

**ANNUAL BUDGET  
OF  
ELIAS MOTSOLEDI LOCAL MUNICIPALITY**



**2019/20 TO 2021/22  
ADOPTED MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS**

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## ABBREVIATIONS AND ACRONYMS

<b>AO</b>	Accounting Officer	<b>SAPS</b>	South African Police Service
<b>AMR</b>	Automated Meter Reading	<b>SDBIP</b>	Service Delivery Budget Implementation Plan
<b>LED</b>	Local Economic Development	<b>SMME</b>	Small Micro and Medium Enterprises
<b>MEC</b>	Member of the Executive Committee	<b>BPC</b>	Budget Planning Committee
<b>MFMA</b>	Municipal Financial Management Act	<b>CFO</b>	Chief Financial Officer
<b>MIG</b>	Municipal Infrastructure Grant	<b>CPI</b>	Consumer Price Index
<b>MMC</b>	Member of Mayoral Committee	<b>CRRF</b>	Capital Replacement Reserve Fund
<b>MPRA</b>	Municipal Properties Rates Act	<b>DBSA</b>	Development Bank of South Africa
<b>MSA</b>	Municipal Systems Act	<b>DORA</b>	Division of Revenue Act
<b>MTEF</b>	Medium-term Expenditure Framework	<b>DWA</b>	Department of Water Affairs
<b>MTREF</b>	Medium-term Revenue and Expenditure Framework	<b>EE</b>	Employment Equity
<b>NERSA</b>	National Electricity Regulator South Africa	<b>FBS</b>	Free basic services
<b>NGO</b>	Non-Governmental organisations	<b>GDP</b>	Gross domestic product
<b>NKPIs</b>	National Key Performance Indicators	<b>GFS</b>	Government Financial Statistics
<b>OHS</b>	Occupational Health and Safety	<b>GRAP</b>	General Recognised Accounting Practice
<b>OP</b>	Operational Plan	<b>HR</b>	Human Resources
<b>PBO</b>	Public Benefit Organisations	<b>IDP</b>	Integrated Development Strategy
<b>PMS</b>	Performance Management System	<b>IT</b>	Information Technology
<b>PPE</b>	Property Plant and Equipment	<b>KM</b>	Kilometre
<b>PPP</b>	Public Private Partnership	<b>KPA</b>	Key Performance Area
<b>RSC</b>	Regional Services Council	<b>KPI</b>	Key Performance Indicator
<b>SALGA</b>	South African Local Government Association		
<b>KWH</b>	Kilowatt		

# 1 Part 1- Annual Budget

## 1.1 Mayors Report

**ADDRESS BY THE MAYOR OF THE ELIAS MOTSOALEDI LOCAL MUNICIPALITY: CLLR. JULIA LATA MATHEBE ON THE OCCASION OF THE STATE OF THE MUNICIPAL ADDRESS COMBINED WITH THE ADOPTION OF IDP AND BUDGET FOR THE 2019/2020 FINANCIAL YEAR HELD ON THE 28 MAY 2019 AT MONSTRELUS STADIUM.**

Honourable Speaker, Cllr Tladi

Chief Whip of Council, Cllr Phahlamohlaka

Members of the Executive Committee

Honourable Councillors

Our Traditional Leaders

Acting Municipal Manager and his Management Team

Council Support Staff

Distinguished Guests

Community Members in the Public Gallery

Members of the Media

Ladies and Gentleman

Thobela

On behalf of Elias Motsoaledi Local Municipality I extend warm greetings to all of you who to share with us this important occasion of the State of the Municipal Address and the adoption of IDP and budget for year 2019/2020. It gives me pleasure to speak before our communities who always support the programmes of the institution and we value your presence. Let me also welcome the People of our Municipality who are joining us today via the live broadcasts Moutse and Thabantsho Community Stations.

I am privileged ,once more to stand before you at this august occasion as a humble servant of the people of Elias Motsoaledi , to share with all of you the state of our municipality given the work we have done in this financial year of 2018/2019.

In this address I will also share with you the plans that we have for the 2019/2020 financial year that will commence on the 1st of July.

Fellow residents, together with the Mayoral Committee and the Senior Management Team , we all wake up to this thought-provoking question every day: How do we use the minimal resources to achieve maximum impact in improving service delivery? Every day, we are faced with the

challenge of using the least to achieve the most and that is the true state of our municipality. In all our meetings, programmes and activities, we are concerned about the people and their complaints and concerns regarding service delivery.

We have always placed you, the residents of Elias at the centre of governance by constantly engaging you in matters of your local government, a sphere of government closest to the people. Through IDP and Budget Public Participation Meetings and the Mayoral Ward Outreach Programme, we have strongly protected the constitutional right of the people to participate in local government.

### **CONGRATULATORY MESSAGE**

Hon, Speaker, we deliver the State of the Municipality's Address of Elias Motsoaledi Local Municipality just few-days after our beloved country (South Africa) went into the sixth democratic elections as part of a commitment to create an enabling environment for the people of this country to work for, earn and live a better life and enjoy the fruits of a democratic society. We congratulate the Independent Electoral Commission (IEC) for delivering a peaceful and transparent 6th general election for our beloved country – South Africa.

Honourable Councillors, our people have declared their trust in the National and Provincial of the ANC, and since then they have said their firm hope and faith in the ANC. In addition, I can declare with confidence that we have done our level best not to disappoint them. Although we believe that we are not yet on the highpoint of our political goal I can also declare with confidence that South Africa today and is much better that it was before 1994.

We also congratulate Cde Stan Mathabatha as the Premier of Limpopo and others who have been mandated and deployed to lead various provinces together with their Executive Committees. We further congratulate the newly elected President Cyril Ramaphosa and his Deputy, the Speaker and Deputy Speaker, all Ministers and their deputies.

Honourable Speaker, we have open conversations with our communities through various community participation platforms across the municipality and residents confirmed that Elias Motsoaledi is indeed at work in delivering service to our community , but more work still needs to be done.

As our term of office began in August 2016, it is very import today, to take a few steps back to allow ourselves to reflect and measure progress against the promises that we made as guided by ruling party's manifesto.

Honourable Speaker; while the ruling party's manifesto guides us to strengthen public participation as part of the agenda for this term of office, we have held consultations with communities through the Mayoral Imbizos, Community Outreach Programs, IDP and Budget Representative Forums, MPAC Roadshows, IDP and Budget Roadshows. This is all part of advancing people's power to determine their own destinies and to meet their expectations.

Some of the challenges raised by communities during our IDP and Budget roadshow are:

- **Roads Infrastructure**
- **Water and Sanitation**
- **Electricity**



- Refuse Removal
- Health Services
- Support of Small, Medium and Macro Enterprises (SMME's)
- The high rate of unemployment which contributes to high levels of poverty

#### Intergovernmental Relations

We are working hard to strengthen the Inter-Governmental Relations unit (IGR) as at a level of a local Municipality, we have identified the gap where we are not able to work very closely as with Government Departments operating in the province. There are few examples that we can use to illustrate this, for instance we cannot battle to get Government departments to contribute their projects and Programme into the Municipal IDP. Honourable Speaker this is the area that need more attention and focus. We will be working with our government departments to close the gap right as soon as possible

#### FINANCIAL POSITION

Over the course of this term of office we have, made bold pronouncements and commitments aligned to the identified priorities. Yes, we have kept our word. We have done what we said we would do. We have worked hard to improve and strengthen our finances. Our finances today are in a better shape than they were yesterday. We have built a solid foundation of financial sustainability. We have worked hard to increase our investments in infrastructure aimed at improving the quality of life of our communities. We have worked hard to improve the quality of our services.

Fellow residents and honourable councillors

Elias Motsoaledi Local municipality has proved that dedication and hard work pays, this is after the auditor general gave the Municipality an unqualified audit opinion for the 2017/2018 financial year. In appreciation for achieving unqualified Audit Opinion, the municipality was honoured with **AWARD FROM SALGA IN LIMPOPO.**

#### OVERSIGHT COMMITTEE

Hon Speaker, the Council appointed Municipal Public Accounts Committee, which is a Council oversight committee in terms Section 79 of the Municipal Systems Act. The MPAC under the leadership of Councillor **Justice Makunyane** has played a crucial role in assisting council in its oversight role. Earlier in the year, the Committee conducted public consultation on annual report for 2017/2018, which it subsequently tabled to Council. The MPAC outlined in its report amongst some of the challenges, that minimal comment was received from the public. The MPAC has identified the need to educate our communities on the assessment of the annual report, which the community has the responsibility to do.

Also in improving oversight, Council has adopted a performance assessment system to ensure the functionality and effectiveness of the Audit Committee, the audit committee is an independent advisory committee established in terms of Section 166 of the MFMA, which advises Council and the Accounting Officer on the effectiveness of financial management systems; internal financial control and other critical municipal systems. This is one of the committees, which has assisted the municipality in seeing the improvements made on financial management, which have improved the overall financial performance.

Honorable Councilors, the above mention committees was identified as the most functional MPAC in Sekhukhune District for the financial year 2018/1/2018 by SALGA Limpopo.

### **STATUS QUO OF THE INVESTMENT MADE BY THE MUNICIPALITY WITH VBS**

Honorable speaker let me take this opportunity to inform the public about the status quo of the investment was made by Elias Motsoaledi Local Municipality with VBS Mutual Bank.

1. The Municipality had previously invested the total amount R 190 Million with VBS bank between 2016/2017 and 2017/2018 financial year.
2. The entire capital amount R 190 million that was invested was withdrawn.
3. The total interest received by the municipality from VBS is R 2,559,00
4. Only an amount of R48,247 relating to interest was noted received and that amount is also disclosed under note 10 of 2017/2018 annual financial statements.(AFS)

To this end, the Municipality confirms that no financial loss was experienced on the invested capital and furthermore that no service delivery programs/project were negatively affected by this investment. The community member who seeks further information on this matter can visit the office of the Municipal manager during office hours

### **GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

Honourable Speaker; on Good Governance I will highlight the stability we have experience in this Council. This Council has manage to lead the Municipality and provide political leadership at all times. The Council is composed of ANC, EFF, DA, BPSA, MP and SAMEBA .All Council meetings are sitting as per the annual calendar of the Municipality. Council committees as well are sitting as per the calendar. We have met all our obligation as Council as legislated in terms of Municipal Systems Act No 32 of 2000 and the Municipal Finance Management Act no 56 of 2003.

### **BASIC SERVICE DELIVERY**

#### **ELECTRIFICATIONS**

Honourable Speaker we remain convinced that access to electricity should be considered as a basic human right. In this regards we can indicate that an amount R9.5 million form INEP has been used in current financial year for electrification projects in various communities of Elias Motsoaledi like:

- ❖ Electrification of Masakaneng Village Phase 3 (221 households)
- ❖ Electrification of Households in Mmakaepa Village Phase 3 (279 Households)
- ❖ Electrification of Tambo Village Phase 3 (283 Households)

Elias Motsoaledi Local Municipality managed to increase its revenue base by acquiring the Electricity distribution license of the following areas:

Game Farm, Twin city Mall, Masakaneng, Mapoch ground

The Municipality is planning to upgrade the current Groblersdal substation from 20MVA to 40MVA as it will reach its full capacity and will have a negative economic growth of the municipality

### **FREE BASIC ELECTRICITY**

Fellow councillors

Elias Motsoaledi Local Municipality has an indigent policy in place, which outlines criteria for registering indigents in order to receive free basic electricity from the Municipality.

For the 2018/2019 financial year, 10028 indigents were registered on the indigent register and only 1967 were configured by Eskom to receive free basic electricity. It is important to indicate that our community members must note that indigent support is only valid for one year, also people are urged to report to the municipality once the situation has improved because it is as bad as fraud to continue receiving the support when the situation has changed for the better and you are no longer meeting requirements of being listed as indigent support beneficiary.

## **ROADS CONSTRUCTION AND MAINTENANCE**

Accessible road infrastructure is a critical component of economic growth and social development in our communities. It provides the required impetus for the quicker movement of goods, services and our people.

The municipality has acquired the following as part of the commitment in improving the provision of access roads to our communities: 12 x trucks, 7 x Tipper trucks, 12 x Graders, 8 x TLB and 1 x Roller. We believe that this plant will contribute highly to the delivery of services to our communities.

Honourable Councillors, Elias Motsoaledi was amongst other municipalities that was mentioned by the Premier of the Limpopo Province Hon. Chupu Mathabatha during the 5<sup>th</sup> state of the province address as the performing municipality when it comes to MIG spending.

The following statistics bear testimony to this:

### **MIG PROJECTS**

- ❖ Kgaphamadi Construction of Bus Road, and 5.5km Bridge Storm-Water Control Phase 1E
- ❖ Kgoshi Mathebe, Kgoshi Matsepe and Makgopheng Construction of Ring Road (1200m)
- ❖ Laersdrift Bus Route PH1B (1620m)
- ❖ Mpheleng Construction of Bus Road and Stormwater Control Phase 1E (1350m)
- ❖ Naganeng Construction of Bus Road (5160m)

### **Fellow councillors and Residents of Elias Motsoaledi**

Through Equitable share; the Municipal Infrastructure Grant, the Integrated National Electrification Programme, we have allocated resources to invest in infrastructure.

To this end, Elias Motsoaledi Local Municipality has allocated a total budget of **Ninety-one million, four hundred and thirty thousand, four thousand ninety-four and eighty-five cent** to construct different projects during the 2019/2020 financial year:

### **MIG FUNDED PROJECTS**

JJ Zaaiplaas Road, Kgaphamadi Route, Tambo / Walter Sisulu Road and Groblersdal Landfill Site

Upgrading of Dipakapakeng Access Road (Design only) and Upgrading of Uitspanning A to Bloompoot Access Road (Design only)

### **INEP FUNDED PROJECTS**

Electrification of Mashemong (116 households), Electrification of Ntswelemotse (116 households) Electrification of Masakaneng (298 households) and Electrification of Tambo Village (975 households)

### **INTERNAL FUNDED PROJECTS**

Machinery and Equipment, Completion of 2 High Mast Lights in Ward 10, Groblersdal Roads and Streets Motetema Internal Streets, Culverts and Road Signs, Upgrading of Tafelkop Stadium Access Road and Development of Fleet Centre / Workshop

### **REFUSE REMOVAL AND WASTE MANAGEMENT**

Solid waste management is another critical aspect of our drive towards entrenching decent sanitation in our communities. The municipality provides waste management services that include waste collection, street cleaning, clearing of illegal dumping, and waste disposal.

- Provision of Refuse removal services to 9934 Households (once per week) and 477 Businesses (Three times to seven times per week).
- Refuse Collection service is rendered to: Motetema, Groblersdal, Hlogotlou, Roosenekal, Elandsdoorn, Tambo square and Walter Sisulu.

Honourable Speaker, allow me to report on the Completed R20 million Waste management project of Elias Motsoaledi Municipality.

Working on Waste Programme is one of the The Department of Environmental Affairs initiatives that contribute towards eradication of poverty and creation of sustainable job opportunities for the youth, women and people living with disabilities in particular. It aims to create and support mechanisms for the protection of the environment and create sustainable livelihoods through recycling of waste collection and minimisation. Elias Motsoaledi lodged application for funding, where it was allocated R20 Million with the additional +2.5M, for the development of Groblersdal Landfill Site & Hlogotlou Waste Transfer Station inclusive with other facilities.

The project, which was implemented in accordance with the requirements of government's Expanded Public Works Programme, hired a total of 136 participants, of whom 91 are women, 61 are youth and 3 are people living with disabilities. These beneficiaries were also trained and acquired skills in different areas including First Aid, Occupational Health and Safety, Environmental Awareness and Sustainable Tourism.

It entailed upgrading of the Groblersdal landfill site, installation of flood lights, demolition of existing old building, construction of a guard house, construction of septic tank and French drain, recycling of waste products, the upgrading of the Hlogotlou waste transfer station by construction of a new guard house, erection of a concrete palisade fence, paving and kerbing for roads, planting of tress, purchasing of a grass cutting machine, purchasing of 5 compactor refuse containers, waste collection and recycling.

### **POVERTY ALLEVIATION.**

Honourable members...! Honourable members...! Again, we have made it. The Department of Environmental Affairs fulfilled its mandate of contributing towards the eradication of poverty and creation of sustainable job opportunities and has yet again allocated the total amount of **27 million** for working on land programme in Elias Motsoaledi local municipal areas, wherein more than 300 job opportunities will be created. The above mention project will commence in the next financial year 2019/2020.

## **SPORTS FACILITIES**

Fellow residents, during the 2016/2017 Financial Year, Elias Motsoaledi Local Municipality was one of the Municipalities selected to benefit from the R 300 million of Municipal Infrastructure Grant (MIG) from the department of Sport and recreation. An amount of R 10 000 000.00 VAT Incl. The funding was utilized for the upgrading of the Hlogotlou Stadium in the Monsterlus in ward 20.

## **LIBRARIES**

In ensuring, that we improve access to information Elias Motsoaledi Local Municipality has signed service Level agreement with Department of Sports, Arts and Culture for management of three libraries (Roossenekal, Vlakfontein and Groblersdal). The main objectives of the libraries are to reduce the level of illiteracy and to build a well-armed society.

Our young people, in and out of schools, are using our libraries with over 23 306 recorded in-house users and we hereby encourage more and more young people to walk into our libraries to acquire knowledge and information. All our Libraries have free Internet access for 1hour per person a day and also Free Wi-Fi.

## **MAYORS BURSARY PROGRAMME AND YOUTH EMPOWERMENT**

Honourable Councillors education is central to the skills development strategy and for a new economic growth path and to address issues of social development. According to **Malcolm X** about the importance of education said. "Education is the passport to the future, for tomorrow belongs to those who prepare for it today." Quote closed.

Therefore, Honourable Speaker education is minimum requirement to change the human lives. The municipality in this current Financial Year, the amount of 1 Million is budgeted for assisting the needy students with registration fee at various tertiary institutions, and will continue to contribute to this life-changing programme in future

And in this regard, as part of our commitment to assist young people to equip themselves with education, the municipality has allocated bursaries to 40 students from poor backgrounds to various tertiary institutions in South Africa

Fellow residents, Department of Agriculture, Forestry & Fisheries awarding bursaries as part of the Minister's back to school campaign has managed to award Two (2) bursaries to (Mr Mphali Brown Ramaduma for BVSc at the University of Pretoria and Mr Mtshweni Leonard for Diploma in Agriculture at Tompi Seleka College of Agriculture)

The reason for awarding only two bursaries was because of the insufficient applications received from the school and the district. There is a need to encourage all our learners in this community to apply for these bursary opportunities, as these are made available by our government to lend a hand to this community.

However, it should be noted that, for 2020 academic year, the department DAFF has committed and made available: 13 bursaries, which will be distributed as follows: 10 for Colleges of Agriculture and 3 for scarce skills in agriculture, forestry and fisheries. The department committed to advertised and published by the end of May 2019, please visits municipal youth desk for more info on this regards.

## **INTERSHIP PROGRAMME, EXPERIENTIAL LEARNING AND YOUTH DEVELOPMENT**

Oliver Tambo the late former ANC President once said, "A nation that does not take care of its youth does not have the future and does not deserve one". Youth Development is the cornerstone to the future of our country hence we have undertaken implementation of the following programmes to ensure that we develop responsible youth:

As Elias Motsoaledi Local Municipality, we remain committed towards empowering our young people through internships and experiential programmes. We believe that by exposing the youth to practical work environments we are equipping them with the necessary practical skills, which will ensure that they gain sufficient experience to be able to apply for and obtain jobs anywhere.

### **Fellow residents**

Our municipality has an ongoing relationship with NYDA and we appreciate the support and inflow of assistance that has been provided to our Youth coordinators.

I think having the NYDA in our district, in our municipality will not only beef up the logistical support to our young people, but it will also assist in ensuring that the facilities that were not easily reachable will now be at our doorstep therefore allowing our youth to grow and gain more and more knowledge.

There are many young people who drive community and youth development initiatives and are committed to transforming the lives of others our job is to help them make that goal a reachable and formidable one. We need to motivate young people to get into the mind-set of being builders of a future. Of being, businesspersons and women who want to hire and not be hired. We need a youth like that of 1976 who said KWANELE. They must not always wait on being spoon-fed. Our young people are falling into the dangers of drugs, alcohol and crime because they are unemployed.

We fully support the establishment of the National Youth Development Offices in our municipality and we trust that our working relationship will be as fruitful and prosperous as it has always been.

Our 80 apprenticeship students partnered with NYDA are now at an advanced stage where the first 40 students went for their experiential trainings while the other 20 is back and placed around areas in the province for their workplace experiential training for a period of at least 8 months and they'll we expected to go back for their final theoretical training before sitting for their trade test which is the final stage.

### **SPECIAL PROGRAMME UNIT**

Honourable speaker, currently there are 18 registered aged club within the municipality and according to the Premier's office, our municipality is on top regarding centres/clubs in the province.

### **SUPPORT TO THE AGED PEOPLE**

Currently there are 17 registered aged club within the municipality and according to the Premier's office; our municipality is on top regarding centres/clubs in the province. The municipality in partnership with Kukhula Growth Development where 18 disabled people concluded the Business Practice leadership and 15 disabled people are currently in Contact Centre Leanership in Moutse for the period of 12 months with Kukhula Growth Development.

## **HIV/AIDS**

The municipality established the Local Aids Council, which is the multisector approach to address the pandemic of HAST (HIV/AIDS, Sexual transmission disease and TB) programmes. The Limpopo Provincial Aids Council Framework of 2011 and the National Strategic Plan of HAST guide it for 2017-2022.

We have a functional and active Council Committees for all the above special programs including the Technical and Local AIDS Council. We are working very closely with the Department of Health and other sector departments to compile reports, share experiences on how we can combat the scourge of HIV and AIDS.

## **SPECIAL PROJECTS SUCCESFUL ACTIVITIES**

Elias Motsoaledi Local Municipality in partnership with Eskom has made a contribution of the 67th minutes of Mandela day at Sephaku village (Vlaakfontein), Santa Thwalanani Care Group for the installation of electricity at the centre. The response came after Thwalanani Care Group made a request to the municipality.

Limpopo Legislature held a provincial women's parliament under the theme "100 years of Albertina Sisulu: A woman of fortitude, women united on moving South Africa forward" All municipalities were present with their delegation and amongst the attendees 100 were from Elias Motsoaledi. The event was held at Baptist Church in Ntwane Village (ward 10) on 25 August 2018.

The office of the Mayor in collaboration with JOJO TANKS LTD, donated three (3) tanks to the following old age centres; Mpheleng, Luckau and Mogaung aged centres.

## **LOCAL ECONOMIC DEVELOPMENT**

Elias Motsoaledi Local Municipality supports participative strategies for local economic development in its area of jurisdiction, with the aim of promoting economic growth geared to local conditions and resources, creating income and employment opportunities for all segments of the population and enhancing good governance at local level

The municipality is operating in a market economy wherein the engines of economic development are primarily in the hands of private businesses that create wealth and jobs however, the private sector cannot succeed without favourable business conditions in which to thrive and grow. The municipality is currently working hand in gloves with other public sector institutions in helping to establish and maintain those favourable business conditions so that firms that operates within the jurisdiction of the municipality can compete successfully and fairly with firms from other regions.

### **Honourable Councillors**

Given the above, conditions and the roles that the municipality has to play in local economic development; during 2018/19 the municipality in collaboration with Department of Public Works has managed to create 1760 work opportunities through EPWP and CWP programmes. In addition, the Gold Rush Gaming Group has created 43 permanent employment opportunities by opening a new branch at Groblersdal Regional Mall.

In striving to capacitate the SMMEs and cooperatives the municipality in collaboration with SEDA (Small Enterprise Development Agency) has ensured that 33 enterprises received their working

equipment through IMEDP (Informal and Micro- Enterprise Development Programme), the equipment are for catering, saloon, dress making, car wash, cleaning, electrical and etc. It is expected that this start-up equipment's will assist these enterprises to grow and make a meaningful impact on our economy. An addition, LEDA also provided working to tools to 10 Entrepreneurs operating in different sectors (i.e. Agriculture, Toursim and Service). Over and above, the municipality is committed to provide enterprise development support to the SMME and Co-operatives with the endeavour to intensify economic activities, as this would enable them to create the requisite jobs and improve the living standards of the communities.

To develop capable institutions, which will drive economic development, there is need for provision and maintenance of critical infrastructure. SANRAL is bringing huge investments in the form of road construction, improvement and maintenance. Currently four (4) national roads, which cut across the municipality, were identified for upgrading and maintenance, namely the N11, R573, R555 and R579. It is expected that these investments will create more opportunities for unemployed and SMMEs. Two Project Liaison Committees were established to facilitate works execution, sub-contracting and employment facilitation. They will also serve to ensure communication and transparency in the execution of works and to ensure inclusivity in the allocation of projects to benefit black business and local communities.

The youth are also our priority, the municipality has facilitated the establishment of NYDA offices at Commando witch will nurture their business acumen of young people of Elias Motsoaledi Local Municipality and expose them to funding and business or investment opportunities available within the country. We are in processing of witnessing the fruits of this office as young people are currently frequenting for various assistance.

The municipality has comparative advantage in terms of agricultural production, the major crops produced in our area includes citrus, table grapes and vegetables however, the majority of land reform farms are currently not operational due to myriad of challenges which amongst others includes lack of finance, production inputs, access to market, lack of skill and group dynamics. During the upcoming financial period 2019/2020, the municipality together with relevant stakeholders will focus largely on unlocking these challenges such that the farms that were previously productive will resume with their production. This will help in terms of reducing persistent poverty amongst our communities since more jobs will be created during the production processes.

Summary of adoption 2019/18 IDP and budget is as follows

I now indicate the specific allocation for 2019/2020 and compare it with those of 2018 /2019 financial year.

The total Operating Revenue Budget amounts R 500 million and Operating Expenditure Budget amounts to R 482 million resulting with the operating surplus of R 18 million.

The Operating Expenditure Budget represents 83 percent of the total Expenditure Budget and the Capital Budget on the other hand represents 17 percent of the total Expenditure Budget. The 2019/2020 Budget is 11 per cent more than the 2018/2019 Expenditure Budget. An increase is mainly due to increase in DoRA allocation in 2019/2020 financial year and the above CPI tariff for Electricity as recommended by NERSA.

## REVENUE GENERATION ASSUMPTIONS



The total grants allocated to the municipality in terms of the 2019 Division of Revenue Bill amount to R 346 million for 2019/20 financial year, reflecting an increase of R36 million (12%) over the 2018 DORA allocation.

The operating revenue budget for 2019/20 that amounts to R 500 million reflects an increase of R 45 million relative to 2018/2019 operating revenue budget of R455 million which is tantamount to an increase of 9.9 per cent. The audited operating revenue amounts to R423million for 2017/18. The base assumption is that tariff and rates increases will increase at a rate equivalent to CPI over the long term.

Honourable Speaker; to fund our budget' needs and to make provision for inflationary increases in goods and services required, we do need to adjust our tariffs in a reasonable manner, taking cognizance of the areas where we are currently experiencing losses.

### **THE TARIFF INCREASES ARE AS FOLLOWS:**

On 7 March 2019, the Energy Regulator granted Eskom an annual average increase of 9.41 per cent for municipalities, however the projected increase was later on revised to 15.63 per cent and this was presented in the NERSA's final consultation paper

The Elias Motsoaledi Local Municipality's electricity tariff is recommended to increase by 13.07 per cent t by The National Energy Regulator of South Africa (NERSA) and the tariff was factored in the 2019/20 budget accordingly. The 13.07 per cent increase Honourable Speaker is in the main informed by high bulk purchase increase. As the municipality, we always look forward to adjust our tariffs in a manner that takes into account the affordability of the community we serve.

Honourable Speaker, Property Rates tariff will increase in 2019/20 on average by 5.2 per cent, which is in line with Consumer Price Inflation (CPI)

### **OPERATING EXPENDITURE GUIDELINES AND ASSUMPTIONS**

The total operating expenditure budget for 2019/20 that amounts to R 482 million reflects the increase of R 33 million relative to 2018/19 budget year, which is equivalent to an increase of 7.4 per cent.

The increases on key expenditure cost drivers will be as follows in 2019/20;

The employee's remuneration cost; Bulk purchases and contracted services amounts to R 147 million; R 80 million and R 56 million respectively that is 59 per cent of a Total Operating Expenditure.

### **CAPITAL EXPENDITURE ASSUMPTIONS**

Honourable Speaker, the total capital expenditure for 2019/20 amount to R 95 million reflecting an increase of R 18 million as compared to draft 2019/20 budget. The increase is attributed to inputs received during stakeholders consultation on the draft budget.

The difference in capital budget for the two financial years is due to an increase in Municipal Infrastructure Grant (MIG) and Integrated National Electrification Grant (INEP) allocation in terms of Division of Revenue Bills

The municipality is proud to announce that due to its high performance in implementing the MIG projects an additional R 8 million has been allocated to the municipality in 2018/2019 and was appropriated in a special adjustment budget that served in municipal council during the month of

April 2019. The 2019/20 Capital Expenditure will be funded mainly from capital conditional grants allocation and internally generated funds as follows:

- R 55 million Municipal Infrastructure Grant (MIG) specifically for roads projects
- R 19 million Integrated National Electrification Programme for electricity reticulation
- R 21 million internally generated funds

Honourable Councillors

In conclusion, I wish to take this opportunity and thank all the MMCs, the ANC Caucus, fellow Councillors, and our staff members. We continue to count on the unwavering support and commitment of our Ward Committees, CDWs and community based structures to ensure that all our people take part in the development of their lives.

The task of developing our communities can never be left to government alone but both the civil society and the business community have a crucial role to play.

As elected politicians from the African National Congress and opposition parties we should at all times be driven by the desire to serve. All our officials must all times understand that their duty is provide quality services to our people.

It is an honour for me to table the IDP, the Budget, budget for the 2019/2020 financial year in compliance with related policies and tariffs before the Honourable Council, community members and various stakeholders of Elias Motsoaledi for consideration.

**KGAOGELO YA TATAGO MORENA WA RENA JESO E BE LE LENA. AMEN**

**THANK YOU**

## **1.2 ANNUAL BUDGET RELATED RESOLUTIONS**

1. Council resolves that the annual budget of Elias Motsoaledi Local Municipality for the financial year 2019/20, with three year audited actuals and the two projected outer years 2020/21 and 2021/22 is approved in the following schedules attached to this report as **Annexure A**.
  - 1.1 Budgeted summary on table A1;
  - 1.2 Budgeted financial performance (revenue and expenditure by classification reflected on table A2;
  - 1.3 Budgeted financial performance (revenue and expenditure by municipal vote reflected on table A3;
  - 1.4 Budgeted financial performance (revenue source and expenditure by type reflected on table A4;

- 1.5 Budgeted capital budget by vote, standard classification and funding as reflected on table A5;
- 1.6 Budgeted financial position as reflected on table A6;
- 1.7 Measurable performance objective for revenue source as per Cash flow Table A7;
- 1.8 Cash back reserve/ accumulated surplus reconciliation on A8;
- 1.9 Asset management as reflected on table A9; and
- 1.10 The basic service delivery measurement on table A10;

**2. That,** the reviewed budget related policies are approved.

**3. That,** tariff structure for 2019/20 and the two outer years are approved.

### **1.3 Executive Summary**

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Section 17 of Municipal Finance Management Act (MFMA) requires the municipality to prepare an annual budget in the prescribed format.

National Treasury's MFMA circular 93 and 94 have been used as guidance for the compilation of the 2019/20 MTREF.

The main challenges experienced during the compilation of the 2019/20 MTREF can be summarized as follows

- Ageing and poorly maintained roads and electricity infrastructure
- The need to re-prioritize projects and expenditure within the existing resource-based given the cash flow realities and declining cash position of the municipality.
- Increased cost of bulk electricity due to tariff increases (15.63%) from ESKOM which is placing pressure on service tariffs to residence and other consumers.
- Salaries and wage increases for municipal staff as well as the need to fill all active vacant positions.
- Affordability of capital projects - original allocations on certain capital projects had to be reduced and some projects had to be shifted to the outer years of the 2019/20 MTREF.

