

DRAFT ANNUAL BUDGET  
OF  
ELIAS MOTSOLEDI LOCAL MUNICIPALITY



2021/22 TO 2023/24  
DRAFT MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS

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## ABBREVIATIONS AND ACRONYMS

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

# 1 Part 1- Annual Budget

## 1.1 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 108 have been used as guidance for the compilation of the 2021/22 MTREF. The main challenges experienced during the compilation of the 2021/22 MTREF can be summarized as follows

- Ageing and poorly maintained roads and electricity infrastructure
- 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 2021/22 MTREF:

- The 2020/21 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 2021/22 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 2021/22 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 2021/22 Medium Term Revenue and Expenditure Framework:

**Summary of 2021/22 Medium Term Revenue Expenditure Framework**

<b>SUMMARY OF 2021/22 DRAFT BUDGET</b>			
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>DESCRIPTION</b>	<b>DRAFT BUDGET</b>	<b>INDICATIVE BUDGET</b>	<b>INDICATIVE BUDGET</b>
<b>TOTAL REVENUE</b>	<b>621 146 254</b>	<b>635 031 864</b>	<b>641 116 132</b>
<b>Less: Transfer recognized capital</b>	<b>79 332 000</b>	<b>72 606 000</b>	<b>76 364 000</b>
<b>OPERATING REVENUE</b>	<b>541 814 254</b>	<b>562 425 864</b>	<b>564 752 132</b>
<b>OPERATING EXPENDITURE</b>	<b>529 923 503</b>	<b>536 853 457</b>	<b>551 371 615</b>
<b>TRANSFERS - CAPITAL</b>	<b>79 332 000</b>	<b>72 606 000</b>	<b>76 364 000</b>
<b>SURPLUS/(DEFECIT)</b>	<b>11 890 751</b>	<b>25 572 406</b>	<b>13 380 517</b>
<b>CAPITAL EXPENDITURE</b>	<b>88 892 000</b>	<b>94 606 000</b>	<b>87 064 000</b>

The above table is used as a testing tool for determination of municipal deficit or surplus throughout 2021/22 MTREF and as presented, the budget has a surplus of R11, 890 million; R25, 575 million and R13, 380 million respectively throughout the MTREF period.

Total operating revenue and expenditure for 2021/22 financial year amounts to R541, 814 million and R529, 923 million respectively. The budget increases steadily in the outer years.

**1.2 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:

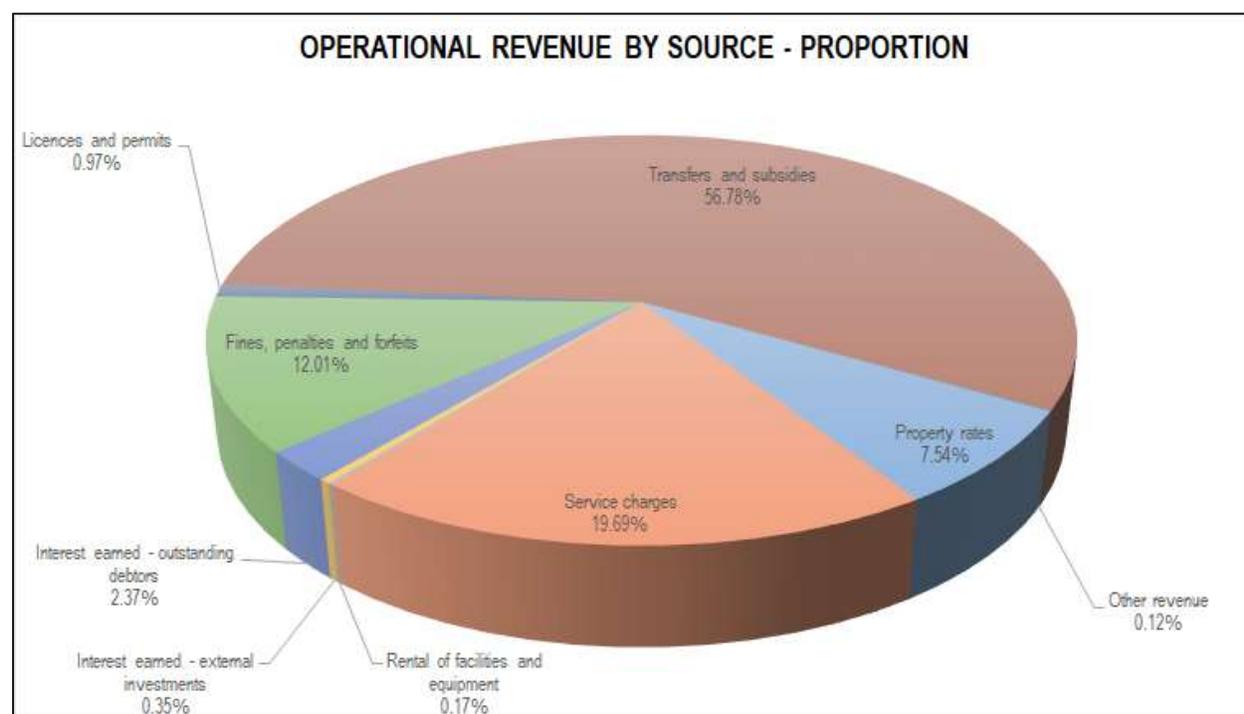
- National Treasury's guidelines and macroeconomic policy;
- Efficient revenue management, which aims to ensure 85% annual collection rate for property rates and other key service charges;
- Electricity tariff increases that are approved by the National Electricity Regulator of South Africa (NERSA);

