



**MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK  
FOR THE FINANCIAL YEAR**

**2021/2022 – 2023/2024**

**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

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# Part 1 – Annual Budget

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## 1.1 Mayor's Report (Budget speech)

In 2016, at the beginning of the current Municipal term of Office which is coming to an end. It has never come to one's imagination that we will hold Council virtually. Subcommittees and other important engagements can be conducted without physical contact was a far-fetched idea but it is prevalent.

This is due to the global Covid-19 pandemic that has brought about challenges dictating drastic changes to social norms. We are compelled to amend the traditional previously acceptable social behaviour of hugs and handshakes.

The aftermath of Covid-19 subsequent to hard Lockdown effected in the last month of the third quarter in the 2020/21 financial year intended at avoiding super spreading of Coronavirus is visible.

Allow me to remind you Honourable Councillors to encourage members of the community to adhere to the precautionary measures that government have introduced to curb the spread of Coronavirus which are:

- Frequently washing hands with alcohol based hand sanitizers or running water with soap for at least 20 seconds.
- Avoid touching eyes and nose
- Wearing cloth face masks at all times in public.
- Maintaining social distancing

As at week ending on 23 May 2021, 1043 Covid-19 positive cases have been detected, 17 case were active, 977 recovered and unfortunately 49 people succumbed to Covid-19 complications.

The figures are actual people who are parents, children and relatives. Some are ratepayers and prominent individuals who assumed significant responsibilities in the community of Bela-Bela. May their souls rest in peace.

The Government of the day lead the President of the Republic of South Africa, His Excellency Mr. Matamela Cyril Ramaphosa is rolling out Electronic Vaccination Data System Self Registration Portal accessible on [www.gov.za/covid-19/vaccine](http://www.gov.za/covid-19/vaccine) from 16 April 2021 to initially allow Healthcare Workers and citizens aged 60 years and above to receive Covid-19 vaccine.

Registration is now opened for all citizens to get vaccinated and reduce the risk of contracting sever illnesses that may result in death as experienced in the second wave. Vaccination outweighs any benefits of natural immunity by far.

We urge all members of the public to register and vaccinate to reduce negative impact of Coronavirus. I wish to emphasize that it is important that individuals visit health facilities to source reliable information on Covid-19 vaccination program than to rely on hearsays.

Honourable Speaker,

Despite the prevailing circumstances brought about by the Covid-19 Pandemic, the Municipality has to uphold its Constitutional mandate at all costs of rendering services to the community in a sustainable manner.

The Municipality has been able to continue with provision of basic and essential services throughout the National Lockdown which includes:

- Water supply
- Sewerage collection and disposal
- Refuse removal
- Electricity supply
- Maintain roads and storm water drainage
- Street lighting
- Maintain parks, recreational facilities and cemeteries

Yes there have been challenges sometimes in consistent rendering of services due to ageing infrastructure, human and financial resources.

This may however not undermine the Municipalities ability to fully discharge its functions and remain central to the improvement of living conditions of the community.

We are cognizant that there is a need to improve our customer relations and service delivery standards which will inform our turnaround time particularly in restoring service delivery interruptions.

There is provision from own source and external funding to conduct proactive maintenance and refurbishment of bulk infrastructure to prolong the lifespan and meet the demand from consumers.

Service delivery is dynamic in nature, we acknowledge that there are backlogs which needs to be addressed.

Honourable members,

There has been a significant loss of jobs particularly within the Tourism sector which is a major contributor in our town's economy resulting in increased unemployment figures. Sustainable household income has been dealt a major blow.

This resulted in low revenue collection by the Municipality due to inability by ratepayers to service their debts. Programs and projects had to be reprioritized to balance the status quo.

In an effort to resuscitate the ailing economy, the Municipality established the Local Economic Development Forum composed by structures of civil society representing business and various sectors of the economy.

This exercise was mainly conducted with the intention to revive the town's economy in a multisectoral manner and further to create a platform for engagement taking in to account inputs from interested role players in shaping up the future economic prospects.

The Local Economic Development Forum's main objective is to explore economic opportunities in offer and initiate programs and projects suitable for sustainable business development and employment opportunities. Interested role players are encouraged to participate in the forum.

Partnerships have been established with various development agencies from the public and private sector that offer business support services to expedite SMME's development.

There is a process unfolding of finalizing the Local Economic Development Strategy that will serve as a master plan for Economic Development in the Bela- Bela Municipal jurisdiction.

A draft document of the LED Strategy is available on the Municipal website for comments. Alternatively, the document can be accessed at the Municipal main building at Chris Hani Drive.

Honourable Speaker,

We have shown our commitment as the Municipality to include empowerment programs for the Youth, Women and Persons with Disabilities. We also go an extra mile with relevant stakeholders to ensure that our Elderly Citizen's access available government programs aimed at addressing their needs.

In its Youth Development endeavours, the Municipality has prioritised implementation of educational programs that will foster a culture of learning and result in self-reliant society that will contribute in the general development of the town.

It gives me great pleasure to report that the Municipality has successfully implemented the Mayoral Matric Awards held in recognition of outstanding performance by schools, educators and Matric class of 2020 learners.

Maximum Profit Recovery (PTY) Ltd partnered with the Municipality in hosting the ceremony during which deserving recipients were awarded trophies and certificates. In the 2021 edition of the awards, a total number of seven educators who passed on due to Covid-19 complications were commemorated.

Overall top learners from their respective high schools within the Municipal jurisdiction were awarded R 10 000 start-up funding for educational purpose namely:

- Boikanyo Kanyane from Bathopele High School
- Gontse Rakobela from Bela- Bela High School
- Anri du Preez from Hoerskool Warmbad
- Phomello Phiri from Maope Secondary School
- Bassie Makutu from Raeleng High School
- Koketso Sekgala from Ulando Combined School
- Joseph Ngenokesho from Vingerkraal High School

All cost related to the Matric Awards were incurred by Maximum Profit Recovery. We are truly grateful for the support.

Hosting of the Mayoral Matric awards three years in succession has contributed immensely in the general improvement of Matric results in the Municipality.

We believe that education is a fundamental ingredient in the societal development.

I wish to record that the Municipality in its fourth consecutive year has received "Qualified Audit Opinion" from Auditor General South Africa.

The Municipality qualification is due to the payables from exchange transactions, general expenses, bulk purchases, contractual commitments, irregular and unauthorized expenditure.

All findings raised by Auditor General South Africa have been subjected to consequence management exercise conducted by the Financial Misconduct Board. Recommendations for recourse will be presented to Council upon completion of investigations.

Honorable members,

The municipality is 100% committed with approved projects on all its infrastructure grants allocation for the 2021 financial year.

We have been able complete the following projects through various infrastructure grants:

- Spa Park storm water project
- Road and storm water project at Hostelview
- Development of sport facility at Spa Park
- Upgrading of Moloto street stadium
- Roads and storm water project at extension 6 Phase 1
- Recycling grey water for irrigation of parks and sport facilities
- Bela- Bela Water Conservation Demand
- Energy efficiency demand side management program: replacement of HPS street lights with LED luminaires phase 1

We have electrified a total number of 765 households in extension 9.

We have also managed to connect water meters to 900 households.

There are also other multiyear infrastructure projects in different phases of construction that are being implemented to improve living standards of our community namely:

- Extension of the graveyard
- Development of Leseding sport facility
- Roads and storm water project at extension 7 phase 1
- Extension 6 intersection to R101
- Refurbishment and automation of Bela- Bela Waste Water Treatment
- Refurbishment of old section of the Waste Water Treatment
- Upgrading of Aventura Pump Station
- Rapotokwane water desalination plant

Construction of these projects will be completed in the next financial year.

Honorable Speaker,

We conducted robust engagement with members of the community through intense meetings during which the proposed Budget and the Integrated Development Plan for the 2021/2022 financial year were discussed.

Community members are impatient with the rate at which generally government address service delivery backlogs particularly housing, roads infrastructure, sustainable provision of water at Rapotokwane, electrification of remaining households in extension 9, connection of sewerage infrastructure at extension, maintenance of street lights and the need for English medium high school to accommodate more learners who struggle to gain admission at the only one high school available for three feeder primary schools.

All this valuable inputs have been taken into consideration and has to some extent informed the final draft Integrated Development and Budget presented here today for Council Adoption.

Justice has been done in as far as public participation is concerned. I wish to thank all Councilors and the Management for the commitment and effort of ensuring the success of IDP/Budget roadshows.

We managed to stick to the schedule without postponements and that assisted a process of ensuring that this Council meeting is held today.

We are particularly pleased by the intervention of the Department of Corporative Governance Housing and Traditional Affairs in Limpopo of the provision for construction of RDP houses at extension 25, Rapotokwane and recently a feasibility study conducted to formalize Zuma View informal settlement.

This Medium Term Revenue and Expenditure Framework Report for the 2021/22 financial year, 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 sustainable manner.

When compiling an annual budget in terms of legislation the budget circulars from National Treasury must also be taken into consideration.

I would therefore wish to present to Council the 2021/22 budget, Reviewed IDP, Reviewed Performance Management System Framework and Reviewed Organisational Structure for Bela- Bela Local Municipality for approval as tabled in the council agenda presented here today.

This are public documents which will be made available on our municipal website which is [www.belabela.gov.za](http://www.belabela.gov.za)

In my Conclusion Speaker,

The Honourable President of the Republic of South Africa, His Excellency Cyril Ramaphosa has declared Wednesday the 27 October 2021 the date for the next Local Government Elections.

This will be the sixth time under South Africa's democratic dispensation that voters will elect leadership and public representatives at metropolitan, district and local level.

That implies that this is the end for term of the current political leadership that was sworn in 2016 to lead government developmental agenda in the Bela- Bela Local Municipality.

May we then encourage the community to participate in the forthcoming election in their numbers. May we also please encourage political tolerance during campaigns.

I wish to express my sincere gratitude to all Councillors and political parties that is represented in Council. There has always been political stability through the tenure.

Thank you all for the support and team work. I will surely miss constructive criticism robust engagements we had.

This has not been as easy ride but we together managed to execute our executive authority in steering the ship.

I would also like to thank members of top management for executing their duties. Even after the resignation of the former Municipal Manager Mr Sello Makhubela, the team under the leadership of Ms Jamela Selapyane continued service our community.

They say parting is always a sweet sorrow.

I wish you all the best in your future endeavours.

I thank you.

## 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 unable 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 approved final budget, in terms of section 16(2) of the MFMA after public consultation. At the meeting, 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 below following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 16;
    - 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 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 and adopts 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 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 Accounting Officer adheres to all prescribed requirements in terms of legislation regarding the submission of the 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 2021 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 recognise 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 has developed 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 optimize 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 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. In addition to the project Municipality developed a roadmap to address any challenges related to mSCOA in order to comply fully with the requirement.

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:

- a. 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;
- b. 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.
- c. Before compilation of the 2021/2022 to 2023/2024 planning and budget process, a review to the municipality's service delivery prioritises 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;

- a. 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.
- b. Headline inflation predictions;
- c. National outcomes and priorities as contained in the NDP, MTBPS, the President's State of the Nation Address and the 2021 national budget;
- d. NERSA guidelines;
- e. The priorities and targets in relation to the key strategic focus areas as determined in the IDP;
- f. The 2020/2021 Adjustment Budget priorities and targets, as well as the base line allocations contained in Adjustments Budget were adopted as the upper limits for the new baseline for the 2021/2022 annual budget;
- g. 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 in future appoint specialists to remodel the water, electricity and sanitation tariffs to be cost reflective;
- h. 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;
- i. An assessment of the relative human resources capacity to implement the Budget;
- j. The need to enhance the municipality's revenue base;
- k. All conditional grants should always be cash backed;
- l. Cash flow projections should be strictly maintained to ensure the municipality's ability to meet its obligations;
- m. Operational cost will be maintained at current levels or reduced as cost containment measures will continue to be implemented; and
- n. 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:

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

- vii. 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 has been done other than applying normal tariff rate increase linked to Consumer Price Inflation (CPI) of 3.9 % 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 3.9% will require justification to be narrated on each increase above such rates. The justification on each tariff are details on the tariff summary sections in this budget book.

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

- (a) Overall expenditures increased by at least 4% from adjusted budget of R438 millions to R459 millions.
- (b) Employee related cost has increased in line with guideline outlined in circular 108, furthermore with the consideration of the proposed CPI. SALGA bargaining council is still in the negotiations process and final outcomes are still pending. The 6% overall increase is inclusive of the 4% increase on the current employees and 2% of vacancy positions from the adjusted budget.
- (c) Debt impairment has increased by 16% from the adjusted budget.
- (d) Major differences on contracted services, other expenditure and inventory consumed paint a picture of increase but realistically the increases are mainly caused by reclassification in alignment to meet mSCOA classification requirements.

Municipality held 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 were conducted in the month of April 2020 in line with the prescribed budget regulations dealing with consultation requirements. Most of the issues raised were around complaints with regard to billing 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 planning for MTRE and allow the issues to be taken through the governance structures for further processing.

The budget benchmarking exercise with relevant treasury was also part of the 2021/2022 budget compilation process to allow sector Department to perform assessment for credibility, relevance and sustainability. The inputs from the session were incorporated in this budget. In terms of compliance assessment, this budget was considered to be unfunded by the Provincial Treasury due to completeness of information. 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 R27 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 approved budget although Municipality is optimistically to incorporate own source in the outer years after realisation of the surpluses.

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.

- i. 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;
- ii. Compilation of indigent register;
- iii. Resolution of the current non-payment by the farmers;
- iv. 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;
- v. Conduct electricity and water meter audit in order to address the losses; and
- vi. 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 – 2023/2024 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:

- a. Credibility – revenue and expenditure estimates are realistic;
- b. Relevance – to the legislation (compliance), IDP and national government priorities; and
- c. 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:

- i. Electricity services
- ii. Water services
- iii. Sanitation services

- iv. Waste removal
- v. Cemetery services
- vi. 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 below or equivalent to CPI.

