

KOUGA LOCAL MUNICIPALITY



2020/21 – 2022/23

ANNUAL BUDGET

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PART 1 – ANNUAL BUDGET

1.1 EXECUTIVE MAYOR'S REPORT

Extraordinary circumstances have marked the review of Kouga Municipality's Integrated Development Plan (IDP) for the 2020/21 financial year and the compilation of the Medium-Term Revenue and Expenditure Framework (MTREF) for the period 2020/21 to 2022/23.

The finalisation of both documents has taken place during the first three months of a nationwide lockdown, aimed at curbing the spread of Covid-19, a pandemic that has been ravaging the healthcare systems and economies of countries across the globe.

The Kouga municipal area has not been spared from the economic devastation, with many businesses unable to operate during the lockdown and many residents losing all or a significant portion of their income.

These circumstances have impacted on the IDP and, more so, the municipal budget for the coming financial years.

Provision has had to be made for an anticipated 11% reduction in the collection rate to 85%, with many residents and businesses struggling to pay their municipal accounts due to the lockdown.

Moreover, in order to assist residents and businesses through these unprecedented times, COVID-19 payment relief options have been incorporated into the final budget, as well as additional rates rebates for pensioners, leading to a further loss of anticipated income for the municipality.

Ward-based public consultation meetings could also not take place following the adoption of the draft IDP and MTREF in March due to the nationwide ban on gatherings during the lockdown, which started on 27 March.

Instead, media platforms such as community radio stations and social media platforms had to be used to present the documents to our communities and gather their input.

The challenges facing Kouga are prevalent across South Africa, but what sets our municipality apart is the proactive and innovative manner in which we deal with challenges.

While the reduction in income could impact on the municipality's ability to improve and expand on the existing services offered, we are committed to finding other means of supplementing this income so that the good work Kouga has been doing, can continue.

What is important is that these means should not further burden residents and businesses. Among the proposals that are, therefore, being explored is the alienation of immovable assets not required for the delivery of basic services.

As announced in my State of the Municipality Address earlier this year, the strategic focus areas of the municipality for 2020/2021 will be guided by six narratives.

These are:

- Keep Kouga Serviced
- Keep Kouga Clean
- Keep Kouga Green
- Keep Kouga Safe
- Keep Kouga Smart, and
- Keep Kouga Growing

Our plans to Keep Kouga Serviced in 2020/2021 include bringing new boreholes on line to achieve water security and installing container ablution facilities in areas where the bucket system is still in use.

We will further be rolling out electricity to areas that never had access to power, including Stofwolk at Hankey, where Eskom has committed to powering up at least 300 households.

Kouga's war on potholes and the resealing of tar roads will also continue while the roll-out of wheelie bins to all areas will be finalized. This, together with the regular clearing of illegal dump sites and awareness drives, will strengthen efforts to Keep Kouga Clean.

The Keep Kouga Green campaign was launched in February 2020, with the aim of raising awareness of climate change and the role each one of us can play to slow it down and minimise the impact on communities.

Depending on the impact of Covid-19 restrictions on school activities, learners will be one of our focus groups for the campaign in the coming year.

The establishment of Community Safety Forums will also remain a priority in 2020/2021 as we strive to Keep Kouga Safe while we will be investigating the possibility of introducing fibre as a fifth utility as part of our efforts to Keep Kouga Smart.

In view of the economic impact of the Covid-19 lockdown, it is now more important than ever for the municipality to create an enabling environment to Keep Kouga Growing.

These efforts will be guided by two documents currently under review – the Local Economic Development Strategy and Spatial Development Framework.

With the nationwide lockdown set to continue for at least the first few months of the new financial year, we remain in uncharted waters.

We have, however, shown ourselves to be a region that stands together during times of adversity. I am confident that, as long as we keep on caring for each other as we have done during the first months of the lockdown, we will persevere and, ultimately, emerge stronger and more united than ever before.

In closing, I would like to extend my heartfelt gratitude to the municipal administration and workforce for their ongoing commitment towards service excellence no matter the obstacles or risk to themselves.

It is you and our communities that have made Kouga one of the best regions to live in in South Africa. Together, we remain on course to achieve freedom, fairness and opportunity for all while respecting and celebrating our diversity.

CLR H HENDRICKS
EXECUTIVE MAYOR



1.2 **COUNCIL RESOLUTIONS**

(a) The Executive Mayor recommends that the Council resolves that:

1. The annual budget of the Kouga Municipality for the financial year 2020/21 and the indicative allocations for the projected outer years 2021/22 and 2022/23; and the multi-year and single year capital appropriations be approved for the purpose of complying with section 24 of the Municipal Finance Management Act (MFMA), Act No. 56 of 2003, as set-out in the following tables:

- 1.1 Consolidated Budget Summary [Page 21].
- 1.2 Budgeted Financial Performance (revenue and expenditure by standard classification); [Page 23]
- 1.3 Budgeted Financial Performance (revenue and expenditure by municipal vote); [Page 25]
- 1.4 Budgeted Financial Performance (revenue by source and expenditure by type); [Page 26]
- 1.5 and Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source. [Page 29]

2. The budgeted financial position, budgeted cash flows, cash-backed reserves/accumulated surplus, asset management and basic service delivery targets be noted as set-out in the following tables:

- 2.1 Budgeted Financial Position; [Page 31]
- 2.2 Budgeted Cash Flows; [Page 33]
- 2.3 Cash backed reserves and accumulated surplus reconciliation; [Page 34]
- 2.4 Asset management; [Page 35]
- 2.5 Basic service delivery measurement. [Page 38]

3. The tariffs be increased as follows, with effect from 1 July 2020:

Property rates	5.25%
Water	8.1%
Sanitation	7%
Refuse	7%
Electricity (average increase in electricity income)	6.25%
Environmental Management Fee	0%

4. The indicative tariffs for 2021/22 and 2022/23 be increased as follows:

	<u>2021/22</u>	<u>2022/23</u>
Property rates	5.25%	5.25%
Water	7.1%	7.1%
Sanitation	6.5%	6.5%
Refuse	6.5%	6.5%
Electricity (average increase in electricity income)	6.25%	6.25%
Environmental Management Fee	0%	0%

1.3 **EXECUTIVE SUMMARY**

The key service delivery priorities, as reflected in the IDP, informed the development of the Budget, including the need to maintain and improve the Municipality's financial sustainability.

It is also to be noted, that cost containment measures are being implemented to curb costs and to improve operational efficiency.

National Treasury's MFMA Circulars No. 48, 51, 54, 55, 58, 59, 66, 67, 70, 72, 74, 75, 78, 79, 85, 86, 88, 89, 91, 93, 94, 98 and 99 (refer to Annexures "A and B") was used to guide the compilation of the 2020/21 Medium Term Revenue and Expenditure Framework (MTREF).

The Municipality faced the following significant challenges during the compilation of the 2020/21 MTREF:

- Maintaining an acceptable employee related cost ratio.
- Increased costs associated with bulk electricity and water purchases, placing upward pressure on municipal tariff increases.
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure.
- Maintaining electricity and water losses at acceptable levels.
- Maintaining revenue collection rates at the targeted levels; and
- Maintaining an acceptable cost coverage ratio.

The following budgeting principles and guidelines directly informed the compilation of the 2020/21 MTREF:

- The priorities and targets, relating to the key strategic focus areas, as outlined in the IDP.
- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs.
- The level of property rates and tariff increases to ensure the delivery of municipal services on a financially sustainable basis.
- The need to enhance the municipality's revenue base.
- No loan funding is available to support the Capital Budget, in view of financial affordability considerations.
- In accordance with Section 19 of the Municipal Finance Management Act, the relevant Directors must submit comprehensive reports in relation to new projects, inter alia; dealing with the total project costs, funding sources, future operating budget implications and associated tariff implications, before Council finally approves the implementation of any new projects.

In view of the aforementioned, the following table represents an overview of the proposed 2020/21 Medium-term Revenue and Expenditure Framework:

Table 1 (Overview of the 2020/21 MTREF)

Description	Current year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework					
R thousands	Adjusted Budget	Budget Year 2020/21	% Increase /(decrease)	Budget Year 2021/22	% Increase /(decrease)	Budget Year 2022/23	% Increase /(decrease)
Total Operating Revenue	846 865	906 005	6.98%	951 682	5.04%	1 011 795	6.32%
Total Operating Expenditure	927 120	996 342	7.47%	976 684	-1.97%	1 043 507	6.84%
Surplus/(Deficit)	(80 256)	(90 337)	12.56%	(25 002)	-72.32%	(31 712)	26.84%
Capital Expenditure	192 276	56 912	-70.40%	71 646	25.89%	73 485	2.57%

Total operating revenue has increased by 6.98% or R 59,141 million for the 2020/21 financial year, compared to the 2019/20 Adjustments Budget.

For the two outer years, operational revenue increases by 5.04% and 6.32% respectively, resulting in a total revenue growth of R 164,930 million over the MTREF, when compared to the 2019/20 financial year.

Total operating expenditure for the 2020/21 financial year amounts to R 996,342 million, resulting in a budgeted deficit of R 90,337 million. Compared to the 2019/20 Adjustments Budget, operational expenditure increased by 7.47% in the 2020/21 Budget.

For the two outer years, operational expenditure decreases by 1.97% and increases by 6.84% respectively. The 2021/22 and 2022/23 budgets reflect operating deficits of R 25,002 million and R 31,712 million respectively.

The major operating expenditure items for 2020/21 are employee related costs (33.82%), bulk purchases (28.08%), other expenditure (9.89%), debt impairment (8.99%) and depreciation (8.96%).

Funding for the 2020/21 Operating Budget is obtained from various sources, the major sources being service charges such as electricity, water, sanitation, environmental management fees and refuse collection (53.17%), property rates (22.70%), grants and subsidies received from National and Provincial Governments (16.07%).

In order to fund the 2020/21 Operating Budget, the following increases in property rates and service charges have been proposed, with effect from 1 July 2020:

Property rates	- 5.25%
Water	- 8.1%
Sanitation	- 7%
Refuse	- 7%
Electricity (average increase in income)	- 6.25%
Environmental Management Fee	- 0%

The capital budget of R 56,912 million for 2020/21 is R 135,364 million or 70.40% less than the 2019/20 Adjustments Budget.

This is mainly due to the approved rollover of R 98,017 million for the Water Services Infrastructure Grant and rollover of R 17,432 million of internally funded projects, during the 2019/20 financial year.

The Capital Budget over the MTREF will be mainly funded from government grants and subsidies, as the municipality has reached its prudential borrowing limits, whilst limited internal funding is available.

1.4 OPERATING REVENUE FRAMEWORK

The continued provision and expansion of municipal services is largely dependent on the Municipality generating sufficient revenues. Efficient and effective revenue management is thus of vital importance in ensuring the ongoing financial sustainability of the Municipality. Furthermore, in accordance with the MFMA, expenditure has to be limited to the realistically anticipated revenues.

The Municipality's revenue management strategy includes the following key components:

- National Treasury's guidelines in this regard.
- Tariff Policies.
- Property Rates Policy.
- Indigent Policy and provision of free basic services.
- The level of property rates and tariff increases must ensure financially sustainable service delivery.
- The level of property rates and tariff increases to take into account the maintenance and replacement of infrastructure, including the expansion of services.
- Determining fully cost reflective tariffs for trading services.
- Electricity bulk tariff increases as approved by the National Electricity Regulator of South Africa (NERSA).
- Water bulk tariff increases as approved by the Nelson Mandela Bay Metropolitan Municipality.
- Efficient revenue management, targeting an 85% annual collection rate for property rates and service charges, except for electricity charges which is 90%.

The following table is a summary of the 2020/21 MTREF (classified by main revenue source):

Table 2 (Summary of main revenue sources)

Description	Current year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
		Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
R thousands	Adjusted Budget			
<u>Revenue By Source</u>				
Property rates	197 221	205 650	216 447	227 810
Service charges - electricity revenue	274 470	291 625	309 851	329 217
Service charges - water revenue	75 713	81 846	87 657	93 881
Service charges - sanitation revenue	50 051	53 555	57 036	60 743
Service charges - refuse revenue	52 072	54 690	57 291	60 061
Rental of facilities and equipment	4 037	4 083	4 270	4 467
Interest earned - external investments	15 375	13 013	13 612	14 238
Interest earned - outstanding debtors	10 892	6 993	7 482	8 006
Fines, penalties and forfeits	6 397	6 685	6 993	7 314
Licences and permits	19 822	20 714	21 667	22 663
Transfers and subsidies	133 725	145 612	158 488	172 144
Other revenue	7 088	21 540	10 887	11 250
Total Revenue (excluding capital transfers and contributions)	846 865	906 005	951 682	1 011 795

The following table illustrates the mix of main revenue sources, supporting the 2020/21 MTREF:

Table 3 (Mix of main revenue sources)

Description	Current year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2020/21	%	Budget Year 2021/22	%	Budget Year 2022/23	%
R thousands								
Revenue By Source								
Property rates	197 221	23.29%	205 650	22.70%	216 447	22.74%	227 810	22.52%
Service charges - electricity revenue	274 470	32.41%	291 625	32.19%	309 851	32.56%	329 217	32.54%
Service charges - water revenue	75 713	8.94%	81 846	9.03%	87 657	9.21%	93 881	9.28%
Service charges - sanitation revenue	50 051	5.91%	53 555	5.91%	57 036	5.99%	60 743	6.00%
Service charges - refuse revenue	52 072	6.15%	54 690	6.04%	57 291	6.02%	60 061	5.94%
Rental of facilities and equipment	4 037	0.48%	4 083	0.45%	4 270	0.45%	4 467	0.44%
Interest earned - external investments	15 375	1.82%	13 013	1.44%	13 612	1.43%	14 238	1.41%
Interest earned - outstanding debtors	10 892	1.29%	6 993	0.77%	7 482	0.79%	8 006	0.79%
Fines, penalties and forfeits	6 397	0.76%	6 685	0.74%	6 993	0.73%	7 314	0.72%
Licences and permits	19 822	2.34%	20 714	2.29%	21 667	2.28%	22 663	2.24%
Transfers and subsidies	133 725	15.79%	145 612	16.07%	158 488	16.65%	172 144	17.01%
Other revenue	7 088	0.84%	21 540	2.38%	10 887	1.14%	11 250	1.11%
Total Revenue (excluding capital transfers and contributions)	846 865	100.00%	906 005	100.00%	951 682	100.00%	1 011 795	100.00%
Total Revenue from Property Rates and Service Charges	649 528	76.70%	687 366	75.87%	728 282	76.53%	771 713	76.27%

In the 2019/20 financial year, rates and service charges amounted to R 649,528 million. This increases to R 687,366 million, R 728,282 million and R 771,713 million in the 2020/21, 2021/22 and 2022/23 financial years, respectively.

The major operating revenue sources for 2020/21 are electricity (32.19%), property rates (22.70%), operating grants & subsidies (16.07%), water (9.03%) and refuse (6.04%).

