	-	-	-	-
Vote 15 - 300 COMMUNITY HALLS AND FACILITIES		26 521	-	-	13 192	11 118	11 118	4 418	2 080	-	16 292
Capital single-year expenditure sub-total		1 149 739	1 143 191	1 173 151	85 415	79 613	79 613	46 456	60 920	67 684	55 022
Total Capital Expenditure - Vote		1 149 739	1 143 191	1 173 151	85 415	79 613	79 613	46 456	60 920	67 684	55 022
Capital Expenditure - Functional											
Governance and administration		46 949	105 018	106 715	5 500	4 000	4 000	301	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		46 949	105 018	106 715	5 500	4 000	4 000	301	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		26 521	-	-	13 192	11 118	11 118	4 418	2 080	-	16 292
Community and social services		26 521	-	-	13 192	11 118	11 118	4 418	2 080	-	16 292
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		375 598	415 816	415 677	12 500	14 374	14 374	8 704	22 392	21 080	5 436
Planning and development		-	-	-	320	140	140	-	-	-	-
Road transport		375 598	415 816	415 677	12 180	14 234	14 234	8 704	22 392	21 080	5 436
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		700 671	622 357	650 759	54 223	50 121	50 121	33 034	36 449	46 603	33 294
Energy sources		123 906	121 388	126 818	16 248	12 646	12 646	9 114	3 000	8 000	500
Water management		287 093	284 506	289 994	27 675	32 824	32 824	16 755	18 883	5 561	3 655
Waste water management		263 268	190 058	197 962	9 800	4 651	4 651	(2 415)	13 203	26 449	22 095
Waste management		26 405	26 405	35 985	500	-	-	9 580	1 363	6 593	7 044
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	1 149 739	1 143 191	1 173 151	85 415	79 613	79 613	46 456	60 920	67 684	55 022
Funded by:											
National Government		977 851	1 038 034	1 051 179	77 495	74 095	74 095	35 140	60 920	67 684	55 022
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial)		-	-	-	-	-	-	-	-	-	-
Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	977 851	1 038 034	1 051 179	77 495	74 095	74 095	35 140	60 920	67 684	55 022
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	7 920	5 518	5 518	1 290	-	-	-
Total Capital Funding	7	977 851	1 038 034	1 051 179	85 415	79 613	79 613	36 430	60 920	67 684	55 022

References

Total capital expenditure was allocated to the tune of R 60 million for 2021/2022 financial year including PMU cost. This allocation is mainly for MIG, WISIG and EEDMS with R27 million, R32 million R3 million respectively.

Tables 13 below detail the municipality's three-year consolidated MIG infrastructure investment program for 2021/2022 to 2023/2024.

Municipal Infrastructure Grant (MIG) allocation of R27 including PMU cost for 2021/2022 will be allocated as follows:

Table 13: Capital programme

MIG

MIG FUNDING						
PROJECT DESCRIPTION	PROJECT TYPE	BUDGET TYPE	20/21 budget	21/22 budget	22/23 BUDGET	23/24 BUDGET
Bela Bela: Road Paving X 4, 6, 7, 8 (Ward 2,4,7)			R 2 383 074.45			
Bela Bela: Stormwater Spa Park (ward 9)			R 3 446 364.70			
Bela Bela: Extension of existing grave yard (Ward 2)			R 5 808 520.00			
Bela Bela: Road paving & storm water 1 (X5 & Hostel view) (Ward 2.3)			R 2 784 943.55			
Bela Bela: Development of sports facilities - Spa Park (Ward 9)			R 2 192 278.46			
Development of sports facilities in Leseding (Ward 6)	New	Multi Year	R 2 237 683.82	R 2 079 611.71		
Bela Bela: Road paving & Storm water X6 Phase 1 (Ward 7)			R 4 383 405.80			
Construction of Road paving & Stormwater in Bela Bela Ext 7 - Phase 1 (Ward 4.7)	New	Multi Year	R 474 019.00	R 8 477 329.84		
Construction of the R101 Intersection in Bela Bela Ext 6 (Ward 7)	New	Multi Year	R 500 000.00	R 7 500 000.00		
Construction of Road paving & Stormwater in Bela Bela Ext 8 - Phase 1 (Ward 4)	New	Multi Year	R 262 162.22	R 4 668 282.25		
Construction of Road paving & Stormwater in Bela Bela Mabunda Street (Ward 5)	New	Multi Year		R 538 440.00	R 5 000 000.00	R 3 435 560.00
Construction of Road paving & Stormwater in Bela Bela Keosana, Matshapa and street 49 (Ward 5)	New	Multi Year		R 450 000.00	R 6 213 195.00	
Construction of Road Paving and Stormwater in Bela Bela X6 - Phase 2 (Ward 7)	New	Multi Year		R 496 500.00	R 5 778 000.00	R 2 000 500.00
Construction of Road Paving and Stormwater in Bela Bela X8 - Phase 2 (Ward 4)	New	Multi Year		R 261 000.00	R 4 089 000.00	
Upgrading of the Bela Bela Municipal landfill site (Ward 2)	Combination: New/ Refurbishmen	Multi Year		R 1 363 136.20	R 6 593 305.00	7 043 558.80
Development of a new Cemetery in Pienaarsrivier (Ward 8)	New	Multi Year				R 11 792 081.20
Development of sports facilities in Masakhane (Ward 8)	New	Single Year				R 4 500 000.00
Construction of High mast lights in Bela Bela X9 (Ward 4)	New	Single Year				
PMU Operational Costs			R 1 288 000.00	R 1 359 700.00	R 1 456 500.00	R 1 514 300.00
DORA ALLOCATION			R 25 760 000.00	R 27 194 000.00	R 29 130 000.00	R 30 286 000.00

Municipality is allocated R27 million on Municipal Infrastructure Grant (MIG) after considering PMU cost of R1.3 million.

WSIG

WATER & SANITATION - WSIG FUNDING						
PROJECT DESCRIPTION	PROJECT TYPE	BUDGET TYPE	20/21 budget	21/22 budget	22/23 budget	23/24 budget
Refurbish old section of WTW			R3 054 348.39	R0.00		
Water desalination plant - Rapotokwane			R5 130 967.98	R0.00		
Upgrading Aventura sewer Pump Station			R4 650 647.56	R0.00		
2ML WTW in Masakhane			R10 876 927.14	R0.00		
Supply and install new and faulty water meters (±7500HH in All Wards)			R7 031 278.34	R0.00		
Water Conservation and Demand Management (WCDM): Replacement of damaged valves and the Installation of Bulk Zonal Meters in Bela Bela Town & Township (Wards 1 to 7) and the Installation of Counter Bulk Meters on all Magalies Draw Points	Combina- tion: New/ Refurbis- hment	Multi Year	R275 350.00	R3 724 650.00	R5 560 977.64	
Refurbishment and automation of the Bela Bela Waste Water Treatment Works (WWTW) (Ward 2)	Combina- tion: Refurbis- hment/ Upgradin- g	Multi Year	R0.00	R1 203 297.31	R26 449 022.36	R22 094 680.33
Refurbishment of the Warmbad Dam (Ward 9)	Refurbis- hment	Multi Year	R5 949 934.84	R6 663 598.44		
Water Augmentation and the construction of the water reticulation network in Rapotokwane (Ward 8)	New	Multi Year	R505 545.75	R8 494 454.25		
Construction of Sewer outfall from Aventura PS to WWTW (Ward 1 & 2)	Combina- tion: New/ Refurbis- hment	Single Year		R12 000 000.00		
Construction of 10MI Reservoir in Bela-Bela (Town, Ext 25 and 26) (Ward 1 & 9)	New	Multi Year	R 0.00	R0.00		R3 655 319.67
Refurbishment of the sewer network and yard connections in Bela-Bela Ext 9 (Ward 4)			R0.00	R0.00	R0.00	R0.00
DORA ALLOCATION			R 37 475 000.00	R 32 086 000.00	R32 010 000.00	R25 750 000.00

The table above depict allocation of R32 millions of WSIG which will be utilized as per the conditions of the grants.

INEP

INEP					
PROJECT DESCRIPTION	PROJECT TYPE	BUDGET TYPE	21/22	22/23	23/24
Electrification x 25 (Koppewaal) (500 HH)				8 000 000	900 000

EEDSM – Grant allocation

PROJECT DESCRIPTION	PROJECT TYPE	BUDGET TYPE	20/21 budget	21/22 budget	22/23 budget	23/24 budget
ENERGY EFFICIENCY DEMAND SIDE MANAGEMENT (EEDSM) PROGRAMME: BELA BELA - REPLACEMENT OF HPS STREET LIGHTS WITH LED LUMINAIRES			R 3 600 000.00	R 3 000 000.00	-	
DORA ALLOCATION			R 4 000 000.00	R 3 000 000.00	R0.00	R0.00

The EEDMS capital expenditure is depicted as above. The grant allocation as per below is in line with the Division of Revenue Act issued for 2021/2022 MTREF

Table 14: Sources of funding capital programme

GRANT Capex	FINANCIAL YEAR		
	2021/22	2022/23	2023/24
MIG	R 25 834 000	R 29 130 000	R 30 286 500
WSIG	R 32 086 000	R 32 010 000	R 25 750 000
INEP		R 8 000 000	R 9 000 000
EEDSM	R 3 000 000	0	0
Total	R 60 920 000.00	R 69 140 000	R 65 036 000

Total capital allocation is seating R60 million with majority of the allocation being channelled to water infrastructure.

1.5 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2021/2022 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes*.

Table 15 MBRR TableA1 - Budget Summary

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands										
Financial Performance										
Property rates	62 003	68 761	74 792	94 479	92 979	92 979	59 903	92 979	91 002	95 097
Service charges	151 269	159 776	173 479	206 658	205 158	205 158	134 114	212 085	229 658	248 798
Investment revenue	742	1 764	1 719	2 363	1 000	1 000	83	1 247	1 500	2 000
Transfers recognised - operational	77 791	85 053	94 046	103 274	119 389	119 389	103 869	108 804	115 307	116 576
Other own revenue	37 382	33 090	31 469	39 424	35 724	35 724	17 943	37 543	40 986	42 737
Total Revenue (excluding capital transfers and contributions)	329 187	348 445	375 504	446 198	454 250	454 250	315 912	452 658	478 452	505 209
Employee costs	119 572	119 514	149 584	144 153	149 053	149 053	108 490	152 802	153 523	163 502
Remuneration of councillors	6 869	7 364	7 072	8 235	8 235	8 235	5 627	8 729	8 647	9 079
Depreciation & asset impairment	59 079	29 951	30 432	33 968	33 968	33 968	—	35 000	37 365	41 101
Finance charges	15 443	7 368	11 967	12 600	5 000	5 000	479	13 000	13 293	14 024
Inventory consumed and bulk purchases	94 302	113 656	121 690	142 316	146 484	146 484	83 505	134 431	145 107	157 335
Transfers and grants	—	—	—	—	—	—	—	—	—	—
Other expenditure	163 816	102 940	117 481	82 955	95 291	95 291	71 237	106 240	103 621	109 245
Total Expenditure	459 082	380 792	438 226	424 227	438 032	438 032	269 338	450 203	461 556	494 286
Surplus/(Deficit)	(129 895)	(32 348)	(62 722)	21 971	16 218	16 218	46 574	2 455	16 896	10 923
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	85 302	87 320	66 353	77 495	74 095	74 095	31 586	60 920	67 648	63 522
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental)	—	—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	(44 593)	54 973	—	99 466	90 313	90 313	78 160	63 375	84 544	74 444
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	(44 593)	54 973	—	99 466	90 313	90 313	78 160	63 375	84 544	74 444
Capital expenditure & funds sources										
Capital expenditure	1 149 739	1 143 191	1 173 151	85 415	79 613	79 613	46 456	60 920	67 684	55 022
Transfers recognised - capital	977 851	1 038 034	1 051 179	77 495	74 095	74 095	35 140	60 920	67 684	55 022
Borrowing	—	—	—	—	—	—	—	—	—	—
Internally generated funds	—	—	—	7 920	5 518	5 518	1 290	—	—	—
Total sources of capital funds	977 851	1 038 034	1 051 179	85 415	79 613	79 613	36 430	60 920	67 684	55 022
Financial position										
Total current assets	(82 715)	58 560	109 769	155 233	162 232	162 232	205 118	246 689	300 914	361 438
Total non current assets	921 641	1 025 233	1 054 465	1 093 683	1 087 881	1 087 881	1 093 460	1 119 603	1 149 922	876 159
Total current liabilities	313 098	207 055	262 589	141 092	151 442	151 442	297 279	152 896	152 896	152 896
Total non current liabilities	(0)	68 089	81 879	55 000	55 000	55 000	81 879	55 000	55 000	55 000
Community wealth/Equity	805 910	755 756	821 835	1 052 823	1 043 671	1 043 671	841 259	1 158 396	1 242 940	1 029 701
Cash flows										
Net cash from (used) operating	94 235	451 078	585 639	105 300	26 884	26 884	295 224	46 859	66 400	56 895
Net cash from (used) investing	—	182	—	85 415	5 518	5 518	1 292	(60 920)	(67 684)	(55 022)
Net cash from (used) financing	—	(547)	(248)	—	—	—	(233)	—	—	—
Cash/cash equivalents at the year end	93 081	450 159	714 445	205 064	46 751	46 751	306 485	24 625	23 341	25 215
Cash backing/surplus reconciliation										
Cash and investments available	4 175	13 087	10 202	21 634	28 633	28 633	61 936	24 625	23 341	25 215
Application of cash and investments	228 285	153 753	132 359	11 278	21 947	21 947	96 006	(41 086)	(86 421)	(134 521)
Balance - surplus (shortfall)	(224 110)	(140 667)	(122 157)	10 356	6 686	6 686	(34 070)	65 710	109 762	159 736
Asset management										
Asset register summary (WDV)	906 896	916 577	904 452	1 031 791	1 028 140	1 028 140	1 028 140	1 109 746	1 143 328	869 115
Depreciation	—	29 951	30 432	33 968	33 968	33 968	33 968	35 000	37 365	41 101
Renewal and Upgrading of Existing Assets	82 433	26 405	34 353	14 845	13 143	13 143	13 143	17 724	33 042	29 138
Repairs and Maintenance	6 143	16 373	9 532	10 706	25 274	25 274	25 274	26 294	27 398	28 604
Free services										
Cost of Free Basic Services provided	—	—	—	—	—	—	—	—	—	—
Revenue cost of free services provided	—	—	—	—	—	—	4 658	4 658	4 854	5 067
Households below minimum service level										
Water:	—	—	—	—	—	—	—	—	—	—
Sanitation/sewerage:	—	—	—	—	—	—	—	—	—	—
Energy:	—	—	—	—	—	—	—	—	—	—
Refuse:	—	—	—	—	—	—	—	—	—	—

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. The operating surplus/deficit (after total expenditure and before capital spending) is positive over the MTREF.
4. The MTREF for 2021/2022 depicts a surplus of R2.4 million after taking non-cash (depreciation) item into consideration.