### **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 in the running of the Municipality. Policies are used for the smooth running of administration. The Municipal budget related policies are as follows:

- i. Credit Control and Debt Collection Policy
- ii. Property Rates Policy
- iii. Assets Management Policy
- iv. Indigent Policy
- v. Borrowing framework policy
- vi. Budget Implementation and Monitoring Policy
- vii. Cash Management and Investment Policy
- viii. Funding Reserves Policy
- ix. Prioritisation Model for Capital Assets Investment
- x. Policy on Infrastructure Investment and Capital Projects
- xi. Policy on Long Term Financial Planning
- xii. Policy on Provision for doubtful debts and writing off of irrecoverable debts
- xiii. Principles and Policy on Tariffs
- xiv. Petty Cash Policy
- xv. Supply Chain Management Policy

xvi. Tariff policy

There were few 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:

- a. Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- b. Achievement of full cost recovery of specific user charges especially in relation to trading services;
- c. Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- d. The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- e. Increase ability to extend new services and recover costs;
- f. The municipality's Indigent Policy and rendering of free basic services; and
- g. Tariff policies of the municipality
- h. National Treasury's guidelines and macroeconomic policy;
- i. Growth in the municipality and continued economic development;
- j. Efficient revenue management, which aims to ensure at least 85% annual collection rate for property rates and other key service charges;
- k. 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 – 2023/2024 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
<b>Revenue By Source</b>											
Property rates	2	62 003	68 761	74 792	94 479	92 979	92 979	66 492	92 979	95 006	99 377
Service charges - electricity revenue	2	103 786	109 446	115 233	147 928	146 428	146 428	97 634	164 229	172 552	187 910
Service charges - water revenue	2	25 122	27 255	31 806	32 060	32 060	32 060	30 237	43 783	46 101	50 204
Service charges - sanitation revenue	2	15 101	15 479	17 855	17 905	17 905	17 905	17 136	29 179	31 258	32 653
Service charges - refuse revenue	2	7 260	7 596	8 585	8 765	8 765	8 765	8 016	8 746	9 907	10 353
Rental of facilities and equipment		1 216	1 376	1 412	1 728	1 528	1 528	1 144	1 588	1 873	1 952
Interest earned - external investments		742	1 764	1 719	2 363	1 000	1 000	90	1 247	1 500	2 000
Interest earned - outstanding debtors		9 103	11 024	11 528	13 730	13 730	13 730	10 904	14 265	14 879	15 504
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		15 611	6 224	6 671	10 200	8 200	8 200	492	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	104 028	108 804	115 307	116 626
Other revenue	2	7 859	7 909	6 369	8 593	7 093	7 093	2 234	7 370	9 312	9 704
Gains		3 592	2 820	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>329 187</b>	<b>348 445</b>	<b>374 922</b>	<b>446 198</b>	<b>454 250</b>	<b>454 250</b>	<b>344 416</b>	<b>486 510</b>	<b>512 617</b>	<b>541 860</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

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

Revenue generated from rates and services charges forms a significant percentage of the Revenue basket for the Municipality. Rates and service charge revenues comprise of 78% of the total revenue mix.

Other revenue consists of various items such as income received from, building plan fees, connection fees, renting out of properties and fines. Departments review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Bela-Bela Local Municipality anticipate collecting operating revenue (total operating revenue less revenue forgone) during the 2021/2022 financial year of an estimated R486 million which translate into an overall increase of 8% in comparison with adjustment budget.

Operating grants which are guided by Division of Revenue Act (DoRa) has 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 service charges revenue increased by 15% from the 2021/2022 adjusted budget. The increase was further driven by the increase in certain revenue stream such as water and electricity which were increased regulator's guidelines.

## **Details analysis of revenue sources**

### ***Property Rates***

Property rates tariff has 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 2: Property rates tariffs**

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

The approved increase of 3.2% for property rates are in the rand for 2021/2022 the financial year.

#### 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 persons i.t.o Property Rates Policy

#### **Table 3: 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	205.67
Domestic Prepaid	0	0	179.48	Domestic Prepaid	0	0	205.67
Domestic Conventional	0	0	179.48	Domestic Conventional	0	0	205.67
<b>General Tariffs</b>							
	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			264.14
General Tariffs Prepaid > 30Amp 1 Phase	65.36	17.93	155.26	General Tariffs Prepaid > 30Amp 1 Phase	74.90	20.55	177.91
General Tariffs Conventional Business and Government	65.36	17.93	155.26	General Tariffs Conventional Business and Government	74.90	20.55	177.91
Single Phase:	65.36	17.93	155.26	Single Phase:	74.90	20.55	177.91
Three Phase:	98.05	17.93	155.26	Three Phase:	112.36	20.55	177.91
<b>Industrial Tariffs</b>							
	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	1736.16	213.46	153.23
Medium Voltage	3589.81	186.92	131.87	Medium Voltage	4113.56	214.19	151.11
<b>Agricultural Tariffs</b>							
	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	224.70	20.55	177.91

**Service charge: Electricity**

The total cost of distributing electricity in the 2021/2022 financial year will be R120 million, the Municipality will only raise revenue to the value of R164 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 loses 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 completed and NERSA approved a guideline for increase of 14.59%. It is the responsibility of NERSA for price determination of the bulk costs for electricity.

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 is 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 9.8% 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 each financial period which is always above the CPI 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 4: 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	17.09	25.64
31 kl - 50 kl	18.67	28.02	20.50	30.77
51 kl - 80 kl	22.40	33.62	24.60	36.91
81kl – 100kl	24.64	36.98	27.05	40.60
101kl – 130kl	24.64	36.98	27.05	40.60
131kl – 210kl	24.64	36.98	27.05	40.60
211kl – more	24.64	36.98	27.05	40.60

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 5: Water tariffs (Fixed costs)**

2020/2021		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	90.05	140.38

### **Sewerage (Sanitation)**

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

**Table 6: 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

Indigent's 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 7: Refuse tariffs**

Description	2020/2021	2021/2022
	Rand	Rand
a) Residential		
Smaller than 800m <sup>2</sup>	82	85
Larger than 800m <sup>2</sup>	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%.

**Table 8 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 9.8%. 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 approved 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 9 - Transfers and Grant Receipts (2021/2022)**

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
National Government	1	977 851	1 038 034	1 051 179	77 495	84 095	84 095	46 475	60 920	67 683	63 522
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>4</b>	<b>977 851</b>	<b>1 038 034</b>	<b>1 051 179</b>	<b>77 495</b>	<b>84 095</b>	<b>84 095</b>	<b>46 475</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>
<b>Borrowing</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>7 920</b>	<b>5 518</b>	<b>5 518</b>	<b>1 290</b>	<b>0</b>	<b>(0)</b>	<b>-</b>
<b>Total Capital Funding</b>	<b>7</b>	<b>977 851</b>	<b>1 038 034</b>	<b>1 051 179</b>	<b>85 415</b>	<b>89 613</b>	<b>89 613</b>	<b>47 765</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>

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

**Table 10 - 2021/2022 MTREF Capital Allocations**

Description	2021/22 Medium Term Revenue & Expenditure Framework		
	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
MIG	25 834	27 673	28 791
WSIG	32 086	32 010	25 750
INEP	-	8 000	9 000
EEDSM	3 000	-	-
Total	60 920	67 683	63 522

**Table 11 - 2021/2022 MTREF Operational Allocations**

Description	2021/22 Medium Term Revenue & Expenditure Framework		
	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Local Government Equitable Share	104 441	112 200	113 412
Financial Management Grant	1 650	1 650	1 650
EPWP	1 353	-	-
MIG (opex )	1 360	1 457	1 514
Total	108 804	115 307	116 576

### Operating grant dependence

Grant dependence ratio is sitting at 22% of total revenue of R486 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 22% 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 situation is currently worsen by impact of Covid-19 pandemic.

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 legal Division.

### ***Further plans to reduce debt***

- a. Write-off debt and interest on irrecoverable accounts upon council approval.
- b. Implementation of revenue enhancement strategy with the assistance of National Treasury.
- c. 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 will be taken to council to request approval for write-off during 2021/2022 financial year.

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 2020/2021 was made to ensure the top 100 businesses will be prioritised for immediate collection in the coming financial year.

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 – 2023/2024 budget and MTREF (classified per type of expenditure):

**Table 12 Summary of operating 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
<b>Expenditure By Type</b>											
Employee related costs	2	119 572	119 514	149 584	144 153	149 053	149 053	132 325	159 212	168 931	177 419
Remuneration of councillors		6 869	7 364	7 072	8 235	8 235	8 235	6 886	7 737	8 647	9 079
Debt impairment	3	33 484	36 880	28 437	10 350	10 350	10 350	18 458	12 000	11 385	12 523
Depreciation & asset impairment	2	59 079	29 951	30 432	33 968	33 968	33 968	-	32 000	37 365	41 101
Finance charges		15 443	7 368	9 529	12 600	5 000	5 000	497	13 000	13 293	14 024
Bulk purchases - electricity	2	88 088	97 199	111 705	131 510	131 510	131 510	95 575	120 000	124 299	135 014
Inventory consumed	8	6 215	16 457	9 985	10 806	14 774	14 774	7 256	27 281	29 717	31 622
Contracted services		36 308	22 463	26 815	36 960	53 048	53 048	36 282	58 887	60 500	63 156
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	43 625	39 491	42 246	35 644	32 093	32 093	34 787	28 953	26 226	27 764
Losses		50 399	4 183	5 727	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>459 082</b>	<b>380 869</b>	<b>421 532</b>	<b>424 227</b>	<b>438 032</b>	<b>438 032</b>	<b>332 066</b>	<b>459 071</b>	<b>480 364</b>	<b>511 703</b>

The anticipated operating expenditure for 2021/2022 financial year has increased to R459 million which represent at least 4.8% 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:

- a. Overall expenditure increased by at least 4.8% from adjusted budget of R438 million to R459 million.
- b. Debt impairment and depreciation was increased by 16% and 10 % respectively from the adjusted budget.
- c. 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.
- d. Electricity bulk purchases increase by 8.3% despite the linked tariff hike by regulators. This decrease relates to total spending measured against the expected volumes to be consumed and the reclassification of water bulk purchases.
- e. 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 4% from the adjusted budget.
- f. 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;
- g. Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- h. 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 R159 million, which equals 35% of the total operating expenditure. MFMA circular 71 sets the norm to be between 25% and 40%. Bela-Bela is seating 35%, 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 4% increase from 2021/2022. The budget will further allow final outcomes of the Salary and Wage Collective Agreement.

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***

The municipality anticipates to utilise contracted services in the 2021/2022 with spending of R58 million of the total operating expenditure of R459 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, Landfill site management 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:*

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

### **Depreciation**

Depreciation for 2021/2022 decreased to R32 million from adjusted budget of R33 million. The decrease was to ensure realistic estimate being achieved. The budgeting was also in realistic when comparing to 2020 audit outcome.

### **Other expenditure**

Other expenditure has reduced from R32 million of the 2020/21 adjusted budget to R28 million in 2021/22 budget year. The reduction was mainly affected by the reclassification of segments in accordance to the m-Scoa guidelines and is part of the plans to improve on Municipality funding model without impacting on services delivery.

### 1.3.1.5. Operating Surplus / Deficit

**Table 13: Operating cash surplus/ deficit**

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
<b>R thousand</b>	1											
<b>Surplus/(Deficit)</b>		(129 895)	(32 424)	(46 610)	21 971	16 218	16 218	12 350	27 440	32 253	30 156	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		85 302	87 320	66 353	77 495	84 095	84 095	40 339	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)		-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		(44 593)	54 896	19 743	99 466	100 313	100 313	52 689	88 360	99 901	93 678	
Taxation		-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) after taxation</b>		(44 593)	54 896	19 743	99 466	100 313	100 313	52 689	88 360	99 901	93 678	
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) attributable to municipality</b>		(44 593)	54 896	19 743	99 466	100 313	100 313	52 689	88 360	99 901	93 678	
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) for the year</b>		(44 593)	54 896	19 743	99 466	100 313	100 313	52 689	88 360	99 901	93 678	

Municipality anticipate realising surplus of R 27 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.

### 1.4 Capital expenditure

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

**Table 14: 2021/2022 MTREF Grant Allocations**

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
<b>R thousand</b>	1											
National Government		977 851	1 038 034	1 051 179	77 495	84 095	84 095	46 475	60 920	67 683	63 522	
Provincial Government		-	-	-	-	-	-	-	-	-	-	
District Municipality		-	-	-	-	-	-	-	-	-	-	
<b>Transfers recognised - capital</b>	4	977 851	1 038 034	1 051 179	77 495	84 095	84 095	46 475	60 920	67 683	63 522	
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-	-	
<b>Internally generated funds</b>		-	-	-	7 920	5 518	5 518	1 290	0	(0)	-	
<b>Total Capital Funding</b>	7	977 851	1 038 034	1 051 179	85 415	89 613	89 613	47 765	60 920	67 683	63 522	

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
<b>R thousand</b>	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Chief Financial Officer		-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 7 - Social and Community Services		-	-	-	-	-	-	-	-	-	-
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Chief Financial Officer		46 262	104 138	105 399	5 000	3 500	3 500	102	-	-	-
Vote 2 - Corporate Services		687	880	1 316	500	500	500	199	-	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		-	-	-	320	140	140	-	-	-	-
Vote 7 - Social and Community Services		52 926	26 405	35 985	13 692	11 118	11 118	17 505	3 759	10 131	20 006
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		1 049 864	1 011 768	1 030 452	65 903	74 355	74 355	39 985	57 161	57 552	43 516
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>1 149 739</b>	<b>1 143 191</b>	<b>1 173 151</b>	<b>85 415</b>	<b>89 613</b>	<b>89 613</b>	<b>57 791</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>
<b>Total Capital Expenditure - Vote</b>		<b>1 149 739</b>	<b>1 143 191</b>	<b>1 173 151</b>	<b>85 415</b>	<b>89 613</b>	<b>89 613</b>	<b>57 791</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		<b>46 949</b>	<b>105 018</b>	<b>106 715</b>	<b>5 500</b>	<b>4 000</b>	<b>4 000</b>	<b>301</b>	<b>-</b>	<b>-</b>	<b>-</b>
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		46 949	105 018	106 715	5 500	4 000	4 000	301	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>26 521</b>	<b>-</b>	<b>-</b>	<b>13 192</b>	<b>11 118</b>	<b>11 118</b>	<b>7 924</b>	<b>2 396</b>	<b>-</b>	<b>16 500</b>
Community and social services		26 521	-	-	13 192	11 118	11 118	7 924	2 396	-	16 500
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>375 598</b>	<b>415 816</b>	<b>415 677</b>	<b>12 500</b>	<b>14 374</b>	<b>14 374</b>	<b>9 474</b>	<b>22 075</b>	<b>17 542</b>	<b>8 766</b>
Planning and development		-	-	-	320	140	140	-	-	-	-
Road transport		375 598	415 816	415 677	12 180	14 234	14 234	9 474	22 075	17 542	8 766
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>700 671</b>	<b>622 357</b>	<b>650 759</b>	<b>54 223</b>	<b>60 121</b>	<b>60 121</b>	<b>40 092</b>	<b>36 449</b>	<b>50 141</b>	<b>38 256</b>
Energy sources		123 906	121 388	126 818	16 248	12 646	12 646	11 618	3 000	8 000	9 000
Water management		287 093	284 506	289 994	27 675	32 824	32 824	19 528	10 991	500	11 746
Waste water management		263 268	190 058	197 962	9 800	14 651	14 651	(634)	21 095	31 510	14 004
Waste management		26 405	26 405	35 985	500	-	-	9 580	1 363	10 131	3 506
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional</b>	3	<b>1 149 739</b>	<b>1 143 191</b>	<b>1 173 151</b>	<b>85 415</b>	<b>89 613</b>	<b>89 613</b>	<b>57 791</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>
<b>Funded by:</b>											
National Government		977 851	1 038 034	1 051 179	77 495	84 095	84 095	46 475	60 920	67 683	63 522
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)		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	<b>977 851</b>	<b>1 038 034</b>	<b>1 051 179</b>	<b>77 495</b>	<b>84 095</b>	<b>84 095</b>	<b>46 475</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>
<b>Borrowing</b>	6	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>7 920</b>	<b>5 518</b>	<b>5 518</b>	<b>1 290</b>	<b>0</b>	<b>(0)</b>	<b>-</b>
<b>Total Capital Funding</b>	7	<b>977 851</b>	<b>1 038 034</b>	<b>1 051 179</b>	<b>85 415</b>	<b>89 613</b>	<b>89 613</b>	<b>47 765</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>

Total capital expenditure allocation is R60 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 MTREF.