- 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 2021/23 MTREF (classified by main revenue source):

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

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Financial Performance</b>										
Property rates	25,978	32,756	35,773	38,345	38,345	38,345	26,216	40,840	42,555	44,428
Service charges	74,874	83,287	96,493	110,922	99,748	99,748	65,871	106,704	111,223	116,117
Investment revenue	2,928	2,133	1,368	3,042	542	542	225	1,900	1,980	2,067
Transfers recognised - operational	226,163	240,283	273,218	293,916	351,806	351,806	272,460	307,637	322,626	316,577
Other own revenue	94,037	67,452	33,323	85,393	34,705	34,705	15,984	84,734	84,042	85,563
<b>Total Revenue (excluding capital transfers and contribution)</b>	<b>423,980</b>	<b>425,912</b>	<b>438,175</b>	<b>531,617</b>	<b>525,145</b>	<b>525,145</b>	<b>380,757</b>	<b>541,814</b>	<b>562,426</b>	<b>564,752</b>



**Figure 1 Main operational revenue categories for the 2021/22 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.

**Table 2 Operating Transfers and Grants Receipts**

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>226 163</b>	<b>245 278</b>	<b>273 214</b>	<b>293 320</b>	<b>351 806</b>	<b>351 806</b>	<b>307 637</b>	<b>322 626</b>	<b>316 577</b>
Local Government Equitable Share	223 019	237 506	269 009	289 039	347 525	347 525	302 788	319 776	313 727
Finance Management	1 700	1 770	2 235	2 600	2 600	2 600	2 650	2 850	2 850
EPWP Incentive	1 444	1 002	1 374	1 681	1 681	1 681	2 199	-	-
Disaster Relief Grant			596	-	-	-	-	-	-
Energy Efficiency and Demand Management	-	5 000	-	-	-	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Total Operating Transfers and Grants</b>	<b>226 163</b>	<b>245 278</b>	<b>273 214</b>	<b>293 320</b>	<b>351 806</b>	<b>351 806</b>	<b>307 637</b>	<b>322 626</b>	<b>316 577</b>

Table 3 outlines the operating grants and transfers allocated to Elias Motsoaledi Local Municipality for 2021/22 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

For the purpose of the draft Budget, the municipality used the National Energy Regulator of South Africa (NERSA) approved 6.22% municipal tariff which was for the last financial period as the municipality is still waiting for finalization of the new NERSA approved tariffs.

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.

### 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2021/22 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 2021/22 budget and MTREF classified per main type of operating expenditure:

**Table 3 Summary of operating expenditure by standard classification item**

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Expenditure By Type</b>										
Employee costs	127,202	143,445	150,217	169,749	159,477	159,477	104,095	162,800	168,621	177,051
Remuneration of councillors	22,874	23,662	25,065	26,525	26,283	26,283	16,198	27,334	28,428	29,565
Depreciation & asset impairment	53,654	56,996	56,343	55,163	57,163	57,163	–	58,392	60,845	63,522
Finance charges	281	2,797	2,361	1,184	2,633	2,633	2,442	3,429	3,573	3,730
Materials and bulk purchases	78,408	88,598	97,024	111,978	120,437	120,437	62,968	129,586	135,029	140,341
Transfers and grants	2,137	2,310	6,006	3,517	3,517	3,517	1,779	3,784	3,943	4,116
Other expenditure	225,516	140,399	127,549	144,385	146,692	146,692	76,279	144,598	135,415	133,047
<b>Total Expenditure</b>	<b>510,071</b>	<b>458,206</b>	<b>464,565</b>	<b>512,498</b>	<b>516,203</b>	<b>516,203</b>	<b>263,761</b>	<b>529,924</b>	<b>536,853</b>	<b>551,372</b>

The budgeted allocation for employee related costs and remuneration of councillors for the 2021/22 financial year totals R162, 800 million and R27, 334 million respectively, which equals 36% of the total operating expenditure. South African Local Government Bargaining Council didn't stipulates any increase for the year 2021/22. Based on MFMA circular 108, the two outer-years salary increases have been factored into this budget at CPI percentage increase of 4,2%. The CPI is also applied on remuneration for councillors for outer years

The cost associated with the remuneration of Councilors 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 and the Debt Write-off Policy of the Municipality. For the 2021/22 financial year this amount equates to R48, 632 million and escalates to R50, 675 million in 2022/23 and R52, 904 million 2023/24. 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 R58, 392 million for the 2021/22 financial year and equates to 11% 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.