- Limited and/or very minimal surplus anticipated to be realized from operating budget makes it difficult to accommodate all the wards within the area of jurisdiction of the municipality in terms of capital projects implementations

The following budget principles and guidelines directly informed the compilation the 2019/20 MTREF:

- The 2018/19 adjustment budget priorities and targets as well as the base line allocations contained in that adjustment were adopted as the upper limits for the new base lines for the 2019/20 annual budget.
- Tariffs and property rates increases should be affordable and should generally not exceed the inflation as measured by the CPI except where there are price increases in the inputs of services that are beyond the control of the municipality, for example: cost of bulk electricity. In addition, we had to ensure that our tariffs remained or moved towards being cost reflective, and had to take into account the need to address infrastructure backlogs.
- Capital projects and activities funded from external grants are budgeted as per the gazetted amount as outlined in 2019/20 Division of Revenue Act (DoRA).
- In addition to cost containment to be implemented by the municipality, the following items and allocations thereof had to be kept at minimum level:
  - Consultants and Professional Fees;
  - Special Projects and Events;
  - Refreshments and Entertainment (R2 000 allocated per directorate for the entire financial year);
  - Ad hoc travelling;
  - Subsistence, Travelling and conference fees;
  - Telephone and cell phone subscriptions;
  - Issuing of Material and Store items, and
  - Overtime.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2019/20 Medium Term Revenue and Expenditure Framework:

#### Consolidated Overview of the 2019/20 MTREF

Description	2019/20	2020/21	2021/22
<b>Total Revenue</b>	<b>574 805 685</b>	<b>606 564 086</b>	<b>643 613 112</b>
Less: Transfer recognized capital	73 921 000	74 234 000	75 773 000
<b>Operating revenue</b>	<b>500 884 685</b>	<b>532 330 086</b>	<b>567 840 112</b>
<b>Total Expenditure</b>	<b>482 591 369</b>	<b>511 902 781</b>	<b>540 348 819</b>
<b>Surplus/(Deficit)</b>	<b>18 293 316</b>	<b>20 427 305</b>	<b>27 491 293</b>
<b>Capital Expenditure</b>	<b>95 653 510</b>	<b>96 911 269</b>	<b>96 503 434</b>

Total operating revenue for 2019/20 financial year amounts to R500, 884 million and the budget increases steadily in the outer financial years and the same applies to operating expenditure budget.

The above table is also used as a tool for testing if the Annual budget is going to have deficit or surplus throughout the 2019/20 MTREF, and as presented, the budget has a surplus of R18, 293 million; R20, 427 million and R27, 491 million respectively through the MTREF period.

#### **1.4 Operating Revenue Framework**

For Elias Motsoaledi Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of this municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to setting of tariff increases and balancing expenditures against realistically anticipated revenues and prioritization of capital projects as contained in the Integrated Development Plan (i.e. the needs of all wards within Elias Motsoaledi Local Municipality).

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

- National Treasury's guidelines and macroeconomic policy;
- Efficient revenue management, which aims to ensure 85% annual collection rate for property rates and other key service charges;
- Electricity tariff increases that are approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

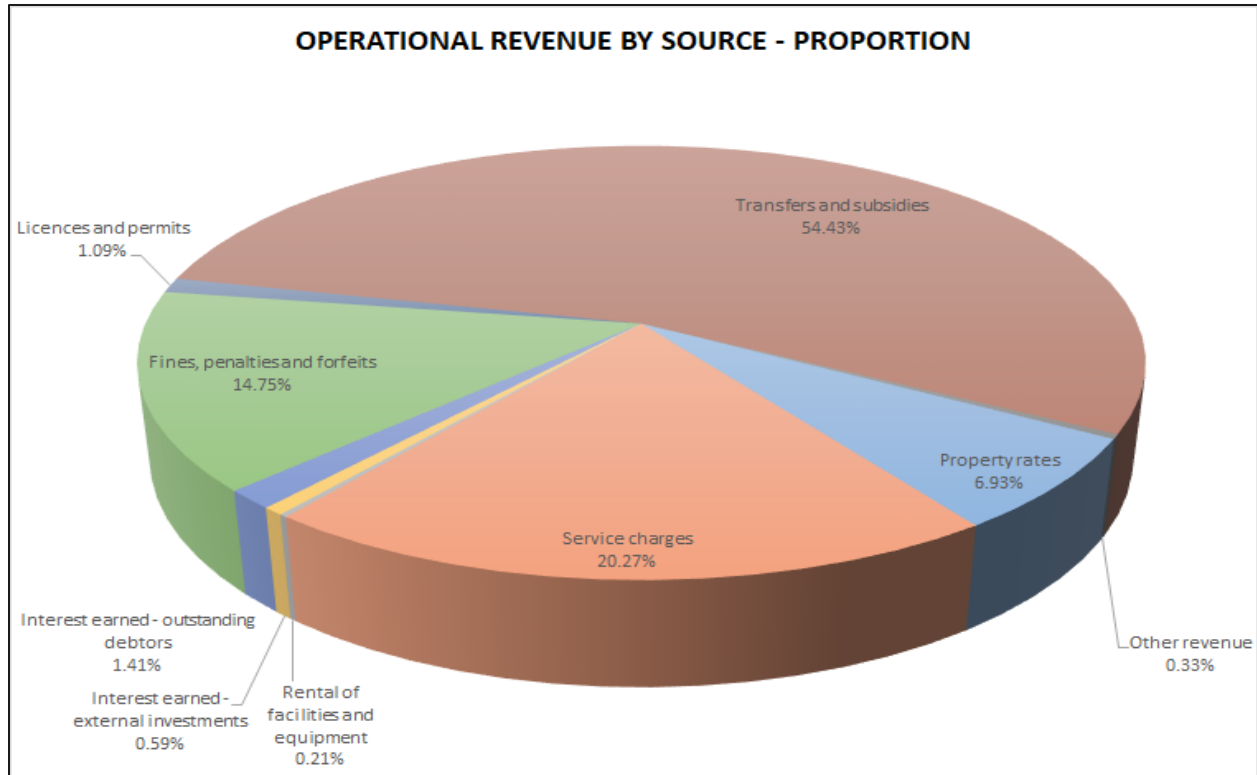
The following table is a summary of the 2019/20 MTREF (classified by main revenue source):

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

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue By Source</b>										
Property rates	22 395	25 815	25 978	36 650	33 010	33 010	28 494	34 727	36 602	38 579
Service charges - electricity revenue	65 104	70 745	67 575	89 298	81 798	81 798	67 307	92 957	97 977	103 268
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	3 684	6 506	7 299	12 249	8 127	8 127	6 574	8 550	9 011	9 498
Rental of facilities and equipment	2 213	1 319	944	1 220	1 000	1 000	606	1 052	1 109	1 169
Interest earned - external investments	4 290	2 889	2 928	3 000	2 800	2 800	1 706	2 946	3 105	3 272
Interest earned - outstanding debtors	5 872	6 469	9 693	8 161	6 692	6 692	4 917	7 040	7 421	7 821
Dividends received										
Fines, penalties and forfeits	2 413	50 885	67 325	73 218	70 209	70 209	21 891	73 860	77 848	82 052
Licences and permits	4 257	5 255	4 956	4 950	5 200	5 200	3 883	5 470	5 766	6 077
Agency services										
Transfers and subsidies	216 652	213 105	226 163	245 278	245 278	245 278	241 219	272 618	291 737	314 255
Other revenue	3 423	8 098	11 118	2 761	1 582	1 582	3 775	1 664	1 754	1 849
Gains on disposal of PPE										
<b>Total Revenue excluding capital transfers</b>	<b>330 303</b>	<b>391 085</b>	<b>423 980</b>	<b>476 784</b>	<b>455 697</b>	<b>455 697</b>	<b>380 371</b>	<b>500 885</b>	<b>532 330</b>	<b>567 840</b>

**Table 2 Percentage Growth in revenue by main revenue source**

Description			2019/20 Medium Term Revenue & Expenditure				
	Adjusted Budget	%	Budget Year 2019/20	%	Budget Year +1 2020/21	%	Budget Year +2 2021/22
<b>Revenue By Source</b>							
Property rates	33 010	5.2%	34 727	5.4%	36 602	5.4%	38 579
Service charges electricity revenue	81 798	13.6%	92 957	5.4%	97 977	5.4%	103 268
Service charges refuse revenue	8 127	5.2%	8 550	5.4%	9 011	5.4%	9 498
Rental of facilities and equipment	1 000	5.2%	1 052	5.4%	1 109	5.4%	1 169
Interest earned external investments	2 800	5.2%	2 946	5.4%	3 105	5.4%	3 272
Interest earned outstanding debtors	6 692	5.2%	7 040	5.4%	7 421	5.4%	7 821
Fines, penalties and forfeits	70 209	5.2%	73 860	5.4%	77 848	5.4%	82 052
Licences and permits	5 200	5.2%	5 470	5.4%	5 766	5.4%	6 077
Transfers and subsidies	245 278	11.1%	272 618	7.0%	291 737	7.7%	314 255
Other revenue	1 582	5.2%	1 664	5.4%	1 754	5.4%	1 849
<b>Total Revenue excluding capital transfers</b>	<b>455 697</b>		<b>500 885</b>		<b>532 330</b>		<b>567 840</b>



**Figure 1 Main operational revenue categories for the 2019/20 financial year**

In line with the formats prescribed by the Municipal Budget and Reporting Regulations (MBRR), transfer recognized - capital is excluded from the operating revenue statement, as inclusion of this revenue source would distort the calculation of the operating surplus/deficit.

Revenue to be generated from operational grants amounts to 54.43% (2019/20 financial year) making it clear that the Municipality is still grants dependent, however the level of dependency is gradually going down. In addition, revenue to be generated from rates and services charges amounts to 6.93% and 20.27% respectively. In the 2019/20 financial year, revenue from rates and services charges add up to R136,234 million or 27.20%. This increases to R143,591 million, and R151,345 million in the respective financial years of the MTREF.

Service charges is the second largest revenue source totaling 20.27% or R101,507 million and increases to R106,988 million and R112,766 million respectively in the outer years. The third largest source is fines that amounts to R73,860 million in 2019/20 financial year and R77,848 million and R82,052 million respectively in the outer years.

**Table 3 Operating Transfers and Grants Receipts**

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>216 641</b>	<b>213 105</b>	<b>226 163</b>	<b>245 278</b>	<b>245 278</b>	<b>245 278</b>	<b>272 618</b>	<b>291 737</b>	<b>314 255</b>
Local Government Equitable Share	212 948	210 385	223 019	237 506	237 506	237 506	269 009	289 070	311 324
Finance Management	1 600	1 625	1 700	1 770	1 770	1 770	2 235	2 667	2 931
Municipal Systems Improvement	930	-	-	-	-	-	-	-	-
EPWP Incentive	1 163	1 095	1 444	1 002	1 002	1 002	1 374	-	-
Energy Efficiency and Demand Side Management	-	-	-	5 000	5 000	5 000	-	-	-
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Total Operating Transfers and Grants</b>	<b>216 641</b>	<b>213 105</b>	<b>226 163</b>	<b>245 278</b>	<b>245 278</b>	<b>245 278</b>	<b>272 618</b>	<b>291 737</b>	<b>314 255</b>

Table 3 outlines the operating grants and transfers allocated to Elias Motsoaledi local municipality for 2019/20 MTREF and these grants are contributing significantly towards the revenue-base of the municipality.

#### 1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality conforms to the stipulations of the above mentioned regulations more especially on the ratio thereof.

The following stipulations in the Property Rates Policy are highlighted:

- The first R30 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this exemption, the following additional rebates on the market value of a property will be granted in terms of the Municipality's own Property Rates tariffs;



<b>Description</b>	<b>Rebate</b>
Residential Property	20%
Business, commercial and mining	25%
Agricultural Property	0%
Stat Owned Property	75%
Public Service Infrastructure	75%
Public Benefit Organization Property	75%
Municipal Property	Not Levied
Unidentified	Not Levied

The following owners may be granted a rebate on, or a reduction in the rates payable on their property:

- Pensioners that meet the following criteria:
  - Registered owner of property,
  - Applicant must reside on the property,
  - Income not exceeding an amount set by Council,
- Ratable property registered in the name of the Council., if such property is used in supplying electricity, water, and gas or sewerage services;
- Hospitals, clinics, and institutions for mentally ill persons, which are not operated for gain;
- Ratable property registered in the name of an agricultural society affiliated to or recognized by the South African Agricultural Union, which is used for the purpose of such society;
- Cemeteries and crematoriums, which are registered in the names of private persons and which are used exclusively for burials and cremations;
- Museums, art galleries, libraries and botanical gardens which are open to the public, whether admission fees are charged or not;
- Sports grounds used for the purpose of amateur sports and any social activities, which are connected with such sports;
- Ratable property registered in the name of benevolent or charitable organizations, or any ratable property let by the Council to any of the named organizations
- Owners of a property situated in an area affected by a disaster within the meaning of the Disaster Management Act, 2002 or in any other serious adverse social or economic conditions;
- Owners of residential properties with to which Section 17(1)(h) of the Act applies on the market value of the property less the amount stated in that Section or higher amount as determined by Council;
- State or public infrastructure and their rates may be reduced to a percentage which is contemplated in Section 11 of the Act.
- Owners of agricultural properties who are bona fide farmers.

### **1.4.2 Sale of Electricity and Impact of Tariff Increases**

The NERSA document proposes a 13.87 per cent guideline increase for municipal electricity tariffs for 2019/20. This is based on a bulk tariff increase for municipalities of 15.63 per cent.

Registered indigents will continue to get 50 kWh allocated to them and this will result in indigents receiving 50 kWh per 30-day period free of charge.

It should further be noted that NERSA has advised that a step tariff structure needs to continue to be implemented even in the coming financial year. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidize the lower consumption users (mostly the poor).

### **1.4.3 Waste Removal and Impact of Tariff Increase**

Service charge refuse removal is currently not doing fairly well since the revenue generated is currently less than the anticipated expenditure to be incurred and the municipality will therefore, have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors for the function not to break-even are repairs and maintenance on vehicles and landfill site, increases in general expenditure such as petrol and diesel and the cost of contracted service provider for refuse removal.

### **1.4.4 Overall impact of tariff increases on households**

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services

Table 4 MBRR Table SA14 – Household bills

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue &			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Monthly Account for Household - 'Middle Income Range'</b>										
Rates and services charges:										
Property rates	264	269	400	415	415	415	21%	500	528	557
Electricity: Basic levy	141	1 219	1 240	1 260	1 260	1 260	2%	1 280	1 352	1 425
Electricity: Consumption	1 195	1 219	1 240	1 260	1 260	1 260	2%	1 280	1 352	1 425
Water: Basic levy	-	-	-	-	-	-	0%	-	-	-
Water: Consumption	-	-	-	-	-	-	0%	-	-	-
Sanitation	-	-	-	-	-	-	0%	-	-	-
Refuse removal	75	77	100	120	120	120	25%	150	158	167
Other	-	-	-	-	-	-	0%	-	-	-
<b>sub-total</b>	<b>1 675</b>	<b>2 784</b>	<b>2 980</b>	<b>3 055</b>	<b>3 055</b>	<b>3 055</b>	<b>5%</b>	<b>3 210</b>	<b>3 390</b>	<b>3 574</b>
VAT on Services	198	202	361	396	396	396	3%	407	429	452
Total large household bill:	1 873	2 986	3 341	3 451	3 451	3 451	5%	3 617	3 819	4 026
% increase/-decrease		59%	12%	3%	0%	0%		5%	6%	5%
<b>Monthly Account for Household - 'Affordable Range'</b>										
Rates and services charges:										
Property rates	295	301	600	650	650	650	8%	700	739	779
Electricity: Basic levy	141	144	300	318	318	318	8%	344	363	382
Electricity: Consumption	1 234	1 259	1 270	1 292	1 292	1 292	1%	1 309	1 382	1 457
Water: Basic levy	-	-	-	-	-	-	0%	-	-	-
Water: Consumption	-	-	-	-	-	-	0%	-	-	-
Sanitation	-	-	-	-	-	-	0%	-	-	-
Refuse removal	75	77	240	272	272	272	8%	294	310	327
Other	-	-	-	-	-	-	-	-	-	-
<b>sub-total</b>	<b>1 745</b>	<b>1 781</b>	<b>2 410</b>	<b>2 532</b>	<b>2 532</b>	<b>2 532</b>	<b>5%</b>	<b>2 647</b>	<b>2794</b>	<b>2 945</b>
VAT on Services	203	207		282	282	282	4%	292	308	325
Total small household bill:	1 948	1 988	2 410	2 814	2 814	2 814	4%	2 939	3102	3 270
% increase/-decrease		2%	21%	17%	0%	0%		4%	6%	5%
<b>Monthly Account for Household - 'Indigent' Household</b>										
Rates and services charges:										
Property rates	41	42	50	60	60	60	17%	70	74	78
Electricity: Basic levy	141	1 150	1 286	1 312	1 312	1 312	2%	1 338	1 413	1 489
Electricity: Consumption	140	1 150	1 286	1 312	1 312	1 312	2%	1 338	1 413	1 489
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Refuse removal	65	65	80	89	89	89	12%	100	106	111
Other	-	-	-	-	-	-	-	-	-	-
<b>sub-total</b>	<b>387</b>	<b>2 407</b>	<b>2 702</b>	<b>2 773</b>	<b>2 773</b>	<b>2 773</b>	<b>3%</b>	<b>2 846</b>	<b>3 006</b>	<b>3 167</b>
VAT on Services	54	55	70	407	407	407	#NAME?	416	440	463
Total small household bill:	441	2 462	2 772	3 180	3 180	3 180	3%	3 262	3 446	3 630
% increase/-decrease		458%	13%	15%	0%	0%		3%	6%	5%

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- The renewal of existing assets and the repairs and maintenance needs;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The alignment of capital programme to the asset renewal requirement as per MBRR;
- Operational surplus will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation will be made.

The following table is a high level summary of the 2019/20 budget and MTREF (classified per main type of operating expenditure):

**Table 5 Summary of operating expenditure by standard classification item**

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Expenditure By Type</b>										
Employee related costs	112 151	117 781	127 202	134 149	130 473	130 473	116 782	147 530	157 231	165 564
Remuneration of councillors	19 061	20 298	22 874	25 070	24 291	24 291	19 363	25 554	27 266	28 093
Debt impairment	8 130	21 128	74 839	53 421	55 000	55 000	31 176	57 860	60 984	61 899
Depreciation & asset impairment	49 728	47 998	53 654	51 181	51 181	51 181	25 989	56 520	59 572	60 789
Finance charges	2 141	1 426	281	2 500	2 900	2 900	1 397	2 505	1 141	53
Bulk purchases	60 361	65 729	68 602	80 000	70 000	70 000	57 010	80 941	93 406	107 884
Other materials	9 606	12 873	9 806	17 094	8 909	8 909	7 643	13 590	14 324	14 798
Contracted services	36 111	43 080	67 951	56 834	59 841	59 841	56 249	53 788	54 842	58 246
Transfers and subsidies	1 279	708	841	4 404	3 580	3 580	1 919	3 740	3 942	4 155
Other expenditure	66 734	161 695	93 908	46 656	42 994	42 994	37 828	40 562	39 194	38 868
Loss on disposal of PPE	3 790	3 360	1 470	-	-	-	-	(0)	(0)	0
<b>Total Expenditure</b>	<b>369 091</b>	<b>496 076</b>	<b>521 428</b>	<b>471 308</b>	<b>449 169</b>	<b>449 169</b>	<b>355 356</b>	<b>482 591</b>	<b>511 903</b>	<b>540 349</b>

The budgeted allocation for employee related costs and remuneration of councillors for the 2019/20 financial year totals R173, 085 million, which equals 35, 87% of the total operating expenditure. Based on MFMA circular 94, the three-year salary increases have been factored into this budget at CPI percentage increase of 5, 2% plus 1.5% for the 2019/20 financial year and annual increase of 5, 4% and 5, 4% have been included in the two outer years of the MTREF relating to remuneration of councillors. An increase relating to employee related cost is due to prior year pro-rata budget for vacant position.

The cost associated with the remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public

Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on the annual average collection rate of 50 per cent and the Debt Write-off Policy of the Municipality. For the 2019/20 financial year this amount equates to R57, 860 million and escalates to R60, 984 million in 2020/21 and R61, 899 million 2021/22. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate for asset consumption. Budget appropriations in this regard total R56, 250 million for the 2019/20 financial year and equates to 11.71% of the total operating expenditure. Cognizance should be taken that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. Note should therefore be taken that depreciation and asset impairment as well as debt impairment constitute non-cash items and as a result they are excluded when determining surplus to be expended for funding capital projects.

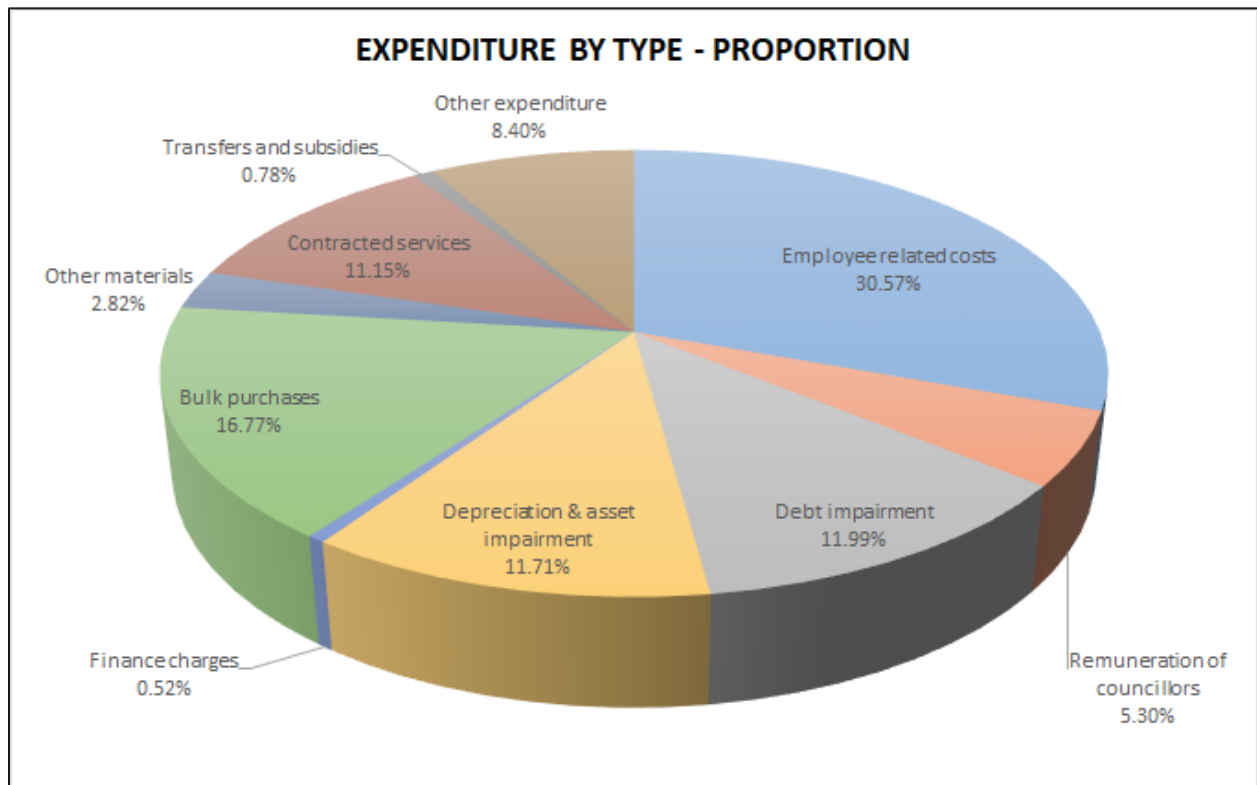
Bulk purchase is directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes distribution losses. MFMA circular 94 outlines the set tariff increase for municipal bulk purchase from Eskom of 15, 63%.

Other material comprises of amongst others the purchase of materials for maintenance, cleaning materials and chemicals. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the municipality's infrastructure.

Contracted services comprise of 11, 15 % or R53 788 million of the total operational budget for the 2019/20 financial year and increases to R54, 842 million and R58, 246 million in the two respective outer years. The norm for contracted services is 2% to 5% and as a result, the budget for contracted services through the MTREF period is considered to be excessive.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following diagram gives a breakdown of the main expenditure categories for the 2019/20 financial year.



**Figure 2 Main operational expenditure categories for the 2019/20 financial year**

### 1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2019/20 budget and MTREF provide for budget appropriations in the area of asset maintenance, as informed by the asset renewal and repairs and maintenance needs. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

During the compilation of the 2019/20 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. In this MTREF, repairs and maintenance budget has been increased from R10, 374 million in 2018/19 to R10, 617 million in 2019/20 then increases to R11, 191 million and R11, 350 million respectively in the outer years. In addition, the municipality is still experiencing budgetary constraints to can meet the required 8% that repairs and maintenance should contribute towards property, plant and equipment; and investment property. In relation to property, plant and equipment, repairs and maintenance comprises of 1, 88% throughout the

MTREF period and this percentage is however way below the set norm of 8% as stipulated by National Treasury.

**Table 6 Repairs and maintenance per asset class**

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Repairs and maintenance expenditure</b>									
<b>Infrastructure</b>	3 998	4 633	5 694	10 400	6 704	6 704	6 756	7 121	7 061
<b>Roads Infrastructure</b>	1 788	946	1 266	4 000	2 000	2 000	2 000	2 108	1 922
Roads	1 788	946	1 266	4 000	2 000	2 000	2 000	2 108	1 922
<b>Electrical Infrastructure</b>	1 001	1 802	1 891	3 000	1 000	1 000	1 052	1 109	1 169
HV Transmission Conductors							1 052	1 109	1 169
MV Networks	1 001	1 802	1 891	3 000	1 000	1 000			
<b>Solid Waste Infrastructure</b>	1 209	1 885	2 538	3 400	3 704	3 704	3 704	3 904	3 971
Landfill Sites	1 209	1 885	2 538	3 400	3 704	3 704	3 704	3 904	3 971
<b>Other assets</b>	1 154	1 432	929	2 000	1 000	1 000	1 052	1 109	1 169
Operational Buildings	1 154	1 432	929	2 000	1 000	1 000	1 052	1 109	1 169
Municipal Offices	1 154	1 432	929	2 000	1 000	1 000	1 052	1 109	1 169
<b>Intangible Assets</b>	9	82	-	-	-	-	-	-	-
Licences and Rights	9	82	-	-	-	-	-	-	-
Computer Software and Applications	9	82							
<b>Machinery and Equipment</b>	2 749	2 405	4 905	3 550	1 670	1 670	1 757	1 852	1 952
Machinery and Equipment	2 749	2 405	4 905	3 550	1 670	1 670	1 757	1 852	1 952
<b>Transport Assets</b>	1 427	1 800	777	2 000	1 000	1 000	1 052	1 109	1 169
Transport Assets	1 427	1 800	777	2 000	1 000	1 000	1 052	1 109	1 169
<b>Total Repairs and Maintenance Expenditure</b>	<b>9 337</b>	<b>10 353</b>	<b>12 305</b>	<b>17 950</b>	<b>10 374</b>	<b>10 374</b>	<b>10 617</b>	<b>11 191</b>	<b>11 350</b>
<b>R&amp;M as a % of PPE</b>	1.10%	1.10%	1.30%	1.80%	1.00%	1.00%	1.10%	1.10%	1.00%
<b>R&amp;M as % Operating Expenditure</b>	2.50%	2.10%	2.40%	3.80%	2.30%	2.30%	3.00%	2.30%	2.20%

For the 2019/20 financial year R6, 756 million of total repairs and maintenance will be spent on infrastructure assets. Road infrastructure and solid waste have budget been allocated R3, 704 million each. The other assets that have been catered for in the repairs and maintenance budget is buildings, maintenance of website, machinery and equipment and transport assets. The overall budget for repairs and maintenance has increased from R10, 374 million to R10, 617 million that reflects 2, 34% increase.

### 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists of households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 10 MBRR A10 (Basic Service Delivery Measurement) on.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act and this package covers all the basic services provided by EMLM and these services include, property rates rebates, service charges electricity, and refuse removal.

## 1.6 Capital expenditure

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

**Table 7 2019/20 Medium-term capital budget per vote**

Vote Description	2019/20 Medium Term Revenue & Expenditure						
	Adjusted Budget	%	Budget Year 2019/20	%	Budget Year +1 2020/21	%	Budget Year +2 2021/22
Vote 1 - Executive & Council	-		-		-		-
Vote 2 - Office of the Municipal Manager	-		-		-		-
Vote 3 - Budget & Treasury	-		-		-		-
Vote 4 - Corporate Services	2 200	-59.09%	900	-	900	-	900
Vote 5 - Community Services	2 122	9.63%	2 326	-62.62%	870	-100%	-
Vote 6 - Technical Services	92 936	-0.55%	92 427	2.94%	95 142	0.49%	95 603
Vote 7 - Developmental Planning	-		-		-		-
Vote 8 - Executive Support	-		-		-		-
<b>Capital multi-year expenditure sub-total</b>	<b>97 258</b>		<b>95 654</b>		<b>96 911</b>		<b>96 503</b>

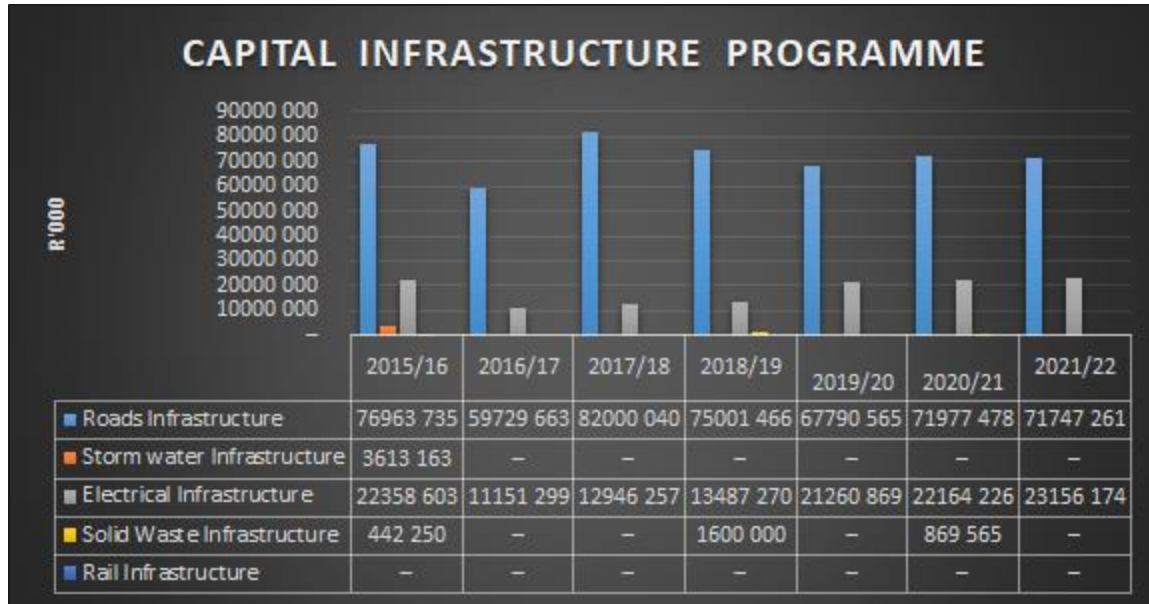
The major portion of capital expenditure budget is appropriated in vote 6 and for 2019/20 an amount of R92, 427 million has been appropriated and the figure has decreased by 0, 55% in 2019/20 and then slightly increased by 2, 94% in 2020/21. The budget in vote 6 is mainly for electrification and road infrastructure capital projects. The other departments', *id-est* Corporate Services – the appropriations are mainly for procurement of operational equipment such as ICT equipment, Office furniture, and other equipment while Community Services – the appropriations are for fencing of cemeteries and upgrading of landfill sites.