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

**Table 15: Capital programme**

**Table 15.1 - MUNICIPAL INFRASTRUCTURE GRANT (MIG) FUNDED PROJECTS**

PROJECT DESCRIPTION	WARD NO.	PROJECT VALUE	FINANCIAL YEAR BUDGETS		
			2021/ 2022	2022/ 2023	2023/ 2024
<b>ROADS AND STORMWATER</b>					
Construction of the R101 Intersection in Bela Bela Ext6	7	R8 800 000,00	R 7 500 000,00	-	-
Construction of Road paving & Stormwater in Bela Bela Ext7 - Phase 1	4 & 7	R 8 951 348,84	R 8 477 329,83	-	-
Construction of Road paving & Stormwater in Bela Bela Ext8 - Phase 1	4	R 4 918 944,47	R 4 668 282,25	-	-
Construction of Road paving & Stormwater in Bela Bela Kgosana, Matshapa and street 49	5	R 6 663 195,00	R 671 988,00	R5 674 755,00	
Construction of Road Paving and Stormwater in Bela Bela X6 - Phase 2	7	R 8 275 000,00	R 496 500,00	R7 778 500,00	-
Construction of Road Paving and Stormwater in Bela Bela X8 - Phase 2	4	R 4 350 000,00	R 261 000,00	R4 089 000,00	-
Construction of Road Paving and Stormwater in Bela Bela X8 - Phase 3	4	R 8 766 081,20	-	-	R 8 766 081,20
<b>SOLID WASTE MANAGEMENT</b>					
Upgrading of the Bela Bela Municipal landfill site	2	R 15 000 000,00	R 1 363 136,20	R 10 131 245,00	R 3 505 618,80
<b>CEMETERIES</b>					
Development of a new Cemetery in Pienaarsrivier	8	R 12 000 000,00	-	-	R 12 000 000,00
<b>SPORTS AND RECREATIONAL FACILITIES</b>					
Construction of sports facilities in Leseding	6	R 4 500 000,00	R 2 396 063,71	-	-
Construction of sports facilities in Masakhane	9	R 4 500 000,00	-	-	R 4 500 000,00
<b>MUNICIPAL FACILITIES</b>					
<b>PUBLIC LIGHTING</b>					
Construction of High mast lights in Bela Bela X9	4	R 2 000 000,00	-	-	-
<b>TOTAL MIG BUDGETS</b>			<b>R 25 834 300,00</b>	<b>R 27 673 500,00</b>	<b>R 28 771 700,00</b>

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

**Table 15.2 - WATER SERVICES INFRASTRUCTURE GRANT (WSIG) FUNDED PROJECTS**

PROJECT DESCRIPTION	WARD NO.	FINANCIAL YEAR BUDGETS		
		2021/ 2022	2022/ 2023	2023/ 2024
<b>WATER</b>				
Water Conservation and Demand Management (WCDM):	1, 2, 3, 4,	R3 724 650,00	-	-
Refurbishment of the Wambad Dam	9	R7 265 925,64	-	-
Construction of a New 10ML Reservoirs in Bela Bela Town (Ext 25 and 26)	1	-	R 500 000,00	R11 746 358,36
Upgrading of the Bela Bela Water Treatment Works to 10ML	1	-	-	-
Refurbishment and Automation of the Bela Bela Waste Water Treatment Works - Phase 1A	2	R698 983,00		
Refurbishment and Automation of the Bela Bela Waste Water Treatment Works - Phase 1B	2	R9 096 441,36	R10 607 527,64	
Refurbishment and Automation of the Bela Bela Waste Water Treatment Works - Phase 1C	2		R19 906 114,00	
Construction of Sewer outfall from Aventura PS to WWTW	1 & 2	R11 300 000,00	-	-
Refurbishment of the sewer network and yard connections in Bela-Bela Ext 9	4	-	R996 358,36	R14 003 641,64
<b>TOTAL WSIG BUDGETS</b>		<b>R 32 086 000,00</b>	<b>R32 010 000,00</b>	<b>R25 750 000,00</b>

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

**Table 15.3 - INTEGRATED NATIONAL ELECTRIFICATION (INEP) FUNDED PROJECTS**

PROJECT DESCRIPTION	WARD NO.	FINANCIAL YEAR BUDGETS		
		2021/ 2022	2022/ 2023	2023/ 2024
<b>BULK INFRASTRUCTURE</b>				
<b>ELECTRIFICATION</b>				
Electrification Bela Bela X9 (900HH) - Phase 2B (Shortfall)	4	-	R 920 439.80	-
Electrification X 25 (Koppewaaai) (250 HH)	9	-	R 4 250 000.00	
Electrification Bela Bela X9 (135HH) - Phase 3	4	-	R 2 295 000.00	
Bela-Bela Ext 5 (Sun Valley) (86HH)		-	R 534 560.20	R 927 439.80
<b>TOTAL INEP BUDGETS</b>		<b>R 0,00</b>	<b>R 8 000 000,00</b>	<b>R927 439,80</b>

**Table – 15.4 - ENERGY EFFICIENCY DEMAND SIDE MANAGEMENT (EEDSM) FUNDED PROJECTS**

PROJECT DESCRIPTION	WARD NO.	FINANCIAL YEAR BUDGETS		
		2021/ 2022	2022/ 2023	2023/ 2024
Energy Efficiency Demand Side Management (EEDSM) Programme: Bela Bela - Replacement Of HPS Street Lights with LED Luminaires	1	R 3 000 000,00	-	-
<b>TOTAL EEDSM FUNDED BUDGETS</b>		<b>R 3 000 000,00</b>	<b>R 0,00</b>	<b>-</b>

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.

### 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 16 - MBRR TableA1 - Budget Summary**

**Explanatory notes to MBRR Table A1 - 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
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	62 003	68 761	74 792	94 479	92 979	92 979	66 492	92 979	95 006	99 377
Service charges	151 269	159 776	173 479	206 658	205 158	205 158	153 023	245 937	259 819	281 120
Investment revenue	742	1 764	1 719	2 363	1 000	1 000	90	1 247	1 500	2 000
Transfers recognised - operational	77 791	85 053	94 046	103 274	119 389	119 389	104 028	108 804	115 307	116 626
Other own revenue	37 382	33 090	30 887	39 424	35 724	35 724	20 783	37 543	40 986	42 737
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>329 187</b>	<b>348 445</b>	<b>374 922</b>	<b>446 198</b>	<b>454 250</b>	<b>454 250</b>	<b>344 416</b>	<b>486 510</b>	<b>512 617</b>	<b>541 860</b>
Employee costs	119 572	119 514	149 584	144 153	149 053	149 053	132 325	159 212	168 931	177 419
Remuneration of councillors	6 869	7 364	7 072	8 235	8 235	8 235	6 886	7 737	8 647	9 079
Depreciation & asset impairment	59 079	29 951	30 432	33 968	33 968	33 968	–	32 000	37 365	41 101
Finance charges	15 443	7 368	9 529	12 600	5 000	5 000	497	13 000	13 293	14 024
Inventory consumed and bulk purchases	94 302	113 656	121 690	142 316	146 284	146 284	102 831	147 281	154 016	166 636
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	163 816	103 017	103 225	82 955	95 491	95 491	89 527	99 840	98 112	103 444
<b>Total Expenditure</b>	<b>459 082</b>	<b>380 869</b>	<b>421 532</b>	<b>424 227</b>	<b>438 032</b>	<b>438 032</b>	<b>332 066</b>	<b>459 071</b>	<b>480 364</b>	<b>511 703</b>
<b>Surplus/(Deficit)</b>	<b>(129 895)</b>	<b>(32 424)</b>	<b>(46 610)</b>	<b>21 971</b>	<b>16 218</b>	<b>16 218</b>	<b>12 350</b>	<b>27 440</b>	<b>32 253</b>	<b>30 156</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	85 302	87 320	66 353	77 495	84 095	84 095	40 339	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)	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(44 593)</b>	<b>54 896</b>	<b>–</b>	<b>99 466</b>	<b>100 313</b>	<b>100 313</b>	<b>52 689</b>	<b>88 360</b>	<b>99 901</b>	<b>93 678</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>(44 593)</b>	<b>54 896</b>	<b>–</b>	<b>99 466</b>	<b>100 313</b>	<b>100 313</b>	<b>52 689</b>	<b>88 360</b>	<b>99 901</b>	<b>93 678</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>1 149 739</b>	<b>1 143 191</b>	<b>1 173 151</b>	<b>85 415</b>	<b>89 613</b>	<b>89 613</b>	<b>57 791</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>
Transfers recognised - capital	977 851	1 038 034	1 051 179	77 495	84 095	84 095	46 475	60 920	67 683	63 522
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	7 920	5 518	5 518	1 290	0	(0)	–
<b>Total sources of capital funds</b>	<b>977 851</b>	<b>1 038 034</b>	<b>1 051 179</b>	<b>85 415</b>	<b>89 613</b>	<b>89 613</b>	<b>47 765</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>
<b>Financial position</b>										
Total current assets	(82 715)	58 560	109 187	155 233	162 232	162 232	163 898	268 673	345 303	414 908
Total non current assets	921 641	1 025 233	1 054 465	1 093 683	1 097 881	1 097 881	1 104 795	1 122 603	1 149 922	884 659
<b>Total current liabilities</b>	<b>313 098</b>	<b>207 055</b>	<b>256 000</b>	<b>141 092</b>	<b>151 442</b>	<b>151 442</b>	<b>285 620</b>	<b>152 896</b>	<b>152 896</b>	<b>152 896</b>
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	761 318	810 652	831 472	1 052 823	1 053 671	1 053 671	899 954	1 183 361	1 287 329	1 091 671
<b>Cash flows</b>										
Net cash from (used) operating	94 235	369 284	522 320	105 300	116 497	116 497	311 073	75 891	80 104	74 403
Net cash from (used) investing	66 102	86 531	56 824	85 415	89 613	89 613	55 475	(60 920)	(67 684)	(63 522)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–
<b>Cash/cash equivalents at the year end</b>	<b>159 182</b>	<b>521 362</b>	<b>860 648</b>	<b>205 064</b>	<b>220 458</b>	<b>220 458</b>	<b>376 750</b>	<b>53 657</b>	<b>66 077</b>	<b>76 959</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	4 175	13 087	10 202	21 634	28 633	28 633	10 971	53 657	66 077	76 959
Application of cash and investments	228 285	153 753	125 930	11 278	21 947	21 947	72 663	(42 955)	(91 060)	(139 931)
<b>Balance - surplus (shortfall)</b>	<b>(224 110)</b>	<b>(140 667)</b>	<b>(115 728)</b>	<b>10 356</b>	<b>6 686</b>	<b>6 686</b>	<b>(61 692)</b>	<b>96 612</b>	<b>157 137</b>	<b>216 890</b>
<b>Asset management</b>										
Asset register summary (WDV)	906 896	916 577	904 452	1 031 791	1 038 140	1 038 140	1 038 140	1 121 240	1 139 790	881 153
Depreciation	–	29 951	30 432	33 968	33 968	33 968	33 968	32 000	37 365	41 101
Renewal and Upgrading of Existing Assets	82 433	26 405	34 353	14 845	22 443	22 443	22 443	18 424	40 645	3 506
Repairs and Maintenance	6 143	16 373	9 532	10 706	24 874	24 874	24 874	24 844	27 398	28 604
<b>Free services</b>										
Cost of Free Basic Services provided	22 041	23 387	34 136	35 390	35 390	35 390	31 330	31 330	24 345	25 950
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
<b>Households below minimum service level</b>										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sew erage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	3	3	3	3	3	3	3	3	3	3

Above table 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).

1. 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.
2. The operating surplus/deficit (after total expenditure and before capital spending) is positive over the MTREF.
3. The MTREF for 2021/2022 depicts a surplus of R27 million after taking non-cash (depreciation) item into consideration.