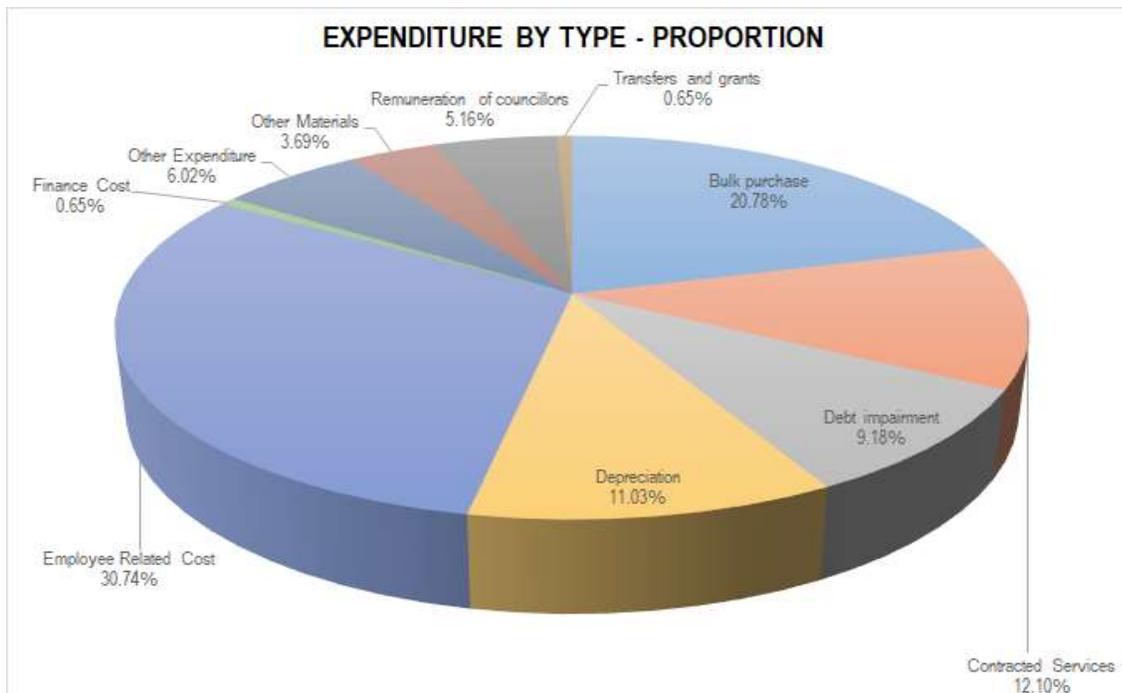
Bulk purchase is directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes distribution losses.

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 12% or R64 102 million of the total operational budget for the 2021/22 financial year and decreases to R51, 538 million and to R45, 479 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 2021/22 financial year.



**Figure 2 Main operational expenditure categories for the 2021/22 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 2021/22 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 2021/22 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 R23, 200 million in 2020/21 to R13, 472 million in 2021/22 then increases to R14, 127 million and decrease to R12, 726 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 1,20% throughout the MTREF period and this percentage is however way below the set norm of 8% as stipulated by National Treasury.

### 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).

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 5 2021/22 Medium-term capital budget per vote**

Vote Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Capital expenditure - Vote</b>										
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	-	1 050	1 050	1 050	479	920	2 200	1 100
Vote 5 - Community Services	434	1 600	-	-	-	-	-	800	2 400	1 000
Vote 6 - Technical Services	77 883	25 714	46 151	13 240	8 629	8 629	7 865	32 131	82 321	17 600
Vote 7 - Development Planning	-	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>79 427</b>	<b>28 714</b>	<b>46 151</b>	<b>14 290</b>	<b>9 679</b>	<b>9 679</b>	<b>8 344</b>	<b>33 851</b>	<b>86 921</b>	<b>19 700</b>
<b>Single-year expenditure to be appropriated</b>										
Vote 1 - Executive and Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury	-	-	-	350	350	350	-	600	-	-
Vote 4 - Corporate Services	-	800	633	500	54	54	54	-	-	-
Vote 5 - Community Services	1 005	522	1 424	2 200	2 290	2 290	29	800	2 000	900
Vote 6 - Technical Services	27 131	67 222	43 960	71 939	76 004	76 004	46 719	53 642	5 685	66 464
Vote 7 - Development Planning	-	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>28 136</b>	<b>68 544</b>	<b>46 017</b>	<b>74 989</b>	<b>78 698</b>	<b>78 698</b>	<b>46 802</b>	<b>55 042</b>	<b>7 685</b>	<b>67 364</b>
<b>Total Capital Expenditure - Vote</b>	<b>107 563</b>	<b>97 258</b>	<b>92 168</b>	<b>89 280</b>	<b>88 377</b>	<b>88 377</b>	<b>55 146</b>	<b>88 892</b>	<b>94 606</b>	<b>87 064</b>