Table 16 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue - Functional										
<i>Governance and administration</i>		171 158	172 687	183 616	219 619	228 871	228 871	219 427	226 291	232 953
Executive and council		—	—	—	—	—	—	—	—	—
Finance and administration		171 158	172 687	183 616	219 619	228 871	228 871	219 427	226 291	232 953
Internal audit		—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		3 021	10 535	13 275	5 900	5 900	5 900	6 557	7 000	7 306
Community and social services		2 949	6 528	1 469	612	612	612	636	803	837
Sport and recreation		—	—	—	—	—	—	—	—	—
Public safety		73	4 006	11 807	5 289	5 289	5 289	5 921	6 197	6 469
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		26 782	37 959	23 740	26 761	27 061	27 061	28 234	30 408	31 655
Planning and development		390	429	410	2 289	2 589	2 589	2 400	2 770	2 883
Road transport		26 392	37 530	23 330	24 472	24 472	24 472	25 834	27 638	28 772
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		213 528	214 584	221 226	271 413	266 513	266 513	259 361	282 401	296 816
Energy sources		129 400	117 047	123 753	165 334	160 434	160 434	160 432	168 465	183 651
Water management		60 459	71 785	69 198	74 884	74 884	74 884	76 518	80 141	77 892
Waste water management		15 966	16 523	19 145	21 027	21 027	21 027	21 847	22 768	23 763
Waste management		7 703	9 229	9 129	10 167	10 167	10 167	10 564	11 028	11 510
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Revenue - Functional	2	414 489	435 765	441 857	523 693	528 345	528 345	513 579	546 100	568 730
Expenditure - Functional										
<i>Governance and administration</i>		189 591	138 751	187 611	153 380	145 475	145 475	150 687	150 068	159 917
Executive and council		(333)	10 649	9 616	10 871	10 593	10 593	24 314	24 777	25 981
Finance and administration		191 519	123 338	173 203	139 917	132 241	132 241	123 744	122 638	131 118
Internal audit		(1 596)	4 764	4 793	2 592	2 642	2 642	2 628	2 654	2 819
<i>Community and public safety</i>		153 116	36 321	40 392	33 454	40 283	40 283	38 082	37 023	39 357
Community and social services		2 027	20 665	24 961	16 433	23 362	23 362	20 503	19 246	20 463
Sport and recreation		—	—	—	—	—	—	205	214	223
Public safety		151 089	15 656	15 431	17 021	16 921	16 921	17 374	17 563	18 671
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		13 997	33 299	27 621	50 062	49 490	49 490	60 826	62 925	67 390
Planning and development		4 071	12 059	11 818	14 691	14 559	14 559	21 449	21 916	23 142
Road transport		9 925	21 240	15 804	35 372	34 931	34 931	39 377	41 008	44 248
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		102 379	172 497	182 602	187 331	202 785	202 785	200 608	211 540	227 621
Energy sources		88 211	108 921	122 973	135 923	147 831	147 831	138 883	148 767	160 796
Water management		(647)	30 324	27 418	19 261	21 061	21 061	26 171	27 543	29 486
Waste water management		6 694	18 841	13 877	14 711	15 291	15 291	15 864	16 087	17 046
Waste management		8 121	14 412	18 334	17 436	18 602	18 602	19 690	19 143	20 294
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Expenditure - Functional	3	459 082	380 869	438 226	424 227	438 032	438 032	450 203	461 556	494 286
Surplus/(Deficit) for the year		(44 593)	54 896	3 631	99 466	90 313	90 313	63 375	84 544	74 444

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile 'whole of government' reports.
2. Table A2 was one of the budget tables which are re-aligned to comply with mSCOA.

Table 17 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand										
Revenue by Vote	1									
Vote 1 - 100 MAYOR AND COUNCIL (GENERAL)		-	-	-	-	-	-	-	-	-
Vote 2 - 102 MUNICIPAL MANAGER TOWN SECRETARIAL		-	-	-	-	-	-	-	-	-
Vote 3 - 103 ECONOMIC DEVELOPMENT/PLANNING		387	429	407	1 001	1 001	1 001	1 040	1 314	1 369
Vote 4 - 104 BUDGET AND TREASURY OFFICE		171 006	170 788	181 759	219 619	228 871	228 871	219 427	226 291	232 953
Vote 5 - 105 ECONOMIC DEVELOPMENT/PLANNING		3	-	3	0	0	0	0	0	0
Vote 6 - 500 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	1 288	1 588	1 588	1 360	1 457	1 514
Vote 7 - 520 SOLID WASTE REMOVAL		7 703	9 229	9 129	10 167	10 167	10 167	10 564	11 028	11 510
Vote 8 - 530 ENERGY SOURCES : ELECTRICITY		129 400	117 047	123 753	165 334	160 434	160 434	160 432	168 465	183 651
Vote 9 - 540 WATER DISTRIBUTION:WATER		60 459	71 785	69 198	74 884	74 884	74 884	76 518	80 141	77 892
Vote 10 - 550 ROADS: ROADS AND STORMWATER		26 392	37 530	23 330	24 472	24 472	24 472	25 834	27 638	28 772
Vote 11 - 560 WASTE WATER TREATMENT: SANITATION		15 966	16 523	19 145	21 027	21 027	21 027	21 847	22 768	23 763
Vote 12 - 106 HUMAN RESOURCES MANAGEMENT		152	1 899	1 857	-	-	-	-	-	-
Vote 13 - 107 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-
Vote 14 - 108 ROAD AND TRAFFIC REGULATION: TRAFFIC		-	-	-	-	-	-	-	-	-
Vote 15 - 300 COMMUNITY HALLS AND FACILITIES		3 021	10 535	13 275	5 900	5 900	5 900	6 557	7 000	7 306
Total Revenue by Vote	2	414 489	435 765	441 857	523 693	528 345	528 345	513 579	546 100	568 730
Expenditure by Vote to be appropriated	1									
Vote 1 - 100 MAYOR AND COUNCIL (GENERAL)		(1 554)	7 923	7 426	8 798	8 499	8 499	10 169	10 147	10 645
Vote 2 - 102 MUNICIPAL MANAGER TOWN SECRETARIAL		654	11 765	11 250	8 621	8 692	8 692	20 909	21 446	22 583
Vote 3 - 103 ECONOMIC DEVELOPMENT/PLANNING		4 406	4 700	5 131	6 048	5 813	5 813	11 119	11 384	11 999
Vote 4 - 104 BUDGET AND TREASURY OFFICE		162 457	86 662	131 907	102 444	96 383	96 383	90 541	92 413	98 754
Vote 5 - 105 ECONOMIC DEVELOPMENT/PLANNING		(420)	4 273	3 454	3 598	3 701	3 701	3 993	4 061	4 296
Vote 6 - 500 ECONOMIC DEVELOPMENT/PLANNING		(553)	1 214	1 685	3 406	3 406	3 406	3 471	3 577	3 773
Vote 7 - 520 SOLID WASTE REMOVAL		8 121	14 412	18 334	17 436	18 602	18 602	19 690	19 143	20 294
Vote 8 - 530 ENERGY SOURCES : ELECTRICITY		88 211	108 921	122 973	135 923	147 831	147 831	138 883	148 767	160 796
Vote 9 - 540 WATER DISTRIBUTION:WATER		(604)	30 377	27 446	19 316	21 116	21 116	26 371	27 752	29 704
Vote 10 - 550 ROADS: ROADS AND STORMWATER		9 925	21 240	15 804	35 372	34 931	34 931	39 377	41 008	44 248
Vote 11 - 560 WASTE WATER TREATMENT: SANITATION		6 651	18 787	13 850	14 656	15 236	15 236	15 664	15 878	16 828
Vote 12 - 106 HUMAN RESOURCES MANAGEMENT		28 034	32 401	37 028	33 516	31 901	31 901	29 068	26 062	27 935
Vote 13 - 107 ECONOMIC DEVELOPMENT/PLANNING		639	1 871	1 549	1 638	1 639	1 639	2 866	2 894	3 074
Vote 14 - 108 ROAD AND TRAFFIC REGULATION: TRAFFIC		-	-	-	-	-	-	212	273	285
Vote 15 - 300 COMMUNITY HALLS AND FACILITIES		153 116	36 321	40 392	33 454	40 283	40 283	37 870	36 750	39 072
Total Expenditure by Vote	2	459 082	380 869	438 226	424 227	438 032	438 032	450 203	461 556	494 286
Surplus/(Deficit) for the year	2	(44 593)	54 896	3 631	99 466	90 313	90 313	63 375	84 544	74 444

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

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

2. The table shows that technical services is the largest generator of revenue. This is due to the size of the department as well as its responsibility over service delivery projects such as water, electricity and sanitation.

Table 18 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure) by type

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand	1										
Revenue By Source											
Property rates	2	62 003	68 761	74 792	94 479	92 979	92 979	59 903	92 979	91 002	95 097
Service charges - electricity revenue	2	103 786	109 446	115 233	147 928	146 428	146 428	84 129	145 501	158 450	172 552
Service charges - water revenue	2	25 122	27 255	31 806	32 060	32 060	32 060	27 428	38 874	42 334	46 101
Service charges - sanitation revenue	2	15 101	15 479	17 855	17 905	17 905	17 905	15 350	18 603	19 385	20 233
Service charges - refuse revenue	2	7 260	7 596	8 585	8 765	8 765	8 765	7 207	9 107	9 490	9 907
Rental of facilities and equipment		1 216	1 376	1 412	1 728	1 528	1 528	1 023	1 588	1 873	1 952
Interest earned - external investments		742	1 764	1 719	2 363	1 000	1 000	83	1 247	1 500	2 000
Interest earned - outstanding debtors		9 103	11 024	12 111	13 730	13 730	13 730	9 136	14 265	14 879	15 504
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		15 611	6 224	6 671	10 200	8 200	8 200	352	8 520	8 878	9 268
Licences and permits		-	1 241	1 415	5 172	5 172	5 172	6 010	5 800	6 044	6 310
Agency services		-	2 497	3 490	-	-	-	-	-	-	-
Transfers and subsidies		77 791	85 053	94 046	103 274	119 389	119 389	103 869	108 804	115 307	116 576
Other revenue	2	7 859	7 909	6 369	8 593	7 093	7 093	1 422	7 370	9 312	9 704
Gains		3 592	2 820	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		329 187	348 445	375 504	446 198	454 250	454 250	315 912	452 658	478 452	505 209
Expenditure By Type											
Employee related costs	2	119 572	119 514	149 584	144 153	149 053	149 053	108 490	152 802	153 523	163 502
Remuneration of councillors		6 869	7 364	7 072	8 235	8 235	8 235	5 627	8 729	8 647	9 079
Debt impairment	3	33 484	36 880	28 437	10 350	10 350	10 350	18 336	12 000	11 385	12 523
Depreciation & asset impairment	2	59 079	29 951	30 432	33 968	33 968	33 968	-	35 000	37 365	41 101
Finance charges		15 443	7 368	11 967	12 600	5 000	5 000	479	13 000	13 293	14 024
Bulk purchases - electricity	2	88 088	97 199	111 705	131 510	131 510	131 510	77 524	115 000	124 299	135 014
Inventory consumed	8	6 215	16 457	9 985	10 806	14 974	14 974	5 981	19 431	20 808	22 321
Contracted services		36 308	22 463	41 070	36 960	52 690	52 690	25 943	68 937	70 139	73 219
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	43 625	43 597	42 246	35 644	32 251	32 251	26 958	25 303	22 097	23 503
Losses		50 399	-	5 727	-	-	-	-	-	-	-
Total Expenditure		459 082	380 792	438 226	424 227	438 032	438 032	269 338	450 203	461 556	494 286
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(129 895)	(32 348)	(62 722)	21 971	16 218	16 218	46 574	2 455	16 896	10 923
		85 302	87 320	66 353	77 495	74 095	74 095	31 586	60 920	67 648	63 522
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(44 593)	54 973	3 631	99 466	90 313	90 313	78 160	63 375	84 544	74 444
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(44 593)	54 973	3 631	99 466	90 313	90 313	78 160	63 375	84 544	74 444
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(44 593)	54 973	3 631	99 466	90 313	90 313	78 160	63 375	84 544	74 444
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(44 593)	54 973	3 631	99 466	90 313	90 313	78 160	63 375	84 544	74 444

