



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

**2019/2020**

**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

Mayoral speech will be tabled separately by the Mayor on **May 2019**.

## 1.2 Council Resolutions

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 2019/2020 MTREF will mark as the fourth terms for the councillors to implement the annual budget which seek to improve the service delivery of Bela-Bela Local Community.

Circular 94 was issued during 8<sup>th</sup> March 2019. Among the objectives of this Circular, 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 2019/2020 Medium Term Revenue and Expenditure will seek to address any service delivery in the community of Bela-Bela and unable the council to further implement any proposed project emulating from previous financial year together with the newly identified service delivery projects.

In terms of Section 16(2) of the Municipal Finance Management Act (56 of 2003), "the mayor of the municipality must table the annual budget at a council meeting *at least 90 days before the start of the budget year*. This budget is usually referred to as the "draft budget". Paragraph 9 and Schedule A of the Municipal Budget and Reporting Regulations prescribe the format and contents of the budgets of municipalities and municipal entities.

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

1. The Council of Bela-Bela Local Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The annual budget of the municipality for the financial year 2019/2020 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 17;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 18;
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 19; and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 20.
  - 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 22;
    - 1.2.2. Asset management as contained in Table 24.
2. The Council of Bela-Bela Local Municipality approved the following 2019/2020 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 2019 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**

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 2019 to 30 June 2020 (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 Municipal Manager to monitor the

performance of the Senior Managers, the Mayor/Council to monitor the performance of the 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.

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

The municipality has been subjected to statutory audit from the beginning of August 2018 to the end of November 2018; 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 had regressed in its 2017/2018 audit opinion. The audit finding which led to qualification was as result of migrated balance from old chart to mSCOA which was done by the system with an error and only discovered later during the audit.

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 will continue to be put in place through the established AGSA action plan committee which will seek to address any issues raised. To ensure the committee is effectively discharge; the accounting officer will oversee the committee as the chairperson. Municipality plan to archive clean audit in the 2019/2020 financial year and will use 2018/2019 financial year as the learning curve to any shortcoming experienced

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

The Municipality also embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. A critical review was also undertaken of expenditures on noncore and 'nice to have' items and which led to implementation of cost containment measures. Fixed term service providers contracts are continually reviewed with a view to reduce the monthly fixed costs. This can be evidence by reduction in expenditure from audited 2017/2018 against the projected budget of 2019/2020.

### **m-SCOA Implementation**

In terms of m-SCOA regulation of 2014, all municipalities were expected to implement the standard Charts of Accounts by 1 July 2017. In order to comply with regulation, there were various processes that needed to be undertaken by municipality to ensure full compliance on

1st July 2017 which include amongst other, implementation plan indicating the project milestones.

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

Challenges were however experienced during the compilation of the annual financial statement relating to misclassification of accounts and certain balance which were not properly migrated to new chart accurately by the system.

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

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

Before compilation of the 2019/2020 to 2021/2022 planning and budget process, a review to the municipality's service delivery prioritises were done. Strategic planning sessions where planning of the 2019/2020 budget was discussed were held during February 2019. The compilation of the 2019/2020 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 2019/2020 MTREF;

- National Treasury's MFMA Circular No. 48, 51, 55, 58, 59, 66, 67, 70, 72, 74, 75, 78, 79, 80, 86, 89, 91, 93 and 94 were used to guide the compilation of the 2019/2020 MTERF.
- Headline inflation predictions;
- National outcomes and priorities as contained in the NDP, MTBPS, the President's State of the Nation Address and the 2019 national budget;
- NERSA guidelines;
- The priorities and targets in relation to the key strategic focus areas as determined in the IDP;
- The 2018/2019 Adjustment Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baseline for the 2019/2020 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure

backlogs. In this vein, the municipality appointed specialists to remodel the water, electricity and sanitation tariffs to be cost reflective;

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- An assessment of the relative human resources capacity to implement the Budget;
- The need to enhance the municipality's revenue base;
- All conditional grants should always be cash backed;
- Cash flow projections should be strictly maintained to ensure the municipality's ability to meet its obligations;
- Operational cost will be maintained at current levels or reduced as cost containment measures will continue to be implemented; and
- Expenditure will be strictly monitored and be limited to the "absolutely necessary" items. Expenditure on the "nice to have" will be stopped forthwith.

During the compilation of 2019/2020 MTREF Municipality determined few challenges which will have an impact on the revenue and expenditure projections as follows:

- The on-going difficulties in the national and local economy;
- The modestly increasing debt as a result of non-payment;
- Aging and insufficiently funded maintenance for water, roads and electricity infrastructure;
- Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the Municipality's cash position into account;
- The increased cost of bulk water and electricity (due to tariff increases from Magalies Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- Insufficient Capital Replacement Reserve, impacting on the Municipality's ability to fund capital expenditure from internal sources; and

During the 2019/2020 budget no re-modelling on tariff will be done other than applying normal tariff rate increase linked to Consumer Price Inflation (CPI) of 5.2% as recommended in circular 94 issued by National Treasury during month of March 2019.

Tariffs on sundry services, service charges and property rates have increased by 5.2% in the 2019/2020 financial year in line with the relevant guidance provided. Circular 94 provide that any increase in tariff rates above 5.2% will require justification to be narrated on each increase above such rates. The justification on each tariff are details on the tariff summary sections on this budget book.

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

- Provision on Councillor's allowances were increased in accordance to SALGA prescribed rates of 6.5% (estimated for new financial year).
- Bulk purchases increased by 5.3% from the adjusted budget.
- Employee costs are increased by 5.9% from the audited financial statement of 2017/2018.
- Overall expenditure was increased by 3% from the adjusted budget.

Municipality intend to hold public participation sessions with the communities after the budget have been tabled to council at the end of March 2019 in terms of the relevant legislation. The sessions are due be conducted during the month of April 2019 in line with the prescribed budget regulations dealing with consultation requirement. The issues raised in the previous

budget year of 2018/2019 were mostly around complaints about accounts, implementation of credit control policy, housing, security, use of drugs and lack of recreational facilities for the youth. These issues will continue to be considered when drafting 2019/2020 budget and allow the issues to be taken through the governance structures for further processing.

The budget benchmarking exercise with relevant treasury will also form part of the 2019/2020 budget compilation process to allow them to perform assessment for credibility, relevance and sustainability. The inputs from the session will be incorporated in this budget. In terms of compliance assessment, this budget will be considered if it is compliant by the Provincial Treasury. Where necessary few budget tables (A Schedule) have been adjusted to obtain full compliance and to align to mSCOA requirement.

Council has in the past resolved to build up a Capital Reserve Fund over the medium-term in terms of the long-term financial plan/policy. This resolution was not successfully implemented during 2018/2019 budget year. Over the MTREF outer years Council expects to have built up enough cash reserve in order to fund own source projects. During 2019/2020 budget year, reserve will be kept which will assist Municipality to fund any internal capital projects. Municipality projected to have few own funded projects after through consultation with relevant stakeholders.

With regards to grant funding, MIG is allocated around R25.9 million, INEP R12.8 million and with water infrastructure (WSIG) having received higher allocation of R45.00 million in the 2019/2020 budget year.

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

- Efficient revenue management, which aims to ensure a minimum of 95% annual collection rate for property rates and other key service charges.
- Consistent and sustainable implementation of credit control action to all households and other consumers that can afford payment of services, including reminder letters, telephone, sms and other means of reminding consumers of the obligation with regard to their municipal accounts;
- Compilation of indigent register;
- Resolution of the current non-payment by the farmers;
- Accurate and predictable monthly billing of municipal services, which requires that accounts are send regularly and on time can enable consumers to plan or arrange for payment of services;
- Conduct electricity and water meter audit in order to address the losses; and
- A continuance campaign that is led by the respective ward Councillor to promote payment of services within each ward. This campaign should include all stakeholders and the ward committees.

### **1.3.1. Budget Overview for the 2018/19 MTREF**

This section provides an overview of Bela-Bela Local Municipality's 2019/2020 to 2021/2022 MTREF. It focuses on the billing and revenue environment of the Municipality; the expenditure framework includes an assessment of how the budget links with the national and provincial government contexts along with a review of the fiscal position of the municipality. As mentioned in the preceding paragraph, this budget continues to be assessed by both National and Provincial Treasuries during consultation and thereafter for:

- Credibility – revenue and expenditure estimates are realistic;

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

### **1.3.1.1. Budget related By-Laws**

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

#### **Tariffs By-Law**

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

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

There are no major changes in the 2019/2020 financial year other than a normal increase in tariff at rate 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 on the running of the Municipality. Policies are used for the smooth running of administration. The Municipal budget related policies are as follows:

- Credit Control and Debt Collection Policy
- Property Rates Policy
- Assets Management Policy
- Indigent Policy
- Borrowing framework policy
- Budget Implementation and Monitoring Policy
- Cash Management and Investment Policy
- Funding Reserves Policy
- Prioritisation Model for Capital Assets Investment
- Policy on Infrastructure Investment and Capital Projects
- Policy on Long Term Financial Planning
- Policy on Provision for doubtful debts and writing off of irrecoverable debts
- Principles and Policy on Tariffs
- Petty Cash Policy
- Supply Chain Management Policy
- Tariff policy

There few were changes made on the following policies:

#### *Supply Chain Management Policy*

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

One other consideration taken into the policy was the review in order to provide transparency in the procurement process and eliminate any non-compliance raised by AG in the past (Eg, where its impractically impossible to obtain 3 quotation such as advertisement to local newspaper).

### **1.3.1.3. Operating Revenue Framework**

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

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

- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality
- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure at least 95 per cent annual collection rate for property rates and other key service charges;
- Continuous engagements with key stakeholders, particularly farmers and business, to collect outstanding debt and improve current collection levels;

The following table is a summary of the 2019/2020 MTREF (classified by main revenue source):

**Table 1 Summary of revenue classified by main revenue source**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue By Source</b>											
Property rates	2	54 229	62 468	62 003	84 996	84 996	84 996	50 002	90 845	96 296	102 074
Service charges - electricity revenue	2	84 980	102 848	103 166	133 286	133 286	133 286	70 824	141 362	149 844	158 835
Service charges - water revenue	2	17 523	23 259	25 122	29 540	29 540	29 540	19 937	31 200	33 072	35 057
Service charges - sanitation revenue	2	6 366	14 862	15 101	17 332	17 332	17 332	10 887	17 383	18 426	19 532
Service charges - refuse revenue	2	5 469	6 074	7 259	10 666	10 666	10 666	5 289	8 428	8 934	9 470
Rental of facilities and equipment		1 114	1 099	1 216	1 939	1 939	1 939	884	1 462	1 535	1 612
Interest earned - external investments		2 268	2 583	742	4 069	4 069	4 069	216	4 272	5 000	5 250
Interest earned - outstanding debtors		6 049	7 896	9 103	10 604	10 604	10 604	3 052	11 252	9 002	5 401
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		4 451	12 756	15 526	19 598	19 598	19 598	-	17 526	18 578	19 692
Licences and permits		2 742	3 256	3 926	7 259	7 259	7 259	3 437	4 926	5 221	5 535
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		59 137	71 426	77 791	84 840	84 840	84 840	82 985	91 859	101 255	101 255
Other revenue	2	6 915	8 795	10 934	9 779	9 779	9 779	(2 179)	8 252	8 722	9 220
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>251 243</b>	<b>317 324</b>	<b>331 890</b>	<b>413 908</b>	<b>413 908</b>	<b>413 908</b>	<b>245 336</b>	<b>428 769</b>	<b>455 885</b>	<b>472 931</b>

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

Bela-Bela Local Municipality anticipate collecting operating revenue (total operating revenue less revenue forgone) during the 2019/2020 financial year of an estimated R428 million or R 3% more than the 2018/2019 adjustments budget revenue of R413 million. This increment is within the recommended CPI rate. Detail increases on each revenue sources were increased within the CPI rate and where the increase was above CPI rates, reason was provided as required by Circular 94.

Operating grants which are guided by Division of Revenue Act (DoRa) was increased from R84 Million to R91 million which represent 8% increased. Grant to fund capital spending decreased from R107 million to R76 million in the 2019/2020 financial year.

Overall services charges revenue increased by 4% from the 2018/2019 adjusted budget. The increase was further driven by the increase in certain revenue stream such as water, electricity and sanitation which had been increased increase in line with Consumer Price Inflation (CPI) of 5.2% as recommended in circular 94 issued by National Treasury during month of March 2019.

### **Details analysis of revenue sources**

#### ***Property Rates***

Property rates tariff was increased by 5.2% for the 2019/2020 budget year. However, the total property rates revenue increase was projected to be more by 6% from the adjusted budget. The resulted 6% was to 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**

All residential properties shall be granted R50 000 exemption on the market value and further rebate of 10%. Indigents 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

#### **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.

The abovementioned exemptions will automatically apply and no application is thus required by the owners of such property. 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 for unknown reasons without traceable reference that cannot be allocated for a period of 24 month will be classified as Municipality’s other revenue after public advertisement for 14 days as prescribed in the Municipal policy.

**Table 4: Property rates tariffs**

Rating Category	2018/2019	2019/2020
	R/c	R/c
ACCOMMODATION ESTABLISHMENT	0.0158	0.0166
BUSINESS & COMMERCIAL	0.0150	0.0157
FARMS AGRICULTURAL (Bona Fide)	0.0029	0.0031
FARMS AGRICULTURAL	0.0074	0.0078
FARMS BUSINESS & COMMERCIAL	0.0150	0.0157
FARMS OTHER	0.0158	0.0166
FARMS RESIDENTIAL	0.0119	0.0125
FARMS VACANT LAND	0.0158	0.0166
INDUSTRIAL	0.0150	0.0157
MUNICIPAL PROPERTY	0.0150	0.0158
PRIVATE OPEN SPACE	0.0119	0.0125
PROPERTIES USED FOR PUBLIC BENEFIT ACTIVITIES	0.0029	0.0031
PSI	0.0029	0.0031
RESIDENTIAL	0.0119	0.0125
SMALLHOLDING AGRICULTURAL	0.0029	0.0031
SMALLHOLDING BUSINESS & COMMERCIAL	0.0150	0.0157
SMALLHOLDING OTHER	0.0158	0.0166
SMALLHOLDING RESIDENTIAL	0.0119	0.0125
	R/c	R/c

Rating Category	2018/2019	2019/2020
SMALLHOLDING VACANT LAND	0.0158	0.0166
STATE-OWNED PROPERTY	0.0150	0.0157
VACANT BUSINESS & COMMERCIAL/INDUSTRIAL LAND	0.0150	0.0157
VACANT RESIDENTIAL LAND	0.0150	0.0157

### ***Service charge: Electricity***

The total cost of distributing electricity in the 2019/2020 financial year will be R102 million, the Municipality will only raise revenue to the value of R141 million. It is clear that the Municipality will be selling electricity at a surplus in the 2019/2020 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 2019/2020 Financial Year" is expected to be published during month of April 2019.