The major portion of capital expenditure budget is appropriated in vote 6 and for 2021/22 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, landfill site and community parks.

**Capital expenditure Assumptions**

Total capital expenditure for 2021/22 amount to R 88, 377 million reflecting an increase of R515 thousands over 2020/21 adjusted budget.

The 2021/22 capital budget will be funded from capital conditional grants allocation and internally generated funds as follows.

**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 2021/22 annual budget and MTREF.

Table 6 MBRR Table A1 - Budget Summary

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Financial Performance</b>										
Property rates	25,978	32,756	35,773	38,345	38,345	38,345	26,216	40,840	42,555	44,428
Service charges	74,874	83,287	95,493	110,922	99,748	99,748	65,871	106,704	111,223	116,117
Investment revenue	2,928	2,133	1,368	3,042	542	542	225	1,900	1,980	2,067
Transfers recognised - operational	226,163	240,283	273,218	293,916	351,806	351,806	272,480	307,637	322,628	316,577
Other own revenue	94,037	67,452	33,323	85,393	34,705	34,705	15,984	84,734	84,042	85,563
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>423,980</b>	<b>425,912</b>	<b>439,175</b>	<b>531,617</b>	<b>525,145</b>	<b>525,145</b>	<b>380,757</b>	<b>541,814</b>	<b>562,426</b>	<b>564,752</b>
Employee costs	127,202	143,445	150,217	169,749	159,477	159,477	104,095	162,800	169,621	177,051
Remuneration of councillors	22,874	23,662	25,065	26,525	26,283	26,283	16,198	27,334	28,428	29,565
Depreciation & asset impairment	53,654	56,996	56,343	55,163	57,163	57,163	-	58,392	60,845	63,522
Finance charges	281	2,797	2,361	1,184	2,833	2,833	2,442	3,429	3,573	3,730
Materials and bulk purchases	78,408	88,598	97,024	111,978	120,437	120,437	62,988	129,586	135,029	140,341
Transfers and grants	2,137	2,310	6,006	3,517	3,517	3,517	1,779	3,784	3,943	4,116
Other expenditure	225,516	140,399	127,549	144,385	146,692	146,692	76,279	144,598	135,415	133,047
<b>Total Expenditure</b>	<b>510,071</b>	<b>458,206</b>	<b>464,565</b>	<b>512,498</b>	<b>516,203</b>	<b>516,203</b>	<b>263,761</b>	<b>529,924</b>	<b>536,853</b>	<b>551,372</b>
<b>Surplus/(Deficit)</b>	<b>(86,091)</b>	<b>(32,295)</b>	<b>(25,390)</b>	<b>19,119</b>	<b>8,942</b>	<b>8,942</b>	<b>116,996</b>	<b>11,891</b>	<b>25,572</b>	<b>13,381</b>
Transfers and subsidies - capital (monetary allocations)	97,901	75,766	70,685	74,561	69,561	69,561	52,754	79,332	72,606	76,364
Transfers and subsidies - capital (monetary allocations)	-	-	21,471	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>11,810</b>	<b>43,472</b>	<b>66,766</b>	<b>93,680</b>	<b>78,503</b>	<b>78,503</b>	<b>169,750</b>	<b>91,223</b>	<b>98,178</b>	<b>89,745</b>
<b>Surplus/(Deficit) for the year</b>	<b>11,810</b>	<b>43,472</b>	<b>66,766</b>	<b>93,680</b>	<b>78,503</b>	<b>78,503</b>	<b>169,750</b>	<b>91,223</b>	<b>98,178</b>	<b>89,745</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>107,563</b>	<b>97,258</b>	<b>92,168</b>	<b>89,280</b>	<b>88,377</b>	<b>88,377</b>	<b>55,146</b>	<b>88,892</b>	<b>94,606</b>	<b>87,064</b>