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

1. Municipality anticipate receiving revenue of R452 million in 2021/2022 as compared to the 2020/2021 adjusted budget revenue of R454 million. This represents the percentage decrease of 0.4% against adjusted budget. Municipality major tariff were increased by 3.2% which is benchmarked in linked to Consumer Price Index (CIP) as recommended by National Treasury under circular 108 and are summarised on the tariff book;

2. Revenue to be generated from property rates is projected to be R92 million in the 2021/2022 financial year (before taking into account revenue forgone) which has not increased from R92 million of the 2020/2021 adjusted budgets.
3. Revenue for traffic fines was slightly increased as compared to previous financial year. It should be noted that assessment between the outcomes for the 2020/2021 financial year was done despite challenges faced with the traffic system which is currently not intergraded with main financial system and as result, having lower reported revenue.
4. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R212 million for the 2021/2022 which increased from R205 million of 2020/2021 adjusted budget. Services charges constitute 62% of the total revenue (excluding grants) base and 47% total revenue grants inclusive. This has reflected growth of an average of 3% per annum.
5. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government; and
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 19 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - 100 MAYOR AND COUNCIL (GENERAL)		-	-	-	-	-	-	-	-	-	-
Vote 2 - 102 MUNICIPAL MANAGER TOWN SECRETARY		-	-	-	-	-	-	-	-	-	-
Vote 3 - 103 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 4 - 104 BUDGET AND TREASURY OFFICE		-	-	-	-	-	-	-	-	-	-
Vote 5 - 105 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 6 - 500 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 7 - 520 SOLID WASTE REMOVAL		-	-	-	-	-	-	-	-	-	-
Vote 8 - 530 ENERGY SOURCES : ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 9 - 540 WATER DISTRIBUTION:WATER		-	-	-	-	-	-	-	-	-	-
Vote 10 - 550 ROADS: ROADS AND STORMWATER		-	-	-	-	-	-	-	-	-	-
Vote 11 - 560 WASTE WATER TREATMENT: SANITATION		-	-	-	-	-	-	-	-	-	-
Vote 12 - 106 HUMAN RESOURCES MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 13 - 107 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 14 - 108 ROAD AND TRAFFIC REGULATION: TRAFFIC		-	-	-	-	-	-	-	-	-	-
Vote 15 - 300 COMMUNITY HALLS AND FACILITIES		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - 100 MAYOR AND COUNCIL (GENERAL)		-	-	-	-	-	-	-	-	-	-
Vote 2 - 102 MUNICIPAL MANAGER TOWN SECRETARY		-	-	-	-	-	-	-	-	-	-
Vote 3 - 103 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 4 - 104 BUDGET AND TREASURY OFFICE		46 303	104 373	106 003	5 500	4 000	4 000	301	-	-	-
Vote 5 - 105 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	320	140	140	-	-	-	-
Vote 6 - 500 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 7 - 520 SOLID WASTE REMOVAL		26 405	26 405	35 985	500	-	-	9 580	1 363	6 593	7 044
Vote 8 - 530 ENERGY SOURCES : ELECTRICITY		123 906	121 388	126 818	16 248	12 646	12 646	9 114	3 000	8 000	500
Vote 9 - 540 WATER DISTRIBUTION:WATER		287 093	284 291	289 994	27 675	32 824	32 824	16 755	18 883	5 561	3 655
Vote 10 - 550 ROADS: ROADS AND STORMWATER		375 598	415 816	415 677	12 180	14 234	14 234	8 704	22 392	21 080	5 436
Vote 11 - 560 WASTE WATER TREATMENT: SANITATION		263 268	190 273	197 962	9 800	4 651	4 651	(2 415)	13 203	26 449	22 095
Vote 12 - 106 HUMAN RESOURCES MANAGEMENT		646	646	711	-	-	-	-	-	-	-
Vote 13 - 107 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 14 - 108 ROAD AND TRAFFIC REGULATION: TRAFFIC		-	-	-	-	-	-	-	-	-	-
Vote 15 - 300 COMMUNITY HALLS AND FACILITIES		26 521	-	-	13 192	11 118	11 118	4 418	2 080	-	16 292
Capital single-year expenditure sub-total		1 149 739	1 143 191	1 173 151	85 415	79 613	79 613	46 456	60 920	67 684	55 022
Total Capital Expenditure - Vote		1 149 739	1 143 191	1 173 151	85 415	79 613	79 613	46 456	60 920	67 684	55 022
Capital Expenditure - Functional											
Governance and administration		46 949	105 018	106 715	5 500	4 000	4 000	301	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		46 949	105 018	106 715	5 500	4 000	4 000	301	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		26 521	-	-	13 192	11 118	11 118	4 418	2 080	-	16 292
Community and social services		26 521	-	-	13 192	11 118	11 118	4 418	2 080	-	16 292
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		375 598	415 816	415 677	12 500	14 374	14 374	8 704	22 392	21 080	5 436
Planning and development		-	-	-	320	140	140	-	-	-	-
Road transport		375 598	415 816	415 677	12 180	14 234	14 234	8 704	22 392	21 080	5 436
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		700 671	622 357	650 759	54 223	50 121	50 121	33 034	36 449	46 603	33 294
Energy sources		123 906	121 388	126 818	16 248	12 646	12 646	9 114	3 000	8 000	500
Water management		287 093	284 506	289 994	27 675	32 824	32 824	16 755	18 883	5 561	3 655
Waste water management		263 268	190 058	197 962	9 800	4 651	4 651	(2 415)	13 203	26 449	22 095
Waste management		26 405	26 405	35 985	500	-	-	9 580	1 363	6 593	7 044
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	1 149 739	1 143 191	1 173 151	85 415	79 613	79 613	46 456	60 920	67 684	55 022
Funded by:											
National Government		977 851	1 038 034	1 051 179	77 495	74 095	74 095	35 140	60 920	67 684	55 022
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial)		-	-	-	-	-	-	-	-	-	-
Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	977 851	1 038 034	1 051 179	77 495	74 095	74 095	35 140	60 920	67 684	55 022
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	7 920	5 518	5 518	1 290	-	-	-
Total Capital Funding	7	977 851	1 038 034	1 051 179	85 415	79 613	79 613	36 430	60 920	67 684	55 022

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single - 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 department;
2. Single-year capital expenditure has been appropriated at R60 million for the 2021/2022 after taking into consideration PMU cost of R1.3 Million;
3. Various internal funded project has been proposed for 2021/2022 but were not budgeted in the draft budget; and
4. The municipality has not budgeted for any long term borrowing to fund the capital programme.

Table 20 MBRR Table A6 -Budgeted Financial Position

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand											
ASSETS											
Current assets											
Cash	1	(1 461)	12 031	9 469	18 547	25 547	25 547	60 832	21 538	20 255	22 129
Call investment deposits		5 636	1 056	733	3 086	3 086	3 086	1 104	3 086	3 086	3 086
Consumer debtors	1	27 795	12 073	38 421	108 093	108 093	108 093	65 639	180 774	234 045	290 358
Other debtors		(114 891)	33 133	60 818	25 106	25 106	25 106	77 215	41 290	43 528	45 865
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	206	268	328	400	400	400	328	-	-	-
Total current assets		(82 715)	58 560	109 769	155 233	162 232	162 232	205 118	246 689	300 914	361 438
Non current assets											
Long-term receivables		-	182	113 239.96	-	-	-	113	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		282 015	284 836	279 139	287 684	287 684	287 684	279 139	287 684	287 684	172 359
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	677 026	737 497	772 814	803 776	797 973	797 973	811 809	830 557	861 795	704 369
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		2 495	2 170	1 860	1 684	1 684	1 684	1 860	823	(97)	(1 108)
Other non-current assets		(39 896)	539	539	539	539	539	539	539	539	539
Total non current assets		921 641	1 025 233	1 054 465	1 093 683	1 087 881	1 087 881	1 093 460	1 119 603	1 149 922	876 159
TOTAL ASSETS		838 926	1 083 793	1 164 234	1 248 916	1 250 113	1 250 113	1 298 578	1 366 292	1 450 836	1 237 596
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	7 165	-	-	-	-	-	-	-	-	-
Consumer deposits		5 650	6 196	6 441	5 836	5 836	5 836	6 675	5 836	5 836	5 836
Trade and other payables	4	238 165	172 236	226 128	128 256	138 606	138 606	260 585	139 809	139 809	139 809
Provisions		62 118	28 623	30 019	7 000	7 000	7 000	30 019	7 250	7 250	7 250
Total current liabilities		313 098	207 055	262 589	141 092	151 442	151 442	297 279	152 896	152 896	152 896
Non current liabilities											
Borrowing		(0)	-	-	-	-	-	-	-	-	-
Provisions		-	68 089	81 879	55 000	55 000	55 000	81 879	55 000	55 000	55 000
Total non current liabilities		(0)	68 089	81 879	55 000	55 000	55 000	81 879	55 000	55 000	55 000
TOTAL LIABILITIES		313 098	275 144	344 468	196 092	206 442	206 442	379 159	207 896	207 896	207 896
NETASSETS	5	525 829	808 649	819 766	1 052 823	1 043 671	1 043 671	919 419	1 158 396	1 242 940	1 029 701
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		805 910	755 756	821 835	1 052 823	1 043 671	1 043 671	841 259	1 158 396	1 242 940	1 029 701
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	805 910	755 756	821 835	1 052 823	1 043 671	1 043 671	841 259	1 158 396	1 242 940	1 029 701

Explanatory notes to Table A6 - Budgeted Financial Position

1. 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
2. Table A6 is aligned with Municipal Standard Chart of Account (mSCOA).
3. Table A6 is also consistent with international standards of good financial management practice, and improves understandability for councillors and management of the impact of the budget on the statement of financial position (balance sheet);
4. Table A6 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current liabilities;
 - Changes in net assets; and
 - Reserves.
5. The Municipal's equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community; and

6. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.
7. The Municipal total assets value is seating at just over R1.2 billion for the 2020/2021 financial period and expected to grow to over R1.3 billion during 2021/2022 budget year.

Table 21 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		2	0	23 197	92 425	90 925	90 925	41 761	79 032	77 352	80 833
Service charges		18	6	43 959	185 561	184 061	184 061	80 224	180 272	195 209	211 479
Other revenue		15 416	16 723	50 674	21 840	18 140	18 140	25 492	19 786	22 191	23 148
Transfers and Subsidies - Operational	1	53 799	43 699	129 274	103 274	119 389	119 389	127 643	108 804	115 307	116 576
Transfers and Subsidies - Capital	1	25 000	61 080	48 000	77 495	74 095	74 095	49 623	60 920	67 648	63 522
Interest		-	-	148	2 363	1 000	1 000	-	1 247	1 500	2 000
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		-	329 570	290 386	(365 059)	(455 726)	(455 726)	(29 519)	(390 203)	(399 513)	(426 638)
Finance charges		-	-	-	(12 600)	(5 000)	(5 000)	-	(13 000)	(13 293)	(14 024)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NETCASH FROM/(USED) OPERATING ACTIVITIES		94 235	451 078	585 639	105 300	26 884	26 884	295 224	46 859	66 400	56 895
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	182	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		-	-	-	85 415	5 518	5 518	1 292	(60 920)	(67 684)	(55 022)
NETCASH FROM/(USED) INVESTING ACTIVITIES		-	182	-	85 415	5 518	5 518	1 292	(60 920)	(67 684)	(55 022)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	(547)	(248)	-	-	-	(233)	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NETCASH FROM/(USED) FINANCING ACTIVITIES		-	(547)	(248)	-	-	-	(233)	-	-	-
NETINCREASE/ (DECREASE) IN CASH HELD		94 235	450 714	585 391	190 715	32 402	32 402	296 283	(14 062)	(1 283)	1 874
Cash/cash equivalents at the year begin:	2	(1 154)	(554)	129 053	14 349	14 349	14 349	10 202	38 686	24 625	23 341
Cash/cash equivalents at the year end:	2	93 081	450 159	714 445	205 064	46 751	46 751	306 485	24 625	23 341	25 215

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded;
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget; and
3. The cash position will continue to be managed by strict implementation of the credit control policy and cost containment measures.