The NERSA document proposes a 6.84% guideline increase for municipal electricity tariffs for 2019/2020. Bulk purchases will increase for municipalities by 7.32% as indicated in the Eskom standard tariff submissions for 2019/2020 financial year. 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.

As result, Municipality has proposed the following tariff for 2019/2020 financial year:

2018/2019				2019/2020			
	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	149.44	Domestic Prepaid (Indigents)	0	0	159.66
Domestic Prepaid	0	0	149.44	Domestic Prepaid	0	0	159.66
Domestic Conventional	0	0	149.44	Domestic Conventional	0	0	159.66
General Tariffs							
	Basic charge	Capacity charge	Energy charge		Basic Charge	Capacity Charge	Energy Charge
General Tariffs: Government, Business	Rand/ Month	R/ Amp/m	c/kWh	General Tariffs: Government, Business	Rand/ Month	R/ Amp/m	c/kWh
General Tariffs Prepaid 30 Amp			191.93	General Tariffs Prepaid 30 Amp			205.05
General Tariffs Prepaid > 20Amp 1 Phase	54.42	14.93	129.27	General Tariffs Prepaid > 20Amp 1 Phase	58.14	15.95	138.11
General Tariffs Conventional Business and Government				General Tariffs Conventional Business and Government			
Single Phase:	54.42	14.93	129.27	Single Phase:	58.14	15.95	138.11
Three Phase:	81.64	14.93	129.27	Three Phase:	87.22	15.95	138.11
Industrial Tariffs							
	Basic charge	Demand charge	Energy charge		Basic charge	Demand charge	Energy charge
Industrial Tariffs	Rand/ Month	R/ Amp/m	c/kWh	Industrial Tariffs	Rand/ Month	R/ Amp/m	c/kWh
Low Voltage	1261.51	155.10	113.70	Low Voltage	1347.80	165.71	121.48
Medium Voltage	2988.95	155.63	111.34	Medium Voltage	3193.39	166.28	118.96
Agricultural Tariffs							
	Basic charge	Capacity charge	Energy charge		Basic charge	Capacity charge	Energy charge
Agricultural Tariffs ( Prepaid and Conventional )	Rand/ Month	R/ Amp/m	c/kWh	Agricultural Tariffs ( Prepaid and Conventional )			c/kWh
Low Voltage	163.27	14.93	129.27	Low Voltage	174.43	15.95	138.11

## Water

Water tariffs for 2019/2020 will increase in line with Magalies Water tariffs. The proposed increase for 2019/2020 is 5.2% as per Municipality tariff book.

Therefore, the resulted increase is within the recommended CPI of 2019/2020 budget year. Magalies continues to increase its bulk tariffs on each financial period which is always above the increased tariff rates proposed by Municipality to the community.

**Table 6: Water tariffs (fixed costs)**

2018/2019		2019/2020	
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
69.47	104.21	73.22	114.15

The variable cost components are as follows:

**Table 7: Water tariffs (variable costs)**

	2018/2019		2019/2020	
	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	12.69	19.04	13.90	20.86
31 kl - 50 kl	15.22	22.84	16.67	25.02
51 kl - 80 kl	18.26	27.41	20.00	30.02
81kl – 100kl	20.09	30.14	22.00	33.02
101kl – 130kl	20.09	30.14	22.00	33.02
131kl – 210kl	20.09	30.14	22.00	33.02
211kl – more	20.09	30.14	22.00	33.02

### **Sewerage (Sanitation)**

The proposed increase in sanitation tariff for 2019/2020 MTREF is 5.2%

**Table 8: Sanitation tariffs**

<b>Description</b>	<b>2018/2019</b>	<b>2019/2020</b>
	<b>Rand</b>	<b>Rand</b>
a) Residential/Flats/ Security Villages	198	208
b) Commercial/Government/Resorts/Hotels and Other	397	418
c) Churches/Schools/PBO	198	208
d) Hospitals – State	198	208
e) Hospitals – Private	397	418

### ***Refuse (Solid Waste)***

The proposed tariff restructuring on refuse for 2019/2020 financial year is depicted in the table below. The proposed increase on refuse for 2019/2020 financial year is 5.2%.

**Table 9: Refuse tariffs**

<b>Description</b>	<b>2018/2019</b>	<b>2019/2020</b>
	<b>Rand</b>	<b>Rand</b>
a) Residential		
Smaller than 800m <sup>2</sup>	74	78
Larger than 800m <sup>2</sup>	174	183
b) Commercial	347	365
c) Security Villages (per container)	3400	3577
d) Churches	174	183
e) Schools – State	347	365
f) Hospitals – State	347	365
g) Hospitals – Private	2807	2953

### ***Sundry Services***

Tariffs for sundry services have been increased with a rate that is in line with National Treasury guideline which is set at 5.2%.

### **Rental of facilities**

Tariff for rental of facilities were decreased by 25% for 2019/2020 financial year. A non-refundable deposit of R984.00 shall be paid for usage of community halls and for concerts and other special events hosted at soccer fields. The Municipality has opened newly built multipurpose hall in the 2017/2018 financial year which was considered for rentals. The rental rates was changed since the newly built hall has more facilities as compared to other Municipality halls.

### **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 11.2%. 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. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows

### **Grants**

Bela-Bela Local Municipality had in the past financial period utilised all conditional grant accordingly, except during 2017/18. Bela-Bela Local Municipality further anticipate implementing proposed 2019/2020 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 2 Transfers and Grant Receipts (2019/2020)**

<b>Conditional Grant</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
MIG	25 911 000	27 173 000	28 989 000

WSIG	45 000 000	37 475 000	40 086 000
INEP	6 000 000	12 200 000	18 760 000
<b>Total</b>	<b>76 911 000</b>	<b>76 848 000</b>	<b>87 835 000</b>

<b>Operating Grant</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Equitable share	90 159	99 555	99 555
FMG	1,700	1,700	1,700
EPWP – <i>No allocation yet</i>	-	-	-
<b>Total</b>	<b>91 859</b>	<b>101 255</b>	<b>101 255</b>

### **Operating grant dependence**

Grant dependence ratio is sitting at 21% of total revenue of R428 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 21% indicates that municipality is not significantly grant dependent regarding funding of operations. Municipality does not as well relied on borrowings.

### ***Debt Management***

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

The set collection rate during 2018/2019 was 95% of the billed revenue. The target was achieved during the year. Municipality had enforced the issue of credit control by making sure the credit control policy is fully implemented.

Municipality control measure are able to collect current debts due by implementing internal procedures which include the disconnection of services, where there are services that can be disconnected, the issuing of final notices, the conclusion of reasonable agreements where the settlement of the accounts are not possible and also the follow up on defaulting debtors not honoring arrangements. Municipality has in the previous period introduced a real time follow up process, such as SMS which constantly alert consumer on the accounts which are in arrears

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

For the 2018/19, Municipality credit control official had engage legal section in order to help find a legal backing to help issue legal summon to the defaulters. This will further strengthen Municipality credit control.

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

There are approved indigents who are failing to settle their accounts due to lack of income or low income. We are therefore unable to recover the debt from this group of customers. The debt was taken to council to request approval for write-off during 2018/2019 financial year, however, it was deferred pending verification of the data and budget availability.

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

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

Top 100 businesses will be prioritised for immediate collection thought the 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 2019/2020 budget and MTREF (classified per type of expenditure):

**Table 10 Summary of operating expenditure by type**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Expenditure By Type</b>											
Employee related costs	2	89 903	109 989	125 469	127 526	127 526	127 526	(655)	132 355	130 507	115 884
Remuneration of councillors		5 969	6 618	6 869	8 774	8 774	8 774	3 203	7 843	8 235	8 647
Debt impairment	3	30 310	32 309	33 484	17 000	9 500	9 500	845	9 000	9 450	9 923
Depreciation & asset impairment	2	27 730	49 274	59 079	48 000	48 000	48 000	-	50 880	53 933	57 169
Finance charges		6 957	10 317	12 295	7 317	7 317	7 317	1 937	7 000	7 350	7 718
Bulk purchases	2	72 298	86 266	88 088	103 393	108 493	108 493	53 935	114 241	120 398	126 924
Other materials	8	14 445	7 806	6 214	29 797	22 997	22 997	3 955	21 950	23 042	24 188
Contracted services		14 441	7 276	12 694	24 926	17 959	17 959	7 281	22 507	24 032	25 378
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	53 808	31 477	64 046	39 893	57 519	57 519	33 851	55 051	58 130	61 505
Loss on disposal of PPE		998	3 514	50 399	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>316 857</b>	<b>344 847</b>	<b>458 638</b>	<b>406 627</b>	<b>408 085</b>	<b>408 085</b>	<b>104 353</b>	<b>420 827</b>	<b>435 075</b>	<b>437 335</b>

Operating expenditure is increased from R408 million based on the Municipality adjusted budget of 2018/2019 3%. The anticipated operating expenditure for 2019/2020 financial year

is increased to R420 million which represent at least 3% increase from adjusted budget. Realistically when looking at historic result, operating expense has been decreasing when comparing audited result of 2017/2018. This is as result of implementation of cost containment measure.

Some of the key features of the expenditure framework are:

- Material and bulk purchases increase by 5% despite the linked tariff hike by regulators. This increase relates to total spending measured against the expected volumes to be consumed.
- Personnel cost increases informed by the decisions of the SALGA Bargaining Council and the Remuneration of Public Office Bearers Act. Overall there is an increase in the total employee costs by 6% based on audited result of 2017/2018.
- Balanced budget constraint (operating expenditure should not exceed operating revenue except for non-cash provisions) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Other expenditure and contracted services were verified during budget adjustment and misclassification on budget segment was identified and corrected with few other items being considered to reclassified during the budget process of 2019/2020.
- 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 2019/2020 financial year totals R132 million, which equals 31% of the total operating expenditure. MFMA circular 71 sets the norm to be between 25% and 40%. Bela-Bela is almost seating 31%, which is favourable to the municipality. The proportion of personnel expenditure to total operating expenditure for the municipality is favourable at an average of 31% over the medium term. This leaves around 70% of operating expenditure available for other major service delivery expenditure items such as bulk water and electricity purchases, contracted services and finance charges.

In the absence of other information from the South African Local Government Bargaining Council communication will be provided at a later stage. Municipality has made provision of at least 6% increase from 2017/2018 adjusted result. We will further allow budget adjustment process to take the outcome of Salary and Wage Collective Agreement should the need arise.

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

### ***Bulk Purchases***

Directive/decision issued by NERSA setting the bulk purchase increase at 7.32% for electricity, whilst the increase on water was projected at 11.2% as the bulk purchase charge

### **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 R80 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 which expired in the month of January 2019.

### **Contracted Services**

<b>Segment Desc</b>	<b>Budget 201920</b>	<b>Budget 202021</b>	<b>Budget 202122</b>
Contracted services - Valuation cost	R 800 000.00	R 840 000.00	R 882 000.00
Outsourced Services- Traffic Fines Management	R 800 000.00	R 840 000.00	R 882 000.00
Contracted services - LED Support (Contract)	R 40 000.00	R 42 000.00	R 44 100.00
Contracted services – EPWP	R 1 920 000.00	R 2 016 000.00	R 2 116 800.00
Contracted services - Server infrastructure support	R 5 000 000.00	R 5 500 000.00	R 6 000 000.00
Contracted services - Financial Consulting	R 6 500 000.00	R 6 825 000.00	R 7 166 250.00
Contracted services - Security services	R 7 447 200.00	R 7 968 504.00	R 8 287 244.16

The municipality anticipates to utilise contracted services in the 2019/2020 with spending of R22 million or 5% of the total operating expenditure of R420 million.

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.

Further increase in contracted services was as result of re-alignment of certain votes to be in accordance with the mSCOA. Some of this item was previous accounted under risk and management services and classified under other expenditure.

The budgeted spending of 6% of the total operating expenditure 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, traffic fines management, contractors for EPWP and valuation roll.

### **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 2019/2020 MTREF is approximately 5000. The total cost of free basic services amounts to R74 million for the 2019/2020 financial year.

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

*The Municipality will provide free basic services as follows:*

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

### ***Depreciation***

Depreciation for 2019/2020 is increased to R50 million from adjusted budget of R48 million. The increase was to ensure realistic estimate being achieved and avoid any unauthorised expenditure as experienced during the 2018 financial year end.

## Other expenditure

Other expenditure was reduced from R66 million of the 2017/18 adjusted budget to R38 million in 2018/19 budget year. The reduction is part of the plans to implement cost containment measures by the Municipality. Further reason for reduction was the realignment of certain item to ensure the alignment is in accordance with mSCOA.

Bellow table indicate top 20 of the total other expenditure of R55 million:

Segment Desc	Budget 201920	Budget 202021	Budget 202122
Lease of vehicles	R 19 200 000.00	R 20 160 000.00	R 21 168 000.00
Legal consulting	R 5 000 000.00	R 5 200 000.00	R 5 408 000.00
Fuel and oil cost	R 3 600 000.00	R 3 780 000.00	R 3 969 000.00
External audit fees	R 3 000 000.00	R 3 150 000.00	R 3 307 500.00
Computer license and contracts	R 3 000 000.00	R 3 500 000.00	R 4 000 000.00
Debt collection	R 2 500 000.00	R 2 625 000.00	R 2 756 250.00
LANDFILL SITE (DUMPING SITE)	R 2 299 965.00	R 2 460 962.55	R 2 633 229.93
Affiliation cost	R 1 500 000.00	R 1 575 000.00	R 1 750 000.00
Bank charges	R 1 200 000.00	R 1 260 000.00	R 1 323 000.00
Professional fees	R 1 050 000.00	R 1 102 500.00	R 1 157 625.00
LED strategy	R 1 000 000.00	R 1 050 000.00	R 1 102 500.00
Chemicals	R 1 000 000.00	R 1 050 000.00	R 1 102 500.00
Communication: Telephone Fax Telegraph and Telex	R 960 000.00	R 998 400.00	R 1 038 336.00
Expenditure: Operating Leases: Machinery and Equipment	R 800 000.00	R 840 000.00	R 882 000.00
Strategic planning	R 600 000.00	R 630 000.00	R 661 500.00
Capacity building	R 600 000.00	R 630 000.00	R 800 000.00
IDP Programme	R 500 000.00	R 525 000.00	R 551 250.00
Customer care system	R 420 000.00	R 441 000.00	R 463 050.00
Postage and Courier service	R 400 000.00	R 420 000.00	R 441 000.00
Uniform and clothing	R 400 000.00	R 420 000.00	R 441 000.00

The resulted other expenditure includes among other provision of fleet expenditure of R19 million. Previous fleet contract expired during the month of January 2019.