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

Table 4 (Operating Transfers and Grant Receipts)

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
R thousands				
RECEIPTS:				
<u>Operating Transfers and Grants</u>				
National Government:	129 297	140 782	153 495	166 975
Local Government Equitable Share	124 938	136 649	150 022	163 410
Expanded Public Works Programme	1 000	1 054		
Local Government Financial Management Grant	1 770	1 500	1 770	1 770
Municipal Infrastructure Grant	1 589	1 579	1 703	1 795
Provincial Government:	2 050	2 050	2 050	2 050
Sports and Recreation	2 050	2 050	2 050	2 050
District Municipality:	1 765	2 780	2 943	3 120
<i>Environment Health Subsidy</i>	1 765	2 780	2 943	3 120
Total Operating Transfers and Grants	133 112	145 612	158 488	172 144

The Municipality is faced with the significant challenge of providing services with its limited financial resources. Against this background, the Municipality has undertaken the tariff determination process relating to property rates and service charges as follows:

1.4.1 Property Rates

Property rates fund the costs associated with the provision of general services, such as fire, library and roads and stormwater services.

The following provisions in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA).
- An additional R85 000 rebate will be granted to registered indigents in terms of the Indigent Policy.
- If the usage of a property changes during a financial year, the rebate applicable will be reduced *pro rata* for the balance of the financial year.

A property rates increase of 5.25% is proposed as from 1 July 2020.

The proposed property rates increase is mainly influenced by the following:

- Employee related costs increased by 6.25%.
- Providing for debt impairment.

1.4.2 Sale of Water and Impact of Tariff Increases

In accordance with National Treasury's MFMA Circulars, no. 51, 55, 58, 66, 70, 74, 85, 88, 89, 91, 93 and 94, Municipalities are encouraged to review the level and structure of their water tariffs to ensure:

- Fully cost reflective water tariffs – tariffs should include the costs associated with bulk water purchases, the maintenance and renewal of purification plants, water networks and water reticulation expansion.
- Water tariffs are structured to protect basic levels of service; and
- Water tariffs are designed to encourage efficient and sustainable consumption.

National Treasury has urged municipalities to ensure that water tariffs are fully cost reflective by 2014/15. In this regard a phased-in approach will be undertaken to ensure that tariffs are fully cost reflective over the medium term. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to implement it in the 2020/21 MTREF.

A tariff increases of 8.1% is proposed as from 1 July 2020. The proposed tariff increase is mainly influenced by the following:

- Employee related costs increased by 6.25%.
- The cost of bulk water purchases increased by 8.1%.
- Providing for debt impairment.

The water tariff structure is designed in such a manner that higher levels of water consumption are progressively charged at a higher rate.

1.4.3 Sale of Electricity and Impact of Tariff Increases

The National Energy Regulator of South Africa (NERSA) is responsible for price determination of the bulk costs for electricity. Nersa has determined that the Municipality's consumer tariffs will be increased by 6.25% on average to offset the additional electricity bulk purchase costs, as from 1 July 2020.

The proposed tariff increases are mainly influenced by the following:

- Employee related costs increased by 6.25%.
- The cost of bulk electricity purchases increased by 6.9%.
- Repairs and maintenance of electricity infrastructure.
- Costs of servicing existing external borrowing to fund electricity infrastructure.
- Providing for debt impairment.

1.4.4 Sanitation and Impact of Tariff Increases

In accordance with National Treasury's MFMA Circulars, no. 51, 55, 58, 66, 70, 74, 85, 88, 89, 91, 93 and 94, Municipalities are encouraged to review the level and structure of their sanitation tariffs to ensure:

- Fully cost reflective sanitation tariffs – tariffs should include the costs associated with maintenance and renewal of treatment plants, sanitation networks and sanitation infrastructure expansion.
- Sanitation tariffs are structured to protect basic levels of service; and
- Sanitation tariffs are designed to encourage efficient and sustainable consumption.

National Treasury has urged municipalities to ensure that sanitation tariffs are fully cost reflective by 2014/15. In this regard a phased-in approach will be undertaken to ensure that tariffs are fully cost reflective over the medium term. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to implement it in the 2020/21 MTREF.

Sanitation charges are determined based on the volume of water consumed, which is appropriately reduced by the percentage of water discharged into the sewer system.

A tariff increases of 7% is proposed as from 1 July 2020. The proposed tariff increase is mainly influenced by the following:

- Employee related costs increased by 6.25%.
- Providing for debt impairment.

1.4.5 Refuse Collection and Impact of Tariff Increases

National Treasury has urged municipalities to ensure that refuse tariffs are fully cost reflective by 2015. The tariffs should take into account the need to maintain a cash-backed reserve to cover the future costs of the rehabilitation of landfill sites. In this regard a phased-in approach will be undertaken to ensure that tariffs are fully cost reflective over the medium term. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to implement it in the 2020/21 MTREF.

A tariff increases of 7% is proposed for refuse collection, as from 1 July 2020.

The proposed tariff increase is mainly influenced by the following:

- Employee related costs increased by 6.25%.
- Providing for debt impairment

1.4.6 Environmental Management Fees and Impact of Tariff increases

A tariff increases of 0% is proposed for the environmental management fee, as from 1 July 2020.

1.5 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2020/21 budget and MTREF is informed by the following:

- The funding of the budget over the medium-term is informed by the requirements of Section 18 and 19 of the MFMA.
- A balanced budget approach by limiting operating expenditure to the operating revenue.

The following table is a high-level summary of the 2020/21 budget and MTREF (classified per main type of operating expenditure):

Table 5 (Summary of operating expenditure by standard classification item)

Description	Current year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Expenditure By Type				
Employee related costs	303 219	336 974	353 569	369 833
Remuneration of councillors	13 063	13 651	14 279	14 936
Debt impairment	26 420	89 573	29 519	31 380
Depreciation and asset impairment	85 101	89 271	93 556	98 046
Finance charges	2 201	1 388	716	-
Bulk purchases	271 623	279 744	295 063	320 818
Other materials	33 560	26 059	26 270	31 398
Contracted services	84 393	60 352	61 674	69 279
Transfers and subsidies	250	761	773	946
Other expenditure	107 291	98 571	101 266	106 872
Total Expenditure	927 120	996 342	976 684	1 043 507

The total operating expenditure increased by R 69,221 million (7.47%) from R 927,120 million in 2019/20 to R 996,342 million in 2020/21. Below is a discussion of the main expenditure components.

Employee related costs

The 2020/21 budget provides for a general increase of 6.25%, in the line with the approved Salary and Wage Collective Agreement.

The total budget provision of R 336,974 million represents an increase of 11.13% over the 2019/20 budget. Employee related costs in the 2020/21 Budget, represent 33.82% of the total operating expenditure.

Remuneration of Councillors

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). There is no proclamation in terms of Remuneration of Councillors yet, but a budget provision of 4.5% increase has been made in preparing the budget.

Debt Impairment

The provision for debt impairment was determined based on a targeted annual collection rate of 85% for property rates and services charges, except for electricity charges which is 90%. For the 2020/21 financial year this amounted to R 89,573 million and decrease to R 31,380 million in 2022/23. While this expenditure represents a non-cash flow item, it is taken into account in determining the total costs associated with the rendering of municipal services and the realistically anticipated revenues.

Depreciation and Asset Impairment

The provision for depreciation and asset impairment has been informed by the Municipality's Fixed Assets Register. The budget amounts to R 89,271 million for the 2020/21 financial and equates to 8.96% of the total operating expenditure.

Finance Charges

Finance charges consist primarily of the repayment of interest on existing long-term borrowing (cost of capital). Finance charges constitute 0.14% (R 1,388 million) of total operating expenditure for 2020/21.

Bulk Electricity Purchases

The bulk purchases of electricity increased by R 13,821 million (5.95%), from R 232,353 million in 2019/20 to R 246,173 million in 2020/21. Bulk electricity purchases constitute 24.71% of total operating expenditure for 2020/21.

Bulk Water Purchases

The bulk purchases of water decreased by R 5,700 million, from R 39,270 million in 2019/20 to R 33,570 million in 2020/21. Bulk water purchases constitute 3.37% of total operating expenditure for 2020/21.

Other Materials

Other materials relate to the inventory items, such as material and supplies, consumables, printing and stationery, fuel and oil etc., initially budgeted under general expenses, being transferred to other materials. This is in line with the mSCOA requirements. The budget for 2020/21 amounts to R 26,059 million and equates to 2.62% of the total operating expenditure (refer to Table A9 for full disclosure of repairs and maintenance).

Contracted Services

In the 2020/21 financial year, the budget provision amounts to R 60,352 million and equates to 6.06% of the total operating expenditure.

Transfers and subsidies

Transfers and subsidies relate to grant-in-aid given by the municipality to various non-profit organizations, in line with the Council approved grant-in-aid policy. In the 2020/21 financial year, the budget provision amounts to R 0,761 million and equates to 0.08% of the total operating expenditure.

Other Expenditure

Other expenditure comprises of various line items relating to the daily operations of the municipality. In the 2020/21 financial year, the budget provision amounts to R 98,571 million and equates to 9.89% of the total operating expenditure.

The graph below reflects the expenditure components of the budgeted statement of financial performance.

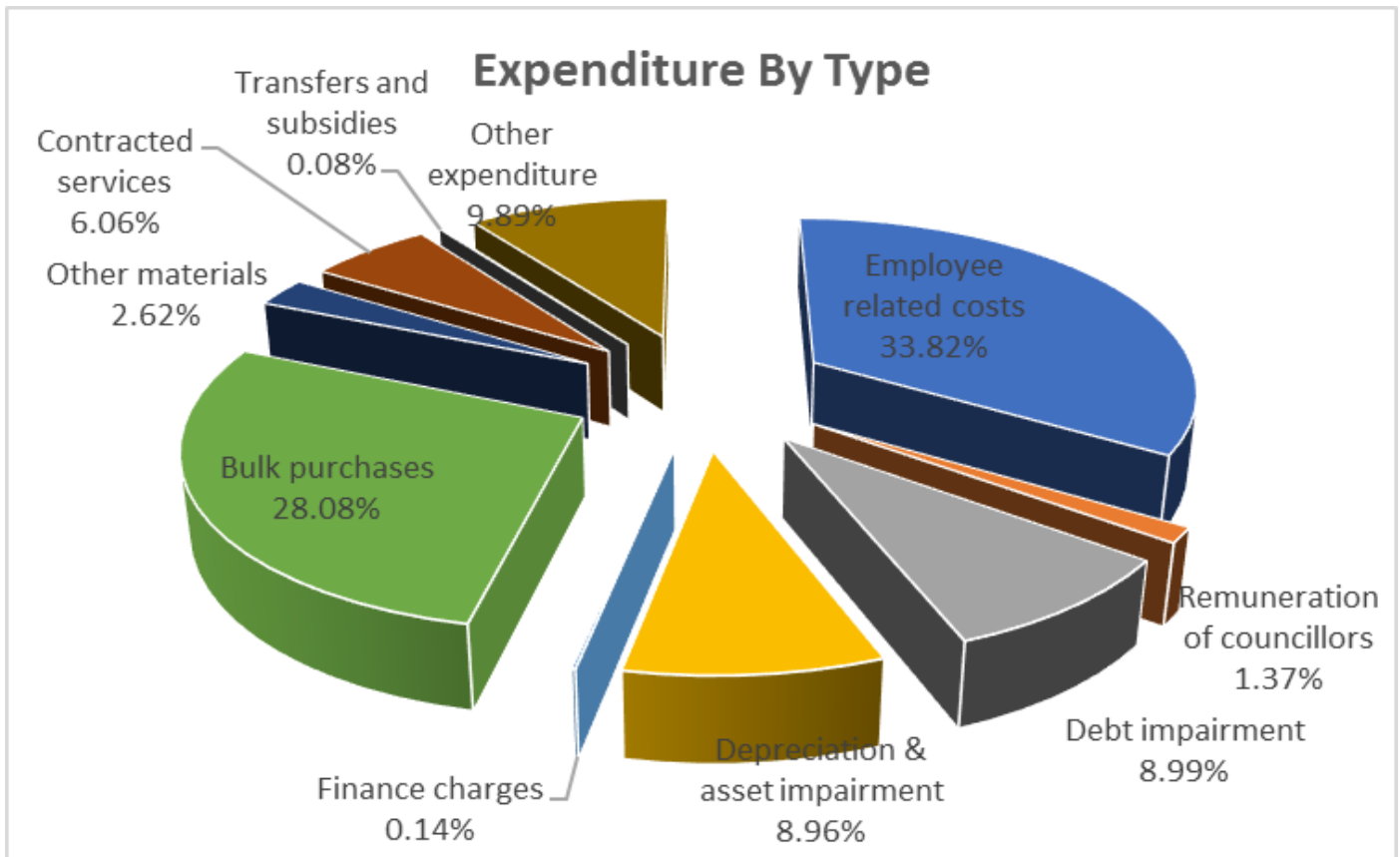


Figure 1 Main operational expenditure categories for the 2020/21 financial year

1.5.1 Priority relating to repairs and maintenance

The repairs and maintenance expenditure in the 2020/21 financial year, decreased by R 25,380 million or -43.28% compared to the 2019/20 Adjustments Budget.

It is to be noted that repairs and maintenance, constitutes 3.34%, 3.55% and 4.44% of the total operating expenditure, for the 2020/21, 2021/22 and 2022/23 financial years, respectively.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 6 (Repairs and maintenance per asset class)

Description	Current year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Repairs and Maintenance by Asset Class	58 638	33 257	34 646	46 358
<i>Roads Infrastructure</i>	24 984	5 049	5 051	15 364
<i>Storm water Infrastructure</i>	908	906	948	992
<i>Electrical Infrastructure</i>	6 369	5 436	5 686	5 948
<i>Water Supply Infrastructure</i>	3 964	4 322	4 520	4 728
<i>Sanitation Infrastructure</i>	3 636	3 228	3 376	3 531
<i>Solid Waste Infrastructure</i>	1 760	157	219	229
Infrastructure	41 620	19 097	19 800	30 791
Community Facilities	1 524	1 198	1 253	1 311
Sport and Recreation Facilities	2 640	2 159	2 258	2 362
Community Assets	4 164	3 357	3 511	3 673
Operational Buildings	3 753	2 534	2 685	2 847
Other Assets	3 753	2 534	2 685	2 847
Machinery and Equipment	521	529	553	579
Transport Assets	8 578	7 740	8 096	8 468
TOTAL EXPENDITURE OTHER ITEMS	58 638	33 257	34 646	46 358

For the 2020/21 financial year an amount of R 19,097 million (57.42%) of total repairs and maintenance, will be spent on infrastructure assets.

1.5.1 Free Basic Services: Indigent Support

The indigent support assists indigent households that have limited financial ability to pay for municipal services. In order to qualify for free services, the households are required to register in terms of the Municipality's Indigent Policy, whilst the monthly household income may not exceed two state pensions. Detail relating to free services, cost of free basic services, as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

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

1.6 CAPITAL EXPENDITURE

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

Table 7 (2020/21 Medium-term capital budget per vote)

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework					
R thousands	Adjusted Budget	%	Budget Year 2020/21		Budget Year 2021/22		Budget Year 2022/23	%
Capital expenditure - Vote								
Vote 1 - EXECUTIVE COUNCIL	2 229	1.16%	835	1.47%	1 000	1.40%	900	1.22%
Vote 2 - FINANCIAL SERVICES	7 291	3.79%	800	1.41%	600	0.84%	600	0.82%
Vote 3 - CORPORATE SERVICES	2 778	1.44%	1 349	2.37%	559	0.78%	319	0.43%
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	2 222	1.16%	1 505	2.64%	2 402	3.35%	3 162	4.30%
Vote 5 - INFRASTRUCTURE & ENGINEERING	155 619	80.94%	45 938	80.72%	58 922	82.24%	59 993	81.64%
Vote 6 - COMMUNITY SERVICES	22 138	11.51%	6 485	11.39%	8 162	11.39%	8 512	11.58%
Total Capital Expenditure - Vote	192 276	100.00%	56 912	100.00%	71 646	100.00%	73 485	100.00%

Infrastructure and Engineering receives the highest allocation of R 45,938 million in 2020/21, which equates to 80.72%, followed by Community Services at R 6,485 million (11.39%), Planning, Development and Tourism at R 1,505 million (2.64%), Corporate Services at R 1,349 million (2.37%), Executive & Council at R 0,835 million (1.47%) and Financial Services at R 0,800 million (1.41%).

