

DRAFT ANNUAL BUDGET
OF
ELIAS MOTSOLEDI LOCAL MUNICIPALITY



2020/21 TO 2022/23
DRAFT MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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ABBREVIATIONS AND ACRONYMS

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

1 Part 1- Annual Budget

1.1 MAYOR'S REPORT

ADDRESS BY THE MAYOR OF ELIAS MOTSOALEDI LOCAL MUNICIPALITY CLLR JULIA MATHEBE DURING THE TABLING OF DRAFT REVIEWED 2020/2021 INTEGRATED DEVELOPMENT PLAN (IDP) AND DRAFT 2020/2021 to 2022/2023 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)

- Honourable Speaker, Cllr Tladi
- Chief Whip of Council, Cllr Phahlamohlaka
- Members of the Executive Committee
- Honourable Councillors
- Our Traditional Leaders
- Acting Municipal Manager
- Council Support Staff
- Community Members listening live from the two local Radio Station

THOBELA

REMARKS BY THE MAYOR ON THE ON THE COVID-19

Hon: Speaker, please allow me to start my speech by saying: Elias Motsoaledi Local Municipality, welcome the lockdown and various measures introduced by the South African President, Mr Cyril Ramaphosa on 23 March 2020. These are unprecedented times and we all have a responsibility to work together and do everything we can to slow this virus down with a 21-day lockdown, from midnight on Thursday, 26 March 2020 until 16 April 2020. This lockdown is in place to curb the spread of the COVID-19 Coronavirus.

I want to call on all our communities to please remain calm, as the president has made it clear that food stores and medical services will remain open during the lockdown. There is much work to be done in the coming days but the agricultural and retail sectors have already assured the public that there is sufficient food supply. When going to buy food, please do not take the whole family with you, rather go as an individual for the family and take the necessary precautions as far as possible.

Law enforcement and emergency services staff will continue working and ensuring the safety of our communities. Please stay home, look after one another, and check official government channels for regular updates. We will update our Facebook page daily, and will continue to communicate with the public. Let us work together to limit the spread of the Coronavirus, and flatten the curve.

My heartfelt thanks goes to our essential services workers and those on the frontline who will risk their lives to save others. We will forever be in their debt. It's now time for everyone to follow the advice and take every measure to contain this disease. Lives depend upon it.

Hon: Speaker, my responsibility today is to table the Elias Motsoaledi Municipality's draft 2020/2021 Integrated Development Plan (IDP) annual review, and the 2020/2021 to 2022/2023 Medium Term Revenue and Expenditure (MTREF- Budget plan); and further obtain approval from Council to publish the draft IDP review in the local media domain for public comment.

BACKGROUND AND LEGISLATIVE REQUIREMENTS

The Constitution outlines the objectives of local government, which are to:

- provide democratic and accountable government for communities;
- provide basic services in a sustainable manner;
- promote socio-and
- Encourage the involvement of communities in matters of local government.

To this end, municipalities are required to plan and facilitate development in an integrated manner, ensuring that resources are utilized efficiently and effectively to alleviate poverty and inequality, provide basic services and promote sustainable development.

The Municipal Systems Act (MSA) outlines the objectives and procedures for integrated planning for municipalities. Section 23 (1) of the Act states that every municipality must undertake developmentally-orientated planning so as to ensure that it –

- strives to achieve the objects of local government set out in Section 152 of the Constitution;

Gives effect to its developmental duties as required by Section 153 of the Constitution; and

- Together with other organs of state contributes to the progressive realization of the fundamental rights contained in Sections 24, 25, 26, 27 and 29 of the Constitution.

In line with legislation (Section 34 of the MSA), the Municipality revises its IDP on an annual basis to ensure that it remains relevant to its specific operating environment. This includes political, socio-economic or other changes that may occur. This annual review also enables the Municipality to update its IDP, based on its overall performance.

- is adopted by the Council within one year after a municipal election and remains in force for the Council's elected term (a period of five years);
- is drafted and reviewed annually in consultation with the local community as well as interested organs of state and other role players;
- guides and informs all planning and development, and all decisions with regard to planning, management and development;
- forms the framework and basis for the Municipality's medium term expenditure framework, annual budgets and performance management system; and
- Seeks to promote integration by balancing the economic, ecological and social pillars of sustainability without compromising the institutional capacity required in the implementation, and by coordinating actions across sectors and spheres of government.

Hon: Speaker and Hon Member of Council

Elias Motsoaledi Local Municipality is judged by its ability to deliver services, promote socio-economic development and govern effectively. As the Mayor, I am aware of the several responsibilities granted on the Council to bring about fundamental changes to our municipality that will have a positive effect on the livelihoods of all our people.

Hon: Speaker

I now indicate the specific allocation for 2020/2021 and compare it with those of 2019/2020 financial year.

The total operating revenue budget amounts R 527 Million and operating expenditure budget amounts to R 510 Million resulting with the operating surplus of R 17 Million.

The operating revenue budget represents 88 percent of the total revenue budget and the capital budget on the other hand represents 12 percent of the total revenue budget. The 2020/2021 budget is 3 per cent more than the 2019/2020 expenditure budget. An increase is mainly due to increase in the Division of Revenue Act (DoRA) allocation in 2020/2021 financial year.

REVENUE GENERATION ASSUMPTIONS

The total grants allocated to the municipality in terms of the 2020 Division of Revenue Bill amount to R 368 million over the medium-term, reflecting an increase of R43 million (13.2%) over the 2019 DORA allocation.

The operating revenue budget for 2020/2021 amount to R 527 million which reflect an increase of R 39 million over the 2019/2020 operating revenue budget which is tantamount to an increase of 8 per cent. The audited operating revenue amounts to R432 million for 2018/19.

Honourable Councillor

The base assumption is that tariff and rates increases will increase at a rate slightly higher than CPI over the long term.

Hon: 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.

THE TARIFF INCREASES ARE AS FOLLOWS:

On 9 March 2020, the National Energy Regulator of South Africa (NERSA) approved Eskom's allowable revenue from standard tariff customers to be 8.76 per cent, which will be implemented on 1 April 2020 for Eskom direct customers and 6.90 per cent for municipalities, which will be implemented on 1 July 2020.

The Elias Motsoaledi Local Municipality tariff will increase application of 6.9 per cent to be approved by The National Energy Regulator of South Africa (NERSA) and the tariff will be implemented accordingly. The 6.9 percent increase Honourable Speaker is calculated taking into account the affordability of the community, we serve.

Honourable Speaker, Property Rates tariff will increase in 2020/2021 on average by 4.5 per cent which is in line with Consumer Price Inflation (CPI)

OPERATING EXPENDITURE GUIDELINES AND ASSUMPTIONS

The total operating expenditure budget for 2020/2021 amount to R 510 million reflecting the increase of R 25 million over the 2019/2020 budget year, which is equivalent to an increase of 5 per cent.

The increases on key expenditure cost drivers will be as follows in 2020/2021;

The employee's remuneration cost; bulk purchases and contracted services amounts to R 167 million; R 94 million and R 60 million respectively which 63 per cent of a total operating expenditure.

CAPITAL EXPENDITURE ASSUMPTIONS

Honourable Speaker, the total capital expenditure for 2020/2021 amount to R87 million reflecting an decrease of R26 million over the 2019/2020 adjusted budget which mainly due to CoGHSTA grant

The 2020/2021 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 20 million Integrated National Electrification Programme for electricity reticulation
- R 12 million internally generated funds

Hon: Councillors and Members of the Public

In conclusion, let me remind all residents that the Municipality will continue to work with our National, Provincial and District partners to ensure that measures are in place to curb the spread of the virus. Limiting physical and social contact is essential in curbing the spread of the virus. I therefore urge residents to help us curb the spread of the virus by doing the following:

□ Limit social gatherings and meetings wherever possible. If you meet with friends or family, please limit the number of people gathering.

Social distancing is imperative keep a distance of at least 1 meter between you and the next person, especially in public spaces; do not shake hands or hug when greeting one another, minimize physical contact.

- Wash your hands regularly with soap and water for at least 20 seconds.

- Sanitize your hands and surfaces with an effective sanitizing product.
- Avoid touching your eyes, nose and mouth
- Cover your cough or sneeze with a tissue and throw it away after use

Please be aware of scammers posing as health practitioners to gain unlawful access to properties. There have been several reports of criminals approaching people, claiming to be health workers from various institutions pretending to conduct home testing for COVID-19.

For official COVID-19 advice, updates and queries:

- National Hotline 0800 029 999
- WhatsApp 0600 123 456

HONOURABLE SPEAKER AND HONORABLE COUNCILLORS:

I now humbly request this house to approve the tabled 2020/2021 Reviewed Draft Integrated Development Plan (IDP) for public consultation, and the Draft 2019/2020 to 2020/2021 Medium Term Revenue and Expenditure Framework (Budget) as per the recommendations of this sitting council of today .

Thank you

1.2 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 99 have been used as guidance for the compilation of the 2020/21 MTREF. The main challenges experienced during the compilation of the 2020/21 MTREF can be summarized as follows

- Ageing and poorly maintained roads and electricity infrastructure
- Salaries and wage increases for municipal staff as well as the need to fill all active vacant positions.
- 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 2020/21 MTREF:

- The 2019/20 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 2020/21 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 2020/21 Division of Revenue Act (DoRA).
- In addition to cost containment 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 2020/21 Medium Term Revenue and Expenditure Framework:

Summary of 2020/21 Medium Term Revenue Expenditure Framework

SUMMARY OF 2020/21 DRAFT BUDGET			
	2020/21	2021/22	2022/23
DESCRIPTION	DRAFT BUDGET	INDICATIVE BUDGET	INDICATIVE BUDGET
OPERATING REVENUE	526 821 983	558 332 074	588 979 255
OPERATING EXPENDITURE	510 209 269	525 211 327	553 203 955
TRANSFERS - CAPITAL	74 561 000	77 207 000	72 606 000
SURPLUS/(DEFECIT)	91 173 713	110 327 746	108 381 300
CAPITAL EXPENDITURE	87 440 390	92 694 038	93 482 938

The above table is used as a testing tool for determination of municipal deficit or surplus throughout 2020/21 MTREF and as presented, the budget has a surplus of R91, 174 million; R110, 328 million and R108, 381 million respectively throughout the MTREF period.

Total operating revenue and expenditure for 2020/21 financial year amounts to R510, 209 million and R525 211 million and R553 204 million respectively. The budget increases steadily in the outer years.

1.3 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 tables are a summary of the 2020/21 MTREF (classified by main revenue source):

Table A1 Summary of revenue classified by main revenue source

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source										
Property rates	25 815	25 978	33 010	34 727	36 658	36 658	23 818	38 345	40 109	41 954
Service charges - electricity revenue	70 745	67 575	81 798	92 957	94 306	94 306	58 624	101 945	106 634	111 540
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	6 506	7 299	8 127	8 550	8 550	8 550	5 612	8 928	9 339	9 768
Rental of facilities and equipment	1 319	944	1 000	1 052	2 033	2 033	513	1 720	1 799	1 882
Interest earned - external investments	2 889	2 928	2 800	2 946	3 246	3 246	1 187	3 392	3 548	3 711
Interest earned - outstanding debtors	6 469	9 693	6 692	7 040	12 303	12 303	7 655	6 656	6 962	7 283
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	50 884	67 325	70 209	73 860	53 638	53 638	3 063	65 242	68 243	71 383
Licences and permits	5 255	4 956	5 200	5 470	6 070	6 070	3 466	6 344	6 635	6 941
Agency services	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	213 105	226 163	245 278	272 618	272 735	272 735	203 981	293 320	314 089	333 501
Other revenue	8 098	11 118	1 582	1 664	1 290	1 290	767	931	974	1 018
Gains	-	-	-	-	862	862	-	-	-	-
Total Revenue excluding capital transfers	391 085	423 980	455 697	500 885	491 692	491 692	308 686	526 822	558 332	588 979

Table A2 Percentage Growth in revenue by main revenue source

Description	2020/21 Medium Term Revenue & Expenditure Framework						
	Adjusted Budget	%	Budget Year 2020/21	%	Budget Year +1 2021/22	%	Budget Year +2 2022/23
Revenue By Source							
Property rates	36 658	4.60%	38 345	-4.60%	40 109	-4.60%	41 954
Service charges - electricity revenue	94 306	8.10%	101 945	-4.60%	106 634	-4.60%	111 540
Service charges - refuse revenue	8 550	4.43%	8 928	-4.60%	9 339	-4.60%	9 768
Rental of facilities and equipment	2 033	15.43%	1 720	-4.60%	1 799	-4.60%	1 882
Interest earned - external investments	3 246	4.50%	3 392	-4.60%	3 548	-4.60%	3 711
Interest earned - outstanding debtors	12 303	45.90%	6 656	-4.60%	6 962	-4.60%	7 283
Fines, penalties and forfeits	53 638	21.63%	65 242	-4.60%	68 243	-4.60%	71 383
Licences and permits	6 070	4.50%	6 344	-4.60%	6 635	-4.60%	6 941
Transfers and subsidies	272 735	7.55%	293 320	-7.08%	314 089	-6.18%	333 501
Other revenue	1 290	27.83%	931	-4.60%	974	-4.60%	1 018
Gains	862	0.00%	-		-	0.00%	-
Total Revenue excluding capital transfers	491 692		526 822		558 332		588 979

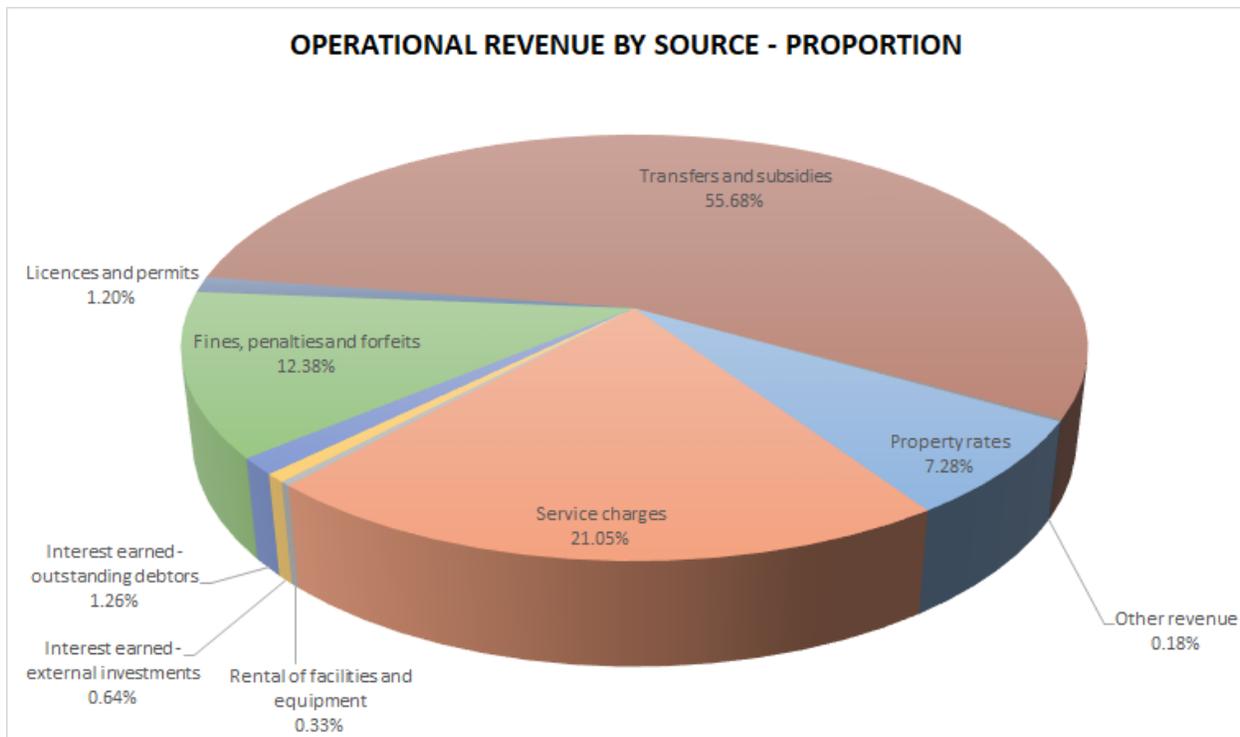


Figure 1 Main operational revenue categories for the 2020/21 financial year

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 R293, 320 translating to 44% for 2020/21 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 7, 28% and 21, 05% respectively. In the 2019/20 financial year, revenue from rates and services charges add up to R149, 217 million translating to 22, 79%. This increases to R156, 082 million, and R163, 262 million in the respective financial outer years of the MTREF. Service charges is the second largest revenue source totaling 21, 05% or R110, 873 million and increases to R115, 973 million and R121, 308 million respectively in the outer years. The third largest source is fines that amounts to R65, 242 million in 2020/21 financial year and R68, 243 million and R71, 382 million respectively in the outer years.

Table A3 Operating Transfers and Grants Receipts

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
RECEIPTS:									
Operating Transfers and Grants									
National Government:	213 105	226 163	240 278	272 618	272 618	272 618	293 320	314 089	333 501
Local Government Equitable Share	210 385	223 019	237 506	269 009	269 009	269 009	289 039	311 289	330 501
Finance Management	1 625	1 700	1 770	2 235	2 235	2 235	2 600	2 800	3 000
EPWP Incentive	1 095	1 444	1 002	1 374	1 374	1 374	1 681	-	
Energy Efficiency and Demand Management	-	-							
Other transfers/grants [insert description]									
Provincial Government:	-	-	-	-	-	-	-	-	-
N/A									
District Municipality:	-	-	-	-	-	-	-	-	-
N/A									
Other grant providers:	-	-	-	-	-	-	-	-	-
N/A									
Total Operating Transfers and Grants	213 105	226 163	240 278	272 618	272 618	272 618	293 320	314 089	333 501

Table A3 outlines the operating grants and transfers allocated to Elias Motsoaledi Local Municipality for 2020/21 MTREF and these grants are contributing significantly towards the revenue-base of the municipality.

1.4 Revenue

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 (zero point two five is to one). 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 stipulation in the Property Rates Policy is highlighted below:

- The first R30 000 of the market value of a property used for residential purposes is excluded from the rateable 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;

PROPERTY CATEGORY	ADDITIONAL REBATES
Residential Property	20%
Business,commercial,Industrial and mining	25%
Agricultural Property	0%
State Owned Property	20%
Public Service Infrastructure	75%
Public Benefit Organization Property/OLD Age	75%
Municipal Property	Not Levied
UNKNOWN	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

While the court case between NERSA and Eskom is still pending, National Treasury advised Municipalities in MFMA circular 99 to use previously (March 2019) approved tariff increases of 8.1 per cent for 2020/21, 5.2 per cent for 2021/22 and 8.9 per cent for 2022/23.

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

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2020/21 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 2020/21 budget and MTREF classified per main type of operating expenditure:

Table A5 Summary of operating expenditure by standard classification item

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Total Revenue excluding capital transfers	391 085	423 980	455 697	500 885	491 692	491 692	308 686	526 822	558 332	588 979
Expenditure By Type										
Employee related costs	117 781	127 202	130 473	147 530	142 665	142 665	97 341	167 203	173 136	181 100
Remuneration of councillors	20 298	22 874	24 291	25 554	25 068	25 068	16 011	26 197	27 402	28 662
Debt impairment	21 128	74 839	55 000	57 860	43 505	43 505		47 658	49 850	52 143
Depreciation & asset impairment	47 998	53 654	51 181	56 520	54 830	54 830	273	54 163	56 655	59 261
Finance charges	1 426	281	2 900	2 505	2 505	2 505	1 581	1 184	83	15
Bulk purchases	65 729	68 602	70 000	80 941	87 000	87 000	50 474	94 047	98 937	107 743
Other materials	12 873	9 806	8 909	13 590	17 798	17 798	11 383	16 929	17 707	18 522
Contracted services	43 080	67 951	59 841	53 788	65 807	65 807	61 070	59 660	56 820	59 107
Transfers and subsidies	708	841	3 580	3 740	3 340	3 340	1 754	3 468	3 605	3 747
Other expenditure	161 695	93 908	42 994	40 562	42 787	42 787	25 415	39 701	41 017	42 903
Losses	3 360	1 470	-	(0)	-	-	-	-	-	-
Total Expenditure	496 076	521 428	449 169	482 591	485 305	485 305	265 304	510 209	525 211	553 204

The budgeted allocation for employee related costs and remuneration of councillors for the 2020/21 financial year totals R167, 203 million, which equals 32, 77% of the total operating expenditure. South African Local Government Bargaining Council circular 02/2020 stipulates an increase of 6.2%. Based on MFMA circular 99, the two outer-years salary increases have been factored into this budget at CPI percentage increase of 4,6%. The CPI is also applied on remuneration for councillors for outer years

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 2020/21 financial year this amount equates to R47, 657 million and escalates to R49, 850 million in 2021/22 and R52, 143 million 2022/23. While this expenditure is considered 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 R54, 163 million for the 2020/21 financial year and equates to 10.62% 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 99 outlines the set tariff increase for municipal bulk purchase from Eskom of 8,1%.