### 1.3.1.5. Operating Surplus / Deficit

Municipality anticipate incurring surplus of R7.9 million by the end of the 2019/2020 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 impartment.

**Table 11: Operating cash surplus/ deficit**

Description	Ref	2019/20 Medium Term Revenue & Expenditure Framework
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R thousand	1	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Total Revenue (excluding capital transfers and contributions)		428 769	455 885	472 931
Total Expenditure		420 827	435 075	437 335
Surplus/(Deficit)		7 941	20 810	35 597

## 1.4 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 12 - 2018/2019 Medium-term capital budget per vote**

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>	1										
<b>Capital expenditure - Vote</b>	2										
<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		11 864	4 654	7 220	12 075	12 075	12 075	2 299	4 000	8 832	22 400
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		26 756	102 624	47 387	62 261	62 304	62 304	43 422	65 615	54 383	43 226
Vote 10 - Technical Services		-	-	29 421	17 030	17 030	17 030	6 339	6 000	12 200	20 760
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-	-
Vote 12 - Balance Sheet		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	<b>38 620</b>	<b>107 278</b>	<b>84 028</b>	<b>91 367</b>	<b>91 409</b>	<b>91 409</b>	<b>52 060</b>	<b>75 615</b>	<b>75 414</b>	<b>86 386</b>
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Chief Financial Officer		416	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		250	600	-	-	-	-	-	-	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		721	-	-	3 000	3 000	3 000	-	-	-	-
Vote 7 - Social and Community Services		-	1 310	-	-	-	-	-	-	-	-
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		-	-	-	2 000	2 000	2 000	-	-	-	-
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-	-
Vote 12 - Balance Sheet		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>1 387</b>	<b>1 910</b>	<b>-</b>	<b>5 000</b>	<b>5 000</b>	<b>5 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>		<b>40 006</b>	<b>109 188</b>	<b>84 028</b>	<b>96 367</b>	<b>96 409</b>	<b>96 409</b>	<b>52 060</b>	<b>75 615</b>	<b>75 414</b>	<b>86 386</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		<b>666</b>	<b>600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Executive and council		250	600	-	-	-	-	-	-	-	-
Finance and administration		416	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>11 864</b>	<b>5 964</b>	<b>7 220</b>	<b>12 075</b>	<b>12 075</b>	<b>12 075</b>	<b>2 299</b>	<b>4 000</b>	<b>8 832</b>	<b>14 400</b>
Community and social services		8 439	1 310	-	-	-	-	-	1 000	5 232	6 000
Sport and recreation		3 425	4 654	7 220	12 075	12 075	12 075	2 299	3 000	3 600	8 400
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>11 331</b>	<b>56 617</b>	<b>17 111</b>	<b>13 265</b>	<b>12 313</b>	<b>12 313</b>	<b>6 759</b>	<b>20 615</b>	<b>16 983</b>	<b>3 140</b>
Planning and development		721	-	-	3 000	3 000	3 000	-	-	-	-
Road transport		10 610	56 617	17 111	10 265	9 313	9 313	6 759	20 615	16 983	3 140
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>16 146</b>	<b>46 007</b>	<b>59 698</b>	<b>71 027</b>	<b>72 021</b>	<b>72 021</b>	<b>43 002</b>	<b>51 000</b>	<b>49 600</b>	<b>68 846</b>
Energy sources		2 000	16 007	24 928	15 580	15 580	15 580	5 909	6 000	12 200	20 760
Water management		10 000	30 000	15 024	32 497	32 497	32 497	16 103	18 700	29 900	29 086
Waste water management		4 146	-	19 746	22 950	23 944	23 944	20 990	26 300	7 500	11 000
Waste management		-	-	-	-	-	-	-	-	-	8 000
<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>40 006</b>	<b>109 188</b>	<b>84 028</b>	<b>96 367</b>	<b>96 409</b>	<b>96 409</b>	<b>52 060</b>	<b>75 615</b>	<b>75 414</b>	<b>86 386</b>
<b>Funded by:</b>											
National Government		38 620	107 278	84 028	91 367	91 367	91 367	52 060	75 615	75 414	86 386
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	<b>38 620</b>	<b>107 278</b>	<b>84 028</b>	<b>91 367</b>	<b>91 367</b>	<b>91 367</b>	<b>52 060</b>	<b>75 615</b>	<b>75 414</b>	<b>86 386</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>1 387</b>	<b>1 910</b>	<b>-</b>	<b>5 000</b>	<b>5 042</b>	<b>5 042</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Funding</b>	7	<b>40 006</b>	<b>109 188</b>	<b>84 028</b>	<b>96 367</b>	<b>96 409</b>	<b>96 409</b>	<b>52 060</b>	<b>75 615</b>	<b>75 414</b>	<b>86 386</b>

Total capital expenditure was allocated to the tune of R 75 million for 2019/2020 financial year excluding PMU cost. This allocation is mainly for MIG, MWIG and INEP of R25 million, R45 million and R6 million respectively.

Tables 13 below detail the municipality's three-year consolidated MIG infrastructure investment program for 2019/2020 to 2021/2022.

Municipal Infrastructure Grant (MIG) allocation of R25 including PMU cost for 2019/2020 will be allocated as follows:

**Table 13: Capital programme****MIG**

Project Name	Status	Total Proposed Budget	Proposed Budget per FY		
			2019/20	2020/21	2021/22
Bela Bela: Road Paving X 4, 6, 7 & 8 (Ward 2,4,7)	<b>Planning Stage</b>  (BP submitted to CoGHSTA for approval and funding)	R22,75mil	R 14 180 886,25	-	-
Bela Bela: Stormwater Spa Park (Ward 9)	Registered for Funding.	R8,5mil	R 3 434 563,75	R 5 065 436,25	-
Bela Bela: Extention of existing grave yard (Ward 2)	<b>Planning Stage</b>  (BP submitted to CoGHSTA for approval and funding)	R6,2mil	R 1 000 000,00	R 5 231 600,00	-
Bela Bela: Development of sports facilities (All wards)	<b>Planning Stage</b>  (BP submitted to CoGHSTA for approval and funding)	R15mil	R 3 000 000,00	R 3 600 000,00	R8 400 000
Bela Bela: Road paving & storm water X5 & Hostel view (Ward 2,3)	<b>Planning Stage</b>  (BP submitted to CoGHSTA for approval and funding)	R5,7mil	R 3 000 000,00	R 2 700 000,00	-
Bela Bela: Road paving & Storm water X6 (Ward 7)	<b>Planning Stage</b>	R12,356mil	-	R 9 217 313,75	R3 139 550
Bela Bela: Develop new Cemetery - Pienaarsrivier (Ward 8)	<b>Planning Stage</b>	R6mil	-	-	R 6 000 000,00
Bela Bela: X9 - High mast lights (Ward 4)	<b>Planning Stage</b>	R2mil	-	-	R 2 000 000,00
Bela Bela Upgrade of Municipal landfill site (Ward 2)	<b>Planning Stage</b>	R8mil	-	-	R 8 000 000,00
<b>PMU Operational Costs</b>			<b>R1 295 550</b>	<b>R1 358 650</b>	<b>R1 449 450</b>
		<b>Total</b>	<b>R25,9mil</b>	<b>R27,17mil</b>	<b>R28,989 mil</b>

Municipality is allocated R25.9 million on Municipal Infrastructure Grant (MIG) after considering PMU cost of R1.2 million.

## MWIG

Project Name	Status	Total Proposed Budget	Proposed Budget per FY		
			WSIG		
			2019/20	2020/21	2021/22
Refurbishment of the inlet and outlet works for the Platrivier Dam	Planning Stage	R4m	-	-	R4m
Refurbishment of the old section of WTW	Planning Stage	R4,5m	R4.5m	-	-
	(BP submitted to DWS for approval and funding)				
Upgrading of the Water Treatment Works to 10MI	Planning Stage	R10m	-	-	R10m
Construction of 10MI Reservoir in Bela-Bela (Town, Ext 25 and 26)	Planning Stage	R15m	-	-	R6.5m
WCDM: Installation of Bulk Zonal Meters and Pressure Reduction Valves in Bela Bela Town & Township (Wards 1 to Ward 7)	Planning Stage	R2m	-	R2m	-
Water desalination plant – Rapotokwane	Planning Stage	R13,675m	R8.2m	R5.4m	-
	(BP submitted to DWS for approval and funding)				
Water reticulation in Rapotokwane	Planning Stage	R9m	-	R9m	-
Supply and install new and faulty water meters (±7500HH in All areas)	Planning Stage	R6m	R6m	-	-
	(BP submitted to DWS for approval and funding)				
2ML WTW in Masakhane	Planning Stage	R13m	-	R13m	-
Water Augmentation in Vingerkraal for the new 1000HH	Planning Stage	R1,5 m	-	R1.5m	-
Supply and install new water meters in Vingerkraal	Planning Stage	R1 m	-	R1m	-
Recycling of Bela Bela WWTW effluent	Planning Stage	R5,8m	R5.8m	-	-
	(BP submitted to DWS for approval and funding)				
Upgrading Aventura sewer Pump Station	Planning Stage	R12,5m	R12. 5m	-	-
	(BP submitted to DWS for approval and funding)				
Bulk sewer Outfall for X 8 & Future	Planning Stage	R8m	R8m	-	-
	(BP submitted to DWS for approval and funding)				
Refurbishment of the Bela Bela Waste Water Treatment Works	Planning Stage	R18.5m	-	R7.5m	R11m

<b>TOTALS</b>	<b>R45m</b>	<b>R37,4m</b>	<b>R40.086 m</b>
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The combined capital expenditure is depicted as follows. The grant allocation as per below is in line with the Division of Revenue Act issued for 2019/2020 MTREF.

## INEP

Project Name (INEP)	Status	Total Proposed Budget	Proposed Budget per FY		
			INEP		
			2019/20	2020/21	2021/22
Electrification Bela Bela X9 (900HH)	Planning	R14,580mil	R6 000 000	R8 580 000	-
Electrification X 25 (Koppewaai)(1100 HH)	Planning	R17,82mil	-	R3 620 000	R17 900 000
Electrification of Rapotokoane Ext (50HH)	Planning	R0,86mil	-	R0	R860 000
<b>TOTALS</b>			<b>R6mil</b>	<b>R12 200 000</b>	<b>R18 760 000</b>

**Table 14: Sources of funding capital programme**

Conditional Grant	2019/20	2020/21	2021/22
MIG	25 911 000	27 173 000	28 989 000
WSIG	45 000 000	37 475 000	40 086 000
INEP	6 000 000	12 200 000	18 760 000
<b>Total</b>	<b>76 911 000</b>	<b>76 848 000</b>	<b>87 835 000</b>

Total capital allocation is seating R76 million with majority of the allocation being channelled to water infrastructure.

## 1.5 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2019/2020 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes*.

**Table 16 MBRR TableA1 - Budget Summary**

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	54 229	62 468	62 003	84 996	84 996	84 996	50 002	90 845	96 296	102 074
Service charges	114 337	147 043	150 648	190 824	190 824	190 824	106 938	198 374	210 276	222 893
Investment revenue	2 268	2 583	742	4 069	4 069	4 069	216	4 272	5 000	5 250
Transfers recognised - operational	59 137	71 426	77 791	84 840	84 840	84 840	82 985	91 859	101 255	101 255
Other own revenue	21 271	33 803	40 705	49 179	49 179	49 179	5 194	43 418	43 058	41 459
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>251 243</b>	<b>317 324</b>	<b>331 890</b>	<b>413 908</b>	<b>413 908</b>	<b>413 908</b>	<b>245 336</b>	<b>428 769</b>	<b>455 885</b>	<b>472 931</b>
Employee costs	89 903	109 989	125 469	127 526	127 526	127 526	(655)	132 355	130 507	115 884
Remuneration of councillors	5 969	6 618	6 869	8 774	8 774	8 774	3 203	7 843	8 235	8 647
Depreciation & asset impairment	27 730	49 274	59 079	48 000	48 000	48 000	-	50 880	53 933	57 169
Finance charges	6 957	10 317	12 295	7 317	7 317	7 317	1 937	7 000	7 350	7 718
Materials and bulk purchases	86 743	94 072	94 302	133 190	131 490	131 490	57 890	136 191	143 439	151 112
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	99 556	74 576	160 623	81 819	84 978	84 978	41 978	86 559	91 611	96 806
<b>Total Expenditure</b>	<b>316 857</b>	<b>344 847</b>	<b>458 638</b>	<b>406 627</b>	<b>408 085</b>	<b>408 085</b>	<b>104 353</b>	<b>420 827</b>	<b>435 075</b>	<b>437 335</b>
<b>Surplus/(Deficit)</b>	<b>(65 614)</b>	<b>(27 523)</b>	<b>(126 747)</b>	<b>7 281</b>	<b>5 823</b>	<b>5 823</b>	<b>140 983</b>	<b>7 941</b>	<b>20 810</b>	<b>35 597</b>
Transfers and subsidies - capital (monetary allocation)	24 701	104 502	85 302	93 110	93 110	93 110	-	83 711	87 448	92 220
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(40 914)</b>	<b>76 979</b>	<b>(41 446)</b>	<b>100 391</b>	<b>98 933</b>	<b>98 933</b>	<b>140 983</b>	<b>91 652</b>	<b>108 258</b>	<b>127 817</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(40 914)</b>	<b>76 979</b>	<b>(41 446)</b>	<b>100 391</b>	<b>98 933</b>	<b>98 933</b>	<b>140 983</b>	<b>91 652</b>	<b>108 258</b>	<b>127 817</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>40 006</b>	<b>109 188</b>	<b>84 028</b>	<b>96 367</b>	<b>96 409</b>	<b>96 409</b>	<b>52 060</b>	<b>75 615</b>	<b>75 414</b>	<b>86 386</b>
Transfers recognised - capital	38 620	107 278	84 028	91 367	91 367	91 367	52 060	75 615	75 414	86 386
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	1 387	1 910	-	5 000	5 042	5 042	-	-	-	-
<b>Total sources of capital funds</b>	<b>40 006</b>	<b>109 188</b>	<b>84 028</b>	<b>96 367</b>	<b>96 409</b>	<b>96 409</b>	<b>52 060</b>	<b>75 615</b>	<b>75 414</b>	<b>86 386</b>
<b>Financial position</b>										
Total current assets	69 617	52 745	41 807	86 877	91 119	91 119	33 210	88 863	98 222	105 217
Total non current assets	769 967	1 015 599	975 416	860 758	860 758	860 758	860 254	1 058 642	1 133 815	1 190 383
Total current liabilities	191 681	177 445	171 703	75 407	85 107	85 107	53 950	78 128	71 077	64 070
Total non current liabilities	81 774	85 540	86 214	43 427	43 427	43 427	-	63 486	70 443	66 488
Community wealth/Equity	566 129	805 358	759 306	824 802	823 344	823 344	839 514	1 005 891	1 090 517	1 165 041
<b>Cash flows</b>										
Net cash from (used) operating	(32 643)	159 517	(11 761)	149 585	146 933	146 933	150 564	120 447	138 833	160 444
Net cash from (used) investing	(43 489)	(84 584)	121 842	(96 367)	(80 310)	(80 310)	(102 840)	(83 711)	(87 448)	(92 220)
Net cash from (used) financing	(1 432)	8 738	(23 972)	-	-	-	(11 339)	350	100	25
<b>Cash/cash equivalents at the year end</b>	<b>(46 911)</b>	<b>96 327</b>	<b>87 412</b>	<b>57 394</b>	<b>70 798</b>	<b>70 798</b>	<b>40 561</b>	<b>37 086</b>	<b>88 572</b>	<b>156 821</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	31 382	1 303	4 175	45 000	49 242	49 242	19 327	50 000	52 000	51 000
Application of cash and investments	127 049	92 442	123 640	27 461	27 461	27 461	25 187	25 074	10 078	(5 977)
<b>Balance - surplus (shortfall)</b>	<b>(95 668)</b>	<b>(91 139)</b>	<b>(119 465)</b>	<b>17 539</b>	<b>21 780</b>	<b>21 780</b>	<b>(5 860)</b>	<b>24 926</b>	<b>41 922</b>	<b>56 977</b>
<b>Asset management</b>										
Asset register summary (WDV)	910 250	912 441	895 521	860 758	860 758	860 758	860 758	1 024 744	1 077 252	1 132 458
Depreciation	27 730	49 274	59 079	48 000	48 000	48 000	48 000	50 880	53 933	57 169
Renewal and Upgrading of Existing Assets	-	-	27 155	29 215	29 705	29 705	29 705	31 800	14 232	33 000
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	33 731	48 188	50 838	74 872	74 872	74 872	74 872	74 872	74 872	74 872
<b>Households below minimum service level</b>										
Water:	10	10	10	8	8	8	7	7	5	5
Sanitation/sewage:	12	12	12	11	11	11	10	10	10	10
Energy:	3	3	3	2	2	2	2	2	2	2
Refuse:	3	3	3	3	3	3	3	3	3	3