Transfers recognised - capital	83,864	81,841	78,193	74,561	69,561	69,561	46,071	79,332	72,606	55,964
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	23,699	15,417	13,975	14,719	18,816	18,816	9,076	9,560	22,000	31,100
<b>Total sources of capital funds</b>	<b>107,563</b>	<b>97,258</b>	<b>92,168</b>	<b>89,280</b>	<b>88,377</b>	<b>88,377</b>	<b>55,146</b>	<b>88,892</b>	<b>94,606</b>	<b>87,064</b>
<b>Financial position</b>										
<b>Total current assets</b>	<b>65,474</b>	<b>123,989</b>	<b>129,467</b>	<b>134,416</b>	<b>119,868</b>	<b>119,868</b>	<b>232,410</b>	<b>160,073</b>	<b>161,424</b>	<b>176,063</b>
Total non current assets	1,019,126	1,084,590	1,125,020	1,286,031	1,290,074	1,290,074	1,169,301	1,282,335	1,292,273	1,282,804
Total current liabilities	93,424	131,311	125,568	93,706	92,781	92,781	124,830	95,816	102,901	108,129
Total non current liabilities	93,955	94,375	79,251	94,548	94,548	94,548	73,611	95,439	97,348	99,295
Community wealth/Equity	897,221	982,902	1,049,667	1,232,193	1,222,613	1,222,613	1,200,270	1,251,153	1,253,448	1,251,443
<b>Cash flows</b>										
<b>Net cash from (used) operating</b>	<b>96,019</b>	<b>118,137</b>	<b>25,247</b>	<b>108,434</b>	<b>124,956</b>	<b>124,956</b>	<b>95,425</b>	<b>95,879</b>	<b>96,886</b>	<b>74,382</b>
Net cash from (used) investing	(103,972)	(44,880)	(85,303)	(87,593)	(87,918)	(87,918)	(55,146)	(77,297)	(82,266)	(75,708)
Net cash from (used) financing	(6,900)	(9,023)	(9,474)	(11,480)	(11,480)	(11,480)	(7,196)	(3,247)	(3,247)	(3,247)
Cash/cash equivalents at the year end	6,194	70,428	(44,548)	11,291	27,487	27,487	35,012	26,626	38,000	33,428
<b>Cash backing/surplus reconciliation</b>										
<b>Cash and investments available</b>	<b>6,225</b>	<b>24,177</b>	<b>1,929</b>	<b>20,356</b>	<b>22,813</b>	<b>22,813</b>	<b>35,012</b>	<b>26,626</b>	<b>38,000</b>	<b>33,428</b>
Application of cash and investments	54,184	52,765	10,767	5,828	14,087	14,087	(41,906)	23,644	35,570	28,461
Balance - surplus (shortfall)	(47,960)	(28,589)	(8,838)	14,528	8,727	8,727	76,917	2,982	2,430	4,967
<b>Asset management</b>										
<b>Asset register summary (WDV)</b>	<b>1,069,469</b>	<b>1,109,208</b>	<b>1,271,742</b>	<b>1,275,785</b>	<b>1,275,785</b>	<b>1,164,837</b>	<b>1,164,837</b>	<b>1,267,296</b>	<b>1,276,485</b>	<b>1,266,266</b>
Depreciation	53,654	51,181	56,343	55,163	57,163	57,163	57,163	58,392	60,845	63,522
Renewal and Upgrading of Existing Assets	50,504	43,066	22,654	64,690	69,323	69,323	69,323	63,624	79,481	74,064
Repairs and Maintenance	12,305	10,374	10,649	15,373	23,200	23,200	23,200	13,472	14,127	12,903
Free services	-	-	-	1,121	1,220	1,220	6,816	6,816	7,102	7,415
<b>Cost of Free Basic Services provided</b>	<b>5,628</b>	<b>5,684</b>	<b>5,741</b>	<b>9,017</b>	<b>9,017</b>	<b>9,017</b>	<b>5,772</b>	<b>5,772</b>	<b>6,014</b>	<b>6,279</b>
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level	-	-	-	-	-	-	-	-	-	-
Energy:	3	3	4	4	4	3	3	3	3	3
Refuse:	4,836	50,308	50,312	50,317	50,317	54,129	54,140	54,140	54,140	54,140