Table 22 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	93 081	450 159	714 445	205 064	46 751	46 751	306 485	24 625	23 341	25 215
Other current investments > 90 days		(88 906)	(437 073)	(704 243)	(183 430)	(18 118)	(18 118)	(244 549)	-	(0)	(0)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		4 175	13 087	10 202	21 634	28 633	28 633	61 936	24 625	23 341	25 215
Application of cash and investments											
Unspent conditional transfers		1 002	11 290	21 847	12 579	12 579	12 579	65 350	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	227 283	142 464	110 512	(1 301)	9 368	9 368	30 657	(41 086)	(86 421)	(134 521)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		228 285	153 753	132 359	11 278	21 947	21 947	96 006	(41 086)	(86 421)	(134 521)
Surplus(shortfall)		(224 110)	(140 667)	(122 157)	10 356	6 686	6 686	(34 070)	65 710	109 762	159 736

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2021/2022 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
6. The table shows that the budget is funded over the medium term, taking into account the working capital requirements.

Table 23 MBRR Table A9 - Asset Management

R thousand	Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Forecasts			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
CAPITAL EXPENDITURE											
Total New Assets											
	Roads Infrastructure	1	1 067 506	1 116 736	1 132 735	79 670	66 469	66 463	43 196	34 641	26 523
	Storm water Infrastructure		243 545	262 553	262 730	5 725	10 751	10 751	22 392	21 050	5 436
	Electrical Infrastructure		123 908	132 847	132 847	3 463	3 448	3 448	—	—	—
	Water Supply Infrastructure		123 908	121 355	126 515	15 545	13 245	12 145	3 000	5 000	5 000
	Sanitation Infrastructure		207 093	254 505	259 594	16 200	26 200	26 200	3 725	5 000	3 000
	Solid Waste Infrastructure		176 735	190 273	199 554	9 500	4 651	4 651	12 000	—	—
	Rail Infrastructure		25 405	—	—	—	—	—	—	—	—
	Coastal Infrastructure		—	—	—	—	—	—	—	—	—
	Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
	Infrastructure		978 922	1 091 738	1 092 933	87 329	87 404	87 404	41 119	29 691	19 991
	Community Facilities		—	—	—	—	—	—	—	—	—
	Sport and Recreation Facilities		(19 755)	—	—	6 514	4 430	4 430	2 050	—	11 762
	Community Assets		(19 755)	—	—	6 514	4 430	4 430	2 050	—	11 762
	Heritage Assets		—	—	—	—	—	—	—	—	—
	Revenue Generating		—	—	—	—	—	—	—	—	—
	Non-revenue Generating		—	—	—	—	—	—	—	—	—
	Investment properties		—	—	—	—	—	—	—	—	—
	Operational Buildings		—	—	—	—	—	—	—	—	—
	Housing		—	—	—	—	—	—	—	—	—
	Other Assets		—	—	—	—	—	—	—	—	—
	Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
	Services		—	—	—	—	—	—	—	—	—
	Licences and Rights		848	848	407	—	—	—	—	—	—
	Intangible Assets		948	948	407	—	—	—	—	—	—
	Computer Equipment		—	—	—	—	—	—	—	—	—
	Furniture and Office Equipment		1 756	349	1 749	320	140	140	—	—	—
	Machinery and Equipment		1 070	26	604	600	600	600	—	—	—
	Transport Assets		—	—	—	700	495	495	—	—	—
	Land		103 626	103 763	103 763	6 000	3 600	3 600	—	—	—
	Zoos, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Total Renewal of Existing Assets											
	Roads Infrastructure	2	15 744	26 406	26 926	6 600	6 960	6 960	6 664	—	—
	Storm water Infrastructure		—	—	—	—	—	—	—	—	—
	Electrical Infrastructure		—	—	—	—	—	—	—	—	—
	Water Supply Infrastructure		—	—	—	5 500	5 500	5 500	6 664	—	—
	Sanitation Infrastructure		—	—	—	—	—	—	—	—	—
	Solid Waste Infrastructure		—	26 406	26 926	—	—	—	—	—	—
	Rail Infrastructure		—	—	—	—	—	—	—	—	—
	Coastal Infrastructure		—	—	—	—	—	—	—	—	—
	Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
	Infrastructure		15 744	26 406	26 926	6 600	6 960	6 960	6 664	—	—
	Community Facilities		—	—	—	—	—	—	—	—	—
	Sport and Recreation Facilities		(19 755)	—	—	6 509	6 509	6 509	6 664	—	—
	Community Assets		(19 755)	—	—	6 509	6 509	6 509	6 664	—	—
	Heritage Assets		—	—	—	—	—	—	—	—	—
	Revenue Generating		—	—	—	—	—	—	—	—	—
	Non-revenue Generating		—	—	—	—	—	—	—	—	—
	Investment properties		—	—	—	—	—	—	—	—	—
	Operational Buildings		—	—	—	—	—	—	—	—	—
	Housing		—	—	—	—	—	—	—	—	—
	Other Assets		—	—	—	—	—	—	—	—	—
	Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
	Services		—	—	—	—	—	—	—	—	—
	Licences and Rights		—	—	—	—	—	—	—	—	—
	Intangible Assets		—	—	—	—	—	—	—	—	—
	Computer Equipment		—	—	—	—	—	—	—	—	—
	Furniture and Office Equipment		—	—	—	—	—	—	—	—	—
	Machinery and Equipment		—	—	—	—	—	—	—	—	—
	Transport Assets		—	—	—	—	—	—	—	—	—
	Land		—	—	—	—	—	—	—	—	—
	Zoos, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Total Upgrading of Existing Assets											
	Roads Infrastructure	3	62 678	—	(1 632)	5 346	7 193	7 193	11 061	33 042	23 135
	Storm water Infrastructure		9 507	—	—	—	—	—	—	—	—
	Electrical Infrastructure		—	—	—	—	—	—	—	—	—
	Water Supply Infrastructure		71 545	—	5 329	2 687	508	508	5 494	—	—
	Sanitation Infrastructure		14 922	—	(7 481)	—	—	—	1 203	26 446	22 095
	Solid Waste Infrastructure		—	—	—	—	—	—	1 363	—	7 044
	Rail Infrastructure		—	—	—	—	—	—	—	—	—
	Coastal Infrastructure		—	—	—	—	—	—	—	—	—
	Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
	Infrastructure		62 678	—	(1 632)	5 346	7 193	7 193	11 061	33 042	23 135
	Community Facilities		—	—	—	—	—	—	—	—	—
	Sport and Recreation Facilities		(33 669)	—	—	5 375	5 509	5 509	5 509	11 061	22 042
	Community Assets		(33 669)	—	—	5 375	5 509	5 509	5 509	11 061	22 042
	Heritage Assets		(22 999)	—	—	—	—	—	—	—	—
	Revenue Generating		—	—	—	—	—	—	—	—	—
	Non-revenue Generating		—	—	—	—	—	—	—	—	—
	Investment properties		—	—	—	—	—	—	—	—	—
	Operational Buildings		—	—	—	—	—	—	—	—	—
	Housing		—	—	—	—	—	—	—	—	—
	Other Assets		—	—	—	—	—	—	—	—	—
	Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
	Services		—	—	—	—	—	—	—	—	—
	Licences and Rights		848	848	407	—	—	—	—	—	—
	Intangible Assets		948	948	407	—	—	—	—	—	—
	Computer Equipment		—	—	—	—	—	—	—	—	—
	Furniture and Office Equipment		—	—	—	—	—	—	—	—	—
	Machinery and Equipment		—	—	—	—	—	—	—	—	—
	Transport Assets		—	—	—	—	—	—	—	—	—
	Land		—	—	—	—	—	—	—	—	—
	Zoos, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Total Capital Expenditure											
	Roads Infrastructure	4	1 145 729	1 143 191	1 135 161	85 416	79 613	79 613	60 860	67 684	55 025
	Storm water Infrastructure		233 455	262 553	262 730	5 725	10 751	10 751	22 392	21 050	5 436
	Electrical Infrastructure		123 908	132 847	132 847	3 463	3 448	3 448	—	—	—
	Water Supply Infrastructure		123 908	121 355	126 515	15 545	13 245	12 145	3 000	5 000	5 000
	Sanitation Infrastructure		207 093	254 504	259 594	16 200	26 200	26 200	3 725	5 000	3 000
	Solid Waste Infrastructure		191 720	190 273	192 133	9 500	4 651	4 651	13 203	26 446	22 095
	Rail Infrastructure		25 405	—	35 925	500	—	—	1 363	8 593	7 044
	Coastal Infrastructure		—	—	—	—	—	—	—	—	—
	Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
	Infrastructure		978 929	1 091 742	1 092 927	86 702	87 399	87 399	41 119	29 691	19 991
	Community Facilities		—	—	—	—	—	—	—	—	—
	Sport and Recreation Facilities		(19 755)	—	—	6 514	4 430	4 430	2 050	—	4 500
	Community Assets		(19 755)	—	—	6 514	4 430	4 430	2 050	—	4 500
	Heritage Assets		—	—	—	—	—	—	—	—	—
	Revenue Generating		—	—	—	—	—	—	—	—	—
	Non-revenue Generating		—	—	—	—	—	—	—	—	—
	Investment properties		—	—	—	—	—	—	—	—	—
	Operational Buildings		—	—	—	—	—	—	—	—	—
	Housing		—	—	—	—	—	—	—	—	—
	Other Assets		—	—	—	—	—	—	—	—	—
	Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
	Services		—	—	—	—	—	—	—	—	—
	Licences and Rights		848	848	407	—	—	—	—	—	—
	Intangible Assets		948	948	407	—	—	—	—	—	—
	Computer Equipment		—	—	—	—	—	—	—	—	—
	Furniture and Office Equipment		—	—	—	—	—	—	—	—	—
	Machinery and Equipment		—	—	—	—	—	—	—	—	—
	Transport Assets		—	—	—	—	—	—	—	—	—
	Land		—	—	—	—	—	—	—	—</	

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. The table shows that all the capital allocations are for new assets.
3. National Treasury has recommended that municipalities should allocate at least 40% of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 10% of PPE or 8.6% of the total value of PPE .
4. As noted in the previous reporting financial year, the Council has noted with concern the current level of allocation for renewal of assets and maintenance. For this reason, the Technical Services Department has developed an Assets Renewal Strategy and a repairs and maintenance plan that will inform all future allocation decisions on repairs and maintenance.

Table 24 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Household service targets	1									
Water:										
Piped water inside dwelling		14 073	14 073	14 073	14 073	14 073	14 073	14 073	14 073	14 073
Piped water inside yard (but not in dwelling)		855	855	855	855	855	855	855	855	855
Using public tap (at least min.service level)	2	3 136	3 136	3 136	3 136	3 136	3 136	3 136	3 136	3 136
Other water supply (at least min.service level)	4	4	4	4	4	4	4	4	4	4
<i>Minimum Service Level and Above sub-total</i>		18 068	18 068	18 068	18 068	18 068	18 068	18 068	18 068	18 068
Using public tap (< min.service level)	3	—	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	4	9 868	9 868	9 868	8 268	8 268	8 268	6 668	5 268	5 268
No water supply		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		9 868	9 868	9 868	8 268	8 268	8 268	6 668	5 268	5 268
Total number of households	5	27 936	27 936	27 936	26 336	26 336	26 336	24 736	23 336	23 336
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		14 928	14 928	14 928	14 928	14 928	14 928	14 928	14 928	14 928
Flush toilet (with septic tank)		855	855	855	855	855	855	855	855	855
Chemical toilet		—	—	—	—	—	—	—	—	—
Pit toilet (ventilated)		951	951	951	951	951	951	951	951	951
Other toilet provisions (> min.service level)		1 334	1 334	1 334	1 334	1 334	1 334	1 334	1 334	1 334
<i>Minimum Service Level and Above sub-total</i>		18 068	18 068	18 068	18 068	18 068	18 068	18 068	18 068	18 068
Bucket toilet		—	—	—	—	—	—	—	—	—
Other toilet provisions (< min.service level)		12 068	12 068	12 068	11 000	11 000	11 000	10 200	9 800	9 800
No toilet provisions		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		12 068	12 068	12 068	11 000	11 000	11 000	10 200	9 800	9 800
Total number of households	5	30 136	30 136	30 136	29 068	29 068	29 068	28 268	27 868	27 868
Energy:										
Electricity (at least min.service level)		577	577	577	577	577	577	577	577	577
Electricity - prepaid (min.service level)		14 556	14 766	14 766	15 126	15 126	15 126	15 426	15 845	15 845
<i>Minimum Service Level and Above sub-total</i>		15 133	15 343	15 343	15 703	15 703	15 703	16 003	16 422	16 422
Electricity (< min.service level)		—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)		—	—	—	—	—	—	—	—	—
Other energy sources		2 725	2 725	2 725	2 365	2 365	2 365	2 065	2 065	2 065
<i>Below Minimum Service Level sub-total</i>		2 725	2 725	2 725	2 365	2 365	2 365	2 065	2 065	2 065
Total number of households	5	17 858	18 068	18 068	18 068	18 068	18 068	18 068	18 487	18 487
Refuse:										
Removed at least once a week		16 300	16 300	16 300	16 450	16 450	16 450	16 600	16 600	16 600
<i>Minimum Service Level and Above sub-total</i>		16 300	16 300	16 300	16 450	16 450	16 450	16 600	16 600	16 600
Removed less frequently than once a week		—	—	—	—	—	—	—	—	—
Using communal refuse dump		2 350	2 350	2 350	2 350	2 350	2 350	2 350	2 350	2 350
Using own refuse dump		—	—	—	—	—	—	—	—	—
Other rubbish disposal		—	—	—	—	—	—	—	—	—
No rubbish disposal		1 095	1 095	1 095	1 095	1 095	1 095	1 095	1 095	1 095
<i>Below Minimum Service Level sub-total</i>		3 445	3 445	3 445	3 445	3 445	3 445	3 445	3 445	3 445
Total number of households	5	19 745	19 745	19 745	19 895	19 895	19 895	20 045	20 045	20 045
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		4 204	4 633	4 753	4 225	4 225	4 225	4 647	4 647	4 647
Sanitation (free minimum level service)		4 260	4 677	4 793	4 241	4 241	4 241	4 665	4 665	4 665
Electricity/other energy (50kwh per household per month)		2 939	2 947	3 324	3 411	3 411	3 411	3 752	3 752	3 752
Refuse (removed at least once a week)		4 307	4 709	4 829	4 262	4 262	4 262	4 688	4 688	4 688
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		—	6 050	6 770	7 704	7 704	7 704	8 011	8 332	8 665
Sanitation (free sanitation service to indigent households)		—	9 563	10 008	11 137	11 137	11 137	11 471	11 930	12 407
Electricity/other energy (50kwh per indigent household per month)		—	2 736	2 736	10 984	10 984	10 984	11 424	11 881	12 356
Refuse (removed once a week for indigent households)		—	3 692	3 873	4 311	4 311	4 311	4 483	4 663	4 849
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		—	—	—	—	—	—	—	—	—
Total cost of FBS provided		—	22 041	23 387	34 136	34 136	34 136	35 390	36 805	38 277
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)			6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)			50	50	50	50	50	50	50	50
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		—	—	—	—	—	—	—	—	—
Water (in excess of 6 kilolitres per indigent household per month)		—	—	—	—	—	—	—	—	—
Sanitation (in excess of free sanitation service to indigent households)		—	—	—	—	—	—	—	—	—
Electricity/other energy (in excess of 50 kwh per indigent household per month)		—	—	—	—	—	—	—	—	—
Refuse (in excess of one removal a week for indigent households)		—	—	—	—	—	—	—	—	—
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided	6	—	—	—	—	—	—	—	—	—