**Table 17- 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		
		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
<b>Revenue - Functional</b>	1									
<b>Governance and administration</b>		171 158	172 687	183 270	219 619	228 871	228 871	219 427	230 295	237 283
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		171 158	172 687	183 270	219 619	228 871	228 871	219 427	230 295	237 283
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		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		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		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		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		213 528	214 584	220 990	271 413	276 513	276 513	293 213	312 562	329 138
Energy sources		129 400	117 047	123 725	165 334	160 434	160 434	169 160	182 567	199 008
Water management		60 459	71 785	69 070	74 884	84 884	84 884	81 427	83 909	81 995
Waste water management		15 966	16 523	19 087	21 027	21 027	21 027	32 423	34 641	36 179
Waste management		7 703	9 229	9 107	10 167	10 167	10 167	10 202	11 445	11 956
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	<b>414 489</b>	<b>435 765</b>	<b>441 275</b>	<b>523 693</b>	<b>538 345</b>	<b>538 345</b>	<b>547 430</b>	<b>580 265</b>	<b>605 382</b>
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		189 591	138 751	170 917	153 380	145 695	145 695	159 214	163 073	173 020
Executive and council		(333)	10 649	9 616	10 871	10 593	10 593	26 216	27 955	29 377
Finance and administration		191 519	123 338	156 509	139 917	132 461	132 461	129 599	131 516	139 840
Internal audit		(1 596)	4 764	4 793	2 592	2 642	2 642	3 399	3 602	3 802
<b>Community and public safety</b>		153 116	36 321	40 392	33 454	40 063	40 063	37 523	38 408	39 829
Community and social services		2 027	20 665	24 961	16 433	23 142	23 142	18 673	18 212	19 267
Sport and recreation		-	-	-	-	-	-	205	214	223
Public safety		151 089	15 656	15 431	17 021	16 921	16 921	18 645	19 983	20 339
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		13 997	33 299	27 621	50 062	49 490	49 490	52 664	59 192	63 474
Planning and development		4 071	12 059	11 818	14 691	14 559	14 559	21 508	22 588	23 747
Road transport		9 925	21 240	15 804	35 372	34 931	34 931	31 156	36 604	39 727
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		102 379	172 497	182 602	187 331	202 785	202 785	209 669	219 691	235 381
Energy sources		88 211	108 921	122 973	135 923	147 831	147 831	147 508	154 069	166 499
Water management		(647)	30 324	27 418	19 261	21 261	21 261	20 925	22 523	24 140
Waste water management		6 694	18 841	13 877	14 711	15 091	15 091	24 451	26 135	27 783
Waste management		8 121	14 412	18 334	17 436	18 602	18 602	16 784	16 964	16 959
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	<b>459 082</b>	<b>380 869</b>	<b>421 532</b>	<b>424 227</b>	<b>438 032</b>	<b>438 032</b>	<b>459 071</b>	<b>480 364</b>	<b>511 703</b>
<b>Surplus/(Deficit) for the year</b>		<b>(44 593)</b>	<b>54 896</b>	<b>19 743</b>	<b>99 466</b>	<b>100 313</b>	<b>100 313</b>	<b>88 360</b>	<b>99 901</b>	<b>93 678</b>

**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 18 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
<b>Revenue by Vote</b>	1									
Vote 1 - Chief Financial Officer		169 889	169 460	179 672	217 890	227 342	227 342	217 839	228 422	235 331
Vote 2 - Corporate Services		1 269	3 228	3 598	1 728	1 528	1 528	1 588	1 873	1 952
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		390	429	410	1 001	1 001	1 001	1 040	1 314	1 369
Vote 7 - Social and Community Services		10 724	19 763	22 383	16 068	16 068	16 068	16 759	18 445	19 262
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		232 217	242 885	235 212	285 718	290 818	290 818	308 845	328 754	345 954
Vote 10 - Technical Services		-	-	-	1 288	1 588	1 588	1 360	1 457	1 514
Vote 11 - Null		-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>414 489</b>	<b>435 765</b>	<b>441 275</b>	<b>523 693</b>	<b>538 345</b>	<b>538 345</b>	<b>547 430</b>	<b>580 265</b>	<b>605 382</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Chief Financial Officer		147 346	81 691	95 847	78 759	71 801	71 801	75 278	78 171	83 531
Vote 2 - Corporate Services		31 865	23 340	37 556	43 024	43 316	43 316	45 422	43 929	46 480
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		13 335	21 030	25 296	20 206	19 436	19 436	25 305	26 555	27 785
Vote 5 - Internal Audit		(1 401)	4 768	4 793	2 592	2 642	2 642	3 399	3 602	3 802
Vote 6 - Planning and Economic Development		4 625	10 845	10 133	11 285	11 153	11 153	17 481	18 319	19 269
Vote 7 - Social and Community Services		161 236	50 734	58 726	50 889	58 664	58 664	54 308	55 373	56 788
Vote 8 - Speaker		(1 554)	7 923	7 426	8 798	8 499	8 499	9 811	10 817	11 422
Vote 9 - Technical Services		104 183	179 325	180 072	205 267	219 114	219 114	224 041	239 330	258 149
Vote 10 - Technical Services		(553)	1 214	1 685	3 406	3 406	3 406	4 027	4 269	4 478
Vote 11 - Null		-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>459 082</b>	<b>380 869</b>	<b>421 532</b>	<b>424 227</b>	<b>438 032</b>	<b>438 032</b>	<b>459 071</b>	<b>480 364</b>	<b>511 703</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>(44 593)</b>	<b>54 896</b>	<b>19 743</b>	<b>99 466</b>	<b>100 313</b>	<b>100 313</b>	<b>88 360</b>	<b>99 901</b>	<b>93 678</b>

**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 19 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
<b>Revenue By Source</b>											
Property rates	2	62 003	68 761	74 792	94 479	92 979	92 979	66 492	92 979	95 006	99 377
Service charges - electricity revenue	2	103 786	109 446	115 233	147 928	146 428	146 428	97 634	164 229	172 552	187 910
Service charges - water revenue	2	25 122	27 255	31 806	32 060	32 060	32 060	30 237	43 783	46 101	50 204
Service charges - sanitation revenue	2	15 101	15 479	17 855	17 905	17 905	17 905	17 136	29 179	31 258	32 653
Service charges - refuse revenue	2	7 260	7 596	8 585	8 765	8 765	8 765	8 016	8 746	9 907	10 353
Rental of facilities and equipment		1 216	1 376	1 412	1 728	1 528	1 528	1 144	1 588	1 873	1 952
Interest earned - external investments		742	1 764	1 719	2 363	1 000	1 000	90	1 247	1 500	2 000
Interest earned - outstanding debtors		9 103	11 024	11 528	13 730	13 730	13 730	10 904	14 265	14 879	15 504
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		15 611	6 224	6 671	10 200	8 200	8 200	492	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	104 028	108 804	115 307	116 626
Other revenue	2	7 859	7 909	6 369	8 593	7 093	7 093	2 234	7 370	9 312	9 704
Gains		3 592	2 820	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>329 187</b>	<b>348 445</b>	<b>374 922</b>	<b>446 198</b>	<b>454 250</b>	<b>454 250</b>	<b>344 416</b>	<b>486 510</b>	<b>512 617</b>	<b>541 860</b>
<b>Expenditure By Type</b>											
Employee related costs	2	119 572	119 514	149 584	144 153	149 053	149 053	132 325	159 212	168 931	177 419
Remuneration of councillors		6 869	7 364	7 072	8 235	8 235	8 235	6 886	7 737	8 647	9 079
Debt impairment	3	33 484	36 880	28 437	10 350	10 350	10 350	18 458	12 000	11 385	12 523
Depreciation & asset impairment	2	59 079	29 951	30 432	33 968	33 968	33 968	-	32 000	37 365	41 101
Finance charges		15 443	7 368	9 529	12 600	5 000	5 000	497	13 000	13 293	14 024
Bulk purchases - electricity	2	88 088	97 199	111 705	131 510	131 510	131 510	95 575	120 000	124 299	135 014
Inventory consumed	8	6 215	16 457	9 985	10 806	14 774	14 774	7 256	27 281	29 717	31 622
Contracted services		36 308	22 463	26 815	36 960	53 048	53 048	36 282	58 887	60 500	63 156
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	43 625	39 491	42 246	35 644	32 093	32 093	34 787	28 953	26 226	27 764
Losses		50 399	4 183	5 727	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>459 082</b>	<b>380 869</b>	<b>421 532</b>	<b>424 227</b>	<b>438 032</b>	<b>438 032</b>	<b>332 066</b>	<b>459 071</b>	<b>480 364</b>	<b>511 703</b>
<b>Surplus/(Deficit)</b>											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(129 895)	(32 424)	(46 610)	21 971	16 218	16 218	12 350	27 440	32 253	30 156
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	85 302	87 320	66 353	77 495	84 095	84 095	40 339	60 920	67 648	63 522
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(44 593)</b>	<b>54 896</b>	<b>19 743</b>	<b>99 466</b>	<b>100 313</b>	<b>100 313</b>	<b>52 689</b>	<b>88 360</b>	<b>99 901</b>	<b>93 678</b>
Taxation		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>(44 593)</b>	<b>54 896</b>	<b>19 743</b>	<b>99 466</b>	<b>100 313</b>	<b>100 313</b>	<b>52 689</b>	<b>88 360</b>	<b>99 901</b>	<b>93 678</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(44 593)</b>	<b>54 896</b>	<b>19 743</b>	<b>99 466</b>	<b>100 313</b>	<b>100 313</b>	<b>52 689</b>	<b>88 360</b>	<b>99 901</b>	<b>93 678</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>(44 593)</b>	<b>54 896</b>	<b>19 743</b>	<b>99 466</b>	<b>100 313</b>	<b>100 313</b>	<b>52 689</b>	<b>88 360</b>	<b>99 901</b>	<b>93 678</b>

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

1. Municipality anticipate receiving revenue of R486 million in 2021/2022 as compared to the 2020/2021 adjusted budget revenue of R454 million. This represents the percentage increase of 7% against adjusted budget. Municipality major tariff were increased by 3.2% which is below 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 has been 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 R244 million for the 2021/2022 financial year which increased from R205 million of 2021/2022 adjusted budget. Services charges constitute 64% of the total revenue (excluding grants) base and 50% 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 20 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
<b>Capital expenditure - Vote</b>	1										
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Chief Financial Officer		-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 7 - Social and Community Services		-	-	-	-	-	-	-	-	-	-
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Chief Financial Officer		46 262	104 138	105 399	5 000	3 500	3 500	102	-	-	-
Vote 2 - Corporate Services		687	880	1 316	500	500	500	199	-	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		-	-	-	320	140	140	-	-	-	-
Vote 7 - Social and Community Services		52 926	26 405	35 985	13 692	11 118	11 118	17 505	3 759	10 131	20 006
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		1 049 864	1 011 768	1 030 452	65 903	74 355	74 355	39 985	57 161	57 552	43 516
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>1 149 739</b>	<b>1 143 191</b>	<b>1 173 151</b>	<b>85 415</b>	<b>89 613</b>	<b>89 613</b>	<b>57 791</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>
<b>Total Capital Expenditure - Vote</b>		<b>1 149 739</b>	<b>1 143 191</b>	<b>1 173 151</b>	<b>85 415</b>	<b>89 613</b>	<b>89 613</b>	<b>57 791</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		<b>46 949</b>	<b>105 018</b>	<b>106 715</b>	<b>5 500</b>	<b>4 000</b>	<b>4 000</b>	<b>301</b>	<b>-</b>	<b>-</b>	<b>-</b>
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		46 949	105 018	106 715	5 500	4 000	4 000	301	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>26 521</b>	<b>-</b>	<b>-</b>	<b>13 192</b>	<b>11 118</b>	<b>11 118</b>	<b>7 924</b>	<b>2 396</b>	<b>-</b>	<b>16 500</b>
Community and social services		26 521	-	-	13 192	11 118	11 118	7 924	2 396	-	16 500
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>375 598</b>	<b>415 816</b>	<b>415 677</b>	<b>12 500</b>	<b>14 374</b>	<b>14 374</b>	<b>9 474</b>	<b>22 075</b>	<b>17 542</b>	<b>8 766</b>
Planning and development		-	-	-	320	140	140	-	-	-	-
Road transport		375 598	415 816	415 677	12 180	14 234	14 234	9 474	22 075	17 542	8 766
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>700 671</b>	<b>622 357</b>	<b>650 759</b>	<b>54 223</b>	<b>60 121</b>	<b>60 121</b>	<b>40 092</b>	<b>36 449</b>	<b>50 141</b>	<b>38 256</b>
Energy sources		123 906	121 388	126 818	16 248	12 646	12 646	11 618	3 000	8 000	9 000
Water management		287 093	284 506	289 994	27 675	32 824	32 824	19 528	10 991	500	11 746
Waste water management		263 268	190 058	197 962	9 800	14 651	14 651	(634)	21 095	31 510	14 004
Waste management		26 405	26 405	35 985	500	-	-	9 580	1 363	10 131	3 506
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional</b>	3	<b>1 149 739</b>	<b>1 143 191</b>	<b>1 173 151</b>	<b>85 415</b>	<b>89 613</b>	<b>89 613</b>	<b>57 791</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>
<b>Funded by:</b>											
National Government		977 851	1 038 034	1 051 179	77 495	84 095	84 095	46 475	60 920	67 683	63 522
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)		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	<b>977 851</b>	<b>1 038 034</b>	<b>1 051 179</b>	<b>77 495</b>	<b>84 095</b>	<b>84 095</b>	<b>46 475</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>
<b>Borrowing</b>	6	<b>-</b>	<b>-</b>	<b>-</b>	<b>7 920</b>	<b>5 518</b>	<b>5 518</b>	<b>1 290</b>	<b>0</b>	<b>(0)</b>	<b>-</b>
<b>Internally generated funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Funding</b>	7	<b>977 851</b>	<b>1 038 034</b>	<b>1 051 179</b>	<b>85 415</b>	<b>89 613</b>	<b>89 613</b>	<b>47 765</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>

**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 approved budget; and
4. The municipality has not budgeted for any long term borrowing to fund the capital programme.