### 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 have minimal 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 minimal capital replacement reserve is in place. Notwithstanding the minimal percentage 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 7 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Functional Classification Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Revenue - Functional</b>									
<b>Governance and administration</b>	<b>183,232</b>	<b>198,283</b>	<b>223,026</b>	<b>228,630</b>	<b>277,913</b>	<b>277,913</b>	<b>247,160</b>	<b>256,096</b>	<b>252,260</b>
Executive and council	35,581	42,873	46,559	49,315	55,860	55,860	48,669	51,400	50,427
Finance and administration	141,249	147,508	167,516	169,450	208,065	208,065	186,303	191,825	189,205
Internal audit	6,402	7,902	8,950	9,864	13,988	13,988	12,188	12,872	12,628
<b>Community and public safety</b>	<b>88,773</b>	<b>88,850</b>	<b>36,265</b>	<b>94,154</b>	<b>37,006</b>	<b>37,006</b>	<b>88,396</b>	<b>92,437</b>	<b>94,957</b>
Community and social services	3,412	7,973	9,633	10,636	11,376	11,376	9,924	10,479	10,286
Sport and recreation	6,469	10,677	12,104	13,344	15,456	15,456	13,472	14,227	13,960
Public safety	78,892	70,200	14,529	70,174	10,174	10,174	65,000	67,730	70,710
<b>Economic and environmental services</b>	<b>127,676</b>	<b>141,810</b>	<b>132,942</b>	<b>121,857</b>	<b>130,832</b>	<b>130,832</b>	<b>126,286</b>	<b>132,322</b>	<b>134,203</b>
Planning and development	6,605	17,107	21,248	23,604	26,971	26,971	24,295	23,330	22,914
Road transport	120,229	123,685	110,541	96,853	100,627	100,627	99,173	106,016	108,370
Environmental protection	842	1,018	1,153	1,400	3,234	3,234	2,818	2,976	2,919
<b>Trading services</b>	<b>122,199</b>	<b>72,735</b>	<b>139,098</b>	<b>161,537</b>	<b>148,956</b>	<b>148,956</b>	<b>159,305</b>	<b>154,177</b>	<b>159,696</b>
Energy sources	91,510	53,970	110,972	130,758	113,876	113,876	127,037	120,194	125,731
Waste management	30,689	18,765	28,126	30,779	35,080	35,080	32,269	33,983	33,965
Other	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>521,880</b>	<b>501,678</b>	<b>531,331</b>	<b>606,178</b>	<b>594,706</b>	<b>594,706</b>	<b>621,146</b>	<b>635,032</b>	<b>641,116</b>
<b>Expenditure - Functional</b>									
<b>Governance and administration</b>	<b>213,465</b>	<b>184,555</b>	<b>210,068</b>	<b>216,242</b>	<b>221,947</b>	<b>221,947</b>	<b>200,285</b>	<b>203,041</b>	<b>206,815</b>
Executive and council	39,711	39,998	50,877	49,314	45,088	45,088	42,564	44,294	46,123
Finance and administration	167,531	135,446	152,835	158,383	169,759	169,759	149,726	150,415	151,994
Internal audit	6,223	9,111	6,356	8,545	7,099	7,099	7,995	8,331	8,698
<b>Community and public safety</b>	<b>88,984</b>	<b>68,557</b>	<b>25,269</b>	<b>61,707</b>	<b>45,423</b>	<b>45,423</b>	<b>76,272</b>	<b>79,349</b>	<b>82,708</b>
Community and social services	6,687	5,563	5,097	8,269	8,789	8,789	7,274	7,579	7,913
Sport and recreation	7,323	9,713	6,833	10,698	10,206	10,206	12,783	13,320	13,906
Public safety	74,973	53,281	13,339	42,740	26,428	26,428	56,214	58,449	60,889
<b>Economic and environmental services</b>	<b>50,749</b>	<b>79,856</b>	<b>91,700</b>	<b>97,667</b>	<b>98,963</b>	<b>98,963</b>	<b>99,464</b>	<b>103,834</b>	<b>108,304</b>
Planning and development	14,195	15,813	14,923	16,561	13,821	13,821	15,904	16,766	17,499
Road transport	35,904	63,315	76,178	80,487	84,515	84,515	82,906	86,385	90,092
Environmental protection	650	728	598	619	626	626	655	682	712
<b>Trading services</b>	<b>156,873</b>	<b>125,237</b>	<b>137,529</b>	<b>136,881</b>	<b>149,870</b>	<b>149,870</b>	<b>153,902</b>	<b>150,630</b>	<b>153,545</b>
Energy sources	128,737	101,683	93,944	111,716	116,365	116,365	129,419	132,771	138,573
Waste management	28,136	23,554	43,584	25,165	33,505	33,505	24,483	17,859	14,972
Other	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	<b>510,071</b>	<b>458,206</b>	<b>464,565</b>	<b>512,498</b>	<b>516,203</b>	<b>516,203</b>	<b>529,924</b>	<b>536,853</b>	<b>551,372</b>
<b>Surplus/(Deficit) for the year</b>	<b>11,810</b>	<b>43,472</b>	<b>66,766</b>	<b>93,680</b>	<b>78,503</b>	<b>78,503</b>	<b>91,223</b>	<b>98,178</b>	<b>89,745</b>