Annexure “C” provides a summary of the capital projects included in the Capital budget.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

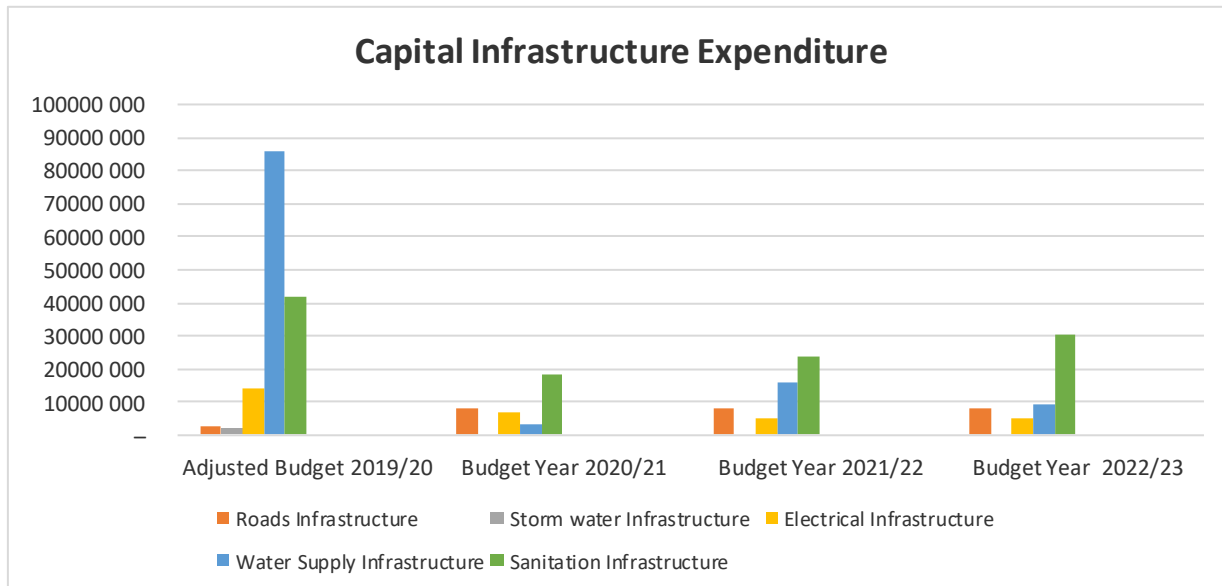


Figure 2 Capital Infrastructure Programme

1.7 ANNUAL BUDGET TABLES

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's 2020/21 Budget and MTREF to be considered for approval by Council. Each table is accompanied by *explanatory notes*.

Table 8 (Table A1 - Budget Summary)

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Financial Performance				
Property rates	197 221	205 650	216 447	227 810
Service charges	452 307	481 716	511 835	543 902
Investment revenue	15 375	13 013	13 612	14 238
Transfers recognised - operational	133 725	145 612	158 488	172 144
Other own revenue	48 236	60 015	51 299	53 701
Total Revenue (excluding capital transfers and contributions)	846 865	906 005	951 682	1 011 795
Employee costs	303 219	336 974	353 569	369 833
Remuneration of councillors	13 063	13 651	14 279	14 936
Depreciation & asset impairment	85 101	89 271	93 556	98 046
Finance charges	2 201	1 388	716	–
Materials and bulk purchases	305 183	305 802	321 333	352 216
Transfers and grants	250	761	773	946
Other expenditure	218 104	248 495	192 459	207 531
Total Expenditure	927 120	996 342	976 684	1 043 507
Surplus/(Deficit)	(80 256)	(90 337)	(25 002)	(31 712)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	56 455	38 356	38 331	41 172
Contributions recognised - capital & contributed assets	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(23 801)	(51 980)	13 328	9 459
Share of surplus/ (deficit) of associate	–	–	–	–
Surplus/(Deficit) for the year	(23 801)	(51 980)	13 328	9 459
Capital expenditure & funds sources				
Capital expenditure	192 276	56 912	71 646	73 485
Transfers recognised - capital	136 511	33 610	33 587	36 058
Public contributions & donations	–	–	–	–
Borrowing	–	–	–	–
Internally generated funds	55 765	23 303	38 058	37 428
Total sources of capital funds	192 276	56 912	71 646	73 485

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Financial position				
Total current assets	179 973	182 094	220 975	266 102
Total non-current assets	2 368 782	2 229 248	2 239 696	2 237 045
Total current liabilities	189 824	190 365	187 504	180 757
Total non-current liabilities	182 000	170 192	163 445	163 445
Community wealth/Equity	2 176 930	2 050 785	2 109 722	2 158 945
Cash flows				
Net cash from (used) operating	61 303	37 290	106 973	107 697
Net cash from (used) investing	(192 273)	(56 912)	(71 646)	(73 485)
Net cash from (used) financing	(6 929)	(9 608)	(6 747)	–
Cash/cash equivalents at the year end	76 328	47 099	75 679	109 890
Cash backing/surplus reconciliation				
Cash and investments available	76 328	47 099	75 679	109 890
Application of cash and investments	47 297	27 163	7 324	(2 910)
Balance - surplus (shortfall)	29 032	19 936	68 355	112 800
Asset management				
Asset register summary (WDV)	2 269 551	2 229 235	2 239 683	2 237 032
Depreciation	85 101	89 271	93 556	98 046
Renewal of Existing Assets	12 197	6 220	15 571	4 851
Repairs and Maintenance	58 638	33 257	34 646	46 358
Free services				
Cost of Free Basic Services provided	53 178	49 305	52 870	56 930
Revenue cost of free services provided	18 555	19 659	20 938	22 301
Households below minimum service level				
Water:	–	–	–	–
Sanitation/sewerage:	0	–	–	–
Energy:	–	–	–	–
Refuse:	28	–	–	–

Explanatory notes to Table A1 - Budget Summary

The aim of the Budget Summary is to provide a concise overview of the proposed budget from all of the major financial perspectives (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance). The table provides an overview of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance, as well as the Municipality's commitment to eliminating basic service delivery backlogs.

Table 9 (Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification))

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Revenue - Functional				
<i>Municipal governance and administration</i>	345 087	332 007	343 106	365 091
Executive and council	27	28	30	31
Finance and administration	345 060	331 979	343 076	365 060
Internal audit				
<i>Community and public safety</i>	14 354	15 620	16 189	16 790
Community and social services	2 479	2 498	2 519	2 540
Sport and recreation	7 867	8 085	8 457	8 846
Public safety	1 984	1 985	1 986	1 987
Housing				
Health	2 024	3 051	3 226	3 416
<i>Economic and environmental services</i>	24 086	23 813	23 858	24 969
Planning and development	6 979	7 173	7 555	7 915
Road transport	14 586	15 252	14 851	15 534
Environmental protection	2 521	1 389	1 453	1 519
<i>Trading services</i>	519 793	572 921	606 859	646 117
Energy sources	287 775	304 317	321 769	342 911
Water management	89 113	100 261	107 447	115 149
Waste water management	87 728	93 692	100 341	106 644
Waste management	55 177	74 651	77 303	81 414
<i>Other</i>				
Total Revenue - Functional	903 320	944 362	990 012	1 052 967
Expenditure - Functional				
<i>Municipal governance and administration</i>	218 961	242 971	228 774	239 445
Executive and council	42 438	41 969	44 964	46 989
Finance and administration	176 503	200 981	183 789	192 434
Internal audit	20	21	22	23

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
<i>Community and public safety</i>	88 859	93 241	95 928	99 594
Community and social services	12 809	10 773	10 909	11 411
Sport and recreation	45 403	45 537	46 907	48 316
Public safety	22 341	25 505	26 688	27 926
Housing	3 228	5 399	5 112	5 339
Health	5 077	6 026	6 312	6 602
<i>Economic and environmental services</i>	132 385	122 804	127 634	143 411
Planning and development	34 901	39 343	40 508	42 152
Road transport	95 684	81 450	85 022	99 058
Environmental protection	1 801	2 011	2 104	2 200
<i>Trading services</i>	484 807	534 193	520 439	556 798
Energy sources	285 667	316 672	314 621	340 450
Water management	77 891	91 486	86 585	91 763
Waste water management	57 231	62 587	59 132	61 687
Waste management	64 018	63 448	60 102	62 898
<i>Other</i>	2 108	3 133	3 908	4 259
Total Expenditure - Functional	927 120	996 342	976 684	1 043 507
Surplus/(Deficit)	(23 801)	(51 980)	13 328	9 459

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

The 'standard classification' refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities approve a budget in one common format, to facilitate comparison across all municipalities. It should be noted that the revenue by vote as reflected in this table, includes revenue attributable to capital grants.

Table 10 (Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote))

Vote Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
R thousand				
Revenue by Vote				
Vote 1 - EXECUTIVE COUNCIL	–	–	–	–
Vote 2 - FINANCIAL SERVICES	339 202	325 858	336 673	358 363
Vote 3 - CORPORATE SERVICES	293	307	321	335
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4 052	4 521	4 729	4 947
Vote 5 - INFRASTRUCTURE AND ENGINEERING	468 542	501 976	532 383	567 672
Vote 6 - COMMUNITY SERVICES	23 086	22 924	22 582	23 477
Vote 7 - COMMUNITY SERVICES (CONTINUED)	68 143	88 776	93 324	98 172
Total Revenue by Vote	903 320	944 362	990 012	1 052 967
Expenditure by Vote to be appropriated				
Vote 1 - EXECUTIVE COUNCIL	45 728	45 541	47 141	49 280
Vote 2 - FINANCIAL SERVICES	89 104	115 737	97 543	102 200
Vote 3 - CORPORATE SERVICES	54 343	43 677	43 809	45 848
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	20 400	24 996	25 577	26 628
Vote 5 - INFRASTRUCTURE AND ENGINEERING	531 698	575 140	569 398	618 155
Vote 6 - COMMUNITY SERVICES	57 044	57 150	59 806	62 567
Vote 7 - COMMUNITY SERVICES (CONTINUED)	128 803	134 101	133 409	138 829
Total Expenditure by Vote	927 120	996 342	976 684	1 043 506
Surplus/(Deficit) for the year	(23 801)	(51 980)	13 328	9 460

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

1. The purpose of the format in which the budget is presented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Directors concerned. Operating revenue and expenditure are thus presented by 'vote'. A 'vote' is defined as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

Table 11 (Table A4 - Budgeted Financial Performance (revenue and expenditure))

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Revenue By Source				
Property rates	197 221	205 650	216 447	227 810
Service charges - electricity revenue	274 470	291 625	309 851	329 217
Service charges - water revenue	75 713	81 846	87 657	93 881
Service charges - sanitation revenue	50 051	53 555	57 036	60 743
Service charges - refuse revenue	52 072	54 690	57 291	60 061
Rental of facilities and equipment	4 037	4 083	4 270	4 467
Interest earned - external investments	15 375	13 013	13 612	14 238
Interest earned - outstanding debtors	10 892	6 993	7 482	8 006
Fines, penalties and forfeits	6 397	6 685	6 993	7 314
Licences and permits	19 822	20 714	21 667	22 663
Transfers and subsidies	133 725	145 612	158 488	172 144
Other revenue	7 088	21 540	10 887	11 250
Total Revenue (excluding capital transfers and contributions)	846 865	906 005	951 682	1 011 795
Expenditure By Type				
Employee related costs	303 219	336 974	353 569	369 833
Remuneration of councillors	13 063	13 651	14 279	14 936
Debt impairment	26 420	89 573	29 519	31 380
Depreciation and asset impairment	85 101	89 271	93 556	98 046
Finance charges	2 201	1 388	716	-
Bulk purchases	271 623	279 744	295 063	320 818
Other materials	33 560	26 059	26 270	31 398
Contracted services	84 393	60 352	61 674	69 279
Transfers and subsidies	250	761	773	946
Other expenditure	107 291	98 571	101 266	106 872
Total Expenditure	927 120	996 342	976 684	1 043 507
Surplus/(Deficit)	(80 256)	(90 337)	(25 002)	(31 712)

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	56 455	38 356	38 331	41 172
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)	0	0	0	0
Transfers and subsidies - capital (in-kind - all)	-	-	-	-
Surplus/(Deficit) after capital transfers and contributions	(23 801)	(51 980)	13 328	9 459
Taxation	-	-	-	-
Surplus/(Deficit) after taxation	(23 801)	(51 980)	13 328	9 459
Attributable to minorities	-	-	-	-
Surplus/(Deficit) attributable to municipality	(23 801)	(51 980)	13 328	9 459
Share of surplus/ (deficit) of associate	-	-	-	-
Surplus/(Deficit) for the year	(23 801)	(51 980)	13 328	9 459

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

Revenue

1. The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the annual results and the original budget, so as to assess performance.
2. Total revenue amounts to R 906,005 million in 2020/21 and increases to R 1,011,795 billion in 2022/23. This represents a year-on-year increase of 6.98% for the 2020/21 financial year and increases of 5.04% for the 2021/22 financial year and 6.32% for the 2022/23 financial year, respectively.
3. Revenue from property rates amounts to R 205,650 million in the 2020/21 financial year and increases to R 227,810 million in 2022/23, which amounts to 22.70% of the total operating revenue base of the Municipality.
4. Services charges relating to electricity, water, sanitation, environmental management and refuse collection constitute the biggest component of the total revenue base, amounting to R 481,716 million for the 2020/21 financial year and increasing to R 543,902 million in 2022/23. For the 2020/21 financial year services charges amount to 53.17% of the total revenue base.
5. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It is to be noted that the grants increased by 8.89% for 2020/21, 8.84% for 2021/22 and increased by 8.62% for 2022/23, compared to the 2019/20 Adjustments Budget.