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Electricity related projects – R21, 260 million
- Roads related projects – R67, 790 million
- Operational equipment – R3, 226 million
- Buildings – R3, 375 million

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





**Figure 3 Capital Infrastructure Programme**

**1.7 Annual Budget Tables**

The following tables present the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality’s 2019/20 annual budget and MTREF.

Table 8 MBRR Table A1 - Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Financial Performance</b>										
Property rates	22 395	25 815	25 978	36 650	33 010	33 010	28 494	34 727	36 602	38 579
Service charges	68 787	77 251	74 874	101 546	89 925	89 925	73 881	101 507	106 988	112 766
Investment revenue	4 290	2 889	2 928	3 000	2 800	2 800	1 706	2 946	3 105	3 272
Transfers recognised - operational	216 652	213 105	226 163	245 278	245 278	245 278	241 219	272 618	291 737	314 255
Other own revenue	18 178	72 026	94 037	90 309	84 683	84 683	35 072	89 087	93 898	98 968
<b>Total Revenue excluding capital transfers</b>	<b>330 303</b>	<b>391 085</b>	<b>423 980</b>	<b>476 784</b>	<b>455 697</b>	<b>455 697</b>	<b>380 371</b>	<b>500 885</b>	<b>532 330</b>	<b>567 840</b>
Employee costs	112 151	117 781	127 202	134 149	130 473	130 473	116 782	147 530	157 231	165 564
Remuneration of councillors	19 061	20 298	22 874	25 070	24 291	24 291	19 363	25 554	27 266	28 093
Depreciation & asset impairment	49 728	47 998	53 654	51 181	51 181	51 181	25 989	56 520	59 572	60 789
Finance charges	2 141	1 426	281	2 500	2 900	2 900	1 397	2 505	1 141	53
Materials and bulk purchases	69 966	78 603	78 408	97 094	78 909	78 909	64 652	94 531	107 730	122 682
Transfers and grants	1 279	708	841	4 404	3 580	3 580	1 919	3 740	3 942	4 155
Other expenditure	114 765	229 263	238 169	156 910	157 835	157 835	125 253	152 210	155 021	159 013
<b>Total Expenditure</b>	<b>369 091</b>	<b>496 076</b>	<b>521 428</b>	<b>471 308</b>	<b>449 169</b>	<b>449 169</b>	<b>355 356</b>	<b>482 591</b>	<b>511 903</b>	<b>540 349</b>
<b>Surplus/(Deficit)</b>	<b>(38 788)</b>	<b>(104 990)</b>	<b>(97 448)</b>	<b>5 476</b>	<b>6 528</b>	<b>6 528</b>	<b>25 016</b>	<b>18 293</b>	<b>20 427</b>	<b>27 491</b>
Transfers and subsidies - capital	77 188	68 930	97 901	63 830	94 050	94 050	51 505	73 921	74 234	75 773
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers</b>	<b>38 400</b>	<b>(36 060)</b>	<b>453</b>	<b>69 306</b>	<b>100 578</b>	<b>100 578</b>	<b>76 521</b>	<b>92 214</b>	<b>94 661</b>	<b>103 264</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>38 400</b>	<b>(36 060)</b>	<b>453</b>	<b>69 306</b>	<b>100 578</b>	<b>100 578</b>	<b>76 521</b>	<b>92 214</b>	<b>94 661</b>	<b>103 264</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>108 388</b>	<b>80 665</b>	<b>107 563</b>	<b>75 869</b>	<b>97 258</b>	<b>97 258</b>	<b>51 754</b>	<b>95 654</b>	<b>96 911</b>	<b>96 503</b>
Transfers recognised - capital	77 188	68 895	83 864	55 504	81 841	81 841	45 663	73 921	74 234	75 773
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	31 200	11 770	23 699	20 365	15 417	15 417	6 091	21 733	22 677	20 730
<b>Total sources of capital funds</b>	<b>108 388</b>	<b>80 665</b>	<b>107 563</b>	<b>75 869</b>	<b>97 258</b>	<b>97 258</b>	<b>51 754</b>	<b>95 654</b>	<b>96 911</b>	<b>96 503</b>
<b>Financial position</b>										
Total current assets	58 124	87 618	65 342	120 845	127 079	127 079	211 349	115 014	131 173	160 431
Total non current assets	979 292	1 006 770	1 018 848	1 083 492	1 083 492	1 083 492	1 053 184	1 123 066	1 161 175	1 197 659
Total current liabilities	69 263	99 680	91 339	73 138	66 949	66 949	140 539	81 128	87 796	74 484
Total non current liabilities	95 865	89 811	98 206	116 629	109 192	109 192	121 097	103 696	93 460	93 708
Community wealth/Equity	872 288	904 896	894 645	1 014 570	1 034 431	1 034 431	1 002 897	1 053 256	1 111 091	1 189 899
<b>Cash flows</b>										
Net cash from (used) operating	22 790	98 321	96 019	83 769	90 520	90 520	118 137	102 851	102 842	106 210
Net cash from (used) investing	(30 567)	(81 193)	(103 972)	(71 869)	(65 801)	(65 801)	(44 880)	(88 001)	(89 158)	(88 783)
Net cash from (used) financing	(5 415)	(8 149)	(6 900)	(9 829)	(6 640)	(6 640)	(9 023)	(10 086)	(11 400)	(2 804)
<b>Cash/cash equivalents at the year end</b>	<b>11 965</b>	<b>20 944</b>	<b>6 194</b>	<b>18 038</b>	<b>24 273</b>	<b>24 273</b>	<b>70 428</b>	<b>29 037</b>	<b>31 320</b>	<b>45 944</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	11 965	20 944	6 194	18 038	24 273	24 273	70 428	29 037	31 320	45 944
Application of cash and investments	28 276	45 957	52 154	(147)	1 771	1 771	10 617	20 091	18 155	5 451
<b>Balance - surplus (shortfall)</b>	<b>(16 310)</b>	<b>(25 013)</b>	<b>(45 959)</b>	<b>18 185</b>	<b>22 502</b>	<b>22 502</b>	<b>59 811</b>	<b>8 946</b>	<b>13 165</b>	<b>40 493</b>
<b>Asset management</b>										
Asset register summary (WDV)	604 259	687 954	951 854	733 798	733 798	733 798	733 798	1 055 765	1 093 104	1 128 819
Depreciation	49 728	47 998	53 654	51 181	51 181	51 181	51 181	53 842	56 749	59 814
Renewal and Upgrading of Existing Assets	30 190	40 622	50 504	37 072	43 066	43 066	43 066	41 485	56 966	43 459
Repairs and Maintenance	9 337	10 353	12 305	17 950	10 374	10 374	10 374	10 617	11 191	11 350
<b>Free services</b>										
Cost of Free Basic Services provided	1	1	-	-	-	-	-	-	-	-
Revenue cost of free services provided	5 235	8 568	5 628	9 112	9 112	9 112	9 586	9 586	10 104	10 649
<b>Households below minimum service level</b>										
Energy:	3	3	-	4	4	4	3	3	3	3
Refuse:	50	50	-	50	50	50	54	54	54	54

## Explanatory notes to MBRR Table A1 - Budget Summary

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

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure net of non-cash items) is positive over the MTREF period.
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Internally generated funds are financed from a combination of the current operating surplus. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that the municipality does not have reserves and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position with regards to replacement of assets since no capital replacement reserve is in place. Notwithstanding the absence of capital replacement reserves, at least the municipality is not operating on an over Annual nor funding some of its capital projects through direct borrowings. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality has dropped and this is attributed to offering free basic services only to indigents and this function is not yet optimized.

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

Functional Classification Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue - Functional</b>									
<b>Governance and administration</b>	<b>248 338</b>	<b>253 047</b>	<b>183 232</b>	<b>203 714</b>	<b>198 283</b>	<b>198 283</b>	<b>214 636</b>	<b>232 577</b>	<b>249 921</b>
Executive and council	930	–	35 581	42 873	42 873	42 873	46 559	50 181	54 198
Finance and administration	247 408	253 047	141 249	152 939	147 508	147 508	159 127	172 779	185 365
Internal audit	–	–	6 402	7 902	7 902	7 902	8 950	9 617	10 358
<b>Community and public safety</b>	<b>2 711</b>	<b>45</b>	<b>9 881</b>	<b>18 637</b>	<b>18 650</b>	<b>18 650</b>	<b>21 118</b>	<b>22 691</b>	<b>24 437</b>
Community and social services	2 710	45	3 412	7 973	7 973	7 973	9 026	9 698	10 443
Sport and recreation	1	–	6 469	10 664	10 677	10 677	12 092	12 993	13 993
Public safety	–	–	–	–	–	–	–	–	–
Housing	–	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>	<b>76 852</b>	<b>115 853</b>	<b>206 569</b>	<b>185 532</b>	<b>212 010</b>	<b>212 010</b>	<b>190 855</b>	<b>200 675</b>	<b>215 386</b>
Planning and development	1 186	1 635	6 605	17 319	17 107	17 107	21 564	21 533	23 021
Road transport	75 666	114 218	199 121	167 196	193 885	193 885	168 137	177 903	191 031
Environmental protection	–	–	842	1 018	1 018	1 018	1 153	1 239	1 334
<b>Trading services</b>	<b>79 589</b>	<b>91 070</b>	<b>122 199</b>	<b>132 730</b>	<b>120 804</b>	<b>120 804</b>	<b>148 197</b>	<b>150 621</b>	<b>153 870</b>
Energy sources	75 904	84 564	91 510	109 537	102 039	102 039	119 623	122 296	125 171
Waste management	3 685	6 506	30 689	23 193	18 765	18 765	28 574	28 325	28 698
<b>Other</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Revenue - Functional</b>	<b>407 491</b>	<b>460 015</b>	<b>521 880</b>	<b>540 614</b>	<b>549 746</b>	<b>549 746</b>	<b>574 806</b>	<b>606 564</b>	<b>643 613</b>
<b>Expenditure - Functional</b>									
<b>Governance and administration</b>	<b>217 668</b>	<b>258 940</b>	<b>213 465</b>	<b>182 866</b>	<b>184 555</b>	<b>184 555</b>	<b>191 835</b>	<b>199 315</b>	<b>206 967</b>
Executive and council	35 980	35 425	39 711	42 558	39 998	39 998	41 658	44 271	48 192
Finance and administration	176 275	215 183	167 531	132 513	135 446	135 446	141 488	145 862	149 357
Internal audit	5 413	8 333	6 223	7 795	9 111	9 111	8 689	9 182	9 418
<b>Community and public safety</b>	<b>9 325</b>	<b>12 895</b>	<b>14 010</b>	<b>18 191</b>	<b>15 276</b>	<b>15 276</b>	<b>18 495</b>	<b>19 664</b>	<b>20 706</b>
Community and social services	4 577	5 518	6 687	7 709	5 563	5 563	7 457	7 946	8 361
Sport and recreation	4 749	7 378	7 323	10 482	9 713	9 713	11 037	11 719	12 344
Public safety	–	–	–	–	–	–	–	–	–
Housing	–	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>	<b>53 433</b>	<b>103 151</b>	<b>125 722</b>	<b>142 333</b>	<b>133 138</b>	<b>133 138</b>	<b>145 716</b>	<b>152 778</b>	<b>157 245</b>
Planning and development	11 171	18 070	14 195	16 988	15 813	15 813	17 147	16 774	15 981
Road transport	40 800	83 994	110 877	124 365	116 597	116 597	127 726	135 108	140 324
Environmental protection	1 463	1 087	650	981	728	728	843	896	939
<b>Trading services</b>	<b>88 664</b>	<b>121 089</b>	<b>168 230</b>	<b>127 918</b>	<b>116 200</b>	<b>116 200</b>	<b>126 546</b>	<b>140 145</b>	<b>155 432</b>
Energy sources	65 530	98 785	140 094	105 653	92 646	92 646	99 370	112 891	127 212
Waste management	23 135	22 304	28 136	22 265	23 554	23 554	27 177	27 254	28 220
<b>Other</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Expenditure - Functional</b>	<b>369 091</b>	<b>496 076</b>	<b>521 428</b>	<b>471 308</b>	<b>449 169</b>	<b>449 169</b>	<b>482 591</b>	<b>511 903</b>	<b>540 349</b>
<b>Surplus/(Deficit) for the year</b>	<b>38 400</b>	<b>(36 060)</b>	<b>453</b>	<b>69 306</b>	<b>100 578</b>	<b>100 578</b>	<b>92 214</b>	<b>94 661</b>	<b>103 264</b>

### Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into different functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

**Table 10 MBRR Table A3 - Budgeted Financial Performance (by vote)**

Vote Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue by Vote</b>									
Vote 1 - Executive & Council	–	–	31 540	38 168	38 168	38 168	41 231	44 455	48 031
Vote 2 - Office of the Municipal Manager	930	–	15 805	31 469	31 469	31 469	35 643	38 301	41 250
Vote 3 - Budget & Treasury	247 402	253 036	83 272	64 695	59 272	59 272	64 188	68 387	72 707
Vote 4 - Corporate Services	6	12	34 041	39 939	39 931	39 931	40 227	45 599	49 340
Vote 5 - Community Services	13 068	62 691	131 423	127 644	120 478	120 478	132 693	138 549	146 999
Vote 6 - Technical Services	143 712	141 006	211 539	211 110	233 051	233 051	227 629	237 241	248 804
Vote 7 - Developmental Planning	1 186	1 635	1 529	11 493	11 282	11 282	14 966	14 443	15 385
Vote 8 - Executive Support	1 186	1 635	12 731	16 094	16 094	16 094	18 229	19 588	21 097
<b>Total Revenue by Vote</b>	<b>407 491</b>	<b>460 015</b>	<b>521 880</b>	<b>540 614</b>	<b>549 746</b>	<b>549 746</b>	<b>574 806</b>	<b>606 564</b>	<b>643 613</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Executive & Council	29 961	31 808	36 404	37 886	35 307	35 307	36 874	39 197	42 847
Vote 2 - Office of the Municipal Manager	21 217	27 365	20 075	31 112	37 306	37 306	35 065	37 067	38 157
Vote 3 - Budget & Treasury	111 996	128 458	89 906	47 233	51 072	51 072	52 917	56 063	58 368
Vote 4 - Corporate Services	22 109	40 771	39 301	37 865	30 600	30 600	36 814	38 994	39 934
Vote 5 - Community Services	48 634	55 374	123 541	105 457	100 333	100 333	112 427	117 560	121 617
Vote 6 - Technical Services	104 289	183 344	188 616	185 027	167 702	167 702	181 124	195 377	212 055
Vote 7 - Developmental Planning	6 505	12 074	7 999	11 188	9 977	9 977	13 185	12 556	11 539
Vote 8 - Executive Support	24 381	16 881	15 585	15 539	16 872	16 872	14 187	15 088	15 831
<b>Total Expenditure by Vote</b>	<b>369 091</b>	<b>496 076</b>	<b>521 428</b>	<b>471 308</b>	<b>449 169</b>	<b>449 169</b>	<b>482 591</b>	<b>511 903</b>	<b>540 349</b>
<b>Surplus/(Deficit) for the year</b>	<b>38 400</b>	<b>(36 060)</b>	<b>453</b>	<b>69 306</b>	<b>100 578</b>	<b>100 578</b>	<b>92 214</b>	<b>94 661</b>	<b>103 264</b>

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality.

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

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue By Source</b>										
Property rates	22 395	25 815	25 978	36 650	33 010	33 010	28 494	34 727	36 602	38 579
Service charges - electricity revenue	65 104	70 745	67 575	89 298	81 798	81 798	67 307	92 957	97 977	103 268
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	3 684	6 506	7 299	12 249	8 127	8 127	6 574	8 550	9 011	9 498
Rental of facilities and equipment	2 213	1 319	944	1 220	1 000	1 000	606	1 052	1 109	1 169
Interest earned - external investments	4 290	2 889	2 928	3 000	2 800	2 800	1 706	2 946	3 105	3 272
Interest earned - outstanding debtors	5 872	6 469	9 693	8 161	6 692	6 692	4 917	7 040	7 421	7 821
Dividends received										
Fines, penalties and forfeits	2 413	50 885	67 325	73 218	70 209	70 209	21 891	73 860	77 848	82 052
Licences and permits	4 257	5 255	4 956	4 950	5 200	5 200	3 883	5 470	5 766	6 077
Agency services										
Transfers and subsidies	216 652	213 105	226 163	245 278	245 278	245 278	241 219	272 618	291 737	314 255
Other revenue	3 423	8 098	11 118	2 761	1 582	1 582	3 775	1 664	1 754	1 849
Gains on disposal of PPE										
<b>Total Revenue excluding capital transfers</b>	<b>330 303</b>	<b>391 085</b>	<b>423 980</b>	<b>476 784</b>	<b>455 697</b>	<b>455 697</b>	<b>380 371</b>	<b>500 885</b>	<b>532 330</b>	<b>567 840</b>
<b>Expenditure By Type</b>										
Employee related costs	112 151	117 781	127 202	134 149	130 473	130 473	116 782	147 530	157 231	165 564
Remuneration of councillors	19 061	20 298	22 874	25 070	24 291	24 291	19 363	25 554	27 266	28 093
Debt impairment	8 130	21 128	74 839	53 421	55 000	55 000	31 176	57 860	60 984	61 899
Depreciation & asset impairment	49 728	47 998	53 654	51 181	51 181	51 181	25 989	56 520	59 572	60 789
Finance charges	2 141	1 426	281	2 500	2 900	2 900	1 397	2 505	1 141	53
Bulk purchases	60 361	65 729	68 602	80 000	70 000	70 000	57 010	80 941	93 406	107 884
Other materials	9 606	12 873	9 806	17 094	8 909	8 909	7 643	13 590	14 324	14 798
Contracted services	36 111	43 080	67 951	56 834	59 841	59 841	56 249	53 788	54 842	58 246
Transfers and subsidies	1 279	708	841	4 404	3 580	3 580	1 919	3 740	3 942	4 155
Other expenditure	66 734	161 695	93 908	46 656	42 994	42 994	37 828	40 562	39 194	38 868
Loss on disposal of PPE	3 790	3 360	1 470	-	-	-	-	(0)	(0)	0
<b>Total Expenditure</b>	<b>369 091</b>	<b>496 076</b>	<b>521 428</b>	<b>471 308</b>	<b>449 169</b>	<b>449 169</b>	<b>355 356</b>	<b>482 591</b>	<b>511 903</b>	<b>540 349</b>
<b>Surplus/(Deficit)</b>	<b>(38 788)</b>	<b>(104 990)</b>	<b>(97 448)</b>	<b>5 476</b>	<b>6 528</b>	<b>6 528</b>	<b>25 016</b>	<b>18 293</b>	<b>20 427</b>	<b>27 491</b>
Transfers and subsidies - capital	77 188	68 930	97 901	63 830	94 050	94 050	51 505	73 921	74 234	75 773
Transfers and subsidies - capital	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)										
<b>Surplus/(Deficit) after capital transfers</b>	<b>38 400</b>	<b>(36 060)</b>	<b>453</b>	<b>69 306</b>	<b>100 578</b>	<b>100 578</b>	<b>76 521</b>	<b>92 214</b>	<b>94 661</b>	<b>103 264</b>
Taxation										
<b>Surplus/(Deficit) after taxation</b>	<b>38 400</b>	<b>(36 060)</b>	<b>453</b>	<b>69 306</b>	<b>100 578</b>	<b>100 578</b>	<b>76 521</b>	<b>92 214</b>	<b>94 661</b>	<b>103 264</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>	<b>38 400</b>	<b>(36 060)</b>	<b>453</b>	<b>69 306</b>	<b>100 578</b>	<b>100 578</b>	<b>76 521</b>	<b>92 214</b>	<b>94 661</b>	<b>103 264</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/(Deficit) for the year</b>	<b>38 400</b>	<b>(36 060)</b>	<b>453</b>	<b>69 306</b>	<b>100 578</b>	<b>100 578</b>	<b>76 521</b>	<b>92 214</b>	<b>94 661</b>	<b>103 264</b>

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

1. Operating revenue is R500, 885 million in 2019/20 and escalates to R532, 330 million and R567, 840 million in the outer years.
2. Services charges relating to electricity and refuse removal, these revenue sources contribute significantly to the revenue basket of the municipality and the contribution thereof totals R101, 507 million for the 2019/20 financial year and increasing to R106, 988 million in 2019/20 and increasing to R112, 765 million in 2020/21 financial year.

3. Transfers recognized – operating includes the local government equitable share, financial management grant, extended public works programme grant.
4. Services charges relating to refuse removal is increasing from R8.1 million to R8.5 million, and in comparison with the year to date figure of R6.5 million, the increase is due to the donated compactors by the department of environmental affairs that will be operational in 2019/20 financial year.
5. Rental of facilities and equipment is increased from R1 million in adjustment budget to R1.05 million and in comparison with the year to date figure of R606 thousand, the increment is due to addressing the finding by AG to adjust the property rented by municipal employees to the market related rental fees.
6. Interest on external investment is budgeted to increase from R2.8 million to R2.9 million the municipality realized R1.7 million year to date; and the anticipated increment is due to the deposit that the municipality has with Eskom that generate interest and its only realized at year end.
7. Fines are anticipated to increase from R70. 2 million to R73. 9 million and the municipality realized R21. 7 million for the period of July to October. The reason for the fines amount of four months is due to the systems of capturing fines that is not linked to the main financial system, we pass the journals from the information received from the Traffic department.
8. Other revenue is increased from R 1, 582 million to R 1, 664 million the reason the figure looks understated when compared to the reported year to date figure R 3, 7 million, is due to the proceeds generated from auction on disposal of assets.
9. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.
10. Salaries for senior managers is budgeted to increase by 13.1 percent the huge increase is due to the proposed matter that the directors of municipality should be moved to the maximum notch to address the fact that their subordinates were earning more than them. And the attached letter from Cogesta addressing the difference of the Directors salaries.
11. Motor/car Allowance increment is due to the possible move to the last notch, that will result on directors restructuring their car allowance accordingly
12. Pension and UIF of other municipal staff increased due to the vacant post budgeted for 2019/20.
13. The increment on payment in lieu of leave due to the attached circular from SALGA that stipulates that employees may cash in leave days, and provision for employees who might resign during the financial year.
14. Depreciation increased from R51. 181 million in 2018/19 to R56, 250 million and the increase is due to the Assets Disposed in 2018/19 financial year and additions of new Assets acquired.
15. The Budgeted Amount on finance charges the figure is guided by the attached Amortization schedule.
16. Seminars, conferences and workshop, the substantial increase is as result of a need to capacitated council.

**Table 12 MBRR Table A5 - Budgeted Capital Expenditure by standard classification and funding source**

Vote Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Capital Expenditure - Functional</b>										
<b>Governance and administration</b>	1 148	2 091	1 110	2 200	2 200	2 200	1 289	900	900	900
Executive and council										
Finance and administration	1 148	2 091	1 110	2 200	2 200	2 200	1 289	900	900	900
Internal audit										
<b>Community and public safety</b>	77	181	8 834	522	522	522	-	500	-	-
Community and social services	77	28		522	522	522	-	-	-	-
Sport and recreation			8 834							
Public safety		153						500	-	-
Housing										
Health										
<b>Economic and environmental services</b>	84 276	67 241	84 672	59 279	79 449	79 449	40 800	72 906	75 363	74 708
Planning and development										
Road transport	84 276	67 241	84 672	59 279	79 449	79 449	40 800	72 906	75 363	74 708
Environmental protection										
<b>Trading services</b>	22 887	11 151	12 946	13 868	15 087	15 087	9 665	21 348	20 648	20 895
Energy sources	22 445	11 151	12 946	10 868	13 487	13 487	8 430	19 522	19 778	20 895
Water management										
Waste water management										
Waste management	442			3 000	1 600	1 600	1 234	1 826	870	-
<b>Other</b>										-
<b>Total Capital Expenditure - Functional</b>	<b>108 388</b>	<b>80 665</b>	<b>107 563</b>	<b>75 869</b>	<b>97 258</b>	<b>97 258</b>	<b>51 754</b>	<b>95 654</b>	<b>96 911</b>	<b>96 503</b>
<b>Funded by:</b>										
National Government	77 188	68 895	83 864	55 504	62 910	62 910	45 663	73 921	74 234	75 773
Provincial Government					18 931	18 931				
District Municipality										
Other transfers and grants									-	-
<b>Transfers recognised - capital</b>	<b>77 188</b>	<b>68 895</b>	<b>83 864</b>	<b>55 504</b>	<b>81 841</b>	<b>81 841</b>	<b>45 663</b>	<b>73 921</b>	<b>74 234</b>	<b>75 773</b>
<b>Borrowing</b>										
<b>Internally generated funds</b>	31 200	11 770	23 699	20 365	15 417	15 417	6 091	21 733	22 677	20 730
<b>Total Capital Funding</b>	<b>108 388</b>	<b>80 665</b>	<b>107 563</b>	<b>75 869</b>	<b>97 258</b>	<b>97 258</b>	<b>51 754</b>	<b>95 654</b>	<b>96 911</b>	<b>96 503</b>

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

Capital projects are funded from Municipal Infrastructure Grant (MIG); Integrated National Electrification Programme (INEP) and internal generated revenue.

From table A4 point of view the municipality has budgeted for non-cash items, the effect thereof is the surplus of R18. 293 million however the internal generated funding is based on the surplus from A7 cash flow, which is exclusive of Non-Cash item.



**Table 13 MBRR Table A5 - Budgeted Capital Expenditure by vote**

Vote Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure to be appropriated</b>										
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	1 148	-	1 110	900	1 400	1 400	661	-	-	-
Vote 5 - Community Services	3 701	28	434	3 000	1 600	1 600	1 234	-	-	-
Vote 6 - Technical Services	67 215	50 994	77 883	26 643	25 714	25 714	17 212	50 583	68 075	61 517
Vote 7 - Developmental Planning	-	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>72 063</b>	<b>51 021</b>	<b>79 427</b>	<b>30 543</b>	<b>28 714</b>	<b>28 714</b>	<b>19 107</b>	<b>50 583</b>	<b>68 075</b>	<b>61 517</b>
<b>Single-year expenditure to be appropriated</b>										
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	500	-	-	-	-	-	-
Vote 4 - Corporate Services	-	1 508	-	800	800	800	628	900	900	900
Vote 5 - Community Services	-	153	1 005	522	522	522	-	2 326	870	-
Vote 6 - Technical Services	36 325	27 399	27 131	43 504	67 222	67 222	32 019	41 845	27 067	34 086
Vote 7 - Developmental Planning	-	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	583	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>36 325</b>	<b>29 643</b>	<b>28 136</b>	<b>45 326</b>	<b>68 544</b>	<b>68 544</b>	<b>32 647</b>	<b>45 071</b>	<b>28 836</b>	<b>34 986</b>
<b>Total Capital Expenditure - Vote</b>	<b>108 388</b>	<b>80 665</b>	<b>107 563</b>	<b>75 869</b>	<b>97 258</b>	<b>97 258</b>	<b>51 754</b>	<b>95 654</b>	<b>96 911</b>	<b>96 503</b>

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

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2019/20 R50, 583 million has been allocated of the total R95, 654 million capital budget, which totals 52, 88%. This allocation escalates to R68, 075 million in 2020/21 and declines to R61, 517 million in 2021/22.
- Single-year capital expenditure has been appropriated at R45, 071 million for the 2019/20 financial year and declines to R28, 836 million in 2020/21 and then increases to R34, 986 million in 2021/22 financial year.
- Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years. The capital programme is funded from capital grants and transfers and internally generated funds from current year surpluses.

**Table 14 MBRR Table A6 - Budgeted Financial Position**

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	5 066	5 288	6 194	2 456	8 691	8 691	3 136	4 882	9 904	15 000
Call investment deposits	6 899	15 657	–	15 582	15 582	15 582	67 292	24 155	21 417	30 944
Consumer debtors	24 545	20 636	24 953	40 483	40 483	40 483	45 009	41 950	48 499	54 834
Other debtors	18 226	42 835	30 866	58 924	58 924	58 924	89 584	40 727	48 203	56 333
Current portion of long-term receivables							–	–	–	–
Inventory	3 388	3 202	3 328	3 400	3 400	3 400	6 328	3 300	3 150	3 320
<b>Total current assets</b>	<b>58 124</b>	<b>87 618</b>	<b>65 342</b>	<b>120 845</b>	<b>127 079</b>	<b>127 079</b>	<b>211 349</b>	<b>115 014</b>	<b>131 173</b>	<b>160 431</b>
<b>Non current assets</b>										
Long-term receivables								–	–	–
Investments								–	–	–
Investment property	96 146	55 728	53 739	53 728	53 728	53 728	54 139	53 739	53 739	53 739
Investment in Associate								–	–	–
Property, plant and equipment	871 247	938 356	952 317	1 016 632	1 016 632	1 016 632	997 723	1 055 765	1 093 104	1 128 819
Biological								–	–	–
Intangible	496	291	85	291	291	291	85	85	85	85
Other non-current assets	11 404	12 396	12 706	12 841	12 841	12 841	1 237	13 476	14 246	15 016
Total non current assets	979 292	1 006 770	1 018 848	1 083 492	1 083 492	1 083 492	1 053 184	1 123 066	1 161 175	1 197 659
<b>TOTAL ASSETS</b>	<b>1 037 416</b>	<b>1 094 388</b>	<b>1 084 189</b>	<b>1 204 337</b>	<b>1 210 572</b>	<b>1 210 572</b>	<b>1 264 533</b>	<b>1 238 080</b>	<b>1 292 347</b>	<b>1 358 090</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
<b>Bank overdraft</b>								–	–	–
Borrowing	8 170	6 900	–	10 000	6 811	6 811	5 002	9 686	11 050	2 504
Consumer deposits	5 120	5 633	5 249	5 260	5 260	5 260	5 373	4 860	4 510	4 210
Trade and other payables	53 644	82 244	81 839	52 466	52 466	52 466	126 449	60 924	66 536	61 970
Provisions	2 330	4 904	4 251	5 412	2 412	2 412	3 715	5 658	5 700	5 800
Total current liabilities	69 263	99 680	91 339	73 138	66 949	66 949	140 539	81 128	87 796	74 484
<b>Non current liabilities</b>										
<b>Borrowing</b>	11 520	–	–	30 677	23 240	23 240	23 097	13 554	2 504	–
Provisions	84 345	89 811	98 206	85 952	85 952	85 952	98 000	90 142	90 956	93 708
Total non current liabilities	95 865	89 811	98 206	116 629	109 192	109 192	121 097	103 696	93 460	93 708
<b>TOTAL LIABILITIES</b>	<b>165 128</b>	<b>189 492</b>	<b>189 545</b>	<b>189 767</b>	<b>176 141</b>	<b>176 141</b>	<b>261 637</b>	<b>184 824</b>	<b>181 256</b>	<b>168 192</b>
<b>NET ASSETS</b>	<b>872 288</b>	<b>904 896</b>	<b>894 645</b>	<b>1 014 570</b>	<b>1 034 431</b>	<b>1 034 431</b>	<b>1 002 897</b>	<b>1 053 256</b>	<b>1 111 091</b>	<b>1 189 899</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
<b>Accumulated Surplus/(Deficit)</b>	872 288	904 896	894 645	1 014 570	1 034 431	1 034 431	1 002 897	1 053 256	1 111 091	1 189 899
Reserves	–	–	–	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>872 288</b>	<b>904 896</b>	<b>894 645</b>	<b>1 014 570</b>	<b>1 034 431</b>	<b>1 034 431</b>	<b>1 002 897</b>	<b>1 053 256</b>	<b>1 111 091</b>	<b>1 189 899</b>

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in

order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 15 MBRR Table A7 - Budgeted Cash Flow Statement**

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates	8 908	20 966	20 409	28 587	20 797	20 797	18 029	21 878	27 452	28 934
Service charges	59 267	69 070	68 403	89 922	80 709	80 709	69 861	91 398	90 816	95 720
Other revenue	8 835	10 066	14 831	18 225	18 724	18 724	30 398	17 441	18 361	19 353
Government - operating	216 652	214 632	226 165	245 278	245 278	245 278	186 331	272 618	291 737	314 255
Government - capital	77 188	83 703	97 899	63 830	63 830	63 830	93 601	73 921	74 234	75 773
Interest	10 163	10 410	12 621	4 632	4 170	4 170	3 493	3 861	4 589	4 837
Dividends								-	-	-
<b>Payments</b>										
Suppliers and employees	(355 769)	(308 578)	(343 186)	(359 801)	(336 508)	(336 508)	(280 260)	(372 021)	(399 263)	(428 452)
Finance charges	(2 141)	(1 426)	(281)	(2 500)	(2 900)	(2 900)	(1 397)	(2 505)	(1 141)	(53)
Transfers and Grants	(313)	(521)	(841)	(4 404)	(3 580)	(3 580)	(1 919)	(3 740)	(3 942)	(4 155)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>22 790</b>	<b>98 321</b>	<b>96 019</b>	<b>83 769</b>	<b>90 520</b>	<b>90 520</b>	<b>118 137</b>	<b>102 851</b>	<b>102 842</b>	<b>106 210</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE	654		2 400	2 000	2 000	2 000	3 022	-	-	-
Decrease (Increase) in non-current debtors	-			2 000	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	(529)	-				150	-	-	-
Decrease (increase) in non-current investments	77 167						-	-	-	-
<b>Payments</b>										
Capital assets	(108 388)	(80 665)	(106 372)	(75 869)	(67 801)	(67 801)	(48 052)	(88 001)	(89 158)	(88 783)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(30 567)</b>	<b>(81 193)</b>	<b>(103 972)</b>	<b>(71 869)</b>	<b>(65 801)</b>	<b>(65 801)</b>	<b>(44 880)</b>	<b>(88 001)</b>	<b>(89 158)</b>	<b>(88 783)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans								-	-	-
Borrowing long term/refinancing								-	-	-
Increase (decrease) in consumer deposits	(412)	21	-	171	171	171	124	(400)	(350)	(300)
<b>Payments</b>										
Repayment of borrowing	(5 003)	(8 170)	(6 900)	(10 000)	(6 811)	(6 811)	(9 147)	(9 686)	(11 050)	(2 504)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(5 415)</b>	<b>(8 149)</b>	<b>(6 900)</b>	<b>(9 829)</b>	<b>(6 640)</b>	<b>(6 640)</b>	<b>(9 023)</b>	<b>(10 086)</b>	<b>(11 400)</b>	<b>(2 804)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(13 192)</b>	<b>8 979</b>	<b>(14 854)</b>	<b>2 071</b>	<b>18 079</b>	<b>18 079</b>	<b>64 234</b>	<b>4 764</b>	<b>2 283</b>	<b>14 624</b>
Cash/cash equivalents at the year begin:	25 158	11 965	21 048	15 968	6 194	6 194	6 194	24 273	29 037	31 320
<b>Cash/cash equivalents at the year end:</b>	<b>11 965</b>	<b>20 944</b>	<b>6 194</b>	<b>18 038</b>	<b>24 273</b>	<b>24 273</b>	<b>70 428</b>	<b>29 037</b>	<b>31 320</b>	<b>45 944</b>

### Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash level of the Municipality is projected to consistently increase, however the achievement of these results, requires implementation of stringent credit control.
4. The 2019/20 MTREF has been informed by the planning principle of ensuring adequate cash and cash equivalent over the medium-term and as a result, the Cash and Investment management policy is now in place.
5. Capital assets payment is exclusive of retention amounting to 10% of the work done.

### Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is budgeted as a percentage of annual billings as follows: property rates 63%; Services charges electricity 94%; Services charges refuse 47%; Rental of facilities and equipment 67%; Interest earned - outstanding debtors 13% and Fines, penalties and forfeits 13%. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

Comparing A7 Capital assets and A5 total Capex the inconsistency is due to retention that will be held by the municipality.

**Table 16 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	11 965	20 944	6 194	18 038	24 273	24 273	70 428	29 037	31 320	45 944
Other current investments > 90 days	-	(0)	-	-	-	-	(0)	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>11 965</b>	<b>20 944</b>	<b>6 194</b>	<b>18 038</b>	<b>24 273</b>	<b>24 273</b>	<b>70 428</b>	<b>29 037</b>	<b>31 320</b>	<b>45 944</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers	-	-	-	466	466	466	47 489	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	2 420			1 458	1 458	1 458		1 473	1 552	1 636
Other working capital requirements	23 526	45 957	52 154	(7 483)	(5 565)	(5 565)	(36 872)	12 960	10 903	(1 985)
Other provisions	2 330			5 412	5 412	5 412		5 658	5 700	5 800
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>	<b>28 276</b>	<b>45 957</b>	<b>52 154</b>	<b>(147)</b>	<b>1 771</b>	<b>1 771</b>	<b>10 617</b>	<b>20 091</b>	<b>18 155</b>	<b>5 451</b>
<b>Surplus(shortfall)</b>	<b>(16 310)</b>	<b>(25 013)</b>	<b>(45 959)</b>	<b>18 185</b>	<b>22 502</b>	<b>22 502</b>	<b>59 811</b>	<b>8 946</b>	<b>13 165</b>	<b>40 493</b>

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the above table, it is clearly indicated that the municipality has surplus over MTREF.

**Table 17 MBRR Table A9 - Asset Management: New and Renewal of existing assets**

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	<b>78 198</b>	<b>40 043</b>	<b>57 060</b>	<b>38 798</b>	<b>54 192</b>	<b>54 192</b>	<b>54 169</b>	<b>39 945</b>	<b>53 044</b>
Roads Infrastructure	52 140	21 733	39 865	21 283	34 057	34 057	30 521	20 006	34 897
Storm water Infrastructure	3 613	-	-	-	-	-	-	-	-
Electrical Infrastructure	22 359	11 151	12 946	10 868	13 487	13 487	19 522	18 039	16 547
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>78 112</b>	<b>32 884</b>	<b>52 811</b>	<b>32 150</b>	<b>47 545</b>	<b>47 545</b>	<b>50 043</b>	<b>38 045</b>	<b>51 444</b>
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings	-	1 298	-	5 347	4 947	4 947	900	500	200
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>-</b>	<b>1 298</b>	<b>-</b>	<b>5 347</b>	<b>4 947</b>	<b>4 947</b>	<b>900</b>	<b>500</b>	<b>200</b>
<b>Computer Equipment</b>	<b>-</b>	<b>1 168</b>	<b>749</b>	<b>500</b>	<b>1 000</b>	<b>1 000</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Furniture and Office Equipment</b>	<b>-</b>	<b>340</b>	<b>362</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>
<b>Machinery and Equipment</b>	<b>86</b>	<b>2 100</b>	<b>3 138</b>	<b>400</b>	<b>300</b>	<b>300</b>	<b>2 326</b>	<b>500</b>	<b>500</b>
<b>Transport Assets</b>	<b>-</b>	<b>2 253</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Renewal of Existing Assets</b>	<b>30 190</b>	<b>40 622</b>	<b>42 569</b>	<b>34 072</b>	<b>41 466</b>	<b>41 466</b>	<b>23 813</b>	<b>38 615</b>	<b>26 422</b>
Roads Infrastructure	24 824	37 997	42 135	33 550	40 944	40 944	22 074	36 229	24 161
Electrical Infrastructure	-	-	-	-	-	-	1 739	2 386	2 261
Solid Waste Infrastructure	442	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>25 266</b>	<b>37 997</b>	<b>42 135</b>	<b>33 550</b>	<b>40 944</b>	<b>40 944</b>	<b>23 813</b>	<b>38 615</b>	<b>26 422</b>
Community Facilities	77	-	-	522	522	522	-	-	-
Sport and Recreation Facilities	-	1 694	-	-	-	-	-	-	-
<b>Community Assets</b>	<b>77</b>	<b>1 694</b>	<b>-</b>	<b>522</b>	<b>522</b>	<b>522</b>	<b>-</b>	<b>-</b>	<b>-</b>
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	3 699	932	434	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>3 699</b>	<b>932</b>	<b>434</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Computer Equipment</b>	<b>623</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Furniture and Office Equipment</b>	<b>237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Machinery and Equipment</b>	<b>288</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transport Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 18 MBRR Table A9 - Asset Management: Upgrading of existing assets and total capital expenditure**

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Total Upgrading of Existing Assets</b>	-	-	7 934	3 000	1 600	1 600	17 672	18 351	17 038
Roads Infrastructure	-	-	-	-	-	-	15 196	15 743	12 690
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	-	-	-	-	-	-	1 739	4 348
Solid Waste Infrastructure	-	-	-	3 000	1 600	1 600	-	870	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	-	-	-	<b>3 000</b>	<b>1 600</b>	<b>1 600</b>	<b>15 196</b>	<b>18 351</b>	<b>17 038</b>
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	7 829	-	-	-	-	-	-
<b>Community Assets</b>	-	-	<b>7 829</b>	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	105	-	-	-	2 476	-	-
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	-	-	<b>105</b>	-	-	-	<b>2 476</b>	-	-
<b>Computer Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Transport Assets</b>	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	<b>108 388</b>	<b>80 665</b>	<b>107 563</b>	<b>75 869</b>	<b>97 258</b>	<b>97 258</b>	<b>95 654</b>	<b>96 911</b>	96 503
Roads Infrastructure	76 964	59 730	82 000	54 832	75 001	75 001	67 791	71 977	71 747
Storm water Infrastructure	3 613	-	-	-	-	-	-	-	-
Electrical Infrastructure	22 359	11 151	12 946	10 868	13 487	13 487	21 261	22 164	23 156
Solid Waste Infrastructure	442	-	-	3 000	1 600	1 600	-	870	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>103 378</b>	<b>70 881</b>	<b>94 946</b>	<b>68 700</b>	<b>90 089</b>	<b>90 089</b>	<b>89 051</b>	<b>95 011</b>	<b>94 903</b>
Community Facilities	77	-	-	522	522	522	-	-	-
Sport and Recreation Facilities	-	1 694	7 829	-	-	-	-	-	-
<b>Community Assets</b>	<b>77</b>	<b>1 694</b>	<b>7 829</b>	<b>522</b>	<b>522</b>	<b>522</b>	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	3 699	2 229	539	5 347	4 947	4 947	3 376	500	200
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>3 699</b>	<b>2 229</b>	<b>539</b>	<b>5 347</b>	<b>4 947</b>	<b>4 947</b>	<b>3 376</b>	<b>500</b>	<b>200</b>
<b>Computer Equipment</b>	<b>623</b>	<b>1 168</b>	<b>749</b>	<b>500</b>	<b>1 000</b>	<b>1 000</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Furniture and Office Equipment</b>	<b>237</b>	<b>340</b>	<b>362</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>
<b>Machinery and Equipment</b>	<b>374</b>	<b>2 100</b>	<b>3 138</b>	<b>400</b>	<b>300</b>	<b>300</b>	<b>2 326</b>	<b>500</b>	<b>500</b>
<b>Transport Assets</b>	-	<b>2 253</b>	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset clas</b>	<b>108 388</b>	<b>80 665</b>	<b>107 563</b>	<b>75 869</b>	<b>97 258</b>	<b>97 258</b>	<b>95 654</b>	<b>96 911</b>	<b>96 503</b>

Table 19 MBRR Table A9 - Asset Management: Asset Management

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>604 259</b>	<b>687 954</b>	<b>951 854</b>	<b>733 798</b>	<b>733 798</b>	<b>733 798</b>	<b>1 055 765</b>	<b>1 093 104</b>	<b>1 128 819</b>
Roads Infrastructure	448 129	599 484	594 077	659 258	659 258	659 258	702 410	739 591	798 500
Storm water Infrastructure									
Electrical Infrastructure	52 317	47 089	43 047	70 460	70 460	70 460	63 658	61 409	62 763
Water Supply Infrastructure									
Sanitation Infrastructure									
Solid Waste Infrastructure	1 873			4 080	4 080	4 080	15 693	14 996	14 261
Rail Infrastructure									
Coastal Infrastructure									
Information and Communication Infrastructure									
<b>Infrastructure</b>	<b>502 320</b>	<b>646 573</b>	<b>637 123</b>	<b>733 798</b>	<b>733 798</b>	<b>733 798</b>	<b>781 762</b>	<b>815 996</b>	<b>875 523</b>
<b>Community Assets</b>			<b>20 782</b>				<b>187 691</b>	<b>194 215</b>	<b>188 257</b>
Heritage Assets									
Investment properties									
<b>Other Assets</b>			<b>117 332</b>						
Biological or Cultivated Assets									
<b>Intangible Assets</b>							<b>291</b>	<b>291</b>	<b>291</b>
<b>Computer Equipment</b>	<b>5 242</b>						<b>5 006</b>	<b>3 823</b>	<b>2 550</b>
<b>Furniture and Office Equipment</b>	<b>39 322</b>						<b>29 144</b>	<b>25 812</b>	<b>20 452</b>
<b>Machinery and Equipment</b>	<b>57 374</b>	<b>24 409</b>					<b>42 298</b>	<b>36 271</b>	<b>29 891</b>
Transport Assets		16 971					9 574	16 697	11 855
Land			176 616						
Zoo's, Marine and Non-biological Animals									
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>604 259</b>	<b>687 954</b>	<b>951 854</b>	<b>733 798</b>	<b>733 798</b>	<b>733 798</b>	<b>1 055 765</b>	<b>1 093 104</b>	<b>1 128 819</b>
<b>EXPENDITURE OTHER ITEMS</b>	<b>59 065</b>	<b>58 351</b>	<b>65 959</b>	<b>69 131</b>	<b>61 555</b>	<b>61 555</b>	<b>64 459</b>	<b>67 940</b>	<b>71 164</b>
Depreciation	49 728	47 998	53 654	51 181	51 181	51 181	53 842	56 749	59 814
Repairs and Maintenance by Asset Class	9 337	10 353	12 305	17 950	10 374	10 374	10 617	11 191	11 350
Roads Infrastructure	1 788	946	1 266	4 000	2 000	2 000	2 000	2 108	1 922
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	1 001	1 802	1 891	3 000	1 000	1 000	1 052	1 109	1 169
Solid Waste Infrastructure	1 209	1 885	2 538	3 400	3 704	3 704	3 704	3 904	3 971
<b>Infrastructure</b>	<b>3 998</b>	<b>4 633</b>	<b>5 694</b>	<b>10 400</b>	<b>6 704</b>	<b>6 704</b>	<b>6 756</b>	<b>7 121</b>	<b>7 061</b>
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	1 154	1 432	929	2 000	1 000	1 000	1 052	1 109	1 169
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>1 154</b>	<b>1 432</b>	<b>929</b>	<b>2 000</b>	<b>1 000</b>	<b>1 000</b>	<b>1 052</b>	<b>1 109</b>	<b>1 169</b>
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	9	82	-	-	-	-	-	-	-
<b>Intangible Assets</b>	<b>9</b>	<b>82</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Computer Equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Furniture and Office Equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Machinery and Equipment</b>	<b>2 749</b>	<b>2 405</b>	<b>4 905</b>	<b>3 550</b>	<b>1 670</b>	<b>1 670</b>	<b>1 757</b>	<b>1 852</b>	<b>1 952</b>
<b>Transport Assets</b>	<b>1 427</b>	<b>1 800</b>	<b>777</b>	<b>2 000</b>	<b>1 000</b>	<b>1 000</b>	<b>1 052</b>	<b>1 109</b>	<b>1 169</b>
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>59 065</b>	<b>58 351</b>	<b>65 959</b>	<b>69 131</b>	<b>61 555</b>	<b>61 555</b>	<b>64 459</b>	<b>67 940</b>	<b>71 164</b>
Renewal and upgrading of Existing Assets as % of total PPE	27.85%	50.36%	46.95%	48.86%	44.28%	44.28%	43.37%	58.78%	45.03%
Renewal and upgrading of Existing Assets as % of depreciation	60.71%	84.63%	94.13%	72.43%	84.14%	84.14%	77.05%	100.38%	72.66%
R&M as a % of PPE	1.10%	1.10%	1.30%	1.80%	1.00%	1.00%	1.00%	1.00%	1.00%
Renewal and upgrading and R&M as a % of PPE	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	5.00%	6.00%	5.00%



**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to construct and/procure new assets, renewal, and upgrading of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal and upgrading of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.
3. The renewal and upgrading of existing assets target has been met throughout the MTEF period, however, the achievement of repairs and maintenance target still remains a challenge.

**Table 20 MBRR Table A10 – Service Delivery**

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue &		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Household service targets</b>									
<b>Energy:</b>									
Electricity (at least min.service level)	58 750	58 750	-	62 464	62 464	62 464	69 458	73 278	77 235
Electricity - prepaid (min.service level)	-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total	58 750	58 750	-	62 464	62 464	62 464	69 458	73 278	77 235
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	3 000	3 126	-	3 895	3 895	3 895	3 480	3 000	3 162
Below Minimum Service Level sub-total	3 000	3 126	-	3 895	3 895	3 895	3 480	3 000	3 162
<b>Total number of households</b>	<b>61 750</b>	<b>61 876</b>	<b>-</b>	<b>66 359</b>	<b>66 359</b>	<b>66 359</b>	<b>72 938</b>	<b>76 278</b>	<b>80 397</b>
<b>Refuse:</b>									
Removed at least once a week	11 363	11 270	-	16 042	16 042	16 042	11 534	11 534	11 534
Minimum Service Level and Above sub-total	11 363	11 270	-	16 042	16 042	16 042	11 534	11 534	11 534
Removed less frequently than once a week	394	400	-	405	405	405	405	405	405
Using communal refuse dump	1 993	1 993	-	1 993	1 993	1 993	1 993	1 993	1 993
Using own refuse dump	38 712	38 712	-	38 712	38 712	38 712	42 524	42 524	42 524
Other rubbish disposal	703	703	-	703	703	703	703	703	703
No rubbish disposal	8 504	8 504	-	8 504	8 504	8 504	8 504	8 504	8 504
Below Minimum Service Level sub-total	50 306	50 312	-	50 317	50 317	50 317	54 129	54 129	54 129
<b>Total number of households</b>	<b>61 669</b>	<b>61 582</b>	<b>-</b>	<b>66 359</b>	<b>66 359</b>	<b>66 359</b>	<b>65 663</b>	<b>65 663</b>	<b>65 663</b>
<b>Households receiving Free Basic Service</b>									
Electricity/other energy (50kwh per household per month)	1 245	1 245	-	-	-	-	1 473	1 552	1 636
Refuse (removed at least once a week)	-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>									
Electricity/other energy (50kwh per indigent household per month)	0	0	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements	1	1	-	-	-	-	1 473	1 552	1 636
<b>Total cost of FBS provided</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 473</b>	<b>1 552</b>	<b>1 636</b>
<b>Highest level of free service provided per household</b>									
Property rates (R value threshold)	30 000	30 000	30 000	30 000	30 000	30 000	30 000	30 000	30 000
Electricity (kwh per household per month)	50	50	50 000	50	50	50	50	50	50
Refuse (average litres per week)	-	-	-	-	-	-	-	-	-
Revenue cost of subsidised services provided (R'000) per section 17 of MPRA)									
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	5 235	8 568	5 628	9 112	9 112	9 112	9 586	10 104	10 649
Electricity/other energy (in excess of 50 kwh per indigent household)	-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)	-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>	<b>5 235</b>	<b>8 568</b>	<b>5 628</b>	<b>9 112</b>	<b>9 112</b>	<b>9 112</b>	<b>9 586</b>	<b>10 104</b>	<b>10 649</b>

## 2 PART 2 – SUPPORTING DOCUMENTATION

### 2.1 Overview of the annual budget process

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

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- ✓ that the process followed to compile the budget complies with legislation and good budget practices;
- ✓ that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- ✓ that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- ✓ That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 2.1.1 Budget Process Overview

Section 21 (1) (6) of the MFMA prescribes that the Mayor of a Municipality must at least 10 months before the start of a financial year, table in Council a time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget and also the review of the Integrated Development Plan.

The municipality intends to conclude the review process for the 2019/20 IDP by the end of May 2019. Below is the timetable for the IDP/ budget process for 2019/20 Municipal fiscal year.

**IDP/Budget Process Plan for the 2019/20 financial year**

<b>MONTH</b>	<b>ACTIVITY</b>	<b>Target date</b>
<b>PREPARATORY PHASE</b>		
July 2018	<ul style="list-style-type: none"> <li>Review of previous year's IDP/Budget process with MTEF included.</li> <li>EXCO provides political guidance over the budget process and priorities that must inform preparations of the budget.</li> <li>Tabling of the Draft 2019-2020 IDP Budget process plan to IDP Steering committee/ Technical committee for comments and input</li> <li>Tabling of the process plan to council structures for approval</li> </ul>	1-31 July 2018  1-31 July 2018  09 July 2018  24 July 2018
August 2018	<ul style="list-style-type: none"> <li>Ward-to-Ward based analysis data collection</li> <li>4<sup>th</sup> Quarter Performance Lekgotla</li> <li>Submit AFS (Annual Financial Statements) for 2016/17 to AG.</li> <li>Submit 2016/17 cumulative Performance Report to AG &amp; Council Structures</li> </ul>	15 August 2018 21 September 2018  17 August 2018  31 August 2018  31 August 2018
<b>ANALYSIS PHASE</b>		
September 2018	<ul style="list-style-type: none"> <li>Council determines strategic objectives for service delivery through IDP review processes and the development of the next 3 year budget (including review of sector departments plans).</li> <li>Determine revenue projections and propose tariffs and draft initial allocations per function and department for 2019/20 financial year.</li> <li>Consult with provincial and national sector departments on sector specific programmes for alignment (schools, libraries, clinics, water, electricity, roads, etc).</li> <li>Finalize ward based data compilation for verification in December 2018.</li> </ul>	01 September- 31 December 2018
<b>STRATEGIES PHASE</b>		
October 2018	<ul style="list-style-type: none"> <li>Quarterly (1st) review of 2017/18 budget, related policies, amendments (if necessary), any related consultative process.</li> <li>Collate information from ward based data.</li> </ul>	23 October 2018  1-31 October 2018

	<ul style="list-style-type: none"> <li>Begin preliminary preparations on proposed budget for 2019/20 financial year with consideration being given to partial performance of 2018/19.</li> </ul>	1-31 October 2017
	<ul style="list-style-type: none"> <li>1ST Quarter Performance Lekgotla (2018/19)</li> </ul>	23 October 2017
<b>PROJECTS PHASE</b>		
November 2018	<ul style="list-style-type: none"> <li>Confirm IDP projects with district and sector departments.</li> <li>Engage with sector departments' strategic sessions to test feasibility of attendance to planned sessions.</li> <li>Review and effect changes on initial IDP draft.</li> </ul>	1-30 November 2018
<b>INTEGRATION PHASE</b>		
December 2018	<ul style="list-style-type: none"> <li>Consolidated Analysis Phase report in place</li> <li>IDP Steering/technical Committee meeting to present the analysis phase data</li> <li>IDP Representative Forum to present the analysis report</li> </ul>	04 December 2018 06 December 2018 11 December 2018
January 2019	<ul style="list-style-type: none"> <li>Review budget performance and prepare for adjustment</li> <li>Table Draft 2017/18 Annual Report to Council.</li> <li>Submit Draft Annual Report to AG, Provincial Treasury and COGHSTA.</li> <li>Publish Draft Annual Report in the municipal jurisdiction (website etc.).</li> <li>Prepare Oversight Report for the 2017/18 financial year.</li> <li>Mid-Year Performance Lekgotla/Review/Strategic Planning Session, (review of IDP/Budget, related policies and consultative process</li> </ul>	09-18 January 2019 30 January 2019    16 January 2019
February 2019	<ul style="list-style-type: none"> <li>Table Budget Adjustment (if necessary).</li> <li>Submission of Draft IDP/Budget for 2019/20 to Management.</li> <li>Submission of Draft IDP/Budget and plans to Portfolio Committees.</li> <li>Submission of 2019-20120Draft IDP and Budget to Executive Committee</li> </ul>	28 February 2019 04 February 2019 12-13 February 2019 20 February 2019
March 2019	<ul style="list-style-type: none"> <li>Council considers the 2019-2020 Draft IDP and Budget.</li> <li>Publish the 2019-2020 Draft IDP and Budget for public comments.</li> <li>Adoption of Oversight Report for 2017-2018.</li> </ul>	19 March 2019 26 March 2019

	<b>APPROVAL PHASE</b>	
April 2019	<ul style="list-style-type: none"> <li>• Submit 2019-2020 Draft IDP and Budget to the National Treasury, Provincial Treasury and COGHSTA in both printed &amp; electronic formats.</li> <li>• Quarterly (3rd) review of 2018-2019 budget/IDP and related policies' amendment (if necessary) and related consultative process.</li> <li>• IDP Representative Forum meeting to present the draft IDP to various stakeholders</li> <li>• Consultation with National and Provincial Treasury, community participation and stakeholder consultation on the draft 2019/20 IDP.</li> <li>• 3rd Quarter Performance Lekgotla (2018/19)</li> </ul>	06 April 2019  28 April 2019  12 April 2019  17 April 2019 -10 May 2019  16 April 2019
May 2019	<ul style="list-style-type: none"> <li>• Submission of Final Draft IDP/Budget for 2019/20 to the Council for approval.</li> <li>• Finalize SDBIP<sup>i</sup> for 2019/2020.</li> <li>• Develop Performance Agreements (Performance Plans) of MM, Senior Managers and Middle Managers for 2019/20 performance year.</li> </ul>	15 May 2019  31 May 2019
June 2019	<ul style="list-style-type: none"> <li>• Submission of the SDBIP to the Mayor.</li> <li>• Submission of 2019/20 Performance Agreements to the Mayor.</li> </ul>	1-30 June 2019

### 2.1.2 IDP and Service Delivery and Budget Implementation Plan

The IDP Process Plan and the Budget Time Schedule for the 2019/20 MTREF was tabled in Council in August 2018.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

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

The IDP has been taken into a business and financial planning process leading up to the 2019/20 MTREF based on the approved 2017/18 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2019/20 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance for 2018/19 financial year. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **2.1.3 Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2019/20 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2019/20 MTREF:

- The Municipality growth (looking mainly on additional revenue from the new mall and traffic fines)
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, etc)
- Performance trends (2018/19)
- The approved 2018/19 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtors payment levels
- Investment possibilities
- The need for tariff increases versus the ability of the community to pay for service
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 91 and 94 has been taken into consideration in the planning and prioritisation process.

### **2.1.4 Community Consultation**

The draft 2019/20 MTREF was tabled before Council on 29 March 2019 for community consultation and thereafter it will be published on the municipality's website, and hard copies will be made available at satellite offices, municipal notice boards and various libraries.

## 2.2 Overview of alignment of annual budget with IDP

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

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

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

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

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

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

- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- National Spatial Development Perspective (NSDP) and



- National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP' strategic objectives for the 2019/20 MTREF and further planning refinements that have directly informed the compilation of the budget:

Developmental priority	Outcome	Role of EMLM	Output
Spatial Rationale	<b>Outcome 8 &amp;9</b>	<ul style="list-style-type: none"> <li>➤ Provide land for human settlement</li> <li>➤ Zoning and rezoning of land</li> <li>➤ Prevent land invasions</li> </ul>	More efficient land utilization and release state land.
Access to basic service delivery	<b>Outcome 6</b>	<ul style="list-style-type: none"> <li>➤ Provision of electricity</li> <li>➤ Roads and storm water control</li> </ul>	Reliable infrastructure services
Local Economic Development	<b>Outcome 7,4 &amp;11</b>	<ul style="list-style-type: none"> <li>➤ Creation of jobs</li> <li>➤ Support to emerging businesses (SMME"s)</li> <li>➤ Promote tourism</li> </ul>	Improved employment and municipal economy
Financial sound management	<b>Outcome 9 &amp;12</b>	<ul style="list-style-type: none"> <li>➤ Financial management and planning</li> <li>➤ Comply with legal financial requirements</li> <li>➤ Revenue enhancement</li> </ul>	Sound financial management
Good Governance and public participation	<b>Outcome 9</b>	<ul style="list-style-type: none"> <li>➤ Community participations</li> <li>➤ Intergovernmental relations</li> </ul>	Full participation of all structures and communities

Organizational Development	<b>Outcome 9</b>	<ul style="list-style-type: none"> <li>➤ Human resource development and management</li> <li>➤ Organizational structure development</li> <li>➤ Executive and Council support</li> </ul>	Vibrant institution

Social services	<b>Outcome 1 , 2 &amp;10</b>	<ul style="list-style-type: none"> <li>➤ Education support and co-ordination</li> <li>➤ Facilitation of health services</li> <li>➤ Community development services</li> </ul>	Improved community services
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In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the developmental priorities mentioned above.