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

- The operating surplus/deficit (after total expenditure and before capital spending) is positive over the MTREF.
- The MTREF for 2019/2020 depicts a surplus of R7.9 million before taking non-cash (depreciation) item into consideration.
- Anticipated surpluses after capital transfers of R83 million is seating at R91 Million. The high increase is as result of the allocation such as R45 million plus R25 millions of MWIG and MIG respectively. These grants are increased year on year as result of good performance by Municipality in meeting the condition attached to the grants.

**Table 17 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue - Functional</b>	1									
<b>Governance and administration</b>		117 251	131 762	225 980	285 213	285 273	285 273	277 191	294 921	302 309
Executive and council		-	-	27 520	39 469	39 469	39 469	27 373	28 708	30 415
Finance and administration		117 251	131 762	198 459	245 744	245 804	245 804	249 818	266 213	271 894
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		7 991	17 003	-	441	381	381	-	-	-
Community and social services		269	429	-	380	380	380	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		7 722	16 574	-	61	1	1	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		1 610	176	3 926	2 263	2 263	2 263	4 926	5 221	5 535
Planning and development		1 610	167	3 926	2 203	2 203	2 203	4 926	5 221	5 535
Road transport		-	9	-	60	60	60	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		149 092	272 886	187 286	219 101	219 101	219 101	230 363	243 191	257 308
Energy sources		86 070	122 671	128 094	149 286	149 286	149 286	154 162	162 644	172 403
Water management		-	-	-	-	-	-	-	-	-
Waste water management		55 256	141 535	59 192	69 790	69 790	69 790	76 200	80 547	84 905
Waste management		7 766	8 679	-	25	25	25	-	-	-
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	<b>275 944</b>	<b>421 826</b>	<b>417 192</b>	<b>507 018</b>	<b>507 018</b>	<b>507 018</b>	<b>512 480</b>	<b>543 333</b>	<b>565 151</b>
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		166 456	170 167	245 964	185 715	191 464	191 464	175 490	180 419	175 380
Executive and council		12 221	13 230	36 638	49 334	52 415	52 415	45 814	46 923	45 237
Finance and administration		152 794	155 161	209 327	136 381	139 049	139 049	129 676	133 496	130 143
Internal audit		1 440	1 776	-	-	-	-	-	-	-
<b>Community and public safety</b>		19 409	23 593	38 958	23 796	18 779	18 779	38 880	39 668	39 665
Community and social services		8 720	10 599	23 312	14 215	13 815	13 815	23 186	23 395	23 243
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		10 690	12 994	15 646	9 581	4 964	4 964	15 694	16 273	16 422
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		17 534	18 357	44 727	44 591	40 143	40 143	46 120	47 770	48 530
Planning and development		8 054	11 218	6 311	6 411	6 461	6 461	6 567	6 194	4 963
Road transport		9 480	7 139	38 416	38 180	33 682	33 682	39 553	41 577	43 567
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		113 457	132 730	128 988	152 525	157 700	157 700	160 337	167 218	173 759
Energy sources		78 116	97 126	92 545	115 905	113 275	113 275	118 746	126 100	133 307
Water management		-	-	-	5 482	528	528	-	-	-
Waste water management		25 303	24 302	26 607	20 963	31 932	31 932	30 793	29 857	29 459
Waste management		10 039	11 302	9 837	10 174	11 964	11 964	10 798	11 260	10 993
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	<b>316 857</b>	<b>344 847</b>	<b>458 638</b>	<b>406 627</b>	<b>408 085</b>	<b>408 085</b>	<b>420 827</b>	<b>435 075</b>	<b>437 335</b>
<b>Surplus/(Deficit) for the year</b>		<b>(40 914)</b>	<b>76 979</b>	<b>(41 446)</b>	<b>100 391</b>	<b>98 933</b>	<b>98 933</b>	<b>91 652</b>	<b>108 258</b>	<b>127 817</b>

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

- 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	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue by Vote</b>	1									
Vote 1 - Chief Financial Officer		116 014	130 432	166 997	204 257	204 257	204 257	211 513	228 560	236 148
Vote 2 - Corporate Services		1 236	1 330	1 216	1 939	1 939	1 939	1 462	1 535	1 612
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		195	167	3 926	3 893	3 893	3 893	4 926	5 221	5 535
Vote 7 - Social and Community Services		17 173	25 682	16 362	22 930	22 930	22 930	20 922	19 227	16 214
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		141 326	264 215	85 496	107 380	107 380	107 380	102 111	107 720	113 709
Vote 10 - Technical Services		-	-	143 195	166 618	166 618	166 618	171 545	181 070	191 934
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-
Vote 12 - Balance Sheet		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>275 944</b>	<b>421 826</b>	<b>417 192</b>	<b>507 018</b>	<b>507 018</b>	<b>507 018</b>	<b>512 480</b>	<b>543 333</b>	<b>565 151</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Chief Financial Officer		91 096	110 946	121 653	83 665	69 880	69 880	72 630	75 237	75 715
Vote 2 - Corporate Services		61 698	44 215	71 220	56 678	74 031	74 031	71 152	74 126	75 662
Vote 3 - Mayor		1 609	695	904	880	1 246	1 246	948	995	1 045
Vote 4 - Municipal Manager		2 517	4 687	1 060	4 419	4 519	4 519	1 094	940	818
Vote 5 - Internal Audit		1 440	1 776	5 407	4 011	4 011	4 011	5 765	5 792	4 446
Vote 6 - Planning and Economic Development		6 899	10 227	11 858	14 545	14 345	14 345	12 241	11 913	8 773
Vote 7 - Social and Community Services		29 838	34 989	81 564	43 578	41 051	41 051	58 460	59 626	58 594
Vote 8 - Speaker		8 096	7 848	6 248	6 484	6 689	6 689	7 170	7 529	7 905
Vote 9 - Technical Services		113 665	129 464	69 443	68 884	65 034	65 034	75 050	76 192	76 803
Vote 10 - Technical Services		-	-	89 280	123 482	127 280	127 280	116 319	122 726	127 572
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-
Vote 12 - Balance Sheet		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>316 857</b>	<b>344 847</b>	<b>458 638</b>	<b>406 627</b>	<b>408 085</b>	<b>408 085</b>	<b>420 827</b>	<b>435 075</b>	<b>437 335</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>(40 914)</b>	<b>76 979</b>	<b>(41 446)</b>	<b>100 391</b>	<b>98 933</b>	<b>98 933</b>	<b>91 652</b>	<b>108 258</b>	<b>127 817</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	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue By Source</b>											
Property rates	2	54 229	62 468	62 003	84 996	84 996	84 996	50 002	90 845	96 296	102 074
Service charges - electricity revenue	2	84 980	102 848	103 166	133 286	133 286	133 286	70 824	141 362	149 844	158 835
Service charges - water revenue	2	17 523	23 259	25 122	29 540	29 540	29 540	19 937	31 200	33 072	35 057
Service charges - sanitation revenue	2	6 366	14 862	15 101	17 332	17 332	17 332	10 887	17 383	18 426	19 532
Service charges - refuse revenue	2	5 469	6 074	7 259	10 666	10 666	10 666	5 289	8 428	8 934	9 470
Rental of facilities and equipment		1 114	1 099	1 216	1 939	1 939	1 939	884	1 462	1 535	1 612
Interest earned - external investments		2 268	2 583	742	4 069	4 069	4 069	216	4 272	5 000	5 250
Interest earned - outstanding debtors		6 049	7 896	9 103	10 604	10 604	10 604	3 052	11 252	9 002	5 401
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		4 451	12 756	15 526	19 598	19 598	19 598	-	17 526	18 578	19 692
Licences and permits		2 742	3 256	3 926	7 259	7 259	7 259	3 437	4 926	5 221	5 535
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		59 137	71 426	77 791	84 840	84 840	84 840	82 985	91 859	101 255	101 255
Other revenue	2	6 915	8 795	10 934	9 779	9 779	9 779	(2 179)	8 252	8 722	9 220
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>251 243</b>	<b>317 324</b>	<b>331 890</b>	<b>413 908</b>	<b>413 908</b>	<b>413 908</b>	<b>245 336</b>	<b>428 769</b>	<b>455 885</b>	<b>472 931</b>
<b>Expenditure By Type</b>											
Employee related costs	2	89 903	109 989	125 469	127 526	127 526	127 526	(655)	132 355	130 507	115 884
Remuneration of councillors		5 969	6 618	6 869	8 774	8 774	8 774	3 203	7 843	8 235	8 647
Debt impairment	3	30 310	32 309	33 484	17 000	9 500	9 500	845	9 000	9 450	9 923
Depreciation & asset impairment	2	27 730	49 274	59 079	48 000	48 000	48 000	-	50 880	53 933	57 169
Finance charges		6 957	10 317	12 295	7 317	7 317	7 317	1 937	7 000	7 350	7 718
Bulk purchases	2	72 298	86 266	88 088	103 393	108 493	108 493	53 935	114 241	120 398	126 924
Other materials	8	14 445	7 806	6 214	29 797	22 997	22 997	3 955	21 950	23 042	24 188
Contracted services		14 441	7 276	12 694	24 926	17 959	17 959	7 281	22 507	24 032	25 378
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	53 808	31 477	64 046	39 893	57 519	57 519	33 851	55 051	58 130	61 505
Loss on disposal of PPE		998	3 514	50 399	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>316 857</b>	<b>344 847</b>	<b>458 638</b>	<b>406 627</b>	<b>408 085</b>	<b>408 085</b>	<b>104 353</b>	<b>420 827</b>	<b>435 075</b>	<b>437 335</b>
<b>Surplus/(Deficit)</b>											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(65 614)	(27 523)	(126 747)	7 281	5 823	5 823	140 983	7 941	20 810	35 597
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)	6	24 701	104 502	85 302	93 110	93 110	93 110	-	83 711	87 448	92 220
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(40 914)</b>	<b>76 979</b>	<b>(41 446)</b>	<b>100 391</b>	<b>98 933</b>	<b>98 933</b>	<b>140 983</b>	<b>91 652</b>	<b>108 258</b>	<b>127 817</b>
Taxation		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>(40 914)</b>	<b>76 979</b>	<b>(41 446)</b>	<b>100 391</b>	<b>98 933</b>	<b>98 933</b>	<b>140 983</b>	<b>91 652</b>	<b>108 258</b>	<b>127 817</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(40 914)</b>	<b>76 979</b>	<b>(41 446)</b>	<b>100 391</b>	<b>98 933</b>	<b>98 933</b>	<b>140 983</b>	<b>91 652</b>	<b>108 258</b>	<b>127 817</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>(40 914)</b>	<b>76 979</b>	<b>(41 446)</b>	<b>100 391</b>	<b>98 933</b>	<b>98 933</b>	<b>140 983</b>	<b>91 652</b>	<b>108 258</b>	<b>127 817</b>

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

1. Municipality anticipate receiving revenue of R428 million in 2019/2020 as compared to the 2018/2019 adjusted budget revenue of R413 million. This represents the percentage increase of 3% against adjusted budget. Municipality major tariff were increased by 5.2% which is in linked to Consumer Price Index (CIP) as recommended by National Treasury under circular 94 and are summarised on the tariff book;
2. Revenue to be generated from property rates is projected to be R90 million in the 2019/2020 financial year (before taking into account revenue forgone) which was increased from R84 million of the 2018/2019 adjusted budgets. The slight increase is to give provision of the implementation of objection on the latest valuation roll.;
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R198 million for the 2019/2020 which increased from R190 million of 2018/2019 adjusted budget.