Below a breakdown of property rates and service charges for 2020/21:

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework	
		Budget Year 2020/21	%
R thousands	Adjusted Budget		
<u>Revenue By Source</u>			
Property rates	197 221	205 650	4.27%
Service charges - electricity revenue	274 470	291 625	6.25%
Service charges - water revenue	75 713	81 846	8.10%
Service charges - sanitation revenue	50 051	53 555	7.00%
Service charges - refuse revenue	37 401	40 019	7.00%
Service charges - environment management revenue	14 671	14 671	0.00%

Table 12 (Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source)

Vote Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
R thousand				
<u>Capital expenditure - Vote</u>				
<u>Multi-year expenditure to be appropriated</u>				
Vote 1 - EXECUTIVE COUNCIL	–	–	–	–
Vote 2 - FINANCIAL SERVICES	–	–	–	–
Vote 3 - CORPORATE SERVICES	–	–	–	–
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	–	–	–	–
Vote 5 - INFRASTRUCTURE AND ENGINEERING	–	–	–	–
Vote 6 - COMMUNITY SERVICES	–	–	–	–
Vote 7 - COMMUNITY SERVICES (CONTINUED)	–	–	–	–
Capital multi-year expenditure sub-total	–	–	–	–
<u>Single-year expenditure to be appropriated</u>				
Vote 1 - EXECUTIVE COUNCIL	2 229	835	1 000	900
Vote 2 - FINANCIAL SERVICES	7 291	800	600	600
Vote 3 - CORPORATE SERVICES	2 778	1 349	559	319
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	2 222	1 505	2 402	3 162
Vote 5 - INFRASTRUCTURE AND ENGINEERING	155 619	45 938	58 922	59 993
Vote 6 - COMMUNITY SERVICES	8 562	4 019	4 794	5 030
Vote 7 - COMMUNITY SERVICES (CONTINUED)	13 576	2 467	3 368	3 481
Capital single-year expenditure sub-total	192 276	56 912	71 646	73 485
Total Capital Expenditure - Vote	192 276	56 912	71 646	73 485

Vote Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
R thousand				
Capital Expenditure - Functional				
Governance and administration	14 682	3 734	3 369	3 039
Executive and council	2 226	835	1 210	1 121
Finance and administration	12 440	2 899	2 159	1 919
Internal audit	16			
Community and public safety	15 970	9 172	11 463	12 268
Community and social services	943		825	904
Sport and recreation	7 772	4 743	6 545	6 889
Public safety	5 693	3 669	3 594	3 725
Housing	1 562	760	500	750
Health				
Economic and environmental services	4 182	8 536	9 963	10 468
Planning and development	1 189	645	1 692	2 302
Road transport	2 994	7 891	8 270	8 166
Environmental protection				
Trading services	157 442	35 371	46 640	47 599
Energy sources	16 130	8 172	6 278	5 243
Water management	98 424	3 380	16 500	9 450
Waste water management	34 912	22 583	23 652	32 686
Waste management	7 977	1 237	210	221
Other		100	210	110
Total Capital Expenditure - Functional	192 276	56 912	71 646	73 485
Funded by:				
National Government	132 846	31 644	31 622	34 093
Provincial Government				
District Municipality	3 665	1 965	1 965	1 965
Other transfers and grants				
Transfers recognised - capital	136 511	33 610	33 587	36 058
Public contributions & donations				
Borrowing				
Internally generated funds	55 765	23 303	38 058	37 428
Total Capital Funding	192 276	56 912	71 646	73 485

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; capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The capital programme is funded from national grants and internally generated funds. For 2020/21, capital transfers totals R 33,610 million (59.05%) and amounts to R 36,058 million for 2022/23 (49.07%). Internally generated funding amounts to R 23,303 million, R 38,058 million and R 37,428 million for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in Section 2.6 (Overview of Budget Funding).

Table 13 (Table A6 - Budgeted Financial Position)

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
ASSETS				
Current assets				
Cash	6 871	4 710	7 568	10 989
Call investment deposits	69 457	42 389	68 111	98 901
Consumer debtors	60 507	81 061	88 332	96 058
Other debtors	33 885	44 682	47 712	50 901
Current portion of long-term receivables	3	3	3	3
Inventory	9 249	9 249	9 249	9 249
Total current assets	179 973	182 094	220 975	266 102
Non-current assets				
Long-term receivables	13	13	13	13
Investments	–	–	–	–
Investment property	242 552	242 552	242 552	242 552
Investment in Associate	–	–	–	–
Property, plant and equipment	2 124 004	1 985 075	1 996 097	1 993 670
Agricultural	–	–	–	–
Biological	–	–	–	–
Intangible	2 212	1 608	1 034	810
Other non-current assets	–	–	–	–
Total non-current assets	2 368 782	2 229 248	2 239 696	2 237 045
TOTAL ASSETS	2 548 754	2 411 341	2 460 671	2 503 147
LIABILITIES				
Current liabilities				
Bank overdraft	–	–	–	–
Borrowing	9 067	9 608	6 747	–
Consumer deposits	17 378	17 378	17 378	17 378
Trade and other payables	133 730	133 730	133 730	133 730
Provisions	29 649	29 649	29 649	29 649
Total current liabilities	189 824	190 365	187 504	180 757
Non-current liabilities				
Borrowing	18 556	6 747	–	–
Provisions	163 445	163 445	163 445	163 445
Total non-current liabilities	182 000	170 192	163 445	163 445
TOTAL LIABILITIES	371 824	360 557	350 949	344 202
NET ASSETS	2 176 930	2 050 785	2 109 722	2 158 945
COMMUNITY WEALTH/EQUITY				
Accumulated Surplus/(Deficit)	2 176 930	2 050 785	2 109 722	2 158 945
Reserves	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2 176 930	2 050 785	2 109 722	2 158 945

Explanatory notes to Table A6 - Budgeted Financial Position

1. The table presents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity, i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.
2. Any movement on the Budgeted Financial Performance or the Capital Budget will invariably impact on the Budgeted Financial Position. For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption informs the budget provision for debt impairment, which in turn impacts on the provision for bad debts. 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 directly informed by forecasting the statement of financial position

Table 14 (Table A7 - Budgeted cash flow statement)

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates	189 333	174 803	207 789	218 698
Service charges	434 214	424 039	491 362	522 146
Other revenue	37 344	53 022	43 817	45 694
Government - operating	133 725	145 612	158 488	172 144
Government - capital	56 455	38 356	38 331	41 172
Interest	25 832	18 957	20 795	21 924
Dividends		–	–	–
Payments				
Suppliers and employees	(813 149)	(815 350)	(852 120)	(913 136)
Finance charges	(2 201)	(1 388)	(716)	–
Transfers and Grants	(250)	(761)	(773)	(946)
NET CASH FROM/(USED) OPERATING ACTIVITIES	61 303	37 290	106 973	107 697
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	–	–	–	–
Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	3	–	–	–
Decrease (increase) in non-current investments	–	–	–	–
Payments				
Capital assets	(192 276)	(56 912)	(71 646)	(73 485)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(192 273)	(56 912)	(71 646)	(73 485)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	–	–	–
Increase (decrease) in consumer deposits	2 137	–	–	–
Payments				
Repayment of borrowing	(9 067)	(9 608)	(6 747)	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	(6 929)	(9 608)	(6 747)	–
NET INCREASE/ (DECREASE) IN CASH HELD	(137 900)	(29 230)	28 580	34 211
Cash/cash equivalents at the year begin:	214 228	76 328	47 099	75 679
Cash/cash equivalents at the year-end:	76 328	47 099	75 679	109 890

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.
2. It reflects the expected cash in-flows versus cash outflows that are likely to result from the implementation of the budget.
3. The cash position of the Municipality increases over the 2020/21 to 2022/23 period, from R 47,099 million to R 109,890 million.
4. Cash and cash equivalents amount to R 47,099 million as at the end of the 2020/21 financial year and increases to R 109,890 million in 2022/23.

Table 15 (Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation)

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
		Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
R thousand	Adjusted Budget			
Cash and investments available				
Cash/cash equivalents at the year end	76 328	47 099	75 679	109 890
Other current investments > 90 days	–	–	–	–
Non-current assets - Investments	–	–	–	–
Cash and investments available:	76 328	47 099	75 679	109 890
Application of cash and investments				
Unspent conditional transfers	–	–	–	–
Unspent borrowing	–	–	–	–
Statutory requirements		–	–	–
Other working capital requirements	44 314	24 046	4 064	(6 320)
Other provisions	2 982	3 116	3 260	3 410
Long term investments committed	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–
Total Application of cash and investments:	47 297	27 163	7 324	(2 910)
Surplus(shortfall)	29 032	19 936	68 355	112 800

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. The table assesses 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. As part of the budgeting and planning guidelines that informed the compilation of the 2020/21 MTREF, the end objective of the medium-term framework was to ensure the budget is funded as required in accordance with section 18 of the MFMA.
4. It is to be noted that the budget moves from a funding surplus of R 19,936 million in 2020/21 to a funding surplus of R 112,800 million in 2022/23.

Table 16 (Table A9 - Asset Management)

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
CAPITAL EXPENDITURE				
Total New Assets	125 948	29 156	22 531	29 107
Storm water Infrastructure	1 943			
Electrical Infrastructure	10 938	6 822	5 278	5 243
Water Supply Infrastructure	47 591			
Sanitation Infrastructure	37 202	9 680	8 000	13 650
Solid Waste Infrastructure		4 000		2 000
Information and Communication Infrastructure	850	600	600	600
Infrastructure	98 523	21 102	13 878	21 493
Community Facilities	2 194	1 600	3 175	3 859
Sport and Recreation Facilities	96			
Community Assets	2 291	1 600	3 175	3 859
Revenue Generating	126	179	187	197
Non-revenue Generating	1 562	360	500	750
Investment properties	1 688	539	687	947
Operational Buildings	172	100	800	100
Other Assets	172	100	800	100
Biological or Cultivated Assets				
Licences and Rights	1 792	1 364	540	566
Intangible Assets	1 792	1 364	540	566
Computer Equipment	2 357	465	400	150
Furniture and Office Equipment	2 421		741	673
Machinery and Equipment	8 648	3 587	2 310	1 321
Transport Assets	8 056	400		
Total Renewal of Existing Assets	12 197	6 220	15 571	4 851
Roads Infrastructure	2 500			
Water Supply Infrastructure		2 630	10 800	
Infrastructure	2 500	2 630	10 800	-
Community Facilities	182	100	105	
Sport and Recreation Facilities	2 134	200	1 260	1 323
Community Assets	2 316	300	1 365	1 323
Revenue Generating	7 381	3 290	3 406	3 528
Investment properties	7 381	3 290	3 406	3 528
Total Upgrading of Existing Assets	54 132	21 536	33 543	39 527
Roads Infrastructure	364	7 891	8 270	8 166
Electrical Infrastructure	3 438			
Water Supply Infrastructure	38 452	600	5 000	9 450
Sanitation Infrastructure	4 463	8 903	15 652	17 036
Information and Communication Infrastructure	326			
Infrastructure	47 042	17 393	28 922	34 652
Community Facilities	12			
Sport and Recreation Facilities	3 573	4 063	4 492	4 738
Community Assets	3 584	4 063	4 492	4 738
Operational Buildings	155	80	129	136
Other Assets	155	80	129	136
Computer Equipment	3 350			

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Total Capital Expenditure	192 276	56 912	71 646	73 485
<i>Roads Infrastructure</i>	2 864	7 891	8 270	8 166
<i>Storm water Infrastructure</i>	1 943			
<i>Electrical Infrastructure</i>	14 376	6 822	5 278	5 243
<i>Water Supply Infrastructure</i>	86 042	3 230	15 800	9 450
<i>Sanitation Infrastructure</i>	41 664	18 583	23 652	30 686
<i>Solid Waste Infrastructure</i>		4 000		2 000
<i>Information and Communication Infrastructure</i>	1 176	600	600	600
Infrastructure	148 065	41 125	53 601	56 145
Community Facilities	2 388	1 700	3 280	3 859
Sport and Recreation Facilities	5 802	4 263	5 752	6 061
Community Assets	8 191	5 963	9 032	9 920
Revenue Generating	7 507	3 469	3 594	3 725
Non-revenue Generating	1 562	360	500	750
Investment properties	9 069	3 829	4 094	4 475
Operational Buildings	327	180	929	236
Other Assets	327	180	929	236
Licences and Rights	1 792	1 364	540	566
Intangible Assets	1 792	1 364	540	566
Computer Equipment	5 707	465	400	150
Furniture and Office Equipment	2 421		741	673
Machinery and Equipment	8 648	3 587	2 310	1 321
Transport Assets	8 056	400		
TOTAL CAPITAL EXPENDITURE - Asset Class	192 276	56 912	71 646	73 485
ASSET REGISTER SUMMARY - PPE (WDV)	2 269 551	2 229 235	2 239 683	2 237 032
<i>Roads Infrastructure</i>	630 390	(38 228)	(40 063)	(41 986)
<i>Storm water Infrastructure</i>	46 991	(15 570)	(16 317)	(17 101)
<i>Electrical Infrastructure</i>	174 995	(760)	(1 877)	(3 304)
<i>Water Supply Infrastructure</i>	343 028	(4 806)	8 447	1 012
<i>Sanitation Infrastructure</i>	450 980	18 583	23 652	30 686
<i>Solid Waste Infrastructure</i>	16 009			
<i>Information and Communication Infrastructure</i>	3 350			
Infrastructure	1 665 743	(40 781)	(26 158)	(30 693)
Community Assets	24 070	5 168	7 830	8 659
Investment properties	242 552	242 552	242 552	242 552
Other Assets	44 232	(7 398)	(8 281)	(8 683)
Intangible Assets	2 212	1 608	1 034	810
Computer Equipment	3 024	5 145	879	2 886
Furniture and Office Equipment	13 805		741	673
Machinery and Equipment	11 977	10 956	9 768	9 683
Transport Assets	20 431	(7 172)	(7 977)	(8 402)
Land	241 506	2 019 157	2 019 297	2 019 547
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	2 269 551	2 229 235	2 239 683	2 237 032

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
EXPENDITURE OTHER ITEMS				
Depreciation	85 101	89 271	93 556	98 046
Repairs and Maintenance by Asset Class	58 638	33 257	34 646	46 358
<i>Roads Infrastructure</i>	24 984	5 049	5 051	15 364
<i>Storm water Infrastructure</i>	908	906	948	992
<i>Electrical Infrastructure</i>	6 369	5 436	5 686	5 948
<i>Water Supply Infrastructure</i>	3 964	4 322	4 520	4 728
<i>Sanitation Infrastructure</i>	3 636	3 228	3 376	3 531
<i>Solid Waste Infrastructure</i>	1 760	157	219	229
Infrastructure	41 620	19 097	19 800	30 791
Community Facilities	1 524	1 198	1 253	1 311
Sport and Recreation Facilities	2 640	2 159	2 258	2 362
Community Assets	4 164	3 357	3 511	3 673
Operational Buildings	3 753	2 534	2 685	2 847
Other Assets	3 753	2 534	2 685	2 847
Machinery and Equipment	521	529	553	579
Transport Assets	8 578	7 740	8 096	8 468
TOTAL EXPENDITURE OTHER ITEMS	143 738	122 528	128 202	144 404

Explanatory notes to Table A9 - Asset Management

1. The table provides a summarised version of the capital programme divided into new assets and renewal of existing assets; and also reflects the relevant asset categories. The associated repairs and maintenance and depreciation are also reflected.

It also provides an indication of the resources deployed for maintaining and renewing existing assets, as well as the extent of asset expansion.

2. National Treasury has suggested that municipalities should allocate at least 40% of their capital budget to the renewal/rehabilitation of existing assets, and allocations to repairs and maintenance should be 8% of PPE. In this regard the expenditure relating to the renewal/rehabilitation of existing assets amounts to 48.8% of the capital budget, whilst repairs and maintenance constitute 1.7% of PPE.