**Table 20 MBRR Table SA2 – Matrix Financial Performance Budget (revenue sources and expenditure type and vote)**

Description	Executive & Council	Municipal Manager	Budget & Treasury	Corporate Services	Community Services	Technical Services	Developmental Planning	Executive Support	Total
<b>Revenue By Source</b>									
Property rates	–	–	34 727	–	–	–	–	–	34 727
Service charges - electricity revenue	–	–	–	–	–	92 957	–	–	92 957
Service charges - refuse revenue	–	–	–	–	8 550	–	–	–	8 550
Rental of facilities and equipment	–	–	–	–	–	1 052	–	–	1 052
Interest earned - external investments	–	–	2 946	–	–	–	–	–	2 946
Interest earned - outstanding debtors	–	–	3 326	–	323	3 392	–	–	7 040
Dividends received	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	–	–	–	–	73 850	9	–	–	73 860
Licences and permits	–	–	–	–	5 470	–	–	–	5 470
Other revenue	–	–	444	8	69	475	669	–	1 664
Transfers and subsidies	41 231	35 643	22 746	40 218	44 430	55 823	14 298	18 229	272 618
Gains on disposal of PPE	–	–	–	–	–	–	–	–	–
<b>Total Revenue excluding capital transfers</b>	<b>41 231</b>	<b>35 643</b>	<b>64 188</b>	<b>40 227</b>	<b>132 693</b>	<b>153 708</b>	<b>14 966</b>	<b>18 229</b>	<b>500 885</b>
<b>Expenditure By Type</b>									
Employee related costs	–	10 146	24 372	16 638	47 072	28 924	8 330	12 047	147 530
Remuneration of councillors	25 554	–	–	–	–	–	–	–	25 554
Debt impairment	–	–	9 144	–	43 738	4 979	–	–	57 860
Depreciation & asset impairment	–	–	–	6 009	3 732	46 779	–	–	56 520
Finance charges	–	–	–	–	–	2 505	–	–	2 505
Bulk purchases	–	–	–	–	–	80 941	–	–	80 941
Other materials	125	25	721	276	1 831	10 560	53	–	13 590
Contracted services	3 450	23 211	8 326	3 758	12 507	15	1 000	1 521	53 788
Transfers and subsidies	500	–	–	1 767	–	1 473	–	–	3 740
Other expenditure	7 245	1 682	10 353	8 365	3 548	4 949	3 802	619	40 562
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–
<b>Total Expenditure</b>	<b>36 874</b>	<b>35 065</b>	<b>52 917</b>	<b>36 814</b>	<b>112 427</b>	<b>181 124</b>	<b>13 185</b>	<b>14 187</b>	<b>482 591</b>
<b>Surplus/(Deficit)</b>	<b>4 357</b>	<b>578</b>	<b>11 271</b>	<b>3 413</b>	<b>20 266</b>	<b>(27 416)</b>	<b>1 782</b>	<b>4 042</b>	<b>18 293</b>
Transfers and subsidies - capital	–	–	–	–	–	73 921	–	–	73 921
Transfers and subsidies - capital	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers</b>	<b>4 357</b>	<b>578</b>	<b>11 271</b>	<b>3 413</b>	<b>20 266</b>	<b>46 505</b>	<b>1 782</b>	<b>4 042</b>	<b>92 214</b>

**Table 21 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Executive &amp; Council</b>										
To Strengthen participatory governance within the governance	Sound Governance	-		31 540	38 168	38 168	38 168	41 231	44 455	48 031
<b>Office of the Municipal Manager</b>										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	930	-	15 805	31 469	31 469	31 469	35 643	38 301	41 250
<b>Budget &amp; Treasury</b>										
To implement sound financial management practices	Sustainable financial growth/Viability	247 402	253 036	83 272	64 695	59 272	59 272	64 188	68 387	72 707
<b>Corporate Services</b>										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	6	12	34 041	39 939	39 931	39 931	40 227	45 599	49 340
<b>Community Services</b>										
Facilitate promotion of health and well being of communities	improved social well being	13 068	62 691	131 423	127 644	120 478	120 478	132 693	138 549	146 999
<b>Technical Services</b>										
Reduction in the level services delivery backlogs. To facilitate economic growth and sustainable job creation	Accessible and sustainable infrastructure and basic services	144 898	141 006	211 539	211 110	233 051	233 051	227 629	237 241	248 804
<b>Development Planning</b>										
To provide a systematic integrated spatial/land development policy. Increase regularisation of built environment	Integrated human settlement	1 186	1 635	1 529	11 493	11 282	11 282	14 966	14 443	15 385
<b>Executive Support</b>										
Facilitate promotion of health and well being of communities	improved social well being		1 635	12 731	16 094	16 094	16 094	18 229	19 588	21 097
Allocations to other priorities										
<b>Total Revenue excluding capital transfers</b>		<b>407 491</b>	<b>460 015</b>	<b>521 880</b>	<b>540 614</b>	<b>549 746</b>	<b>549 746</b>	<b>574 806</b>	<b>606 564</b>	<b>643 613</b>

**Table 22 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

Strategic Objective	Goal	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Executive &amp; Council</b>										
To Strengthen participatory governance within the governance	Sound Governance	29 961	31 808	36 404	37 886	35 307	35 307	36 874	39 197	42 847
<b>Office of the Municipal Manager</b>										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	21 217	27 365	20 075	31 112	37 306	37 306	35 065	37 067	38 157
<b>Budget &amp; Treasury</b>										
To implement sound financial management practices	Sustainable financial growth/Viability	111 996	128 458	89 906	47 233	51 072	51 072	52 917	56 063	58 368
<b>Corporate Services</b>										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	22 109	40 771	39 301	37 865	30 600	30 600	36 814	38 994	39 934
<b>Community Services</b>										
Facilitate promotion of health and well being of communities	improved social well being	48 634	55 374	123 541	105 457	100 333	100 333	112 427	117 560	121 617
<b>Technical Services</b>										
Reduction in the level services delivery backlogs. To facilitate economic growth and sustainable job creation	Accessible and sustainable infrastructure and basic services	104 289	183 344	188 616	185 027	167 702	167 702	181 124	195 377	212 055
<b>Development Planning</b>										
To provide a systematic integrated spatial/land development policy. Increase regularisation of built environment	Integrated human settlement	6 505	12 074	7 999	11 188	9 977	9 977	13 185	12 556	11 539
<b>Executive Support</b>										
Facilitate promotion of health and well being of communities	improved social well being	24 381	16 881	15 585	15 539	16 872	16 872	14 187	15 088	15 831
Allocations to other priorities										
<b>Total Expenditure</b>		<b>369 091</b>	<b>496 076</b>	<b>521 428</b>	<b>471 308</b>	<b>449 169</b>	<b>449 169</b>	<b>482 591</b>	<b>511 903</b>	<b>540 349</b>

**Table 23 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

Strategic Objective	Goal	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Budget &amp; Treasury</b>										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	-	-	-	500	-	-	-	-	-
<b>Corporate Services</b>										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	1 148	1 508	1 110	1 700	2 200	2 200	900	900	900
<b>Community Services</b>										
Facilitate promotion of health and well being of communities	improved social well being	3 701	181	1 439	3 522	2 122	2 122	2 326	870	-
<b>Technical Services</b>										
Reduction in the level services delivery backlogs. To facilitate economic growth and sustainable job creation	Accessible and sustainable infrastructure and basic serices	103 539	78 393	105 013	70 147	92 936	92 936	92 427	95 142	95 603
<b>Development Planning</b>										
To provide a sytematic intergrated spatial/land development policy. Increase regularisation of built environment	Intergrated human settlement	-	-	-	-	-	-	-	-	-
<b>Executive Support</b>										
Facilitate promotion of health and well being of communities	improved social well being	-	583	-	-	-	-	-	-	-
Allocations to other priorities										
<b>Total Capital Expenditure</b>		<b>108 388</b>	<b>80 665</b>	<b>107 563</b>	<b>75 869</b>	<b>97 258</b>	<b>97 258</b>	<b>95 654</b>	<b>96 911</b>	<b>96 503</b>

### 2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee’s performance. At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year’s performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

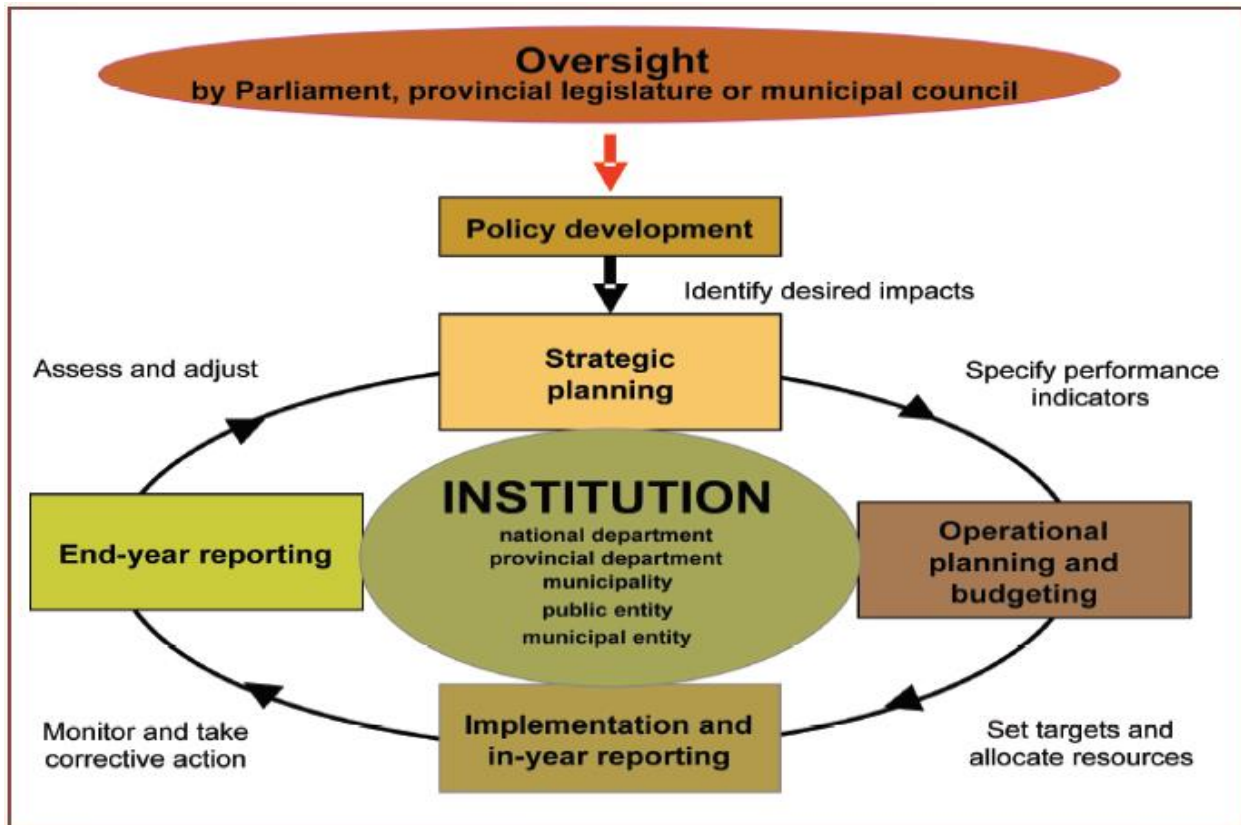


Figure 4 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting

stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.



Table 24 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Vote 2 - Municipal Manager</b>										
<b>KPA 2: INSTITUTIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION</b>										
Improved efficiency and effectiveness of the Municipal Administration	% of KPIs and projects attaining organisational targets (total organisation)	95%	95%	95%	95%	95%	95%	95%	95%	95%
Improved efficiency and effectiveness of the Municipal Administration	Final SDBIP approved by Mayor within 28 days after approval of Budget	1	1	1	1	1	1	1	1	1
<b>KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>										
To implement sound Financial management practices	% spend of the Total Operational Budget excluding non-cash items	95%	96%	98%	100%	100%	100%	100%	100%	100%
To implement sound Financial management practices	% of remuneration compared to total operating expenditure	34%	36%	37%	38%	38%	38%	38%	38%	38%
<b>KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>										
To strengthen participatory governance within the community	Number of final audited Annual Report submitted to Council on or before end of January	1	1	1	1	1	1	1	1	1
To strengthen participatory governance within the community	% of Council meetings resolutions implemented within the prescribed timeframe (3 months)	100%	100%	100%	100%	100%	100%	100%	100%	100%
To strengthen participatory governance within the community	Number Final IDP tabled and approved by Council by the 31 May	1	1	1	1	1	1	1	1	1
<b>KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>										
To create a culture of accountability and transparency	% of Auditor General matters resolved as per the approved audit action plan by 30 June 2018	100%	100%	100%	100%	100%	100%	100%	100%	100%
To create a culture of accountability and transparency	% execution of identified risk management plan within prescribed timeframes per quarter	100%	100%	100%	100%	100%	100%	100%	100%	100%
<b>KPA 3: LOCAL ECONOMIC DEVELOPMENT</b>										
To facilitate economic growth and sustainable job creation	Number of Grant agreement signed between EMLM and dept. of public works stipulating the EPWP targets	1	1	1	1	1	1	1	1	1
<b>Vote 3 - Budget and Treasury</b>										
<b>KPA 4 – BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>										
To provide free basic services to registered indigents	% of registered indigent households with access to free basic electricity services by 30 June (GKPI)	33%	36%	38%	60%	60%	60%	60%	60%	60%
To provide free basic services to registered indigents										
<b>KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>										
To implement sound Financial management practices	Cost coverage ratio by the 30 June 2018 (GKPI)	2:01	2:01	4:02	4:01	4:01	4:01	4:01	4:01	4:01
To implement sound Financial management practices	% Collection Rate	87%	86%	89%	89%	89%	89%	89%	89%	89%
Number of assets verification reports submitted to municipal manager by 30 June		1	1	1	2	2	2	2	2	2
<b>KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>										
Compliance to MFMA legislation	Audited Annual Financial Statements (AFS) and Audit report submitted to council by 31 December	1	1	1	1	1	1	1	1	1
Compliance to MFMA legislation	number of monthly SCM deviation reports submitted to municipal manager	12	12	15	12	12	12	12	12	12
Compliance to MFMA legislation	% Payment of creditors within 30 days	100%	100%	100%	100%	100%	100%	100%	100%	100%
<b>Vote 4 - Corporate Services</b>										
<b>KPA 2: INSTITUTIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION</b>										
To attract, develop and retain ethical and best human capital	Number of people from employment equity target groups employed in the three highest level of management in compliance with a municipality's approved employment equity plan (GKPI)	3	3	3	3	3	3	3	3	3
To attract, develop and retain ethical and best human capital	% of budget spent implementing the Workplace Skills Plan by the 30 June (GKPI)	75%	71%	81%	100%	100%	100%	100%	100%	100%
To attract, develop and retain ethical and best human capital	Number of organizational structure reviewed and aligned to the IDP and Budget by 30 June	1	1	1	1	1	1	1	1	1

Table 24 MBRR Table SA7 - Measurable performance objectives (continued)

Description	Unit of measurement	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year+1 2020/21	Budget Year+2 2021/22
<b>Vote 5 - Community Services</b>										
<b>KPA 4 – BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>										
KPA 4 – BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT										
Reduction in the level of Service Delivery backlogs	% of households with access to a minimum level of basic waste removal by 30 June 2018 (once per week) (GKPI)	11%	13%	15%	17%	17%	17%	17%	17%	17%
To facilitate promotion of education upliftment within communities	Number of initiatives held to promote library facilities by 30 June	4	4	4	4	4	4	4	4	4
To ensure communities are contributing towards climate change and reduction of carbon footprint	Number of waste minimization projects initiated by 30 June (Environmental awareness programmes)	4	4	4	4	4	4	4	4	4
Increase the accessibility of emergency services to the community	Number of disaster awareness campaigns conducted by 30 June	4	4	4	4	4	4	4	4	4
<b>Facilitate safe and secure neighborhoods</b>										
<b>Vote 6 - Technical Services</b>										
KPA 3: LOCAL ECONOMIC DEVELOPMENT										
To facilitate economic growth and sustainable job creation	Number of additional jobs to be created using the Expanded Public Works Programme guidelines and other municipal programmes	460.00	465.00	471.00	630.00	630.00	630.00	630.00	630.00	630.00
To facilitate economic growth and sustainable job creation	% development of lighting master plan	80%	80%	85%	100%	100%	100%	100%	100%	100%
To facilitate economic growth and sustainable job creation	Number of additional households living in formal areas provided with electricity connections	0	0	0	1000	1000	1000	1000	1000	1000
To facilitate economic growth and sustainable job creation	Kilometers of new paved roads to be built kilometers of roads resurfaced/rehabilitated/resealed	2.0	4.0	6.0	8.0	8.0	8.0	10.0	10.0	10.0
To facilitate economic growth and sustainable job creation	% Development of roads master plan and maintenance plan	0%	0%	0%	100%	100%	100%	100%	100%	100%
<b>To facilitate economic growth and sustainable job creation</b>										
To facilitate economic growth and sustainable job creation	Percentage of Household Electrified relative to backlog	60%	0%	100%	100%	100%	100%	100%	100%	100%
Vote 8 - Development Planning										
KPA 1: SPATIAL DEVELOPMENT ANALYSIS AND RATIONALE										
<b>To provide a systematic integrated spatial / land development policy</b>										
<b>To provide a systematic integrated spatial / land development policy</b>										
To provide a systematic integrated spatial / land development policy	% of Site demarcation projects completed	1	1	1	1	1	1	1	1	1
To provide a systematic integrated spatial / land development policy	% projects implemented based on SPLUMA	100%	100%	100%	100%	100%	100%	100%	100%	100%
To provide a systematic integrated spatial / land development policy	% of land use applications received and processed within 90 days	100%	100%	100%	100%	100%	100%	100%	100%	100%
Increase regularisation of built environment	% of new building plans of less than 500 square metres assessed within 10 days of receipt of plans	100%	100%	100%	100%	100%	100%	100%	100%	100%
Increase regularisation of built environment	% of new building plans of more than 500 square meters assessed within 28 days of receipt of plans	100%	100%	100%	100%	100%	100%	100%	100%	100%
Increase regularisation of built environment	% of inspections conducted on building construction with an approved plan to ensure compliance with National Building Regulations and Building Standards	100%	100%	100%	100%	100%	100%	100%	100%	100%
KPA 3: LOCAL ECONOMIC DEVELOPMENT										
KPA 3: LOCAL ECONOMIC DEVELOPMENT										
<b>To facilitate economic growth and sustainable job creation</b>										
To facilitate economic growth and sustainable job creation	Number of networking events held by 30 June	1	1	1	2	2	2	2	2	2
To facilitate economic growth and sustainable job creation	Number of SMME's and Co-operatives capacity building workshops held by 30 June	4	4	5	4	4	4	4	4	4
To facilitate economic growth and sustainable job creation	Number of Review of LED Strategy	1	1	1	1	1	1	1	1	1
Vote 9 - Executive Support										
<b>KPA 4 - BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>										
<b>Facilitate promotion of health and well-being of communities</b>										
To strengthen participatory governance within the community	Number of quarterly reports submitted to Council in terms of items raised during public participation; within the mandate of Council, that are processed and resolved within (3) months	1	2	2	4	4	4	4	4	4
Public Participation	Number of Community Satisfaction Surveys conducted by the 30 June	1	1	1	1	1	1	1	1	1
KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
<b>To create a culture of accountability and transparency</b>										
Facilitates promotion of health and well-being of communities	Number of Mayoral outreach projects initiated by 30 June	2	2	2	2	2	2	2	2	2
Facilitates promotion of health and well-being of communities	Number of Speaker's outreach projects initiated by 30 June	2	2	3	2	2	2	2	2	2
Facilitates promotion of health and well-being of communities	number of MPAC outreach projects initiated by 30 June	1	1	1	1	1	1	1	1	1
And so on for the rest of the Votes										

Table 25 MBRR Table SA10 – Funding measurement

Description	MFMA section	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Funding measures</b>											
Cash/cash equivalents at the year end - R'000	18(1)b	11 965	20 944	6 194	18 038	24 273	24 273	70 428	29 037	31 320	45 944
Cash + investments at the yr end less applications - R'000	18(1)b	(16 310)	(25 013)	(45 959)	18 185	22 502	22 502	59 811	8 946	13 165	40 493
Cash year end/monthly employee/supplier payments	18(1)b	0.54	0.76	0.19	0.59	0.82	0.82	2.90	0.92	0.93	1.25
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	38 400	(36 060)	453	69 306	100 578	100 578	76 521	92 214	94 661	103 264
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	7.03%	-8.15%	31.03%	-17.04%	-6.00%	-22.72%	4.82%	-0.60%	-0.60%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	70.42%	57.17%	53.18%	59.84%	57.91%	57.91%	86.06%	58.01%	57.53%	57.53%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	8.92%	20.50%	74.21%	38.66%	44.74%	44.74%	30.45%	42.47%	42.47%	40.90%
Capital payments % of capital expenditure	18(1)c;19	100.00%	100.00%	98.89%	100.00%	100.00%	69.71%	69.71%	92.85%	92.00%	92.00%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Grants % of Govt. legislated/gazetted allocations	18(1)a								100.00%	100.00%	100.00%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	48.40%	-12.10%	78.10%	0.00%	0.00%	35.40%	-16.80%	17.00%	15.00%
Long term receivables % change - incr(decr)	18(1)a	N.A.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
R&M % of Property Plant & Equipment	20(1)(vi)	1.07%	1.10%	1.29%	1.77%	1.02%	1.02%	1.06%	1.01%	1.02%	1.01%
Asset renewal % of capital budget	20(1)(vi)	27.85%	50.36%	39.58%	44.91%	42.63%	42.63%	0.00%	24.89%	39.85%	27.38%
<b>Supporting indicators</b>											
% incr total service charges (incl prop rates)	18(1)a		13.03%	-2.15%	37.03%	-11.04%	0.00%	-16.72%	10.82%	5.40%	5.40%
% incr Property Tax	18(1)a		15.27%	0.63%	41.08%	-9.93%	0.00%	-13.68%	5.20%	5.40%	5.40%
% incr Service charges - electricity revenue	18(1)a		8.66%	-4.48%	32.15%	-8.40%	0.00%	-17.71%	13.64%	5.40%	5.40%
% incr Service charges - water revenue	18(1)a		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
% incr Service charges - sanitation revenue	18(1)a		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
% incr Service charges - refuse revenue	18(1)a		76.62%	12.19%	67.82%	-33.65%	0.00%	-19.11%	5.20%	5.40%	5.40%
% incr in	18(1)a		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total billable revenue</b>											
Total billable revenue	18(1)a	91 183	103 065	100 852	138 196	122 935	122 935	102 375	136 234	143 591	151 345
Service charges		91 183	103 065	100 852	138 196	122 935	122 935	102 375	136 234	143 591	151 345
Property rates		22 395	25 815	25 978	36 650	33 010	33 010	28 494	34 727	36 602	38 579
Service charges - electricity revenue		65 104	70 745	67 575	89 298	81 798	81 798	67 307	92 957	97 977	103 268
Service charges - refuse removal		3 684	6 506	7 299	12 249	8 127	8 127	6 574	8 550	9 011	9 498
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		2 213	1 319	944	1 220	1 000	1 000	606	1 052	1 109	1 169
Capital expenditure excluding capital grant funding		31 200	11 770	23 699	20 365	15 417	15 417	6 091	21 733	22 677	20 730
Cash receipts from ratepayers	18(1)a	77 010	100 101	103 643	136 734	120 230	120 230	118 288	130 718	136 628	144 006
Ratepayer & Other revenue	18(1)a	109 360	175 091	194 889	228 506	207 619	207 619	137 446	225 321	237 488	250 313
Change in consumer debtors (current and non-current)		1 571	20 701	(7 652)	43 587	43 587	43 587	78 774	(16 729)	14 025	14 465
Operating and Capital Grant Revenue	18(1)a	293 840	282 035	324 064	309 108	339 328	339 328	292 724	346 539	365 971	390 028
Capital expenditure - total	20(1)(vi)	108 388	80 665	107 563	75 869	97 258	97 258	51 754	95 654	96 911	96 503
Capital expenditure - renewal	20(1)(vi)	30 190	40 622	42 569	34 072	41 466	41 466		23 813	38 615	26 422
<b>Supporting benchmarks</b>											
Growth guideline maximum		0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
CPI guideline		0.043	0.039	0.046	0.05	0.05	0.05	0.05	0.054	0.056	0.054
DoRA operating grants total MFY									272 618	291 737	314 255
DoRA capital grants total MFY									73 921	74 234	75 773
Provincial operating grants											
Provincial capital grants											
District Municipality grants											
Total gazetted/advised national, provincial and district grants									346 539	365 971	390 028
Average annual collection rate (arrears inclusive)											

Table 25 MBRR Table SA10 – Funding measurement (continued)

Description	MFMA section	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Budget		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Funding measures</b>											
<b>DoRA operating</b>											
Local Government Equitable Share									269 009	289 070	311 324
Finance Management									2 235	2 667	2 931
EPWP Incentive									1 374	–	–
Energy Efficiency and Demand Side Management									–	–	–
<b>Total</b>									<b>272 618</b>	<b>291 737</b>	<b>314 255</b>
<b>DoRA capital</b>											
Municipal Infrastructure Grant (MIG)									54 921	57 934	62 269
Intergrated National Electrification Grant									19 000	16 300	13 504
<b>Total</b>									<b>73 921</b>	<b>74 234</b>	<b>75 773</b>
<b>Trend</b>											
Change in consumer debtors (current and non-current)		1 571	20 701	(7 652)	78 774	(16 729)	14 025	14 465	–	–	–
Total Operating Revenue		330 303	391 085	423 980	476 784	455 697	455 697	380 371	500 885	532 330	567 840
Total Operating Expenditure		369 091	496 076	521 428	471 308	449 169	449 169	355 356	482 591	511 903	540 349
Operating Performance Surplus/(Deficit)		(38 788)	(104 990)	(97 448)	5 476	6 528	6 528	25 016	18 293	20 427	27 491
Cash and Cash Equivalents (30 June 2012)									29 037		
<b>Revenue</b>											
% Increase in Total Operating Revenue			18.40%	8.41%	12.45%	-4.42%	0.00%	-16.53%	9.92%	6.28%	6.67%
% Increase in Property Rates Revenue			15.27%	0.63%	41.08%	-9.93%	0.00%	-13.68%	5.20%	5.40%	5.40%
% Increase in Electricity Revenue			8.66%	-4.48%	32.15%	-8.40%	0.00%	-17.71%	13.64%	5.40%	5.40%
% Increase in Property Rates & Services Charges			13.03%	-2.15%	37.03%	-11.04%	0.00%	-16.72%	10.82%	5.40%	5.40%
<b>Expenditure</b>											
% Increase in Total Operating Expenditure			34.40%	5.11%	-9.61%	-4.70%	0.00%	-20.89%	7.44%	6.07%	5.56%
% Increase in Employee Costs			5.02%	8.00%	5.46%	-2.74%	0.00%	-10.49%	13.07%	6.58%	5.30%
% Increase in Electricity Bulk Purchases			8.89%	4.37%	16.61%	-12.50%	0.00%	-18.56%	15.63%	15.40%	15.50%
Average Cost Per Budgeted Employee Position (Remuneration)				318 800.89	344 856.93				366 080.35		
Average Cost Per Councillor (Remuneration)				374 976.74	410 990.39				418 921.16		
R&M % of PPE		1.10%	1.10%	1.30%	1.80%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Asset Renewal and R&M as a % of PPE		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	5.00%	6.00%	5.00%
Debt Impairment % of Total Billable Revenue		8.92%	20.50%	74.21%	38.66%	44.74%	44.74%	30.45%	42.47%	42.47%	40.90%
<b>Capital Revenue</b>											
Internally Funded & Other (R'000)		31 200	11 770	23 699	20 365	15 417	15 417	6 091	21 733	22 677	20 730
Borrowing (R'000)		–	–	–	–	–	–	–	–	–	–
Grant Funding and Other (R'000)		77 188	68 895	83 864	55 504	81 841	81 841	45 663	73 921	74 234	75 773
Internally Generated funds % of Non Grant Funding		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Borrowing % of Non Grant Funding		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Grant Funding % of Total Funding		71.21%	85.41%	77.97%	73.16%	84.15%	84.15%	88.23%	77.28%	76.60%	78.52%
<b>Capital Expenditure</b>											
Total Capital Programme (R'000)		108 388	80 665	107 563	75 869	97 258	97 258	51 754	95 654	96 911	96 503
Asset Renewal		30 190	40 622	50 504	37 072	43 066	43 066	43 066	41 485	56 966	43 459
Asset Renewal % of Total Capital Expenditure		27.85%	50.36%	46.95%	48.86%	44.28%	44.28%	83.21%	43.37%	58.78%	45.03%
<b>Cash</b>											
Cash Receipts % of Rate Payer & Other		70.42%	57.17%	53.18%	59.84%	57.91%	57.91%	86.06%	58.01%	57.53%	57.53%
Cash Coverage Ratio		0.54	0.76	0.19	0.59	0.82	0.82	2.90	0.92	0.93	1.25
<b>Borrowing</b>											
Credit Rating (2009/10)									0		
Capital Charges to Operating		1.94%	1.93%	1.38%	2.65%	2.16%	2.16%	2.97%	2.53%	2.38%	0.47%
Borrowing Receipts % of Capital Expenditure		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Reserves</b>											
Surplus/(Deficit)		(16 310)	(25 013)	(45 959)	18 185	22 502	22 502	59 811	8 946	13 165	40 493
Free Services											
Free Basic Services as a % of Equitable Share		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.55%	0.54%	0.53%
Free Services as a % of Operating Revenue (excl operational transfers)		4.61%	4.81%	2.85%	3.94%	4.33%	4.33%		4.20%	4.20%	4.20%
<b>High Level Outcome of Funding Compliance</b>											
Total Operating Revenue		330 303	391 085	423 980	476 784	455 697	455 697	380 371	500 885	532 330	567 840
Total Operating Expenditure		369 091	496 076	521 428	471 308	449 169	449 169	355 356	482 591	511 903	540 349
Surplus/(Deficit) Budgeted Operating Statement		(38 788)	(104 990)	(97 448)	5 476	6 528	6 528	25 016	18 293	20 427	27 491
Surplus/(Deficit) Considering Reserves and Cash Backing		(16 310)	(25 013)	(45 959)	18 185	22 502	22 502	59 811	8 946	13 165	40 493
MTREF Funded (1) / Unfunded (0)		–	–	–	1	1	1	1	1	1	1
MTREF Funded ü / Unfunded ü		–	–	–	✓	✓	✓	✓	✓	✓	✓

Table 26 MBRR Table SA11 – Property rates summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Valuation:</b>									
Date of valuation:	2015/01/07	2016/01/07	2017/01/07	2018/01/07					
Financial year valuation used	2012-16	2012-16	2017-18	2017-18					
Municipal by-laws s6 in place? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Municipal/assistant valuer appointed? (Y/N)	No	No	No	No			No		
Municipal partnership s38 used? (Y/N)	No	No	No	No	No	No	No	No	No
No. of assistant valuers (FTE)	-	-	-	-	-	-	-	-	-
No. of data collectors (FTE)	-	1	-	-	-	-	-	-	-
Valuation appeal board established? (Y/N)	No	No	No	No					
Implementation time of new valuation roll (mths)	12	12	12	12			12		
No. of properties	30455			18703	0	18703	18723	18723	18723
No. of supplementary valuations	1	1	-	1	-	1	1	1	1
No. of valuation roll amendments	-	-	-	-			-	-	-
No. of objections by rate payers	-	-	-	-					
No. of appeals by rate payers	-	-	-	-					
No. of successful objections	-	-	-	-					
No. of successful objections > 10%	-	-	-	-					
Supplementary valuation	1	1	-	-	-	-	1	1	1
Public service infrastructure value (Rm)	800 000								
Municipality owned property value (Rm)	165 000								
<b>Valuation reductions:</b>									
Valuation reductions-public infrastructure (Rm)	-								
Valuation reductions-nature reserves/park (Rm)	-								
Valuation reductions-mineral rights (Rm)	-					0	0	0	
Valuation reductions-R15,000 threshold (Rm)	386 790								
Valuation reductions-public worship (Rm)	-								
Valuation reductions-other (Rm)	200 000								
Total valuation reductions:	586 790	-	-	-	-	-	-	-	-
Total value used for rating (Rm)	18 463 652			4 644 558	-	4 644 558			
Total land value (Rm)	-	-	-	-	-	-			
Total value of improvements (Rm)	-	-	-	-	-	-			
Total market value (Rm)	18 463 652			4 644 558	-	4 644 558			
<b>Rating:</b>									
Residential rate used to determine rate for other categories?	No	No	No	No			No		
Differential rates used? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Limit on annual rate increase (s20)? (Y/N)	No	No	No	No	No	No	No	No	No
Special rating area used? (Y/N)	No	No	No	No			No		
Phasing-in properties s21 (number)	0	0	0	0	0	0	0	0	0
Rates policy accompanying budget? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Fixed amount minimum value (R'000)	30000	30000	30000	30000			30000		
Non-residential prescribed ratio s19? (%)	0	0	0	0			0		
<b>Rate revenue:</b>									
Rate revenue budget (R'000)	22 395	25 815	26 472	36 650	33 010	33 010	35 888	37 826	39 906
Rate revenue expected to collect (R'000)	16 908	20 966	21 177	34 567	32 502	32 502	27 993	29 504	31 127
Expected cash collection rate (%)	75.50%	81.22%	80.00%	94.31%	98.46%	98.46%	78.00%	78.00%	78.00%
Special rating areas (R'000)	-	-	-	-			-	-	-
Rebates, exemptions - indigent (R'000)	2 250								
Rebates, exemptions - pensioners (R'000)	200								
Rebates, exemptions - bona fide farm. (R'000)	-	-	-	-			-	-	-
Total rebates, exemptns, reductns, discs (R'000)	2 450	-	-	-	-	-	-	-	-

Table 27 MBRR Table SA12a – Property rates by Category: Current year

Description	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
<b>Current Year 2018/19</b>																
<b>Valuation:</b>																
No. of properties	15 052	37	407	53	1 011	2 066	56	-	-	-	-	-	-	-	21	-
No. of sectional title property values	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of valuation roll amendments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of objections by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)	<1	<1	<1	<1	<1	<1	<1								<1	
Frequency of valuation (select)	5	5	5	5	5	5	5									5
Method of valuation used (select)	Market	Market	Market	Market	Market	Market	Market								Market	
Base of valuation (select)	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.								Land & impr.	
Phasing-in properties s21 (number)	0	0	0	0	0	0	0								0	
Combination of rating types used? (Y/N)	Yes	Yes	Yes	Yes	Yes	Yes	Yes								Yes	
Flat rate used? (Y/N)	No	No	No	No	No	No	No								No	
Is balance rated by uniform rate/variable rate?	Variable	Variable	Variable	Variable	Variable	Variable	Variable								Variable	
<b>Valuation reductions:</b>																
Valuation reductions-public infrastructure (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30 000
Valuation reductions-nature reserves/park (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30 000
Valuation reductions-mineral rights (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30 000
Valuation reductions-R15,000 threshold (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30 000
Valuation reductions-public worship (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30 000
Valuation reductions-other (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30 000
<b>Total valuation reductions:</b>																
Total value used for rating (Rm)	3 341 309	77 105	712 838	17 600	325 268	156 983	1 595								11 860	-
Total land value (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30 000
Total value of improvements (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30 000
Total market value (Rm)	3 341 309	77 105	712 838	17 600	325 268	156 983	1 595								11 860	-
<b>Rating:</b>																
Average rate	0	0	0	0	0	-	0	-	-	-	-	-	-	-	0	-
Rate revenue budget (R'000)																
Rate revenue expected to collect (R'000)	119	1	6	0	8	-	0	-	-	-	-	-	-	-	0	-
Expected cash collection rate (%)	1	1	1	1	1	-	1	-	-	-	-	-	-	-	1	-

Table 28 MBRR Table SA12b – Property rates by Category: Budget year

Description	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
<b>Budget Year 2019/20</b>																
<b>Valuation:</b>																
No. of properties	15 052.00	37.00	407.00	53.00	1 011.00	2 066.00	56.00	-	-	-	-	-	-	-	21.00	-
No. of sectional title property values	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of valuation roll amendments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of objections by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)	<1	<1	<1	<1	<1	<1	<1								<1	
Frequency of valuation (select)	5	5	5	5	5	5	5									5
Method of valuation used (select)	Market	Market	Market	Market	Market	Market	Market								Market	
Base of valuation (select)	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.								Land & impr.	
Phasing-in properties s21 (number)	0	0	0	0	0	0	0								0	
Combination of rating types used? (Y/N)	Yes	Yes	Yes	Yes	Yes	Yes	Yes								Yes	
Flat rate used? (Y/N)	No	No	No	No	No	No	No								No	
Is balance rated by uniform rate/variable rate?	Variable	Variable	Variable	Variable	Variable	Variable	Variable								Variable	
<b>Valuation reductions:</b>																
Valuation reductions-public infrastructure (Rm)	30	30	30	30	30	30	30									30
Valuation reductions-nature reserves/park (Rm)	30	30	30	30	30	30	30									30
Valuation reductions-mineral rights (Rm)	30	30	30	30	30	30	30									30
Valuation reductions-R15,000 threshold (Rm)	30	30	30	30	30	30	30									30
Valuation reductions-public worship (Rm)	30	30	30	30	30	30	30									30
Valuation reductions-other (Rm)	30	30	30	30	30	30	30									30
Total valuation reductions:																
Total value used for rating (Rm)	3 341 309	77 105	712 838	17 600	325 268	156 983	1 595								11 860	-
Total land value (Rm)	-															
Total value of improvements (Rm)	-															
Total market value (Rm)	3 341 309	77 105	712 838	17 600	325 268	156 983	1 595								11 860	-
<b>Rating:</b>																
Average rate	0.01	0.02	0.02	0.00	0.01	-	0.00								0.00	-
Rate revenue budget (R'000)																
Rate revenue expected to collect (R'000)	0	0	0	0	0	-	0	-	-	-	-	-	-	-	0	-
Expected cash collection rate (%)	85.00%	68.00%	68.00%	85.00%	100.00%	0.00%	50.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	50.00%	0.00%

### **2.3.1 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty in paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality.