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, 69% or R59 660 million of the total operational budget for the 2020/21 financial year and decreases to R56, 820 million and increases to R59, 107 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 2020/21 financial year.

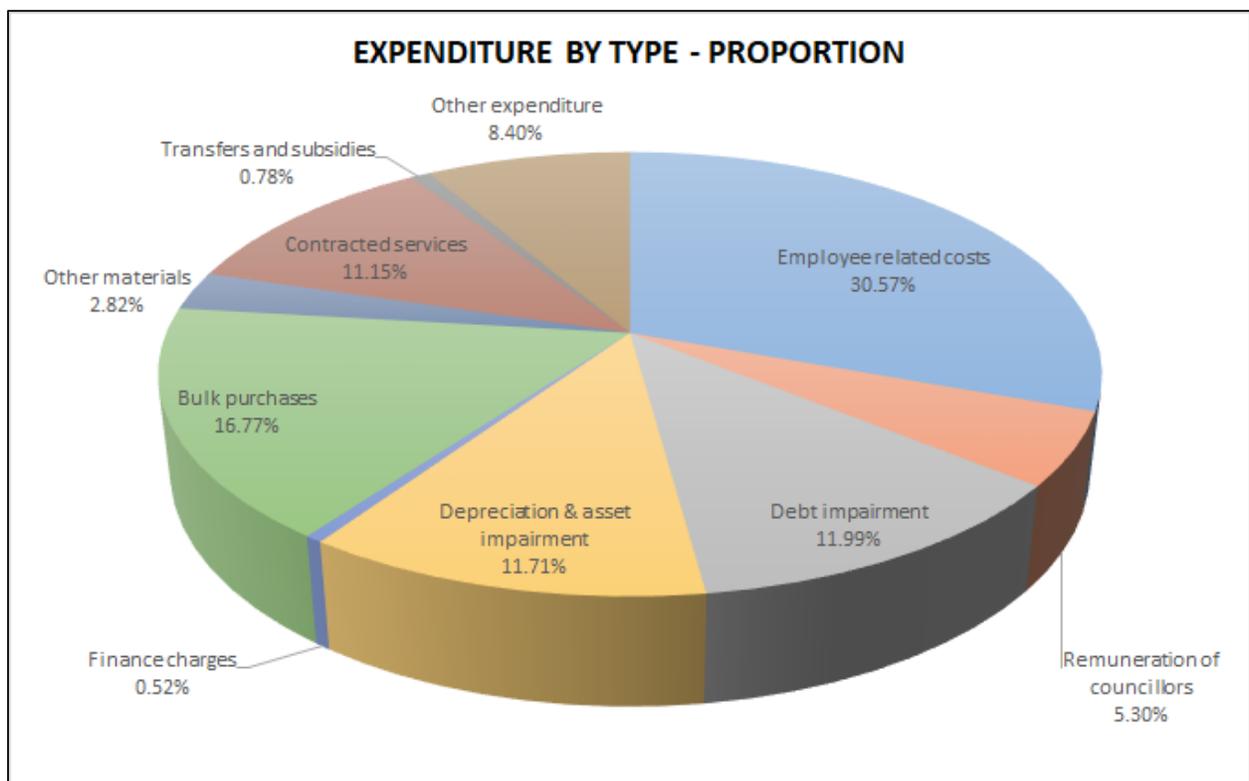


Figure 2 Main operational expenditure categories for the 2019/20 financial year

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 2020/21 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 2020/21 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 decreased from R17, 798 million in 2019/20 to R16, 928 million in 2020/21 then increases to R17, 707 million and R18, 521 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, 60% throughout the MTREF period and this percentage is however way below the set norm of 8% as stipulated by National Treasury.

Table A6 Repairs and maintenance per asset class

Description	2016/17	2017/18	2018/19	Current Year 2019/20			Budget Year	Budget Year +1	Budget Year +2 2022/23
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast			
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	4 633	5 694	6 704	6 756	7 683	7 683	7 729	8 084	8 456
Roads Infrastructure	946	1 266	2 000	2 000	2 767	2 767	2 892	3 025	3 164
Roads	946	1 266	2 000	2 000	2 767	2 767	2 892	3 025	3 164
Electrical Infrastructure	1 802	1 891	1 000	1 052	2 052	2 052	1 845	1 929	2 018
MV Networks	1 802	1 891	1 000	1 052	2 052	2 052	1 845	1 929	2 018
Solid Waste Infrastructure	1 885	2 538	3 704	3 704	2 864	2 864	2 993	3 131	3 275
Landfill Sites	1 885	2 538	3 704	3 704	2 864	2 864	2 993	3 131	3 275
Community Assets	-	-	-	-	-	-	306	320	335
Community Facilities	-	-	-	-	-	-	306	320	335
Parks							306	320	335
Other assets	1 432	929	1 000	1 052	1 752	1 752	1 845	1 930	2 019
Operational Buildings	1 432	929	1 000	1 052	1 752	1 752	1 845	1 930	2 019
Municipal Offices	1 432	929	1 000	1 052	1 752	1 752	1 845	1 930	2 019
Intangible Assets	82	-	-	-	-	-	425	444	465
Licences and Rights	82	-	-	-	-	-	425	444	465
Computer Software and Applications	82						425	444	465
Machinery and Equipment	2 405	4 905	1 670	1 757	1 739	1 739	1 214	1 270	1 328
Machinery and Equipment	2 405	4 905	1 670	1 757	1 739	1 739	1 214	1 270	1 328
Transport Assets	1 800	777	1 000	1 052	2 352	2 352	1 854	1 940	2 029
Transport Assets	1 800	777	1 000	1 052	2 352	2 352	1 854	1 940	2 029
Total Repairs and Maintenance Expenditure	10 353	12 305	10 374	10 617	13 526	13 526	13 373	13 988	14 632
R&M as a % of PPE	1.1%	1.3%	1.0%	1.0%	1.2%	1.2%	1.3%	1.1%	1.1%
R&M as % Operating Expenditure	2.1%	2.4%	2.3%	2.2%	2.8%	2.8%	5.0%	2.7%	2.8%

For the 2019/20 financial year R7, 729 million of total repairs and maintenance will be spent on infrastructure assets. 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 decreased from R13, 526 million to R13, 373.

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	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - Executive and Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	-	1 110	1 400	-	-	-	-	950	1 000	1 000
Vote 5 - Community Services	28	434	1 600	-	-	-	-	-	-	-
Vote 6 - Technical Services	50 994	77 883	25 714	50 583	50 816	50 816	30 337	14 129	51 335	80 529
Vote 7 - Development Planning	-	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	51 021	79 427	28 714	50 583	50 816	50 816	30 337	15 079	52 335	81 529
Single-year expenditure to be appropriated										
Vote 1 - Executive and Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury	-	-	-	500	-	-	-	350	-	-
Vote 4 - Corporate Services	1 508	-	800	1 800	1 015	1 015	569	-	-	-
Vote 5 - Community Services	153	1 005	522	1 826	1 504	1 504	1 063	2 200	-	-
Vote 6 - Technical Services	27 399	27 131	67 222	40 945	59 756	59 756	32 054	69 811	41 659	12 954
Vote 7 - Development Planning	-	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	583	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	29 643	28 136	68 544	45 071	62 275	62 275	33 686	72 361	41 659	12 954
Total Capital Expenditure - Vote	80 665	107 563	97 258	95 654	113 090	113 090	64 023	87 440	93 994	94 483

The major portion of capital expenditure budget is appropriated in vote 6 and for 2020/21 an 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 development of workshop.

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

- Electricity related projects – R20 million
- Roads related projects – R63 million
- Operational equipment – R2 million
- Buildings – R2 million

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 2020/21 annual budget and MTREF.

Table 8 MBRR Table A1 - Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Financial Performance										
Property rates	25 815	25 978	33 010	34 727	36 658	36 658	23 818	38 345	40 109	41 954
Service charges	77 251	74 874	89 925	101 507	102 856	102 856	64 236	110 873	115 973	121 308
Investment revenue	2 889	2 928	2 800	2 946	3 246	3 246	1 187	3 392	3 548	3 711
Transfers recognised - operational	213 105	226 163	245 278	272 618	272 735	272 735	203 981	293 320	314 089	333 501
Other own revenue	72 026	94 037	84 683	89 087	76 196	76 196	15 464	80 893	84 614	88 506
Total Revenue excluding capital transfers	391 085	423 980	455 697	500 885	491 692	491 692	308 686	526 822	558 332	588 979
Employee costs	117 781	127 202	130 473	147 530	142 665	142 665	97 341	167 203	173 136	181 100
Remuneration of councillors	20 298	22 874	24 291	25 554	25 068	25 068	16 011	26 197	27 402	28 662
Depreciation & asset impairment	47 998	53 654	51 181	56 520	54 830	54 830	273	54 163	56 655	59 261
Finance charges	1 426	281	2 900	2 505	2 505	2 505	1 581	1 184	83	15
Materials and bulk purchases	78 603	78 408	78 909	94 531	104 798	104 798	61 857	110 976	116 645	126 265
Transfers and grants	708	841	3 580	3 740	3 340	3 340	1 754	3 468	3 605	3 747
Other expenditure	229 263	238 169	157 835	152 210	152 099	152 099	86 485	147 019	147 686	154 153
Total Expenditure	496 076	521 428	449 169	482 591	485 305	485 305	265 304	510 209	525 211	553 204
Surplus/(Deficit)	(104 990)	(97 448)	6 528	18 293	6 386	6 386	43 383	16 613	33 121	35 775
Transfers and subsidies - capital (monetary allocations)	68 930	97 901	94 050	73 921	97 192	97 192	45 438	74 561	77 207	72 606
Transfers and subsidies - capital (monetary allocations)	-	-	-	-	21 771	21 771	12 653	-	-	-
Surplus/(Deficit) after capital transfers	(36 060)	453	100 578	92 214	125 350	125 350	101 474	91 174	110 328	108 381
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(36 060)	453	100 578	92 214	125 350	125 350	101 474	91 174	110 328	108 381
Capital expenditure & funds sources										
Capital expenditure	80 665	107 563	97 258	95 654	113 090	113 090	64 023	87 440	93 994	94 483
Transfers recognised - capital	68 895	83 864	81 841	73 921	97 192	97 192	54 376	75 461	54 648	81 706
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	11 770	23 699	15 417	21 733	15 898	15 898	9 647	11 979	39 346	12 777
Total sources of capital funds	80 665	107 563	97 258	95 654	113 090	113 090	64 023	87 440	93 994	94 483
Financial position										
Total current assets	87 618	65 342	211 349	115 014	120 388	120 388	124 366	140 300	179 150	219 288
Total non current assets	1 006 770	1 018 848	1 064 653	1 123 066	1 208 090	1 208 090	1 117 518	1 286 031	1 377 970	1 470 486
Total current liabilities	99 680	91 339	140 539	81 128	87 970	87 970	114 196	81 762	85 819	93 588
Total non current liabilities	89 811	98 206	121 097	103 696	103 515	103 515	98 557	94 548	96 439	98 368
Community wealth/Equity	904 896	894 645	1 014 366	1 053 256	1 136 993	1 136 993	1 029 131	1 250 021	1 374 863	1 497 818
Cash flows										
Net cash from (used) operating	98 321	96 019	118 137	102 851	121 326	121 326	22 496	107 463	127 136	125 733
Net cash from (used) investing	(81 193)	(103 972)	(44 880)	(88 001)	(126 231)	(126 231)	(39 226)	(86 440)	(93 994)	(94 483)
Net cash from (used) financing	(8 149)	(6 900)	(9 023)	(10 086)	(15 497)	(15 497)	(6 110)	(11 480)	(2 969)	(520)
Cash/cash equivalents at the year end	20 944	6 194	70 428	29 037	10 995	10 995	2 142	26 240	56 414	87 144
Cash backing/surplus reconciliation										
Cash and investments available	20 944	6 194	70 428	29 037	16 697	16 697	2 142	26 240	56 414	87 144
Application of cash and investments	45 957	52 154	49 767	12 960	1 119	1 119	(10 300)	899	2 670	4 700
Balance - surplus (shortfall)	(25 013)	(45 959)	20 661	16 077	15 578	15 578	12 442	25 341	53 744	82 444
Asset management										
Asset register summary (WDV)	687 954	951 854	-	1 055 851	924 107	1 135 847	-	-	-	-
Depreciation	47 998	53 654	51 181	56 520	54 830	54 830	54 163	56 655	59 261	
Renewal and Upgrading of Existing Assets	40 622	50 504	43 066	41 485	67 879	67 879	64 690	73 847	72 448	
Repairs and Maintenance	10 353	12 305	10 374	10 617	13 526	13 526	1 135 847	13 373	13 988	14 632
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	8 568	5 628	-	9 586	9 586	9 586	9 017	9 017	9 432	9 866
Households below minimum service level	-	-	-	-	-	-	-	-	-	-
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	3 000	3 126	-	3 895	3 895	3 895	3 480	3 480	3 000	3 162
Refuse:	50 306	50 312	-	50 317	50 317	50 317	54 129	54 129	54 129	54 129

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.
 - 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.
2. 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	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional									
Governance and administration	253 047	183 232	198 283	214 636	217 729	217 729	228 980	243 593	255 869
Executive and council	–	35 581	42 873	46 559	46 559	46 559	49 315	52 584	55 003
Finance and administration	253 047	141 249	147 508	159 127	162 220	162 220	169 800	180 691	190 074
Internal audit	–	6 402	7 902	8 950	8 950	8 950	9 864	10 318	10 793
Community and public safety	50 930	88 773	88 850	94 968	74 760	74 760	88 558	94 632	99 985
Community and social services	45	3 412	7 973	9 026	9 076	9 076	10 040	11 502	13 031
Sport and recreation	–	6 469	10 677	12 092	12 092	12 092	13 344	14 958	15 646
Public safety	50 885	78 892	70 200	73 850	53 592	53 592	65 174	68 172	71 308
Housing	–	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–
Economic and environmental services	64 969	127 676	141 810	117 004	141 587	141 587	122 357	131 318	140 927
Planning and development	1 635	6 605	17 107	21 564	21 339	21 339	23 604	22 932	24 987
Road transport	63 333	120 229	123 685	94 287	118 977	118 977	97 353	105 968	112 410
Environmental protection	–	842	1 018	1 153	1 270	1 270	1 400	2 419	3 530
Trading services	91 070	122 199	120 804	148 197	154 808	154 808	161 488	165 996	164 804
Energy sources	84 564	91 510	102 039	119 623	126 235	126 235	130 709	133 802	131 129
Water management	–	–	–	–	–	–	–	–	–
Waste water management	–	–	–	–	–	–	–	–	–
Waste management	6 506	30 689	18 765	28 574	28 574	28 574	30 779	32 195	33 676
Other	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	460 015	521 880	549 746	574 806	588 884	588 884	601 383	635 539	661 585
Expenditure - Functional									
Governance and administration	258 940	213 465	184 555	191 835	209 573	209 573	214 371	218 326	228 274
Executive and council	35 425	39 711	39 998	41 658	50 599	50 599	47 625	49 793	52 061
Finance and administration	215 183	167 531	135 446	141 488	152 110	152 110	158 595	160 008	167 296
Internal audit	8 333	6 223	9 111	8 689	6 864	6 864	8 150	8 525	8 918
Community and public safety	26 996	88 984	68 557	76 535	59 454	59 454	63 788	66 723	69 792
Community and social services	5 518	6 687	5 563	7 457	5 582	5 582	7 677	8 030	8 400
Sport and recreation	7 378	7 323	9 713	11 037	8 951	8 951	8 894	9 303	9 731
Public safety	14 100	74 973	53 281	58 041	44 921	44 921	47 217	49 389	51 661
Housing	–	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–
Economic and environmental services	89 051	50 749	79 856	87 675	84 795	84 795	95 184	97 804	102 303
Planning and development	18 070	14 195	15 813	17 147	19 388	19 388	16 674	15 683	16 404
Road transport	69 894	35 904	63 315	69 685	64 766	64 766	77 890	81 473	85 220
Environmental protection	1 087	650	728	843	641	641	620	649	679
Trading services	121 089	168 230	116 200	126 546	131 483	131 483	136 866	142 358	152 835
Energy sources	98 785	140 094	92 646	99 370	104 456	104 456	110 660	116 315	125 919
Water management	–	–	–	–	–	–	–	–	–
Waste water management	–	–	–	–	–	–	–	–	–
Waste management	22 304	28 136	23 554	27 177	27 027	27 027	26 206	26 044	26 915
Other	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	496 076	521 428	449 169	482 591	485 305	485 305	510 209	525 211	553 204
Surplus/(Deficit) for the year	(36 060)	453	100 578	92 214	103 579	103 579	91 174	110 328	108 381

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

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 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.
- 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	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote									
Vote 1 - Executive and Council	–	31 540	38 168	41 240	41 231	41 231	43 443	46 441	48 578
Vote 2 - Municipal Manager	–	15 805	31 469	35 643	35 643	35 643	39 284	41 091	43 981
Vote 3 - Budget and Treasury	253 036	83 272	59 272	64 188	67 281	67 281	66 629	69 775	74 055
Vote 4 - Corporate Services	12	34 041	39 931	40 227	40 227	40 227	44 328	46 367	48 500
Vote 5 - Community Services	62 691	131 423	120 478	132 693	113 239	113 239	129 915	138 845	148 124
Vote 6 - Technical Services	141 006	211 539	233 051	227 629	258 293	258 293	241 819	254 159	257 698
Vote 7 - Development Planning	1 635	1 529	11 282	14 966	14 741	14 741	16 332	15 325	16 030
Vote 8 - Executive Support	1 635	12 731	16 094	18 229	18 229	18 229	19 633	23 536	24 619
Total Revenue by Vote	460 015	521 880	549 746	574 815	588 884	588 884	601 383	635 539	661 585
Expenditure by Vote to be appropriated									
Vote 1 - Executive and Council	31 808	36 404	35 307	31 554	38 218	38 218	42 065	43 977	45 977
Vote 2 - Municipal Manager	27 365	20 075	37 306	35 065	42 688	42 688	36 843	38 538	40 311
Vote 3 - Budget and Treasury	128 458	89 906	51 072	52 917	56 083	56 083	62 950	61 086	63 896
Vote 4 - Corporate Services	40 771	39 301	30 600	36 814	30 859	30 859	37 351	39 102	40 901
Vote 5 - Community Services	55 374	123 541	100 333	112 427	94 391	94 391	99 115	102 306	106 685
Vote 6 - Technical Services	183 344	188 616	167 702	181 124	185 231	185 231	203 768	212 550	226 510
Vote 7 - Development Planning	12 074	7 999	9 977	13 185	12 998	12 998	11 687	10 466	10 948
Vote 8 - Executive Support	16 881	15 585	14 187	15 088	19 749	19 749	16 430	17 186	17 977
Total Expenditure by Vote	496 076	521 428	446 483	478 173	480 216	480 216	510 209	525 211	553 204
Surplus/(Deficit) for the year	(36 060)	453	103 263	96 642	108 668	108 668	91 174	110 328	108 381

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

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	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source										
Property rates	25 815	25 978	33 010	34 727	36 658	36 658	23 818	38 345	40 109	41 954
Service charges - electricity revenue	70 745	67 575	81 798	92 957	94 306	94 306	58 624	101 945	106 634	111 540
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	6 506	7 299	8 127	8 550	8 550	8 550	5 612	8 928	9 339	9 768
Rental of facilities and equipment	1 319	944	1 000	1 052	2 033	2 033	513	1 720	1 799	1 882
Interest earned - external investments	2 889	2 928	2 800	2 946	3 246	3 246	1 187	3 392	3 548	3 711
Interest earned - outstanding debtors	6 469	9 693	6 692	7 040	12 303	12 303	7 655	6 656	6 962	7 283
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	50 884	67 325	70 209	73 860	53 638	53 638	3 063	65 242	68 243	71 383
Licences and permits	5 255	4 956	5 200	5 470	6 070	6 070	3 466	6 344	6 635	6 941
Agency services	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	213 105	226 163	245 278	272 618	272 735	272 735	203 981	293 320	314 089	333 501
Other revenue	8 098	11 118	1 582	1 664	1 290	1 290	767	931	974	1 018
Gains	-	-	-	-	862	862	-	-	-	-
Total Revenue excluding capital transfers	391 085	423 980	455 697	500 885	491 692	491 692	308 686	526 822	558 332	588 979
Expenditure By Type										
Employee related costs	117 781	127 202	130 473	147 530	142 665	142 665	97 341	167 203	173 136	181 100
Remuneration of councillors	20 298	22 874	24 291	25 554	25 068	25 068	16 011	26 197	27 402	28 662
Debt impairment	21 128	74 839	55 000	57 860	43 505	43 505	-	47 658	49 850	52 143
Depreciation & asset impairment	47 998	53 654	51 181	56 520	54 830	54 830	273	54 163	56 655	59 261
Finance charges	1 426	281	2 900	2 505	2 505	2 505	1 581	1 184	83	15
Bulk purchases	65 729	68 602	70 000	80 941	87 000	87 000	50 474	94 047	98 937	107 743
Other materials	12 873	9 806	8 909	13 590	17 798	17 798	11 383	16 929	17 707	18 522
Contracted services	43 080	67 951	59 841	53 788	65 807	65 807	61 070	59 660	56 820	59 107
Transfers and subsidies	708	841	3 580	3 740	3 340	3 340	1 754	3 468	3 605	3 747
Other expenditure	161 695	93 908	42 994	40 562	42 787	42 787	25 415	39 701	41 017	42 903
Losses	3 360	1 470	-	(0)	-	-	-	-	-	-
Total Expenditure	496 076	521 428	449 169	482 591	485 305	485 305	265 304	510 209	525 211	553 204
Surplus/(Deficit)	(104 990)	(97 448)	6 528	18 293	6 386	6 386	43 383	16 613	33 121	35 775
Transfers and subsidies - capital (monetary allocation)	68 930	97 901	94 050	73 921	97 192	97 192	45 438	74 561	77 207	72 606
Transfers and subsidies - capital (monetary allocation)	-	-	-	-	21 771	21 771	12 653	-	-	-
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers	(36 060)	453	100 578	92 214	125 350	125 350	101 474	91 174	110 328	108 381
Taxation										
Surplus/(Deficit) after taxation	(36 060)	453	100 578	92 214	125 350	125 350	101 474	91 174	110 328	108 381
Attributable to minorities										
Surplus/(Deficit) attributable to municipality	(36 060)	453	100 578	92 214	125 350	125 350	101 474	91 174	110 328	108 381
Share of surplus/ (deficit) of associate										
Surplus/(Deficit) for the year	(36 060)	453	100 578	92 214	125 350	125 350	101 474	91 174	110 328	108 381

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

- Operating revenue is R510, 209 million in 2020/21 and escalates to R525, 211 million and R553, 203 million in the outer years.
- 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 R110, 873 million for the 2020/21 financial year and increasing to R115, 973 million in 2021/22 and increasing to R121, 308 million in 2022/23 financial year.