Table 17 (Table A10 - Basic Service Delivery Measurement)

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year2022/23
Household service targets				
<u>Water:</u>				
Piped water inside dwelling	21 440	–	–	–
Piped water inside yard (but not in dwelling)	–	–	–	–
Using public tap (at least min.service level)	–	–	–	–
Other water supply (at least min.service level)	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	21 440	–	–	–
Using public tap (< min.service level)	–	–	–	–
Other water supply (< min.service level)	–	–	–	–
No water supply	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	–	–	–	–
Total number of households	21 440	–	–	–
<u>Sanitation/sewerage:</u>				
Flush toilet (connected to sewerage)	18 406	–	–	–
Flush toilet (with septic tank)	–	–	–	–
Chemical toilet	–	–	–	–
Pit toilet (ventilated)	–	–	–	–
Other toilet provisions (> min.service level)	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	18 406	–	–	–
Bucket toilet	328	–	–	–
Other toilet provisions (< min.service level)	–	–	–	–
No toilet provisions	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	328	–	–	–
Total number of households	18 734	–	–	–

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year2022/23
<u>Energy:</u>				
Electricity (at least min.service level)	10 649	–	–	–
Electricity - prepaid (min.service level)	14 808	–	–	–
<i>Minimum Service Level and Above sub-total</i>	25 457	–	–	–
Electricity (< min.service level)	–	–	–	–
Electricity - prepaid (< min. service level)	–	–	–	–
Other energy sources	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	–	–	–	–
Total number of households	25 457	–	–	–
<u>Refuse:</u>				
Removed at least once a week	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	–	–	–	–
Removed less frequently than once a week	27 948	–	–	–
Using communal refuse dump	–	–	–	–
Using own refuse dump	–	–	–	–
Other rubbish disposal	–	–	–	–
No rubbish disposal	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	27 948	–	–	–
Total number of households	27 948	–	–	–
<u>Households receiving Free Basic Service</u>				
Water (6 kilolitres per household per month)	6 700	17 641 920	19 070 916	20 615 660
Sanitation (free minimum level service)	6 700	9 123 753	9 853 653	10 641 946
Electricity/other energy (50kwh per household per month)	6 700	5 570 276	5 859 931	6 381 465
Refuse (removed at least once a week)	6 700	16 968 661	18 085 130	19 290 917
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>				
Water (6 kilolitres per indigent household per month)	19 362	17 642	19 071	20 616
Sanitation (free sanitation service to indigent households)	10 487	9 124	9 854	10 642
Electricity/other energy (50kwh per indigent household per month)	4 767	5 570	5 860	6 381
Refuse (removed once a week for indigent households)	18 561	16 969	18 085	19 291
<u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u>		–	–	–
Total cost of FBS provided	53 178	49 305	52 870	56 930

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year2022/23
Highest level of free service provided per household				
Property rates (R value threshold)	713	–	–	–
Water (kilolitres per household per month)	12	–	–	–
Sanitation (kilolitres per household per month)	12	–	–	–
Sanitation (Rand per household per month)	349	–	–	–
Electricity (kwh per household per month)	50	–	–	–
Refuse (average litres per week)		–	–	–
Revenue cost of subsidised services provided (R'000)	–			
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)	18 555	19 659	20 938	22 301
Water (in excess of 6 kilolitres per indigent household per month)	–	–	–	–
Sanitation (in excess of free sanitation service to indigent households)	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)	–	–	–	–
Refuse (in excess of one removal a week for indigent households)	–	–	–	–
Municipal Housing - rental rebates	–	–	–	–
Housing - top structure subsidies	–	–	–	–
Other		–	–	–
Total revenue cost of subsidised services provided	18 555	19 659	20 938	22 301

Explanatory notes to Table A10 - Basic Service Delivery Measurement

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

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

The Budget process started in September 2019 after the approval of a timetable to guide the preparation of the 2020/21 to 2022/23 Operating and Capital Budgets.

The timetable provides broad timeframes for the IDP and Budget preparation process. It allows for consultation with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, State departments, business and labour, during April/May 2020. The main aim of the timetable was to ensure that an IDP and a balanced Budget were tabled in March 2020. The Budget and IDP will be tabled by the Executive Mayor at a Council meeting scheduled for 26 June 2020. After this meeting, it will be submitted to National and Provincial Treasury.

The budget consultation process took the form of publication of the Draft Budget on municipal website, Facebook, and radio presentation of the Draft Budget by the Executive Mayor. The inputs of the aforementioned consultations were taken into account, whilst the Executive Mayor will table the IDP and Budget for consideration and approval at a Council meeting scheduled for 26 June 2020.

The Service Delivery and Budget Implementation Plan is the mechanism that ensures that the IDP and the Budget is aligned.

2.1.1 IDP & Budget Timetable 2020/21 to 2022/23

The preparation of the 2020/21 to 2022/23 IDP and Budget were guided by the following schedule of key deadlines as approved by Council on 30 July 2019.

Activity	Date
IDP/Budget Schedule approved by Council	30 July 2019
Tabling of draft IDP and Budget in Council	31 March 2020
Public Participation	During April and May 2020
Final adoption of IDP and Budget by Council	29 May 2020
Approval of SDBIP by Executive Mayor	26 June 2020

It should be noted that the final adoption of IDP and Budget was rescheduled for 26 June 2020 due to COVID-19 pandemic.

2.2 ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

The Integrated Development Plan (IDP) determines and prioritises the needs of the community.

The review of the IDP, in accordance with the Municipal Systems Act, was guided and informed by the following principles:

- Achievement of the five strategic priorities of the municipality.
- Focusing on service delivery backlogs and the maintenance of infrastructure.
- Addressing community priorities (needs) as identified in the IDP.

The review of the IDP focused on establishing measurable performance indicators and targets. These targets informed the preparation of the multi-year budget, as well as the Service Delivery and Budget Implementation Plan (SDBIP).

The 2020/21 to 2022/23 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- Municipal transformation and development
- Service delivery and infrastructure development
- Local economic development
- Financial sustainability and viability
- Good governance and public participation

The budget consultation process took the form of publication of the Draft Budget on municipal website, Facebook, radio presentation of the Draft Budget by the Executive Mayor, National and Provincial Governments on how the budget addresses the IDP priorities and objectives. The feedback flowing from these meetings will be referred to the relevant Directorates for their attention.

Below is a table, which illustrates the link between the Budget and the IDP.

BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES

Description	Municipal Transformation and Development	Service Delivery and Infrastructure Development	Local Economic Development	Financial Sustainability and Viability	Good Governance and Public Participation	Spatial Rationale and Environmental Management	Total
R thousand							
2020/21 Budget							
Capital Expenditure	200	51 947	430	800	1 984	1 552	56 912
Operating Expenditure	10 849	754 044	8 180	120 548	72 629	30 093	996 342
Total	11 049	805 990	8 610	121 348	74 614	31 644	1 053 254
2021/22 Budget							
Capital Expenditure	–	67 374	1 141	600	1 559	971	71 646
Operating Expenditure	11 348	746 898	9 448	102 575	75 853	30 562	976 684
Total	11 348	814 272	10 589	103 175	77 412	31 533	1 048 329
2022/23 Budget							
Capital Expenditure	–	69 034	1 613	600	1 219	1 020	73 485
Operating Expenditure	11 870	803 113	9 780	107 464	79 335	31 945	1 043 506
Total	11 870	872 146	11 393	108 064	80 554	32 965	1 116 992

BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES

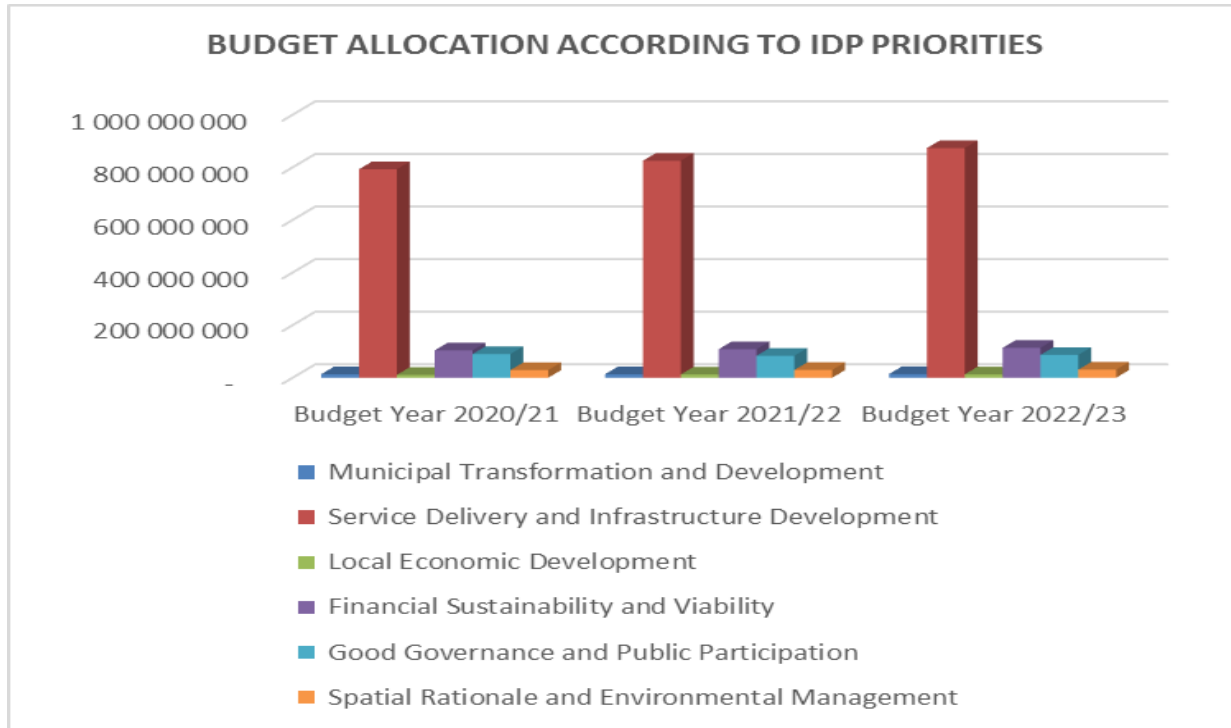


Figure 3 – 2020/21 Expenditure by IDP Priorities

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Description of financial indicator	Basis of calculation	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
		Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
<u>Borrowing Management</u>					
Credit Rating					
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.2%	1.1%	0.8%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1.6%	1.4%	0.9%	0.0%
<u>Liquidity</u>					
Current Ratio	Current assets/current liabilities	0.9	1.0	1.2	1.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.9	1.0	1.2	1.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.4	0.2	0.4	0.6
<u>Revenue Management</u>					
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	96.0%	87.1%	96.0%	96.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		96.0%	87.1%	96.0%	96.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	11.1%	13.9%	14.3%	14.5%
Creditors to Cash and Investments		-175.2%	283.9%	176.7%	121.7%

Description of financial indicator	Basis of calculation	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
		Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Other Indicators					
Employee costs	Employee costs/ (Total Revenue - capital revenue)	35.8%	37.2%	37.2%	36.6%
Remuneration	Total remuneration/ (Total Revenue - capital revenue)	37.6%	38.0%	37.1%	36.5%
Repairs & Maintenance	R&M/ (Total Revenue excluding capital revenue)	6.9%	3.7%	3.6%	4.6%
Finance charges & Depreciation	FC&D/ (Total Revenue - capital revenue)	10.3%	10.0%	9.9%	9.7%
IDP regulation financial viability indicators	-				
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	20.2	27.6	36.2	38.3
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	14.4%	18.2%	18.6%	18.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.2	0.7	1.1	1.5

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure may be funded from capital grants, internal sources and long-term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. The following financial performance indicators formed part of the compilation of the 2020/21 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing, compared to the total operating expenditure. The cost of borrowing amounts to 1.1% of total operating expenditure in the 2020/21 financial year and reduces to 0.0% in 2021/22.

2.3.1.2 Liquidity

- The *current ratio* is a measure of the current assets divided by the current liabilities. The Municipality has set a benchmark limit of 1. For the 2020/21 MTREF, the current ratio is 1.0 in the 2020/21, 1.2 in the 2021/22 and 1.5 in the 2022/23 financial years.
- The *liquidity ratio* is a measure of the municipality's ability to utilise cash and cash equivalents to meet its current liabilities. A liquidity ratio of 1 should be maintained. For the 2020/21 MTREF, the liquidity ratio is at 0.2:1. This represents a significant risk for the Municipality, as any under collection of revenue will result in financial challenges for the Municipality. As part of the medium-term financial planning objectives, this ratio must be maintained at a minimum of 1.

2.3.2 Basic social services package for indigent households

The Constitution stipulates that a municipality must structure and manage its administration, budgeting and planning so as to give priority to the basic needs of the community and to promote their social and economic development. The basic social package is an affirmation of the Municipality's commitment to push back the frontiers of poverty by providing social welfare to those residents who cannot afford to pay, as a result of adverse social and economic conditions.

The initiatives carried out by the Municipality in this regard are detailed below.

Service	Social Package	Approximate Cost R	Current cost 2020/21	Est. No. of Households
Assessment Rates	All residential property owners are exempted from paying rates on the first R15 000 of their property values.			
	An additional R85 000 credit on property rates for indigent consumers.	410,551.17	62.67 pm	6 551
Water	The first 12kl of water per month provided free to indigent consumers	1,179,180	180 pm	6 551
Electricity	The first 50kwh of electricity provided free to indigent consumers	331,196.50	51.50 pm	6 431
Refuse removal	Full credit for the monthly charge.	1,198,833	183 pm	6 551
*Sewerage	Full credit for monthly charge of sewerage to indigent consumers (For waterborne sewerage removal the maximum credit is based on 12kl per month)	1,482,556.81	226.31 pm	6 551
EMF	Full credit for the monthly charge.	262,040	40 pm	6 551
Total Operating Costs		4,864,357.48		

2.4 OVERVIEW OF BUDGET RELATED POLICIES

The MFMA and the Budget and Reporting Regulations require budget related policies to be reviewed, and where applicable, be updated on an annual basis.

2.4.1 Financial Management Policies

A number of policies have been adopted by the Council. The policies govern the financial management functions of the Municipality, such as supply chain management, budget virements, credit control and debt collection, etc.

2.4.2 Review of credit control and debt collection policies

The Customer Care, Credit Control and Debt Collection Policy was reviewed and approved by Council on 30 October 2019.

The 2020/21 MTREF has been prepared on the basis of achieving an average revenue collection rate of 85% of current billings for property rate and service charges, except for electricity which is 90%.

2.4.3 Supply Chain Management Policy

A revised Supply Chain Management Policy was adopted by Council in April 2018.

2.4.4 Property Rates Policy

A revised Property Rates Policy was adopted by Council in February 2018.

2.4.5 Funding and Reserves Policy

The Funding and Reserves Policy was adopted by Council in May 2016.

2.4.6 Cost Containment Policy

The Cost Containment Policy was adopted by Council in May 2016.

2.4.7 Cash Management and Investment Policy

The Cash Management and Investment Policy was adopted by Council in May 2016.

2.4.8 Borrowing Policy

The Borrowing Policy was adopted by Council in May 2016.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Indigent Policy.
- Budget virement Policy.

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

The municipal fiscal environment is influenced by a variety of macro-economic control measures. National Treasury provides guidelines on the ceiling of year-on-year increases in the total Operating Budget, whilst the National Electricity Regulator of South Africa (NERSA) regulates bulk electricity tariff increases. The Municipality's employee related costs are also influenced by collective agreements concluded in the South African Local Government Bargaining Council. Various government departments also affect municipal service delivery through the level of grants and subsidies.