For the 2019/20 financial year registered indigents have been provided for in the budget and the indigent-base is expected to steadily increase in the MTREF period. In terms of the Municipality's indigent policy registered households are entitled to 50 kwh of electricity, free waste removal, as well as special property rates rebates. Special discount on property rates will also be given to pensioners.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in MBRR A10 (Basic Service Delivery Measurement) on.

## **2.4 Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

### **2.4.1 Review of credit control and debt collection procedures/policies**

The Collection Policy as approved by Council in the past is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money, there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2019/20 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 87 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.



### **2.4.2 Asset Management, Infrastructure Investment and Funding Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

### **2.4.3 Budget Policy**

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

### **2.4.4 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in September 2007 and the policy has been getting reviewed on annual basis and the changes made now are incorporated and presented in the resolutions paragraph.

### **2.4.5 Budget Virement Policy**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations. The Budget and Virement Policy was approved by Council in the past and is getting reviewed every financial year in respect of both Operating and Capital Budget Fund Transfers.

## **2.4.6 Cash Management and Investment Policy**

The municipality's Cash Management and Investment Policy was amended by Council in February 2013. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalent required at any point in time and introduces time frames to achieve certain benchmarks.

## **2.4.7 Tariff Policies**

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation.

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

- Basic Social Services Package (Indigent Policy), and
- Petty Cash Policy

## **2.5 Overview of budget assumptions**

### **External factors**

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

### **General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2019/20 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.

## Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is budgeted as a percentage of annual billings as follows: property rates 63%; Services charges electricity 94%; Services charges refuse 47%; Rental of facilities and equipment 67%; Interest earned - outstanding debtors 13% and Fines, penalties and forfeits 13%. The performance of arrear collections will however only be considered a source of additional cash inflow once the performance has been carefully monitored.

## Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate. In addition, the following are some of the assumptions that have direct impact on debtors and collection rate as well revenue generation:

- Property rates – collection rate 75%
- Service charge electricity - collection rate 88%
- Service charge refuse removal - collection rate 51%
- Rental on facilities - collection rate 65%
- Traffic fines – 13%
- Interest on outstanding debtors - collection rate 20%

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

## Salary increases

MFMA circular 94 did not stipulate the salary increase projection and as a result, the Facilitator's proposal on salary and wage collective agreement was used. The Facilitator proposed the salary increase to be as follows:

- 2019/20 – CPI of 5.2 plus 1.5%
- 2019/20 – CPI plus 1.5%
- 2021/22 – CPI plus 1.25%

Comparing the increase from 2018/19 financial year to 2019/20 financial year, the movement is slightly higher than the assumed salary increase percentage and this is due to other municipal officials who are on fixed term contract and these employees are expected to move to the last salary notch.

### Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

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

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

### Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 95% will be achieved on operating expenditure and 100% on the capital programme for the 2019/20 MTREF of which performance has been factored into the cash flow budget.

## 2.6 Overview of budget funding

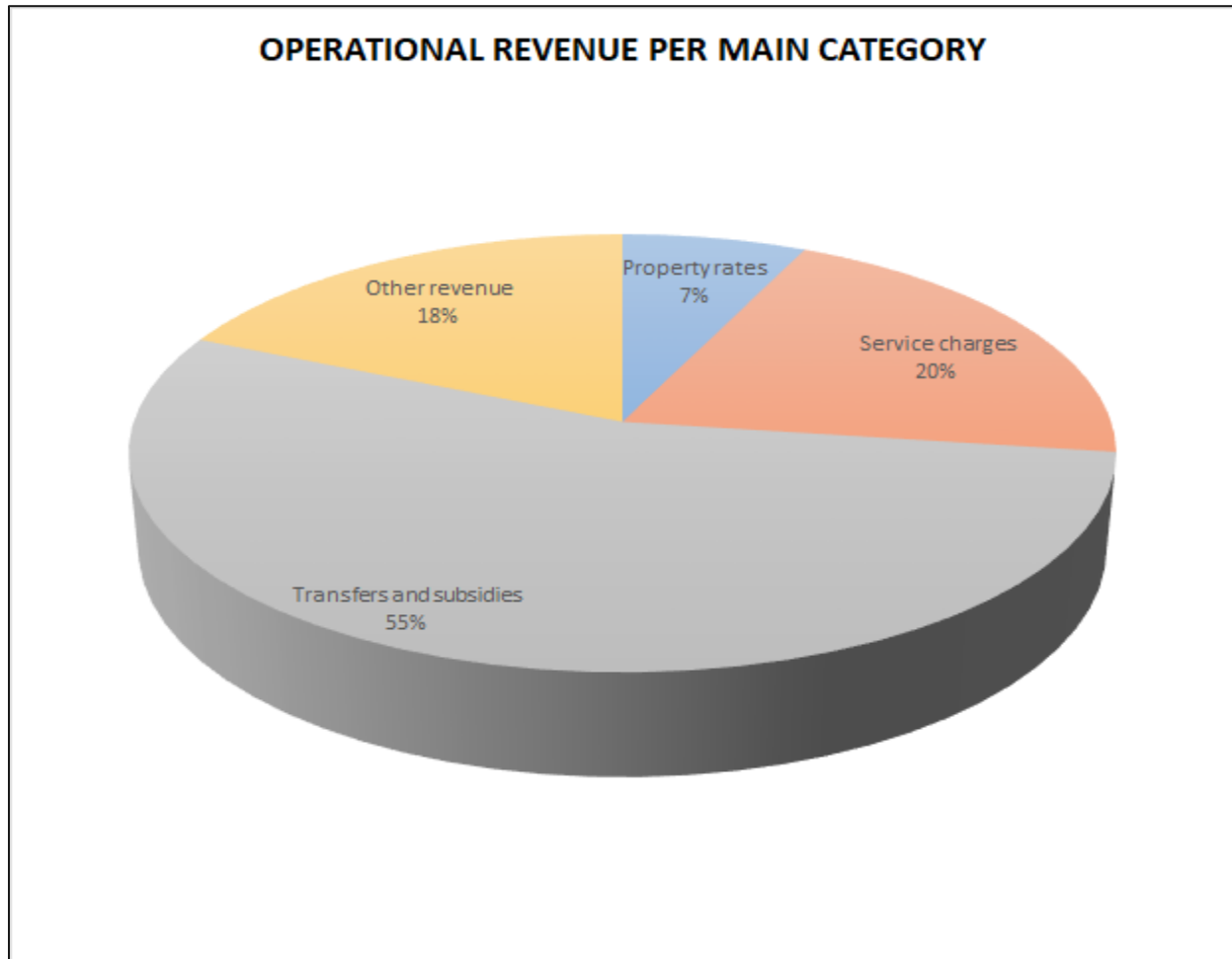
### 2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term and presents operating surplus of R18, 293 million in 2019/20 that is not relatively enough.

**Table 29 Breakdown of the operating revenue over the medium-term**

Description	Budget	%	Budget	%	Budget	%
	Year 2019/20		Year +1 2020/21		Year +2 2021/22	
<b>Revenue By Source</b>						
Property rates	34 727	6.9%	36 602	6.9%	38 579	6.8%
Service charges	101 507	20.3%	106 988	20.1%	112 766	19.9%
Transfers and subsidies	272 618	54.4%	291 737	54.8%	314 255	55.3%
Other revenue	92 033	18.4%	97 002	18.2%	102 240	18.0%
<b>Total Revenue (excluding capital trar</b>	<b>500 885</b>	<b>100.0%</b>	<b>532 330</b>	<b>100.0%</b>	<b>567 840</b>	<b>100.0%</b>
<b>Total Expenditure</b>	<b>482 591</b>		<b>511 903</b>		<b>540 349</b>	
<b>Surplus/(Deficit)</b>	<b>18 293</b>		<b>20 427</b>		<b>27 491</b>	

The following graph is a breakdown of the operational revenue per main category for the 2019/20 Financial year



**Figure 5 Breakdown of operating revenue over the 2019/20 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

- The revenue strategy is a function of key components such as:
- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 87 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;

- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2019/20 MTREF on the different revenue categories are:

**Table 30 MBRR SA15 – Detail Investment Information**

Investment type	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	6 899	15 657		15 582	15 582	15 582	24 155	21 417	30 944
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									
<b>Total</b>	<b>6 899</b>	<b>15 657</b>	<b>-</b>	<b>15 582</b>	<b>15 582</b>	<b>15 582</b>	<b>24 155</b>	<b>21 417</b>	<b>30 944</b>

**Table 31 MBRR SA16 – Investment particulars by maturity**

Investments by Maturity	Period of Investment	Type of Investment	Variable or Fixed interest rate	Interest Rate <sup>3</sup>	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Quotation-based	Months	Short term	Variable	7.50%	-	-	2019/08/11	15 582	247	(55 829)	40 000	-
Quotation-based	Months	Short term	Variable	7.80%	-	-	2019/10/14	-	192	(30 192)	30 000	-
Quotation-based	Months	Short term	Variable	7.60%	-	-	2020/04/04	-	62	(10 062)	10 000	-
Quotation-based	Months	Short term	Variable	7.50%	-	-	2020/03/26	-	277	(45 277)	45 000	-
Quotation-based	Months	Short term	Variable	7.50%	-	-	2020/04/26	-	154	(16 091)	25 000	9 063
Quotation-based	Months	Short term	Variable	7.40%	-	-	2020/05/25	-	152	(10 061)	25 000	15 091
<b>Municipality sub-total</b>								<b>15 582</b>		<b>(167 512)</b>	<b>175 000</b>	<b>24 155</b>

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted actual surplus of

R31, 589 million, R21, 404 million and R30, 100 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources.

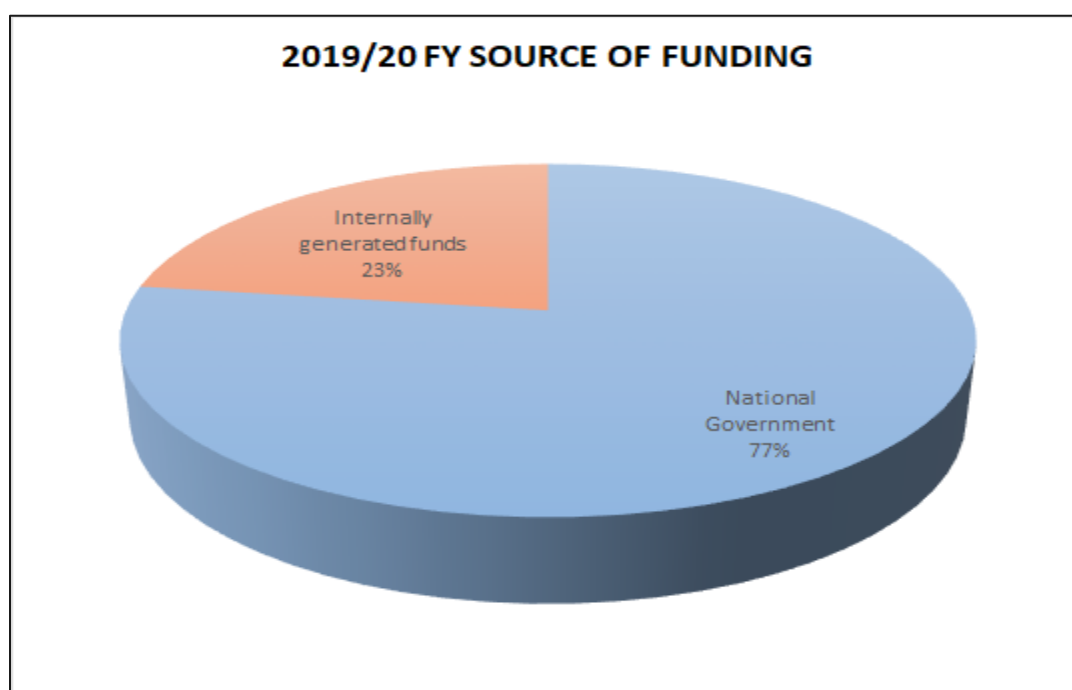
## 2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2019/20 medium-term capital programme:

**Table 32 Sources of capital revenue over the MTREF**

Vote Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Funded by:</b>										
National Government	77 188	68 895	83 864	55 504	62 910	62 910	45 663	73 921	74 234	75 773
Provincial Government					18 931	18 931				
District Municipality										
Other transfers and grants									-	-
<b>Transfers recognised - ca</b>	<b>77 188</b>	<b>68 895</b>	<b>83 864</b>	<b>55 504</b>	<b>81 841</b>	<b>81 841</b>	<b>45 663</b>	<b>73 921</b>	<b>74 234</b>	<b>75 773</b>
<b>Borrowing</b>										
<b>Internally generated funds</b>	<b>31 200</b>	<b>11 770</b>	<b>23 699</b>	<b>20 365</b>	<b>15 417</b>	<b>15 417</b>	<b>6 091</b>	<b>21 733</b>	<b>22 677</b>	<b>20 730</b>
<b>Total Capital Funding</b>	<b>108 388</b>	<b>80 665</b>	<b>107 563</b>	<b>75 869</b>	<b>97 258</b>	<b>97 258</b>	<b>51 754</b>	<b>95 654</b>	<b>96 911</b>	<b>96 503</b>
<b>Total Capital Funding</b>	<b>72 212</b>	<b>108 388</b>	<b>80 665</b>	<b>77 302</b>	<b>103 123</b>	<b>103 123</b>	<b>58 899</b>	<b>73 108</b>	<b>85 123</b>	<b>84 647</b>

The above table is graphically represented as follows for the 2019/20 financial year.



**Figure 6 Breakdown of the source of funding for 2019/20 MTREF**

Capital grants and receipts equate to 77% of the total funding source which represents R73, 921 million for the 2019/20 financial year and increases to R74, 234 million and R75, 773 million in 2019/20 and 2021/22 financial years respectively. Only 23% of capital budgets is funded from internally generated revenue.

**Table 33 MBRR SA17 - Borrowing**

Borrowing - Categorised by type	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Annuity and Bullet Loans									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases	11 520			30 677	23 240	23 240	13 554	2 504	-
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
<b>Total</b>	<b>11 520</b>	<b>-</b>	<b>-</b>	<b>30 677</b>	<b>23 240</b>	<b>23 240</b>	<b>13 554</b>	<b>2 504</b>	<b>-</b>



## 2.7 Expenditure on grants and reconciliation of unspent funds

**Table 34 MBRR SA18 - Transfers and Grants Receipts**

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>216 641</b>	<b>213 105</b>	<b>226 163</b>	<b>245 278</b>	<b>245 278</b>	<b>245 278</b>	<b>272 618</b>	<b>291 737</b>	<b>314 255</b>
Local Government Equitable Share	212 948	210 385	223 019	237 506	237 506	237 506	269 009	289 070	311 324
Finance Management	1 600	1 625	1 700	1 770	1 770	1 770	2 235	2 667	2 931
Municipal Systems Improvement	930	-	-	-	-	-	-	-	-
EPWP Incentive	1 163	1 095	1 444	1 002	1 002	1 002	1 374	-	-
Energy Efficiency and Demand Side Management	-	-	-	5 000	5 000	5 000	-	-	-
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Total Operating Transfers and Grants</b>	<b>216 641</b>	<b>213 105</b>	<b>226 163</b>	<b>245 278</b>	<b>245 278</b>	<b>245 278</b>	<b>272 618</b>	<b>291 737</b>	<b>314 255</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	<b>63 102</b>	<b>85 419</b>	<b>81 860</b>	<b>63 830</b>	<b>64 279</b>	<b>64 279</b>	<b>73 921</b>	<b>74 234</b>	<b>75 773</b>
Municipal Infrastructure Grant (MIG)	53 102	72 419	66 860	53 832	54 270	54 270	54 921	57 934	62 269
Intergrated National Electrification Grant	10 000	13 000	15 000	9 998	10 009	10 009	19 000	16 300	13 504
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Total Capital Transfers and Grants</b>	<b>63 102</b>	<b>85 419</b>	<b>81 860</b>	<b>63 830</b>	<b>64 279</b>	<b>64 279</b>	<b>73 921</b>	<b>74 234</b>	<b>75 773</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>279 743</b>	<b>298 524</b>	<b>308 023</b>	<b>309 108</b>	<b>309 557</b>	<b>309 557</b>	<b>346 539</b>	<b>365 971</b>	<b>390 028</b>

**Table 35 MBRR SA19 - Expenditure on transfers and grants expenditure**

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>EXPENDITURE:</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>216 641</b>	<b>214 632</b>	<b>226 163</b>	<b>245 278</b>	<b>245 278</b>	<b>245 278</b>	<b>272 618</b>	<b>291 737</b>	<b>314 255</b>
Local Government Equitable Share	212 948	211 912	223 019	237 506	237 506	237 506	269 009	289 070	311 324
Finance Management	1 600	1 625	1 700	1 770	1 770	1 770	2 235	2 667	2 931
Municipal Systems Improvement	930	-	-	-	-	-	-	-	-
EPWP Incentive	1 163	1 095	1 444	1 002	1 002	1 002	1 374	-	-
Energy Efficiency and Demand Side Management	-	-	-	5 000	5 000	5 000	-	-	-
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Total operating expenditure of Transfers and Grants:</b>	<b>216 641</b>	<b>214 632</b>	<b>226 163</b>	<b>245 278</b>	<b>245 278</b>	<b>245 278</b>	<b>272 618</b>	<b>291 737</b>	<b>314 255</b>
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>63 102</b>	<b>68 874</b>	<b>97 901</b>	<b>63 830</b>	<b>64 279</b>	<b>64 279</b>	<b>73 921</b>	<b>74 234</b>	<b>75 773</b>
Municipal Infrastructure Grant (MIG)	53 102	56 064	82 722	53 832	54 270	54 270	54 921	57 934	62 269
Intergrated National Electrification Grant	10 000	12 811	15 179	9 998	10 009	10 009	19 000	16 300	13 504
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Total capital expenditure of Transfers and Grants</b>	<b>63 102</b>	<b>68 874</b>	<b>97 901</b>	<b>63 830</b>	<b>64 279</b>	<b>64 279</b>	<b>73 921</b>	<b>74 234</b>	<b>75 773</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>279 743</b>	<b>283 507</b>	<b>324 064</b>	<b>309 108</b>	<b>309 557</b>	<b>309 557</b>	<b>346 539</b>	<b>365 971</b>	<b>390 028</b>

**Table 36 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Operating transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year									
Current year receipts	216 652	213 105	226 163	245 278	245 278	245 278	272 618	291 737	314 255
Conditions met - transferred to revenue	216 652	213 105	226 163	245 278	245 278	245 278	272 618	291 737	314 255
<b>Conditions still to be met - transferred to liabilities</b>									
<b>Provincial Government:</b>									
N/A									
<b>District Municipality:</b>									
N/A									
<b>Other grant providers:</b>									
N/A									
<b>Total operating transfers and grants revenue</b>	<b>216 652</b>	<b>213 105</b>	<b>226 163</b>	<b>245 278</b>	<b>245 278</b>	<b>245 278</b>	<b>272 618</b>	<b>291 737</b>	<b>314 255</b>
<b>Total operating transfers and grants - CTBM</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	14 378	-		449	-	-			
Current year receipts	62 810	85 419	83 864	55 056	81 841	81 841	73 921	74 234	75 773
Conditions met - transferred to revenue	77 188	68 895	83 864	55 504	81 841	81 841	73 921	74 234	75 773
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>16 524</b>							
<b>Provincial Government:</b>									
N/A									
<b>District Municipality:</b>									
N/A									
<b>Other grant providers:</b>									
N/A									
Total capital transfers and grants revenue	77 188	68 895	83 864	55 504	81 841	81 841	73 921	74 234	75 773
Total capital transfers and grants - CTBM	-	16 524	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>293 840</b>	<b>282 000</b>	<b>310 027</b>	<b>300 782</b>	<b>327 119</b>	<b>327 119</b>	<b>346 539</b>	<b>365 971</b>	<b>390 028</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>-</b>	<b>16 524</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 37 MBRR SA21 – Transfers and Grants made by the municipality**

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Groups of Individuals</b>										
Free Basic Electricity	313	708	841	2 224	1 400	1 400	856	1 473	1 552	1 636
Retirement Benefit	848	-		1 680	1 680	1 680	1 044	1 767	1 863	1 963
External Bursaries	118	-		500	500	500	19	500	527	555
<b>Total Non-Cash Grants To Groups Of Individuals:</b>	<b>1 279</b>	<b>708</b>	<b>841</b>	<b>4 404</b>	<b>3 580</b>	<b>3 580</b>	<b>1 919</b>	<b>3 740</b>	<b>3 942</b>	<b>4 155</b>
<b>TOTAL NON-CASH TRANSFERS AND GRANTS</b>	<b>1 279</b>	<b>708</b>	<b>841</b>	<b>4 404</b>	<b>3 580</b>	<b>3 580</b>	<b>1 919</b>	<b>3 740</b>	<b>3 942</b>	<b>4 155</b>
<b>TOTAL TRANSFERS AND GRANTS</b>	<b>1 279</b>	<b>708</b>	<b>841</b>	<b>4 404</b>	<b>3 580</b>	<b>3 580</b>	<b>1 919</b>	<b>3 740</b>	<b>3 942</b>	<b>4 155</b>

Table 38 presents the transfers and grants to be paid out by the municipality and figures presented in the 2019/20 MTREF pertains to bursaries to be awarded to the deserving students residing within the area of jurisdiction of Elias Motsoaledi local municipality, medical aid contributions to

designated former employees of the municipality, and lastly, free basic electricity given to registered indigents.

## 2.8 Councilors and employees benefits

**Table 38 MBRR SA22 – Summary of councilor and benefits**

Summary of Employee and Councillor remuneration	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	11 508	12 363	12 690	15 073	14 450	14 450	15 201	16 220	16 507
Pension and UIF Contributions	987	1 691	1 778	1 857	1 657	1 657	1 744	1 860	1 985
Medical Aid Contributions	306	250	295	317	351	351	369	394	320
Motor Vehicle Allowance	3 640	4 672	4 947	5 324	5 334	5 334	5 611	5 987	6 289
Cellphone Allowance	1 615	1 146	2 708	2 499	2 499	2 499	2 629	2 805	2 993
Other benefits and allowances	1 005	–	454	–	–	–	–	–	–
<b>Sub Total - Councillors</b>	<b>19 061</b>	<b>20 122</b>	<b>22 874</b>	<b>25 070</b>	<b>24 291</b>	<b>24 291</b>	<b>25 554</b>	<b>27 266</b>	<b>28 093</b>
<b>% increase</b>		<b>6%</b>	<b>14%</b>	<b>10%</b>	<b>-3%</b>	<b>0%</b>	<b>5%</b>	<b>7%</b>	<b>3%</b>
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	4 473	5 416	5 073	4 718	4 532	4 532	5 150	5 407	5 694
Pension and UIF Contributions	352	317	234	1 095	245	245	172	180	190
Medical Aid Contributions	169	6	92	252	102	102	64	67	70
Motor Vehicle Allowance	718	457	672	907	760	760	918	964	1 015
Cellphone Allowance	–	5	41	84	141	141	188	198	208
Other benefits and allowances	283	130	221	81	528	528	331	349	367
Payments in lieu of leave	–	–	103	–	–	–	–	–	–
<b>Sub Total - Senior Managers of Municipality</b>	<b>5 994</b>	<b>6 331</b>	<b>6 436</b>	<b>7 137</b>	<b>6 308</b>	<b>6 308</b>	<b>6 824</b>	<b>7 165</b>	<b>7 545</b>
<b>% increase</b>		<b>6%</b>	<b>2%</b>	<b>11%</b>	<b>-12%</b>	<b>0%</b>	<b>8%</b>	<b>5%</b>	<b>5%</b>
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	66 719	68 064	73 490	85 022	79 451	79 451	91 339	97 413	102 576
Pension and UIF Contributions	12 228	14 452	14 304	16 149	16 141	16 141	18 714	19 958	21 016
Medical Aid Contributions	3 565	4 235	7 931	4 826	4 726	4 726	4 761	5 077	5 346
Overtime	2 589	2 835	2 357	1 774	2 108	2 108	1 948	2 078	2 188
Performance Bonus	–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	5 437	7 995	7 782	8 965	10 043	10 043	11 571	12 341	12 995
Cellphone Allowance	–	116	507	1 036	1 147	1 147	1 171	1 249	1 315
Housing Allowances	137	152	143	151	160	160	437	466	491
Other benefits and allowances	12 594	7 651	11 264	8 017	8 638	8 638	8 329	8 883	9 354
Payments in lieu of leave	2 046	54	677	892	1 173	1 173	1 951	2 082	2 193
Long service awards	841	3 741	559	180	578	578	486	518	546
Post-retirement benefit obligations	–	962	1 752	–	–	–	–	–	–
<b>Sub Total - Other Municipal Staff</b>	<b>106 156</b>	<b>110 255</b>	<b>120 766</b>	<b>127 012</b>	<b>124 165</b>	<b>124 165</b>	<b>140 707</b>	<b>150 065</b>	<b>158 019</b>
<b>% increase</b>		<b>4%</b>	<b>10%</b>	<b>5%</b>	<b>-2%</b>	<b>0%</b>	<b>13%</b>	<b>7%</b>	<b>5%</b>
<b>Total Parent Municipality</b>	<b>131 211</b>	<b>136 708</b>	<b>150 075</b>	<b>159 220</b>	<b>154 764</b>	<b>154 764</b>	<b>173 085</b>	<b>184 497</b>	<b>193 657</b>
		<b>4%</b>		<b>10%</b>			<b>0%</b>		<b>5%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>131 211</b>	<b>136 708</b>	<b>150 075</b>	<b>159 220</b>	<b>154 764</b>	<b>154 764</b>	<b>173 085</b>	<b>184 497</b>	<b>193 657</b>
<b>% increase</b>		<b>4%</b>	<b>10%</b>	<b>6%</b>	<b>-3%</b>	<b>0%</b>	<b>12%</b>	<b>7%</b>	<b>5%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>112 151</b>	<b>116 586</b>	<b>127 202</b>	<b>134 149</b>	<b>130 473</b>	<b>130 473</b>	<b>147 530</b>	<b>157 231</b>	<b>165 564</b>

**Table 40 MBRR SA23 – Salary, allowances & benefits of political office bearer/senior management**

Description	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
<b>Councillors</b>						
Speaker	448	67	172			688
Chief Whip	381	102	161			645
Executive Mayor	498	147	215			859
Deputy Executive Mayor						–
Executive Committee	2 957	445	1 134			4 536
Total for all other councillors	10 917	1 351	6 558			18 827
<b>Total Councillors</b>	<b>15 201</b>	<b>2 113</b>	<b>8 240</b>			<b>25 554</b>
<b>Senior Managers of the Municipality</b>						
Municipal Manager (MM)	797	62	264			1 122
Chief Finance Officer	792	2	138			932
Director Infrastructure	655	74	330			1 059
Director Community Services	732	43	157			932
Director Development Planning	709	2	221			932
Director Corporate Services	792	2	138			932
Director Executive Support	673	52	206			932
<b>Total Senior Managers of the Municipality</b>	<b>5 150</b>	<b>236</b>	<b>1 454</b>	<b>–</b>		<b>6 840</b>
<b>TOTAL COST</b>	<b>20 351</b>	<b>2 348</b>	<b>9 694</b>	<b>–</b>		<b>32 394</b>

The above table presents remuneration of Councillors per their categories together with employee related cost for senior managers and it should be noted that all senior management positions are currently filled.