3. Transfers recognized operational – includes the local government equitable share, financial management grant, extended public works programme grant.
4. Services charges relating to refuse removal is increasing from R8.5 million to R8.9 million and the increase is reasonable and in line with CPI.
5. Rental of facilities and equipment is decreased from R2 million in adjustment budget to R1.8 million. The municipality will increase dispose of municipal properties rented out to employees.
6. Interest on external investment is budgeted to increase from R3.2 million to R3.4 million the municipality realized R1.1 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. Furthermore, a portion of Masakaneng will be electrified 2020/21 financial year resulting in interest increase
7. Fines are anticipated to increase from R53. 6 million to R65. 2 million and the municipality realized R2. 9 million for the period of July to December. The municipality anticipate to appoint the new service provider by the end of March 2020. 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. 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.
9. Salaries for directors and Municipal Manager is budgeted to increase due to a waiver of the upper limits of the total remuneration approved by minister of CoGTA on 24 February 2020.
10. Motor/car Allowance increment is due to the possible move to the last notch, that will result on directors restructuring their car allowance accordingly
11. Pension and UIF of other municipal staff increased due to the vacant post budgeted for 2020/21.
12. 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.
13. Depreciation increased from R52, 729 million in 2019/20 to R54, 163 million and the increase is due to acquisition of assets
14. The budgeted amount on finance charges the figure is guided by the attached amortization schedule for finance lease obligation.

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

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital Expenditure - Functional										
Governance and administration	2 091	1 110	2 200	1 800	1 015	1 015	569	1 300	1 000	1 000
Executive and council										
Finance and administration	2 091	1 110	2 200	1 800	1 015	1 015	569	1 300	1 000	1 000
Internal audit										
Community and public safety	181	8 834	522	500	-	-	-	2 200	-	-
Community and social services	28		522	500	-			600		
Sport and recreation		8 834						1 000		
Public safety	153							600		
Housing										
Health										
Economic and environmental services	67 241	84 672	79 449	72 006	91 010	91 010	47 787	65 680	74 282	82 836
Planning and development										
Road transport	67 241	84 672	79 449	72 006	91 010	91 010	47 787	63 940	74 282	82 836
Environmental protection										
Trading services	11 151	12 946	15 087	21 348	21 066	21 066	15 667	20 000	18 712	10 647
Energy sources	11 151	12 946	13 487	19 522	19 562	19 562	14 604	20 000	18 712	10 647
Waste management			1 600	1 826	1 504	1 504	1 063			
Other										
Total Capital Expenditure - Functional	80 665	107 563	97 258	95 654	113 090	113 090	64 023	87 440	93 994	94 483
Funded by:										
National Government	68 895	83 864	62 910	73 921	75 421	75 421	40 885	74 561	77 207	72 606
Provincial Government			18 931	-	21 771	21 771	13 491			
District Municipality										
Transfers and subsidies - capital (monetary allocations)										
Transfers recognised - capital	68 895	83 864	81 841	73 921	97 192	97 192	54 376	74 561	77 207	72 606
Borrowing										
Internally generated funds	11 770	23 699	15 417	21 733	15 898	15 898	9 647	12 879	16 787	21 877
Total Capital Funding	80 665	107 563	97 258	95 654	113 090	113 090	64 023	87 440	93 994	94 483

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 R17 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	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - Executive and Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	-	1 110	1 400	-	-	-	-	950	1 000	1 000
Vote 5 - Community Services	28	434	1 600	-	-	-	-	-	-	-
Vote 6 - Technical Services	50 994	77 883	25 714	50 583	50 816	50 816	30 337	14 129	51 335	80 529
Vote 7 - Development Planning	-	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	51 021	79 427	28 714	50 583	50 816	50 816	30 337	15 079	52 335	81 529
Single-year expenditure to be appropriated										
Vote 1 - Executive and Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury	-	-	-	500	-	-	-	350	-	-
Vote 4 - Corporate Services	1 508	-	800	1 800	1 015	1 015	569	-	-	-
Vote 5 - Community Services	153	1 005	522	1 826	1 504	1 504	1 063	2 200	-	-
Vote 6 - Technical Services	27 399	27 131	67 222	40 945	59 756	59 756	32 054	69 811	41 659	12 954
Vote 7 - Development Planning	-	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	583	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	29 643	28 136	68 544	45 071	62 275	62 275	33 686	72 361	41 659	12 954
Total Capital Expenditure - Vote	80 665	107 563	97 258	95 654	113 090	113 090	64 023	87 440	93 994	94 483

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 2020/21 R15, 079 million has been allocated of the total R87, 440 million. This allocation escalates to R93, 994 million in 2021/22 and increase to R94, 483 million in 2022/23.
- Single-year capital expenditure has been appropriated at R72, 361 million for the 2020/21 financial year and declines to R41, 659 million in 2021/22 and then decreases to R12, 954 million in 2022/23 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	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
ASSETS										
Current assets										
Cash	5 288	6 194	3 136	4 882	16 697	16 697	2 142	10 000	18 000	35 000
Call investment deposits	15 657	-	67 292	24 155	-	-	-	16 240	38 414	52 144
Consumer debtors	20 636	24 953	45 009	41 950	49 631	49 631	55 736	54 594	57 323	60 189
Other debtors	42 835	30 866	89 584	40 727	49 052	49 052	58 267	53 957	59 352	65 288
Current portion of long-term receivables										
Inventory	3 202	3 328	6 328	3 300	5 009	5 009	8 221	5 510	6 061	6 667
Total current assets	87 618	65 342	211 349	115 014	120 388	120 388	124 366	140 300	179 150	219 288
Non current assets										
Long-term receivables										
Investments					-	-	-			
Investment property	55 728	53 739	54 139	53 739	58 240	58 240	58 240	48 000	45 200	42 488
Investment in Associate										
Property, plant and equipment	938 356	952 317	997 723	1 055 765	1 135 808	1 135 808	1 057 692	1 223 249	1 317 243	1 411 726
Biological										
Intangible	291	85	85	85	39	39	39	30	25	20
Other non-current assets	12 396	12 706	12 706	13 476	14 002	14 002	1 548	14 752	15 502	16 252
Total non current assets	1 006 770	1 018 848	1 064 653	1 123 066	1 208 090	1 208 090	1 117 518	1 286 031	1 377 970	1 470 486
TOTAL ASSETS	1 094 388	1 084 189	1 276 002	1 238 080	1 328 478	1 328 478	1 241 884	1 426 331	1 557 120	1 689 774
LIABILITIES										
Current liabilities										
Bank overdraft										
Borrowing	6 900	-	5 002	9 686	11 542	11 542	8 587	2 489	-	-
Consumer deposits	5 633	5 249	5 373	4 860	5 430	5 430	5 558	5 701	5 416	5 145
Trade and other payables	82 244	81 839	126 449	60 924	64 491	64 491	88 693	67 715	74 487	81 935
Provisions	4 904	4 251	3 715	5 658	6 508	6 508	11 358	5 857	5 916	6 507
Total current liabilities	99 680	91 339	140 539	81 128	87 970	87 970	114 196	81 762	85 819	93 588
Non current liabilities										
Borrowing	-	-	23 097	13 554	13 469	13 469	13 469	-	-	-
Provisions	89 811	98 206	98 000	90 142	90 046	90 046	85 088	94 548	96 439	98 368
Total non current liabilities	89 811	98 206	121 097	103 696	103 515	103 515	98 557	94 548	96 439	98 368
TOTAL LIABILITIES	189 492	189 545	261 637	184 824	191 485	191 485	212 753	176 310	182 258	191 956
NET ASSETS	904 896	894 645	1 014 366	1 053 256	1 136 993	1 136 993	1 029 131	1 250 021	1 374 863	1 497 818
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	904 896	894 645	1 014 366	1 053 256	1 136 993	1 136 993	1 029 131	1 250 021	1 374 863	1 497 818
Reserves	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	904 896	894 645	1 014 366	1 053 256	1 136 993	1 136 993	1 029 131	1 250 021	1 374 863	1 497 818

Explanatory notes to Table A6 - Budgeted Financial Position

- 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).
- 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.

- 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.
- 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	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	20 966	20 409	18 029	21 878	20 958	20 958	16 534	26 841	28 076	29 367
Service charges	69 070	68 403	69 861	91 398	101 547	101 547	57 703	94 998	99 368	103 939
Other revenue	10 066	14 831	30 398	17 441	15 467	15 467	15 651	19 800	20 711	21 663
Transfers and Subsidies - Operational	214 632	226 165	186 331	272 618	272 735	272 735	205 366	293 320	314 089	333 501
Transfers and Subsidies - Capital	83 703	97 899	93 601	73 921	75 421	75 421	58 434	74 561	77 207	72 606
Interest	10 410	12 621	3 493	3 861	15 548	15 548	1 924	1 331	1 392	1 457
Dividends								-	-	-
Payments										
Suppliers and employees	(308 578)	(343 186)	(280 260)	(372 021)	(374 506)	(374 506)	(329 534)	(398 737)	(410 019)	(433 038)
Finance charges	(1 426)	(281)	(1 397)	(2 505)	(2 505)	(2 505)	(1 827)	(1 184)	(83)	(15)
Transfers and Grants	(521)	(841)	(1 919)	(3 740)	(3 340)	(3 340)	(1 754)	(3 468)	(3 605)	(3 747)
NET CASH FROM/(USED) OPERATING ACTIVITIES	98 321	96 019	118 137	102 851	121 326	121 326	22 496	107 463	127 136	125 733
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	-	2 400	3 022	-	862	862		1 000	-	-
Decrease (increase) in non-current receivables	(529)	-	150	-	(463)	(463)	28 366	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	(13 539)	(13 539)		-	-	-
Payments										
Capital assets	(80 665)	(106 372)	(48 052)	(88 001)	(113 090)	(113 090)	(67 592)	(87 440)	(93 994)	(94 483)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(81 193)	(103 972)	(44 880)	(88 001)	(126 231)	(126 231)	(39 226)	(86 440)	(93 994)	(94 483)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-	-	-
Borrowing long term/refinancing			-	-	1 542	1 542		(500)	(480)	(520)
Increase (decrease) in consumer deposits	21	-	124	(400)	170	170	173	-	-	-
Payments										
Repayment of borrowing	(8 170)	(6 900)	(9 147)	(9 686)	(17 208)	(17 208)	(6 283)	(10 980)	(2 489)	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	(8 149)	(6 900)	(9 023)	(10 086)	(15 497)	(15 497)	(6 110)	(11 480)	(2 969)	(520)
NET INCREASE/ (DECREASE) IN CASH HELD	8 979	(14 854)	64 234	4 764	(20 402)	(20 402)	(22 840)	9 543	30 174	30 730
Cash/cash equivalents at the year begin:	11 965	21 048	6 194	24 273	31 396	31 396	24 982	16 697	26 240	56 414
Cash/cash equivalents at the year end:	20 944	6 194	70 428	29 037	10 995	10 995	2 142	26 240	56 414	87 144

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

- The budgeted cash flow statement is the first measurement in determining if the budget is funded.

- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
- 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.
- The 2020/21 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.
- 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 81%; Services charges electricity 93%; Services charges refuse 59%; other revenue 92% 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 retention that will be held by the municipality.

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and investments available										
Cash/cash equivalents at the year end	20,944	6,194	70,428	29,037	10,995	10,995	2,142	26,240	56,414	87,144
Other current investments > 90 days	(0)	-	(0)	-	5,702	5,702	0	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
Cash and investments available:	20,944	6,194	70,428	29,037	16,697	16,697	2,142	26,240	56,414	87,144
Application of cash and investments										
Unspent conditional transfers	-	-	-	-	-	-	-	-	-	-
Unspent borrowing	6,900	-	-	-	-	-	-	2,489	-	-
Statutory requirements	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	45,957	52,154	49,767	12,960	1,119	1,119	(10,300)	2,499	4,390	6,550
Other provisions	-	-	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:	52,857	52,154	49,767	12,960	1,119	1,119	(10,300)	4,988	4,390	6,550
Surplus(shortfall)	(31,912)	(45,959)	20,661	16,077	15,578	15,578	12,442	21,252	52,024	80,594

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

- The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
- 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.
- 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".
- Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
- 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	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CAPITAL EXPENDITURE									
Total New Assets	40 043	57 060	54 192	54 169	45 211	45 211	22 750	20 147	22 035
Roads Infrastructure	21 733	39 865	34 057	30 521	21 771	21 771	-	-	9 954
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	11 151	12 946	13 487	19 522	19 562	19 562	20 000	18 712	10 647
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	32 884	52 811	47 545	50 043	41 333	41 333	20 000	18 712	20 601
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	1 298	-	4 947	900	1 476	1 476	600	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	1 298	-	4 947	900	1 476	1 476	600	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	1 168	749	1 000	500	115	115	150	500	500
Furniture and Office Equipment	340	362	400	400	534	534	800	500	500
Machinery and Equipment	2 100	3 138	300	2 326	1 754	1 754	1 200	435	435
Transport Assets	2 253	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	40 622	42 569	41 466	23 813	66 417	66 417	47 040	24 640	43 696
Roads Infrastructure	37 997	42 135	40 944	22 074	66 417	66 417	42 410	24 640	43 696
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	-	-	1 739	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	4 030	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	37 997	42 135	40 944	23 813	66 417	66 417	46 440	24 640	43 696
Community Facilities	-	-	522	-	-	-	600	-	-
Sport and Recreation Facilities	1 694	-	-	-	-	-	-	-	-
Community Assets	1 694	-	522	-	-	-	600	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	932	434	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	932	434	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Total Upgrading of Existing Assets	-	7 934	1 600	17 672	1 462	1 462	17 650	49 207	28 752
Roads Infrastructure	-	-	-	15 196	1 346	1 346	16 650	49 207	28 752
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	1 600	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	1 600	15 196	1 346	1 346	16 650	49 207	28 752
Community Facilities	-	-	-	-	-	-	1 000	-	-
Sport and Recreation Facilities	-	7 829	-	-	-	-	-	-	-
Community Assets	-	7 829	-	-	-	-	1 000	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	105	-	2 476	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	105	-	2 476	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	116	116	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	80 665	107 563	97 258	95 654	113 090	113 090	87 440	93 994	94 483
Roads Infrastructure	59 730	82 000	75 001	67 791	89 534	89 534	59 060	73 847	82 402
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	11 151	12 946	13 487	21 261	19 562	19 562	20 000	18 712	10 647
Solid Waste Infrastructure	-	-	1 600	-	-	-	4 030	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	70 881	94 946	90 089	89 051	109 096	109 096	83 090	92 559	93 048
Community Facilities	-	-	522	-	-	-	1 600	-	-
Sport and Recreation Facilities	1 694	7 829	-	-	-	-	-	-	-
Community Assets	1 694	7 829	522	-	-	-	1 600	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	2 229	539	4 947	3 376	1 476	1 476	600	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	2 229	539	4 947	3 376	1 476	1 476	600	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	1 168	749	1 000	500	115	115	150	500	500
Furniture and Office Equipment	340	362	400	400	534	534	800	500	500
Machinery and Equipment	2 100	3 138	300	2 326	1 870	1 870	1 200	435	435
Transport Assets	2 253	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	80 665	107 563	97 258	95 654	113 090	113 090	87 440	93 994	94 483

Table 19 MBRR Table A9 - Asset Management: Asset Management

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
ASSET REGISTER SUMMARY - PPE (WDV)	687 954	951 854	–	1 055 851	924 107	1 135 847	–	–	–
Roads Infrastructure	599 484	594 077		702 410	637 168	637 168			
Storm water Infrastructure					–	–			
Electrical Infrastructure	47 089	43 047		63 658	54 655	54 655			
Solid Waste Infrastructure				15 693	12 202	12 202			
Coastal Infrastructure					–	–			
Information and Communication Infrastructure					–	–			
Infrastructure	646 573	637 123	–	781 762	704 025	704 025	–	–	–
Community Assets		20 782		187 691	91 105	91 105			
Heritage Assets					463	463			
Investment properties					58 240	58 240			
Other Assets		117 332			70 273	70 273			
Biological or Cultivated Assets									
Intangible Assets				291		39			
Computer Equipment				5 006		3 646			
Furniture and Office Equipment				29 144		1 836			
Machinery and Equipment	24 409			42 298		28 904			
Transport Assets	16 971	176 616		9 659		698			
Land						176 616			
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	687 954	951 854	–	1 055 851	924 107	1 135 847	–	–	–
EXPENDITURE OTHER ITEMS	58 351	65 959	61 555	67 137	68 356	68 356	67 536	70 643	73 893
Depreciation	47 998	53 654	51 181	56 520	54 830	54 830	54 163	56 655	59 261
Repairs and Maintenance by Asset Class	10 353	12 305	10 374	10 617	13 526	13 526	13 373	13 988	14 632
Roads Infrastructure	946	1 266	2 000	2 000	2 767	2 767	2 892	3 025	3 164
Storm water Infrastructure	–	–	–	–	–	–	–	–	–
Electrical Infrastructure	1 802	1 891	1 000	1 052	2 052	2 052	1 845	1 929	2 018
Solid Waste Infrastructure	1 885	2 538	3 704	3 704	2 864	2 864	2 993	3 131	3 275
Coastal Infrastructure	–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure	–	–	–	–	–	–	–	–	–
Infrastructure	4 633	5 694	6 704	6 756	7 683	7 683	7 729	8 084	8 456
Community Facilities	–	–	–	–	–	–	306	320	335
Sport and Recreation Facilities	–	–	–	–	–	–	–	–	–
Community Assets	–	–	–	–	–	–	306	320	335
Heritage Assets	–	–	–	–	–	–	–	–	–
Revenue Generating	–	–	–	–	–	–	–	–	–
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Operational Buildings	1 432	929	1 000	1 052	1 752	1 752	1 845	1 930	2 019
Housing	–	–	–	–	–	–	–	–	–
Other Assets	1 432	929	1 000	1 052	1 752	1 752	1 845	1 930	2 019
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–
Servitudes	–	–	–	–	–	–	–	–	–
Licences and Rights	82	–	–	–	–	–	425	444	465
Intangible Assets	82	–	–	–	–	–	425	444	465
Computer Equipment	–	–	–	–	–	–	–	–	–
Furniture and Office Equipment	–	–	–	–	–	–	–	–	–
Machinery and Equipment	2 405	4 905	1 670	1 757	1 739	1 739	1 214	1 270	1 328
Transport Assets	1 800	777	1 000	1 052	2 352	2 352	1 854	1 940	2 029
TOTAL EXPENDITURE OTHER ITEMS	58 351	65 959	61 555	67 137	68 356	68 356	67 536	70 643	73 893
Renewal and upgrading of Existing Assets as % of total capex	50.4%	47.0%	44.3%	43.4%	60.0%	60.0%	74.0%	78.6%	76.7%
Renewal and upgrading of Existing Assets as % of deprecn	84.6%	94.1%	84.1%	73.4%	123.8%	123.8%	119.4%	130.3%	122.3%
R&M as a % of PPE	1.1%	1.3%	1.0%	1.0%	1.2%	1.2%	1.1%	1.1%	1.0%
Renewal and upgrading and R&M as a % of PPE	7.0%	7.0%	0.0%	5.0%	9.0%	7.0%	0.0%	0.0%	0.0%

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 remains a challenge.