Explanatory notes to Table A10 - Basic Service Delivery Measurement

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

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

2.1.1 Overview of the annual IDP/ budget process

In terms of the MFMA (Act no 56 of 2003), 16. (1) The council of a 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 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 the budget year

This Medium-Term Revenue and Expenditure Framework (MTREF) Report for the 2021/2022 to 2023/2024 financial years deals with the operating budget and tariff proposals as well as the capital budget and funding sources proposals to ensure that Bela-Bela Local Municipality renders services to its local community in a sustainable manner.

The MTREF Report starts with a discussion of the legislative requirements to which the Municipality must adhere to, the MFMA budget circulars with directives issued by National Treasury, the budget related policies of Council and budget assumptions for next three financial years based on these documents and assumed economic trends. A high-level summary of the operating and capital budget followed with appropriate recommendations. Supporting information in the form of appendices, annexures and tables will form part of this report.

Circular 99 as issued by National Treasury highlighted one key area which require serious consideration by all Municipality which relate to institutional challenges and mismanagement that result in service delivery failures, bad debt accumulation, limited cash flows and consequent non-payment of creditors. Furthermore, circular 107 and 108 has outlined key issues especially pertaining to the current economic status of the country.

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

2.1.2. Budget Process Overview

The preparation of a reviewed IDP/ Budget is based on a Process Plan, which Bela-Bela Local Municipality adopted in terms of the MFMA. The Plan establishes a firm foundation for the alignment of the IDP and budget preparation processes. This plan included the following: -

- a programme specifying the time frames for the different planning steps;
- appropriate mechanisms, processes and procedures for consultation and participation of local communities, organs of state, traditional authorities, and other role players in the IDP finalizing process;
- an indication of the organisational arrangements for the IDP process;
- binding plans and planning requirements, i.e. policy and legislation;

The objectives of the Process Plan are as follows:

- to guide decision making in respect of service delivery and public sector investment;
- to inform budgets and Service delivery programs of various government departments and service agencies; and
- to coordinate the activities of various service delivery agencies within Bela-Bela Local Municipality.

There were no deviations from the key dates set out on circular 86.

2.2. IDP and Service Delivery and Budget Implementation Plan

Municipality IDP for 2021/2022 is on its fifth-year term since the council was sworn in during 2016. The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Revision of the IDP, and
- The review of the performance management and monitoring processes.

The new IDP has been considered for deliberation with all other stakeholders, such as community, provincial treasury and national treasury.

With the compilation of the 2021/2022 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2021/2022 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.2.1. Service Level Standards

MFMA circular No. 72 indicated that all municipalities must formulate service level standards which must form part of each tabled MTREF budget documentation. The services level standard will be able to monitor the level in which service delivery is achieved by each department.

Service level standard details the expectation which each department need to achieve in order to successfully attain service delivery to the community.

Bela-Bela Local Municipal will continue to implement service level standard in the 2021/2022 budget year. Bellow table summarise only key services delivery standard (For a full services delivery standard can be provided on a separate document)

Table 25: Service level standards

Standard	Key Service level
Solid Waste Removal	Street Cleaning Frequency in CBD (Once a week)
	How soon are public areas cleaned after events (24hours)
	Clearing of illegal dumping (24hours)
Water Service	Water Quality rating (Blue Drop 71%)
	Is free water available to all? (All/only to the indigent consumers)
	Frequency of meter reading? (Once per month,)
Electricity Service	Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)
	How long does it take to replace faulty meters? (seven days)
	How effective is the action plan in curbing line losses? (Good/Bad)
Sewerage Service	How long does it take to restore sewerage breakages on average
	Severe overflow? (hours)
	Sewer blocked pipes: Large pipes? (Hours)
	Sewer blocked pipes: Small pipes? (Hours)
	Spillage clean-up? (hours)
	Replacement of manhole covers? (Hours)
Road Infrastructure Services	Time taken to repair a single pothole on a major road? (Hours)
Property valuations	How long does it take on average from completion to the first account being issued? (one month/three months or longer)
Financial Management	Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease)
	How long does it take to finalise a tender after closing date (5 working days)
Administration	Reaction time on enquiries and requests?
	Time to respond to a verbal customer enquiry or request? (immediately / one working days)
	Time to respond to a written customer enquiry or request? (7 working days)
	Time to resolve a customer enquiry or request? (2 working days)
	What percentage of calls are not answered? (5%)
Community safety and licensing services	How long does it take to register a vehicle? (minutes)
Economic development	How many economic development projects does the municipality drive?
Other Service delivery and communication	Does the municipality have training or information sessions to inform the community? (Yes)

2.3 Community Consultation

The draft 2021/2022 MTREF as tabled before Council on 30 March 2021 for community consultation is planned for publication on the municipality's website and made available to all the relevant stakeholder. The President of the country placed the country under level 1 lockdown due to COVID-19 pandemic which discourages grouping of more than 250 people at same venue.

2.4 Overview of alignment of annual budget with IDP

Bellow table provide overview alignment of the 2021/2022 budget to IDP.

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

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

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

It is important that the IDP developed by the municipality correlate with National Development Plan as well as National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent manner to improve the quality of life for all the people living in that area. Applied to the Bela-Bela Local municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

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

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (PGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIS);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the final IDP's five strategic objectives for the 2021/2022 MTREF and further planning refinements that have directly inform this plan.

Table 26: IDP Strategic Objectives

TASK/ACTIVITY	RESPONSIBILITY	Close-off 2017/18	Close-off 2018/19	2020/21 Budget
		FINANCIAL YEAR	FINANCIAL YEAR	TIME FRAME
PREPARATION PHASE				
Table in Council a budget and IDP time schedule of key deadlines (Every year – at least 10 months before the start of the budget year)	OFFICE OF THE MM/BTO			• 31 July 2020
• District IDP Managers Forum (Activity alignment – coordinated by WDM – IDP Head)	OFFICE OF THE MM			• August 2020
• IDP/PMS/Budget Process workshop for new ward committees	• OFFICE OF THE MM /BTO			• September 2020
• Submission of the time schedule to the Provincial Treasury, National Treasury and Coghsta	• OFFICE OF THE MM /BTO			• August 2020
• Place public notice on the IDP/Budget time schedule approval	• OFFICE OF THE MM /BTO			• August 2020
1st IDP Review/Budget Steering Committee Meeting	OFFICE OF THE MM			12 September 2020
• 1st IDP Review/Budget/LED Representative Forum	OFFICE OF THE MM			• 13 September 2020
ANALYSIS, STRATEGY AND PROJECT PHASE				
Identification of Gaps, Stakeholder Registration, and Information Gathering	OFFICE OF THE MM			• 27 September 2020
• Review status of Capital Projects on Capital wish list + current 3 year MTREF	• BTO			• September 2020

Managers for respective departments receive wish list of previous project requests for ward committees/ward councilors to review	BTO			• September 2020
• Distribute Capital Projects template to all managers to complete for existing projects on the two outer years, prioritise outer year (2017/21 and new projects in exceptional circumstances)	BTO			• September 2020
Provincial Development Planning Forum	<ul style="list-style-type: none"> Local/Provincial alignment – Quarter 2 Provincial engagement – OFFICE OF THE MM 			• 13 December 2020
• Ward committees meet to review current needs	• OFFICE OF THE MM			• September 2020
Managers for the respective departments submit ward request based on review of current needs identification	• Managers			• October 2020
• 2nd IDP Review/Budget Steering Committee Meeting	• OFFICE OF THE MM			• 19 November 2020
• 2nd IDP Review/Budget/LED Representative Forum	• OFFICE OF THE MM			• 14 November 2020
• Managers submit completed capital projects template on the 2018/2020 MTREF Capital Budget	• Managers			• October 2020
• Budget Steering Committee Meeting – direction on proposed tariff increases & increases in revenue, expenditure and capital	• BTO			• October 2020
• Managers to review existing 3 year MTREF capital project and submit completed Capital project templates with priorities to BTO	• Managers			• October 2020
• BTO sends Tariff lists to managers for review	BTO			• October 2020
• Top management meeting to discuss budget proposals and budget affordability	• OFFICE OF THE MM BTO			• November 2020

• Based on the Budget Steering Committee meeting directive, ward committees meet to priorities their ward requests	• OFFICE OF THE MM /BTO			• November 2020
Mayoral Roadshow	• OFFICE OF THE MM /BTO			• November 2020
• Managers of respective departments to submit prioritised ward requests to the BTO	• Managers			• November 2020
3rd IDP Review/Budget Steering Committee Meeting	OFFICE OF THE MM			March 2021
• 3rd IDP Review/Budget/LED Representative Forum	OFFICE OF THE MM			March 2021
INTEGRATION PHASE				
• Budget Steering Committee Meeting – To discuss & review capital budget request (Round 1)	• BTO			• November 2020
• Managers to submit proposed tariffs to BTO	• Managers			• November 2020
• BTO/PED distributes prioritized ward requests to managers for ward committee's final verification	• BTO			• November 2020
Workshop on tariffs and tariff related policies	BTO			• November 2020
• Budget Office sends summarized capital budget requests to managers for review •	BTO			• November 2020
Ward Committees/Councillors meet for final confirmation of their ward request	OFFICE OF THE MM /BTO			• December 2020
Budget Steering Committee Meeting - Mid Year Review and Performance Assessment (2017/18 Budget): Capex including Draft 2018 – 2021 Capital budget request (Round 2)	• OFFICE OF THE MM /BTO			• January 2021
• Managers to review 2018/2019 – 2020/2021 Opex requests from managers on the new budget programme	Managers			• January 2021

Managers to submit new post request to HR	Managers			• January 2021
• Managers to submit 2018/19 – 2020/2021 Opex requests to BTO	Managers			• January 2021
• BTO to submit draft tariff list and proposed revenue	• BTO			• January 2021
• District IDP Managers Forum (Activity alignment – coordinated by WDM – IDP Head)	• PED			• January 2021
• Budget Office to distribute Opex performance including Draft 2018 – 2019 Opex	• BTO			• January 2021
• Provincial Development Planning Forum	• Local/Provincial alignment – Quarter 3 Provincial engagement – PED			• TBC by Office of the Premier
• Budget Steering Committee Meeting – Mid Year Review and Performance Assessment (2017/18 Budget): Opex performance including Draft 2018/2019 Opex	• OFFICE OF THE MM /BTO •			• January 2021
• BTO distributes all Mid-Year Review (Capex & Opex) changes & Draft Capex & Opex budget request to managers	• BTO			• January 2021
• Compilation of Mid-Year Review Report (2017 – 18)	• OFFICE OF THE MM /BTO			• January 2021
• Submit Mid-Year Review Report to the Mayor	• OFFICE OF THE MM /BTO			• January 2021
• Table Mid-Year Review Report & Draft Annual Report in Council •	• OFFICE OF THE MM /BTO			• 31 st January 2021 •
• Budget Steering Committee Meeting – Final discussion on Tariffs & Final Adjustment Budget Review (2017/2018 Budget) •	• OFFICE OF THE MM /BTO			• February 2021
• BTO distributes all operational budget request to managers for final verification	• OFFICE OF THE MM /BTO •			• February 2021