**Table 41 MBRR SA24 – Summary of personnel number**

Summary of Personnel Numbers	2017/18			Current Year 2018/19			Budget Year 2019/20		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>									
Councillors (Political Office Bearers plus Other Councillors)	61	-	61	61	-	61	61	-	61
Board Members of municipal entities	-	-	-	-	-	-	-	-	-
<b>Municipal employees</b>									
Municipal Manager and Senior Managers	6	-	6	7	-	7	7	-	6
Other Managers	28	28	-	30	30	-	35	31	1
Professionals	24	22	2	36	28	8	46	41	-
Finance	12	12	-	18	10	8	27	26	-
Spatial/town planning	3	3	-	8	8	-	9	5	-
Information Technology	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Other	9	7	2	10	10	-	10	10	-
Technicians	11	10	1	22	21	1	63	35	-
Finance	-	-	-	-	-	-	-	-	-
Spatial/town planning	-	-	-	-	-	-	-	-	-
Information Technology	6	6	-	8	8	-	5	5	-
Roads	-	-	-	-	-	-	44	16	-
Electricity	4	3	1	6	5	1	7	7	-
Water	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Other	1	1	-	8	8	-	7	7	-
Clerks (Clerical and administrative)	110	104	6	100	100	-	117	117	-
Service and sales workers	46	35	11	16	16	-	14	14	-
Skilled agricultural and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades	-	-	-	-	-	-	-	-	-
Plant and Machine Operators	20	20	-	22	22	-	25	25	-
Elementary Occupations	154	153	1	156	156	-	96	96	-
<b>TOTAL PERSONNEL NUMBERS</b>	<b>460</b>	<b>372</b>	<b>88</b>	<b>450</b>	<b>373</b>	<b>77</b>	<b>464</b>	<b>359</b>	<b>68</b>
% increase				-2%	0%	-13%	3%	-4%	-12%
Total municipal employees headcount	359	336	23	371	296	8	370	266	67
Finance personnel headcount	58	52	6	61	60	1	60	59	1
Human Resources personnel headcount	11	10	1	13	12	1	34	34	-

## 2.9 Monthly targets for revenue, expenditure and cash flow

Table 42 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2019/20												Medium Term Revenue and		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue By Source</b>															
Property rates	2 894	2 894	2 894	2 894	2 894	2 894	2 894	2 894	2 894	2 894	2 894	2 894	34 727	36 602	38 579
Service charges - electricity revenue	7 990	6 964	6 274	6 601	6 944	7 305	7 685	8 084	7 725	8 155	8 585	10 645	92 957	97 977	103 268
Service charges - water revenue															
Service charges - sanitation revenue															
Service charges - refuse revenue	412	433	456	580	605	631	558	587	618	712	712	2 244	8 550	9 011	9 498
Service charges - other															
Rental of facilities and equipment	88	88	88	88	88	88	88	88	88	88	88	88	1 052	1 109	1 169
Interest earned - external investments	142	179	183	197	223	249	257	275	284	294	325	338	2 946	3 105	3 272
Interest earned - outstanding debtors	329	348	376	458	587	563	692	560	657	782	823	867	7 040	7 421	7 821
Dividends received															
Fines, penalties and forfeits	9 157	4 154	9 154	5 155	6 156	11 157	10 155	2 154	1 054	7 754	4 654	3 155	73 860	77 848	82 052
Licences and permits	96	374	394	414	436	459	482	507	534	562	591	622	5 470	5 766	6 077
Agency services															
Transfers and subsidies	101 196	450	–	–	650	79 169	–	274	90 879	–	–	–	272 618	291 737	314 255
Other revenue	80	92	102	120	126	136	153	151	166	168	181	190	1 664	1 754	1 849
Gains on disposal of PPE															
<b>Total Revenue excluding capital transfers</b>	<b>122 383</b>	<b>15 976</b>	<b>19 920</b>	<b>16 506</b>	<b>18 708</b>	<b>102 650</b>	<b>22 965</b>	<b>15 576</b>	<b>104 898</b>	<b>21 408</b>	<b>18 853</b>	<b>21 043</b>	<b>500 885</b>	<b>532 330</b>	<b>567 840</b>
<b>Expenditure By Type</b>															
Employee related costs	11 870	11 884	11 635	11 635	11 635	19 550	11 635	11 635	11 635	11 635	11 635	11 149	147 530	157 231	165 564
Remuneration of councillors	2 130	2 130	2 130	2 130	2 130	2 130	2 130	2 130	2 130	2 130	2 130	2 130	25 554	27 266	28 093
Debt impairment	4 822	4 822	4 822	4 822	4 822	4 822	4 822	4 822	4 822	4 822	4 822	4 822	57 860	60 984	61 899
Depreciation & asset impairment	4 710	4 710	4 710	4 710	4 710	4 710	4 710	4 710	4 710	4 710	4 710	4 710	56 520	59 572	60 789
Finance charges	209	209	209	209	209	209	209	209	209	209	209	209	2 505	1 141	53
Bulk purchases	7 745	6 995	6 845	5 975	6 675	7 145	5 545	6 475	5 745	6 555	6 945	8 296	80 941	93 406	107 884
Other materials	4 193	996	807	857	874	861	855	844	1 010	941	773	581	13 590	14 324	14 798
Contracted services	5 837	4 044	5 811	5 296	4 919	4 476	3 376	3 690	4 122	4 618	4 252	3 346	53 788	54 842	58 246
Transfers and subsidies	440	270	270	270	270	270	270	570	270	270	270	300	3 740	3 942	4 155
Other expenditure	4 044	3 319	4 629	3 337	3 022	2 768	3 065	3 850	3 085	3 156	2 981	3 306	40 562	39 194	38 868
Loss on disposal of PPE													(0)	(0)	(0)
<b>Total Expenditure</b>	<b>46 000</b>	<b>39 379</b>	<b>41 867</b>	<b>39 238</b>	<b>39 265</b>	<b>46 939</b>	<b>36 617</b>	<b>38 932</b>	<b>37 737</b>	<b>39 045</b>	<b>38 725</b>	<b>38 849</b>	<b>482 591</b>	<b>511 903</b>	<b>540 349</b>
<b>Surplus/(Deficit)</b>	<b>76 384</b>	<b>(23 403)</b>	<b>(21 947)</b>	<b>(22 732)</b>	<b>(20 557)</b>	<b>55 711</b>	<b>(13 652)</b>	<b>(23 357)</b>	<b>67 161</b>	<b>(17 636)</b>	<b>(19 872)</b>	<b>(17 806)</b>	<b>18 293</b>	<b>20 427</b>	<b>27 491</b>
Transfers and subsidies - capital	30 600	–	–	5 300	–	28 500	–	–	9 521	–	–	–	73 921	74 234	75 773
Transfers and subsidies - capital															
Transfers and subsidies - capital (in-kind - all)															
Surplus/(Deficit) after capital transfers & contributions	106 984	(23 403)	(21 947)	(17 432)	(20 557)	84 211	(13 652)	(23 357)	76 682	(17 636)	(19 872)	(17 806)	92 214	94 661	103 264
Taxation															
Attributable to minorities															
Share of surplus/ (deficit) of associate													0	–	–
<b>Surplus/(Deficit)</b>	<b>106 984</b>	<b>(23 403)</b>	<b>(21 947)</b>	<b>(17 432)</b>	<b>(20 557)</b>	<b>84 211</b>	<b>(13 652)</b>	<b>(23 357)</b>	<b>76 682</b>	<b>(17 636)</b>	<b>(19 872)</b>	<b>(17 806)</b>	<b>92 214</b>	<b>94 661</b>	<b>103 264</b>

**Table 43 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

Description	Budget Year 2019/20												Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
	July	August	Sept.	October	November	December	January	February	March	April	May	June				
<b>Revenue by Vote</b>																
Vote 1 - Executive & Council	15 168	-	-	-	-	12 134	-	-	13 929	-	-	(0)	41 231	44 455	48 031	
Vote 2 - Office of the Municipal Manager	13 112	-	-	-	-	10 490	-	-	12 041			-	35 643	38 301	41 250	
Vote 3 - Budget & Treasury	13 008	3 281	3 306	3 343	3 382	9 508	3 496	3 468	10 488	3 589	3 641	3 676	64 188	68 387	72 707	
Vote 4 - Corporate Services	14 795	0	1	1	1	11 837	1	1	13 588	1	0	1	40 227	45 599	49 340	
Vote 5 - Community Services	26 027	4 988	10 031	6 177	7 224	25 351	11 228	3 283	17 253	9 068	5 999	6 064	132 693	138 549	146 999	
Vote 6 - Technical Services	59 360	7 214	6 536	12 236	7 400	52 607	8 182	8 493	36 534	8 687	9 147	11 234	227 629	237 241	248 804	
Vote 7 - Developmental Planning	4 808	493	46	50	701	3 857	57	331	4 427	64	65	68	14 966	14 443	15 385	
Vote 8 - Executive Support	6 706	-	-	-	-	5 365	-	-	6 158			-	18 229	19 588	21 097	
<b>Total Revenue by Vote</b>	<b>152 983</b>	<b>15 976</b>	<b>19 920</b>	<b>21 806</b>	<b>18 708</b>	<b>131 150</b>	<b>22 965</b>	<b>15 576</b>	<b>114 419</b>	<b>21 408</b>	<b>18 853</b>	<b>21 043</b>	<b>574 806</b>	<b>606 564</b>	<b>643 613</b>	
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Executive & Council	3 194	2 824	4 134	2 738	3 181	2 988	2 580	3 067	2 939	3 017	3 199	3 011	36 874	39 197	42 847	
Vote 2 - Office of the Municipal Manager	3 256	2 815	3 371	3 418	2 776	3 596	2 576	2 765	2 473	3 071	2 420	2 529	35 065	37 067	38 157	
Vote 3 - Budget & Treasury	5 825	4 115	5 152	4 713	4 281	4 833	4 060	4 237	3 855	4 363	3 853	3 631	52 917	56 063	58 368	
Vote 4 - Corporate Services	3 326	3 024	2 860	2 970	3 126	3 839	3 040	2 866	3 002	2 888	2 869	3 002	36 814	38 994	39 934	
Vote 5 - Community Services	9 501	9 288	9 477	9 314	9 008	11 633	8 923	9 026	9 507	9 302	8 929	8 518	112 427	117 560	121 617	
Vote 6 - Technical Services	18 866	14 872	14 820	13 857	14 702	16 655	13 530	14 556	13 830	14 555	14 811	16 069	181 124	195 377	212 055	
Vote 7 - Developmental Planning	1 002	1 162	919	1 172	945	1 434	883	1 421	1 036	864	1 073	1 273	13 185	12 556	11 539	
Vote 8 - Executive Support	1 029	1 278	1 133	1 055	1 245	1 960	1 025	994	1 094	985	1 572	816	14 187	15 088	15 831	
<b>Total Expenditure by Vote</b>	<b>46 000</b>	<b>39 379</b>	<b>41 867</b>	<b>39 238</b>	<b>39 265</b>	<b>46 939</b>	<b>36 617</b>	<b>38 932</b>	<b>37 737</b>	<b>39 045</b>	<b>38 725</b>	<b>38 849</b>	<b>482 591</b>	<b>511 903</b>	<b>540 349</b>	
<b>Surplus/(Deficit) before assoc.</b>	<b>106 984</b>	<b>(23 403)</b>	<b>(21 947)</b>	<b>(17 432)</b>	<b>(20 557)</b>	<b>84 211</b>	<b>(13 652)</b>	<b>(23 357)</b>	<b>76 682</b>	<b>(17 636)</b>	<b>(19 872)</b>	<b>(17 806)</b>	<b>92 214</b>	<b>94 661</b>	<b>103 264</b>	
Taxation													-	-	-	
Attributable to minorities													-	-	-	
Share of surplus/ (deficit) of associate													-	-	-	
<b>Surplus/(Deficit)</b>	<b>106 984</b>	<b>(23 403)</b>	<b>(21 947)</b>	<b>(17 432)</b>	<b>(20 557)</b>	<b>84 211</b>	<b>(13 652)</b>	<b>(23 357)</b>	<b>76 682</b>	<b>(17 636)</b>	<b>(19 872)</b>	<b>(17 806)</b>	<b>92 214</b>	<b>94 661</b>	<b>103 264</b>	



Table 44 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2019/20												Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
	July	August	Sept.	October	November	December	January	February	March	April	May	June				
<b>Revenue - Functional</b>																
<b>Governance and administration</b>	<b>68 350</b>	<b>3 281</b>	<b>3 307</b>	<b>3 344</b>	<b>3 383</b>	<b>53 783</b>	<b>3 497</b>	<b>3 469</b>	<b>61 312</b>	<b>3 590</b>	<b>3 642</b>	<b>3 677</b>	<b>214 636</b>	<b>232 577</b>	<b>249 921</b>	
Executive and council	17 128	-	-	-	-	13 702	-	-	15 729	-	-	-	46 559	50 181	54 198	
Finance and administration	47 930	3 281	3 307	3 344	3 383	37 447	3 497	3 469	42 560	3 590	3 642	3 677	159 127	172 779	185 365	
<b>Internal audit</b>	<b>3 292</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 634</b>	<b>-</b>	<b>-</b>	<b>3 024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8 950</b>	<b>9 617</b>	<b>10 358</b>	
<b>Community and public safety</b>	<b>7 745</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>6 201</b>	<b>6</b>	<b>6</b>	<b>7 118</b>	<b>7</b>	<b>8</b>	<b>8</b>	<b>21 118</b>	<b>22 691</b>	<b>24 437</b>	
Community and social services	3 302	4	4	4	4	2 645	5	5	3 036	6	6	6	9 026	9 698	10 443	
Sport and recreation	4 443	1	1	1	1	3 556	1	1	4 082	2	2	2	12 092	12 993	13 993	
<b>Economic and environmental services</b>	<b>53 915</b>	<b>5 131</b>	<b>9 708</b>	<b>5 735</b>	<b>7 411</b>	<b>51 901</b>	<b>10 830</b>	<b>3 126</b>	<b>25 130</b>	<b>8 517</b>	<b>5 457</b>	<b>3 993</b>	<b>190 855</b>	<b>200 675</b>	<b>215 386</b>	
Planning and development	7 235	493	46	50	701	5 799	57	331	6 656	64	65	68	21 564	21 533	23 021	
Road transport	46 256	4 638	9 662	5 685	6 710	45 763	10 773	2 796	18 085	8 453	5 391	3 925	168 137	177 903	191 031	
Environmental protection	424	-	-	-	-	339	-	-	390	-	-	-	1 153	1 239	1 334	
<b>Trading services</b>	<b>22 973</b>	<b>7 559</b>	<b>6 900</b>	<b>12 722</b>	<b>7 909</b>	<b>19 264</b>	<b>8 632</b>	<b>8 975</b>	<b>20 858</b>	<b>9 294</b>	<b>9 747</b>	<b>13 364</b>	<b>148 197</b>	<b>150 621</b>	<b>153 870</b>	
Energy sources	15 295	7 104	6 422	12 119	7 280	12 810	8 046	8 359	13 555	8 549	9 001	11 084	119 623	122 296	125 171	
Waste management	7 678	454	478	603	629	6 455	586	616	7 304	744	746	2 280	28 574	28 325	28 698	
<b>Total Revenue - Functional</b>	<b>152 983</b>	<b>15 976</b>	<b>19 920</b>	<b>21 806</b>	<b>18 708</b>	<b>131 150</b>	<b>22 965</b>	<b>15 576</b>	<b>114 419</b>	<b>21 408</b>	<b>18 853</b>	<b>21 043</b>	<b>574 806</b>	<b>606 564</b>	<b>643 613</b>	
<b>Expenditure - Functional</b>																
Governance and administration	18 576	15 294	18 047	16 035	15 927	18 501	14 541	15 247	14 535	15 556	15 233	14 344	191 835	199 315	2 07E+08	
Executive and council	3 594	3 208	4 523	3 068	3 563	3 597	2 992	3 442	3 276	3 415	3 553	3 428	41 658	44 271	48 191 589	
<b>Finance and administration</b>	<b>14 254</b>	<b>11 428</b>	<b>12 493</b>	<b>11 746</b>	<b>11 658</b>	<b>14 110</b>	<b>10 910</b>	<b>11 019</b>	<b>10 774</b>	<b>11 202</b>	<b>11 305</b>	<b>10 590</b>	<b>141 488</b>	<b>145 862</b>	<b>149 357</b>	
<b>Internal audit</b>	<b>728</b>	<b>658</b>	<b>1 031</b>	<b>1 221</b>	<b>706</b>	<b>794</b>	<b>639</b>	<b>786</b>	<b>485</b>	<b>939</b>	<b>375</b>	<b>326</b>	<b>8 689</b>	<b>9 182</b>	<b>9 418</b>	
Community and public safety	1 518	1 461	1 486	1 534	1 460	2 293	1 444	1 450	1 476	1 464	1 433	1 477	18 495	19 664	20 706	
Community and social services	588	604	601	633	586	964	561	585	603	564	569	598	7 457	7 946	8 361	
Sport and recreation	929	857	885	900	874	1 329	883	865	874	900	864	879	11 037	11 719	12 344	
<b>Economic and environmental services</b>	<b>13 956</b>	<b>12 035</b>	<b>11 530</b>	<b>11 813</b>	<b>11 685</b>	<b>14 512</b>	<b>11 550</b>	<b>12 226</b>	<b>11 880</b>	<b>11 670</b>	<b>11 659</b>	<b>11 201</b>	<b>145 716</b>	<b>152 778</b>	<b>157 245</b>	
Planning and development	1 385	1 455	1 221	1 554	1 270	1 884	1 163	1 762	1 320	1 156	1 384	1 594	17 147	16 774	15 981	
Road transport	12 508	10 504	10 260	10 192	10 339	12 505	10 338	10 395	10 509	10 465	10 224	9 487	127 726	135 108	140 324	
Environmental protection	63	76	49	67	76	122	50	70	51	49	50	120	843	896	939	
<b>Trading services</b>	<b>11 949</b>	<b>10 590</b>	<b>10 803</b>	<b>9 857</b>	<b>10 194</b>	<b>11 633</b>	<b>9 081</b>	<b>10 010</b>	<b>9 846</b>	<b>10 355</b>	<b>10 401</b>	<b>11 828</b>	<b>126 546</b>	<b>140 145</b>	<b>155 432</b>	
Energy sources	9 660	8 509	8 260	7 522	8 097	8 894	7 065	7 963	7 282	7 953	8 361	9 804	99 370	112 891	127 212	
Waste management	2 289	2 081	2 544	2 335	2 097	2 739	2 016	2 047	2 563	2 402	2 041	2 024	27 177	27 254	28 220	
<b>Total Expenditure - Functional</b>	<b>46 000</b>	<b>39 379</b>	<b>41 867</b>	<b>39 238</b>	<b>39 265</b>	<b>46 939</b>	<b>36 617</b>	<b>38 932</b>	<b>37 737</b>	<b>39 045</b>	<b>38 725</b>	<b>38 849</b>	<b>482 591</b>	<b>511 903</b>	<b>540 349</b>	
Surplus/(Deficit) before assoc.	106 984	(23 403)	(21 947)	(17 432)	(20 557)	84 211	(13 652)	(23 357)	76 682	(17 636)	(19 872)	(17 806)	92 214	94 661	103 264	
Share of surplus/ (deficit) of associate													-	-	-	
<b>Surplus/(Deficit)</b>	<b>106 984</b>	<b>(23 403)</b>	<b>(21 947)</b>	<b>(17 432)</b>	<b>(20 557)</b>	<b>84 211</b>	<b>(13 652)</b>	<b>(23 357)</b>	<b>76 682</b>	<b>(17 636)</b>	<b>(19 872)</b>	<b>(17 806)</b>	<b>92 214</b>	<b>94 661</b>	<b>103 264</b>	

**Table 45 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

Description	Budget Year 2019/20												Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June				
<b>Multi-year expenditure to be appropriated</b>																
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Services	8 275	483	4 705	6 684	1 415	5 895	5 638	2 501	5 207	3 670	1 738	4 371	50 583	68 075	61 517	
Vote 7 - Developmental Planning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>8 275</b>	<b>483</b>	<b>4 705</b>	<b>6 684</b>	<b>1 415</b>	<b>5 895</b>	<b>5 638</b>	<b>2 501</b>	<b>5 207</b>	<b>3 670</b>	<b>1 738</b>	<b>4 371</b>	<b>50 583</b>	<b>68 075</b>	<b>61 517</b>	
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	160	317	49	-	211	-	21	46	-	62	34	-	900	900	900	
Vote 5 - Community Services	348	348	522	630	478	-	-	-	-	-	-	-	2 326	870	-	
Vote 6 - Technical Services	683	2 564	8 786	1 050	6 583	4 018	2 770	2 128	5 225	1 185	3 412	3 442	41 845	27 067	34 086	
Vote 7 - Developmental Planning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>1 191</b>	<b>3 229</b>	<b>9 357</b>	<b>1 680</b>	<b>7 272</b>	<b>4 018</b>	<b>2 791</b>	<b>2 173</b>	<b>5 225</b>	<b>1 247</b>	<b>3 446</b>	<b>3 442</b>	<b>45 071</b>	<b>28 836</b>	<b>34 986</b>	
<b>Total Capital Expenditure</b>	<b>9 466</b>	<b>3 712</b>	<b>14 062</b>	<b>8 364</b>	<b>8 687</b>	<b>9 913</b>	<b>8 429</b>	<b>4 675</b>	<b>10 432</b>	<b>4 917</b>	<b>5 184</b>	<b>7 813</b>	<b>95 654</b>	<b>96 911</b>	<b>96 503</b>	

**Table 46 MBRR SA 29 - Budgeted monthly capital expenditure (standard classification)**

Description	Budget Year 2019/20												Medium Term Revenue and		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Capital Expenditure - Functional</b>															
<b>Governance and administration</b>	160	317	49	-	211	-	21	46	-	62	34	-	900	900	900
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration	160	317	49	-	211	-	21	46	-	62	34	-	900	900	900
<b>Internal audit</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	-	-	-	500	-	-	-	-	-	-	-	-	500	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	500	-	-	-	-	-	-	-	-	500	-	-
<b>Economic and environmental services</b>	6 570	2 689	8 707	7 570	6 924	8 246	6 395	3 743	8 693	2 872	4 278	6 219	72 906	75 363	74 708
Planning and development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport	6 570	2 689	8 707	7 570	6 924	8 246	6 395	3 743	8 693	2 872	4 278	6 219	72 906	75 363	74 708
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	2 736	706	5 306	294	1 552	1 667	2 013	886	1 739	1 983	872	1 595	21 348	20 648	20 895
Energy sources	2 388	358	4 784	163	1 074	1 667	2 013	886	1 739	1 983	872	1 595	19 522	19 778	20 895
Waste management	348	348	522	130	478	-	-	-	-	-	-	-	1 826	870	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	<b>9 466</b>	<b>3 712</b>	<b>14 062</b>	<b>8 364</b>	<b>8 687</b>	<b>9 913</b>	<b>8 429</b>	<b>4 675</b>	<b>10 432</b>	<b>4 917</b>	<b>5 184</b>	<b>7 813</b>	<b>95 654</b>	<b>96 911</b>	<b>96 503</b>
Funded by:															
National Government	7 717	1 983	12 824	3 846	7 516	8 259	6 303	3 145	8 483	4 299	3 398	6 147	73 921	74 234	75 773
Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	7 717	1 983	12 824	3 846	7 516	8 259	6 303	3 145	8 483	4 299	3 398	6 147	73 921	74 234	75 773
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>	<b>1 748</b>	<b>1 729</b>	<b>1 238</b>	<b>4 517</b>	<b>1 170</b>	<b>1 654</b>	<b>2 126</b>	<b>1 530</b>	<b>1 949</b>	<b>618</b>	<b>1 786</b>	<b>1 667</b>	<b>21 733</b>	<b>22 677</b>	<b>20 730</b>
<b>Total Capital Funding</b>	<b>9 466</b>	<b>3 712</b>	<b>14 062</b>	<b>8 364</b>	<b>8 687</b>	<b>9 913</b>	<b>8 429</b>	<b>4 675</b>	<b>10 432</b>	<b>4 917</b>	<b>5 184</b>	<b>7 813</b>	<b>95 654</b>	<b>96 911</b>	<b>96 503</b>

Table 47 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Cash Receipts By Source</b>													0		
Property rates	1 823	1 823	1 823	1 823	1 823	1 823	1 823	1 823	1 823	1 823	1 823	1 823	21 878	27 452	28 934
Service charges - electricity revenue	7 282	6 741	6 741	6 741	6 741	6 741	6 741	6 741	6 741	6 741	6 741	12 692	87 380	86 220	90 876
Service charges - refuse revenue	335	335	335	335	335	335	335	335	335	335	335	335	4 018	4 596	4 844
Rental of facilities and equipment	59	59	59	59	59	59	59	59	59	59	59	59	705	721	760
Interest earned - external investments	245	245	245	245	245	245	245	245	245	245	245	245	2 946	3 105	3 272
Interest earned - outstanding debtors	76	76	76	76	76	76	76	76	76	76	76	76	915	1 484	1 564
Fines, penalties and forfeits	800	800	800	800	800	800	800	800	800	800	800	800	9 602	10 120	10 667
Licences and permits	456	456	456	456	456	456	456	456	456	456	456	456	5 470	5 766	6 077
Transfer receipts - operational	23 135	23 135	23 135	23 135	23 135	23 135	23 135	23 135	23 135	23 135	23 135	18 135	272 618	291 737	314 255
Other revenue	139	139	139	139	139	139	139	139	139	139	139	139	1 664	1 754	1 849
<b>Cash Receipts by Source</b>	<b>34 350</b>	<b>33 809</b>	<b>33 809</b>	<b>33 809</b>	<b>33 809</b>	<b>33 809</b>	<b>33 809</b>	<b>33 809</b>	<b>33 809</b>	<b>33 809</b>	<b>33 809</b>	<b>34 760</b>	<b>407 197</b>	<b>432 954</b>	<b>463 098</b>
Other Cash Flows by Source															
Transfer receipts - capital	6 160	6 160	6 160	6 160	6 160	6 160	6 160	6 160	6 160	6 160	6 160	6 160	73 921	74 234	75 773
Transfers and subsidies - capital													-		
Proceeds on disposal of PPE													-		
Short term loans													-		
Borrowing long term/refinancing													-		
Increase (decrease) in consumer deposits												(400)	(400)	(350)	(300)
Decrease (Increase) in non-current debtors													-		
Decrease (increase) other non-current receivables													-		
Decrease (increase) in non-current investments													-		
<b>Total Cash Receipts by Source</b>	<b>40 510</b>	<b>39 969</b>	<b>39 969</b>	<b>39 969</b>	<b>39 969</b>	<b>39 969</b>	<b>39 969</b>	<b>39 969</b>	<b>39 969</b>	<b>39 969</b>	<b>39 969</b>	<b>40 520</b>	<b>480 718</b>	<b>506 838</b>	<b>538 571</b>
Cash Payments by Type															
Employee related costs	12 294	12 609	12 609	12 609	12 609	12 609	12 609	12 609	12 609	12 609	12 609	9 148	147 530	157 231	165 564
Remuneration of councillors	2 130	2 130	2 130	2 130	2 130	2 130	2 130	2 130	2 130	2 130	2 130	2 130	25 554	27 266	28 093
Finance charges	209	207	207	207	207	207	207	207	207	207	207	222	2 505	1 141	53
Bulk purchases - Electricity	6 745	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	6 382	10 373	80 941	93 406	107 884
Other materials	773	773	773	773	773	773	773	773	773	773	773	615	9 120	9 612	9 831
Contracted services	4 689	4 990	4 990	4 990	4 990	4 990	4 990	4 990	4 990	4 990	4 990	1 675	56 268	58 464	61 929
Transfers and grants - other municipalities	312	312	312	312	312	312	312	312	312	312	312	312	3 740	3 942	4 155
Other expenditure	3 546	4 247	4 247	4 247	4 247	4 247	4 247	4 247	4 247	4 247	4 247	(3 459)	42 552	40 284	40 150
<b>Cash Payments by Type</b>	<b>30 697</b>	<b>31 650</b>	<b>31 650</b>	<b>31 650</b>	<b>31 650</b>	<b>31 650</b>	<b>31 650</b>	<b>31 650</b>	<b>31 650</b>	<b>31 650</b>	<b>31 650</b>	<b>21 015</b>	<b>368 211</b>	<b>391 346</b>	<b>417 660</b>
Other Cash Flows/Payments by Type															
<b>Capital assets</b>	<b>7 333</b>	<b>6 452</b>	<b>6 452</b>	<b>6 452</b>	<b>6 452</b>	<b>6 452</b>	<b>6 452</b>	<b>6 452</b>	<b>6 452</b>	<b>6 452</b>	<b>6 452</b>	<b>16 147</b>	<b>88 001</b>	<b>89 158</b>	<b>88 783</b>
Repayment of borrowing	807	807	807	807	807	807	807	807	807	807	807	807	9 686	11 050	2 504
Other Cash Flows/Payments	838	838	838	838	838	838	838	838	838	838	838	838	10 055	13 000	15 000
<b>Total Cash Payments by Type</b>	<b>39 676</b>	<b>39 747</b>	<b>39 747</b>	<b>39 747</b>	<b>39 747</b>	<b>39 747</b>	<b>39 747</b>	<b>39 747</b>	<b>39 747</b>	<b>39 747</b>	<b>39 747</b>	<b>38 807</b>	<b>475 953</b>	<b>504 555</b>	<b>523 947</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>834</b>	<b>222</b>	<b>222</b>	<b>222</b>	<b>222</b>	<b>222</b>	<b>222</b>	<b>222</b>	<b>222</b>	<b>222</b>	<b>222</b>	<b>1 713</b>	<b>4 764</b>	<b>2 283</b>	<b>14 624</b>
Cash/cash equivalents at the month/year begin:	24 273	25 107	25 328	25 550	25 772	25 994	26 216	26 437	26 659	26 881	27 103	27 324	24 273	29 037	31 320
<b>Cash/cash equivalents at the month/year end:</b>	<b>25 107</b>	<b>25 328</b>	<b>25 550</b>	<b>25 772</b>	<b>25 994</b>	<b>26 216</b>	<b>26 437</b>	<b>26 659</b>	<b>26 881</b>	<b>27 103</b>	<b>27 324</b>	<b>29 037</b>	<b>29 037</b>	<b>31 320</b>	<b>45 944</b>

**Table 48 MBRR SA32–List of external mechanisms**

External mechanism	Yrs/ Mths	Period of agreeme	Service provided	Expiry date of	Monetary value of
AM Accountants/Munsoft	Yrs	1	Finance Consultation - Preparation of AFS and mSCOA implementation	2018/06/30	As and when
Canon	Yrs	3	Provision of photocopying machines	2017/02/28	As and when
Selema Plant Hire	Yrs	3	Rehabilitation of landfill site	2020/06/30	13 440
Wenzile Phaphama	Yrs	3	Security services	2019/06/30	32 781
Munsoft	Yrs	5	Financial system	2018/06/30	5 520
Baupa Printing	Yrs	3	Printing services	2017/03/31	As and when
OB Media	Yrs	3	Printing services		
Sage VIP	Yrs	5	Payroll system	2018/06/30	As and when
Unisonlateral	Yrs	3	Insurance services	2019/06/30	4 700
Nedbank	Yrs	5	Banking services	2022/06/30	As and when
Supply and delivery of refuse bags	Yrs	3	Supply of refuse bags	2020/06/30	Still on advert
Fleet Horizon	Yrs	3	Lease of vehicles	2018/08/30	1 100
Selema and Mashumi JV	Yrs	3	Refuse removal	2019/06/30	6 000
MTN	Yrs	3	Supply of cell phones and other gadgets	2019/06/30	400
Market Demand	Yrs	3	Asset Management Support	2018/03/30	4 500
Bongilemashumi	Yrs	3	Supply and delivery of cartridges		As and when
Bahlotse	Yrs	3	Supply and delivery of cartridges		As and when
Mohlaka Media	Yrs	3	Supply and delivery of cartridges		As and when
Lermat	Yrs	3	Supply and delivery of electrical materials		As and when
KF Petla	Yrs	3	Supply and delivery of electrical materials		As and when
Mpofu	Yrs	3	Supply and delivery of electrical materials		As and when
Pheladi 'a Noko	Yrs	3	Event management		As and when
Skhoba	Yrs	3	Event management		As and when
Lemon Peel	Yrs	3	Event management		As and when
Roneli	Yrs	3	Event management		As and when
24/7 Travel	Yrs	3	Event management		As and when
KDM Travel	Yrs	3	Accommodation bookings		As and when
Reakgona Travel	Yrs	3	Accommodation bookings		As and when
Babirwa Travel	Yrs	3	Accommodation bookings		As and when
PMH	Yrs	3	ICT support	2020/08/31	As and when
Perteta	Yrs	3	Supply and delivery of asphalt	2021/01/31	As and when

## 2.10 Contracts having future budgetary implications

**Table 49 MBRR Table SA33–Contracts having future budgetary implications**

Description	Precedin g Years	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework			Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Total Contract Value
	Total	Original Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
<b>Revenue Obligation By Contract</b>													
Contract 1	–	–	–	–	–	–	–	–	–	–	–	–	–
Contract 2	–	–	–	–	–	–	–	–	–	–	–	–	–
Contract 3 etc	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Operating Revenue Implication</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Expenditure Obligation By Contract</b>													
Refuse removal	7 000	8 000	–	–	–	–	–	–	–	–	–	–	15 000
Maintenance of landfill site	3 840	4 800	–	–	–	–	–	–	–	–	–	–	8 640
Lease of vehicles	1 726	20 323	13 554	2 504	–	–	–	–	–	–	–	–	
Insurance	5 100	6 000	–	–	–	–	–	–	–	–	–	–	
Asset management consultancy	4 500	4 500	–	–	–	–	–	–	–	–	–	–	
Security services	10 939	11 806	–	–	–	–	–	–	–	–	–	–	22 745
<b>Total Operating Expenditure Implication</b>	<b>33 105</b>	<b>55 429</b>	<b>13 554</b>	<b>2 504</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>104 591</b>
<b>Capital Expenditure Obligation By Contract</b>													
Naganeng Bus Road	–	8 817	–	–	–	–	–	–	–	–	–	–	8 817
Rehabilitation of landfill site	–	–	13 440	–	–	–	–	–	–	–	–	–	13 440
Contract 3 etc	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Capital Expenditure Implication</b>	<b>–</b>	<b>8 817</b>	<b>13 440</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>22 257</b>
<b>Total Expenditure Implication</b>	<b>33 105</b>	<b>64 246</b>	<b>26 994</b>	<b>2 504</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>126 849</b>

## 2.11 Capital expenditure details

The following five tables present details of the municipality's capital expenditure programme, firstly on new assets, renewal of existing assets, repair and maintenance of assets, depreciation, and upgrading of existing assets.