Table 20 MBRR Table A10 – Service Delivery

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Household service targets									
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
Total number of households	61 750	61 876	-	66 359	66 359	66 359	72 938	76 278	80 397
Refuse:									
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
Total number of households	61 669	61 582	-	66 359	66 359	66 359	65 663	65 663	65 663
Households receiving Free Basic Service									
Electricity/other energy (50kwh per household per month)	-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Electricity/other energy (50kwh per indigent household per month)	-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements	-	-	-	-	-	-	-	-	-
Total cost of FBS provided	-	-	-	-	-	-	-	-	-
Highest level of free service provided per household									
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	50	50	50	50	50	50
Refuse (average litres per week)									
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)									
Property rates exemptions, reductions and rebates and impermissible values per section 17 of MPRA	8 568	5 628	-	9 586	9 586	9 586	9 017	9 432	9 866
Electricity/other energy (in excess of 50 kwh per indigent household)	-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)	-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	8 568	5 628	-	9 586	9 586	9 586	9 017	9 432	9 866

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 Mayor.

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 2020/21 IDP by the end of May 2020. Below is the timetable for the IDP/ budget process for 2020/21 Municipal fiscal year.

IDP/Budget Process Plan for the 2020/21 financial year

MONTH	ACTIVITY	Target date
PREPARATORY PHASE		
July 2019	<ul style="list-style-type: none"> • Review of previous year's IDP/Budget process with MTEF included. 	1-31 July 2019
	<ul style="list-style-type: none"> • EXCO provides political guidance over the budget process and priorities that must inform preparations of the budget. 	1-31 July 2019
	<ul style="list-style-type: none"> • Tabling of the draft 2020-2021 IDP and Budget process plan to IDP steering committee/technical committee for comments and inputs. 	09 July 2019

	<ul style="list-style-type: none"> • Tabling of the 2020-2021 IDP and Budget process plan to council structures for approval 	31 August 2019
August 2019	<ul style="list-style-type: none"> • Ward-to-Ward based analysis data collection • 4th Quarter Performance Lekgotla • Submit AFS (Annual Financial Statements) for 2018/19 to AG. • Submit 2018/19 cumulative Performance Report to AG & Council Structures 	15 August 2019 -20 September 2019 17 August 2019 31 August 2019 31 August 2019
	ANALYSIS PHASE	
September 2019	<ul style="list-style-type: none"> • 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). • Determine revenue projections and propose tariffs and draft initial allocations per function and department for 2020/21 financial year. • Consult with provincial and national sector departments on sector specific programmes for alignment (schools, libraries, clinics, water, electricity, roads, etc.). • Finalize ward based data compilation for verification in December 2019. 	01 September 2019-December 2019
	STRATEGIES PHASE	
October 2019	<ul style="list-style-type: none"> • Quarterly (1st) review of 2019/20 budget, related policies, amendments (if necessary), any related consultative process. • Collate information from ward based data. • Begin preliminary preparations on proposed budget for 2020/21 financial year with consideration being given to partial performance of 2019/20. • 1ST Quarter Performance Lekgotla (2020/21) 	23 October 2019 1-31 October 2019 1-31 October 2019 23 October 2019
	PROJECTS PHASE	
November 2019	<ul style="list-style-type: none"> • Confirm IDP projects with district and sector departments. 	1-30 November 2019

	<ul style="list-style-type: none"> Engage with sector departments' strategic sessions to test feasibility of attendance to planned sessions. Review and effect changes on initial IDP draft. 	
	INTEGRATION PHASE	
December 2019	<ul style="list-style-type: none"> Consolidated Analysis Phase report in place IDP Steering/technical Committee meeting to present the analysis phase data IDP Representative Forum to present the analysis report 	<p>04 December 2019</p> <p>05 December 2019</p> <p>11 December 2019</p>
January 2020	<ul style="list-style-type: none"> Review budget performance and prepare for adjustment Table Draft 2017/18 Annual Report to Council. Submit Draft Annual Report to AG, Provincial Treasury and COGHSTA. Publish Draft Annual Report in the municipal jurisdiction (website etc.). Prepare Oversight Report for the 2018/19 financial year. Mid-Year Performance Lekgotla/Review/Strategic Planning Session, (review of IDP/Budget, related policies and consultative process 	<p>09-18 January 2020</p> <p>31 January 2020</p> <p>16 January 2020</p>
February 2020	<ul style="list-style-type: none"> Mid- year performance bilateral Table Budget Adjustment. Submission of Draft IDP/Budget for 2019/20 to Management. Submission of Draft IDP/Budget and plans to Portfolio Committees. Submission of 2018/19 Adjustment Budget to Budget Steering Committee Adjusted budget/IDP/SDBIP 2019/2020 	<p>7 February 2020</p> <p>29 February 2020</p> <p>04 February 2020</p> <p>12-13 February 2020</p> <p>15 February 2020</p> <p>28 February 2020</p>
March 2020	<ul style="list-style-type: none"> mSCOA – capturing of draft budget on the financial system Submission of 2020/21 Draft Budget to Budget Steering Committee Submission of 2020-2021 Draft IDP and Budget to EXCO Council considers the 2020-2021 Draft IDP and Budget. Adoption of Oversight Report for 2018-2019. 	<p>18 March 2019</p> <p>19 March 2020</p> <p>24 February 2020</p> <p>30 March 2020</p>

		30 March 2020
	APPROVAL PHASE	
April 2020	<ul style="list-style-type: none"> • Submit 2020-2021 Draft IDP and Budget to the National Treasury, Provincial Treasury and COGHSTA in both printed & electronic formats. • Publish the 2020-2021 Draft IDP and Budget for public comments. • Quarterly (3rd) review of 2019-2020 budget/IDP and related policies' amendment (if necessary) and related consultative process. • IDP Representative Forum meeting to present the draft 2020-2021 IDP to various stakeholders • Consultation with community and other stakeholder on the draft 2020-2021 IDP/Budget, tariffs, indigents, credit control and free basic services • 3rd Quarter Performance Lekgotla (2019/20) 	06 April 2020 14 April 2020 28 April 2020 12 April 2020 17 April 2020 -10 May 2020 16 April 2020
May 2020	<ul style="list-style-type: none"> • Draft Budget bilateral with LPT • MSCOA – finalize budget capturing on the financial system • Submission of 2020-2021 Final Budget to Budget Steering Committee • Final Budget/IDP/SDBIP 2020/2021 • Submission of Final Draft IDP/Budget for 2020/21 to EXCO. • Submission of Final Draft IDP/Budget for 2020/21 to the Council for approval. • Develop Performance Agreements (Performance Plans) of MM, Senior Managers and Middle Managers for 2020-2021 performance year. 	18 May 2020 20 May 2020 21 May 2020 25 May 2020 31 May 2020
June 2020	<ul style="list-style-type: none"> • Submission of the SDBIP to the Mayor. • Submission of 2020-2021 Performance Agreements to the Mayor. • Submission of approved budget, SDBIP and IDP to Treasury 	1-30 June 2020 12 June 2020

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The IDP Process Plan and the Budget Time Schedule for the 2020/21 MTREF was tabled in Council in August 2019.

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 2020/21 MTREF based on the approved 2018/19 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 2020/21 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 2019/20 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 2020/21 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 2020/21 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 (2019/20)
- The approved 2019/20 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 99 has been taken into consideration in the planning and prioritisation process.

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.

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.

Developmental priority	Outcome	Role of EMLM	Output
Spatial Rationale	Outcome 8 &9	<ul style="list-style-type: none"> • Provide land for human settlement • Zoning and rezoning of land • Prevent land invasions 	More efficient land utilization and release state land.
Access to basic service delivery	Outcome 6	<ul style="list-style-type: none"> • Provision of electricity • Roads and storm water control 	Reliable infrastructure services
Local Economic Development	Outcome 7,4 &11	<ul style="list-style-type: none"> • Creation of jobs • Support to emerging businesses (SMME"s) • Promote tourism 	Improved employment and municipal economy
Financial sound management	Outcome 9 &12	<ul style="list-style-type: none"> • Financial management and planning • Comply with legal financial requirements • Revenue enhancement 	Sound financial management
Good Governance and public participation	Outcome 9	<ul style="list-style-type: none"> • Community participations • Intergovernmental relations 	Full participation of all structures and communities
Organizational Development	Outcome 9	<ul style="list-style-type: none"> • Human resource development and management • Organizational structure development • Executive and Council support 	Vibrant institution
Social services	Outcome 1 , 2 &10	<ul style="list-style-type: none"> • Education support and co-ordination • Facilitation of health services • Community development services 	Improved community services

2.2.1 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 2020/21 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.

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	Developm' Planning	Executive Support	Total
R thousand	R'000	R'000	R'000	R'000	R'000	R'000			R'000
Revenue By Source									
Property rates			38,345						38,345
Service charges - electricity revenue						101,945			101,945
Service charges - refuse revenue					8,928				8,928
Rental of facilities and equipment						1,720			1,720
Interest earned - external investments			3,392						3,392
Interest earned - outstanding debtors			2,475		138	4,043			6,656
Fines, penalties and forfeits					65,222	20			65,242
Licences and permits					6,344				6,344
Other revenue			333	1	185	5	407		931
Transfers and subsidies	43,443	39,284	22,085	44,327	49,098	59,525	15,925	19,633	293,320
Gains									-
Total Revenue (excluding capital transfers)	43,443	39,284	66,629	44,328	129,915	167,258	16,332	19,633	526,822
Expenditure By Type									
Employee related costs		11,654	27,114	22,561	49,704	31,143	10,342	14,685	167,203
Remuneration of councillors	26,197								26,197
Debt impairment			9,555		32,900	5,203			47,658
Depreciation & asset impairment			5	1,283	1,872	51,003			54,163
Finance charges						1,184			1,184
Bulk purchases						94,047			94,047
Other materials	26	16	716	89	902	15,127	54		16,929
Contracted services	3,500	24,038	15,303	3,720	11,859	-	40	1,200	59,660
Transfers and subsidies	500			1,847		1,121			3,468
Other expenditure	11,842	1,135	10,257	7,851	1,879	4,940	1,252	545	39,701
Losses									-
Total Expenditure	42,065	36,843	62,950	37,351	99,115	203,768	11,687	16,430	510,209
Surplus/(Deficit)	1,378	2,441	3,679	6,977	30,800	(36,510)	4,645	3,203	16,613
Transfers and subsidies - capital (monetary)						74,561			74,561
Transfers and subsidies - capital (monetary)									-
Transfers and subsidies - capital (in-kind-all)									-
Surplus/(Deficit) after capital transfers	1,378	2,441	3,679	6,977	30,800	38,051	4,645	3,203	91,174

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

Strategic Objective	Goal	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
		Executive & Council								
To Strengthen participatory governance within the governance	Sound Governance		31,540	38,168	41,231	41,231	41,231	43,443	46,441	48,578
Office of the Municipal Manager										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	-	15,805	31,469	35,643	35,643	35,643	39,284	41,091	43,981
Budget & Treasury										
To implement sound financial management practices	Sustainable financial growth/Viability	253,036	83,272	59,272	64,188	67,164	67,164	66,629	69,775	74,055
Corporate Services										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	12	34,041	39,931	40,227	40,227	40,227	44,328	46,367	48,500
Community Services										
Facilitate promotion of health and well being of	Improved social well being	62,691	131,423	120,478	132,693	113,238	113,238	129,915	138,845	148,124
Technical Services										
Reduction in the level services delivery backlogs. To facilitate economic growth and sustainable job creation	Accessible and sustainable infrastructure and basic services	141,006	211,539	233,051	227,629	258,293	258,293	241,819	254,159	257,698
Development Planning										
To provide a systematic intergrated spatial/land development policy. Increase regularisation of built	Intergrated human settlement	1,635	1,529	11,282	14,966	14,741	14,741	16,332	15,325	16,030
Executive Support										
Facilitate promotion of health and well being of	Improved social well being	1,635	12,731	16,094	18,229	18,229	18,229	19,633	23,536	24,619
Allocations to other priorities										
Total Revenue (excluding capital transfers and contributions)		460,015	521,880	549,746	574,806	588,766	588,766	601,383	635,539	661,585

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

Strategic Objective	Goal	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Executive & Council To Strengthen participatory governance within the governance	Sound Governance	31,808	36,404	35,307	36,874	43,308	43,308	42,065	43,977	45,977
Office of the Municipal Manager Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	27,365	20,075	37,306	35,065	42,687	42,687	36,843	38,538	40,311
Budget & Treasury To implement sound financial management practices	Sustainable financial growth/Viability	128,458	89,906	51,072	52,917	56,084	56,084	62,950	61,086	63,896
Corporate Services Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	40,771	39,301	30,600	36,814	30,858	30,858	37,351	39,102	40,901
Community Services Facilitate promotion of health and well being of communities	improved social well being	55,374	123,541	100,333	112,427	94,391	94,391	99,115	102,306	106,685
Technical Services Reduction in the level services delivery backlogs. To facilitate economic growth and sustainable job creation	Accessible and sustainable infrastructure and basic services	183,344	188,616	167,702	181,124	185,231	185,231	203,768	212,550	226,510
Development Planning To provide a systematic integrated spatial/land development policy.	Integrated human settlement	12,074	7,999	9,977	13,185	12,998	12,998	11,687	10,466	10,948
Executive Support Facilitate promotion of health and well being of communities	improved social well being	16,881	15,585	16,872	14,187	19,749	19,749	16,430	17,186	17,977
Allocations to other priorities										
Total Expenditure		496,076	521,428	449,169	482,592	485,305	485,305	510,209	525,211	553,204

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

Strategic Objective	Goal	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Budget & Treasury										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	-	-	-	-	-	-	350	-	-
Corporate Services										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	1,508	1,110	2,200	900	515	515	950	1,000	1,000
Community Services										
Facilitate promotion of health and well being of communities	Improved social well being	181	1,439	2,122	2,326	1,504	1,504	2,200	-	-
Technical Services										
Reduction in the level services delivery backlogs. To facilitate economic growth and	Accessible and sustainable infrastructure and basic serices	78,393	105,013	92,936	92,427	111,072	111,072	85,680	92,994	93,483
Development Planning										
To provide a sytematic intergrated spatial/land development policy. Increase	Intergrated human settlement	-	-	-	-	-	-	-	-	-
Executive Support										
Facilitate promotion of health and well being of communities	Improved social well being	583	-	-	-	-	-	-	-	-
Total Capital Expenditure		80,665	107,563	97,258	95,654	113,090	113,090	89,180	93,994	94,483

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:

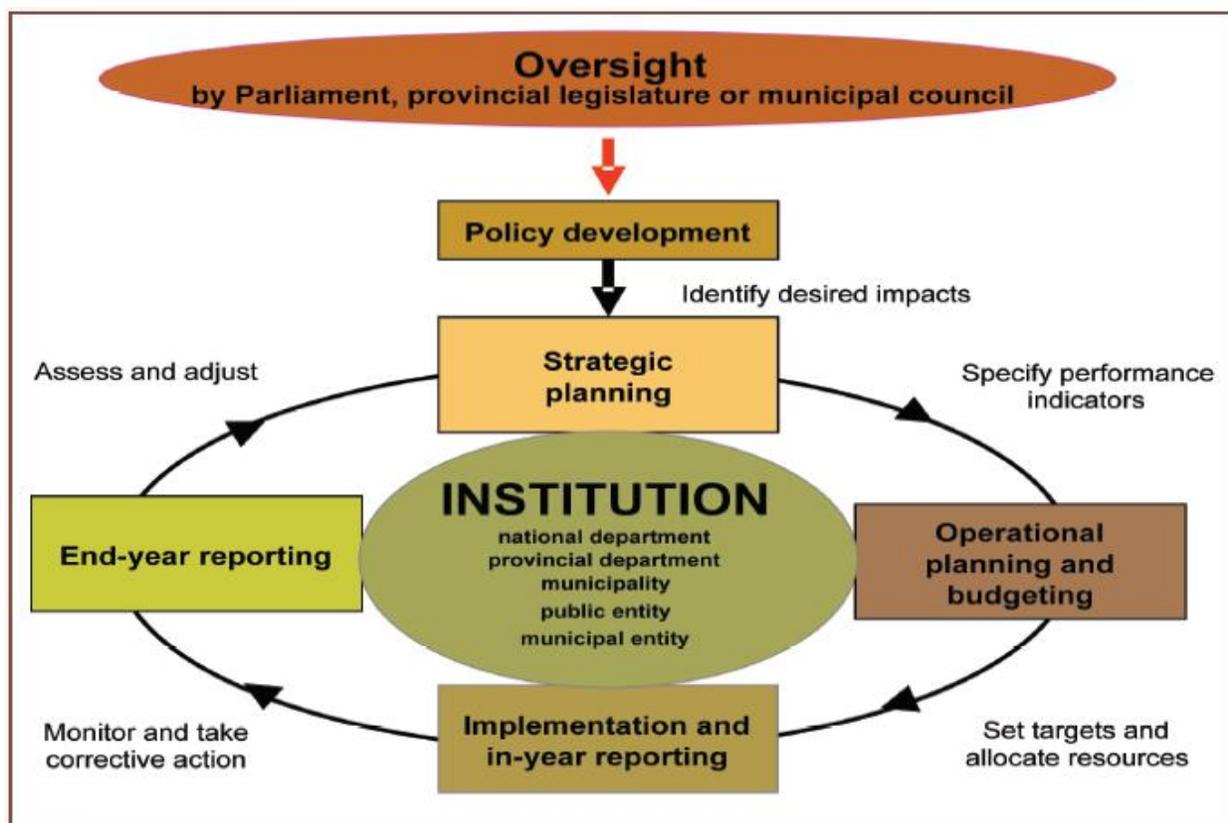


Figure 4 Planning, budgeting and reporting cycle

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	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Vote 2 - Municipal Manager										
KPA 2: INSTITUTIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION										
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
KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
To implement sound Financial management practices	% spend of the Total Operational Budget excluding non-cash items	96%	98%	100%	100%	100%	100%	100%	100%	100%
To implement sound Financial management practices	% of remuneration compared to total operating expenditure	36%	37%	38%	38%	38%	38%	38%	38%	38%
KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
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
KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
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%
KPA 3: LOCAL ECONOMIC DEVELOPMENT										
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

Table 24 MBRR Table SA7 - Measurable performance objectives (cont')

Description	Unit of measurement	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Vote 3 - Budget and Treasury										
KPA 4 – BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT										
To provide free basic services to registered indigents	% of registered indigent households with access to free basic electricity services by 30 June (GKPI)	36%	38%	60%	60%	60%	60%	60%	60%	60%
KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
To implement sound Financial management practices	Cost coverage ratio by the 30 June 2018 (GKPI)	2:01	4:02	4:01	4:01	4:01	4:01	4:01	4:01	4:01
To implement sound Financial management practices	% Collection Rate	86%	89%	89%	89%	89%	89%	89%	89%	89%
Number of assets verification reports submitted to municipal manager by 30 June		1	1	2	2	2	2	2	2	2
KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
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	15	12	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%
Vote 4 - Corporate Services										
KPA 2: INSTITUTIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION										
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)	71%	81%	100%	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 (cont')

Description	Unit of measurement	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Vote 5 - Community Services										
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)	13%	15%	17%	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
Facilitate safe and secure neighborhoods	Number of community safety forum meeting held	4	4	4	4	4	4	4	4	4
Vote 6 - Technical Services										
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	465	471	630	630	630	630	630	630	630
To facilitate economic growth and sustainable job creation	% development of lighting master plan	80%	85%	100%	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	1000	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	4	6	8	8	8	8	8	8	8
To facilitate economic growth and sustainable job creation	% Development of roads master plan and maintenance plan	0%	0%	100%	100%	100%	100%	100%	100%	100%
To facilitate economic growth and sustainable job creation	% Roads signs, main holes, temporary bridges and sign boards	100%	100%	100%	100%	100%	100%	100%	100%	100%
To facilitate economic growth and sustainable job creation	Percentage of Household Electrified relative to backlog	0%	100%	100%	100%	100%	100%	100%	100%	100%

Table 24 MBRR Table SA7 - Measurable performance objectives (cont')