Services charges constitute 46% of the total revenue (excluding grants) base and grow by an average of 6% per annum;

4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government; and
5. 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	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<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		11 864	4 654	7 220	12 075	12 075	12 075	2 299	4 000	8 832	22 400
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		26 756	102 624	47 387	62 261	62 304	62 304	43 422	65 615	54 383	43 226
Vote 10 - Technical Services		-	-	29 421	17 030	17 030	17 030	6 339	6 000	12 200	20 760
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-	-
Vote 12 - Balance Sheet		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	<b>38 620</b>	<b>107 278</b>	<b>84 028</b>	<b>91 367</b>	<b>91 409</b>	<b>91 409</b>	<b>52 060</b>	<b>75 615</b>	<b>75 414</b>	<b>86 386</b>
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Chief Financial Officer		416	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		250	600	-	-	-	-	-	-	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		721	-	-	3 000	3 000	3 000	-	-	-	-
Vote 7 - Social and Community Services		-	1 310	-	-	-	-	-	-	-	-
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		-	-	-	2 000	2 000	2 000	-	-	-	-
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-	-
Vote 12 - Balance Sheet		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>1 387</b>	<b>1 910</b>	<b>-</b>	<b>5 000</b>	<b>5 000</b>	<b>5 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>		<b>40 006</b>	<b>109 188</b>	<b>84 028</b>	<b>96 367</b>	<b>96 409</b>	<b>96 409</b>	<b>52 060</b>	<b>75 615</b>	<b>75 414</b>	<b>86 386</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		<b>666</b>	<b>600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Executive and council		250	600	-	-	-	-	-	-	-	-
Finance and administration		416	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>11 864</b>	<b>5 964</b>	<b>7 220</b>	<b>12 075</b>	<b>12 075</b>	<b>12 075</b>	<b>2 299</b>	<b>4 000</b>	<b>8 832</b>	<b>14 400</b>
Community and social services		8 439	1 310	-	-	-	-	-	1 000	5 232	6 000
Sport and recreation		3 425	4 654	7 220	12 075	12 075	12 075	2 299	3 000	3 600	8 400
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>11 331</b>	<b>56 617</b>	<b>17 111</b>	<b>13 265</b>	<b>12 313</b>	<b>12 313</b>	<b>6 759</b>	<b>20 615</b>	<b>16 983</b>	<b>3 140</b>
Planning and development		721	-	-	3 000	3 000	3 000	-	-	-	-
Road transport		10 610	56 617	17 111	10 265	9 313	9 313	6 759	20 615	16 983	3 140
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>16 146</b>	<b>46 007</b>	<b>59 698</b>	<b>71 027</b>	<b>72 021</b>	<b>72 021</b>	<b>43 002</b>	<b>51 000</b>	<b>49 600</b>	<b>68 846</b>
Energy sources		2 000	16 007	24 928	15 580	15 580	15 580	5 909	6 000	12 200	20 760
Water management		10 000	30 000	15 024	32 497	32 497	32 497	16 103	18 700	29 900	29 086
Waste water management		4 146	-	19 746	22 950	23 944	23 944	20 990	26 300	7 500	11 000
Waste management		-	-	-	-	-	-	-	-	-	8 000
<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>40 006</b>	<b>109 188</b>	<b>84 028</b>	<b>96 367</b>	<b>96 409</b>	<b>96 409</b>	<b>52 060</b>	<b>75 615</b>	<b>75 414</b>	<b>86 386</b>
<b>Funded by:</b>											
National Government		38 620	107 278	84 028	91 367	91 367	91 367	52 060	75 615	75 414	86 386
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	<b>38 620</b>	<b>107 278</b>	<b>84 028</b>	<b>91 367</b>	<b>91 367</b>	<b>91 367</b>	<b>52 060</b>	<b>75 615</b>	<b>75 414</b>	<b>86 386</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>1 387</b>	<b>1 910</b>	<b>-</b>	<b>5 000</b>	<b>5 042</b>	<b>5 042</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Funding</b>	7	<b>40 006</b>	<b>109 188</b>	<b>84 028</b>	<b>96 367</b>	<b>96 409</b>	<b>96 409</b>	<b>52 060</b>	<b>75 615</b>	<b>75 414</b>	<b>86 386</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 R76 million for the 2019/2020 after taking into consideration PMU cost of R1.2 Million;
3. Various internal funded project has been proposed for 2019/2020 pending available capital reserve; 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	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		31 382	1 301	4 175	45 000	49 242	49 242	19 327	50 000	52 000	51 000
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	15 630	24 657	16 997	29 335	29 335	29 335	11 916	19 226	26 969	35 166
Other debtors		17 873	23 964	20 428	12 422	12 422	12 422	1 847	19 407	19 019	18 829
Current portion of long-term receivables		4 587	2 619	-	-	-	-	-	-	-	-
Inventory	2	145	204	206	120	120	120	120	230	235	222
<b>Total current assets</b>		<b>69 617</b>	<b>52 745</b>	<b>41 807</b>	<b>86 877</b>	<b>91 119</b>	<b>91 119</b>	<b>33 210</b>	<b>88 863</b>	<b>98 222</b>	<b>105 217</b>
<b>Non current assets</b>											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		176 953	353 361	282 015	181 000	181 000	181 000	181 000	310 217	325 728	342 014
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	589 207	659 302	690 180	676 758	676 758	676 758	676 758	745 395	805 026	845 278
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		2 603	2 679	2 495	3 000	3 000	3 000	2 495	3 030	3 060	3 091
Other non-current assets		1 205	258	725	-	-	-	-	-	-	-
<b>Total non current assets</b>		<b>769 967</b>	<b>1 015 599</b>	<b>975 416</b>	<b>860 758</b>	<b>860 758</b>	<b>860 758</b>	<b>860 254</b>	<b>1 058 642</b>	<b>1 133 815</b>	<b>1 190 383</b>
<b>TOTAL ASSETS</b>		<b>839 585</b>	<b>1 068 344</b>	<b>1 017 223</b>	<b>947 635</b>	<b>951 877</b>	<b>951 877</b>	<b>893 464</b>	<b>1 147 505</b>	<b>1 232 037</b>	<b>1 295 599</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	0	(2)	-	-	-	-	-	-	-	-
Borrowing	4	10 003	10 861	-	-	-	-	-	-	-	-
Consumer deposits		5 465	5 441	5 650	-	5 700	5 700	5 676	6 000	6 100	6 125
Trade and other payables	4	159 235	140 859	159 721	67 856	67 856	67 856	40 820	60 000	52 000	43 800
Provisions		16 978	20 286	6 331	11 550	11 550	11 550	7 454	12 128	12 977	14 145
<b>Total current liabilities</b>		<b>191 681</b>	<b>177 445</b>	<b>171 703</b>	<b>79 407</b>	<b>85 107</b>	<b>85 107</b>	<b>53 950</b>	<b>78 128</b>	<b>71 077</b>	<b>64 070</b>
<b>Non current liabilities</b>											
Borrowing		18 530	7 669	-	-	-	-	-	-	-	-
Provisions		63 244	77 871	86 214	43 427	43 427	43 427	-	63 486	70 443	66 488
<b>Total non current liabilities</b>		<b>81 774</b>	<b>85 540</b>	<b>86 214</b>	<b>43 427</b>	<b>43 427</b>	<b>43 427</b>	<b>-</b>	<b>63 486</b>	<b>70 443</b>	<b>66 488</b>
<b>TOTAL LIABILITIES</b>		<b>273 456</b>	<b>262 986</b>	<b>257 917</b>	<b>122 833</b>	<b>128 533</b>	<b>128 533</b>	<b>53 950</b>	<b>141 614</b>	<b>141 520</b>	<b>130 558</b>
<b>NET ASSETS</b>	5	<b>566 129</b>	<b>805 358</b>	<b>759 306</b>	<b>824 802</b>	<b>823 344</b>	<b>823 344</b>	<b>839 514</b>	<b>1 005 891</b>	<b>1 090 517</b>	<b>1 165 041</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		566 129	805 358	759 306	824 802	823 344	823 344	839 514	1 005 891	1 090 517	1 165 041
Reserves	4	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>566 129</b>	<b>805 358</b>	<b>759 306</b>	<b>824 802</b>	<b>823 344</b>	<b>823 344</b>	<b>839 514</b>	<b>1 005 891</b>	<b>1 090 517</b>	<b>1 165 041</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:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current liabilities;
  - Changes in net assets; and
  - Reserves.
5. The Municipal's equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community; and
6. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate

assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

7. The Municipal total assets value is seating at R1 billion for the 2019/2020 financial period and expected to grow to R1.1 billion during 2020/2021 budget year.

**Table 22 MBRR Table A7 - Budgeted Cash Flow Statement**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		54 229	62 468	62 003	84 996	84 996	84 996	50 002	86 303	91 481	96 970
Service charges		112 921	153 918	150 648	190 824	190 824	190 824	106 938	188 455	199 763	211 748
Other revenue		15 222	25 907	31 602	38 575	38 575	38 575	2 142	25 959	27 477	29 086
Government - operating	1	59 137	71 426	77 791	86 034	84 840	84 840	82 985	91 859	101 255	101 255
Government - capital	1	24 701	104 502	85 302	93 110	93 110	93 110	-	83 711	87 448	92 220
Interest		8 317	10 479	9 845	14 673	14 673	14 673	3 268	14 107	12 551	9 331
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(300 214)	(258 867)	(416 658)	(351 310)	(352 768)	(352 768)	(92 835)	(362 947)	(373 792)	(372 449)
Finance charges		(6 957)	(10 317)	(12 295)	(7 317)	(7 317)	(7 317)	(1 937)	(7 000)	(7 350)	(7 718)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>(32 643)</b>	<b>159 517</b>	<b>(11 761)</b>	<b>149 585</b>	<b>146 933</b>	<b>146 933</b>	<b>150 564</b>	<b>120 447</b>	<b>138 833</b>	<b>160 444</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		998	3 514	50 399	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		8 917	947	258	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		(53 403)	(89 045)	71 186	(96 367)	(80 310)	(80 310)	(102 840)	(83 711)	(87 448)	(92 220)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(43 489)</b>	<b>(84 584)</b>	<b>121 842</b>	<b>(96 367)</b>	<b>(80 310)</b>	<b>(80 310)</b>	<b>(102 840)</b>	<b>(83 711)</b>	<b>(87 448)</b>	<b>(92 220)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		2 903	12 040	0	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		(58)	(23)	(5 441)	-	-	-	26	350	100	25
<b>Payments</b>											
Repayment of borrowing		(4 277)	(3 279)	(18 530)	-	-	-	(11 365)	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(1 432)</b>	<b>8 738</b>	<b>(23 972)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11 339)</b>	<b>350</b>	<b>100</b>	<b>25</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>											
Cash/cash equivalents at the year begin:	2	30 653	12 656	1 303	4 175	4 175	4 175	4 175	-	37 086	88 572
Cash/cash equivalents at the year end:	2	(46 911)	96 327	87 412	57 394	70 798	70 798	40 561	37 086	88 572	156 821