**Table 21 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
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		(1 461)	12 031	9 469	18 547	25 547	25 547	9 723	50 571	62 991	73 873
Call investment deposits	1	5 636	1 056	733	3 086	3 086	3 086	1 248	3 086	3 086	3 086
Consumer debtors	1	27 795	12 073	37 839	108 093	108 093	108 093	68 818	173 726	235 698	292 084
Other debtors		(114 891)	33 133	60 818	25 106	25 106	25 106	83 781	41 290	43 528	45 865
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	206	268	328	400	400	400	328	0	(0)	(0)
<b>Total current assets</b>		<b>(82 715)</b>	<b>58 560</b>	<b>109 187</b>	<b>155 233</b>	<b>162 232</b>	<b>162 232</b>	<b>163 898</b>	<b>268 673</b>	<b>345 303</b>	<b>414 908</b>
<b>Non current assets</b>											
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	807 973	807 973	823 144	833 557	861 795	712 869
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		2 495	2 178	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
<b>Total non current assets</b>		<b>921 641</b>	<b>1 025 233</b>	<b>1 054 465</b>	<b>1 093 683</b>	<b>1 097 881</b>	<b>1 097 881</b>	<b>1 104 795</b>	<b>1 122 603</b>	<b>1 149 922</b>	<b>884 659</b>
<b>TOTAL ASSETS</b>		<b>838 926</b>	<b>1 083 793</b>	<b>1 163 652</b>	<b>1 248 916</b>	<b>1 260 113</b>	<b>1 260 113</b>	<b>1 268 694</b>	<b>1 391 276</b>	<b>1 495 225</b>	<b>1 299 566</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	7 165	-	-	-	-	-	-	-	-	-
Consumer deposits		5 650	6 196	6 441	5 836	5 836	5 836	6 710	5 836	5 836	5 836
Trade and other payables	4	238 165	172 236	219 540	128 256	138 606	138 606	248 891	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
<b>Total current liabilities</b>		<b>313 098</b>	<b>207 055</b>	<b>256 000</b>	<b>141 092</b>	<b>151 442</b>	<b>151 442</b>	<b>285 620</b>	<b>152 896</b>	<b>152 896</b>	<b>152 896</b>
<b>Non current liabilities</b>											
Borrowing		(0)	-	-	-	-	-	-	-	-	-
Provisions		-	68 089	81 879	55 000	55 000	55 000	81 879	55 000	55 000	55 000
<b>Total non current liabilities</b>		<b>(0)</b>	<b>68 089</b>	<b>81 879</b>	<b>55 000</b>	<b>55 000</b>	<b>55 000</b>	<b>81 879</b>	<b>55 000</b>	<b>55 000</b>	<b>55 000</b>
<b>TOTAL LIABILITIES</b>		<b>313 098</b>	<b>275 144</b>	<b>337 880</b>	<b>196 092</b>	<b>206 442</b>	<b>206 442</b>	<b>367 500</b>	<b>207 896</b>	<b>207 896</b>	<b>207 896</b>
<b>NET ASSETS</b>	5	<b>525 829</b>	<b>808 649</b>	<b>825 773</b>	<b>1 052 823</b>	<b>1 053 671</b>	<b>1 053 671</b>	<b>901 194</b>	<b>1 183 381</b>	<b>1 287 329</b>	<b>1 091 671</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		761 318	810 652	831 472	1 052 823	1 053 671	1 053 671	899 954	1 183 381	1 287 329	1 091 671
Reserves	4	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>761 318</b>	<b>810 652</b>	<b>831 472</b>	<b>1 052 823</b>	<b>1 053 671</b>	<b>1 053 671</b>	<b>899 954</b>	<b>1 183 381</b>	<b>1 287 329</b>	<b>1 091 671</b>

**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:
  - i. Call investments deposits;
  - ii. Consumer debtors;
  - iii. Property, plant and equipment;
  - iv. Trade and other payables;
  - v. Provisions non-current liabilities;
  - vi. Changes in net assets; and
  - vii. 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 22 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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		2	0	23 197	92 425	90 925	90 925	47 832	80 869	81 356	85 112
Service charges		18	6	43 959	185 561	184 061	184 061	90 972	219 335	223 717	242 075
Other revenue		15 416	16 723	50 674	21 840	18 140	18 140	31 431	19 786	22 191	23 148
Transfers and Subsidies - Operational	1	53 799	43 699	129 274	103 274	119 389	119 389	127 724	108 804	115 307	116 626
Transfers and Subsidies - Capital	1	25 000	61 080	48 000	77 495	84 095	84 095	59 623	60 920	67 648	63 522
Interest		-	-	148	2 363	1 000	1 000	-	1 247	1 500	2 000
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		-	247 777	227 068	(365 059)	(376 114)	(376 114)	(46 510)	(402 071)	(418 321)	(444 055)
Finance charges		-	-	-	(12 600)	(5 000)	(5 000)	-	(13 000)	(13 293)	(14 024)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>94 235</b>	<b>369 284</b>	<b>522 320</b>	<b>105 300</b>	<b>116 497</b>	<b>116 497</b>	<b>311 073</b>	<b>75 891</b>	<b>80 104</b>	<b>74 403</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	182	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		66 102	86 348	56 824	85 415	89 613	89 613	55 475	(60 920)	(67 684)	(63 522)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>66 102</b>	<b>86 531</b>	<b>56 824</b>	<b>85 415</b>	<b>89 613</b>	<b>89 613</b>	<b>55 475</b>	<b>(60 920)</b>	<b>(67 684)</b>	<b>(63 522)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>160 337</b>	<b>455 815</b>	<b>579 145</b>	<b>190 715</b>	<b>206 109</b>	<b>206 109</b>	<b>366 548</b>	<b>14 971</b>	<b>12 420</b>	<b>10 882</b>
Cash/cash equivalents at the year begin:	2	(1 154)	65 547	281 503	14 349	14 349	14 349	10 202	38 686	53 657	66 077
Cash/cash equivalents at the year end:	2	159 182	521 362	860 648	205 064	220 458	220 458	376 750	53 657	66 077	76 959

**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 23 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
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	159 182	521 362	860 648	205 064	220 458	220 458	376 750	53 657	66 077	76 959
Other current investments > 90 days		(155 007)	(508 275)	(850 446)	(183 430)	(191 825)	(191 825)	(365 779)	0	(0)	(0)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>4 175</b>	<b>13 087</b>	<b>10 202</b>	<b>21 634</b>	<b>28 633</b>	<b>28 633</b>	<b>10 971</b>	<b>53 657</b>	<b>66 077</b>	<b>76 959</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		1 002	11 290	21 847	12 579	12 579	12 579	66 508	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	227 283	142 464	104 083	(1 301)	9 368	9 368	6 155	(42 955)	(91 060)	(139 931)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>228 285</b>	<b>153 753</b>	<b>125 930</b>	<b>11 278</b>	<b>21 947</b>	<b>21 947</b>	<b>72 663</b>	<b>(42 955)</b>	<b>(91 060)</b>	<b>(139 931)</b>
<b>Surplus(shortfall)</b>		<b>(224 110)</b>	<b>(140 667)</b>	<b>(115 728)</b>	<b>10 356</b>	<b>6 686</b>	<b>6 686</b>	<b>(61 692)</b>	<b>96 612</b>	<b>157 137</b>	<b>216 890</b>

**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 24 MBRR Table A9 - Asset Management**

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
<b>R thousand</b>										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	1 067 306	1 116 786	1 138 798	70 570	67 169	67 169	42 496	27 039	60 016
<i>Roads Infrastructure</i>		243 648	262 653	262 730	8 725	10 787	10 787	22 075	17 542	8 766
<i>Storm water Infrastructure</i>		122 143	152 947	152 947	3 455	3 446	3 446	-	-	-
<i>Electrical Infrastructure</i>		123 906	121 388	126 818	15 548	12 148	12 148	3 000	8 000	9 000
<i>Water Supply Infrastructure</i>		287 093	284 506	289 994	19 508	26 369	26 369	3 725	500	11 746
<i>Sanitation Infrastructure</i>		176 728	190 273	199 594	9 800	5 351	5 351	11 300	996	14 004
<i>Solid Waste Infrastructure</i>		26 405	-	-	500	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>979 923</b>	<b>1 011 768</b>	<b>1 032 083</b>	<b>57 536</b>	<b>58 101</b>	<b>58 101</b>	<b>40 100</b>	<b>27 039</b>	<b>43 516</b>
Community Facilities		-	-	-	-	-	-	-	-	12 000
Sport and Recreation Facilities		(19 755)	-	-	6 514	4 430	4 430	2 396	-	4 500
<b>Community Assets</b>		<b>(19 755)</b>	<b>-</b>	<b>-</b>	<b>6 514</b>	<b>4 430</b>	<b>4 430</b>	<b>2 396</b>	<b>-</b>	<b>16 500</b>
<b>Heritage Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biological or Cultivated Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		646	646	407	-	-	-	-	-	-
<b>Intangible Assets</b>		<b>646</b>	<b>646</b>	<b>407</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment		-	349	1 749	320	140	140	-	-	-
Furniture and Office Equipment		1 736	234	604	500	500	500	-	-	-
Machinery and Equipment		1 070	26	191	700	498	498	-	-	-
<b>Transport Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>5 000</b>	<b>3 500</b>	<b>3 500</b>	<b>-</b>	<b>-</b>	<b>-</b>
Land		103 686	103 763	103 763	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	<b>19 755</b>	<b>26 405</b>	<b>35 985</b>	<b>5 500</b>	<b>5 950</b>	<b>5 950</b>	<b>7 266</b>	<b>-</b>	<b>-</b>
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	5 500	5 950	5 950	7 266	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	26 405	35 985	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>-</b>	<b>26 405</b>	<b>35 985</b>	<b>5 500</b>	<b>5 950</b>	<b>5 950</b>	<b>7 266</b>	<b>-</b>	<b>-</b>
Community Facilities		19 755	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		<b>19 755</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Heritage Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biological or Cultivated Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
<b>Transport Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

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
<b>R thousand</b>										
<b>Total Upgrading of Existing Assets</b>	6	62 678	-	(1 632)	9 345	16 493	16 493	11 159	40 645	3 506
<i>Roads Infrastructure</i>		9 807	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		71 548	-	5 829	2 667	506	506	0	-	-
<i>Sanitation Infrastructure</i>		14 992	-	(7 461)	-	9 300	9 300	9 795	30 514	0
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	1 363	10 131	3 506
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>96 347</b>	<b>-</b>	<b>(1 632)</b>	<b>2 667</b>	<b>9 806</b>	<b>9 806</b>	<b>11 159</b>	<b>40 645</b>	<b>3 506</b>
Community Facilities		-	-	-	5 778	5 809	5 809	-	-	-
Sport and Recreation Facilities		(33 669)	-	-	900	879	879	-	-	-
<b>Community Assets</b>		<b>(33 669)</b>	<b>-</b>	<b>-</b>	<b>6 678</b>	<b>6 688</b>	<b>6 688</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Heritage Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biological or Cultivated Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	<b>1 149 739</b>	<b>1 143 191</b>	<b>1 173 151</b>	<b>85 415</b>	<b>89 613</b>	<b>89 613</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>
<i>Roads Infrastructure</i>		253 455	262 653	262 730	8 725	10 787	10 787	22 075	17 542	8 766
<i>Storm water Infrastructure</i>		122 143	152 947	152 947	3 455	3 446	3 446	-	-	-
<i>Electrical Infrastructure</i>		123 906	121 388	126 818	15 548	12 148	12 148	3 000	8 000	9 000
<i>Water Supply Infrastructure</i>		358 641	284 506	295 823	27 675	32 824	32 824	10 991	500	11 746
<i>Sanitation Infrastructure</i>		191 720	190 273	192 133	9 800	14 651	14 651	21 095	31 510	14 004
<i>Solid Waste Infrastructure</i>		26 405	26 405	35 985	500	-	-	1 363	10 131	3 506
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>1 076 269</b>	<b>1 038 173</b>	<b>1 066 437</b>	<b>65 703</b>	<b>73 857</b>	<b>73 857</b>	<b>58 524</b>	<b>67 683</b>	<b>47 022</b>
Community Facilities		19 755	-	-	5 778	5 809	5 809	-	-	12 000
Sport and Recreation Facilities		(53 423)	-	-	7 414	5 309	5 309	2 396	-	4 500
<b>Community Assets</b>		<b>(33 669)</b>	<b>-</b>	<b>-</b>	<b>13 192</b>	<b>11 118</b>	<b>11 118</b>	<b>2 396</b>	<b>-</b>	<b>16 500</b>
<b>Heritage Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biological or Cultivated Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		646	646	407	-	-	-	-	-	-
<b>Intangible Assets</b>		<b>646</b>	<b>646</b>	<b>407</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment		-	349	1 749	320	140	140	-	-	-
Furniture and Office Equipment		1 736	234	604	500	500	500	-	-	-
Machinery and Equipment		1 070	26	191	700	498	498	-	-	-
Transport Assets		-	-	-	5 000	3 500	3 500	-	-	-
Land		103 686	103 763	103 763	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		<b>1 149 739</b>	<b>1 143 191</b>	<b>1 173 151</b>	<b>85 415</b>	<b>89 613</b>	<b>89 613</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>