Description	Unit of measurement	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Vote 8 - Development Planning										
KPA 1: SPATIAL DEVELOPMENT ANALYSIS AND RATIONALE										
To provide a systematic integrated spatial / land development policy	Number of informal settlements targeted for upgrading	5	5	1	1	1	1	1	1	1
To provide a systematic integrated spatial / land development policy	% Development of a Spatial Development Framework	100%	100%	100%	100%	100%	100%	100%	100%	100%
To provide a systematic integrated spatial / land development policy	% of Site demarcation projects completed	100%	100%	100%	100%	100%	100%	100%	100%	100%
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										
To facilitate economic growth and sustainable job creation	Number of job opportunities provided through EPWP grant by 30 June	35	35	70	70	70	70	70	70	70
To facilitate economic growth and sustainable job creation	Number of networking events held by 30 June	1	1	2	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	5	4	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

Table 24 MBRR Table SA7 - Measurable performance objectives (cont')

Description	Unit of measurement	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Vote 9 - Executive Support										
KPA 4 - BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT										
Facilitate promotion of health and well-being of communities	Number of Transversal programmes implemented in terms of mainstreaming with respect to HIV/AIDS, Gender, Disabled, Woman and Children Rights by the 30 June	2	2	4	4	4	4	4	4	4
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	2	2	4	4	4	4	4	4	4
Public Partiipation	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										
To create a culture of accountability and transparency	Number of MPAC quarterly reports submitted to council	4	4	4	4	4	4	4	4	4
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	3	2	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

Table 25 MBRR Table SA10 – Funding measurement

Description	MFMA section	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Funding measures											
Cash/cash equivalents at the year end - R'000	18(1)b	20,944	6,194	70,428	29,037	10,995	10,995	2,142	26,240	56,414	87,144
Cash + investments at the yr end less applications - R'000	18(1)b	(31,912)	(45,959)	20,661	16,077	15,578	15,578	12,442	21,252	52,024	80,594
Cash year end/monthly employee/supplier payments	18(1)b	0.76	0.19	2.39	0.92	0.35	0.35	0.15	0.77	1.58	2.31
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	(36,060)	453	100,578	92,214	103,461	103,461	162,544	91,174	110,328	108,381
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	-8.15%	15.90%	4.82%	-3.59%	-6.00%	-42.89%	0.96%	-1.40%	-1.40%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	57.17%	53.18%	56.97%	58.01%	64.22%	64.22%	86.83%	60.08%	60.08%	60.08%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	20.50%	74.21%	44.74%	40.93%	31.18%	31.18%	0.00%	31.94%	31.94%	31.94%
Capital payments % of capital expenditure	18(1)c;19	100.00%	98.89%	49.41%	92.00%	100.00%	100.00%	105.57%	98.05%	100.00%	100.00%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.00%	0.00%	0.00%	0.00%	9.70%	9.70%	0.00%	-3.64%	-1.22%	-4.07%
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.	-12.10%	141.10%	-38.60%	19.40%	0.00%	15.50%	10.00%	7.50%	7.50%
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)	1.10%	1.29%	1.04%	1.01%	1.04%	1.04%	1.26%	1.09%	1.06%	1.04%
Asset renewal % of capital budget	20(1)(vi)	50.36%	39.58%	42.63%	24.89%	58.73%	58.73%	0.00%	52.75%	26.21%	46.25%
Supporting indicators											
% incr total service charges (incl prop rates)	18(1)a		-2.15%	21.90%	10.82%	2.41%	0.00%	-36.89%	6.96%	4.60%	4.60%
% incr Property Tax	18(1)a		0.63%	27.07%	5.20%	5.56%	0.00%	-35.03%	4.60%	4.60%	4.60%
% incr Service charges - electricity revenue	18(1)a		-4.48%	21.05%	13.64%	1.45%	0.00%	-37.84%	8.10%	4.60%	4.60%
% 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		12.19%	11.35%	5.20%	0.00%	0.00%	-34.36%	4.43%	4.60%	4.60%
% incr in	18(1)a		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total billable revenue											
Service charges	18(1)a	103,065	100,852	122,935	136,234	139,514	139,514	88,054	149,218	156,082	163,262
Property rates		25,815	25,978	33,010	34,727	36,658	36,658	23,818	38,345	40,109	41,954
Service charges - electricity revenue		70,745	67,575	81,798	92,957	94,306	94,306	58,624	101,945	106,634	111,540
Service charges - refuse removal		6,506	7,299	8,127	8,550	8,550	8,550	5,612	8,928	9,339	9,768
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1,319	944	1,000	1,052	2,033	2,033	513	1,720	1,799	1,882
Capital expenditure excluding capital grant funding		11,770	23,699	15,417	21,733	15,898	15,898	9,647	13,719	39,346	12,777
Cash receipts from ratepayers	18(1)a	100,101	103,643	118,288	130,718	137,972	137,972	89,888	138,248	144,607	151,259
Ratepayer & Other revenue	18(1)a	175,091	194,889	207,619	225,321	214,848	214,848	103,518	230,110	240,695	251,767
Change in consumer debtors (current and non-current)		23,313	(7,652)	78,774	(51,916)	(35,910)	(35,910)	(20,590)	25,873	8,125	8,801
Operating and Capital Grant Revenue	18(1)a	282,035	324,064	339,328	346,539	348,039	348,039	249,419	367,881	391,296	406,107
Capital expenditure - total	20(1)(vi)	80,665	107,563	97,258	95,654	113,090	113,090	64,023	89,180	93,994	94,483
Capital expenditure - renewal	20(1)(vi)	40,622	42,569	41,466	23,813	66,417	66,417		47,040	24,640	43,696
Supporting benchmarks											
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									293,320	314,089	333,501
DoRA capital grants total MFY									74,561	77,207	72,606
Provincial operating grants											
Provincial capital grants											
District Municipality grants											
Total gazetted/advised national, provincial and district grants									367,881	391,296	406,107
Average annual collection rate (arrears inclusive)											

Table 25 MBRR Table SA10 – Funding measurement (continued)

Description	MFMA section	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
DoRA operating											
Local Government Equitable Share									289,039	311,289	330,501
Finance Management									2,600	2,800	3,000
EPWP Incentive									1,681	-	-
Energy Efficiency and Demand Side Management									-	-	-
									293,320	314,089	333,501
DoRA capital											
Municipal Infrastructure Grant (MIG)									54,561	59,207	62,606
Intergrated National Electrification Grant									20,000	18,000	10,000
									74,561	77,207	72,606
Trend											
Change in consumer debtors (current and non-current)		23,313	(7,652)	78,774	(20,590)	25,873	8,125	8,801	-	-	-
Total Operating Revenue		391,085	423,980	455,697	500,885	491,574	491,574	308,686	526,822	558,332	588,979
Total Operating Expenditure		496,076	521,428	449,169	482,592	485,305	485,305	204,234	510,209	525,211	553,204
Operating Performance Surplus/(Deficit)		(104,990)	(97,448)	6,528	18,293	6,269	6,269	104,452	16,613	33,121	35,775
Cash and Cash Equivalents (30 June 2012)									26,240		
Revenue											
% Increase in Total Operating Revenue			8.41%	7.48%	9.92%	-1.86%	0.00%	-37.20%	7.17%	5.98%	5.49%
% Increase in Property Rates Revenue			0.63%	27.07%	5.20%	5.56%	0.00%	-35.03%	4.60%	4.60%	4.60%
% Increase in Electricity Revenue			-4.48%	21.05%	13.64%	1.45%	0.00%	-37.84%	8.10%	4.60%	4.60%
% Increase in Property Rates & Services Charges			-2.15%	21.90%	10.82%	2.41%	0.00%	-36.89%	6.96%	4.60%	4.60%
Expenditure											
% Increase in Total Operating Expenditure			5.11%	-13.86%	7.44%	0.56%	0.00%	-57.92%	5.13%	2.94%	5.33%
% Increase in Employee Costs			8.00%	2.57%	13.07%	-3.30%	0.00%	-31.77%	17.20%	3.55%	4.60%
% Increase in Electricity Bulk Purchases			4.37%	2.04%	15.63%	7.49%	0.00%	-41.98%	8.10%	5.20%	8.90%
Average Cost Per Budgeted Employee Position (Remuneration)				335,406.37	366,080.35				413,869.25		
Average Cost Per Councillor (Remuneration)				398,213.92	418,922.56				429,451.59		
R&M % of PPE		1.10%	1.30%	1.00%	1.00%	1.00%	1.00%		1.10%	1.10%	1.00%
Asset Renewal and R&M as a % of PPE		7.00%	7.00%	7.00%	5.00%	9.00%	7.00%		0.00%	0.00%	0.00%
Debt Impairment % of Total Billable Revenue		20.50%	74.21%	44.74%	40.93%	31.18%	31.18%	0.00%	31.94%	31.94%	31.94%
Capital Revenue											
Internally Funded & Other (R'000)		11,770	23,699	15,417	21,733	15,898	15,898	9,647	13,719	39,346	12,777
Borrowing (R'000)		-	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)		68,895	83,864	81,841	73,921	97,192	97,192	54,376	75,461	54,648	81,706
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		85.41%	77.97%	84.15%	77.28%	85.94%	85.94%	84.93%	84.62%	58.14%	86.48%
Capital Expenditure											
Total Capital Programme (R'000)		80,665	107,563	97,258	95,654	113,090	113,090	64,023	89,180	93,994	94,483
Asset Renewal		40,622	50,504	43,066	41,485	67,879	67,879	67,879	64,690	73,847	72,448
Asset Renewal % of Total Capital Expenditure		50.36%	46.95%	44.28%	43.37%	60.02%	60.02%	106.02%	72.54%	78.57%	76.68%
Cash											
Cash Receipts % of Rate Payer & Other		57.17%	53.18%	56.97%	58.01%	64.22%	64.22%	86.83%	60.08%	60.08%	60.08%
Cash Coverage Ratio		0.76	0.19	2.39	0.92	0.35	0.35	0.15	0.77	1.58	2.31
Borrowing											
Credit Rating (2009/10)									0		
Capital Charges to Operating		1.93%	1.38%	2.68%	2.53%	4.06%	4.06%	3.85%	2.38%	0.49%	0.00%
Borrowing Receipts % of Capital Expenditure		0.00%	0.00%	0.00%	0.00%	9.70%	9.70%	0.00%	-3.64%	-1.22%	-4.07%
Reserves											
Surplus/(Deficit)		(31,912)	(45,959)	20,661	16,077	15,578	15,578	12,442	21,252	52,024	80,594
Free Services											
Free Basic Services as a % of Equitable Share		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
Free Services as a % of Operating Revenue (excl operational transfers)		4.81%	2.85%	0.00%	4.20%	4.38%	4.38%		3.86%	3.86%	3.86%
High Level Outcome of Funding Compliance											
Total Operating Revenue		391,085	423,980	455,697	500,885	491,574	491,574	308,686	526,822	558,332	588,979
Total Operating Expenditure		496,076	521,428	449,169	482,592	485,305	485,305	204,234	510,209	525,211	553,204
Surplus/(Deficit) Budgeted Operating Statement		(104,990)	(97,448)	6,528	18,293	6,269	6,269	104,452	16,613	33,121	35,775
Surplus/(Deficit) Considering Reserves and Cash Backing		(31,912)	(45,959)	20,661	16,077	15,578	15,578	12,442	21,252	52,024	80,594
MTREF Funded (1) / Unfunded (0)		-	-	1	1	1	1	1	1	1	1
MTREF Funded ü / Unfunded ü		×	×	✓	✓	✓	✓	✓	✓	✓	✓

Table 26 MBRR Table SA11 – Property rates summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Valuation:									
Date of valuation:	1/7/2016	1/7/2017	1/7/2018	1/7/2019					
Financial year valuation used	2012-16	2017-18	2017-18	218-19					
Municipal by-laws s6 in place? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Municipal/assistant valuer appointed? (Y/N)	No	No	No	Yes			Yes		
Municipal partnership s38 used? (Y/N)	No	No	No	No	No	No	No	No	No
No. of assistant valuers (FTE)	0	0	0	0	0	0	0	0	0
No. of data collectors (FTE)	1	0	0	0	0	0	0	0	0
No. of internal valuers (FTE)	-	-	-	-	-	-	-	-	-
No. of external valuers (FTE)	-	1	1	1.00	1.00	1.00	-	-	-
Valuation appeal board established? (Y/N)	No	No	No	No					
Implementation time of new valuation roll (mths)	12	12	12	12					
No. of properties			18703	18723	20215	20215	20215	20215	20215
No. of supplementary valuations	1	-	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	1	1
Public service infrastructure value (Rm)				1	1	1	1	1	1
Municipality owned property value (Rm)									
Valuation reductions:									
Valuation reductions-public infrastructure (Rm)									
Valuation reductions-nature reserves/park (Rm)									
Valuation reductions-mineral rights (Rm)									
Valuation reductions-R15,000 threshold (Rm)	403,001	404,001	404,200	404,200	404,200	404,200	405,200	405,200	405,200
Valuation reductions-public worship (Rm)									
Valuation reductions-other (Rm)									
Total valuation reductions:	403,001	404,001	404,200	404,200	404,200	404,200	405,200	405,200	405,200
Total value used for rating (Rm)				4,644,558	4,644,558	4,644,558	4,644,558	4,644,558	4,644,558
Total land value (Rm)									
Total value of improvements (Rm)									
Total market value (Rm)				4,644,558	4,644,558	4,644,558	4,644,558	4,644,558	4,644,558
Rating:									
Residential rate used to determine rate for other categories? (Y/N)	No	No	No						
Differential rates used? (Y/N)	Yes	Yes	Yes						
Limit on annual rate increase (s20)? (Y/N)	No	No	No		No	No	No	No	No
Special rating area used? (Y/N)	No	No	No						
Phasing-in properties s21 (number)	0	0	0		0	0	0	0	0
Rates policy accompanying budget? (Y/N)	Yes	Yes	Yes						
Fixed amount minimum value (R'000)	30000	30000	30000						
Non-residential prescribed ratio s19? (%)	0	0	0						
Rate revenue:									
Rate revenue budget (R'000)	25,815	26,472	33,010	34,727	36,658	36,658	38,345	40,109	41,954
Rate revenue expected to collect (R'000)	20,966	21,177	32,502	21,878	29,610	29,610	26,841	28,076	29,367
Expected cash collection rate (%)	81.22%	80.00%	98.46%	63.00%	80.77%	80.77%	70.00%	70.00%	70.00%
Special rating areas (R'000)	-	-	-	-	-	-	-	-	-
Rebates, exemptions - indigent (R'000)	-	-	-	-	-	-	-	-	-
Rebates, exemptions - pensioners (R'000)	-	-	-	-	-	-	-	-	-
Rebates, exemptions - bona fide farm. (R'000)	-	-	-	-	-	-	-	-	-
Total rebates, exemptns, reductns, discs (R'000)	-	-	-	-	-	-	-	-	-

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.
Current Year 2019/20																
Valuation:																
No. of properties	15,079	38	379	517	1,123	2,072	986	-	-	-	-	-	-	-	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	-	-	-	-	-	-	-	-	-
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	-
Valuation reductions:																
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
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)	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	-
Rating:																
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.
Budget Year 2020/21																
Valuation:																
No. of properties	15,079.00	38.00	379.00	517.00	1,123.00	2,072.00	986.00	-	-	-	-	-	-	-	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	-	-	-	-	-	-	<1	-
Frequency of valuation (select)	5	5	5	5	5	5	5	5	-	-	-	-	-	-	5	-
Method of valuation used (select)	Market	-	-	-	-	-	-	-	Market	-						
Base of valuation (select)	Land & impr.	-	-	-	-	-	-	-	Land & impr.	-						
Phasing-in properties s21 (number)	0	0	0	0	0	0	0	0	-	-	-	-	-	-	0	-
Combination of rating types used? (Y/N)	Yes	-	-	-	-	-	-	-	Yes	-						
Flat rate used? (Y/N)	No	-	-	-	-	-	-	-	No	-						
Is balance rated by uniform rate/variable rate?	Variable	-	-	-	-	-	-	-	Variable	-						
Valuation reductions:																
Valuation reductions-public infrastructure (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
Valuation reductions-nature reserves/park (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
Valuation reductions-mineral rights (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
Valuation reductions-R15,000 threshold (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
Valuation reductions-public worship (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
Valuation reductions-other (Rm)	30	30	30	30	30	30	30	30	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)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
Total value of improvements (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
Total market value (Rm)	3,341,309	77,105	712,838	17,600	325,268	156,983	1,595	-	-	-	-	-	-	-	11,860	-
Rating:																
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%

2.4 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 2020/21 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 71 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 2020/21 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 75%; Services charges electricity 94%; Services charges refuse 51%; Rental of facilities and equipment 67%; Interest earned - outstanding debtors 20% 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.

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 94%
- Service charge refuse removal - collection rate 51%
- Rental on facilities - collection rate 67%
- 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 99 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:

- 2020/21 – 6.2% increase
- 2021/22 – CPI 4.6%
- 2022/23 – CPI 4.6%

Comparing the increase from 2019/20 financial year to 2020/21 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 2020/21 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 R16, 613 million in 2020/21 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	%
Revenue By Source						
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%
Total Revenue (excluding capital trar	500 885	100.0%	532 330	100.0%	567 840	100.0%
Total Expenditure	482 591		511 903		540 349	
Surplus/(Deficit)	18 293		20 427		27 491	

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

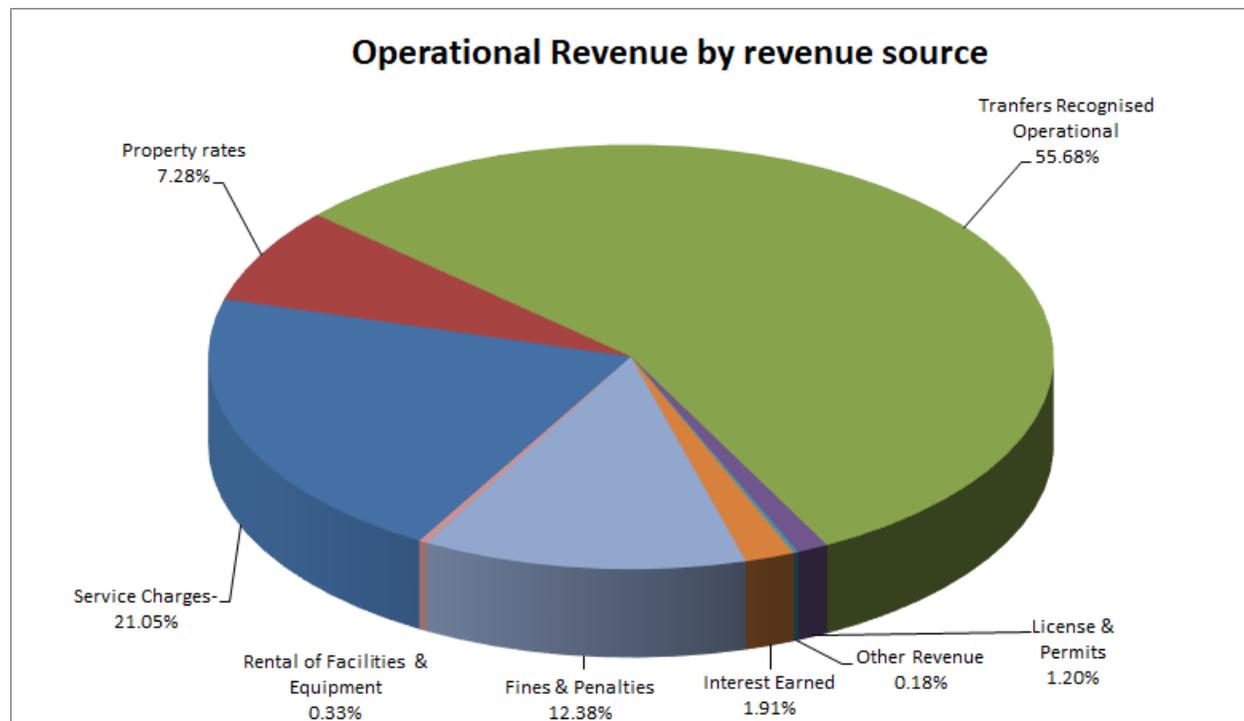


Figure 5 Breakdown of operating revenue over the 2020/21 MTREF

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 71 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 2020/21 MTREF on the different revenue categories are:

- Property rates
- Refuse removal
- Electricity
- Other

Table 30 MBRR SA15 – Detail Investment Information

Investment type	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	15,657		15,582	24,155	(24,155)	(24,155)	21,417	30,944	37,133
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipality sub-total	15,657	-	15,582	24,155	(24,155)	(24,155)	21,417	30,944	37,133
Consolidated total:	15,657	-	15,582	24,155	(24,155)	(24,155)	21,417	30,944	37,133

Table 31 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Variable or Fixed interest rate	Interest Rate ^a	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal	Investment Top Up	Closing Balance
Quotation-based	Months	Short term	Variable	7.40%	-	-	8/11/2020	10,000	274	(55,274)	45,000	-
Quotation-based	Months	Short term	Variable	7.75%	-	-	10/14/2020	-	159	(25,159)	25,000	-
Quotation-based	Months	Short term	Variable	7.60%	-	-	11/11/2020	-	94	(15,094)	15,000	-
Quotation-based	Months	Short term	Variable	7.50%	-	-	12/20/2020	-	247	(40,247)	40,000	-
Quotation-based	Months	Short term	Variable	7.80%	-	-	4/26/2021	-	288	(31,565)	45,000	13,724
Quotation-based	Months	Short term	Variable	7.90%	-	-	5/25/2021	-	130	(12,437)	20,000	7,693
Municipality sub-total								10,000		(179,775)	190,000	21,417