• BTO determines final revenue projections & tariffs and Review of Budget related policies	• OFFICE OF THE MM /BTO •			• February 2021
• Strategic Planning Session – for discussion on preliminary budget proposals and IDP review focus areas for 2019/20	• OFFICE OF THE MM /BTO			27 th Feb – 01 March 2021
• Compile Adjustment Budget (2018/2019): NT Reports and circulars	• OFFICE OF THE MM /BTO			February 2021
• Budget Steering Committee Meeting – to discuss & review Opex, Capex, new posts, revenue projections & filling of vacancies for determination of salary contingency	• BTO/TM/TG&BT Sub-committee •			February 2021
• Provincial Development Planning Forum •	• Local/Provincial alignment – Quarter 4 • Provincial engagement – PED			February 2021
• Start with the compilation of Draft SDBIP (2019/20)	• OFFICE OF THE MM /BTO			February 2021
• Final Review of 2019/20 Adjustment Budget documents	• BTO			February 2021
• Managers return final operational and capital budget including the statistical information with final sign off to verify information submitted	• Managers •			February 2021
• BTO to finalise Draft tariffs & revenue projections	• BTO			February 2021
• Managers to submit final policies to CFO	• Managers			February 2021
• Submit Electricity Tariffs to NERSA	• BTO •			February 2021
• Managers to submit Activity/Business Plans for Grants to BTO	• Managers •			• March 2021
• Finalise the draft IDP Review/Budget 2019/20	• OFFICE OF THE MM /BTO			• March 2021

• BTO does final review of Draft Budget Report & Schedules	• BTO			• March 2021
• BTO distributes Draft Budget Report	• BTO			• March 2021
• BTO March 2020 Draft IDP/Budget tabled in Council	• OFFICE OF THE MM /BTO			• 31st March 2021
• 2016/17 Oversight Report tabled at Council by MPAC	• OFFICE OF THE MM /BTO			• 31st March 2021
• Advertise Draft IDP & Budget for public comments	• OFFICE OF THE MM /BTO			April 2021
CONSULTATION & APPROVAL PHASE				
Mayoral Road-shows	• Mayor			• 02 April 2020 – 25 April 2021
• Electronic Draft IDP/Budget files submitted to PT, Coghsa and NT after Council meeting	• OFFICE OF THE MM /BTO			• April 2021
• Submission of Annual Draft Budget and IDP for representation to PT, Coghsa and NT	• OFFICE OF THE MM /BTO			• April 2021
• Managers to submit Demand Management Plans to SCM	• Managers			• April 2021
• Provincial Budget Assessment	• PT/Municipal Delegation			• TBC by the PT
• Summarise all community feedback and distribute to the relevant stakeholders for consideration to be included in the Final Budget report	OFFICE OF THE MM /BTO			• May 2021
• 4th IDP Review/Budget Steering Committee Meeting	OFFICE OF THE MM			• May 2021

• 4th IDP Review/Budget/LED Representative Forum	OFFICE OF THE MM			• May 2021
• Budget Steering Committee Meeting – consideration of Budget Comments (Review Budget comments to make decision on comments)	• BTO/TM/TG&BT Sub-committee			• May 2021
• BTO compile final Budget Report and Schedules	• BTO			• May 2021
• Approval of IDP/Budget/PMS Framework by Council	• OFFICE OF THE MM /BTO			• May 2021
IMPLEMENTATION PHASE				
Place Final IDP Review/Budget documents on the website	OFFICE OF THE MM /BTO			June 2021
Advertise Final IDP Review/Budget and Tariffs in the media	OFFICE OF THE MM /BTO			June 2021
Submission of Final Budget and IDP to NT, PT and Coghsta	OFFICE OF THE MM /BTO			June 2021
Municipal Manager submits SDBIP to Mayor	OFFICE OF THE MM			June 2021
Publish a summary of Budget	BTO			June 2021
Approval of SDBIP by the Mayor	Mayor			June 2021
Finalise and approval of the performance agreements of the S54A and S56 appointees	OFFICE OF THE MM /BTO /Mayor			July 2021
REPORTING AND REVIEW				
Monthly Budget statement to Municipal Manager and Mayor	BTO		June 2020	June 2021
Quarterly Reporting by Mayor to Council	Mayor		October 2019, January 2020, April 2020, July 2020	October 2020, January 2021, April 2021, July 2021

Table adjustments Budget	BTO		February 2020	February 2021
Finalise Roll Over Projects	BTO		31ST July 2019	31st July 2021
Table Adjustments Budget for approval of Roll over projects	BTO		March 2019	
Table in Council Draft unaudited Annual Performance Report/AFS	OFFICE OF THE MM		August 2019	August 2020
Submission of the AFS to AG	BTO		30TH August 2019	30th August 2020
Submit Draft audited Annual Report to Council	OFFICE OF THE MM		25 January 2020	25 January 2021
Submit Adjustment Budget, if necessary	OFFICE OF THE MM		30th March 2020	30th March 2021
Final Annual Report Comments and Approval	OFFICE OF THE MM		February 2020 to March 2020	February 2020 to March 2021

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

2.5 Free Basic Services: basic social services package for households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. Indigent households receive free basic water of 6kl and 50 kwh of electricity per month. For the 2021/2022 financial year 5,000 registered indigents have been provided for in the budget. The figure was depicted based on baseline of actually registered indigent 4838 during 2021/2022 financial period. The threshold for qualification as an indigent is the pension of two people in a household, i.e. R3,800 per month. Indigent households must approach the municipality and provide the required documentation.

2.6 Providing clean water and managing waste water

Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and Magalies Water is the water services provider.

Approximately 50% of the Municipality's bulk water needs are provided by Magalies Water in the form of purified water. The remaining 50% is generated from the Municipality's own water sources, such as boreholes and the dams.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Bela-Bela Local Municipality has in past achieved an acceptable score of 71.07% during Blue Drop Certification Programme for its only Water Treatment Plant in the 2013/14 financial year. Municipality is currently under review to assess the level of its Blue Drop.

The following is briefly the main challenges facing the Municipality as indicated as route course on the blue drop outcome:

- Shortage of skilled personnel makes proper operations and maintenance difficult; and
- Aging infrastructure.

2.7 Measurable performance objectives and indicators

The table below shows the key measurable financial indicators of the Bela-Bela Local Municipality. With time permitting and availability of information, these indicators will be benchmarked against the indicators of other municipalities of similar type, size and functions.

Table 27 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.4%	1.9%	2.7%	3.0%	1.1%	1.1%	0.2%	2.9%	2.9%	2.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	6.1%	2.8%	4.3%	3.7%	1.5%	1.5%	0.2%	3.8%	3.7%	3.6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex.cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	(0.3)	0.3	0.4	1.1	1.1	1.1	0.7	1.6	2.0	2.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 day s/current liabilities	(0.3)	0.3	0.4	1.1	1.1	1.1	0.7	1.6	2.0	2.4
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.1	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.1%	27.0%	92.3%	92.2%	92.2%	62.9%	85.0%	85.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	27.0%	92.3%	92.2%	92.2%	62.9%	85.0%	85.0%	85.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	-26.5%	13.0%	26.5%	29.9%	29.3%	29.3%	45.3%	49.1%	58.0%	66.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		238.3%	32.3%	21.3%	56.6%	270.2%	270.2%	42.5%	567.8%	599.0%	554.5%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	11018423	12050216	11837340							
	Total Cost of Losses (Rand '000)	13 715	17 416	9 344							
	% Volume (units purchased and generated less units sold)/units purchased and generated	12%	14.0%	13.0%							
Water Distribution Losses (2)	Total Volume Losses (kℓ)	473	709	653							
	Total Cost of Losses (Rand '000)	3273324	4087618	6259385							
	% Volume (units purchased and generated less units sold)/units purchased and generated	23%	24.0%	21.0%							
Employee costs	Employee costs/(Total Revenue - capital revenue)	36.3%	34.3%	39.8%	32.3%	32.8%	32.8%	34.3%	33.8%	32.1%	32.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	38.4%	36.4%	41.7%	0.0%	34.6%	34.6%		35.7%	33.9%	34.2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	1.9%	4.7%	2.5%	2.4%	5.6%	5.6%		5.8%	5.7%	5.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	22.6%	10.7%	11.3%	10.4%	8.6%	8.6%	0.2%	10.6%	10.6%	10.9%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	1 774.9	119.1	342.9	342.9	342.9	170.0	229.2	181.6	194.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	-40.6%	19.7%	39.7%	44.0%	44.4%	44.4%	73.2%	72.4%	86.1%	97.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.5	17.2	23.1	6.8	1.5	1.5	14.7	0.8	0.7	0.7

2.8 Overview of budget related policies

In Table 28 below, the relevant budget related policies are set out.

Policies				
No	Policy Description	Date Reviewed/ Developed	Status	Comment
1	Credit Control and Debt Collection Policy	Mar 2020	In use	With effect from 01/07/2021
2	Property Rates Policy	Mar 2020	In use	With effect from 01/07/2021
3	Assets Management Policy	Mar 2020	In use	With effect from 01/07/2021
4	Indigent Policy	Mar 2020	In use	With effect from 01/07/2021
5	Borrowing framework policy	Mar 2020	In use	With effect from 01/07/2021
6	Budget Implementation and Monitoring Policy	Mar 2020	In use	With effect from 01/07/2021
7	Cash Management and Investment Policy	Mar 2020	In use	With effect from 01/07/2021
8	Funding Reserves Policy	Mar 2020	In use	With effect from 01/07/2021
9	Prioritisation Model for Capital Assets Investment	Mar 2020	In use	With effect from 01/07/2021
10	Policy on Infrastructure Investment and Capital Projects	Mar 2020	In use	With effect from 01/07/2021
11	Policy on Long Term Financial Planning policy	Mar 2020	In use	With effect from 01/07/2021
12	Policy on Provision for doubtful debts and writing off of irrecoverable debts	Mar 2020	In use	With effect from 01/07/2021
13	Principles and Policy on Tariffs	Mar 2020	In use	With effect from 01/07/2021
14	Petty Cash Policy	Mar 2020	In use	With effect from 01/07/2021
15	Supply Chain Management Policy	Mar 2020	In use	With effect from 01/07/2021

16	Expenditure Management Policy	Mar 2020	In use	With effect from 01/07/2021

Amendments

Supply Chain management policy;

The main amendments to the Supply Chain Management Policy include the alignment with the Supply Chain Management regulations.

Indigent policy;

Reviewed to align it to current circumstance of the indigent such as qualifying criteria.

Tariff Policy;

There are no major changes in the tariff policy other than the annual increment as recommended by National Treasury, NERSA and Magalies Water.

2.9 Overview of budget assumptions

Table below provide the budget assumptions issues which depict the next two years assumed percentage increases.

Council's wage bill, bulk purchases and capital charges constitutes majority on our operating budget expenditure. Council have very little control over them since the cost of living salary increases are determined at a higher authority (Bargaining Council level); bulk electricity purchases by NERSA; bulk water purchase by Magalies; and, interest on loans to be set by borrowing authorities (Financial Institutions).

The cost of living and notch increases on the wage bill amounted to an average of 3%.

The MFMA Budget Circular 108, dated March 2021, advises of the following CPI increases:

Table 29: CPI Inflation

Fiscal year	2021/22	2022/23
CPI Inflation	3.9%	4.2%

This means that any increases above the 3.9% (inflation target) should be motivated in the budget, considering cost reflective tariffs, affordability and indigents.

The estimated operating revenue stream increases are projected to fund the operating budget expenditure. It must be emphasised that to balance the operating budget, senior management

had to cut material amount worth of operating expenditure requests that exceeded the affordable and sustainable revenue streams.

The revenue streams increases/decreases for 2021/2022 compared to adjusted budget are as follows:

Table 30: 2021/2022 revenue increases vs 2021/2022 adjusted budget

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue By Source											
Property rates	2	62 003	68 761	74 792	94 479	92 979	92 979	59 903	92 979	91 002	95 097
Service charges - electricity revenue	2	103 786	109 446	115 233	147 928	146 428	146 428	84 129	145 501	158 450	172 552
Service charges - water revenue	2	25 122	27 255	31 806	32 060	32 060	32 060	27 428	38 874	42 334	46 101
Service charges - sanitation revenue	2	15 101	15 479	17 855	17 905	17 905	17 905	15 350	18 603	19 385	20 238
Service charges - refuse revenue	2	7 260	7 596	8 585	8 765	8 765	8 765	7 207	9 107	9 490	9 907
Rental of facilities and equipment		1 216	1 376	1 412	1 728	1 528	1 528	1 023	1 588	1 873	1 952
Interest earned - external investments		742	1 764	1 719	2 363	1 000	1 000	83	1 247	1 500	2 000
Interest earned - outstanding debtors		9 103	11 024	12 111	13 730	13 730	13 730	9 136	14 265	14 879	15 504
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		15 611	6 224	6 671	10 200	8 200	8 200	352	8 520	8 878	9 268
Licences and permits		-	1 241	1 415	5 172	5 172	5 172	6 010	5 800	6 044	6 310
Agency services		-	2 497	3 490	-	-	-	-	-	-	-
Transfers and subsidies		77 791	85 053	94 046	103 274	119 389	119 389	103 869	108 804	115 307	116 576
Other revenue	2	7 859	7 909	6 369	8 593	7 093	7 093	1 422	7 370	9 312	9 704
Gains		3 592	2 820	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		329 187	348 445	375 504	446 198	454 250	454 250	315 912	452 658	478 452	505 209

Council is sensitive to the affordability and sustainability of the tariffs to be imposed. We carefully monitor the payment and collection rates. Through the financial support and incentives envisaged through our new budget related policies developed we are hopeful that the payment rate will increase to over 85% over the next 12 months.