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
<b>R thousand</b>										
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	906 896	916 577	904 452	1 031 791	1 038 140	1 038 140	1 121 240	1 139 790	881 153
<i>Roads Infrastructure</i>		131 785	144 426	139 321	111 423	113 485	113 485	206 856	204 723	158 621
<i>Storm water Infrastructure</i>		56 259	53 830	51 525	60 276	60 268	60 268	-	-	-
<i>Electrical Infrastructure</i>		42 755	37 487	40 381	61 530	58 130	58 130	201 566	213 101	178 567
<i>Water Supply Infrastructure</i>		1 507	119 544	120 675	35 904	43 215	43 215	208 787	204 780	180 410
<i>Sanitation Infrastructure</i>		191 720	85 754	89 121	226 160	231 011	231 011	17 582	27 759	9 878
<i>Solid Waste Infrastructure</i>		20 179	19 278	20 384	18 990	18 490	18 490	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>444 204</b>	<b>460 319</b>	<b>461 407</b>	<b>514 285</b>	<b>524 599</b>	<b>524 599</b>	<b>634 791</b>	<b>650 363</b>	<b>527 476</b>
<b>Community Assets</b>		63 119	59 179	55 526	81 092	79 008	79 008	202 041	206 252	187 333
<b>Heritage Assets</b>		(39 896)	539	539	539	539	539	539	539	539
<b>Investment properties</b>		282 015	284 836	279 139	287 684	287 684	287 684	287 684	287 684	172 359
<b>Other Assets</b>		66 384	24 370	22 965	19 219	19 219	19 219	(1 215)	(1 297)	(1 427)
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		2 495	2 178	1 860	1 684	1 684	1 684	823	(97)	(1 108)
<b>Computer Equipment</b>		-	565	456	(1 355)	(1 535)	(1 535)	(2 728)	(2 912)	(3 204)
<b>Furniture and Office Equipment</b>		3 770	1 652	1 265	2 051	2 051	2 051	(452)	(483)	(531)
<b>Machinery and Equipment</b>		1 022	704	532	1 105	903	903	(243)	(259)	(285)
<b>Transport Assets</b>		4 872	3 326	1 852	45 790	44 290	44 290	-	-	-
<b>Land</b>		78 909	78 909	78 910	79 698	79 698	79 698	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	<b>906 896</b>	<b>916 577</b>	<b>904 452</b>	<b>1 031 791</b>	<b>1 038 140</b>	<b>1 038 140</b>	<b>1 121 240</b>	<b>1 139 790</b>	<b>881 153</b>
<b>EXPENDITURE OTHER ITEMS</b>		6 143	46 324	39 965	44 674	58 842	58 842	56 844	64 763	69 705
<b>Depreciation</b>	7	-	29 951	30 432	33 968	33 968	33 968	32 000	37 365	41 101
<b>Repairs and Maintenance by Asset Class</b>	3	6 143	16 373	9 532	10 706	24 874	24 874	24 844	27 398	28 604
<i>Roads Infrastructure</i>		370	220	413	450	350	350	2 800	3 126	3 264
<i>Storm water Infrastructure</i>		736	3 590	1 009	1 400	1 400	1 400	1 500	1 771	1 849
<i>Electrical Infrastructure</i>		3 767	5 487	3 169	4 380	17 414	17 414	11 150	12 244	12 782
<i>Water Supply Infrastructure</i>		457	820	392	300	1 561	1 561	4 400	4 845	5 058
<i>Sanitation Infrastructure</i>		125	2 899	2 754	2 200	2 274	2 274	2 500	2 761	2 883
<i>Solid Waste Infrastructure</i>		26	-	175	30	30	30	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		14	41	111	66	66	66	100	104	109
<i>Information and Communication Infrastructure</i>		68	26	-	100	50	50	100	104	109
<b>Infrastructure</b>		<b>5 563</b>	<b>13 082</b>	<b>8 023</b>	<b>8 926</b>	<b>23 144</b>	<b>23 144</b>	<b>22 550</b>	<b>24 956</b>	<b>26 054</b>
<b>Community Facilities</b>	8	8	1 230	1 316	850	800	800	200	208	218
<b>Sport and Recreation Facilities</b>		235	1 604	174	900	900	900	1 940	2 074	2 165
<b>Community Assets</b>		<b>243</b>	<b>2 834</b>	<b>1 490</b>	<b>1 750</b>	<b>1 700</b>	<b>1 700</b>	<b>2 140</b>	<b>2 282</b>	<b>2 382</b>
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>		-	-	-	-	-	-	-	-	-
<i>Housing</i>		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
<i>Servitudes</i>		-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>		-	-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>		336	457	19	30	30	30	30	31	33
<b>Machinery and Equipment</b>		-	-	-	-	-	-	124	129	135
<b>Transport Assets</b>		-	-	-	-	-	-	-	-	-
<b>Land</b>		-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>6 143</b>	<b>46 324</b>	<b>39 965</b>	<b>44 674</b>	<b>58 842</b>	<b>58 842</b>	<b>56 844</b>	<b>64 763</b>	<b>69 705</b>

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
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		7.2%	2.3%	2.9%	17.4%	25.0%	25.0%	30.2%	60.1%	5.5%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		0.0%	88.2%	112.9%	43.7%	66.1%	66.1%	57.6%	108.8%	8.5%
<i>R&amp;M as a % of PPE</i>		0.9%	2.2%	1.2%	1.3%	3.1%	3.1%	3.0%	3.2%	4.0%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>		10.0%	5.0%	5.0%	2.0%	5.0%	5.0%	4.0%	6.0%	4.0%

### Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. 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 25 MBRR Table A10 - Basic Service Delivery Measurement**

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Household service targets</b>										
<b>Water:</b>										
Piped water inside dwelling	1	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	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		18 064	18 064	18 064	18 064	18 064	18 064	18 064	18 064	18 064
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	<b>18 064</b>	<b>18 064</b>	<b>18 064</b>	<b>18 064</b>	<b>18 064</b>	<b>18 064</b>	<b>18 064</b>	<b>18 064</b>	<b>18 064</b>
<b>Sanitation/sewerage:</b>										
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)		875	875	875	875	875	875	875	875	875
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		987	987	987	987	987	987	987	987	987
Other toilet provisions (> min.service level)		1 274	1 274	1 274	1 274	1 274	1 274	1 274	1 274	1 274
<i>Minimum Service Level and Above sub-total</i>		18 064	18 064	18 064	18 064	18 064	18 064	18 064	18 064	18 064
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	<b>18 064</b>	<b>18 064</b>	<b>18 064</b>	<b>18 064</b>	<b>18 064</b>	<b>18 064</b>	<b>18 064</b>	<b>18 064</b>	<b>18 064</b>
<b>Energy:</b>										
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		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	<b>15 133</b>	<b>15 343</b>	<b>15 343</b>	<b>15 703</b>	<b>15 703</b>	<b>15 703</b>	<b>16 003</b>	<b>16 422</b>	<b>16 422</b>
<b>Refuse:</b>										
Removed at least once a week		9 501	9 501	9 189	9 294	9 294	9 294	11 310	11 460	11 710
<i>Minimum Service Level and Above sub-total</i>		9 501	9 501	9 189	9 294	9 294	9 294	11 310	11 460	11 710
Removed less frequently than once a week		-	-	-	-	-	-	30	-	-
Using communal refuse dump		3 088	3 088	3 088	3 088	3 088	3 088	3 088	3 088	3 088
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		3 088	3 088	3 088	3 088	3 088	3 088	3 118	3 088	3 088
<b>Total number of households</b>	5	<b>12 589</b>	<b>12 589</b>	<b>12 277</b>	<b>12 382</b>	<b>12 382</b>	<b>12 382</b>	<b>14 428</b>	<b>14 548</b>	<b>14 798</b>
<b>Households receiving Free Basic Service</b>										
Water (6 kilolitres per household per month)	7	4 633	4 753	4 225	4 647	4 647	4 647	4 647	4 647	4 647
Sanitation (free minimum level service)		4 677	4 793	4 241	4 665	4 665	4 665	4 665	4 665	4 665
Electricity/other energy (50kwh per household per month)		2 947	3 324	3 411	3 752	3 752	3 752	3 752	3 752	3 752
Refuse (removed at least once a week)		4 709	4 829	4 262	4 688	4 688	4 688	4 688	4 688	4 688
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>										
Water (6 kilolitres per indigent household per month)	8	6 050	6 770	7 704	8 011	8 011	8 011	7 040	44	48
Sanitation (free sanitation service to indigent households)		9 563	10 008	11 137	11 471	11 471	11 471	11 918	11 918	12 419
Electricity/other energy (50kwh per indigent household per month)		2 736	2 736	10 984	11 424	11 424	11 424	7 351	12 362	13 462
Refuse (removed once a week for indigent households)		3 692	3 873	4 311	4 483	4 483	4 483	5 020	21	21
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>										
<b>Total cost of FBS provided</b>		<b>22 041</b>	<b>23 387</b>	<b>34 136</b>	<b>35 390</b>	<b>35 390</b>	<b>35 390</b>	<b>31 330</b>	<b>24 345</b>	<b>25 950</b>
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		188	198	208	218	218	218	225	234	245
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		-	-	78	82	82	82	85	89	92
<b>Revenue cost of subsidised services provided (R'000)</b>										
Property rates (tariff adjustment) ( impermissible values per section 17 of MPRA)	9	-	-	-	-	-	-	-	-	-
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	6	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

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

## Part 2 – Supporting Documentation

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### 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: -

- i. a programme specifying the time frames for the different planning steps;
- ii. 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;
- iii. an indication of the organisational arrangements for the IDP process;
- iv. binding plans and planning requirements, i.e. policy and legislation;

The objectives of the Process Plan are as follows:

- i. to guide decision making in respect of service delivery and public sector investment;
- ii. to inform budgets and Service delivery programs of various government departments and service agencies; and
- iii. 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:

- i. Registration of community needs;
- ii. Compilation of departmental business plans including key performance indicators and targets;
- iii. Financial planning and budgeting process;
- iv. Public participation process;
- v. Revision of the IDP, and
- vi. 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. Below table summarise only key services delivery standard (For a full services delivery standard can be provided on a separate document)

**Table 26: Service level standards**

<b>Standard</b>	<b>Key Service level</b>
<b>Solid Waste Removal</b>	Street Cleaning Frequency in CBD (Once a week)
	How soon are public areas cleaned after events (24hours)
	Clearing of illegal dumping (24hours)
<b>Water Service</b>	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,)
<b>Electricity Service</b>	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)
<b>Sewerage Service</b>	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)
<b>Road Infrastructure Services</b>	Replacement of manhole covers? (Hours)
	Time taken to repair a single pothole on a major road? (Hours)
<b>Property valuations</b>	How long does it take on average from completion to the first account being issued? (one month/three months or longer)
<b>Financial Management</b>	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)
<b>Administration</b>	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)
<b>Community safety and licensing services</b>	What percentage of calls are not answered? (5%)
	How long does it take to register a vehicle? (minutes)
<b>Economic development</b>	How many economic development projects does the municipality drive?
<b>Other Service delivery and communication</b>	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 was placed 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

Below 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:

- i. Green Paper on National Strategic Planning of 2009;
- ii. Government Programme of Action;
- iii. Development Facilitation Act of 1995;
- iv. Provincial Growth and Development Strategy (PGDS);
- v. National and Provincial spatial development perspectives;

- vi. Relevant sector plans such as transportation, legislation and policy;
- vii. National Key Performance Indicators (NKPIs);
- viii. Accelerated and Shared Growth Initiative (ASGISA);
- ix. National 2014 Vision;
- x. National Spatial Development Perspective (NSDP) and
- xi. 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 27: IDP Strategic Objectives

TASK/ACTIVITY	RESPONSIBILITY	Close-off	Close-off	2021/22
		2019/20	2020/21	Budget
		FINANCIAL YEAR	FINANCIAL YEAR	TIME FRAME
<b>PREPARATION PHASE</b>				
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
<b>District IDP Managers Forum (Activity alignment – coordinated by WDM – IDP Head)</b>	OFFICE OF THE MM			August 2020
<b>IDP/PMS/Budget Process workshop for new ward committees</b>	OFFICE OF THE MM /BTO			September 2020
<b>Submission of the time schedule to the Provincial Treasury, National Treasury and Coghsta</b>	OFFICE OF THE MM /BTO			August 2020
<b>Place public notice on the IDP/Budget time schedule approval</b>	OFFICE OF THE MM /BTO			August 2020
<b>1st IDP Review/Budget Steering Committee Meeting</b>	OFFICE OF THE MM			12 September 2020
<b>1st IDP Review/Budget/LED Representative Forum</b>	OFFICE OF THE MM			13 September 2020
<b>ANALYSIS, STRATEGY AND PROJECT PHASE</b>				
Identification of Gaps, Stakeholder Registration, and Information Gathering	OFFICE OF THE MM			27 September 2020
<b>Review status of Capital Projects on Capital wish list + current 3 year MTREF</b>	BTO			September 2020

Managers for respective departments receive wish list of previous project requests for ward committees/ward councilors to review	BTO			September 2020
<b>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)</b>	BTO			September 2020
Provincial Development Planning Forum	Local/Provincial alignment – Quarter 2 Provincial engagement – OFFICE OF THE MM			13 December 2020
<b>Ward committees meet to review current needs</b>	OFFICE OF THE MM			September 2020
Managers for the respective departments submit ward request based on review of current needs identification	Managers			October 2020
<b>2nd IDP Review/Budget Steering Committee Meeting</b>	OFFICE OF THE MM			19 November 2020
<b>2nd IDP Review/Budget/LED Representative Forum</b>	OFFICE OF THE MM			14 November 2020
<b>Managers submit completed capital projects template on the 2018/2020 MTREF Capital Budget</b>	Managers			October 2020
<b>Budget Steering Committee Meeting – direction on proposed tariff increases &amp; increases in revenue, expenditure and capital</b>	BTO			October 2020
<b>Managers to review existing 3 year MTREF capital project and submit completed Capital project templates with priorities to BTO</b>	Managers			October 2020
<b>BTO sends Tariff lists to managers for review</b>	BTO			October 2020
<b>Top management meeting to discuss budget proposals and budget affordability</b>	OFFICE OF THE MM BTO			November 2020
<b>Based on the Budget Steering Committee meeting directive, ward committees meet to priorities their ward requests</b>	OFFICE OF THE MM /BTO			November 2020

Mayoral Roadshow	OFFICE OF THE MM /BTO			November 2020
<b>Managers of respective departments to submit prioritised ward requests to the BTO</b>	Managers			November 2020
<b>3rd IDP Review/Budget Steering Committee Meeting</b>	OFFICE OF THE MM			March 2021
<b>3rd IDP Review/Budget/LED Representative Forum</b>	OFFICE OF THE MM			March 2021
<b>INTEGRATION PHASE</b>				
<b>Budget Steering Committee Meeting – To discuss &amp; review capital budget request (Round 1)</b>	BTO			November 2020
<b>Managers to submit proposed tariffs to BTO</b>	Managers			November 2020
<b>BTO/PED distributes prioritized ward requests to managers for ward committee’s final verification</b>	BTO			November 2020
Workshop on tariffs and tariff related policies	BTO			November 2020
<b>Budget Office sends summarized capital budget requests to managers for review</b>	BTO			November 2020
<b>Ward Committees/Councillors meet for final confirmation of their ward request</b>	OFFICE OF THE MM /BTO			December 2020
<b>Budget Steering Committee Meeting - Mid Year Review and Performance Assessment (2017/18 Budget): Capex including Draft 2018 – 2021 Capital budget request (Round 2)</b>	OFFICE OF THE MM /BTO			January 2021
<b>Managers to review 2018/2019 – 2020/2021 Opex requests from managers on the new budget programme</b>	Managers			January 2021
Managers to submit new post request to HR	Managers			January 2021
<b>Managers to submit 2018/19 – 2020/2021 Opex requests to BTO</b>	Managers			January 2021
<b>BTO to submit draft tariff list and proposed revenue</b>	BTO			January 2021