**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;
3. The municipality shows positive net cash inflows of R37 million in 2019/2020; and
4. 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	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	(46 911)	96 327	87 412	57 394	70 798	70 798	40 561	37 086	88 572	156 821
Other current investments > 90 days		78 292	(95 024)	(83 237)	(12 394)	(21 557)	(21 557)	(21 234)	12 914	(36 572)	(105 821)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>31 382</b>	<b>1 303</b>	<b>4 175</b>	<b>45 000</b>	<b>49 242</b>	<b>49 242</b>	<b>19 327</b>	<b>50 000</b>	<b>52 000</b>	<b>51 000</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		0	-	1 002	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	127 049	92 442	122 638	27 461	27 461	27 461	25 187	25 074	10 078	(5 977)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>127 049</b>	<b>92 442</b>	<b>123 640</b>	<b>27 461</b>	<b>27 461</b>	<b>27 461</b>	<b>25 187</b>	<b>25 074</b>	<b>10 078</b>	<b>(5 977)</b>
<b>Surplus(shortfall)</b>		<b>(95 668)</b>	<b>(91 139)</b>	<b>(119 465)</b>	<b>17 539</b>	<b>21 780</b>	<b>21 780</b>	<b>(5 860)</b>	<b>24 926</b>	<b>41 922</b>	<b>56 977</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 2019/2020 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	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	40 006	109 188	56 874	67 152	66 704	66 704	43 815	61 183	53 386
Roads Infrastructure		10 610	56 617	12 165	4 177	2 735	2 735	17 181	11 917	3 140
Storm water Infrastructure		-	-	4 493	1 450	1 450	1 450	3 435	5 065	-
Electrical Infrastructure		2 000	16 007	24 928	15 580	15 580	15 580	6 000	12 200	20 760
Water Supply Infrastructure		10 000	30 000	15 024	27 497	27 497	27 497	14 200	28 400	15 086
Sanitation Infrastructure		4 146	-	263	13 447	14 441	14 441	-	-	-
<b>Infrastructure</b>		<b>26 756</b>	<b>102 624</b>	<b>56 874</b>	<b>62 152</b>	<b>61 704</b>	<b>61 704</b>	<b>40 815</b>	<b>57 583</b>	<b>38 986</b>
Community Facilities		11 864	4 654	-	-	-	-	-	-	6 000
Sport and Recreation Facilities		-	-	-	2 000	2 000	2 000	3 000	3 600	8 400
<b>Community Assets</b>		<b>11 864</b>	<b>4 654</b>	<b>-</b>	<b>2 000</b>	<b>2 000</b>	<b>2 000</b>	<b>3 000</b>	<b>3 600</b>	<b>14 400</b>
<b>Intangible Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment		-	-	-	3 000	3 000	3 000	-	-	-
Furniture and Office Equipment		1 387	1 910	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Upgrading of Existing Assets</b>	6	-	-	27 155	29 215	29 705	29 705	31 800	14 232	33 000
Roads Infrastructure		-	-	452	4 637	5 128	5 128	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	437	3 000	3 000	3 000	4 500	1 500	14 000
Sanitation Infrastructure		-	-	19 046	9 503	9 503	9 503	26 300	7 500	11 000
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	8 000
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>-</b>	<b>-</b>	<b>19 935</b>	<b>17 140</b>	<b>17 630</b>	<b>17 630</b>	<b>30 800</b>	<b>9 000</b>	<b>33 000</b>
Community Facilities		-	-	-	-	-	-	1 000	5 232	-
Sport and Recreation Facilities		-	-	7 220	12 075	12 075	12 075	-	-	-
<b>Community Assets</b>		<b>-</b>	<b>-</b>	<b>7 220</b>	<b>12 075</b>	<b>12 075</b>	<b>12 075</b>	<b>1 000</b>	<b>5 232</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>
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	<b>40 006</b>	<b>109 188</b>	<b>84 028</b>	<b>96 367</b>	<b>96 409</b>	<b>96 409</b>	<b>75 615</b>	<b>75 414</b>	<b>86 386</b>
Roads Infrastructure		10 610	56 617	12 618	8 814	7 863	7 863	17 181	11 917	3 140
Storm water Infrastructure		-	-	4 493	1 450	1 450	1 450	3 435	5 065	-
Electrical Infrastructure		2 000	16 007	24 928	15 580	15 580	15 580	6 000	12 200	20 760
Water Supply Infrastructure		10 000	30 000	15 461	30 497	30 497	30 497	18 700	29 900	29 086
Sanitation Infrastructure		4 146	-	19 309	22 950	23 944	23 944	26 300	7 500	11 000
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	8 000
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>26 756</b>	<b>102 624</b>	<b>76 809</b>	<b>79 292</b>	<b>79 334</b>	<b>79 334</b>	<b>71 615</b>	<b>66 583</b>	<b>71 986</b>
Community Facilities		11 864	4 654	-	-	-	-	1 000	5 232	6 000
Sport and Recreation Facilities		-	-	7 220	14 075	14 075	14 075	3 000	3 600	8 400
<b>Community Assets</b>		<b>11 864</b>	<b>4 654</b>	<b>7 220</b>	<b>14 075</b>	<b>14 075</b>	<b>14 075</b>	<b>4 000</b>	<b>8 832</b>	<b>14 400</b>
<b>Intangible Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment		-	-	-	3 000	3 000	3 000	-	-	-
Furniture and Office Equipment		1 387	1 910	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		<b>40 006</b>	<b>109 188</b>	<b>84 028</b>	<b>96 367</b>	<b>96 409</b>	<b>96 409</b>	<b>75 615</b>	<b>75 414</b>	<b>86 386</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	910 250	912 441	895 521	860 758	860 758	860 758	1 024 744	1 077 252	1 132 458
Roads Infrastructure		176 937	173 283	199 893	225 113	225 113	225 113	236 819	249 134	262 089
Storm water Infrastructure		35 176	45 946	56 259	109 679	109 679	109 679	115 382	121 382	127 694
Electrical Infrastructure		46 046	43 044	40 836	169 006	169 006	169 006	177 795	187 040	196 766
Water Supply Infrastructure		112 381	128 983	126 875	69 831	69 831	69 831	73 463	77 283	81 301
Sanitation Infrastructure		62 642	64 718	61 370	39 529	39 529	39 529	41 584	43 747	46 021
Solid Waste Infrastructure		11 276	21 080	20 179	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>444 458</b>	<b>477 053</b>	<b>505 411</b>	<b>613 158</b>	<b>613 158</b>	<b>613 158</b>	<b>645 043</b>	<b>678 585</b>	<b>713 871</b>
<b>Community Assets</b>		<b>31 159</b>	<b>47 966</b>	<b>77 195</b>	<b>50 188</b>	<b>50 188</b>	<b>50 188</b>	<b>52 797</b>	<b>55 543</b>	<b>58 431</b>
<b>Heritage Assets</b>		<b>539</b>	<b>539</b>	<b>539</b>	<b>606</b>	<b>606</b>	<b>606</b>	<b>606</b>	<b>606</b>	<b>606</b>
<b>Investment properties</b>		<b>343 027</b>	<b>355 306</b>	<b>282 015</b>	<b>181 000</b>	<b>181 000</b>	<b>181 000</b>	<b>310 217</b>	<b>325 728</b>	<b>342 014</b>
<b>Other Assets</b>		<b>89 051</b>	<b>30 930</b>	<b>29 715</b>	<b>12 407</b>	<b>12 407</b>	<b>12 407</b>	<b>13 052</b>	<b>13 731</b>	<b>14 445</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>
<b>Intangible Assets</b>		<b>2 016</b>	<b>646</b>	<b>646</b>	<b>3 400</b>	<b>3 400</b>	<b>3 400</b>	<b>3 030</b>	<b>3 060</b>	<b>3 091</b>
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	<b>910 250</b>	<b>912 441</b>	<b>895 521</b>	<b>860 758</b>	<b>860 758</b>	<b>860 758</b>	<b>1 024 744</b>	<b>1 077 252</b>	<b>1 132 458</b>
<b>EXPENDITURE OTHER ITEMS</b>		<b>27 730</b>	<b>49 274</b>	<b>59 079</b>	<b>48 000</b>	<b>48 000</b>	<b>48 000</b>	<b>50 880</b>	<b>53 933</b>	<b>57 169</b>
Depreciation	7	27 730	49 274	59 079	48 000	48 000	48 000	50 880	53 933	57 169
Repairs and Maintenance by Asset Class	3	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>27 730</b>	<b>49 274</b>	<b>59 079</b>	<b>48 000</b>	<b>48 000</b>	<b>48 000</b>	<b>50 880</b>	<b>53 933</b>	<b>57 169</b>
<b>Renewal and upgrading of Existing Assets as % of total capex</b>		0.0%	0.0%	32.3%	30.3%	30.8%	30.8%	42.1%	18.9%	38.2%
<b>Renewal and upgrading of Existing Assets as % of deprecn</b>		0.0%	0.0%	46.0%	60.9%	61.9%	61.9%	62.5%	26.4%	57.7%
<b>R&amp;M as a % of PPE</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Renewal and upgrading and R&amp;M as a % of PPE</b>		0.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	1.0%	3.0%

### **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 of R1 billion for the 2019/2020 financial year.
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	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Household service targets</b>										
<b>Water:</b>										
Piped water inside dwelling		14 073	14 073	14 073	14 073	14 073	14 073	14 073	14 073	14 073
Piped water inside yard (but not in dwelling)		855	855	855	855	855	855	855	855	855
Using public tap (at least min.service level)	2	3 136	3 136	3 136	3 136	3 136	3 136	3 136	3 136	3 136
Other water supply (at least min.service level)	4	4	4	4	4	4	4	4	4	4
<i>Minimum Service Level and Above sub-total</i>		18 068	18 068	18 068	18 068	18 068	18 068	18 068	18 068	18 068
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	9 868	9 868	9 868	8 268	8 268	8 268	6 668	5 268	5 268
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		9 868	9 868	9 868	8 268	8 268	8 268	6 668	5 268	5 268
<b>Total number of households</b>	5	<b>27 936</b>	<b>27 936</b>	<b>27 936</b>	<b>26 336</b>	<b>26 336</b>	<b>26 336</b>	<b>24 736</b>	<b>23 336</b>	<b>23 336</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)		855	855	855	855	855	855	855	855	855
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		951	951	951	951	951	951	951	951	951
Other toilet provisions (> min.service level)		1 334	1 334	1 334	1 334	1 334	1 334	1 334	1 334	1 334
<i>Minimum Service Level and Above sub-total</i>		18 068	18 068	18 068	18 068	18 068	18 068	18 068	18 068	18 068
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		12 068	12 068	12 068	11 000	11 000	11 000	10 200	9 800	9 800
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		12 068	12 068	12 068	11 000	11 000	11 000	10 200	9 800	9 800
<b>Total number of households</b>	5	<b>30 136</b>	<b>30 136</b>	<b>30 136</b>	<b>29 068</b>	<b>29 068</b>	<b>29 068</b>	<b>28 268</b>	<b>27 868</b>	<b>27 868</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		2 725	2 725	2 725	2 365	2 365	2 365	2 065	2 065	2 065
<i>Below Minimum Service Level sub-total</i>		2 725	2 725	2 725	2 365	2 365	2 365	2 065	2 065	2 065
<b>Total number of households</b>	5	<b>17 858</b>	<b>18 068</b>	<b>18 068</b>	<b>18 068</b>	<b>18 068</b>	<b>18 068</b>	<b>18 068</b>	<b>18 487</b>	<b>18 487</b>
<b>Refuse:</b>										
Removed at least once a week		16 300	16 300	16 300	16 450	16 450	16 450	16 600	16 600	16 600
<i>Minimum Service Level and Above sub-total</i>		16 300	16 300	16 300	16 450	16 450	16 450	16 600	16 600	16 600
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		2 350	2 350	2 350	2 350	2 350	2 350	2 350	2 350	2 350
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		1 095	1 095	1 095	1 095	1 095	1 095	1 095	1 095	1 095
<i>Below Minimum Service Level sub-total</i>		3 445	3 445	3 445	3 445	3 445	3 445	3 445	3 445	3 445
<b>Total number of households</b>	5	<b>19 745</b>	<b>19 745</b>	<b>19 745</b>	<b>19 895</b>	<b>19 895</b>	<b>19 895</b>	<b>20 045</b>	<b>20 045</b>	<b>20 045</b>
<b>Households receiving Free Basic Service</b>										
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>										
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>										
Total cost of FBS provided		-	-	-	-	-	-	-	-	-
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		7	6	6	6	6	6	6	6	6
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		70	50	50	50	50	50	50	50	50
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
<b>Revenue cost of subsidised services provided (R'000)</b>										
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		25 838	28 274	29 829	33 876	33 876	33 876	33 876	33 876	33 876
Water (in excess of 6 kilolitres per indigent household per month)		3 528	5 251	9 038	6 627	6 627	6 627	6 627	6 627	6 627
Sanitation (in excess of free sanitation service to indigent households)		2 116	8 567	3 754	18 919	18 919	18 919	18 919	18 919	18 919
Electricity/other energy (in excess of 50 kwh per indigent household per month)		(4)	3 559	5 539	11 806	11 806	11 806	11 806	11 806	11 806
Refuse (in excess of one removal a week for indigent households)		2 254	2 538	2 678	3 644	3 644	3 644	3 644	3 644	3 644
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>		<b>33 731</b>	<b>48 188</b>	<b>50 838</b>	<b>74 872</b>	<b>74 872</b>	<b>74 872</b>	<b>74 872</b>	<b>74 872</b>	<b>74 872</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 2019/2020 to 2021/2022 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 91 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.

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

#### 2.1.2. Budget Process Overview

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

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

The objectives of the Process Plan are as follows:

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

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

## **2.2. IDP and Service Delivery and Budget Implementation Plan**

Municipality IDP for 2019/2020 is on its fourth-year term since the council was sworn in during 2016. The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the revision cycle included the following key IDP processes and deliverables:

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

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

With the compilation of the 2019/2020 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 2019/2020 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 2019/2020 budget year. Bellow 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)
	Replacement of manhole covers? (Hours)
<b>Road Infrastructure Services</b>	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)
	What percentage of calls are not answered? (5%)
<b>Community safety and licensing services</b>	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 2019/2020 MTREF as tabled before Council on 27 March 2019 for community consultation has been published on the municipality's website, and hard copies have been made available at municipal offices and municipal library. Electronic and hard copies will be sent to National Treasury and the Limpopo Provincial Treasury within the prescribed time frame.

The Municipality held public participation sessions with the communities in eight (8) wards. A budget summary document, is issued and discussed at these sessions. Comments were also received from the local communities. The applicable dates and venues were published in all the local newspapers. The respond from the Municipality to all input are included on the budget for council to consider.

## 2.4 Overview of alignment of annual budget with IDP

Bellow table provide overview alignment of the 2019/2020 budget to IDP.

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

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

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

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

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

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

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

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the final IDP's five strategic objectives for the 2019/2020 MTREF and further planning refinements that have directly inform this plan.

**Table 27: IDP Strategic Objectives**

PHASE	ACTIVITY	RESPONSIBLE	OUTPUT	TIME FRAME
<b>PREPARATION PHASE</b>	Alignment with WDM framework IDP, Budget and PMS process plan	WDM	<ul style="list-style-type: none"> <li>Approved 2018/2019 IDP, Budget and PMS process plan</li> </ul>	July 2018
	MECs Assessment of 2017- 2018 IDP	IDP Manager /Municipal Manager		July 2017 – August 2018
	Council Sitting	Mayor/ Municipal Manager		July 2018
	Develop Draft 2019/2020 IDP, Budget and PMS process plan	IDP Manager		August 2018
	Tabling of 2019/2020 IDP, Budget and PMS process Plan to Planning Sub-committee	IDP Manager		August 2018
	1 <sup>st</sup> Waterberg District Forum Representative Forum	IDP Manager		August 2018
	Tabling Draft 2019/2020 IDP, Budget and PMS process plan for EC /Council approval	Mayor & Municipal Manager		August 2018
	Publication of IDP 2019/2020 IDP, Budget and PMS Process Plan	IDP Manager		August 2018
	Submission of 2017/ 2018 Annual Performance Report to the Auditor – General and MEC	IDP Manager /Municipal Manager		August 2018
	First IDP Steering Committee Meeting	IDP Manager /Municipal Manager		September 2018
	First IDP Representative Forum	Municipal Manager/ Mayor		September 2018

<b>ANALYSIS PHASE</b>	<b>ACTIVITY</b>	<b>RESPONSIBLE</b>	<b>OUTPUT</b>	<b>TIME FRAME</b>
	Identification of Gaps, Stakeholder Registration, and Information Gathering.	IDP Manager	<ul style="list-style-type: none"> <li>• Priority issues/problems</li> <li>• Understanding of causes of priority issues/problems</li> </ul>	September 2018
	Community Based Planning (CBP) Ward Consultative Meetings	IDP Manager		September 2018
	1 <sup>st</sup> Provincial IDP Consultative Forum	COGHSTA, OTP and WDM		September 2018
	Community Consultation Forums on Tariffs, Indigent Credit, Credit Control, and Free Basic Electricity Revisit Community Needs, Consult, and Assess Community Based Planning (CBP) Wards Consultative Meetings	Budget & Treasury and IDP Manager		October 2018
	Submission of Draft Annual Report to the Mayor	IDP Manager / Municipal Manage		October 2018
	Council Sitting	Mayor & Municipal Manage		October 2018
	Second 2019/2020 IDP Steering Committee Meeting	IDP Manager/ Municipal Manage		November 2018
	Second 2019/2020 IDP Representatives Forum	Mayor/ Municipal Manager		November 2018
	Draft 2019/2020 IDP Analysis Phase Completed	IDP Manager		November 2018
	2 <sup>nd</sup> WDM Representative Forum	WDM		November 2018