The following principles and guidelines directly informed the compilation of the Budget:

- The priorities and targets, relating to the key strategic focus areas, as outlined in the IDP.
- The need to enhance the municipality's revenue base.
- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs, including the expansion of services.
- The level of property rates and tariff increases to ensure the delivery of services on a financially sustainable basis.
- No loan funding is available to support the Capital Budget, in view of financial affordability considerations.
- No growth in revenue sources has been provided for in view of current consumption trends in municipal services.
- No growth in property rates income has been provided for, in view of the depressed property market.

The Municipality faced the following significant challenges in preparing the 2020/21 – 2022/23 Budget:

- Maintaining an acceptable employee related cost ratio.
- Increased costs associated with bulk electricity and water purchases, placing upward pressure on municipal tariff increases.
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure.
- Maintaining electricity and water losses at acceptable levels.
- Maintaining revenue collection rates at the targeted levels; and
- Maintaining an acceptable cost coverage ratio.

The multi-year budget is therefore underpinned by the following assumptions:

	2020/21	2021/22	2022/23
Income	%	%	%
Tariff Increases for water	8.1	7.1	7.1
Tariff Increases for sanitation	7	6.5	6.5
Tariff Increases for refuse	7	6.5	6.5
Property rates increase	5.25	5.25	5.25
Electricity tariff increase (on average)	6.25	6.25	6.25
Environmental Management Fee increase	0	0	0
Revenue collection rates (Property Rates and Service Charges)	85	96	96
Revenue collection rates (Electricity)	90	96	96
Expenditure increases allowed	4.5	4.6	4.6
Salary increase	6.25	4.6	4.6
Increase in bulk purchase of electricity costs	6.9	5.2	8.9
Increase in bulk purchase of water costs	8.1	7.5	7.5

2.6 OVERVIEW OF BUDGET FUNDING

2.6.1 Medium-term outlook: operating revenue

The following table provides a breakdown of operating revenue over the medium-term:

Table 18 (Breakdown of the operating revenue over the medium-term)

The following graph is a breakdown of the operational revenue per main category for the 2020/21 financial year.

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2020/21	%	Budget Year 2021/22	%	Budget Year 2022/23	%
R thousands								
Revenue By Source								
Property rates	197 221	23.29%	205 650	22.70%	216 447	22.74%	227 810	22.52%
Service charges	452 307	53.41%	481 716	53.17%	511 835	53.78%	543 902	53.76%
Transfers and subsidies	133 725	15.79%	145 612	16.07%	158 488	16.65%	172 144	17.01%
Other revenue	63 611	7.51%	73 028	8.06%	64 911	6.82%	67 938	6.71%
Total Revenue (excluding capital transfers and contributions)	846 865	100.00%	906 005	100.00%	951 682	100.00%	1 011 795	100.00%

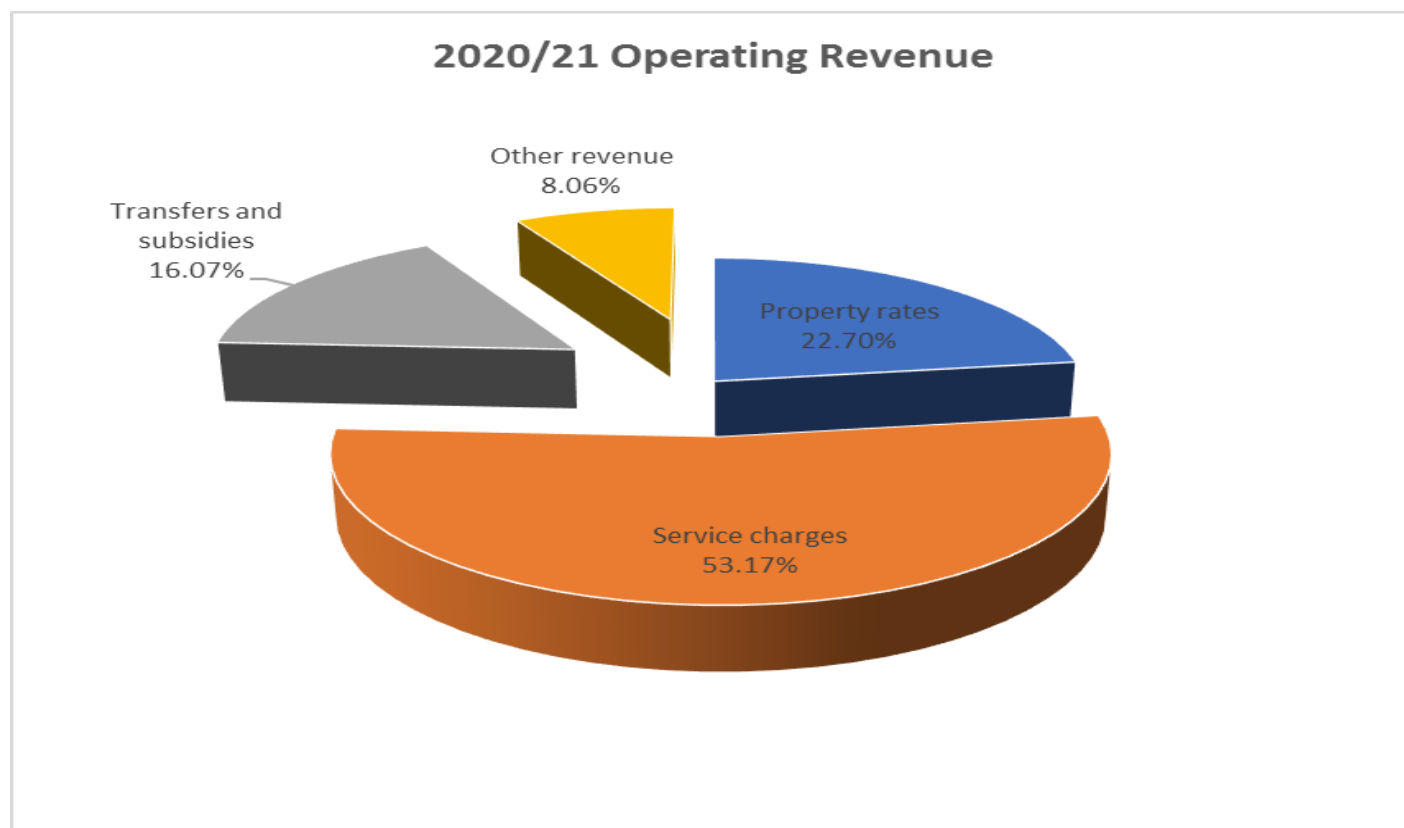


Figure 4 Breakdown of operating revenue over the 2020/21 MTRE

Tariff determination is important in ensuring appropriate levels of revenue, in order to achieve a credible and funded budget. Operating revenue is mainly derived from service charges, such as water, electricity, sanitation and refuse collection and disposal, property rates and operating grants.

The revenue management strategy includes the following key components:

- National Treasury's guidelines in this regard.
- The Property Rates Policy.
- The level of property rates and tariff increases must ensure financially sustainable service delivery.
- The level of property rates and tariff increases to take into account maintenance and replacement of infrastructure, including the expansion of services.
- Determining fully cost reflective tariffs for trading services.
- Electricity bulk tariff increases as approved by the National Electricity Regulator of South Africa (NERSA).
- Water bulk tariff increases as approved by the Nelson Mandela Bay Metropolitan Municipality.
- Efficient revenue management, targeting an 85% annual collection rate for property rates and service charges, except for electricity which is 90%.
- Growth in the revenue base.

The aforementioned principles guided the annual increases in property rates and tariffs, charged to the consumer.

Property rates amounts to R 205650 million in the 2020/21 financial year and increases to R 227,810 million in 2022/23, representing 22.70% of the total operating revenue for the 2020/21 budget.

Services charges relating to electricity, water, sanitation, environmental management and refuse collection constitute the largest component of the revenue base, amounting to R 481,716 million in the 2020/21 financial year and increasing to R 543,902 million in 2022/23. For the 2020/21 financial year, services charges amount to 53.17% of the total revenue base.

Operational grants and subsidies amount to R 145,612 million, R 158,488 million and R 172,144 million for each of the respective financial years of the MTREF, or 16.07% of total operating revenue for 2020/21.

The table below provides investment particulars by type.

Table 19 (SA15 – Detail Investment Information)

Investment type	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
R thousand				
Parent municipality				
Securities - National Government				
Listed Corporate Bonds				
Deposits - Bank	76 328	47 099	75 679	109 890
Deposits - Public Investment Commissioners				
Deposits - Corporation for Public Deposits				
Bankers' Acceptance Certificates				
Negotiable Certificates of Deposit - Banks				
Guaranteed Endowment Policies (sinking)				
Repurchase Agreements - Banks				
Municipal Bonds				
Municipality sub-total	76 328	47 099	75 679	109 890
Entities				
Securities - National Government				
Listed Corporate Bonds				
Deposits - Bank				
Deposits - Public Investment Commissioners				
Deposits - Corporation for Public Deposits				
Bankers' Acceptance Certificates				
Negotiable Certificates of Deposit - Banks				
Guaranteed Endowment Policies (sinking)				
Repurchase Agreements - Banks				
Entities sub-total	-	-	-	-
Consolidated total:	76 328	47 099	75 679	109 890

Investments are anticipated to increase from R 47,099 million in 2020/21 to R 109,890 million in 2022/23.

2.6.2 Medium-term outlook: capital revenue

The following table provides a breakdown of the funding components of the 2020/21 medium-term capital programme:

Table 20 (Sources of capital revenue over the MTREF)

Vote Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Funded by:				
National Government	132 846	31 644	31 622	34 093
Provincial Government				
District Municipality	3 665	1 965	1 965	1 965
Other transfers and grants				
Transfers recognised - capital	136 511	33 610	33 587	36 058
Public contributions & donations				
Borrowing				
Internally generated funds	55 765	23 303	38 058	37 428
Total Capital Funding	192 276	56 912	71 646	73 485

The above table is graphically represented as follows for the 2020/21 financial year.

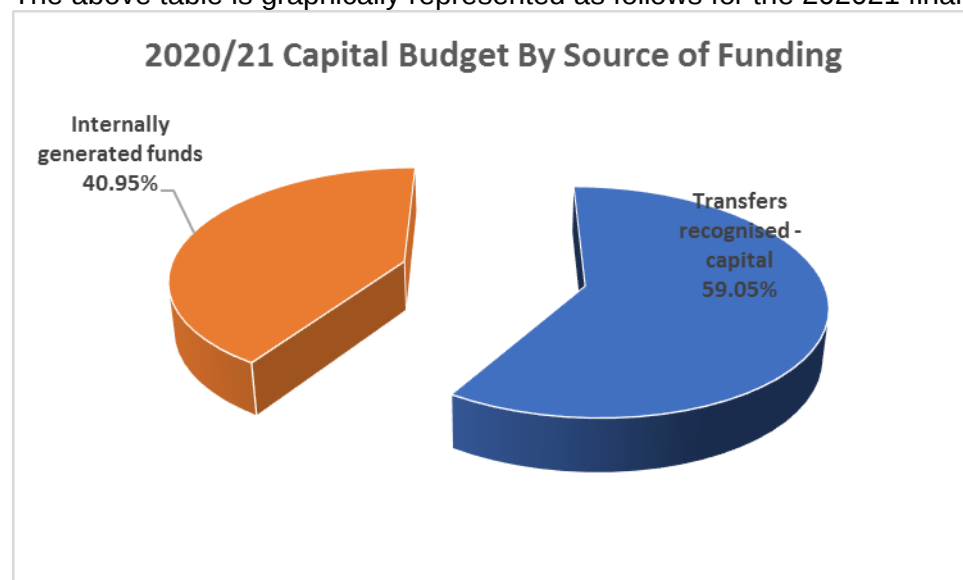


Figure 5 Sources of Capital Revenue for the 2020/21 financial year

Capital Grants constitute 59.05% of the total funding sources, amounting to R 33,610 million for the 2020/21 financial year and amounting to R 36,058 million or 49.07% in the 2022/23 financial year. It is to be noted that no borrowing is planned for the 2020/21 MTREF, in view of financial affordability considerations.

The following table provides a detailed analysis of the Municipality's borrowings.

Table 21 (Table SA 17 - Detail of borrowings)

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
R thousands				
Parent municipality				
Annuity and Bullet Loans	16 354	6 747		
Total Borrowing	16 354	6 747	-	-

The following graph illustrates the outstanding borrowing for the 2020/21 to 2022/23 period:

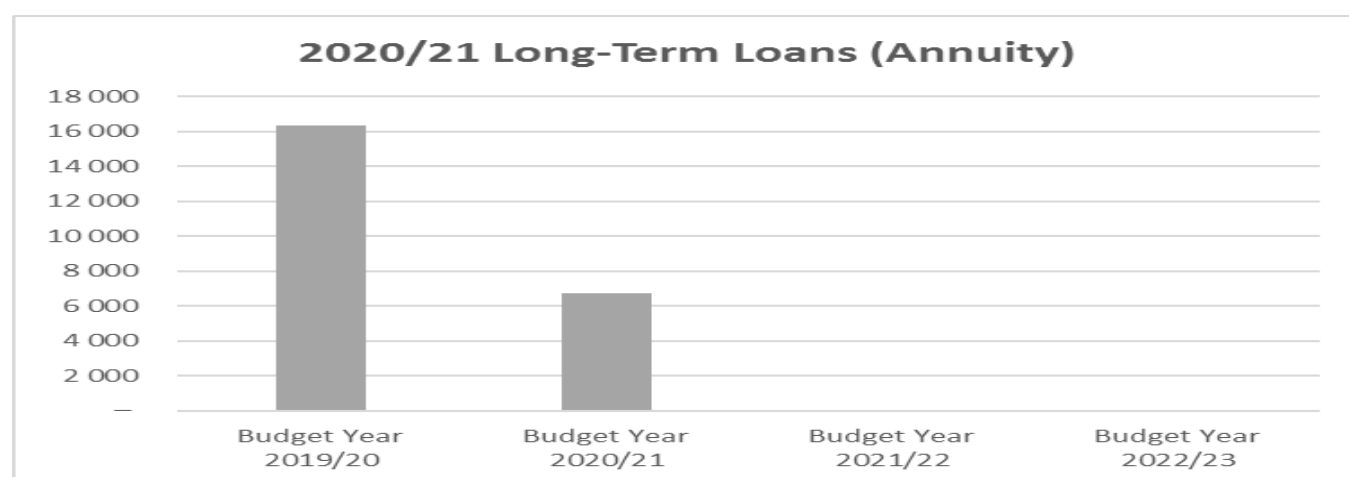


Figure 6 Growth in outstanding borrowing (long-term liabilities)

The following table indicates the capital transfers and grant receipts:

Table 22 (Table SA 18 - Transfers and grant receipts)

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
R thousands				
RECEIPTS:				
Operating Transfers and Grants				
National Government:	129 297	140 782	153 495	166 975
Local Government Equitable Share	124 938	136 649	150 022	163 410
Expanded Public Works Programme	1 000	1 054		
Local Government Financial Management Grant	1 770	1 500	1 770	1 770
Municipal Infrastructure Grant	1 589	1 579	1 703	1 795
Provincial Government:	2 050	2 050	2 050	2 050
Sports and Recreation	2 050	2 050	2 050	2 050
District Municipality:	1 765	2 780	2 943	3 120
<i>Environment Health Subsidy</i>	1 765	2 780	2 943	3 120
Total Operating Transfers and Grants	133 112	145 612	158 488	172 144
Capital Transfers and Grants				
National Government:	56 098	36 391	36 366	39 206
Integrated National Electrification Programme (Municipal Grant)	10 002	5 200	4 000	5 109
Municipal Infrastructure Grant	36 096	29 999	32 366	34 097
Municipal Disaster Relief Grant		1 192		
Water Services Infrastructure Grant	10 000			
District Municipality:	1 965	1 965	1 965	1 965
Fire Services Subsidy	1 965	1 965	1 965	1 965
Total Capital Transfers and Grants	58 063	38 356	38 331	41 172
TOTAL RECEIPTS OF TRANSFERS & GRANTS	191 175	183 968	196 819	213 316

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining whether the budget is funded over the medium-term. The table includes some specific features:

- Clear separation of receipts and payments within each cash flow category.
- Clear separation of capital and operating receipts from government; and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long-term borrowing (debt).