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

Vote Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Revenue by Vote</b>									
Vote 1 - Executive and Council	31,540	38,168	41,231	43,443	49,146	49,146	42,820	45,222	44,367
Vote 2 - Municipal Manager	15,805	31,469	35,643	39,284	48,377	48,377	42,149	44,514	43,672
Vote 3 - Budget and Treasury	83,272	59,272	72,301	66,279	82,337	82,337	76,759	76,136	75,704
Vote 4 - Corporate Services	34,041	39,931	40,504	44,328	53,656	53,656	46,749	49,372	48,438
Vote 5 - Community Services	131,423	120,478	69,521	135,511	82,668	82,668	130,738	136,985	139,633
Vote 6 - Technical Services	211,539	184,982	239,252	241,368	234,763	234,763	243,008	244,025	251,232
Vote 7 - Development Planning	1,529	11,282	14,650	16,332	18,658	18,658	17,052	15,681	15,409
Vote 8 - Executive Support	12,731	16,094	18,229	19,633	25,102	25,102	21,871	23,098	22,661
<b>Total Revenue by Vote</b>	<b>521,880</b>	<b>501,678</b>	<b>531,331</b>	<b>606,178</b>	<b>594,706</b>	<b>594,706</b>	<b>621,146</b>	<b>635,032</b>	<b>641,116</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Executive and Council	36,404	35,307	42,975	41,788	40,511	40,511	37,109	38,613	40,198
Vote 2 - Municipal Manager	20,075	37,306	49,330	39,198	44,072	44,072	36,206	34,919	36,446
Vote 3 - Budget and Treasury	89,906	53,758	55,077	62,769	67,880	67,880	57,621	57,448	55,052
Vote 4 - Corporate Services	39,301	30,600	24,723	36,795	27,703	27,703	35,665	37,161	38,755
Vote 5 - Community Services	123,541	100,333	76,526	96,097	87,405	87,405	108,829	105,622	106,464
Vote 6 - Technical Services	177,259	176,739	186,822	207,436	217,488	217,488	227,626	235,099	245,241
Vote 7 - Development Planning	7,999	9,977	8,942	11,455	8,892	8,892	11,247	11,718	12,232
Vote 8 - Executive Support	15,585	14,187	20,169	16,960	22,253	22,253	15,620	16,273	16,983
<b>Total Expenditure by Vote</b>	<b>510,071</b>	<b>458,206</b>	<b>464,565</b>	<b>512,498</b>	<b>516,203</b>	<b>516,203</b>	<b>529,924</b>	<b>536,853</b>	<b>551,372</b>
<b>Surplus/(Deficit) for the year</b>	<b>11,810</b>	<b>43,472</b>	<b>66,766</b>	<b>93,680</b>	<b>78,503</b>	<b>78,503</b>	<b>91,223</b>	<b>98,178</b>	<b>89,745</b>