	2 <sup>nd</sup> Provincial IDP Consultative Forum	COGHSTA, OTP and WDM		November 2018
	Proposed IDP/Budget and Tariff Policies	Dept Financial Services & IDP Manager		Week 1 December 2018
	Consultative Forum on Vision, Mission, Objectives, and Localized Strategic Guidelines	IDP Manager		Week 2 December 2018
<b>STRATEGIES PHASE</b>			<ul style="list-style-type: none"> <li>• Vision(For Municipality)</li> <li>• Objectives(For each priority issue)</li> <li>• Strategic options and choice of strategy</li> <li>• Tentative financial framework for projects</li> <li>• Identification of projects</li> </ul>	
	WDM Strategic Planning Session	WDM		January 2019
	Review Financial Strategies, Adjustment Budget & SDBIP and Review of Organizational Structure	All Departments/Municipal Manager		January 2019
	Draft 2019/2020 Mid – Year Report and Draft 2015/ 2016 Annual Report	All Departments/Municipal Manager		January 2019
	3 <sup>rd</sup> Provincial IDP Consultative Form	COGHSTA, OTP and WDM		February 2019
	Strategic Planning Session	IDP Manager /Municipal Manager		February 2019
	Third IDP Steering Committee Meeting	IDP Manager/ Municipal Manager		March 2019
	Third IDP Representative Forum	Mayor & Municipal Manager		March 2019
<b>PROJECTS PHASE</b>	Review and Rationalization of Projects, Redesigning and Upgrading Project Designs	IDP Manager	<ul style="list-style-type: none"> <li>• Project output, targets, and location</li> </ul>	Week 2 March 2019
	3 <sup>RD</sup> WDM IDP Representatives Forum	WDM		March 2019

	Submission of 2018/ 2019 Annual Report to council for Approval	IDP Manager & Municipal Manager	<ul style="list-style-type: none"> <li>• Project related activities and time schedule</li> <li>• Cost and budget estimates</li> <li>• Performance Indicators</li> </ul>	March 2019
	Tabling of Draft IDP/Budget and SDBIP for Council Approval	Mayor & Municipal Manager		Week 3 March 2019
	Submission of Draft IDP/Budget to National Treasury and Dept. Local Government & Housing	Municipal Manager		March 2019
<b>INTEGRATION PHASE</b>	Alignment with Waterberg District Municipality, Provincial, and National Programs	COGHSTA, OTP and WDM	<ul style="list-style-type: none"> <li>• 5 Year Financial Plan</li> <li>• 5 Year Capital Investment Plan</li> <li>• Institutional Plan</li> <li>• Reference to Sector Plans</li> <li>• Integrated Sectoral Plans</li> </ul>	April 2019
	2019/2020 IDP - Budget Mayoral Road show	All Departments/Municipal Manager		April 2019
	4 <sup>th</sup> IDP Steering Committee Meeting	IDP Manager/Municipal Manager		May 2019
	4 <sup>th</sup> IDP Representative forum	Mayor & Municipal Manager		May 2019
	4 <sup>TH</sup> WDM Representative Forum	WDM		May 2019
	Screening of Draft IDP Projects Integration of Sector Plans and Institutional Programs	IDP Manager & All Departments		May 2019

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 2019/2020 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 2018/2019 financial period. The threshold for qualification as an indigent is the pension of two people in a household, i.e. R3,700 per month. Indigent households must approach the municipality and provide the required documentation.

## **2.6 Providing clean water and managing waste water**

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

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

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

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

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

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

## **2.7 Measurable performance objectives and indicators**

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

**Table 28 MBRR Table SA8 - Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Borrowing Management</b>											
<b>Credit Rating</b>											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.5%	3.9%	6.7%	1.8%	1.8%	1.8%	12.7%	1.7%	1.7%	1.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5.8%	5.5%	12.1%	2.2%	2.2%	2.2%	8.2%	2.1%	2.1%	2.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	209.4%	630.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</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>Liquidity</b>											
Current Ratio	Current assets/current liabilities	0.4	0.3	0.2	1.1	1.1	1.1	0.6	1.1	1.4	1.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.4	0.3	0.2	1.1	1.1	1.1	0.6	1.1	1.4	1.6
Liquidity Ratio	Monetary Assets/Current Liabilities	0.2	0.0	0.0	0.6	0.6	0.6	0.4	0.6	0.7	0.8
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		104.4%	103.7%	100.1%	100.0%	100.0%	100.0%	100.0%	95.0%	95.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		99.2%	103.3%	100.0%	100.0%	100.0%	100.0%	100.0%	95.0%	95.0%	95.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	15.2%	16.1%	11.3%	10.1%	10.1%	10.1%	5.6%	9.0%	10.1%	11.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		-266.0%	119.8%	166.7%	118.2%	95.8%	95.8%	95.4%	148.3%	50.8%	23.6%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kℓ)										
Employee costs	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	35.8%	34.7%	37.8%	30.8%	30.8%	30.8%	-0.3%	30.9%	28.6%	24.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	13.8%	18.8%	21.5%	13.4%	13.4%	13.4%	0.8%	13.5%	13.4%	13.7%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	14.0	8.7	17.3	22.4	22.4	22.4	11.5	26.8	38.0	39.8
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	22.4%	24.3%	17.5%	15.0%	15.0%	15.0%	8.7%	13.3%	14.9%	16.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(2.3)	4.4	3.6	2.2	2.7	2.7	6.9	1.4	3.2	5.7

## 2.8 Overview of budget related-policies

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

Policies				
No	Policy Description	Date Reviewed/ Developed	Status	Comment
1	Credit Control and Debt Collection Policy	Feb 2019	In use	With effect from 01/07/2019
2	Property Rates Policy	Feb 2019	In use	With effect from 01/07/2019
3	Assets Management Policy	Feb 2019	In use	With effect from 01/07/2019
4	Indigent Policy	Feb 2019	In use	With effect from 01/07/2019
5	Borrowing framework policy	Feb 2019	In use	With effect from 01/07/2019
6	Budget Implementation and Monitoring Policy	Feb 2019	In use	With effect from 01/07/2019
7	Cash Management and Investment Policy	Feb 2019	In use	With effect from 01/07/2019
8	Funding Reserves Policy	Feb 2019	In use	With effect from 01/07/2019
9	Prioritisation Model for Capital Assets Investment	Feb 2019	In use	With effect from 01/07/2019
10	Policy on Infrastructure Investment and Capital Projects	Feb 2019	In use	With effect from 01/07/2019
11	Policy on Long Term Financial Planning	Feb 2019	In use	With effect from 01/07/2019
12	Policy on Provision for doubtful debts and writing off of irrecoverable debts	Feb 2019	In use	With effect from 01/07/2019
13	Principles and Policy on Tariffs	Feb 2019	In use	With effect from 01/07/2019
14	Petty Cash Policy	Feb 2019	In use	With effect from 01/07/2019
15	Supply Chain Management Policy	Feb 2019	In use	With effect from 01/07/2019
16	Expenditure management policy	Feb 2019	In use	With effect from 01/07/2019

### Amendments in Supply Chain management policy

- The main amendments to the Supply Chain Management Policy include the alignment with the Supply Chain Management regulations.
- 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 (eg, where its impractical to obtain 3 quotation such as advertisement to local newspaper).

### 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 7%.

The MFMA Budget Circular 94, dated 08th March 2019, advises of the following CPI increases:

**Table 30: CPI Inflation**

Fiscal year	2019/20	2020/21	2021/22
CPI Inflation	5.2%	5.4%	5.4%

This means that any increases above the 5.2% (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 2019/2020 compared to adjusted budget are as follows:

**Table 31: 2019/2020 revenue increases vs 2018/2019 adjusted budget**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue By Source</b>											
Property rates	2	54 229	62 468	62 003	84 996	84 996	84 996	50 002	90 845	96 296	102 074
Service charges - electricity revenue	2	84 980	102 848	103 166	133 286	133 286	133 286	70 824	141 362	149 844	158 835
Service charges - water revenue	2	17 523	23 259	25 122	29 540	29 540	29 540	19 937	31 200	33 072	35 057
Service charges - sanitation revenue	2	6 366	14 862	15 101	17 332	17 332	17 332	10 887	17 383	18 426	19 532
Service charges - refuse revenue	2	5 469	6 074	7 259	10 666	10 666	10 666	5 289	8 428	8 934	9 470
Rental of facilities and equipment		1 114	1 099	1 216	1 939	1 939	1 939	884	1 462	1 535	1 612
Interest earned - external investments		2 268	2 583	742	4 069	4 069	4 069	216	4 272	5 000	5 250
Interest earned - outstanding debtors		6 049	7 896	9 103	10 604	10 604	10 604	3 052	11 252	9 002	5 401
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		4 451	12 756	15 526	19 598	19 598	19 598	-	17 526	18 578	19 692
Licences and permits		2 742	3 256	3 926	7 259	7 259	7 259	3 437	4 926	5 221	5 535
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		59 137	71 426	77 791	84 840	84 840	84 840	82 985	91 859	101 255	101 255
Other revenue	2	6 915	8 795	10 934	9 779	9 779	9 779	(2 179)	8 252	8 722	9 220
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>251 243</b>	<b>317 324</b>	<b>331 890</b>	<b>413 908</b>	<b>413 908</b>	<b>413 908</b>	<b>245 336</b>	<b>428 769</b>	<b>455 885</b>	<b>472 931</b>

Council is sensitive to the affordability and sustainability of the tariffs to be imposed. We carefully monitor the payment and collection rates and are thankful that the customer base of Bela-Bela Local Municipality pays more than 85% of their billed accounts. 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 95% 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 2019/2020 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 31% of total operating expenditure in the 2019/2020 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

Total salary cost for all municipality employees excluding councillor is budgeted at R132 million from R125 million of the 2017/2018 audited result. Council salaries for 2019/2020 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.

**Table 33: Remuneration of political and administrative leadership**

<b>NO.</b>	<b>Position</b>	<b>NEW PACKAGE</b>
1	Mayor	840 313.00
2	Speaker	681 131.00
3	Chief Whip	641 336.00
4	EC Member (Full time)	641 336.00
5	EC Member (Part time)	377 418.00
5	S79 Chairperson	367 642.00
6	Other ordinary councilor	296 277.00
7	Municipal Manager	1 497 314.00
8	Other S56 Managers	1 102 590.00

### **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 (90%) of annual billings. Cash flow is assumed to be 95% of billings excluding collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### **2.9.5 Growth or decline in tax base of the municipality**

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

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition, the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the

household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

### **2.9.6 Impact of national, provincial and local policies**

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

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

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives. However, it is also important to take cognisance of the fact that some of these priorities are not directly linked to the powers and functions assigned to the municipality. Nevertheless, efforts will be made to contribute to these priorities.

### **2.9.7. Cash Backed Reserves/Accumulated Surplus Reconciliation**

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

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

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

**Table 34 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	(46 911)	96 327	87 412	57 394	70 798	70 798	40 561	37 086	88 572	156 821
Other current investments > 90 days		78 292	(95 024)	(83 237)	(12 394)	(21 557)	(21 557)	(21 234)	12 914	(36 572)	(105 821)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>31 382</b>	<b>1 303</b>	<b>4 175</b>	<b>45 000</b>	<b>49 242</b>	<b>49 242</b>	<b>19 327</b>	<b>50 000</b>	<b>52 000</b>	<b>51 000</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		0	-	1 002	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	127 049	92 442	122 638	27 461	27 461	27 461	25 187	25 074	10 078	(5 977)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>127 049</b>	<b>92 442</b>	<b>123 640</b>	<b>27 461</b>	<b>27 461</b>	<b>27 461</b>	<b>25 187</b>	<b>25 074</b>	<b>10 078</b>	<b>(5 977)</b>
<b>Surplus(shortfall)</b>		<b>(95 668)</b>	<b>(91 139)</b>	<b>(119 465)</b>	<b>17 539</b>	<b>21 780</b>	<b>21 780</b>	<b>(5 860)</b>	<b>24 926</b>	<b>41 922</b>	<b>56 977</b>

The following breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is, obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year, unless the funds are committed to identifiable programmes and/ or projects;
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites. The municipality has indicated its intention to build up cash-backed reserve in terms of its reserve policy; and
- It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. From a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

## 2.9.8 Funding compliance measurement

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

**Table 35 MBRR Table SA10 – Funding compliance measurement**

Description	MFMA section	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	(46 911)	96 327	87 412	57 394	70 798	70 798	40 561	37 086	88 572	156 821
Cash + investments at the yr end less applications - R'000	18(1)b	2	(95 668)	(91 139)	(119 465)	17 539	21 780	21 780	(5 860)	24 926	41 922	56 977
Cash year end/monthly employee/supplier payments	18(1)b	3	(2.3)	4.4	3.6	2.2	2.7	2.7	6.9	1.4	3.2	5.7
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(40 914)	76 979	(41 446)	100 391	98 933	98 933	140 983	91 652	108 258	127 817
Service charge rev. % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	18.3%	(4.5%)	23.7%	(6.0%)	(6.0%)	(49.1%)	(1.1%)	0.0%	(0.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	96.1%	99.6%	96.4%	96.7%	96.7%	96.7%	98.1%	90.4%	91.2%	92.2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	18.0%	15.4%	15.7%	6.2%	3.4%	3.4%	0.5%	3.1%	3.1%	3.1%
Capital payments % of capital expenditure	18(1)c;19	8	133.5%	81.6%	(84.7%)	100.0%	83.3%	83.3%	197.5%	110.7%	116.0%	106.8%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	209.4%	630.4%	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								0.0%	0.0%	0.0%
Current consumer debtors % change - incr/(decr)	18(1)a	11	N.A.	34.5%	(27.0%)	11.6%	0.0%	0.0%	(67.0%)	(7.5%)	19.0%	17.4%
Long term receivables % change - incr/(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