<b>District IDP Managers Forum (Activity alignment – coordinated by WDM – IDP Head)</b>	PED			January 2021
<b>Budget Office to distribute Opex performance including Draft 2018 – 2019 Opex</b>	BTO			January 2021
<b>Provincial Development Planning Forum</b>	Local/Provincial alignment – Quarter 3 Provincial engagement – PED			TBC by Office of the Premier
<b>Budget Steering Committee Meeting – Mid Year Review and Performance Assessment (2017/18 Budget): Opex performance including Draft 2018/2019 Opex</b>	OFFICE OF THE MM /BTO			January 2021
<b>BTO distributes all Mid-Year Review (Capex &amp; Opex) changes &amp; Draft Capex &amp; Opex budget request to managers</b>	BTO			January 2021
<b>Compilation of Mid-Year Review Report (2017 – 18)</b>	OFFICE OF THE MM /BTO			January 2021
<b>Submit Mid-Year Review Report to the Mayor</b>	OFFICE OF THE MM /BTO			January 2021
<b>Table Mid-Year Review Report &amp; Draft Annual Report in Council</b>	OFFICE OF THE MM /BTO			31 <sup>st</sup> January 2021
<b>Budget Steering Committee Meeting – Final discussion on Tariffs &amp; Final Adjustment Budget Review (2017/2018 Budget)</b>	OFFICE OF THE MM /BTO			February 2021
<b>BTO distributes all operational budget request to managers for final verification</b>	OFFICE OF THE MM /BTO			February 2021
<b>BTO determines final revenue projections &amp; tariffs and Review of Budget related policies</b>	OFFICE OF THE MM /BTO			February 2021
<b>Strategic Planning Session – for discussion on preliminary budget proposals and IDP review focus areas for 2019/20</b>	OFFICE OF THE MM /BTO			27 <sup>th</sup> Feb – 01 March 2021
<b>Compile Adjustment Budget (2018/2019): NT Reports and circulars</b>	OFFICE OF THE MM /BTO			February 2021
<b>Budget Steering Committee Meeting – to discuss &amp; review Opex, Capex, new posts, revenue projections &amp; filling of vacancies for determination of salary contingency</b>	BTO/TM/TG&BT Sub-committee			February 2021

<b>Provincial Development Planning Forum</b>	Local/Provincial alignment – Quarter 4 Provincial engagement – PED			February 2021
<b>Start with the compilation of Draft SDBIP (2019/20)</b>	OFFICE OF THE MM /BTO			February 2021
<b>Final Review of 2019/20 Adjustment Budget documents</b>	BTO			February 2021
<b>Managers return final operational and capital budget including the statistical information with final sign off to verify information submitted</b>	Managers			February 2021
<b>BTO to finalise Draft tariffs &amp; revenue projections</b>	BTO			February 2021
<b>Managers to submit final policies to CFO</b>	Managers			February 2021
<b>Submit Electricity Tariffs to NERSA</b>	BTO			February 2021
<b>Managers to submit Activity/Business Plans for Grants to BTO</b>	Managers			March 2021
<b>Finalise the draft IDP Review/Budget 2019/20</b>	OFFICE OF THE MM /BTO			March 2021
<b>BTO does final review of Draft Budget Report &amp; Schedules</b>	BTO			March 2021
<b>BTO distributes Draft Budget Report</b>	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
<b>Advertise Draft IDP &amp; Budget for public comments</b>	OFFICE OF THE MM /BTO			April 2021
<b>CONSULTATION &amp; APPROVAL PHASE</b>				

Mayoral Road-shows	Mayor			02 April 2020 – 25 April 2021
<b>Electronic Draft IDP/Budget files submitted to PT, Coghsa and NT after Council meeting</b>	OFFICE OF THE MM /BTO			April 2021
<b>Submission of Annual Draft Budget and IDP for representation to PT, Coghsa and NT</b>	OFFICE OF THE MM /BTO			April 2021
<b>Managers to submit Demand Management Plans to SCM</b>	Managers			April 2021
<b>Provincial Budget Assessment</b>	PT/Municipal Delegation			TBC by the PT
<b>Summarise all community feedback and distribute to the relevant stakeholders for consideration to be included in the Final Budget report</b>	OFFICE OF THE MM /BTO			May 2021
<b>4th IDP Review/Budget Steering Committee Meeting</b>	OFFICE OF THE MM			May 2021
<b>4th IDP Review/Budget/LED Representative Forum</b>	OFFICE OF THE MM			May 2021
<b>Budget Steering Committee Meeting – consideration of Budget Comments (Review Budget comments to make decision on comments)</b>	BTO/TM/TG&BT Sub-committee			May 2021
<b>BTO compile final Budget Report and Schedules</b>	BTO			May 2021
<b>Approval of IDP/Budget/PMS Framework by Council</b>	OFFICE OF THE MM /BTO			May 2021
<b>IMPLEMENTATION PHASE</b>				
<b>Place Final IDP Review/Budget documents on the website</b>	OFFICE OF THE MM /BTO			June 2021
<b>Advertise Final IDP Review/Budget and Tariffs in the media</b>	OFFICE OF THE MM /BTO			June 2021
<b>Submission of Final Budget and IDP to NT, PT and Coghsa</b>	OFFICE OF THE MM /BTO			June 2021

<b>Municipal Manager submits SDBIP to Mayor</b>	OFFICE OF THE MM			June 2021
<b>Publish a summary of Budget</b>	BTO			June 2021
<b>Approval of SDBIP by the Mayor</b>	Mayor			June 2021
<b>Finalise and approval of the performance agreements of the S54A and S56 appointees</b>	OFFICE OF THE MM /BTO /Mayor			July 2021
<b>REPORTING AND REVIEW</b>				
<b>Monthly Budget statement to Municipal Manager and Mayor</b>	BTO		Monthly	Monthly
<b>Quarterly Reporting by Mayor to Council</b>	Mayor		October 2020, January 2021, April 2021, July 2021	October 2020, January 2021, April 2021, July 2021
<b>Table adjustments Budget</b>	BTO		February 2021	February 2021
<b>Finalise Roll Over Projects</b>	BTO		31 <sup>st</sup> July 2021	31st July 2021
<b>Table Adjustments Budget for approval of Roll over projects</b>	BTO		March 2021	
<b>Table in Council Draft unaudited Annual Performance Report/AFS</b>	OFFICE OF THE MM		August 2020	August 2020
<b>Submission of the AFS to AG</b>	BTO		30 <sup>th</sup> August 2020	30th August 2020
<b>Submit Draft audited Annual Report to Council</b>	OFFICE OF THE MM		25 Januar 2021	25 January 2021
<b>Submit Adjustment Budget, if necessary</b>	OFFICE OF THE MM		30th March 2021	30th March 2021
<b>Final Annual Report Comments and Approval</b>	OFFICE OF THE MM		February 2021 to March 2021	February 2021 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:

- i. Shortage of skilled personnel makes proper operations and maintenance difficult;  
and
- ii. 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 28 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
<b><u>Borrowing Management</u></b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.4%	1.9%	2.3%	3.0%	1.1%	1.1%	0.1%	2.8%	2.8%	2.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	6.1%	2.8%	3.4%	3.7%	1.5%	1.5%	0.2%	3.4%	3.3%	3.3%
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%
<b><u>Safetv of Capital</u></b>											
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%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	(0.3)	0.3	0.4	1.1	1.1	1.1	0.6	1.8	2.3	2.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	(0.3)	0.3	0.4	1.1	1.1	1.1	0.6	1.8	2.3	2.7
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.1	0.0	0.2	0.2	0.2	0.0	0.4	0.4	0.5
<b><u>Revenue Management</u></b>											
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%	63.2%	88.6%	86.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	27.0%	92.3%	92.2%	92.2%	63.2%	88.6%	86.0%	86.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	-26.5%	13.0%	26.3%	29.9%	29.3%	29.3%	44.3%	44.2%	54.5%	62.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))								100.0%	100.0%	100.0%
Creditors to Cash and Investments		139.4%	27.9%	16.9%	56.6%	57.3%	57.3%	30.3%	260.6%	211.6%	181.7%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	11 018	12 050	11 837	11 837	11 837	11 837		11 837	11 837	11 837
	Total Cost of Losses (Rand '000)	13 715	17 416	9 344	15 038	15 038	15 038		17 595	18 334	19 140
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	14.0%	13.0%	12.0%	12.0%	12.0%		11.0%	11.0%	11.0%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	473	709	653	653	653	653		1 368	1 368	1 368
	Total Cost of Losses (Rand '000)	3 273	4 088	6 259	6 885	6 885	6 885		11 532	16 376	17 096
	% Volume (units purchased and generated less units sold)/units purchased and generated	22.7%	24.0%	21.0%	21.0%	21.0%	21.0%		41.2%	41.2%	41.2%
Employee costs	Employee costs/(Total Revenue - capital revenue)	36.3%	34.3%	39.9%	32.3%	32.8%	32.8%	38.4%	32.7%	33.0%	32.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	38.4%	36.4%	41.8%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	1.9%	4.7%	2.5%	2.4%	5.5%	5.5%		5.1%	5.3%	5.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	22.6%	10.7%	10.7%	10.4%	8.6%	8.6%	0.1%	9.2%	9.9%	10.2%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	-	1 774.9	118.8	342.9	342.9	342.9	192.8	251.8	198.7	212.6
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	-40.6%	19.7%	39.5%	44.0%	44.4%	44.4%	69.2%	63.1%	78.3%	88.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	6.0	20.0	29.2	6.8	7.0	7.0	14.7	1.6	1.9	2.1

## 2.8 Overview of budget related policies

In Table 29 below, the relevant budget related policies are set out.

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

16	Expenditure Management Policy	May 2021	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 4%.

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

**Table 30: 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 31: 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
<b>Revenue By Source</b>											
Property rates	2	62 003	68 761	74 792	94 479	92 979	92 979	66 492	92 979	95 006	99 377
Service charges - electricity revenue	2	103 786	109 446	115 233	147 928	146 428	146 428	97 634	164 229	172 552	187 910
Service charges - water revenue	2	25 122	27 255	31 806	32 060	32 060	32 060	30 237	43 783	46 101	50 204
Service charges - sanitation revenue	2	15 101	15 479	17 855	17 905	17 905	17 905	17 136	29 179	31 258	32 653
Service charges - refuse revenue	2	7 260	7 596	8 585	8 765	8 765	8 765	8 016	8 746	9 907	10 353
Rental of facilities and equipment		1 216	1 376	1 412	1 728	1 528	1 528	1 144	1 588	1 873	1 952
Interest earned - external investments		742	1 764	1 719	2 363	1 000	1 000	90	1 247	1 500	2 000
Interest earned - outstanding debtors		9 103	11 024	11 528	13 730	13 730	13 730	10 904	14 265	14 879	15 504
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		15 611	6 224	6 671	10 200	8 200	8 200	492	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	104 028	108 804	115 307	116 626
Other revenue	2	7 859	7 909	6 369	8 593	7 093	7 093	2 234	7 370	9 312	9 704
Gains		3 592	2 820	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>329 187</b>	<b>348 445</b>	<b>374 922</b>	<b>446 198</b>	<b>454 250</b>	<b>454 250</b>	<b>344 416</b>	<b>486 510</b>	<b>512 617</b>	<b>541 860</b>

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 32 below depicts the break-down of employee related costs.

**Table 32 MBRR Table SA22 - Summary of Employees and Councillors remuneration**



<b>Board Members of Entities</b>										
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									
<b>Sub Total - Board Members of Entities</b>		-	-	-	-	-	-	-	-	-
<b>0</b>	<b>0</b>		-	-	-	-	-	-	-	-
<b>Senior Managers of Entities</b>										
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									
<b>Sub Total - Senior Managers of Entities</b>		-	-	-	-	-	-	-	-	-
<b>0</b>	<b>0</b>		-	-	-	-	-	-	-	-
<b>Other Staff of Entities</b>										
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									
<b>Sub Total - Other Staff of Entities</b>		-	-	-	-	-	-	-	-	-
<b>0</b>	<b>0</b>		-	-	-	-	-	-	-	-
<b>Total Municipal Entities</b>										
		-	-	-	-	-	-	-	-	-
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>										
		126 441	126 878	156 656	-	157 288	157 288	161 531	162 170	172 581
<b>0</b>	<b>0</b>		0.3%	23.5%	(100.0%)	-	-	2.7%	0.4%	6.4%
<b>TOTAL MANAGERS AND STAFF</b>	<b>5,7</b>	<b>119 572</b>	<b>119 514</b>	<b>149 584</b>	<b>-</b>	<b>149 053</b>	<b>149 053</b>	<b>152 802</b>	<b>153 523</b>	<b>163 502</b>

Total salary cost for all municipality employees excluding councillor is budgeted at R159 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.