2.9.1 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2021/2022 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Bela-Bela's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee and Councillor related costs comprise 35% of total operating expenditure in the 2021/2022 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.9.2. Employee cost

Table 31 below depicts the break-down of employee related costs.

Table 31 MBRR Table SA22 - Summary of Employees and Councillors remuneration

Summary of Employee and Councillor remuneration	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		5 995	–	2 180	–	–	–	–	–	–
Pension and UIF Contributions		351	923	501	–	472	472	500	496	521
Medical Aid Contributions		94	116	343	–	498	498	528	523	549
Motor Vehicle Allowance		–	–	–	–	–	–	–	–	–
Cellphone Allowance		246	773	755	–	785	785	832	824	865
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		183	5 552	3 292	–	6 480	6 480	6 869	6 805	7 145
Sub Total - Councillors		6 869	7 364	7 072	–	8 235	8 235	8 729	8 647	9 079
% increase	4		7.2%	(4.0%)	(100.0%)	–	–	6.0%	(0.9%)	5.0%
Senior Managers of the Municipality										
Basic Salaries and Wages		1 462	2 918	1 339	–	636	636	3 649	3 667	3 905
Pension and UIF Contributions		7 170	498	411	–	584	584	730	733	781
Medical Aid Contributions		(287)	285	108	–	139	139	69	69	73
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	563	131	–	–	–	–	–	–
Motor Vehicle Allowance	3	253	1 307	457	–	558	558	1 628	1 636	1 742
Cellphone Allowance	3	(939)	166	146	–	139	139	222	223	238
Housing Allowances	3	–	–	–	–	–	–	–	–	–
Other benefits and allowances	3	(8)	–	0	–	–	–	–	–	–
Payments in lieu of leave		368	–	–	–	–	–	–	–	–
Long service awards		137	41	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		8 157	5 779	2 591	–	2 057	2 057	6 298	6 328	6 739
0	0		(29.1%)	(55.2%)	(100.0%)	–	–	206.2%	0.5%	6.5%
Other Municipal Staff										
Basic Salaries and Wages		70 570	70 639	78 521	–	97 011	97 011	96 686	97 142	103 456
Pension and UIF Contributions		7 609	14 177	15 570	–	15 390	15 390	15 339	15 411	16 413
Medical Aid Contributions		6 085	6 210	6 961	–	9 113	9 113	9 083	9 125	9 718
Overtime		(2 793)	259	264	–	–	–	–	–	–
Performance Bonus		5 424	5 739	6 126	–	6 710	6 710	6 688	6 719	7 156
Motor Vehicle Allowance	3	6 614	6 102	9 026	–	8 596	8 596	8 568	8 608	9 168
Cellphone Allowance	3	1 903	822	1 913	–	1 116	1 116	1 113	1 118	1 191
Housing Allowances	3	342	336	376	–	–	–	–	–	–
Other benefits and allowances	3	12 119	12 528	14 127	–	9 060	9 060	9 030	9 072	9 662
Payments in lieu of leave		3 928	2 286	4 262	–	–	–	–	–	–
Long service awards		1 430	1 293	3 065	–	–	–	–	–	–
Post-retirement benefit obligations	6	(1 816)	(6 657)	6 781	–	–	–	–	–	–
Sub Total - Other Municipal Staff		111 415	113 735	146 993	–	146 996	146 996	146 505	147 195	156 763
0	0		2.1%	29.2%	(100.0%)	–	–	(0.3%)	0.5%	6.5%
Total Parent Municipality		126 441	126 878	156 656	–	157 288	157 288	161 531	162 170	172 581
			0.3%	23.5%	(100.0%)	–	–	2.7%	0.4%	6.4%

Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
0	0	-	-	-	-	-	-	-	-	-
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
0	0	-	-	-	-	-	-	-	-	-
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
0	0	-	-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS										
		126 441	126 878	156 656	-	157 288	157 288	161 531	162 170	172 581
0	0		0.3%	23.5%	(100.0%)	-	-	2.7%	0.4%	6.4%
TOTAL MANAGERS AND STAFF	5,7	119 572	119 514	149 584	-	149 053	149 053	152 802	153 523	163 502

Total salary cost for all municipality employees excluding councillor is budgeted at R152 million from R149 million of the 2020/2021 adjusted budget. Council salaries for 2021/2022 budget year were reviewed against adjusted budget to align the budget to be reasonable.

Section 17(3)(k) of the MFMA determines that as part of the budget resolutions the proposed cost to the municipality for the budget year of the salary, allowances and benefits of each political office bearer, Municipal Manager, Chief Financial Officer and senior manager reporting to the Municipal Manager must be disclosed.

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contribution	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		730 009	-	47 064			777 073
Chief Whip			684 385	-	47 064			731 449
Executive Mayor			912 511	-	47 064			959 575
Deputy Executive Mayor			-	-	-			-
Executive Committee			1 066 189	-	94 128			1 160 317
Total for all other councillors			4 535 890	-	564 768			5 100 658
Total Councillors	8	-	7 928 984	-	800 088			8 729 072
Senior Managers of the Municipality	5							
Municipal Manager (MM)			852 385	154 320	379 217	-		1 385 922
Chief Finance Officer			529 898	113 281	250 393	-		893 571
HOD:Planning & Economic Development			545 066	140 541	343 107	-		1 028 714
HOD:Social & Community Services			545 066	127 774	315 209	-		988 049
HOD:Technical Services			597 038	107 467	281 021	-		985 525
HOD: Corporate Services			580 037	155 025	281 021	-		1 016 082
List of each official with packages >= senior manager								
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total Senior Managers of the Municipality	8,10	-	3 649 489	798 406	1 849 967	-		6 297 863
A Heading for Each Entity	6,7							
List each member of board by designation								
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total for municipal entities	8,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	11 578 473	798 406	2 650 055	-		15 026 935

2.9.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The municipality did not budget to raise any long-term loans due to the squeezed cash position and low payment levels.

2.9.4 Collection rate for revenue services

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

The rate of revenue collection is currently expressed as a percentage (80%) of annual billings. Cash flow is assumed to be 85% of billings excluding collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.9.5 Growth or decline in tax base of the municipality

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

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

2.9.6 Impact of national, provincial, and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities, as articulated by the President of the country in his State of the Nation Address (SoNA) early this year, form the basis of all integration initiatives:

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

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

local objectives. However, it is also important to take cognisance of the fact that some of these priorities are not directly linked to the powers and functions assigned to the municipality. Nevertheless, efforts will be made to contribute to these priorities.

2.9.7. Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (application > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 33 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	93 081	450 159	714 445	205 064	46 751	46 751	306 485	24 625	23 341	25 215
Other current investments > 90 days		(88 906)	(437 073)	(704 243)	(183 430)	(18 118)	(18 118)	(244 549)	-	(0)	(0)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		4 175	13 087	10 202	21 634	28 633	28 633	61 936	24 625	23 341	25 215
Application of cash and investments											
Unspent conditional transfers		1 002	11 290	21 847	12 579	12 579	12 579	65 350	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	227 283	142 464	110 512	(1 301)	9 368	9 368	30 657	(41 086)	(86 421)	(134 521)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		228 285	153 753	132 359	11 278	21 947	21 947	96 006	(41 086)	(86 421)	(134 521)
Surplus(shortfall)		(224 110)	(140 667)	(122 157)	10 356	6 686	6 686	(34 070)	65 710	109 762	159 736

The following breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is, obligated to return

unspent conditional grant funds to the national revenue fund at the end of the financial year, unless the funds are committed to identifiable programmes and/ or projects;

- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites. The municipality has indicated its intention to build up cash-backed reserve in terms of its reserve policy; and
- It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. From a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

2.9.8 Funding compliance measurement

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

Table 34 MBRR Table SA10 – Funding compliance measurement

Description	MFMA section	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	93 081	450 159	714 445	205 064	46 751	46 751	306 485	24 625	23 341	25 215
Cash + investments at the yr end less applications - R'000	18(1)b	2	(224 110)	(140 667)	(122 157)	10 356	6 686	6 686	(34 070)	65 710	109 762	159 736
Cash year end/monthly employee/supplier payments	18(1)b	3	3.5	17.2	23.1	6.8	1.5	1.5	14.7	0.8	0.7	0.7
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(44 593)	54 973	3 631	99 466	90 313	90 313	78 160	63 375	84 544	74 444
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	1.2%	2.6%	15.3%	(7.0%)	(6.0%)	(40.9%)	(3.7%)	(0.9%)	1.2%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	6.2%	6.5%	42.1%	88.0%	87.8%	87.8%	69.6%	81.5%	81.5%	81.6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	15.7%	16.1%	11.5%	3.4%	3.5%	3.5%	9.5%	3.9%	3.6%	3.6%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	(100.0%)	(6.9%)	(6.9%)	(2.8%)	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (ex cl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(151.9%)	119.5%	34.2%	0.0%	0.0%	7.2%	66.7%	25.0%	21.1%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	(37.9%)	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.9%	2.2%	1.2%	1.3%	3.2%	3.2%	3.2%	3.2%	3.2%	4.1%
Asset renewal % of capital budget	20(1)(vi)	14	1.7%	2.3%	3.1%	6.4%	7.5%	7.5%	0.0%	10.9%	0.0%	0.0%

Cash/cash equivalent position

The municipality's forecast position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements. If the municipality's forecast cash position is negative, for any year of the medium-term budget, the budget is very unlikely to meet MFMA requirements or be sustainable

and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short-term debt at the end of the financial year.

Cash plus investment less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is on Table 33 above. The reconciliation is intended to be relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

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

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

Debt impairment expense as a percentage of billable revenue

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

Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 0 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

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

The purpose of this measurement is to determine the proportion of a municipality's 'own funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. For 2021/2022 financial year the municipality has not budgeted for any borrowing to finance capital expenditure.

Transfers/grants revenue as a percentage of Government transfers/grants Available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100% could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted to spend for all transfers within the financial year.

Consumer debtors change (Current and Non-current)

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

Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. The municipality has budgeted to spend 5% of the operating budget on repairs and maintenance for the 2021/2022 financial year.

Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

In summary, the funding compliance measurement above shows that serious attempts were made to make the budget funded. This is in line with the recommendations made by the National and Provincial Treasuries.

2.9.9. Allocations and grant made by the municipality

The municipality has not budgeted to make any allocations or grants to individuals or external parties.

2.11 Expenditure on allocation and grant programme

The table below shows the projected expenditure against the grants receipts.