### 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 2019/2020 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 2019/2020 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	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<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		11 864	4 654	7 220	12 075	12 075	12 075	2 299	4 000	8 832	22 400
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		26 756	102 624	47 387	62 261	62 304	62 304	43 422	65 615	54 383	43 226
Vote 10 - Technical Services		-	-	29 421	17 030	17 030	17 030	6 339	6 000	12 200	20 760
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-	-
Vote 12 - Balance Sheet		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	<b>38 620</b>	<b>107 278</b>	<b>84 028</b>	<b>91 367</b>	<b>91 409</b>	<b>91 409</b>	<b>52 060</b>	<b>75 615</b>	<b>75 414</b>	<b>86 386</b>
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Chief Financial Officer		416	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		250	600	-	-	-	-	-	-	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		721	-	-	3 000	3 000	3 000	-	-	-	-
Vote 7 - Social and Community Services		-	1 310	-	-	-	-	-	-	-	-
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		-	-	-	2 000	2 000	2 000	-	-	-	-
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-	-
Vote 12 - Balance Sheet		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>1 387</b>	<b>1 910</b>	<b>-</b>	<b>5 000</b>	<b>5 000</b>	<b>5 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>		<b>40 006</b>	<b>109 188</b>	<b>84 028</b>	<b>96 367</b>	<b>96 409</b>	<b>96 409</b>	<b>52 060</b>	<b>75 615</b>	<b>75 414</b>	<b>86 386</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		666	600	-	-	-	-	-	-	-	-
Executive and council		250	600	-	-	-	-	-	-	-	-
Finance and administration		416	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		11 864	5 964	7 220	12 075	12 075	12 075	2 299	4 000	8 832	14 400
Community and social services		8 439	1 310	-	-	-	-	-	1 000	5 232	6 000
Sport and recreation		3 425	4 654	7 220	12 075	12 075	12 075	2 299	3 000	3 600	8 400
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		11 331	56 617	17 111	13 265	12 313	12 313	6 759	20 615	16 983	3 140
Planning and development		721	-	-	3 000	3 000	3 000	-	-	-	-
Road transport		10 610	56 617	17 111	10 265	9 313	9 313	6 759	20 615	16 983	3 140
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		16 146	46 007	59 698	71 027	72 021	72 021	43 002	51 000	49 600	68 846
Energy sources		2 000	16 007	24 928	15 580	15 580	15 580	5 909	6 000	12 200	20 760
Water management		10 000	30 000	15 024	32 497	32 497	32 497	16 103	18 700	29 900	29 086
Waste water management		4 146	-	19 746	22 950	23 944	23 944	20 990	26 300	7 500	11 000
Waste management		-	-	-	-	-	-	-	-	-	8 000
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	<b>40 006</b>	<b>109 188</b>	<b>84 028</b>	<b>96 367</b>	<b>96 409</b>	<b>96 409</b>	<b>52 060</b>	<b>75 615</b>	<b>75 414</b>	<b>86 386</b>
<b>Funded by:</b>											
National Government		38 620	107 278	84 028	91 367	91 367	91 367	52 060	75 615	75 414	86 386
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	<b>38 620</b>	<b>107 278</b>	<b>84 028</b>	<b>91 367</b>	<b>91 367</b>	<b>91 367</b>	<b>52 060</b>	<b>75 615</b>	<b>75 414</b>	<b>86 386</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>1 387</b>	<b>1 910</b>	<b>-</b>	<b>5 000</b>	<b>5 042</b>	<b>5 042</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Funding</b>	7	<b>40 006</b>	<b>109 188</b>	<b>84 028</b>	<b>96 367</b>	<b>96 409</b>	<b>96 409</b>	<b>52 060</b>	<b>75 615</b>	<b>75 414</b>	<b>86 386</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 2019/20											Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>																
<b>Revenue By Source</b>																
Property rates		7 083	7 083	7 083	7 083	7 083	7 083	7 083	8 090	8 090	8 090	9 912	90 845	96 296	102 074	
Service charges - electricity revenue		17 327	10 663	7 997	11 996	6 664	10 663	9 330	7 027	13 329	14 661	15 026	16 679	141 362	149 844	
Service charges - water revenue		3 840	2 363	1 772	2 659	1 477	2 363	2 068	3 545	2 954	3 249	1 477	3 433	31 200	33 072	
Service charges - sanitation revenue		2 253	1 387	1 040	1 560	867	1 387	1 213	2 080	1 733	1 906	867	1 091	17 383	18 426	
Service charges - refuse revenue		656	696	640	698	533	853	747	769	769	798	533	736	8 428	8 934	
Rental of facilities and equipment		20	27	18	162	162	162	162	162	162	162	104	1 462	1 535	1 612	
Interest earned - external investments		339	339	339	339	339	339	339	339	339	339	543	4 272	5 000	5 250	
Interest earned - outstanding debtors												11 252	11 252	9 002	5 401	
Dividends received																
Fines, penalties and forfeits		2 548	1 568	1 176	1 764	980	1 568	1 372	860	1 960	2 156	980	596	17 526	18 578	
Licences and permits		253	581	436	653	363	581	508	262	152	320	363	454	4 926	5 521	
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies		33 936	-	-	-	21 210	-	-	-	36 713	-	-	-	91 859	101 255	
Other revenue		1 116	687	515	773	429	687	601	1 030	858	944	429	182	8 252	8 722	
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>69 372</b>	<b>25 392</b>	<b>21 016</b>	<b>27 686</b>	<b>40 107</b>	<b>25 685</b>	<b>23 422</b>	<b>23 156</b>	<b>67 059</b>	<b>32 627</b>	<b>28 266</b>	<b>44 981</b>	<b>428 769</b>	<b>455 885</b>	
<b>Expenditure By Type</b>																
Employee related costs		10 502	10 513	10 523	10 534	10 544	13 012	10 566	10 576	10 587	10 597	10 608	13 793	132 355	130 507	
Remuneration of councillors		957	589	442	663	368	589	515	884	736	810	368	921	7 843	8 235	
Debt impairment		-	-	-	-	-	-	1 190	2 040	1 700	1 870	850	1 350	9 000	9 450	
Depreciation & asset impairment		-	-	-	-	-	-	-	-	-	-	-	50 880	50 880	53 933	
Finance charges		951	585	439	659	366	585	512	878	732	805	366	122	7 000	7 350	
Bulk purchases		13 441	8 271	6 204	9 305	5 170	8 271	7 238	12 407	10 339	11 373	5 170	17 051	114 241	120 398	
Other materials		1 357	1 333	1 788	2 682	1 490	1 235	1 988	1 699	1 880	3 278	1 490	1 733	21 950	23 042	
Contracted services		1 089	1 994	1 496	2 243	1 246	1 994	1 745	2 991	2 493	2 742	1 246	1 228	22 507	24 032	
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure		5 186	6 799	2 394	3 590	1 995	3 191	2 793	4 787	3 989	4 388	6 523	9 416	55 051	58 130	
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Expenditure</b>		<b>33 484</b>	<b>30 084</b>	<b>23 285</b>	<b>29 676</b>	<b>21 179</b>	<b>28 879</b>	<b>26 546</b>	<b>36 262</b>	<b>32 456</b>	<b>35 863</b>	<b>26 621</b>	<b>96 493</b>	<b>420 827</b>	<b>435 075</b>	
<b>Surplus/(Deficit)</b>		<b>35 888</b>	<b>(4 692)</b>	<b>(2 269)</b>	<b>(1 990)</b>	<b>18 928</b>	<b>(3 194)</b>	<b>(3 123)</b>	<b>(13 106)</b>	<b>34 603</b>	<b>(3 237)</b>	<b>1 645</b>	<b>(51 512)</b>	<b>7 941</b>	<b>20 810</b>	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		6 896	6 896	6 896	6 896	6 896	6 896	6 896	6 896	6 896	6 896	6 896	7 853	83 711	87 448	
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>42 784</b>	<b>2 204</b>	<b>4 628</b>	<b>4 906</b>	<b>25 824</b>	<b>3 702</b>	<b>3 773</b>	<b>(6 210)</b>	<b>41 500</b>	<b>3 660</b>	<b>8 541</b>	<b>(43 659)</b>	<b>91 652</b>	<b>108 258</b>	
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>42 784</b>	<b>2 204</b>	<b>4 628</b>	<b>4 906</b>	<b>25 824</b>	<b>3 702</b>	<b>3 773</b>	<b>(6 210)</b>	<b>41 500</b>	<b>3 660</b>	<b>8 541</b>	<b>(43 659)</b>	<b>91 652</b>	<b>108 258</b>	

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

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>															
<b>Cash Receipts By Source</b>															
Property rates	7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	8 391	86 303	91 481	96 970
Service charges - electricity revenue	11 107	11 107	11 107	11 107	11 107	11 107	11 107	11 107	11 107	11 107	11 107	12 115	134 294	142 352	150 893
Service charges - water revenue	2 462	2 462	2 462	2 462	2 462	2 462	2 462	2 462	2 462	2 462	2 462	2 562	29 640	31 419	33 304
Service charges - sanitation revenue	1 444	1 444	1 444	1 444	1 444	1 444	1 444	1 444	1 444	1 444	1 444	627	16 514	17 505	18 555
Service charges - refuse revenue	656	696	640	698	533	853	747	769	769	798	533	314	8 007	8 487	8 997
Rental of facilities and equipment	99	99	99	99	99	99	99	99	99	99	99	294	1 389	1 458	1 531
Interest earned - external investments	162	162	162	162	162	162	162	162	162	162	162	1 640	3 418	4 000	4 200
Interest earned - outstanding debtors	339	339	339	339	339	339	339	339	339	339	339	6 959	10 689	8 551	5 131
Dividends received															
Fines, penalties and forfeits	653	325	365	124	980	654	1 372	860	1 960	2 156	980	963	11 392	12 075	12 800
Licences and permits	123	255	236	605	605	356	326	326	605	605	605	279	4 926	5 221	5 535
Agency services															
Transfer receipts - operational	33 936				21 210				36 713				91 859	101 255	101 255
Other revenue	715	715	715	715	715	715	715	715	715	715	715	382	8 252	8 722	9 220
<b>Cash Receipts by Source</b>	<b>58 781</b>	<b>24 688</b>	<b>24 652</b>	<b>24 838</b>	<b>46 740</b>	<b>25 276</b>	<b>25 856</b>	<b>25 366</b>	<b>63 458</b>	<b>26 971</b>	<b>25 530</b>	<b>34 528</b>	<b>406 683</b>	<b>432 528</b>	<b>448 390</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	6 896	6 896	6 896	6 896	6 896	6 896	6 896	6 896	6 896	6 896	6 896	7 853	83 711	87 448	92 220
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)															
Proceeds on disposal of PPE															
Short term loans															
Borrowing long term/refinancing															
Increase (decrease) in consumer deposits												350	350	100	25
Decrease (Increase) in non-current debtors															
Decrease (increase) other non-current receivable															
Decrease (increase) in non-current investments															
<b>Total Cash Receipts by Source</b>	<b>65 677</b>	<b>31 584</b>	<b>31 549</b>	<b>31 734</b>	<b>53 636</b>	<b>32 172</b>	<b>32 752</b>	<b>32 262</b>	<b>70 355</b>	<b>33 867</b>	<b>32 426</b>	<b>42 731</b>	<b>490 745</b>	<b>520 076</b>	<b>540 635</b>
<b>Cash Payments by Type</b>															
Employee related costs	10 745	10 745	10 745	10 745	10 745	10 745	10 745	10 745	10 745	10 745	10 745	14 164	132 355	130 507	115 884
Remuneration of councillors	614	614	614	614	614	614	614	614	614	614	614	1 092	7 843	8 235	8 647
Finance charges	951	585	439	659	366	585	512	878	732	805	366	122	7 000	7 350	7 718
Bulk purchases - Electricity	12 705	7 818	5 864	8 796	4 886	7 818	6 841	11 727	9 773	10 750	4 886	10 750	102 615	108 772	115 299
Bulk purchases - Water & Sewer	736	453	340	510	283	453	396	680	566	623	283	6 301	11 625	11 625	11 625
Other materials	1 365	1 210	1 788	156	1 490	1 365	2 086	3 576	2 980	3 278	1 490	1 167	21 950	23 042	24 188
Contracted services	1 362	1 236	1 496	2 243	1 246	1 994	1 745	2 991	2 493	2 742	1 246	1 714	22 507	24 032	25 378
Transfers and grants - other municipalities															
Transfers and grants - other															
Other expenditure	5 186	6 799	2 394	3 590	1 995	3 191	2 793	4 787	3 989	4 388	6 523	18 416	64 051	67 580	71 428
<b>Cash Payments by Type</b>	<b>33 664</b>	<b>29 460</b>	<b>23 678</b>	<b>27 312</b>	<b>21 625</b>	<b>26 766</b>	<b>25 731</b>	<b>35 998</b>	<b>31 891</b>	<b>33 944</b>	<b>26 153</b>	<b>53 726</b>	<b>369 947</b>	<b>381 142</b>	<b>380 166</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	6 896	6 896	6 896	6 896	6 896	6 896	6 896	6 896	6 896	6 896	6 896	7 853	83 711	87 448	92 220
Repayment of borrowing															
Other Cash Flows/Payments															
<b>Total Cash Payments by Type</b>	<b>40 560</b>	<b>36 356</b>	<b>30 574</b>	<b>34 208</b>	<b>28 521</b>	<b>33 662</b>	<b>32 627</b>	<b>42 894</b>	<b>38 787</b>	<b>40 841</b>	<b>33 050</b>	<b>61 578</b>	<b>453 658</b>	<b>468 590</b>	<b>472 386</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>25 116</b>	<b>(4 772)</b>	<b>975</b>	<b>(2 474)</b>	<b>25 115</b>	<b>(1 490)</b>	<b>125</b>	<b>(10 631)</b>	<b>31 567</b>	<b>(6 974)</b>	<b>(624)</b>	<b>(18 847)</b>	<b>37 086</b>	<b>51 485</b>	<b>68 249</b>
Cash/cash equivalents at the month/year begin:		25 116	20 345	21 319	18 845	43 961	42 470	42 595	31 964	63 531	56 557	55 934		37 086	88 572
Cash/cash equivalents at the month/year end:	25 116	20 345	21 319	18 845	43 961	42 470	42 595	31 964	63 531	56 557	55 934	37 086	37 086	88 572	156 821

## 2.15 Legislation compliance status

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

- **In-year reporting**

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

- **Internship programme**

The municipality is participating in the Municipal Financial Management Internship programme and has hired 5 local graduates in the internship program during October 2018.

- **Budget and Treasury Office**

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

- **Audit Committee**

New Audit Committee has been appointed with effect from 1 June 2018.

- **Service Delivery and Implementation Plan**

The detail SDBIP document is at a final stage and will be finalised after approval of the 2019/2020 MTREF directly aligned and informed by the 2018/2019 MTREF.

- **Annual Report**

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

- **MFMA Training**

The relevant managers are attending the MFMA accredited training.

- **Policies**

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

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

**2.16 Quality certification**

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

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

Print Name \_\_\_\_\_

Municipal manager of \_\_\_\_\_

(name and demarcation code of municipality)

Signature \_\_\_\_\_

Date \_\_\_\_\_

Annexure 1: Budget tables

Annexure 2: Tariff book

Annexure 3: Amended budget related policies and By-Laws

Annexure 4: Organizational Structure

Annexure 5: Service standards

Annexure 6: Strategic Risk Register