### BRR SA 34a - Capital expenditure on new assets by asset class

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>78 112</b>	<b>32 884</b>	<b>52 811</b>	<b>32 150</b>	<b>47 545</b>	<b>47 545</b>	<b>50 043</b>	<b>38 045</b>	<b>51 444</b>
<b>Roads Infrastructure</b>	<b>52 140</b>	<b>21 733</b>	<b>39 865</b>	<b>21 283</b>	<b>34 057</b>	<b>34 057</b>	<b>30 521</b>	<b>20 006</b>	<b>34 897</b>
Roads	52 140	21 733	39 865	21 283	34 057	34 057	30 521	20 006	34 897
Storm water Infrastructure	3 613	-	-	-	-	-	-	-	-
Drainage Collection									
Storm water Conveyance	3 613								
<b>Electrical Infrastructure</b>	<b>22 359</b>	<b>11 151</b>	<b>12 946</b>	<b>10 868</b>	<b>13 487</b>	<b>13 487</b>	<b>19 522</b>	<b>18 039</b>	<b>16 547</b>
Power Plants									
HV Substations									
HV Switching Station									
HV Transmission Conductors	15 218	11 151	12 946						
MV Substations									
MV Switching Stations									
MV Networks	7 141			10 868	13 487	13 487	19 522	18 039	16 547
<b>Solid Waste Infrastructure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Landfill Sites									
Waste Transfer Stations									
Waste Processing Facilities									
Waste Drop-off Points									
<b>Community Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community Facilities	-	-	-	-	-	-	-	-	-
Halls									
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations									
<b>Other assets</b>	<b>-</b>	<b>1 298</b>	<b>-</b>	<b>5 347</b>	<b>4 947</b>	<b>4 947</b>	<b>900</b>	<b>500</b>	<b>200</b>
Operational Buildings	-	1 298	-	5 347	4 947	4 947	900	500	200
Municipal Offices		583		5 347	4 947	4 947	900	500	200
Workshops		715							
<b>Computer Equipment</b>	<b>-</b>	<b>1 168</b>	<b>749</b>	<b>500</b>	<b>1 000</b>	<b>1 000</b>	<b>500</b>	<b>500</b>	<b>500</b>
Computer Equipment		1 168	749	500	1 000	1 000	500	500	500
<b>Furniture and Office Equipment</b>	<b>-</b>	<b>340</b>	<b>362</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>
Furniture and Office Equipment		340	362	400	400	400	400	400	400
<b>Machinery and Equipment</b>	<b>86</b>	<b>2 100</b>	<b>3 138</b>	<b>400</b>	<b>300</b>	<b>300</b>	<b>2 326</b>	<b>500</b>	<b>500</b>
Machinery and Equipment	86	2 100	3 138	400	300	300	2 326	500	500
<b>Transport Assets</b>	<b>-</b>	<b>2 253</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transport Assets		2 253							
<b>Total Capital Expenditure on new assets</b>	<b>78 198</b>	<b>40 043</b>	<b>57 060</b>	<b>38 798</b>	<b>54 192</b>	<b>54 192</b>	<b>54 169</b>	<b>39 945</b>	<b>53 044</b>

**Table 51 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Capital expenditure on renewal of existing</b>									
<b>Infrastructure</b>	25 266	37 997	42 135	33 550	40 944	40 944	23 813	38 615	26 422
<b>Roads Infrastructure</b>	24 824	37 997	42 135	33 550	40 944	40 944	22 074	36 229	24 161
Roads	24 824	37 997	42 135	33 550	40 944	40 944	22 074	36 229	24 161
Road Structures									
Road Furniture									
Capital Spares									
<b>Electrical Infrastructure</b>	-	-	-	-	-	-	1 739	2 386	2 261
Power Plants									
HV Substations									
HV Switching Station									
HV Transmission Conductors							1 739	2 386	2 261
MV Substations									
<b>Solid Waste Infrastructure</b>	442	-	-	-	-	-	-	-	-
Landfill Sites	442								
Waste Transfer Stations									
Waste Processing Facilities									
<b>Community Assets</b>	77	1 694	-	522	522	522	-	-	-
Community Facilities	77	-	-	522	522	522	-	-	-
Libraries									
Cemeteries/Crematoria	77			522	522	522			
<b>Sport and Recreation Facilities</b>	-	1 694	-	-	-	-	-	-	-
Indoor Facilities									
Outdoor Facilities		1 694							
Capital Spares									
<b>Other assets</b>	3 699	932	434	-	-	-	-	-	-
Operational Buildings	3 699	932	434	-	-	-	-	-	-
Municipal Offices	3 699		434						
Workshops									
Laboratories		932							
Training Centres									
<b>Computer Equipment</b>	623	-	-	-	-	-	-	-	-
Computer Equipment	623								
<b>Furniture and Office Equipment</b>	237	-	-	-	-	-	-	-	-
Furniture and Office Equipment	237								
<b>Machinery and Equipment</b>	288	-	-	-	-	-	-	-	-
Machinery and Equipment	288								
<b>Transport Assets</b>	-	-	-	-	-	-	-	-	-
Transport Assets									
<b>Total Capital Expenditure on renewal of existing assets</b>	30 190	40 622	42 569	34 072	41 466	41 466	23 813	38 615	26 422
<b>Renewal of Existing Assets as % of total capex</b>	0.00%	50.36%	39.58%	44.91%	42.63%	42.63%	24.89%	39.85%	27.38%
<b>Renewal of Existing Assets as % of deprecn"</b>	60.71%	84.63%	79.34%	66.57%	81.02%	81.02%	44.23%	68.04%	44.17%



**Table 52 MBRR SA34c - Repairs and maintenance expenditure by asset class**

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Repairs and maintenance expenditure</b>									
<b>Infrastructure</b>	3 998	4 633	5 694	10 400	6 704	6 704	6 756	7 121	7 061
<b>Roads Infrastructure</b>	1 788	946	1 266	4 000	2 000	2 000	2 000	2 108	1 922
Roads	1 788	946	1 266	4 000	2 000	2 000	2 000	2 108	1 922
Road Structures									
Road Furniture									
Capital Spares									
Storm water Conveyance									
Attenuation									
<b>Electrical Infrastructure</b>	1 001	1 802	1 891	3 000	1 000	1 000	1 052	1 109	1 169
Power Plants									
HV Substations									
HV Switching Station									
HV Transmission Conductors							1 052	1 109	1 169
MV Substations									
MV Switching Stations									
MV Networks	1 001	1 802	1 891	3 000	1 000	1 000			
<b>Solid Waste Infrastructure</b>	1 209	1 885	2 538	3 400	3 704	3 704	3 704	3 904	3 971
Landfill Sites	1 209	1 885	2 538	3 400	3 704	3 704	3 704	3 904	3 971
Waste Transfer Stations									
Community Assets	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-
Centres									
<b>Other assets</b>	1 154	1 432	929	2 000	1 000	1 000	1 052	1 109	1 169
Operational Buildings	1 154	1 432	929	2 000	1 000	1 000	1 052	1 109	1 169
Municipal Offices	1 154	1 432	929	2 000	1 000	1 000	1 052	1 109	1 169
<b>Intangible Assets</b>	9	82	-	-	-	-	-	-	-
Servitudes									
Licences and Rights	9	82	-	-	-	-	-	-	-
Water Rights									
Effluent Licenses									
Solid Waste Licenses									
Computer Software and Applications	9	82							
<b>Computer Equipment</b>	-	-	-	-	-	-	-	-	-
Computer Equipment									
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment									
<b>Machinery and Equipment</b>	2 749	2 405	4 905	3 550	1 670	1 670	1 757	1 852	1 952
Machinery and Equipment	2 749	2 405	4 905	3 550	1 670	1 670	1 757	1 852	1 952
<b>Transport Assets</b>	1 427	1 800	777	2 000	1 000	1 000	1 052	1 109	1 169
Transport Assets	1 427	1 800	777	2 000	1 000	1 000	1 052	1 109	1 169
<b>Total Repairs and Maintenance Expenditure</b>	9 337	10 353	12 305	17 950	10 374	10 374	10 617	11 191	11 350
<b>R&amp;M as a % of PPE</b>	1.10%	1.10%	1.30%	1.80%	1.00%	1.00%	1.10%	1.10%	1.00%
<b>R&amp;M as % Operating Expenditure</b>	2.50%	2.10%	2.40%	3.80%	2.30%	2.30%	3.00%	2.30%	2.20%

**Table 53 MBRR SA34d – Depreciation of Assets**

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Depreciation by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	43 432	34 968	43 138	34 653	34 653	34 653	36 455	38 424	40 498
<b>Roads Infrastructure</b>	21 648	34 480	3 039	25 147	25 147	25 147	26 454	27 883	29 389
Roads	21 648	34 480	3 039	25 147	25 147	25 147	26 454	27 883	29 389
Capital Spares									
<b>Storm water Infrastructure</b>	6 247	–	(767)	3 712	3 712	3 712	3 905	4 115	4 338
Drainage Collection									
Storm water Conveyance	6 247		(767)	3 712	3 712	3 712	3 905	4 115	4 338
Attenuation									
<b>Electrical Infrastructure</b>	13 538	–	40 326	5 166	5 166	5 166	5 434	5 728	6 037
HV Switching Station									
HV Transmission Conductors	13 538		40 326	5 166	5 166	5 166	5 434	5 728	6 037
MV Substations									
<b>Solid Waste Infrastructure</b>	1 999	488	540	629	629	629	662	698	735
Landfill Sites	1 999	488	540	629	629	629	662	698	735
Waste Transfer Stations									
Waste Processing Facilities									
<b>Community Assets</b>	1 842	2 129	1 161	2 918	2 918	2 918	3 070	3 236	3 411
Community Facilities	1 842	2 129	1 161	2 918	2 918	2 918	3 070	3 236	3 411
Cemeteries/Crematoria	1 842	2 129	1 161	2 918	2 918	2 918	3 070	3 236	3 411
<b>Other assets</b>	1 418	2 978	5 033	2 180	2 180	2 180	2 293	2 417	2 548
Operational Buildings	1 418	2 978	5 033	2 180	2 180	2 180	2 293	2 417	2 548
Municipal Offices	1 418	2 978	5 033	2 180	2 180	2 180	2 293	2 417	2 548
<b>Intangible Assets</b>	–	205	–	378	378	378	398	419	442
Servitudes									
Licences and Rights	–	205	–	378	378	378	398	419	442
Computer Software and Applications		205		378	378	378	398	419	442
<b>Computer Equipment</b>	16	953	526	1 518	1 518	1 518	1 597	1 683	1 774
Computer Equipment	16	953	526	1 518	1 518	1 518	1 597	1 683	1 774
<b>Furniture and Office Equipment</b>	20	1 518	685	3 817	3 817	3 817	4 015	4 232	4 460
Furniture and Office Equipment	20	1 518	685	3 817	3 817	3 817	4 015	4 232	4 460
<b>Machinery and Equipment</b>	1 800	1 323	1 394	2 175	2 175	2 175	2 288	2 412	2 542
Machinery and Equipment	1 800	1 323	1 394	2 175	2 175	2 175	2 288	2 412	2 542
<b>Transport Assets</b>	1 200	3 924	1 716	3 542	3 542	3 542	3 727	3 928	4 140
Transport Assets	1 200	3 924	1 716	3 542	3 542	3 542	3 727	3 928	4 140
<b>Total Depreciation</b>	49 728	47 998	53 654	51 181	51 181	51 181	53 842	56 749	59 814

**Table 54 MBRR SA34e – Upgrading of Existing Assets**

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Capital expenditure on upgrading Assets</b>									
<b>Infrastructure</b>	-	-	-	3 000	1 600	1 600	15 196	18 351	17 038
<b>Roads Infrastructure</b>	-	-	-	-	-	-	15 196	15 743	12 690
Roads							15 196	15 743	12 690
Road Structures									
Road Furniture									
<b>Capital Spares</b>									
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Attenuation									
<b>Electrical Infrastructure</b>	-	-	-	-	-	-	-	1 739	4 348
Power Plants									
HV Substations									
HV Switching Station									
HV Transmission Conductors							-	1 739	4 348
<b>Solid Waste Infrastructure</b>	-	-	-	3 000	1 600	1 600	-	870	-
Landfill Sites				3 000	1 600	1 600		870	
Waste Transfer Stations									
Waste Processing Facilities									
<b>Community Assets</b>	-	-	7 829	-	-	-	-	-	-
<b>Community Facilities</b>	-	-	-	-	-	-	-	-	-
Halls									
Centres									
<b>Sport and Recreation Facilities</b>	-	-	7 829	-	-	-	-	-	-
Indoor Facilities									
Outdoor Facilities			7 829						
Capital Spares									
Heritage assets	-	-	-	-	-	-	-	-	-
<b>Other assets</b>	-	-	105	-	-	-	2 476	-	-
Operational Buildings	-	-	105	-	-	-	2 476	-	-
Municipal Offices							2 476	-	-
Workshops			105						
<b>Computer Equipment</b>	-	-	-	-	-	-	-	-	-
Computer Equipment									
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment									
<b>Machinery and Equipment</b>	-	-	-	-	-	-	-	-	-
Machinery and Equipment									
<b>Transport Assets</b>	-	-	-	-	-	-	-	-	-
Transport Assets									
<b>Land</b>	-	-	-	-	-	-	-	-	-
Land									
<b>Total Capital Expenditure on upgrading of existing assets</b>	-	-	7 934	3 000	1 600	1 600	17 672	18 351	17 038
<b>Upgrading of Existing Assets as % of total capex</b>	0.00%	0.00%	7.38%	3.95%	1.65%	1.65%	18.47%	18.94%	17.65%
<b>Upgrading of Existing Assets as % of deprecn"</b>	0.00%	0.00%	14.79%	5.86%	3.13%	3.13%	32.82%	32.34%	28.48%

**Table 55 MBRR Table SA35–Future financial implication of the capital budget**

Vote Description	2019/20 Medium Term Revenue			Forecasts			Present value
	Budget Year	Budget Year +1	Budget Year +2	Forecast	Forecast	Forecast	
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
<b>Capital expenditure</b>							
Vote 1 - Executive & Council	-	-	-				
Vote 2 - Office of the Municipal Manager	-	-	-				
Vote 3 - Budget & Treasury	-	-	-				
Vote 4 - Corporate Services	900	900	900				
Vote 5 - Community Services	2 326	870	-				
Vote 6 - Technical Services	92 427	95 142	95 603				
Vote 7 - Developmental Planning	-	-	-				
Vote 8 - Executive Support	-	-	-				
<b>Total Capital Expenditure</b>	<b>95 654</b>	<b>96 911</b>	<b>96 503</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Future operational costs by vote</b>							
Vote 1 - Executive & Council							
Vote 2 - Office of the Municipal Manager							
Vote 3 - Budget & Treasury							
Vote 4 - Corporate Services							
Vote 5 - Community Services							
Vote 6 - Technical Services							
Vote 7 - Developmental Planning							
Vote 8 - Executive Support							
List entity summary if applicable							
<b>Total future operational costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Future revenue by source</b>							
Property rates							
Service charges - electricity revenue							
Service charges - water revenue							
Service charges - sanitation revenue							
Service charges - refuse revenue							
Rental of facilities and equipment							
List other revenues sources if applicable							
List entity summary if applicable							
Total future revenue	-	-	-	-	-	-	-
<b>Net Financial Implications</b>	<b>95 654</b>	<b>96 911</b>	<b>96 503</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 56 MBRR Table SA36–Capital project list

Function	Project Description	Asset Class	Asset Sub-Cl	2019/20 Medium Term Revenue & Expenditure Framework		
				Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Parent municipality:</b>						
<b>List all capital projects grouped by Function</b>						
Technical Services	Electrification Designs	Infrastructure	Electrical In	–	1 000	–
Technical Services	Electrification of Mashemong	Infrastructure	Electrical In	1 435	–	–
Technical Services	Electrification of Ntswelemutse	Infrastructure	Electrical In	1 435	–	–
Technical Services	Electrification of Masakaneng	Infrastructure	Electrical In	3 864	–	–
Technical Services	Electrification of Tambo Village	Infrastructure	Electrical In	12 266	–	–
Technical Services	Electrification of Uitspanning A	Infrastructure	Electrical In	–	–	–
Technical Services	Electrification of Zuma Park	Infrastructure	Electrical In	–	1 000	–
Technical Services	Electrification of Sephaku New Stand	Infrastructure	Electrical In	–	425	–
Technical Services	Electrification of Sephaku New Belfast	Infrastructure	Electrical In	–	850	–
Technical Services	Electrification of Ga Posa	Infrastructure	Electrical In	–	1 190	–
Technical Services	Electrification of Thabakhubedu	Infrastructure	Electrical In	–	850	–
Technical Services	Electrification of Vlakfontein	Infrastructure	Electrical In	–	6 800	–
Technical Services	Electrification of Kwa-Pundulwane	Infrastructure	Electrical In	–	221	–
Technical Services	Electrification of Moteti	Infrastructure	Electrical In	–	700	–
Technical Services	Electrification of Moteti Liberty/Oorlog/Slovo/Lusaka	Infrastructure	Electrical In	–	3 264	–
Technical Services	Electrification of Matlala Lehwelere	Infrastructure	Electrical In	–	–	3 500
Technical Services	Electrification of Maleoskop	Infrastructure	Electrical In	–	–	3 300
Technical Services	Electrification of Phoko	Infrastructure	Electrical In	–	–	4 832
Technical Services	Electrification of Jabulane D2	Infrastructure	Electrical In	–	–	647
Technical Services	Electrification of Lenkwaneng section/ ZCC	Infrastructure	Electrical In	–	–	788
Technical Services	Electrification of Ntwane	Infrastructure	Electrical In	–	–	438
Technical Services	Mpheleng Road Construction	Infrastructure	Roads Infra	–	–	11 040
Technical Services	JJ Zaaiplaas Road	Infrastructure	Roads Infra	7 705	6 695	–
Technical Services	Kgoshi Rammupudu Road	Infrastructure	Roads Infra	–	–	9 028
Technical Services	Upgrading of Bloompoot to Uitspanning Access Road	Infrastructure	Roads Infra	1 500	11 235	22 422
Technical Services	Kgapamadi road	Infrastructure	Roads Infra	22 816	–	–
Technical Services	Tambo Road Construction	Infrastructure	Roads Infra	8 400	16 168	–
Technical Services	Upgrading of Hlogotlou internal streets	Infrastructure	Roads Infra	–	3 478	2 522
Technical Services	Upgrading of Nyakurone Anternal Access Road (Design)	Infrastructure	Roads Infra	–	805	8 683
Community Services	Groblersdal Landfill site	Community	Waste Man	13 000	–	–
Technical Services	Upgrading of Dipakapakeng Access Road	Infrastructure	Roads Infra	1 500	14 003	–
Technical Services	Upgrading of Tafelkop stadium Access Road	Infrastructure	Roads Infra	696	1 739	12 690
Technical Services	Upgrading of Mogaung Road	Infrastructure	Roads Infra	–	9 028	3 625
Corporate Services	Furniture and Office Equipment	Furniture a	Furniture a	400	400	400
Corporate Services	Computer Equipment	Computer E	Computer E	500	500	500
Technical Services	Air Conditioner	Machinery	Machinery	400	500	200
Technical Services	Machinery and Equipment(tools)	Machinery	Machinery	500	500	500
Technical Services	Completion of 2 Highmast light in Ward 10	Infrastructure	Electrical In	522	–	–
Technical Services	Groblersdal Roads and Streets	Infrastructure	Roads Infra	8 696	4 348	–
Technical Services	Motetema Internal Streets	Infrastructure	Roads Infra	3 478	4 478	1 739
Technical Services	Culverts, road signs	Infrastructure	Roads Infra	1 739	2 386	2 261
Technical Services	Installation of high mast light in various villages	Infrastructure	Electrical In	–	1 739	3 043
Community Services	Fencing of Roosenekal Landfill site (Concrete palisade)	Community	Waste Man	–	870	–
Community Services	Lawn mowers and other equipment's	Community	Machinery	522	–	–
Community Services	Mobile Offices Traffic	Community	Operational	500	–	–
Community Services	Tractor, tractor trailer and slasher	Community	Machinery	478	–	–
Community Services	Twenty skip bins	Community	Machinery	348	–	–
Community Services	Two trailers	Community	Machinery	130	–	–
Community Services	Bin lifter (compatible with self-compressed containers)	Machinery	Machinery	348	–	–
Technical Services	Upgrading of Groblersdal substation	Infrastructure	Electrical In	–	1 739	4 348
Technical Services	Development of workshop	Other Asse	Operational	2 476	–	–
<b>Total</b>				<b>95 654</b>	<b>96 911</b>	<b>96 503</b>

**Table 57 MBRR Table SA37 – Projects delayed from previous financial year**

Municipal Vote	Project name	Asset Class	Asset Sub-Class	Previous target year to complete	Current Year 2017/18		2018/19 Medium Term Revenue &		
					Original Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Infrastructure	Mogaung Construction of Access Road	Roads Infrastructure	Roads		5,197	5,197	–	5,217	5,217
Infrastructure	Laersdrift Bus Road Phase 1A	Roads Infrastructure	Roads		5,197	5,197	–	13,055	–
Infrastructure	Upgrading of Hlogotlou Streets	Roads Infrastructure	Roads		3,333	5,844	–	3,965	–
Infrastructure	Construction of Fleet Centre	Operational Buildings	Workshops		3,947	3,947	4,447	–	–
Infrastructure	Electrification of Masakaneng Village (115 HH)	Electrical Infrastructure	MV Networks		4,123	4,123	2,912	4,783	435
Infrastructure	Electrification of Tambo and Jabulani Village (230 HH)	Electrical Infrastructure	MV Networks		1,011	1,011	2,912	6,348	2,036

**Table 58 MBRR Table SA38 – Detailed operational projects**

Municipal Vote	Program/Project description	Asset Class	Asset Sub-Class	Prior year outcomes		2019/20 Medium Term Revenue		
				Audited	Current	Budget	Budget	Budget
Community services	Parks Maintenance and repair Equipment	Machinery and Equipment	Machinery and Equipment			210	222	234
Community services	Maintenance and Repairs Machinery and Equipment	Machinery and Equipment	Machinery and Equipment			337	355	374
Community services	solid waste removal repairs and maintainance	solid waste infrastructure	Solid waste	2 538	3 704	3 704	3 904	3 971
Corporate Services	Property Services - Maintenance and Repair - Machinery and E	Machinery and Equipment	Machinery and Equipment			158	166	175
Infrastructure	Electricity Maintenance or Electrical Network	Electrical infrastructure	Transmission and reticulation	1 891	1 000	1 052	1 109	1 169
Infrastructure	Fleet Maintenance of Vehicles	Transport assets	Transport assets	777	1 000	1 052	1 109	1 169
Infrastructure	Roads Maintenance of Roads	Roads infrastructure	Roads	1 266	2 000	2 000	2 108	1 922
Infrastructure	Roads maintenance and repairs none infr machinery and equip	Machinery and Equipment	Machinery and Equipment	4 905	1 670	1 052	1 109	1 169
Infrastructure	Roads maintenance and repairs none infr transbuilding	Other assets	Municipal buildings	929	1 000	1 052	1 109	1 169

## 2.12 Legislation compliance status

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

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the City's website.
2. Internship programme  
The Municipality has five interns, to undergo training. Two in various divisions of the Financial Services Department and three in Internal Auditing.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and/or outsourced and it is fully functional.
5. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.

## 2.13 Compliance with MFMA Circular 71

### 2.13.1 Financial Position

#### Asset Management

- Capital expenditure to Total Expenditure – 16, 54%  
The ratio is within the norm range of between 10% and 20%
- Repairs and maintenance – 1, 01%  
The ratio is way below the norm of 8% and this is attributed to budget constraint since the municipality need approximately R84 million for it to achieve the required norm of 8%.

#### Debtors' management

- Collection rate – 86, 0%  
The ratio is lower than the norm of 95% and this is due to low collection rate on refuse removal and non-payment of property rates in some townships and last low collection rate on traffic fines as this is the second largest source of revenue of the municipality.

- Net debtors days – 137 days  
The ratio is way more than the norm of 30 days and this is also attributed to collection rate that is lower than the norm

### **Liquidity Management**

- Cash/ cost coverage ratio – 0.04  
The ration is less than 1 month and this portrays a negative picture about the liquidity position of the municipality
- Current ratio – 1,4:1  
The ratio is also below the norm of 1.5 to 2:1

### **Liability Management**

- Capital cost (Interest paid and redemption) as a % of Total Operating Expenditure – 2, 81%  
The ratio is within the norm of 6 to 8 percent
- Borrowing to total revenue – 7%  
The ratio is also below the norm of 23% to 45%

## **2.13.2 Financial Position**

### **Efficiency**

- Net operating surplus margin – 4%  
The budget shows that the municipality will be able to recover operational cost and generate surplus that will assist in funding capital budget.
- Net surplus/deficit electricity – 17%  
The ratio is above the norm range of between 0% and 15%, however it should be noted that the total revenue budget is inclusive of capital transfers and grants.
- Net surplus/deficit refuse – 5%  
The ratio is within the norm range of between 0% and 15% and as a result, the refuse removal service appears to be rendered in a sustainable manner.

### **Revenue management**

- Revenue growth – 4.56%  
The ratio is less than CPI of 5, 2%
- Revenue growth excluding capital transfers – 10%  
The ratio is more than CPI of 5, 2%



**Expenditure management**

- Creditors payment period (trade creditors) – 70 days  
The ratio is more than the norm of 30 days and this is an indication that the municipality might experience cash flow problems in a long run.
- Remuneration (employee related cost and councillors remuneration) – 36%  
The ratio is within the norm range of between 25% and 40%
- Contracted services to total operating expenditure – 11%  
The ratio is more than the norm range of between 2% and 5% and this is indicative of the fact that the municipality is still relying on consultants and outsourcing of certain services.

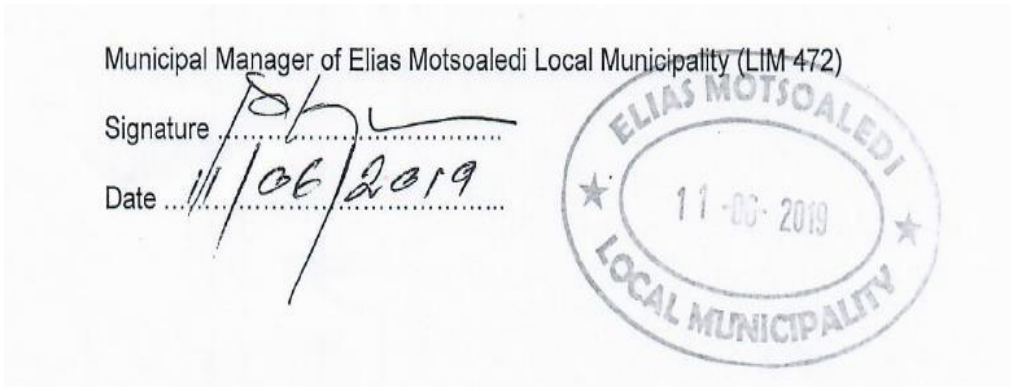
**Expenditure management**

- Own funded capital expenditure to total capital expenditure – 23%  
No norm is proposed however, it can be concluded that funding mix of capital expenditure is currently undertaken.
- Own source of revenue to total operating revenue – 46%  
No norm is proposed however, the own revenue appear to be significantly increasing and the increase is mainly attributed to traffic fines revenue.

## 2.14 Municipal Manager’s quality certificate

### Quality certificate

I, **MESHACK MAHLAGAUME KGWALE**, the Municipal Manager of **ELIAS MOTSOALEDI LOCAL MUNICIPALITY**, hereby certify that the 2019/20 annual budget and supporting documentations 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.



# ELIAS MOTSOALEDI LOCAL MUNICIPALITY



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## EXECUTIVE SUPPORT

BT18/19-66

**CERTIFIED EXTRACT OF A RESOLUTION BY THE MUNICIPAL COUNCIL IN A SPECIAL COUNCIL MEETING HELD 28 MAY 2019 IN THE COUNCIL CHAMBER, MUNICIPAL OFFICES GROBLERSDAL.**

BT18/19-66 FINAL 2019/2020 ANNUAL BUDGET

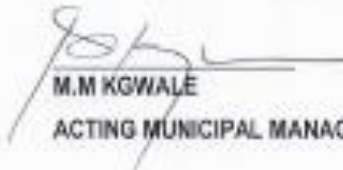
**RESOLVED:-**

1. That, Council resolves that the annual budget of Elias Motsoaledi Local Municipality for the financial year 2019/20, with three year audited actuals and the two projected outer years 2020/21 and 2021/22 is approved in the following schedules attached to this report as **Annexure A**.

- 1.1 Budgeted summary on table A1;
- 1.2 Budgeted financial performance (revenue and expenditure by classification reflected on table A2;
- 1.3 Budgeted financial performance (revenue and expenditure by municipal vote reflected on table A3;
- 1.4 Budgeted financial performance (revenue source and expenditure by type reflected on table A4;
- 1.5 Budgeted capital budget by vote, standard classification and funding as reflected on table A5;
- 1.6 Budgeted financial position as reflected on table A8;
- 1.7 Measurable performance objective for revenue source as per Cash flow Table A7;
- 1.8 Cash back reserve/ accumulated surplus reconciliation on A8;
- 1.9 Asset management as reflected on table A9; and
- 1.10 The basic service delivery measurement on table A10;

2. That, the reviewed budget related policies are approved.

3. That, tariff structure for 2019/20 and the two outer years are approved.

  
M.M. KGWALE

ACTING MUNICIPAL MANAGER