Table 23 (Table A7 - Budgeted cash flow statement)

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates	189 333	174 803	207 789	218 698
Service charges	434 214	424 039	491 362	522 146
Other revenue	37 344	53 022	43 817	45 694
Government - operating	133 725	145 612	158 488	172 144
Government - capital	56 455	38 356	38 331	41 172
Interest	25 832	18 957	20 795	21 924
Dividends		–	–	–
Payments				
Suppliers and employees	(813 149)	(815 350)	(852 120)	(913 136)
Finance charges	(2 201)	(1 388)	(716)	–
Transfers and Grants	(250)	(761)	(773)	(946)
NET CASH FROM/(USED) OPERATING ACTIVITIES	61 303	37 290	106 973	107 697
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	–	–	–	–
Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	3	–	–	–
Decrease (increase) in non-current investments	–	–	–	–
Payments				
Capital assets	(192 276)	(56 912)	(71 646)	(73 485)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(192 273)	(56 912)	(71 646)	(73 485)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	–	–	–
Increase (decrease) in consumer deposits	2 137	–	–	–
Payments				
Repayment of borrowing	(9 067)	(9 608)	(6 747)	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	(6 929)	(9 608)	(6 747)	–
NET INCREASE/ (DECREASE) IN CASH HELD	(137 900)	(29 230)	28 580	34 211
Cash/cash equivalents at the year begin:	214 228	76 328	47 099	75 679
Cash/cash equivalents at the year-end:	76 328	47 099	75 679	109 890

For the 2020/21 MTREF, the cash and cash equivalents over the medium-term is anticipated to increase from R 47,099 million in 2020/21 million to R 109,890 million in 2022/23.

Table 24 (Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation)

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
R thousand				
Cash and investments available				
Cash/cash equivalents at the year end	76 328	47 099	75 679	109 890
Other current investments > 90 days	–	–	–	–
Non-current assets - Investments	–	–	–	–
Cash and investments available:	76 328	47 099	75 679	109 890
Application of cash and investments				
Unspent conditional transfers	–	–	–	–
Unspent borrowing	–	–	–	–
Statutory requirements	–	–	–	–
Other working capital requirements	44 314	24 046	4 064	(6 320)
Other provisions	2 982	3 116	3 260	3 410
Long term investments committed	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–
Total Application of cash and investments:	47 297	27 163	7 324	(2 910)
Surplus(shortfall)	29 032	19 936	68 355	112 800

The underlying purpose of Table A8 is to reflect the predicted cash and investments that are available at the end of a particular budget year and how these funds were used. A surplus would indicate that sufficient cash and investments were available to meet commitments, whilst a shortfall would indicate inadequate cash and investments were available to meet commitments.

The available cash and investments amount to R 47,099 million in the 2020/21 financial year and increases to R 109,890 million in 2022/23. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) – no unspent grant funding is anticipated over the 2020/21 MTREF.
- There is no unspent borrowing from previous financial years.
- The main purpose of the other working capital requirements is to ensure that sufficient funds are available to meet commitments as and when they fall due. A key challenge is often the mismatch between the timing of receipts from debtors and payments due to employees and creditors. High levels of non-payment by debtors will result in a greater requirement for working capital, ultimately causing cash flow challenges.
- Current provisions relating to environmental clean-ups and rehabilitation of landfill sites have been provided for.

It is concluded that the Municipality's cash backed, and accumulated surpluses reconciliation reflects surpluses of R 19,936 million, R 68,355 million and R 112,800 million for the 2020/21, 2021/22 and 2022/23 financial years, respectively.

It is to be noted that the 2020/21 MTREF is funded, when considering the funding requirements of section 18 and 19 of the MFMA. The cost coverage ratio is, however, 0.7 months, 1.1 months and 1.5 months for the 2020/21, 2021/22 and 2022/23 financial years, respectively.

2.6.5 Funding Compliance Measurement

National Treasury requires the Municipality to assess its financial sustainability against the different measures outlined below.

Description	MFMA section	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
		Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Funding measures	-				
Cash/cash equivalents at the year-end - R'000	18(1)b	76 328	47 099	75 679	109 890
Cash + investments at the yr end less applications - R'000	18(1)b	29 032	19 936	68 355	112 800
Cash year end/monthly employee/supplier payments	18(1)b	1.2	0.7	1.1	1.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	(23 801)	(51 980)	13 328	9 459
Service charge rev % change - macro CPIX target exclusive	18(1)a, (2)	(6.0%)	(0.2%)	(0.0%)	(0.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a, (2)	94.7%	87.2%	95.3%	95.3%
Debt impairment expense as a % of total billable revenue	18(1)a, (2)	4.1%	13.0%	4.1%	4.1%
Capital payments % of capital expenditure	18(1)c;19	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a		112.0%	111.3%	111.3%
Current consumer debtors % change - incr(decr)	18(1)a	(5.8%)	33.2%	8.2%	8.0%
Long term receivables % change - incr(decr)	18(1)a	(18.8%)	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	2.8%	1.7%	1.7%	2.3%
Asset renewal % of capital budget	20(1)(vi)	6.3%	10.9%	21.7%	6.6%

Below is a discussion of the different measures.

2.6.5.1 Cash/cash equivalent position

The forecasted cash and cash equivalents for the 2020/21 MTREF amounts to R 47,099 million, R 75,679 million and R 109,890 million for the respective financial years.

2.6.5.2 Cash plus investments less application of funds

For the 2020/21, 2021/22 and 2022/23 budgets, the available cash and investments exceed the application of funds by an amount of R 19,936 million, R 68,355 million and R 112,800 million respectively.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

As part of the 2020/21 MTREF, the projected cash position causes the ratio to increase from 0.7 months to 1.5 months.

2.6.5.4 Surplus/deficit excluding depreciation offsets

For the 2020/21 MTREF the indicative outcome is a deficit of R 51,980 million, surplus of R 13,328 million and R 9,459 million respectively. This is made up as follows:

Description	Current Year 2019/20	2019/20 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
R thousands				
Surplus/(Deficit)	(80 256)	(90 337)	(25 002)	(31 712)
Transfers and subsidies - capital	56 455	38 356	38 331	41 172
Total	(23 801)	(51 980)	13 328	9 459

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective, and therefore the first two measures in the table are critical.

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

This is calculated by deducting the maximum macro-economic inflation target (which is currently 4.5%), so as to determine the real increase in revenue. The percentage growth totals -0.2%, 0.0% and 0.0% for the respective financial years of the 2020/21 MTREF.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

The outcome is approximately 87.2% for the 2020/21 and 95.3% each of the respective two outer years of the 2020/21 MTREF.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

The provision has been set at 15% for property rates and services, except for electricity which is 10% for the 2020/21 and 4% each of the respective two outer years of the 2020/21 MTREF, in line with the revenue collection trends.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into account in forecasting the cash position.

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

No borrowing has been planned for the 2020/21 MTREF.

2.6.5.10 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. All transfers are included in the budget.

2.6.5.11 Repairs and maintenance expenditure level

The expenditure constitutes 1.7%, 1.7% and 2.3% of Property, Plant and Equipment respectively, over the 2020/21 MTREF, whilst National Treasury has suggested an 8% level.

2.7 EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

GRANTS RECEIVED

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
R thousands				
RECEIPTS:				
<u>Operating Transfers and Grants</u>				
National Government:	129 297	140 782	153 495	166 975
Local Government Equitable Share	124 938	136 649	150 022	163 410
Expanded Public Works Programme	1 000	1 054		
Local Government Financial Management Grant	1 770	1 500	1 770	1 770
Municipal Infrastructure Grant	1 589	1 579	1 703	1 795
Provincial Government:	2 050	2 050	2 050	2 050
Sports and Recreation	2 050	2 050	2 050	2 050
District Municipality:	1 765	2 780	2 943	3 120
<i>Environment Health Subsidy</i>	1 765	2 780	2 943	3 120
Total Operating Transfers and Grants	133 112	145 612	158 488	172 144
<u>Capital Transfers and Grants</u>				
National Government:	56 098	36 391	36 366	39 206
Integrated National Electrification Programme (Municipal Grant)	10 002	5 200	4 000	5 109
Municipal Infrastructure Grant	36 096	29 999	32 366	34 097
Municipal Disaster Relief Grant		1 192		
Water Services Infrastructure Grant	10 000			
District Municipality:	1 965	1 965	1 965	1 965
Fire Services Subsidy	1 965	1 965	1 965	1 965
Total Capital Transfers and Grants	58 063	38 356	38 331	41 172
TOTAL RECEIPTS OF TRANSFERS & GRANTS	191 175	183 968	196 819	213 316

GRANTS EXPENDITURE

GRANTS RECONCILIATION

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
R thousands				
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:				
<u>Operating expenditure of Transfers and Grants</u>				
National Government:	129 297	140 782	153 495	166 975
Local Government Equitable Share	124 938	136 649	150 022	163 410
Expanded Public Works Programme	1 000	1 054		
Local Government Financial Management Grant	1 770	1 500	1 770	1 770
Municipal Infrastructure Grant	1 589	1 579	1 703	1 795
Provincial Government:	2 050	2 050	2 050	2 050
Sports and Recreation	2 050	2 050	2 050	2 050
District Municipality:	1 765	2 780	2 943	3 120
<i>Environment Health Subsidy</i>	1 765	2 780	2 943	3 120
Total Operating Transfers and Grants	133 112	145 612	158 488	172 144
<u>Capital Transfers and Grants</u>				
National Government:	56 098	36 391	36 366	39 206
Integrated National Electrification Programme (Municipal Grant)	10 002	5 200	4 000	5 109
Municipal Infrastructure Grant	36 096	29 999	32 366	34 097
Municipal Disaster Relief Grant		1 192		
Water Services Infrastructure Grant	10 000			
District Municipality:	1 965	1 965	1 965	1 965
Fire Services Subsidy	1 965	1 965	1 965	1 965
Total Capital Transfers and Grants	58 063	38 356	38 331	41 172
TOTAL EXPENDITURE OF TRANSFERS & GRANTS	191 175	183 968	196 819	213 316

2.8 ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

The table below reflects the grants and allocations made by the Municipality. It includes grants-in-aid made in accordance with the Municipality's grants-in-aid policy and transfers to entities and other organisations to primarily support their operational expenditure.

ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

Description	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
R thousand				
<u>Cash Transfers to Entities/Other External Mechanisms</u>				
<i>Various Organisations</i>	250	761	773	946
Total Cash Transfers To Entities/Ems'	250	761	773	946
TOTAL CASH TRANSFERS AND GRANTS	250	761	773	946
TOTAL TRANSFERS AND GRANTS	250	761	773	946

2.9 COUNCILLORS AND EMPLOYEE BENEFITS

DISCLOSURE OF SALARIES, ALLOWANCES & BENEFITS

Summary of Employee and Councillor remuneration	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	Adjusted Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Councillors (Political Office Bearers plus Other)				
Basic Salaries and Wages	8 403	8 781	9 185	9 607
Other benefits and allowances	4 660	4 870	5 094	5 328
Sub Total - Councillors	13 063	13 651	14 279	14 936
Senior Managers of the Municipality				
Basic Salaries and Wages	6 764	7 146	7 480	7 818
Other benefits and allowances	829	879	920	962
Sub Total - Senior Managers of Municipality	7 593	8 025	8 400	8 780
Other Municipal Staff				
Basic Salaries and Wages	191 746	219 432	228 837	243 817
Pension and UIF Contributions	29 339	31 286	33 362	33 362
Medical Aid Contributions	15 119	16 124	17 195	17 195
Overtime	27 259	20 000	20 920	21 882
Performance Bonus	–	–	–	–
Motor Vehicle Allowance	7 551	8 053	8 588	8 588
Cellphone Allowance	–	–	–	–
Housing Allowances	992	1 058	1 128	1 128
Other benefits and allowances	22 199	31 481	33 524	33 465
Payments in lieu of leave	18	19	20	20
Long service awards	1 403	1 496	1 595	1 595
Post-retirement benefit obligations	–	–	–	–
Sub Total - Other Municipal Staff	295 626	328 949	345 169	361 052
TOTAL SALARY, ALLOWANCES & BENEFITS	303 219	336 974	353 569	369 833
TOTAL MANAGERS AND STAFF	303 219	336 974	353 569	369 833

DISCLOSURE OF SALARIES, ALLOWANCES & BENEFITS

Disclosure of Salaries, Allowances & Benefits			
Rand per annum	Salary	Allowances	Total Package
Councillors			
Speaker	538 887	233 104	771 990
Chief Whip	505 207	221 451	726 658
Executive Mayor	673 610	280 314	953 924
Deputy Executive Mayor			–
Executive Committee	2 526 036	1 107 395	3 633 432
Total for all other councillors	4 537 025	3 027 795	7 564 820
Total Councillors	8 780 765	4 870 059	13 650 824
Senior Managers of the Municipality			
Municipal Manager (MM)	1 455 445	98 688	1 554 133
Chief Finance Officer	1 152 665	123 360	1 276 025
Director Infrastructure and Engineering	1 177 337	98 688	1 276 025
Director Corporate Services	1 177 337	98 688	1 276 025
Director Community Services	1 009 736	266 288	1 276 025
Director Planning, Development and Tourism	1 009 736	266 288	1 276 025
Total Senior Managers of the Municipality	6 982 255	952 001	7 934 256
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	15 763 020	5 822 060	21 585 080