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 R16, 613 million, R33, 121 million and R35, 775 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 2020/21 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
Funded by:										
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									-	-
Transfers recognised - ca	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
Total Capital Funding	108 388	80 665	107 563	75 869	97 258	97 258	51 754	95 654	96 911	96 503
Total Capital Funding	72 212	108 388	80 665	77 302	103 123	103 123	58 899	73 108	85 123	84 647

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

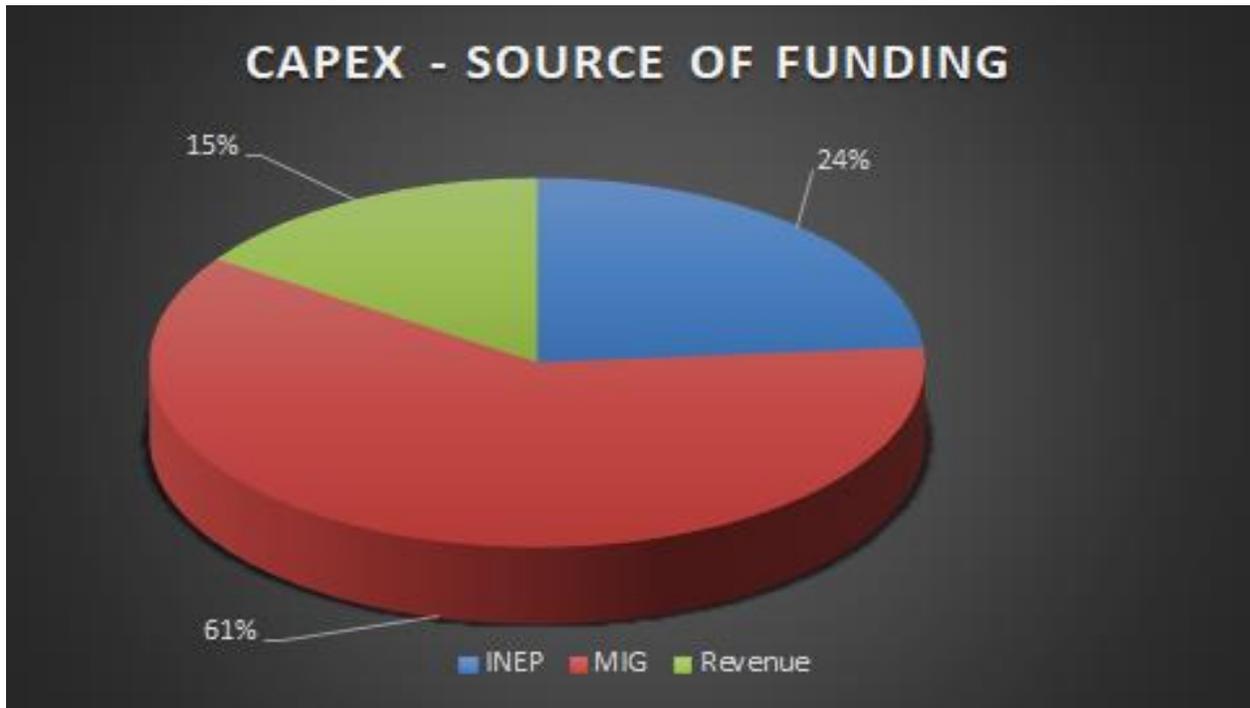


Figure 6 Breakdown of the source of funding for 2020/21 MTREF

Capital grants and receipts equate to 85% of the total funding source which represents R74, 561 million for the 2020/21 financial year and increases to R77, 207 million and decreases to R72, 606 million in 2021/22 and 2022/23 financial years respectively. Only 15% of capital budgets is funded from internally generated revenue.

Table 33 MBRR SA17 - Borrowing

Borrowing - Categorised by type	2016/17	2017/18	2018/19	Current Year 2019/20			Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Annuity and Bullet Loans	0	0	0	0	0	0	0	0	0
Long-Term Loans (non-annuity)	-	-	-	-	-	-	-	-	-
Local registered stock	-	-	-	-	-	-	-	-	-
Instalment Credit	-	-	-	-	-	-	-	-	-
Financial Leases	-	-	23,097	13,554	13,469	13,469	-	-	-
PPP liabilities	-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier	-	-	-	-	-	-	-	-	-
Marketable Bonds	-	-	-	-	-	-	-	-	-
Non-Marketable Bonds	-	-	-	-	-	-	-	-	-
Financial Leases	6,900	-	-	-	-	-	2,489	-	-
Financial derivatives	-	-	-	-	-	-	-	-	-
Other Securities	-	-	-	-	-	-	-	-	-
Total Unspent Borrowing	6,900	-	-	-	-	-	2,489	-	-

2.7 Expenditure on grants and reconciliation of unspent funds**Table 34 MBRR SA18 - Transfers and Grants Receipts**

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
RECEIPTS:									
Operating Transfers and Grants									
National Government:	213,105	226,163	240,278	272,618	272,618	272,618	293,320	314,089	333,501
Local Government Equitable Share	210,385	223,019	237,506	269,009	269,009	269,009	289,039	311,289	330,501
Finance Management	1,625	1,700	1,770	2,235	2,235	2,235	2,600	2,800	3,000
Municipal Systems Improvement	-	-	-	-	-	-	-	-	-
EPWP Incentive	1,095	1,444	1,002	1,374	1,374	1,374	1,681	-	-
Energy Efficiency and Demand Management	-	-	-	-	-	-	-	-	-
Provincial Government:	-	-	-	-	-	-	-	-	-
N/A									
District Municipality:	-	-	-	-	-	-	-	-	-
N/A									
Other grant providers:	-	-	-	-	-	-	-	-	-
N/A									
Total Operating Transfers and Grants	213,105	226,163	240,278	272,618	272,618	272,618	293,320	314,089	333,501
Capital Transfers and Grants									
National Government:	85,419	81,860	72,279	73,921	73,921	73,921	74,561	77,207	72,606
Municipal Infrastructure Grant (MIG)	72,419	66,860	62,270	54,921	54,921	54,921	54,561	59,207	62,606
Intergrated National Electrification Grant	13,000	15,000	10,009	19,000	19,000	19,000	20,000	18,000	10,000
Provincial Government:	-	-	-	-	21,771	21,771	-	-	-
Coghsta - Development	-	-	-	-	21,771	21,771	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
N/A									
Other grant providers:	-	-	-	-	-	-	-	-	-
N/A									
Total Capital Transfers and Grants	85,419	81,860	72,279	73,921	95,692	95,692	74,561	77,207	72,606
TOTAL RECEIPTS OF TRANSFERS & GRANTS	298,524	308,023	312,557	346,539	368,310	368,310	367,881	391,296	406,107

Table 35 MBRR SA19 - Expenditure on transfers and grants expenditure

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	214,632	226,163	245,278	272,618	272,618	272,618	293,320	314,089	333,501
Local Government Equitable Share	211,912	223,019	237,506	269,009	269,009	269,009	289,039	311,289	330,501
Finance Management	1,625	1,700	1,770	2,235	2,235	2,235	2,600	2,800	3,000
Municipal Systems Improvement	-	-	-	-	-	-	-	-	-
EPWP Incentive	1,095	1,444	1,002	1,374	1,374	1,374	1,681	-	-
Energy Efficiency and Demand Management	-	-	5,000	-	-	-	-	-	-
Provincial Government:	-	-	-	-	-	-	-	-	-
N/A									
District Municipality:	-	-	-	-	-	-	-	-	-
N/A									
Other grant providers:	-	-	-	-	-	-	-	-	-
N/A									
Total operating expenditure of Transfers and Grants:	214,632	226,163	245,278	272,618	272,618	272,618	293,320	314,089	333,501
Capital expenditure of Transfers and Grants									
National Government:	68,874	97,901	72,279	73,921	73,921	73,921	74,561	77,207	72,606
Municipal Infrastructure Grant (MIG)	56,064	82,722	62,270	54,921	54,921	54,921	54,561	59,207	62,606
Intergrated National Electrification Grant	12,811	15,179	10,009	19,000	19,000	19,000	20,000	18,000	10,000
Provincial Government:	-	-	-	-	21,771	21,771	-	-	-
Coghsta - Development					21,771	21,771			
District Municipality:	-	-	-	-	-	-	-	-	-
N/A									
Other grant providers:	-	-	-	-	-	-	-	-	-
N/A									
Total capital expenditure of Transfers and Grants	68,874	97,901	72,279	73,921	95,692	95,692	74,561	77,207	72,606
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	283,507	324,064	317,557	346,539	368,310	368,310	367,881	391,296	406,107

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	213,105	226,163	245,278	272,618	272,618	272,618	293,320	314,089	333,501
Conditions met - transferred to revenue	213,105	226,163	245,278	272,618	272,618	272,618	293,320	314,089	333,501
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Provincial Government:									
N/A	-	-	-	-	-	-	-	-	-
District Municipality:									
N/A	-	-	-	-	-	-	-	-	-
Other grant providers:									
N/A	-	-	-	-	-	-	-	-	-
Total operating transfers and grants revenue	213,105	226,163	245,278	272,618	272,618	272,618	293,320	314,089	333,501
Total operating transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	85,419	83,864	81,841	73,921	97,192	97,192	75,461	54,648	81,706
Conditions met - transferred to revenue	68,895	83,864	81,841	73,921	97,192	97,192	75,461	54,648	81,706
Conditions still to be met - transferred to liabilities	16,524	-	-	-	-	-	-	-	-
Provincial Government:									
N/A	-	-	-	-	-	-	-	-	-
District Municipality:									
N/A	-	-	-	-	-	-	-	-	-
Other grant providers:									
N/A	-	-	-	-	-	-	-	-	-
Total capital transfers and grants revenue	68,895	83,864	81,841	73,921	97,192	97,192	75,461	54,648	81,706
Total capital transfers and grants - CTBM	16,524	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	282,000	310,027	327,119	346,539	369,810	369,810	368,781	368,737	415,207
TOTAL TRANSFERS AND GRANTS - CTBM	16,524	-	-	-	-	-	-	-	-

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Groups of Individuals										
Free Basic Electricity	708	841	1,400	1,473	1,073	1,073	624	1,121	1,173	1,227
Retirement Benefit			1,680	1,767	1,767	1,767	1,130	1,847	1,932	2,021
External Bursaries			500	500	500	500	-	500	500	500
Total Non-Cash Grants To Groups Of Individuals:	708	841	3,580	3,740	3,340	3,340	1,754	3,468	3,605	3,747
TOTAL NON-CASH TRANSFERS AND GRANTS	708	841	3,580	3,740	3,340	3,340	1,754	3,468	3,605	3,747
TOTAL TRANSFERS AND GRANTS	708	841	3,580	3,740	3,340	3,340	1,754	3,468	3,605	3,747

Table 38 presents the transfers and grants to be paid out by the municipality and figures presented in the 2020/21 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 Councillors and employees benefits

Table 38 MBRR SA22 – Summary of councilor and benefits

Summary of Employee and Councillor remuneration	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	12,363	12,690	15,073	13,238	14,851	14,851	15,519	16,233	16,980
Pension and UIF Contributions	1,691	1,778	1,857	2,035	1,644	1,644	1,797	1,879	1,966
Medical Aid Contributions	250	295	317	645	417	417	357	373	390
Motor Vehicle Allowance	4,672	4,947	5,324	6,570	5,354	5,354	5,361	5,608	5,866
Cellphone Allowance	1,146	2,708	2,499	3,067	2,804	2,804	2,930	3,064	3,205
Other benefits and allowances	-	454	-	-	-	-	234	244	255
Sub Total - Councillors	20,122	22,874	25,070	25,554	25,068	25,068	26,197	27,402	28,662
% increase		14%	10%	2%	-2%	0%	4%	5%	5%
Senior Managers of the Municipality									
Basic Salaries and Wages	5,416	5,073	4,718	5,150	4,304	4,304	6,648	6,953	7,273
Pension and UIF Contributions	317	234	1,095	172	163	163	219	229	239
Medical Aid Contributions	6	92	252	64	79	79	85	89	93
Motor Vehicle Allowance	457	672	907	918	660	660	791	827	865
Cellphone Allowance	5	41	84	393	161	161	-	-	-
Other benefits and allowances	130	221	81	332	445	445	369	386	403
Payments in lieu of leave	-	103	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	6,331	6,436	7,137	7,029	5,813	5,813	8,111	8,484	8,874
% increase		2%	11%	-2%	-17%	0%	40%	5%	5%
Other Municipal Staff									
Basic Salaries and Wages	68,064	73,490	85,022	91,339	90,220	90,220	97,318	101,794	106,477
Pension and UIF Contributions	14,452	14,304	16,149	18,747	17,856	17,856	25,484	26,656	27,883
Medical Aid Contributions	4,235	7,931	4,826	4,721	5,391	5,391	8,305	8,687	9,087
Overtime	2,835	2,357	1,774	1,948	1,261	1,261	974	1,019	1,066
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	7,995	7,782	8,965	11,571	11,107	11,107	12,430	13,002	13,600
Cellphone Allowance	116	507	1,036	1,171	1,757	1,757	98	102	107
Housing Allowances	152	143	151	204	174	174	16	17	18
Other benefits and allowances	7,651	11,264	8,017	8,344	8,146	8,146	12,082	12,637	13,219
Payments in lieu of leave	54	677	892	1,972	494	494	-	-	-
Long service awards	3,741	559	180	486	446	446	705	737	771
Post-retirement benefit obligations	962	1,752	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff	110,255	120,766	127,012	140,503	136,852	136,852	157,411	164,652	172,226
% increase		10%	5%	11%	-3%	0%	15%	5%	5%
Total Parent Municipality	136,708	150,075	159,220	173,086	167,733	167,733	191,719	200,538	209,763
		10%		6%			0%		5%
TOTAL SALARY, ALLOWANCES & BENEFITS	136,708	150,075	159,220	173,086	167,733	167,733	191,719	200,538	209,763
% increase		10%	6%	9%	-3%	0%	14%	5%	5%
TOTAL MANAGERS AND STAFF	116,586	127,202	134,149	147,532	142,665	142,665	165,522	173,136	181,100

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

Description	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Councillors						
Speaker	487	73	235	–		796
Chief Whip	414	112	223	–		749
Executive Mayor	541	160	282	–		982
Executive Committee	2,674	384	1,400	–		4,459
Total for all other councillors	11,403	6,384	1,424	–		19,211
Total Councillors	15,519	7,113	3,564	–		26,197
Senior Managers of the Municipality						
Municipal Manager (MM)	1,087	114	211	–		1,412
Chief Finance Officer	776	2	120	–		899
Director Infrastructure	752	95	308	–		1,155
Director Community Services	963	51	140	–		1,155
Director Development Planning	1,033	3	120	–		1,156
Director Corporate Services	1,134	3	18	–		1,155
List of each official with packages >= senior manager						
Director Executive Support	901	70	198	–		1,170
Total Senior Managers of the Municipality	6,648	338	1,116	–		8,101
TOTAL COST	22,167	7,451	4,680	–		34,298

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	2018/19			Current Year 2019/20			Budget Year 2020/21		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	61	-	61	61	-	61	61	-	61
Board Members of municipal entities	-	-	-	-	-	-	-	-	-
Municipal employees									
Municipal Manager and Senior Managers	7	-	7	7	-	7	7	-	7
Other Managers	30	30	-	35	31	1	35	34	1
Professionals	36	28	8	46	41	-	46	41	-
Finance	18	10	8	27	26	-	27	26	-
Spatial/town planning	8	8	-	9	5	-	9	5	-
Information Technology	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Other	10	10	-	10	10	-	10	10	-
Technicians	22	21	1	63	35	-	63	35	-
Finance	-	-	-	-	-	-	-	-	-
Spatial/town planning	-	-	-	-	-	-	-	-	-
Information Technology	8	8	-	5	5	-	5	5	-
Roads	-	-	-	44	16	-	44	16	-
Electricity	6	5	1	7	7	-	7	7	-
Water	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Other	8	8	-	7	7	-	7	7	-
Clerks (Clerical and administrative)	100	100	-	117	117	-	118	118	-
Service and sales workers	16	16	-	14	14	-	14	14	-
Skilled agricultural and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades	-	-	-	-	-	-	-	-	-
Plant and Machine Operators	22	22	-	25	25	-	25	25	-
Elementary Occupations	156	156	-	96	96	-	96	96	-
TOTAL PERSONNEL NUMBERS	450	373	77	464	359	69	465	363	69
% increase				3%	-4%	-10%	0%	1%	0%
Total municipal employees headcount	371	296	8	370	266	67	370	267	67
Finance personnel headcount	61	60	1	60	59	1	60	59	1
Human Resources personnel headcount	13	12	1	34	34	-	34	34	-

2.9 Monthly targets for revenue, expenditure and cash flow

Table 42 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2020/21												Medium Term Revenue and		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source															
Property rates	3,195	3,195	3,195	3,195	3,195	3,195	3,195	3,195	3,195	3,195	3,195	3,195	38,345	40,109	41,954
Service charges - electricity revenue	8,495	8,495	8,495	8,495	8,495	8,495	8,495	8,495	8,495	8,495	8,495	8,495	101,945	106,634	111,540
Service charges - refuse revenue	744	744	744	744	744	744	744	744	744	744	744	744	8,928	9,339	9,768
Rental of facilities and equipment	143	143	143	143	143	143	143	143	143	143	143	143	1,720	1,799	1,882
Interest earned - external investments	264	329	492	389		343	111		392		901	171	3,392	3,548	3,711
Interest earned - outstanding debtors	304	840	264	633	94	783	79	626	682	766	699	886	6,656	6,962	7,283
Fines, penalties and forfeits	3,602	4,447	4,364	3,256	5,645	6,434	3,292	7,473	6,141	8,444	7,491	4,654	65,242	68,243	71,383
Licences and permits	165	1,125	267	1,116	2,132	47	271		86		1,135	-	6,344	6,635	6,941
Transfers and subsidies	43,911	344			619	72,260	-	718	175,469			-	293,320	314,089	333,501
Other revenue	110	114	58	68	76	117	78	67	58	66	57	61	931	974	1,018
Gains													-	-	-
Total Revenue excluding capital transfers	60,934	19,776	18,023	18,040	21,144	92,562	16,408	21,461	195,406	21,854	22,861	18,351	526,822	558,332	588,979
Expenditure By Type															
Employee related costs	13,242	13,242	13,242	13,242	13,242	21,536	13,242	13,242	13,242	13,242	13,242	13,242	167,203	173,136	181,100
Remuneration of councillors	2,183	2,183	2,183	2,183	2,183	2,183	2,183	2,183	2,183	2,183	2,183	2,183	26,197	27,402	28,662
Debt impairment	3,971	3,971	3,971	3,971	3,971	3,971	3,971	3,971	3,971	3,971	3,971	3,971	47,658	49,850	52,143
Depreciation & asset impairment	4,514	4,514	4,514	4,514	4,514	4,514	4,514	4,514	4,514	4,514	4,514	4,514	54,163	56,655	59,261
Finance charges	231	203	190	170	140	130	50	40	30				1,184	83	15
Bulk purchases	5,406	6,540	7,090	7,110	8,060	8,012	8,300	8,559	8,410	8,760	8,800	9,000	94,047	98,937	107,743
Other materials	3,129	1,460	1,506	825	1,664	1,418	1,625	1,050	1,797	852	966	636	16,929	17,707	18,522
Contracted services	4,868	8,869	9,104	3,526	2,833	8,207	3,783	4,177	3,045	3,572	3,850	3,826	59,660	56,820	59,107
Transfers and subsidies	297	247	247	267	247	247	577	347	247	247	247	247	3,468	3,605	3,747
Other expenditure	8,233	3,597	2,928	2,202	2,830	3,077	2,838	2,407	2,361	3,036	3,025	3,166	39,701	41,017	42,903
Losses													-	-	-
Total Expenditure	46,075	44,827	44,976	38,011	39,685	53,296	41,084	40,492	39,800	40,379	40,799	40,787	510,209	525,211	553,204
Surplus/(Deficit)	14,859	(25,051)	(26,953)	(19,971)	(18,540)	39,266	(24,675)	(19,031)	155,606	(18,525)	(17,938)	(22,436)	16,613	33,121	35,775
Transfers and subsidies - capital (monetary allocations)	30,968			-	4,500	18,468		7,500	13,125				74,561	77,207	72,606
Transfers and subsidies - capital (monetary allocations)													-	-	-
Transfers and subsidies - capital (in-kind - all)													-	-	-
Surplus/(Deficit) after capital transfers & contributions	45,827	(25,051)	(26,953)	(19,971)	(14,040)	57,734	(24,675)	(11,531)	168,731	(18,525)	(17,938)	(22,436)	91,174	110,328	108,381
Taxation													-	-	-
Attributable to minorities													-	-	-
Share of surplus/ (deficit) of associate												0	-	-	-
Surplus/(Deficit)	45,827	(25,051)	(26,953)	(19,971)	(14,040)	57,734	(24,675)	(11,531)	168,731	(18,525)	(17,938)	(22,436)	91,174	110,328	108,381