### **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:

- a. Creating jobs;
- b. Enhancing education and skill development;
- c. Improving Health services;
- d. Rural development and agriculture; and
- e. 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:

- i. What are the predicted cash and investments that are available at the end of the budget year?
- ii. How are those funds used?
- iii. 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 34 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
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	159 182	521 362	860 648	205 064	220 458	220 458	376 750	53 657	66 077	76 959
Other current investments > 90 days		(155 007)	(508 275)	(850 446)	(183 430)	(191 825)	(191 825)	(365 779)	0	(0)	(0)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>4 175</b>	<b>13 087</b>	<b>10 202</b>	<b>21 634</b>	<b>28 633</b>	<b>28 633</b>	<b>10 971</b>	<b>53 657</b>	<b>66 077</b>	<b>76 959</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		1 002	11 290	21 847	12 579	12 579	12 579	66 508	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	227 283	142 464	104 083	(1 301)	9 368	9 368	6 155	(42 955)	(91 060)	(139 931)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>228 285</b>	<b>153 753</b>	<b>125 930</b>	<b>11 278</b>	<b>21 947</b>	<b>21 947</b>	<b>72 663</b>	<b>(42 955)</b>	<b>(91 060)</b>	<b>(139 931)</b>
<b>Surplus(shortfall)</b>		<b>(224 110)</b>	<b>(140 667)</b>	<b>(115 728)</b>	<b>10 356</b>	<b>6 686</b>	<b>6 686</b>	<b>(61 692)</b>	<b>96 612</b>	<b>157 137</b>	<b>216 890</b>

The following breakdown of the application of this funding:

- a. 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;

- b. 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
- c. 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 35 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
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	159 182	521 362	860 648	205 064	220 458	220 458	376 750	53 657	66 077	76 959
Cash + investments at the yr end less applications - R'000	18(1)b	2	(224 110)	(140 667)	(115 728)	10 356	6 686	6 686	(61 692)	96 612	157 137	216 890
Cash year end/monthly employee/supplier payments	18(1)b	3	6.0	20.0	29.2	6.8	7.0	7.0	14.7	1.6	1.9	2.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(44 593)	54 896	19 743	99 466	100 313	100 313	52 689	88 360	99 901	93 678
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%)	(32.4%)	7.7%	(1.3%)	1.2%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	6.2%	6.5%	42.2%	88.0%	87.8%	87.8%	70.8%	85.0%	82.7%	82.8%
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%	8.4%	3.5%	3.2%	3.3%
Capital payments % of capital expenditure	18(1)c,19	8	(5.7%)	(7.6%)	(4.8%)	(100.0%)	(100.0%)	(100.0%)	(96.0%)	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%)	118.2%	35.0%	0.0%	0.0%	14.6%	61.4%	29.9%	21.0%
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%	3.1%	3.1%	3.0%	3.0%	3.2%	4.0%
Asset renewal % of capital budget	20(1)(vi)	14	1.7%	2.3%	3.1%	6.4%	6.6%	6.6%	0.0%	11.9%	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 36 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
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Chief Financial Officer		-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 7 - Social and Community Services		-	-	-	-	-	-	-	-	-	-
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Chief Financial Officer		46 262	104 138	105 399	5 000	3 500	3 500	102	-	-	-
Vote 2 - Corporate Services		687	880	1 316	500	500	500	199	-	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		-	-	-	320	140	140	-	-	-	-
Vote 7 - Social and Community Services		52 926	26 405	35 985	13 692	11 118	11 118	17 505	3 759	10 131	20 006
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		1 049 864	1 011 768	1 030 452	65 903	74 355	74 355	39 985	57 161	57 552	43 516
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>1 149 739</b>	<b>1 143 191</b>	<b>1 173 151</b>	<b>85 415</b>	<b>89 613</b>	<b>89 613</b>	<b>57 791</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>
<b>Total Capital Expenditure - Vote</b>		<b>1 149 739</b>	<b>1 143 191</b>	<b>1 173 151</b>	<b>85 415</b>	<b>89 613</b>	<b>89 613</b>	<b>57 791</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		<b>46 949</b>	<b>105 018</b>	<b>106 715</b>	<b>5 500</b>	<b>4 000</b>	<b>4 000</b>	<b>301</b>	<b>-</b>	<b>-</b>	<b>-</b>
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		46 949	105 018	106 715	5 500	4 000	4 000	301	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>26 521</b>	<b>-</b>	<b>-</b>	<b>13 192</b>	<b>11 118</b>	<b>11 118</b>	<b>7 924</b>	<b>2 396</b>	<b>-</b>	<b>16 500</b>
Community and social services		26 521	-	-	13 192	11 118	11 118	7 924	2 396	-	16 500
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>375 598</b>	<b>415 816</b>	<b>415 677</b>	<b>12 500</b>	<b>14 374</b>	<b>14 374</b>	<b>9 474</b>	<b>22 075</b>	<b>17 542</b>	<b>8 766</b>
Planning and development		-	-	-	320	140	140	-	-	-	-
Road transport		375 598	415 816	415 677	12 180	14 234	14 234	9 474	22 075	17 542	8 766
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>700 671</b>	<b>622 357</b>	<b>650 759</b>	<b>54 223</b>	<b>60 121</b>	<b>60 121</b>	<b>40 092</b>	<b>36 449</b>	<b>50 141</b>	<b>38 256</b>
Energy sources		123 906	121 388	126 818	16 248	12 646	12 646	11 618	3 000	8 000	9 000
Water management		287 093	284 506	289 994	27 675	32 824	32 824	19 528	10 991	500	11 746
Waste water management		263 268	190 058	197 962	9 800	14 651	14 651	(634)	21 095	31 510	14 004
Waste management		26 405	26 405	35 985	500	-	-	9 580	1 363	10 131	3 506
Other		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	<b>1 149 739</b>	<b>1 143 191</b>	<b>1 173 151</b>	<b>85 415</b>	<b>89 613</b>	<b>89 613</b>	<b>57 791</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>
<b>Funded by:</b>											
National Government		977 851	1 038 034	1 051 179	77 495	84 095	84 095	46 475	60 920	67 683	63 522
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)		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	<b>977 851</b>	<b>1 038 034</b>	<b>1 051 179</b>	<b>77 495</b>	<b>84 095</b>	<b>84 095</b>	<b>46 475</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		-	-	-	7 920	5 518	5 518	1 290	0	(0)	-
<b>Total Capital Funding</b>	7	<b>977 851</b>	<b>1 038 034</b>	<b>1 051 179</b>	<b>85 415</b>	<b>89 613</b>	<b>89 613</b>	<b>47 765</b>	<b>60 920</b>	<b>67 683</b>	<b>63 522</b>

## **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 37 MBRR 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
<b>Revenue By Source</b>																
Property rates		7 748	7 748	7 748	7 748	7 748	7 748	7 748	7 748	7 748	7 748	7 748	92 979	95 006	99 377	
Service charges - electricity revenue		13 686	13 686	13 686	13 686	13 686	13 686	13 686	13 686	13 686	13 686	13 686	164 229	172 552	187 910	
Service charges - water revenue		3 649	3 649	3 649	3 649	3 649	3 649	3 649	3 649	3 649	3 649	3 649	43 783	46 101	50 204	
Service charges - sanitation revenue		2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	29 179	31 258	32 653	
Service charges - refuse revenue		729	729	729	729	729	729	729	729	729	729	729	8 746	9 907	10 353	
Rental of facilities and equipment		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	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	14 265	14 879	15 504	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits		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	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	108 804	115 307	116 626	
Other revenue		614	614	614	614	614	614	614	614	614	614	614	7 370	9 312	9 704	
Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>40 543</b>	<b>40 543</b>	<b>40 543</b>	<b>40 543</b>	<b>40 543</b>	<b>40 543</b>	<b>40 543</b>	<b>40 543</b>	<b>40 543</b>	<b>40 543</b>	<b>40 543</b>	<b>486 510</b>	<b>512 617</b>	<b>541 860</b>	
<b>Expenditure By Type</b>																
Employee related costs		13 268	13 268	13 268	13 268	13 268	13 268	13 268	13 268	13 268	13 268	13 268	159 212	168 931	177 419	
Remuneration of councillors		645	645	645	645	645	645	645	645	645	645	645	7 737	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	12 000	11 385	12 523	
Depreciation & asset impairment		2 667	2 667	2 667	2 667	2 667	2 667	2 667	2 667	2 667	2 667	2 667	32 000	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	13 000	13 293	14 024	
Bulk purchases - electricity		10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	120 000	124 299	135 014	
Inventory consumed		2 273	2 273	2 273	2 273	2 273	2 273	2 273	2 273	2 273	2 273	2 273	27 281	29 717	31 622	
Contracted services		4 907	4 907	4 907	4 907	4 907	4 907	4 907	4 907	4 907	4 907	4 907	58 887	60 500	63 156	
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure		2 413	2 413	2 413	2 413	2 413	2 413	2 413	2 413	2 413	2 413	2 413	28 953	26 226	27 764	
Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Expenditure</b>		<b>38 256</b>	<b>38 256</b>	<b>38 256</b>	<b>38 256</b>	<b>38 256</b>	<b>38 256</b>	<b>38 256</b>	<b>38 256</b>	<b>38 256</b>	<b>38 256</b>	<b>38 256</b>	<b>459 071</b>	<b>480 364</b>	<b>511 703</b>	
<b>Surplus/(Deficit)</b>		<b>2 287</b>	<b>2 287</b>	<b>2 287</b>	<b>2 287</b>	<b>2 287</b>	<b>2 287</b>	<b>2 287</b>	<b>2 287</b>	<b>2 287</b>	<b>2 287</b>	<b>2 287</b>	<b>27 440</b>	<b>32 253</b>	<b>30 156</b>	
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	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)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>7 363</b>	<b>7 363</b>	<b>7 363</b>	<b>7 363</b>	<b>7 363</b>	<b>7 363</b>	<b>7 363</b>	<b>7 363</b>	<b>7 363</b>	<b>7 363</b>	<b>7 363</b>	<b>88 360</b>	<b>99 901</b>	<b>93 678</b>	
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>7 363</b>	<b>7 363</b>	<b>7 363</b>	<b>7 363</b>	<b>7 363</b>	<b>7 363</b>	<b>7 363</b>	<b>7 363</b>	<b>7 363</b>	<b>7 363</b>	<b>7 363</b>	<b>88 360</b>	<b>99 901</b>	<b>93 678</b>	

**Table 38 MBRR Table SA30 – Budgeted monthly cash flow**

MONTHLY CASH FLOWS	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework		
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23
<b>Cash Receipts By Source</b>													1		
Property rates	6 739	6 739	6 739	6 739	6 739	6 739	6 739	6 739	6 739	6 739	6 739	6 739	80 869	81 356	85 112
Service charges - electricity revenue	11 770	11 770	11 770	11 770	11 770	11 770	11 770	11 770	11 770	11 770	11 770	11 770	141 236	148 785	162 027
Service charges - water revenue	3 495	3 495	3 495	3 495	3 495	3 495	3 495	3 495	3 495	3 495	3 495	3 495	41 940	39 751	43 289
Service charges - sanitation revenue	2 297	2 297	2 297	2 297	2 297	2 297	2 297	2 297	2 297	2 297	2 297	2 297	27 560	26 697	27 892
Service charges - refuse revenue	717	717	717	717	717	717	717	717	717	717	717	717	8 599	8 484	8 867
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	116 626
Other revenue	522	522	522	522	522	522	522	522	522	522	522	522	6 265	7 916	8 248
<b>Cash Receipts by Source</b>	<b>35 837</b>	<b>35 837</b>	<b>35 837</b>	<b>35 837</b>	<b>35 837</b>	<b>35 837</b>	<b>35 837</b>	<b>35 837</b>	<b>35 837</b>	<b>35 837</b>	<b>35 837</b>	<b>35 837</b>	<b>430 041</b>	<b>444 070</b>	<b>468 961</b>
<b>Other Cash Flows by Source</b>															
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts by Source</b>	<b>40 913</b>	<b>40 913</b>	<b>40 913</b>	<b>40 913</b>	<b>40 913</b>	<b>40 913</b>	<b>40 913</b>	<b>40 913</b>	<b>40 913</b>	<b>40 913</b>	<b>40 913</b>	<b>40 913</b>	<b>490 961</b>	<b>511 718</b>	<b>532 483</b>
<b>Cash Payments by Type</b>															
Employee related costs	13 912	13 912	13 912	13 912	13 912	13 912	13 912	13 912	13 912	13 912	13 912	13 912	166 949	177 578	186 498
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	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 000	120 000	124 299	135 014
Acquisitions - water & other inventory	2 273	2 273	2 273	2 273	2 273	2 273	2 273	2 273	2 273	2 273	2 273	2 273	27 281	29 717	31 622
Contracted services	4 907	4 907	4 907	4 907	4 907	4 907	4 907	4 907	4 907	4 907	4 907	4 907	58 887	60 500	63 156
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	2 413	2 413	2 413	2 413	2 413	2 413	2 413	2 413	2 413	2 413	2 413	2 413	28 953	26 226	27 764
<b>Cash Payments by Type</b>	<b>34 589</b>	<b>34 589</b>	<b>34 589</b>	<b>34 589</b>	<b>34 589</b>	<b>34 589</b>	<b>34 589</b>	<b>34 589</b>	<b>34 589</b>	<b>34 589</b>	<b>34 589</b>	<b>34 589</b>	<b>415 071</b>	<b>431 614</b>	<b>458 079</b>
<b>Other Cash Flows/Payments by Type</b>															
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	63 522
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	<b>39 666</b>	<b>39 666</b>	<b>39 666</b>	<b>39 666</b>	<b>39 666</b>	<b>39 666</b>	<b>39 666</b>	<b>39 666</b>	<b>39 666</b>	<b>39 666</b>	<b>39 666</b>	<b>39 666</b>	<b>475 991</b>	<b>499 297</b>	<b>521 601</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>1 248</b>	<b>1 248</b>	<b>1 248</b>	<b>1 248</b>	<b>1 248</b>	<b>1 248</b>	<b>1 248</b>	<b>1 248</b>	<b>1 248</b>	<b>1 248</b>	<b>1 248</b>	<b>1 248</b>	<b>14 971</b>	<b>12 420</b>	<b>10 882</b>
Cash/cash equivalents at the month/year begin:	38 686	39 934	41 181	42 429	43 676	44 924	46 172	47 419	48 667	49 914	51 162	52 409	38 686	53 657	66 077

<b>Cash Payments by Type</b>																
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	
<b>Cash Payments by Type</b>	<b>33 600</b>	<b>33 600</b>	<b>33 600</b>	<b>33 600</b>	<b>33 600</b>	<b>33 600</b>	<b>33 600</b>	<b>33 600</b>	<b>33 600</b>	<b>33 600</b>	<b>33 600</b>	<b>33 600</b>	<b>403 203</b>	<b>412 806</b>	<b>440 662</b>	
<b>Other Cash Flows/Payments by Type</b>																
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Cash Payments by Type</b>	<b>38 677</b>	<b>38 677</b>	<b>38 677</b>	<b>38 677</b>	<b>38 677</b>	<b>38 677</b>	<b>38 677</b>	<b>38 677</b>	<b>38 677</b>	<b>38 677</b>	<b>38 677</b>	<b>38 677</b>	<b>464 123</b>	<b>480 490</b>	<b>495 684</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(1 172)</b>	<b>(1 172)</b>	<b>(1 172)</b>	<b>(1 172)</b>	<b>(1 172)</b>	<b>(1 172)</b>	<b>(1 172)</b>	<b>(1 172)</b>	<b>(1 172)</b>	<b>(1 172)</b>	<b>(1 172)</b>	<b>(1 172)</b>	<b>(14 062)</b>	<b>(1 283)</b>	<b>1 874</b>	
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:

### **a. 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.

### **b. 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.

### **c. Budget and Treasury Office**

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

### **d. Audit Committee**

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

### **e. 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.

### **f. Annual Report**

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

### **g. MFMA Training**

The relevant managers are attending the MFMA accredited training.

### **h. 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:

- i. This budget complies with the legislative framework;
- ii. The budget, once approved by Council, will be taken through the required consultation processes to obtain the stakeholders' inputs;
- iii. 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