2.10 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

MONTHLY CASH FLOWS	Budget Year 2020/21												Budget Year 2020/21
	July	August	Sept.	October	November	December	January	February	March	April	May	June	
R thousand													
Cash Receipts By Source													
Property rates	9 697	38 277	24 286	16 435	12 033	11 961	11 578	10 504	10 504	9 802	9 475	10 251	174 803
Service charges - electricity revenue	14 560	57 473	36 465	24 677	18 067	17 959	17 385	15 771	15 771	14 717	14 226	15 391	262 462
Service charges - water revenue	3 859	15 234	9 666	6 541	4 789	4 760	4 608	4 180	4 180	3 901	3 771	4 080	69 569
Service charges - sanitation revenue	2 525	9 968	6 325	4 280	3 133	3 115	3 015	2 735	2 735	2 553	2 467	2 669	45 522
Service charges - refuse revenue	2 579	10 179	6 459	4 371	3 200	3 181	3 079	2 793	2 793	2 607	2 520	2 726	46 486
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	226	894	567	384	281	279	270	245	245	229	221	239	4 083
Interest earned - external investments	722	2 850	1 808	1 224	896	890	862	782	782	730	705	763	13 013
Interest earned - outstanding debtors	330	1 302	826	559	409	407	394	357	357	333	322	349	5 944
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	371	1 464	929	629	460	457	443	402	402	375	362	392	6 685
Licences and permits	1 149	4 536	2 878	1 948	1 426	1 417	1 372	1 245	1 245	1 161	1 123	1 215	20 714
Agency services	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfer receipts - operational		48 199			48 199				48 537			677	145 612
Other revenue	1 195	4 717	2 993	2 025	1 483	1 474	1 427	1 294	1 294	1 208	1 168	1 263	21 540
Cash Receipts by Source	37 214	195 092	93 200	63 072	94 375	45 901	44 433	40 309	88 847	37 615	36 361	40 014	816 433
Other Cash Flows by Source													
Transfer receipts - capital		12 388			12 388				12 785			795	38 356
Total Cash Receipts by Source	37 214	207 480	93 200	63 072	106 763	45 901	44 433	40 309	101 632	37 615	36 361	40 809	854 789

MONTHLY CASH FLOWS	Budget Year 2020/21												Budget Year 2020/21
	July	August	Sept.	October	November	December	January	February	March	April	May	June	
R thousand													
Cash Payments by Type													
Employee related costs	26 472	26 472	26 472	26 472	39 472	26 472	26 472	26 472	26 472	26 472	26 472	32 782	336 974
Remuneration of councillors	1 138	1 138	1 138	1 138	1 138	1 138	1 138	1 138	1 138	1 138	1 138	1 138	13 651
Finance charges	77	304	193	130	96	95	92	83	83	78	75	81	1 388
Bulk purchases - Electricity	13 657	53 906	34 202	23 146	16 945	16 844	16 306	14 792	14 792	13 804	13 343	14 436	246 173
Bulk purchases - Water & Sewer	1 862	7 351	4 664	3 156	2 311	2 297	2 224	2 017	2 017	1 882	1 820	1 969	33 570
Other materials	1 446	5 706	3 620	2 450	1 794	1 783	1 726	1 566	1 566	1 461	1 412	1 528	26 059
Contracted services	3 348	13 215	8 385	5 674	4 154	4 130	3 998	3 626	3 626	3 384	3 271	3 539	60 352
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	42	167	106	72	52	52	50	46	46	43	41	45	761
Other expenditure	5 468	21 585	13 695	9 268	6 785	6 745	6 529	5 923	5 923	5 527	5 343	5 780	98 571
Cash Payments by Type	53 510	129 843	92 474	71 506	72 747	59 555	58 534	55 664	55 664	53 789	52 916	61 297	817 499
Other Cash Flows/Payments by Type													
Capital assets	3 157	12 462	7 907	5 351	3 918	3 894	3 770	3 420	3 420	3 191	3 085	3 337	56 912
Repayment of borrowing	533	2 104	1 335	903	661	657	636	577	577	539	521	563	9 608
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	57 200	144 409	101 716	77 760	77 326	64 107	62 940	59 661	59 661	57 519	56 521	65 198	884 019
NET INCREASE/(DECREASE) IN CASH HELD	(19 986)	63 070	(8 516)	(14 688)	29 437	(18 206)	(18 507)	(19 352)	41 971	(19 904)	(20 161)	(24 389)	(29 230)
Cash/cash equivalents at the month/year begin:	76 328	56 343	119 413	110 897	96 208	125 646	107 439	88 933	69 581	111 552	91 648	71 488	76 328
Cash/cash equivalents at the month/year end:	56 343	119 413	110 897	96 208	125 646	107 439	88 933	69 581	111 552	91 648	71 488	47 099	47 099

MONTHLY CASH FLOWS	Medium Term Revenue and Expenditure Framework		
R thousand	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Cash Receipts By Source			
Property rates	174 803	207 789	218 698
Service charges - electricity revenue	262 462	297 457	316 048
Service charges - water revenue	69 569	84 151	90 126
Service charges - sanitation revenue	45 522	54 755	58 314
Service charges - refuse revenue	46 486	54 999	57 659
Service charges - other			
Rental of facilities and equipment	4 083	4 270	4 467
Interest earned - external investments	13 013	13 612	14 238
Interest earned - outstanding debtors	5 944	7 183	7 686
Dividends received	–	–	–
Fines, penalties and forfeits	6 685	6 993	7 314
Licences and permits	20 714	21 667	22 663
Agency services	–	–	–
Transfer receipts - operational	145 612	158 488	172 144
Other revenue	21 540	10 887	11 250
Cash Receipts by Source	816 433	922 251	980 606
Other Cash Flows by Source			
Transfer receipts - capital	38 356	38 331	41 172
Total Cash Receipts by Source	854 789	960 582	1 021 778

MONTHLY CASH FLOWS	Medium Term Revenue and Expenditure Framework		
R thousand	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Cash Payments by Type			
Employee related costs	336 974	353 569	369 833
Remuneration of councillors	13 651	14 279	14 936
Finance charges	1 388	716	
Bulk purchases - Electricity	246 173	258 974	282 023
Bulk purchases - Water & Sewer	33 570	36 088	38 795
Other materials	26 059	26 270	31 398
Contracted services	60 352	61 674	69 279
Transfers and grants - other municipalities			
Transfers and grants - other	761	773	946
Other expenditure	98 571	101 266	106 872
Cash Payments by Type	817 499	853 609	914 081
Other Cash Flows/Payments by Type			
Capital assets	56 912	71 646	73 485
Repayment of borrowing	9 608	6 747	
Other Cash Flows/Payments			
Total Cash Payments by Type	884 019	932 001	987 567
NET INCREASE/(DECREASE) IN CASH HELD	(29 230)	28 580	34 211
Cash/cash equivalents at the month/year begin:	76 328	47 099	75 679
Cash/cash equivalents at the month/year end:	47 099	75 679	109 890

2.11 ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS –DIRECTORATES

In terms of section 53 (1)(c)(ii) of the MFMA, the Service Delivery and Budget Implementation Plan (SDBIP) constitutes a detailed plan for implementing the Municipality's delivery of services and its annual budget, which must include the following:

- (a) Monthly projections of
 - Revenue to be collected, by source; and
 - Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter.

In accordance with Section 53 of the MFMA, the Executive Mayor is required to approve the SDBIP within 28 days after the approval of the budget. Furthermore, the Executive Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators, as set out in the SDBIP, are made public within 14 days after the approval of the SDBIP.

The SDBIP gives effect to the IDP and Budget of the Municipality. It includes the service delivery targets and performance indicators for each quarter, which forms the basis for the performance agreements of the Directors. It therefore facilitates oversight over the financial and non-financial performance of the Municipality and allows the Municipal Manager to monitor the performance of the Directors, the Executive Mayor/Council to monitor the performance of the Municipal Manager, and the Community to monitor the performance of the Municipality.

The SDBIP relating to the 2020/21 financial year will be approved by the Executive Mayor during July 2020, following the approval of the Budget.

2.12 LEGISLATION COMPLIANCE STATUS

The following reflects the status of implementation of some of the key MFMA areas:

IDP

A revised 2020/21 IDP has been developed, which was approved at a Council meeting to be held on 31 March 2020. The IDP includes specific deliverables that forms the basis for the Budget and SDBIP. The final version of the revised 2020/21 IDP will be considered at a Council meeting scheduled for 26 June 2020.

Budget

The draft annual budget document has been developed taking the MFMA and National Treasury (NT) requirements into account. Budgets are being tabled and approved within the required legislated timeframes.

Annual Report

The Annual Report has been developed taking the MFMA and NT requirements into account. The 2018/19 Annual Report was approved by Council on 26 March 2020.

Oversight Report

The Municipal Public Accounts Committee has considered the 2018/19 Annual report. Its Oversight Report was adopted at a Council meeting held on 26 March 2020.

In-Year Reporting

The municipality submits the various reports required to the Executive Mayor, Council, and NT on an ongoing basis, in accordance with the MFMA.

Supply Chain Management Policy (SCM)

A Supply Chain Management Policy has been adopted and implemented in accordance with the MFMA and NT requirements.

All the required committee structures are in place. Whilst the municipality is working at making these new processes operate more efficiently and effectively, it is considered that the municipality is currently complying with the MFMA and NT guidelines.

Budget and Treasury

A Budget and Treasury Office has been established in accordance with the MFMA and NT requirements, consisting of a CFO and municipal officials reporting to the CFO.

Audit Committee

An Audit Committee has been established and meets on a quarterly basis.

Internal Audit Function

The Municipality's Internal Audit Function reports to the Municipal Manager and is operating in accordance with an audit plan.

In relation to the 2020/21 financial year and beyond, the municipality plans to focus on the following high priority areas:

- Maintaining its unqualified audit status.
- Further strengthening of the integration and linkages between the IDP, Budget, SDBIP and Annual Report.

Internship Programme

The municipality has a total of five Interns on the Municipal Financial Management Internship programme, as approved by National Treasury.

Municipal Standard Chart of Accounts (mSCOA)

In accordance with the Municipal Regulations relating to mSCOA, municipalities were required to be compliant with the mSCOA classification framework by 1 July 2017. It is to be noted that the Municipality has been transacting on the mSCOA compliant financial system since July 2017.

2.13 CAPITAL EXPENDITURE DETAILS

A summary of the budgeted capital expenditure is reflected in **Annexure “C”**.

2.14 MUNICIPAL MANAGER’S QUALITY CERTIFICATION

Quality Certificate

I, Mr. C Du Plessis, Municipal Manager of Kouga Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name : Charl Du Plessis

Municipal Manager of Kouga Municipality (EC108)

Signature :



Date :



ANNEXURE “C”

PROJECTS	Funding Source	Annual Budget 2020/21	Annual Budget 2021/22	Annual Budget 2022/23
CORPORATE SERVICES				
Biometric Systems	Internal	200 000	209 200	218 823
Computer Equipment	Internal	200 000	-	-
Computer Software and Applications	Internal	50 000	-	-
EDMS	Internal	799 455	-	-
Electronic Queing System	Internal	-	250 000	-
Fencing of municipal buildings	Internal	100 000	100 000	100 000
		1 349 455	559 200	318 823
EXECUTIVE & COUNCIL				
Computer Equipment	Internal	85 000	150 000	150 000
Furniture and Equipment	Internal	-	100 000	-
Ward Councillors' Capital Projects	Internal	750 000	750 000	750 000
		835 000	1 000 000	900 000
FINANCE				
Cibex Software	Internal	600 000	600 000	600 000
Computer Equipment	Internal	200 000	-	-
		800 000	600 000	600 000
PLANNING, DEVELOPMENT & TOURISM				
Commonage Land Agricultural Support	Internal	-	550 000	1 102 500
Computer Equipment	Internal	30 000	66 150	69 458
Computer Software and Applications	Internal	315 000	330 750	347 288
Furniture and equipment	Internal	-	430 500	452 025
Land acquisition housing projects	Internal	360 000	500 000	750 000
LED Project: Establishment of Business Support Centre (Ocean Vie	Internal	300 000	315 000	330 750
Tourism: Restoration of Fisherman Gravesite	Internal	100 000	105 000	-
Tourism: Upgrading / Renovation of the Phillips Tunnel	Internal	-	105 000	110 250
Vehicles	Internal	400 000	-	-
		1 505 000	2 402 400	3 162 270

PROJECTS	Funding Source	Annual Budget 2020/21	Annual Budget 2021/22	Annual Budget 2022/23
INFRASTRUCTURE & ENGINEERING				
Construct emergency overflow pond Koraal Sewer pump station	Internal	2 400 000	-	-
Fencing Kruisfontein waste water treatment plant	Internal	800 000	-	400 000
Fencing Mainsubstation Jeffrey's Bay	Internal	500 000	-	-
Fencing Sea Vista Reservoir	Internal	-	700 000	-
Generator 2	Internal	500 000	-	-
Humansdorp, Kruisfontein and Osean View Electrification	INEP	4 521 739	3 478 261	4 442 609
Machinery and Equipment	Internal	300 000	-	-
New by-pass sewer rising main and pump stations Jbay	Internal	1 000 000	6 000 000	11 000 000
New overheadlines 66kv overheadlines(Jbay to Melk	Internal	1 300 000	1 000 000	-
Patensie Sewage Package Plant	MIG	6 379 942	-	-
Piped Reticulation in St Francis	Internal	1 500 000	2 000 000	2 000 000
Repair leaking concrete water tower Paradise Beach	Internal	300 000	2 800 000	-
Replace 250mm Watermain Canal Rd, St Francis	Internal	1 000 000	1 000 000	-
Replace 250mm Watermain Mimosa Str Jbay	Internal	330 000	2 000 000	-
Replace main waterline Sout Rivier bridge crossing St Francis Bay	Internal	1 000 000	5 000 000	-
Retrofit oil circuit breakers Main substation Jeffrey's Bay	Internal	-	800 000	800 000
Saffery Substation	Internal	1 000 000	-	-
Security Cameras & Substation Security	Internal	200 000	1 000 000	-
Sewer pump station level monitoring	Internal	-	-	250 000
Upgrade Centerton sewer pump station	Internal	-	-	2 000 000
Upgrade Hankey water treatment works	Internal	600 000	5 000 000	9 450 000
Upgrade Loerie sewer pump station	Internal	1 600 000	-	-
Upgrade Sanitation System Old Hankey	MIG	7 902 794	15 652 174	17 036 336
Upgrade sewer rising mains Jbay (La Mer-4A-4B) Prep	Internal	1 000 000	-	-
Upgrading of Gravel Roads in Jeffreys Bay	MIG	7 890 511	8 270 189	8 166 090
Upgrading of Sports Facilities	MIG	3 912 926	4 221 593	4 447 487
		45 937 913	58 922 218	59 992 522

PROJECTS	Funding Source	Annual Budget 2020/21	Annual Budget 2021/22	Annual Budget 2022/23
COMMUNITY SERVICES				
Computer Equipment	Internal	30 000	63 000	66 150
Fencing community halls	Internal	-	1 050 000	1 102 500
Fencing of Cemeteries	Internal	-	825 000	903 750
Fencing of Yellow Woods	Internal	200 000	210 000	220 500
Furniture and equipment	Internal	-	210 000	220 500
Humansdorp Fire Station , Fencing	Internal	200 000	-	-
Jack Hammer and water pump	Internal	350 000	735 000	771 750
Machinery and Equipment	Internal	278 500	287 425	296 796
Security Cameras	Internal	750 000	1 000 000	1 000 000
skip bins	Internal	200 000	210 000	220 500
Upgrading of Pellsrus, Kabeljous, Cape St Francis	Internal	150 000	165 000	180 750
Vehicles	Internal	1 325 000	1 441 250	1 563 312
Vehicles	DISTR	1 965 100	1 965 100	1 965 100
Wheelie Bins	MDRG	1 036 522	-	-
		6 485 122	8 161 775	8 511 608
Capital Budget		56 912 490	71 645 593	73 485 223
Internally generated funds		23 302 955	38 058 275	37 427 601
Transfers recognised - capital		33 609 535	33 587 318	36 057 622
Total		56 912 490	71 645 593	73 485 223