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

Description	Budget Year 2020/21												Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
	July	August	Sept.	October	November	December	January	February	March	April	May	June				
Revenue by Vote																
Vote 1 - Executive and Council	1,711				-	10,861			30,871			-	43,443	46,441	48,578	
Vote 2 - Municipal Manager	6,547					9,821			22,916			-	39,284	41,091	43,981	
Vote 3 - Budget and Treasury	9,062	4,103	3,969	3,868	3,318	8,714	3,397	3,280	15,458	3,280	4,714	3,466	66,629	69,775	74,055	
Vote 4 - Corporate Services	7,388		1			11,082		0	25,857			0	44,328	46,367	48,500	
Vote 5 - Community Services	5,279	6,347	5,400	3,793	12,780	19,525	4,351	8,250	35,874	9,197	9,383	9,735	129,915	138,845	148,124	
Vote 6 - Technical Services	49,680	8,913	8,645	9,016	13,139	42,484	8,639	16,688	57,101	9,346	8,734	9,434	241,819	254,159	257,698	
Vote 7 - Development Planning	2,439	413	10	14	638	3,635	21	744	8,321	31	29	38	16,332	15,325	16,030	
Vote 8 - Executive Support	2,592					4,908			12,133			-	19,633	23,536	24,619	
Total Revenue by Vote	84,698	19,776	18,023	16,692	29,875	111,030	16,408	28,961	208,531	21,854	22,861	22,673	601,383	635,539	661,585	
Expenditure by Vote to be appropriated																
Vote 1 - Executive and Council	3,924	3,333	4,162	3,220	3,377	3,942	3,398	3,330	3,110	3,248	3,645	3,376	42,065	43,977	45,977	
Vote 2 - Municipal Manager	2,446	5,307	3,000	2,970	2,353	3,763	3,608	2,301	2,575	2,957	2,366	3,197	36,843	38,538	40,311	
Vote 3 - Budget and Treasury	8,055	6,476	8,428	3,365	3,683	8,851	3,544	4,509	3,395	3,738	4,756	4,152	62,950	61,086	63,896	
Vote 4 - Corporate Services	4,656	3,866	2,718	2,692	2,862	3,742	2,833	2,648	2,815	2,923	2,788	2,807	37,351	39,102	40,901	
Vote 5 - Community Services	8,133	8,036	8,165	8,021	7,883	10,820	7,870	7,883	8,057	8,186	7,901	8,159	99,115	102,306	106,685	
Vote 6 - Technical Services	16,303	15,657	16,282	15,478	17,406	18,694	17,532	17,170	17,790	17,097	17,298	17,060	203,768	212,550	226,510	
Vote 7 - Development Planning	1,344	951	993	860	923	1,235	1,069	852	835	920	853	853	11,687	10,466	10,948	
Vote 8 - Executive Support	1,214	1,201	1,228	1,404	1,197	2,248	1,229	1,800	1,222	1,311	1,192	1,184	16,430	17,186	17,977	
Total Expenditure by Vote	46,075	44,827	44,976	38,011	39,685	53,296	41,084	40,492	39,800	40,379	40,799	40,787	510,209	525,211	553,204	
Surplus/(Deficit) before assoc.	38,624	(25,051)	(26,953)	(21,319)	(9,810)	57,734	(24,675)	(11,531)	168,731	(18,525)	(17,938)	(18,114)	91,174	110,328	108,381	
Taxation												-	-	-	-	
Attributable to minorities												-	-	-	-	
Share of surplus/ (deficit) of associate												-	-	-	-	
Surplus/(Deficit)	38,624	(25,051)	(26,953)	(21,319)	(9,810)	57,734	(24,675)	(11,531)	168,731	(18,525)	(17,938)	(18,114)	91,174	110,328	108,381	

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

Description	Budget Year 2020/21												Medium Term Revenue and		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional															
Governance and administration	29,911	4,103	3,969	3,868	3,318	49,301	3,397	3,280	116,372	3,280	4,714	3,466	228,980	243,593	255,869
Executive and council	2,690				-	12,329			34,297			-	49,315	52,584	55,003
Finance and administration	25,577	4,103	3,969	3,868	3,318	34,506	3,397	3,280	76,321	3,280	4,714	3,466	169,800	180,691	190,074
Internal audit	1,644					2,466			5,754			-	9,864	10,318	10,793
Community and public safety	7,490	4,454	4,379	1,923	9,894	12,246	3,311	7,477	14,284	8,438	7,498	7,165	88,558	94,632	99,985
Community and social services	1,117	13	12	15	18	1,686	19	14	3,913	8	1	3,223	10,040	11,502	13,031
Sport and recreation	2,765	1	9		0	4,131	6		4,236		7	2,189	13,344	14,958	15,646
Public safety	3,607	4,441	4,358	1,908	9,875	6,428	3,286	7,463	6,135	8,429	7,490	1,753	65,174	68,172	71,308
Economic and environmental services	32,707	1,687	420	1,273	2,914	33,136	441	897	47,181	181	1,309	210	122,357	131,318	140,927
Planning and development	3,651	413	10	14	638	5,453	21	744	12,563	31	29	38	23,604	22,932	24,987
Road transport	29,056	1,275	411	1,259	2,276	27,333	420	154	33,587	150	1,280	153	97,353	105,968	112,410
Environmental protection						350			1,030			20	1,400	2,419	3,530
Trading services	21,806	9,531	9,255	9,627	13,750	16,347	9,259	17,307	25,271	9,955	9,340	10,040	161,488	165,996	164,804
Energy sources	17,430	8,769	8,501	8,873	12,995	10,166	8,495	16,544	11,852	9,202	8,591	9,290	130,709	133,802	131,129
Waste management	4,375	762	753	754	754	6,181	763	763	13,419	753	749	750	30,779	32,195	33,676
Total Revenue - Functional	91,913	19,776	18,023	16,692	29,875	111,030	16,408	28,961	203,107	21,854	22,861	20,882	601,383	635,539	661,585
Expenditure - Functional															
Governance and administration	22,180	21,787	21,251	15,142	15,148	24,142	16,441	15,984	15,130	15,406	15,891	15,868	214,371	218,326	228,274
Executive and council	4,313	3,709	4,767	3,622	3,850	4,579	3,802	3,842	3,566	3,749	4,040	3,786	47,625	49,793	52,061
Finance and administration	17,609	15,937	15,689	10,769	11,030	19,256	11,322	11,944	11,224	11,312	11,531	10,971	158,595	160,008	167,296
Internal audit	259	2,142	795	751	268	307	1,317	197	340	345	320	1,110	8,150	8,525	8,918
Community and public safety	5,038	4,922	5,032	5,167	5,145	6,024	4,841	5,141	5,128	5,244	4,811	7,296	63,788	66,723	69,792
Community and social services	442	443	407	419	411	692	402	423	401	455	411	2,770	7,677	8,030	8,400
Sport and recreation	657	599	763	861	891	699	586	866	877	873	565	659	8,894	9,303	9,731
Public safety	3,939	3,881	3,863	3,887	3,843	4,633	3,853	3,852	3,849	3,916	3,835	3,866	47,217	49,389	51,661
Economic and environmental services	9,027	7,730	7,981	7,197	8,137	9,730	7,883	7,589	7,475	7,558	7,590	7,287	95,184	97,804	102,303
Planning and development	1,818	1,515	1,306	1,264	1,261	1,836	1,501	1,191	1,306	1,240	1,196	1,239	16,674	15,683	16,404
Road transport	7,159	6,167	6,627	5,883	6,829	7,816	6,330	6,351	6,120	6,261	6,347	5,999	77,890	81,473	85,220
Environmental protection	50	47	48	49	47	79	52	47	48	57	47	48	620	649	679
Trading services	9,584	10,114	10,569	10,506	11,255	12,685	11,612	11,778	12,067	12,170	12,123	12,403	136,866	142,358	152,835
Energy sources	7,458	7,987	8,296	8,356	9,264	9,792	9,617	9,757	9,839	9,961	10,119	10,213	110,660	116,315	125,919
Waste management	2,126	2,127	2,273	2,150	1,991	2,892	1,996	2,021	2,227	2,210	2,004	2,191	26,206	26,044	26,915
Total Expenditure - Functional	45,829	44,553	44,833	38,011	39,685	52,581	40,778	40,492	39,800	40,379	40,416	42,854	510,209	525,211	553,204
Surplus/(Deficit) before assoc.	46,084	(24,777)	(26,809)	(21,319)	(9,810)	58,450	(24,370)	(11,531)	163,307	(18,525)	(17,555)	(21,972)	91,174	110,328	108,381
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	46,084	(24,777)	(26,809)	(21,319)	(9,810)	58,450	(24,370)	(11,531)	163,307	(18,525)	(17,555)	(21,972)	91,174	110,328	108,381

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

Description	Budget Year 2020/21												Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June				
Multi-year expenditure to be appropriated																
Vote 1 - Executive and Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	300				50		300		200		100		950	1,000	1,000	
Vote 5 - Community Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Services	1,200	500	1,100	1,200		3,689		1,200	1,353	1,498		2,389	14,129	51,335	80,529	
Vote 7 - Development Planning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	1,500	500	1,100	1,200	50	3,689	300	1,200	1,553	1,498	100	2,389	15,079	52,335	81,529	
Single-year expenditure to be appropriated																
Vote 1 - Executive and Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury	150				200								350			
Vote 4 - Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services			150	340	300	160		150			200	900	2,200			
Vote 6 - Technical Services	4,811	5,211	4,065	6,138	3,596	3,929	3,925	4,820	4,589	7,630	12,026	10,810	69,811	41,659	12,954	
Vote 7 - Development Planning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	4,961	5,211	4,215	6,478	4,096	4,089	3,925	4,970	4,589	7,630	12,226	11,710	72,361	41,659	12,954	
Total Capital Expenditure	6,461	5,711	5,315	7,678	4,146	7,778	4,225	6,170	6,142	9,128	12,326	14,099	87,440	93,994	94,483	

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

Description	Budget Year 2020/21												Medium Term Revenue and		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital Expenditure - Functional															
Governance and administration	450	-	-	-	250	-	300	-	200	-	100	-	1,300	1,000	1,000
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration	450	-	-	-	250	-	300	-	200	-	100	-	1,300	1,000	1,000
Internal audit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety	-	-	150	340	300	160	-	150	-	-	200	900	2,200	-	-
Community and social services	-	-	150	-	300	-	-	150	-	-	-	-	600	-	-
Sport and recreation	-	-	-	340	-	160	-	-	-	-	200	300	1,000	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	600	600	-	-
Economic and environmental services	4,731	4,370	4,585	5,038	1,100	6,688	2,841	4,800	5,453	7,848	9,930	8,295	65,680	74,282	82,836
Planning and development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport	4,731	4,370	4,585	5,038	1,100	6,688	2,841	4,800	5,453	7,848	9,930	8,295	63,940	74,282	82,836
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	-	-	-	-	-	-	-	-	-	-	-	20,000	20,000	18,712	10,647
Energy sources												20,000	20,000	18,712	10,647
Waste management												-	-	-	-
Other												-	-	-	-
Total Capital Expenditure - Functional	5,181	4,370	4,735	5,378	1,650	6,848	3,141	4,950	5,653	7,848	10,230	29,195	87,440	93,994	94,483
Funded by:															
National Government	5,371	5,711	4,065	6,599	3,596	5,219	3,785	5,020	4,589	6,930	12,026	12,550	74,561	77,207	72,606
Provincial Government												-	-	-	-
District Municipality												-	-	-	-
Transfers and subsidies - capital (monetary allocations)												-	-	-	-
Transfers recognised - capital	5,371	5,711	4,065	6,599	3,596	5,219	3,785	5,020	4,589	6,930	12,026	12,550	74,561	77,207	72,606
Borrowing												-	-	-	-
Internally generated funds	1,090		1,250	1,079	550	2,559	440	1,150	1,553	2,198	300	1,549	12,879	16,787	21,877
Total Capital Funding	6,461	5,711	5,315	7,678	4,146	7,778	4,225	6,170	6,142	9,128	12,326	14,099	87,440	93,994	94,483

Table 47 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
Cash Receipts By Source																
Property rates	2,237	2,297	2,236	2,237	2,234	2,239	2,246	2,260	2,216	2,237	2,224	2,180	26,841	28,076	29,367	
Service charges - electricity revenue	7,356	7,335	7,341	7,251	7,561	7,681	7,131	7,021	7,391	7,591	7,389	7,644	88,692	92,772	97,039	
Service charges - refuse revenue	455	454	455	458	459	470	490	460	459	484	464	340	5,446	5,697	5,959	
Rental of facilities and equipment	72	72	72	71	73	73	72	71	72	71	72	70	860	899	941	
Interest earned - external investments	279	293	269	290	290	393	203	213	290	286	303	286	3,392	3,548	3,711	
Interest earned - outstanding debtors	110	99	130	80	111	259	81	70	82	60	210	40	1,331	1,392	1,457	
Fines, penalties and forfeits	651	691	581	761	861	781	798	981	821	531	991	684	9,134	9,554	9,994	
Licences and permits	529	609	759	563	506	439	409	397	512	551	609	465	6,344	6,635	6,941	
Transfers and Subsidies - Operational	120,433	3,021	-	-	757	96,347	-	503	72,259	-	-	-	293,320	314,089	333,501	
Other revenue	78	70	69	65	71	74	60	46	90	62	100	148	931	974	1,018	
Cash Receipts by Source	132,198	14,940	11,911	11,775	12,922	108,755	11,489	12,021	84,191	11,872	12,360	11,858	436,291	463,636	489,927	
Other Cash Flows by Source																
Transfers and subsidies - capital (monetary allocations)	31,301	-	-	-	6,263	17,355	-	4,263	15,378	-	-	-	74,561	77,207	72,606	
Transfers and subsidies - capital (monetary allocations)													-	-	-	
Proceeds on Disposal of Fixed and Intangible Assets				236		190		126		236		213	1,000	-	-	
Short term loans													-	-	-	
Borrowing long term/refinancing		(125)		(59)	(97)		(45)		(62)		(39)	(73)	(500)	(480)	(520)	
Increase (decrease) in consumer deposits													-	-	-	
Decrease (increase) in non-current receivables													-	-	-	
Decrease (increase) in non-current investments													-	-	-	
Total Cash Receipts by Source	163,499	14,814	11,911	11,952	19,088	126,300	11,443	16,410	99,507	12,107	12,322	11,999	511,352	540,363	562,013	
Cash Payments by Type																
Employee related costs	13,242	13,242	13,242	13,242	13,242	21,536	13,242	13,242	13,242	13,242	13,242	13,242	167,203	173,136	181,100	
Remuneration of councillors	2,183	2,183	2,183	2,183	2,183	2,183	2,183	2,183	2,183	2,183	2,183	2,183	26,197	27,402	28,662	
Finance charges	231	203	190	170	140	130	50	40	30	-	-	-	1,184	83	15	
Bulk purchases - Electricity	5,406	6,540	7,090	7,110	8,060	8,012	8,300	8,559	8,410	8,760	8,800	9,000	94,047	98,937	107,743	
Other materials	1,421	1,120	987	997	1,021	866	1,253	756	926	757	966	861	11,929	12,707	13,522	
Contracted services	4,868	8,869	9,104	3,526	2,833	8,207	3,783	4,177	3,045	3,572	3,850	3,826	59,660	56,820	59,107	
Transfers and grants - other municipalities													-	-	-	
Transfers and grants - other	297	247	247	267	247	247	577	347	247	247	247	247	3,468	3,605	3,747	
Other expenditure	8,233	3,597	2,928	2,202	2,830	3,077	2,838	2,407	2,361	3,036	3,025	3,166	39,701	41,017	42,903	
Cash Payments by Type	35,881	36,002	35,972	29,698	30,557	44,258	32,226	31,713	30,444	31,798	32,314	32,527	403,389	413,707	436,800	
Other Cash Flows/Payments by Type																
Capital assets	6,265	5,466	6,525	6,985	4,799	7,549	8,127	6,265	5,965	6,846	7,987	14,662	87,440	93,994	94,483	
Repayment of borrowing	862	871	880	890	899	909	918	928	938	948	958	979	10,980	2,489	-	
Other Cash Flows/Payments													-	-	-	
Total Cash Payments by Type	43,008	42,339	43,378	37,573	36,255	52,716	41,271	38,906	37,347	39,591	41,258	48,167	501,809	510,190	531,283	
NET INCREASE/(DECREASE) IN CASH HELD	120,491	(27,525)	(31,467)	(25,621)	(17,167)	73,584	(29,828)	(22,497)	62,159	(27,484)	(28,936)	(36,168)	9,543	30,174	30,730	
Cash/cash equivalents at the month/year begin:	16,697	137,189	109,664	78,197	52,576	35,409	108,993	79,166	56,669	118,829	91,345	62,408	16,697	26,240	56,414	
Cash/cash equivalents at the month/year end:	137,189	109,664	78,197	52,576	35,409	108,993	79,166	56,669	118,829	91,345	62,408	26,240	26,240	56,414	87,144	

Table 48 MBRR SA32–List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery	Monetary value of agreement 2.
Munsoft	Yrs	1	Finance Consultation - Preparation of AFS and mSCOA implementation	6/30/2020	As and when
Canon	Yrs	3	Provision of photocopying machines	2/28/2021	As and when
Selema Plant Hire	Yrs	3	Rehabilitation of landfill site	6/30/2020	13,440,000.00
Gubis 85 Solutions	Yrs	3	Security services	6/30/2022	41,028,081.00
Munsoft	Yrs	5	Financial system	6/30/2020	5,520,000.00
Baupa Printing	Yrs	3	Printing services	9/31/2020	As and when
OB Media	Yrs	3	Printing services		As and when
Sage VIP	Yrs	5	Payroll system	6/30/2021	As and when
Unisonlateral	Yrs	3	Insurance services	6/30/2022	4,700,000.00
Nedbank	Yrs	5	Banking services	6/30/2022	As and when
Supply and delivery of refuse bags	Yrs	3	Supply of refuse bags	6/30/2020	Still on advert
Fleet Horizon	Yrs	3	Lease of vehicles	8/30/2018	1,100,000.00
Just Breeze Tlou JV	Yrs	3	Refuse removal	12/31/2022	6,000,000.00
Telkom SA Ltd	Yrs	3	Supply of landline connection	6/30/2021	As and when
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	8/31/2020	As and when
Perpeta	Yrs	3	Supply and delivery of asphalt	1/31/2021	As and when

2.10 Contracts having future budgetary implications

Table 49 MBRR Table SA33–Contracts having future budgetary implications

Description	Preceding Years	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework			Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Total Contract Value
	Total	Original Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	Estimate							
Revenue Obligation By Contract													
Contract 1	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 3	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract													
Refuse removal	8,000	6,733	6,600	7,500	1,875	-	-	-	-	-	-	-	-
Maintenance of landfill site	4,800	3,704	2,993	3,131	3,275	-	-	-	-	-	-	-	-
Lease of vehicles	20,323	2,900	2,536	2,653	2,775	-	-	-	-	-	-	-	-
Insurance	6,000	5,200	4,018	4,203	4,396	-	-	-	-	-	-	-	23,818
Asset management consultancy	4,500	-	-	-	-	-	-	-	-	-	-	-	4,500
Security services	11,806	13,676	14,291	14,949	15,637	-	-	-	-	-	-	-	70,359
Total Operating Expenditure Implication	22,306	18,876	18,310	19,152	20,033	-	98,676						
Capital Expenditure Obligation By Contract													
Motetema Internal Streets	-	3,478	7,629	5,217	1,512	-	-	-	-	-	-	-	17,837
Upgrading of Bloompoot to Uitspanning Access Road	-	1,500	-	13,000	35,000	-	-	-	-	-	-	-	49,500
Upgrading of Tafelkop stadium Access Road	-	696	-	13,648	28,752	-	-	-	-	-	-	-	43,096
Total Capital Expenditure Implication	-	5,674	7,629	31,865	65,264	-	110,433						
Total Parent Expenditure Implication	22,306	24,550	25,939	51,017	85,297	-	209,109						

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.