Table 35 MBRR Table A5 – Expenditure on transfer and grant programmes

Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - 100 MAYOR AND COUNCIL (GENERAL)		-	-	-	-	-	-	-	-	-	-
Vote 2 - 102 MUNICIPAL MANAGER TOWN SECRETARIAL		-	-	-	-	-	-	-	-	-	-
Vote 3 - 103 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 4 - 104 BUDGET AND TREASURY OFFICE		-	-	-	-	-	-	-	-	-	-
Vote 5 - 105 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 6 - 500 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 7 - 520 SOLID WASTE REMOVAL		-	-	-	-	-	-	-	-	-	-
Vote 8 - 530 ENERGY SOURCES : ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 9 - 540 WATER DISTRIBUTION:WATER		-	-	-	-	-	-	-	-	-	-
Vote 10 - 550 ROADS: ROADS AND STORMWATER		-	-	-	-	-	-	-	-	-	-
Vote 11 - 560 WASTE WATER TREATMENT: SANITARY		-	-	-	-	-	-	-	-	-	-
Vote 12 - 106 HUMAN RESOURCES MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 13 - 107 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 14 - 108 ROAD AND TRAFFIC REGULATION: TRAFFIC		-	-	-	-	-	-	-	-	-	-
Vote 15 - 300 COMMUNITY HALLS AND FACILITIES		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - 100 MAYOR AND COUNCIL (GENERAL)		-	-	-	-	-	-	-	-	-	-
Vote 2 - 102 MUNICIPAL MANAGER TOWN SECRETARIAL		-	-	-	-	-	-	-	-	-	-
Vote 3 - 103 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 4 - 104 BUDGET AND TREASURY OFFICE		46 303	104 373	106 003	5 500	4 000	4 000	301	-	-	-
Vote 5 - 105 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	320	140	140	-	-	-	-
Vote 6 - 500 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 7 - 520 SOLID WASTE REMOVAL		26 405	26 405	35 985	500	-	-	9 580	1 363	6 593	7 044
Vote 8 - 530 ENERGY SOURCES : ELECTRICITY		123 906	121 388	126 818	16 248	12 646	12 646	9 114	3 000	8 000	500
Vote 9 - 540 WATER DISTRIBUTION:WATER		287 093	284 291	289 994	27 675	32 824	32 824	16 755	18 883	5 561	3 655
Vote 10 - 550 ROADS: ROADS AND STORMWATER		375 598	415 816	415 677	12 180	14 234	14 234	8 704	22 392	21 080	5 436
Vote 11 - 560 WASTE WATER TREATMENT: SANITARY		263 268	190 273	197 962	9 800	4 651	4 651	(2 415)	13 203	26 449	22 095
Vote 12 - 106 HUMAN RESOURCES MANAGEMENT		646	646	711	-	-	-	-	-	-	-
Vote 13 - 107 ECONOMIC DEVELOPMENT/PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 14 - 108 ROAD AND TRAFFIC REGULATION: TRAFFIC		-	-	-	-	-	-	-	-	-	-
Vote 15 - 300 COMMUNITY HALLS AND FACILITIES		26 521	-	-	13 192	11 118	11 118	4 418	2 080	-	16 292
Capital single-year expenditure sub-total		1 149 739	1 143 191	1 173 151	85 415	79 613	79 613	46 456	60 920	67 684	55 022
Total Capital Expenditure - Vote		1 149 739	1 143 191	1 173 151	85 415	79 613	79 613	46 456	60 920	67 684	55 022
Capital Expenditure - Functional											
Governance and administration		46 949	105 018	106 715	5 500	4 000	4 000	301	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		46 949	105 018	106 715	5 500	4 000	4 000	301	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		26 521	-	-	13 192	11 118	11 118	4 418	2 080	-	16 292
Community and social services		26 521	-	-	13 192	11 118	11 118	4 418	2 080	-	16 292
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		375 598	415 816	415 677	12 500	14 374	14 374	8 704	22 392	21 080	5 436
Planning and development		-	-	-	320	140	140	-	-	-	-
Road transport		375 598	415 816	415 677	12 180	14 234	14 234	8 704	22 392	21 080	5 436
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		700 671	622 357	650 759	54 223	50 121	50 121	33 034	36 449	46 603	33 294
Energy sources		123 906	121 388	126 818	16 248	12 646	12 646	9 114	3 000	8 000	500
Water management		287 093	284 506	289 994	27 675	32 824	32 824	16 755	18 883	5 561	3 655
Waste water management		263 268	190 058	197 962	9 800	4 651	4 651	(2 415)	13 203	26 449	22 095
Waste management		26 405	26 405	35 985	500	-	-	9 580	1 363	6 593	7 044
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	1 149 739	1 143 191	1 173 151	85 415	79 613	79 613	46 456	60 920	67 684	55 022
Funded by:											
National Government		977 851	1 038 034	1 051 179	77 495	74 095	74 095	35 140	60 920	67 684	55 022
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial)		-	-	-	-	-	-	-	-	-	-
Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	977 851	1 038 034	1 051 179	77 495	74 095	74 095	35 140	60 920	67 684	55 022
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	7 920	5 518	5 518	1 290	-	-	-
Total Capital Funding	7	977 851	1 038 034	1 051 179	85 415	79 613	79 613	36 430	60 920	67 684	55 022

2.12 Annual budget and SDBIP – Internal departments

The municipality provides major infrastructure projects internally, though some technical work is contracted to professional service providers such as designs. The key service delivery departments are Technical Services and Social and Community Services. The Planning and IDP Department also does some work related to job creation and Local Economic Development, including Town Planning and establishment.

Each of the above departments is headed by a Senior Manager directly accountable to the Municipal Manager. Majority of the capital budget is allocated to Technical Services followed by Social and Community Services department.

The Senior Managers submit their departmental Service Delivery and Budget Implementation Plans to the Municipal Manager and then compiles the municipal SDBIP which is submitted to the Mayor and tabled with the budget. These SDBIP form the basis of performance agreements.

2.13 Contracts having future budgetary implications

The municipality does not have expenditure contracts that go beyond the three years except revenue contract.

2.14 Monthly target for revenue, expenditure and cash flow

The following tables depict the monthly target for revenue, expenditure and cash flow.

Table 36MBRR Table SA25 – Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand																
Revenue By Source																
Property rates		7 748	7 748	7 748	7 748	7 748	7 748	7 748	7 748	7 748	7 748	7 748	7 748	92 979	91 002	95 097
Service charges - electricity revenue		12 125	12 125	12 125	12 125	12 125	12 125	12 125	12 125	12 125	12 125	12 125	12 125	145 501	158 450	172 552
Service charges - water revenue		3 239	3 239	3 239	3 239	3 239	3 239	3 239	3 239	3 239	3 239	3 239	3 239	38 874	42 334	46 101
Service charges - sanitation revenue		1 550	1 550	1 550	1 550	1 550	1 550	1 550	1 550	1 550	1 550	1 550	1 550	18 603	19 385	20 238
Service charges - refuse revenue		759	759	759	759	759	759	759	759	759	759	759	759	9 107	9 490	9 907
Rental of facilities and equipment		132	132	132	132	132	132	132	132	132	132	132	132	1 588	1 873	1 952
Interest earned - external investments		104	104	104	104	104	104	104	104	104	104	104	104	1 247	1 500	2 000
Interest earned - outstanding debtors		1 189	1 189	1 189	1 189	1 189	1 189	1 189	1 189	1 189	1 189	1 189	1 189	14 265	14 879	15 504
Dividends received		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		710	710	710	710	710	710	710	710	710	710	710	710	8 520	8 878	9 268
Licences and permits		483	483	483	483	483	483	483	483	483	483	483	483	5 800	6 044	6 310
Agency services		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and subsidies		9 067	9 067	9 067	9 067	9 067	9 067	9 067	9 067	9 067	9 067	9 067	9 067	108 804	115 307	116 576
Other revenue		614	614	614	614	614	614	614	614	614	614	614	614	7 370	9 312	9 704
Gains		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		37 722	37 722	37 722	37 722	37 722	37 722	37 722	37 722	37 722	37 722	37 722	37 722	452 658	478 452	505 209
Expenditure By Type																
Employee related costs		12 734	12 734	12 734	12 734	12 734	12 734	12 734	12 734	12 734	12 734	12 734	12 734	152 802	153 523	163 502
Remuneration of councillors		727	727	727	727	727	727	727	727	727	727	727	727	8 729	8 647	9 079
Debt impairment		1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	12 000	11 385	12 523
Depreciation & asset impairment		2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	2 917	35 000	37 365	41 101
Finance charges		1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	13 000	13 293	14 024
Bulk purchases - electricity		9 583	9 583	9 583	9 583	9 583	9 583	9 583	9 583	9 583	9 583	9 583	9 583	115 000	124 299	135 014
Inventory consumed		1 619	1 619	1 619	1 619	1 619	1 619	1 619	1 619	1 619	1 619	1 619	1 619	19 431	20 808	22 321
Contracted services		5 745	5 745	5 745	5 745	5 745	5 745	5 745	5 745	5 745	5 745	5 745	5 745	68 937	70 139	73 219
Transfers and subsidies		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other expenditure		2 109	2 109	2 109	2 109	2 109	2 109	2 109	2 109	2 109	2 109	2 109	2 109	25 303	22 097	23 503
Losses		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure		37 517	37 517	37 517	37 517	37 517	37 517	37 517	37 517	37 517	37 517	37 517	37 517	450 203	461 556	494 286
Surplus/(Deficit)		205	205	205	205	205	205	205	205	205	205	205	205	2 455	16 896	10 923
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	60 920	67 648	63 522
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (in-kind - all)		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		5 281	5 281	5 281	5 281	5 281	5 281	5 281	5 281	5 281	5 281	5 281	5 281	63 375	84 544	74 444
Taxation		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Attributable to minorities		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)	1	5 281	5 281	5 281	5 281	5 281	5 281	5 281	5 281	5 281	5 281	5 281	5 281	63 375	84 544	74 444

Table 37 MBRR Table SA30 – Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand															
Cash Receipts By Source													1		
Property rates	6 586	6 586	6 586	6 586	6 586	6 586	6 586	6 586	6 586	6 586	6 586	6 586	79 032	77 352	80 833
Service charges - electricity revenue	10 306	10 306	10 306	10 306	10 306	10 306	10 306	10 306	10 306	10 306	10 306	10 306	123 676	134 683	146 670
Service charges - water revenue	2 754	2 754	2 754	2 754	2 754	2 754	2 754	2 754	2 754	2 754	2 754	2 754	33 043	35 983	39 186
Service charges - sanitation revenue	1 318	1 318	1 318	1 318	1 318	1 318	1 318	1 318	1 318	1 318	1 318	1 318	15 813	16 477	17 202
Service charges - refuse revenue	645	645	645	645	645	645	645	645	645	645	645	645	7 741	8 066	8 421
Rental of facilities and equipment	112	112	112	112	112	112	112	112	112	112	112	112	1 350	1 592	1 659
Interest earned - external investments	104	104	104	104	104	104	104	104	104	104	104	104	1 247	1 500	2 000
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	603	603	603	603	603	603	603	603	603	603	603	603	7 242	7 546	7 878
Licences and permits	411	411	411	411	411	411	411	411	411	411	411	411	4 930	5 137	5 363
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies - Operational	9 067	9 067	9 067	9 067	9 067	9 067	9 067	9 067	9 067	9 067	9 067	9 067	108 804	115 307	116 576
Other revenue	522	522	522	522	522	522	522	522	522	522	522	522	6 265	7 916	8 248
Cash Receipts by Source	32 428	32 428	32 428	32 428	32 428	32 428	32 428	32 428	32 428	32 428	32 428	32 428	389 142	411 559	434 036
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	60 920	67 648	63 522
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on Disposal of Fixed and Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	37 505	37 505	37 505	37 505	37 505	37 505	37 505	37 505	37 505	37 505	37 505	37 505	450 062	479 206	497 557

Cash Payments by Type															
Employee related costs	13 461	13 461	13 461	13 461	13 461	13 461	13 461	13 461	13 461	13 461	13 461	13 461	161 531	162 170	172 581
Remuneration of councillors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance charges	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	13 000	13 293	14 024
Bulk purchases - electricity	9 583	9 583	9 583	9 583	9 583	9 583	9 583	9 583	9 583	9 583	9 583	9 583	115 000	124 299	135 014
Acquisitions - water & other inventory	1 619	1 619	1 619	1 619	1 619	1 619	1 619	1 619	1 619	1 619	1 619	1 619	19 431	20 808	22 321
Contracted services	5 745	5 745	5 745	5 745	5 745	5 745	5 745	5 745	5 745	5 745	5 745	5 745	68 937	70 139	73 219
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure	2 109	2 109	2 109	2 109	2 109	2 109	2 109	2 109	2 109	2 109	2 109	2 109	25 303	22 097	23 503
Cash Payments by Type	33 600	33 600	33 600	33 600	33 600	33 600	33 600	33 600	33 600	33 600	33 600	33 600	403 203	412 806	440 662
Other Cash Flows/Payments by Type															
Capital assets	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	5 077	60 920	67 684	55 022
Repayment of borrowing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Cash Flows/Payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Payments by Type	38 677	38 677	38 677	38 677	38 677	38 677	38 677	38 677	38 677	38 677	38 677	38 677	464 123	480 490	495 684
NET INCREASE/(DECREASE) IN CASH HELD	(1 172)	(1 172)	(1 172)	(1 172)	(1 172)	(1 172)	(1 172)	(1 172)	(1 172)	(1 172)	(1 172)	(1 172)	(14 062)	(1 283)	1 874
Cash/cash equivalents at the month/year begin:	38 686	37 514	36 343	35 171	33 999	32 827	31 655	30 484	29 312	28 140	26 968	25 796	38 686	24 625	23 341
Cash/cash equivalents at the month/year end:	37 514	36 343	35 171	33 999	32 827	31 655	30 484	29 312	28 140	26 968	25 796	24 625	24 625	23 341	25 215

2.15 Legislation compliance status

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

- **In-year reporting**

Reporting to National Treasury in electronic format was fully complied with monthly. Section 71 reporting to the Mayor (within 10 working days) has progressively improved. However, changes in the new financial system are expected to improve the quality of the reports.

- **Internship programme**

The municipality is participating in the Municipal Financial Management Internship programme and has hired 5 local graduates in the internship program during October 2019.

- **Budget and Treasury Office**

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

- **Audit Committee**

New Audit Committee has been appointed with effect from 1 June 2019.

- **Service Delivery and Implementation Plan**

The detail SDBIP document is at a final stage and will be finalised after approval of the 2021/2022 MTREF directly aligned and informed by the 2021/2022 MTREF.

- **Annual Report**

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

- **MFMA Training**

The relevant managers are attending the MFMA accredited training.

- **Policies**

The following policies have been reviewed in the light of this new budget;

- Credit control and debt collection;
- Rates;
- Indigent;
- Irrecoverable debt; and
- Tariffs.

2.16 Quality certification

I,, in my capacity as accounting officer of the municipality, hereby certify that:

- This budget complies with the legislative framework;
- The budget, once approved by Council, will be taken through the required consultation processes to obtain the stakeholders' inputs;
- The relevant budget return forms have been submitted to the local government database.

Print Name _____

Municipal manager of _____

(Name and demarcation code of municipality)

Signature _____

Date _____

Annexure 1: Budget tables

Annexure 2: Tariff book

Annexure 3: Amended budget related policies and By-Laws

Annexure 4: Organizational Structure

Annexure 5: Service standards

Annexure 6: Strategic Risk Register