Table 50 BRR SA 34a - Capital expenditure on new assets by asset class

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure on new assets by Asset Class									
Infrastructure	32,884	52,811	47,545	50,043	41,333	41,333	20,000	18,712	20,601
Roads Infrastructure	21,733	39,865	34,057	30,521	21,771	21,771	-	-	9,954
Roads	21,733	39,865	34,057	30,521	21,771	21,771	-	-	9,954
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Drainage Collection	-	-	-	-	-	-	-	-	-
Storm water Conveyance	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	11,151	12,946	13,487	19,522	19,562	19,562	20,000	18,712	10,647
HV Switching Station	-	-	-	-	-	-	-	-	-
HV Transmission Conductors	-	-	-	-	-	-	-	-	-
MV Substations	-	-	-	-	-	-	-	-	-
MV Switching Stations	-	-	-	-	-	-	-	-	-
MV Networks	11,151	12,946	13,487	19,522	19,562	19,562	20,000	18,712	10,647
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Landfill Sites	-	-	-	-	-	-	-	-	-
Waste Transfer Stations	-	-	-	-	-	-	-	-	-
Waste Processing Facilities	-	-	-	-	-	-	-	-	-
Waste Drop-off Points	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-
Testing Stations	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Other assets	1,298	-	4,947	900	1,476	1,476	2,339	-	-
Operational Buildings	1,298	-	4,947	900	1,476	1,476	2,339	-	-
Municipal Offices	583	-	4,947	900	-	-	600	-	-
Workshops	715	-	-	-	1,476	1,476	1,739	-	-
Computer Equipment	1,168	749	1,000	500	115	115	150	500	500
Computer Equipment	1,168	749	1,000	500	115	115	150	500	500
Furniture and Office Equipment	340	362	400	400	534	534	800	500	500
Furniture and Office Equipment	340	362	400	400	534	534	800	500	500
Machinery and Equipment	2,100	3,138	300	2,326	1,754	1,754	1,200	435	435
Machinery and Equipment	2,100	3,138	300	2,326	1,754	1,754	1,200	435	435
Transport Assets	2,253	-	-	-	-	-	-	-	-
Transport Assets	2,253	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	40,043	57,060	54,192	54,169	45,211	45,211	24,489	20,147	22,035

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure on renewal of existing assets by Asset Class									
Infrastructure	37,997	42,135	40,944	23,813	66,417	66,417	46,440	24,640	43,696
Roads Infrastructure	37,997	42,135	40,944	22,074	66,417	66,417	42,410	24,640	43,696
Roads	37,997	42,135	40,944	22,074	66,417	66,417	42,410	22,565	41,730
Road Structures									
Road Furniture								2,075	1,966
Capital Spares									
Electrical Infrastructure	-	-	-	1,739	-	-	-	-	-
HV Substations									
HV Switching Station									
HV Transmission Conductors									
MV Networks				1,739	-	-			
Solid Waste Infrastructure	-	-	-	-	-	-	4,030	-	-
Landfill Sites							4,030		
Waste Transfer Stations									
Waste Processing Facilities									
Community Assets	1,694	-	522	-	-	-	600	-	-
Community Facilities	-	-	522	-	-	-	600	-	-
Libraries									
Cemeteries/Crematoria			522				600		
Sport and Recreation Facilities	1,694	-	-	-	-	-	-	-	-
Indoor Facilities									
Outdoor Facilities	1,694								
Capital Spares									
Other assets	932	434	-	-	-	-	-	-	-
Operational Buildings	932	434	-	-	-	-	-	-	-
Municipal Offices		434							
Workshops	932								
Laboratories									
Training Centres									
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment									
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment									
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment									
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets									
Total Capital Expenditure on renewal of existing assets	40,622	42,569	41,466	23,813	66,417	66,417	47,040	24,640	43,696
Renewal of Existing Assets as % of total capex	0.00%	39.58%	42.63%	24.89%	58.73%	58.73%	52.75%	26.21%	46.25%
Renewal of Existing Assets as % of deprechn"	84.63%	79.34%	81.02%	40.62%	121.13%	121.13%	86.85%	43.49%	73.73%

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Repairs and maintenance expenditure by Asset Class									
Infrastructure	4,633	5,694	6,704	6,756	4,819	4,819	7,729	8,084	8,456
Roads Infrastructure	946	1,266	2,000	2,000	2,767	2,767	2,892	3,025	3,164
Roads	946	1,266	2,000	2,000	2,767	2,767	2,892	3,025	3,164
Road Structures									
Road Furniture									
Storm water Conveyance									
Electrical Infrastructure	1,802	1,891	1,000	1,052	2,052	2,052	1,845	1,929	2,018
HV Substations									
HV Switching Station									
HV Transmission Conductors									
MV Substations									
MV Networks	1,802	1,891	1,000	1,052	2,052	2,052	1,845	1,929	2,018
Solid Waste Infrastructure	1,885	2,538	3,704	3,704	-	-	2,993	3,131	3,275
Landfill Sites	1,885	2,538	3,704	3,704	-	-	2,993	3,131	3,275
Waste Transfer Stations									
Waste Processing Facilities									
Waste Drop-off Points									
Waste Separation Facilities									
Community Assets	-	-	-	-	-	-	306	320	335
Community Facilities	-	-	-	-	-	-	306	320	335
Parks							306	320	335
Other assets	1,432	929	1,000	1,052	-	-	1,845	1,930	2,019
Operational Buildings	1,432	929	1,000	1,052	-	-	1,845	1,930	2,019
Municipal Offices	1,432	929	1,000	1,052	-	-	1,845	1,930	2,019
Intangible Assets	82	-	-	-	-	-	425	444	465
Licences and Rights	82	-	-	-	-	-	425	444	465
Solid Waste Licenses									
Computer Software and Applications	82						425	444	465
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment									
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment									
Machinery and Equipment	2,405	4,905	1,670	1,757	6,985	6,985	1,214	1,270	1,328
Machinery and Equipment	2,405	4,905	1,670	1,757	6,985	6,985	1,214	1,270	1,328
Transport Assets	1,800	777	1,000	1,052	-	-	1,854	1,940	2,029
Transport Assets	1,800	777	1,000	1,052	-	-	1,854	1,940	2,029
Total Repairs and Maintenance Expenditure	10,353	12,305	10,374	10,617	11,804	11,804	13,373	13,988	14,632
R&M as a % of PPE	1.10%	1.30%	1.00%	1.00%	1.00%	1.00%	1.30%	1.10%	1.10%
R&M as % Operating Expenditure	2.10%	2.40%	2.30%	2.20%	2.40%	2.40%	6.50%	2.70%	2.80%

Table 53 MBRR SA34d – Depreciation of Assets

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Depreciation by Asset Class									
Infrastructure	34,968	43,138	34,653	39,133	39,242	39,242	39,059	40,214	41,699
Roads Infrastructure	34,480	3,039	25,147	29,133	29,242	29,242	28,935	30,536	32,446
Roads	34,480	3,039	25,147	29,133	29,242	29,242	28,935	30,536	32,446
Road Structures									
Storm water Infrastructure	–	(767)	3,712	3,905	3,905	3,905	3,953	3,779	3612562.7
Drainage Collection									
Storm water Conveyance		(767)	3,712	3,905	3,905	3,905	3,953	3,779	3,613
Attenuation									
Electrical Infrastructure	–	40,326	5,166	5,434	5,434	5,434	5,501	5,259	5,028
HV Substations									
HV Switching Station									
MV Networks		40,326	5,166	5,434	5,434	5,434	5,501	5,259	5,028
Solid Waste Infrastructure	488	540	629	662	662	662	670	641	612
Landfill Sites	488	540	629	662	662	662	670	641	612
Waste Transfer Stations									
Waste Processing Facilities									
Community Assets	2,129	1,161	2,918	3,070	3,070	3,070	3,108	2,971	2,841
Community Facilities	2,129	1,161	2,918	3,070	3,070	3,070	3,108	2,971	2,841
Cemeteries/Crematoria	2,129	1,161	2,918	3,070	3,070	3,070	3,108	2,971	2,841
Other assets	2,978	5,033	2,180	4,394	494	494	500	478	457
Operational Buildings	2,978	5,033	2,180	4,394	494	494	500	478	457
Municipal Offices	2,978	5,033	2,180	4,394	494	494	500	478	457
Intangible Assets	205	–	378	398	398	398	402	385	368
Servitudes									
Licences and Rights	205	–	378	398	398	398	402	385	368
Computer Software and Applications	205		378	398	398	398	402	385	368
Computer Equipment	953	526	1,518	1,597	1,597	1,597	1,616	1,545	1,477
Computer Equipment	953	526	1,518	1,597	1,597	1,597	1,616	1,545	1,477
Furniture and Office Equipment	1,518	685	3,817	4,015	4,015	4,015	3,390	4,240	4,899
Furniture and Office Equipment	1,518	685	3,817	4,015	4,015	4,015	3,390	4,240	4,899
Machinery and Equipment	1,323	1,394	2,175	2,288	2,288	2,288	2,316	2,214	2,117
Machinery and Equipment	1,323	1,394	2,175	2,288	2,288	2,288	2,316	2,214	2,117
Transport Assets	3,924	1,716	3,542	3,727	3,727	3,727	3,772	4,607	5,404
Transport Assets	3,924	1,716	3,542	3,727	3,727	3,727	3,772	4,607	5,404
Total Depreciation	47,998	53,654	51,181	58,621	54,830	54,830	54,163	56,655	59,261

Table 54 MBRR SA34e – Upgrading of Existing Assets

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure on upgrading of existing assets									
Infrastructure	-	-	1,600	15,196	1,346	1,346	16,650	49,207	28,752
Roads Infrastructure	-	-	-	15,196	1,346	1,346	16,650	49,207	28,752
Roads				15,196	1,346	1,346	16,650	49,207	28,752
Road Structures									
Road Furniture									
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Attenuation									
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
HV Substations									
HV Switching Station									
HV Transmission Conductors									
MV Networks									
Solid Waste Infrastructure	-	-	1,600	-	-	-	-	-	-
Landfill Sites			1,600						
Waste Transfer Stations									
Waste Processing Facilities									
Community Assets	-	7,829	-	-	-	-	1,000	-	-
Community Facilities	-	-	-	-	-	-	1,000	-	-
Halls									
Centres									
Sport and Recreation Facilities	-	7,829	-	-	-	-	-	-	-
Indoor Facilities									
Outdoor Facilities		7,829	-						
Other assets	-	105	-	2,476	-	-	-	-	-
Operational Buildings	-	105	-	2,476	-	-	-	-	-
Municipal Offices				2,476	-	-			
Workshops		105	-						
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment									
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment									
Machinery and Equipment	-	-	-	-	116	116	-	-	-
Machinery and Equipment					116	116			
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets									
Total Capital Expenditure on upgrading of existing assets	-	7,934	1,600	17,672	1,462	1,462	17,650	49,207	28,752
Upgrading of Existing Assets as % of total capex	0.00%	7.38%	1.65%	18.47%	1.29%	1.29%	19.79%	52.35%	30.43%
Upgrading of Existing Assets as % of deprecn"	0.00%	14.79%	3.13%	30.15%	2.67%	2.67%	32.59%	86.85%	48.52%

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

Vote Description	2020/21 Medium Term Revenue &			Forecasts			Present value
	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	
Capital expenditure							
Vote 1 - Executive and Council	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury	350	-	-	-	-	-	-
Vote 4 - Corporate Services	950	1,000	1,000	-	-	-	-
Vote 5 - Community Services	2,200	-	-	-	-	-	-
Vote 6 - Technical Services	85,680	92,994	93,483	-	-	-	-
Vote 7 - Development Planning	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-
Total Capital Expenditure	89,180	93,994	94,483	-	-	-	-
Future operational costs by vote							
Vote 1 - Executive and Council	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury	-	-	-	-	-	-	-
Vote 4 - Corporate Services	-	-	-	-	-	-	-
Vote 5 - Community Services	-	-	-	-	-	-	-
Vote 6 - Technical Services	-	-	-	-	-	-	-
Vote 7 - Development Planning	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-
Total future operational costs	-	-	-	-	-	-	-
Future revenue by source							
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	-	-	-	-	-	-	-
Net Financial Implications	89,180	93,994	94,483	-	-	-	-

Table 56 MBRR Table SA36–Capital project list

Function	Project Description	Type	Asset Class	Asset Sub-Class	Expenditure Framework		
					Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
List all capital projects grouped by Function							
Technical Services	Electrification Designs	New	Infrastructure	Electrical Infrastructure	–	–	–
Technical Services	Electrification of Mashemong	New	Infrastructure	Electrical Infrastructure	10,494	–	–
Technical Services	Electrification of Ntswelemutse	New	Infrastructure	Electrical Infrastructure	2,430	–	–
Technical Services	Electrification of Masakaneng	New	Infrastructure	Electrical Infrastructure	5,100	–	5,000
Technical Services	Electrification of Zuma Park	New	Infrastructure	Electrical Infrastructure	1,976	–	–
Technical Services	Electrification of Sephaku New Stand	New	Infrastructure	Electrical Infrastructure	–	1,500	–
Technical Services	Electrification of Ga Posa	New	Infrastructure	Electrical Infrastructure	–	1,000	–
Technical Services	Electrification of Thabakhubedu	New	Infrastructure	Electrical Infrastructure	–	850	–
Technical Services	Electrification of Vlakfontein	New	Infrastructure	Electrical Infrastructure	–	6,800	–
Technical Services	Electrification of Kwa-Pundulwane	New	Infrastructure	Electrical Infrastructure	–	–	1,200
Technical Services	Electrification of Matlala Lehwelere	New	Infrastructure	Electrical Infrastructure	–	3,450	–
Technical Services	Electrification of Maleoskop	New	Infrastructure	Electrical Infrastructure	–	3,300	–
Technical Services	Electrification of Lenkwaneng section/ ZCC	New	Infrastructure	Electrical Infrastructure	–	–	1,200
Technical Services	Electrification of Ntwane	New	Infrastructure	Electrical Infrastructure	–	–	600
Technical Services	Mpheleng Road Construction	New	Infrastructure	Roads Infrastructure	–	–	9,954
Technical Services	Kgoshi Rammupudu Road	New	Infrastructure	Roads Infrastructure	16,500	–	–
Technical Services	Upgrading of Bloompoot to Uitspanning Access Road	Renewal	Infrastructure	Roads Infrastructure	–	13,000	35,000
Technical Services	Kgapamadi road	Renewal	Infrastructure	Roads Infrastructure	3,500	–	–
Technical Services	Tambo Road Construction	New	Infrastructure	Roads Infrastructure	14,781	–	–
Technical Services	Upgrading of Hlogotlou internal streets	Upgrade	Infrastructure	Roads Infrastructure	–	3,000	–
Technical Services	Upgrading of Nyakurone Anternal Access Road	Upgrade	Infrastructure	Roads Infrastructure	900	11,100	–
Community Services	Groblerdsdal Landfill site	Upgrade	Community assets	Waste Management	4,030	–	–
Technical Services	Upgrading of Dipakapakeng Access Road	Upgrade	Infrastructure	Roads Infrastructure	–	21,459	–
Technical Services	Upgrading of Tafelkop stadium Access Road	Upgrade	Infrastructure	Roads Infrastructure	–	13,648	28,752
Technical Services	Upgrading of Mogaung Road	Upgrade	Infrastructure	Roads Infrastructure	15,750	–	–
Corporate Services	Furniture and Office Equipment	New	Furniture and Office Equipment	Furniture and Office Equipment	800	500	500
Corporate Services	Computer Equipment	New	Computer Equipment	Computer Equipment	150	500	500
Technical Services	Air Conditioner	New	Machinery and Equipment	Machinery and Equipment	350	–	–
Technical Services	Fencing of Groblersdal Substation	New	Infrastructure	Electrical Infrastructure	–	300	–
Technical Services	Machinery and Equipment(tools)	New	Machinery and Equipment	Machinery and Equipment	500	435	435
Technical Services	Completion of 2 Highmast light in Ward 10	Renewal	Infrastructure	Electrical Infrastructure	–	–	–
Technical Services	Groblerdsdal Roads and Streets	New	Infrastructure	Roads Infrastructure	–	4,348	5,217
Technical Services	Motetema Internal Streets	New	Infrastructure	Roads Infrastructure	7,629	5,217	1,512
Technical Services	Culverts, road signs	New	Infrastructure	Roads Infrastructure	–	2,075	1,966
Technical Services	Instalation of high mast light in various villages	New	Infrastructure	Electrical Infrastructure	–	1,512	2,647
Community Services	Upgrading of Parks	Upgrade	Community assets	parks	1,000	–	–
Community Services	Mobile Offices Traffic	New	Community assets	Operational building	600	–	–
Community Services	Tractor, tractor trailer and slasher	New	Community assets	Machinery and Equipment	–	–	–
Community Services	Fencing of Elandsdoorn Cemetery	New	Community assets	Cemeteries/Crematoria	600	–	–
Community Services	Two trailers	New	Community assets	Machinery and Equipment	–	–	–
Community Services	Bin lifter (compatible with self-compressed containers)	New	Machinery and Equipment	Machinery and Equipment	–	–	–
Technical Services	Upgrading of Groblersdal substation	Upgrade	Infrastructure	Electrical Infrastructure	–	–	–
Technical Services	Development of workshop	New	Other Assets	Operational building	1,739	–	–
Finance	FORKLIFT	New	Machinery and Equipment	Machinery and Equipment	350	–	–
Parent Capital expenditure					89,180	93,994	94,483

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

Function	Project name	Asset Class	Asset Sub-Class	Previous target year to complete	Current Year 2019/20	Full Year Forecast	2020/21 Medium Term Revenue & Expenditure		
							Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Roads	Kgapamadi road	Roads Infrastructure	Roads	2019/20	19,316	19,316	3,500	–	–
Cemeteries and Crematoriums	Elandsdoord Cemetery	Community Facilities	Cemeteries/Crematoria	2018/19	–	–	600	–	–

Table 58 MBRR Table SA38 – Detailed operational projects

Function	Project Description	Asset Class	Asset Sub-Class	Prior year outcomes		2020/21 Medium Term Revenue & Expenditure		
				Audited Outcome 2018/19	Current Year 2019/20 Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Community Parks (including Nurseries): Parks - 502	Parks Maintenance and repair	Equipment	Machinery and Equipment	–	293	306	320	335
Solid Waste Removal: Solid Waste Removal - 500	Maintenance and Repairs	Machinery and Equipment	Machinery and Equipment	–	337	54	56	59
Solid Waste Removal: Solid Waste Removal - 500	solid waste removal repairs and maintenance	solid waste infrastructure	Solid waste	3,704	2,864	2,993	3,131	3,275
Property Services: Property Services - 402	Property Services - Maintenance and Repair	Machinery and E	Machinery and Equipment	–	58	31	33	34
Electricity: Electricity - 601	Electricity Maintenance or Electrical Network	Electrical infrastructure	Transmission and reticulation	1,000	2,052	1,845	1,929	2,018
Fleet Management: Fleet Management - 602	Fleet Maintenance of Vehicles	Transport assets	Transport assets	1,000	2,352	1,854	1,940	2,029
Roads: Roads - 600	Roads Maintenance of Roads	Roads infrastructure	Roads	2,000	2,767	2,892	3,025	3,164
Roads: Roads - 600	ROADS MAINTENANCE AND REPAIRS NON INFRAMACHINERY AND EQUIPM	Machinery and Equipment	Machinery and Equipment	1,670	1,052	1,099	1,150	1,203
Roads: Roads - 600	ROADS MAINTENANCE AND REPAIRSNONE INFRA TRANSFERBUILDING	Other assets	Municipal buildings	1,000	1,752	1,845	1,930	2,019
Economic Development/Planning: Economic Development	Repairs and Maintenance	Machinery and Equipment	Machinery and Equipment	–	–	30	31	33
Parent Operational expenditure				10,374	13,526	12,948	13,544	14,167

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 – 17, 09%
The ratio is within the norm range of between 10% and 20%
- Repairs and maintenance – 1, 38%
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 – 71%
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 – 133 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 – 0.07

The ration is less than 1 month and this portrays a negative picture about the liquidity position of the municipality

- Current ratio – 1.7:1

The ratio is within the norm of 1.5 to 2:1

Liability Management

- Capital cost (Interest paid and redemption) as a % of Total Operating Expenditure – 0, 23%

The ratio is below the norm of 6 to 8 percent

- Borrowing to total revenue – 0.47%

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%

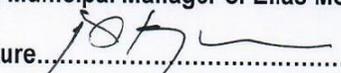
No norm is proposed however, it can be concluded that funding mix of capital expenditure is currently undertaken.
- Own source of revenue to total operating revenue – 46%
No norm is proposed however, the own revenue appear to be significantly increasing and the increase is mainly attributed to traffic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

Quality certificate

I, **MESHACK MAHLAGAUME KGWALE**, the Acting Municipal Manager of **ELIAS MOTSOALEDI LOCAL MUNICIPALITY**, hereby certify that the Draft Annual Budget and supporting documentations for 2020/21 to 2022/23 financial years has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act and that the Draft Annual Budget and supporting documentations are consistent with Integrated Development Plan of the Municipality.

Print name: Kgwale Mahlagaume Meshack

Acting Municipal Manager of Elias Motsoaledi Local Municipality (LIM 472)

Signature.....

Date.....