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

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Revenue By Source</b>										
Property rates	25,978	32,756	35,773	38,345	38,345	38,345	26,216	40,840	42,555	44,428
Service charges - electricity revenue	67,575	75,160	87,068	101,994	90,820	90,820	59,958	97,220	101,303	105,761
Service charges - refuse revenue	7,299	8,127	8,425	8,928	8,928	8,928	5,914	9,484	9,920	10,356
Rental of facilities and equipment	944	1,644	897	1,220	834	834	553	898	936	977
Interest earned - external investments	2,928	2,133	1,368	3,042	542	542	225	1,900	1,980	2,067
Interest earned - outstanding debtors	9,693	9,188	12,861	6,656	17,946	17,946	11,068	12,860	9,149	7,376
Fines, penalties and forfeits	67,325	50,233	14,570	70,242	10,242	10,242	363	65,071	67,804	70,788
Licences and permits	4,956	4,707	3,939	6,344	5,044	5,044	3,130	5,240	5,460	5,701
Transfers and subsidies	226,163	240,283	273,218	293,916	351,806	351,806	272,460	307,637	322,626	316,577
Other revenue	11,118	1,680	1,056	931	639	639	868	664	692	722
Gains										
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>423,980</b>	<b>425,912</b>	<b>439,175</b>	<b>531,617</b>	<b>525,145</b>	<b>525,145</b>	<b>380,757</b>	<b>541,814</b>	<b>562,426</b>	<b>564,752</b>
<b>Expenditure By Type</b>										
Employee related costs	127,202	143,445	150,217	169,749	159,477	159,477	104,095	162,800	169,621	177,051
Remuneration of councillors	22,874	23,662	25,065	26,525	26,283	26,283	16,198	27,334	28,428	29,565
Debt impairment	74,839	47,514	12,632	42,658	19,858	19,858	-	48,632	50,675	52,904
Depreciation & asset impairment	53,654	56,996	56,343	55,163	57,163	57,163	-	58,392	60,845	63,522
Finance charges	281	2,797	2,361	1,184	2,633	2,633	2,442	3,429	3,573	3,730
Bulk purchases	68,602	72,759	81,428	94,047	94,047	94,047	54,436	110,035	114,656	119,701
Other materials	9,806	15,839	15,596	17,929	26,390	26,390	8,532	19,551	20,372	20,640
Contracted services	67,951	59,841	83,969	60,660	78,622	78,622	49,253	64,102	51,538	45,479
Transfers and subsidies	2,137	2,310	6,006	3,517	3,517	3,517	1,779	3,784	3,943	4,116
Other expenditure	81,255	33,044	32,008	41,067	48,213	48,213	27,026	31,864	33,203	34,663
Losses	1,470	-	(1,060)							
<b>Total Expenditure</b>	<b>510,071</b>	<b>458,206</b>	<b>464,565</b>	<b>512,498</b>	<b>516,203</b>	<b>516,203</b>	<b>263,761</b>	<b>529,924</b>	<b>536,853</b>	<b>551,372</b>
<b>Surplus/(Deficit)</b>	<b>(86,091)</b>	<b>(32,295)</b>	<b>(25,390)</b>	<b>19,119</b>	<b>8,942</b>	<b>8,942</b>	<b>116,996</b>	<b>11,891</b>	<b>25,572</b>	<b>13,381</b>
Transfers and subsidies - capital (monetary allocations)	97,901	75,766	70,685	74,561	69,561	69,561	52,754	79,332	72,606	76,364
Transfers and subsidies - capital (monetary allocations)	-		21,471							
Transfers and subsidies - capital (in-kind - all)										
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>11,810</b>	<b>43,472</b>	<b>66,766</b>	<b>93,680</b>	<b>78,503</b>	<b>78,503</b>	<b>169,750</b>	<b>91,223</b>	<b>98,178</b>	<b>89,745</b>
Taxation										
<b>Surplus/(Deficit) after taxation</b>	<b>11,810</b>	<b>43,472</b>	<b>66,766</b>	<b>93,680</b>	<b>78,503</b>	<b>78,503</b>	<b>169,750</b>	<b>91,223</b>	<b>98,178</b>	<b>89,745</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>	<b>11,810</b>	<b>43,472</b>	<b>66,766</b>	<b>93,680</b>	<b>78,503</b>	<b>78,503</b>	<b>169,750</b>	<b>91,223</b>	<b>98,178</b>	<b>89,745</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/(Deficit) for the year</b>	<b>11,810</b>	<b>43,472</b>	<b>66,766</b>	<b>93,680</b>	<b>78,503</b>	<b>78,503</b>	<b>169,750</b>	<b>91,223</b>	<b>98,178</b>	<b>89,745</b>

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

1. Operating revenue is R541, 815 million in 2021/22 and escalates to R562, 426 million and R564, 752 million in the outer years.
2. Services charges relating to electricity and refuse removal, these revenue sources contribute significantly to the revenue basket of the municipality and the contribution thereof totals R106, 704 million for the 2021/22 financial year and increasing to R111, 223 million in 2022/23 and increasing to R116, 117 million in 2023/24 financial year. Service charge electricity increase is based on 6.69% increase by NERSA and in addition to NERSA increase of last financial year; the municipality is waiting for the finalization of NERSA approved tariffs that will be factored in the final Annual budget.
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 R8.928 million to R9. 484 million and the increase is reasonable and based on the draft tariffs of 6.22%.
5. Rental of facilities and equipment increased from R834 thousand in adjustment budget to R898 thousand. The increased is mainly based on the annual increment of employee rented municipal properties and CPI on rental of other equipment.
6. **Interest on external investment**  
Interest on call deposit investment  
 Interest on call deposit investment is budgeted to increase from R542 thousand to R1, 900 million, municipality is anticipating to increase its short term investment and in addition to open separate account to invest the R10 million reserves;  
Interest on Eskom deposit (other non-current assets in table A6)  
 The anticipated increment is due to the deposit that the municipality has with Eskom that generate interest and it's only realized at year end.
7. Interest earned – outstanding debtors: decreased from R17, 946 million to R12, 860 million, the decrease is mainly from anticipated collection forecasting as the municipality is finalizing the appointment of debt collectors. The municipality will write-off prescribed
8. Fines are anticipated to increase from R10, 242 million to R65, 071 million The amount of R2.9 million. The upward forecast of traffic fines is due to the appointed the new service provider hence the hike in traffic fines revenue and the traffic fine speed cameras are expected to be running by the beginning of the financial year. The municipality appointed the new service provider hence the hike in traffic fines revenue. The operations of the municipality are back to normal and the increase is also taking into account the audited annual financial statements amount.

**EXPENDITURE BY SOURCE**

9. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.  
 Pension and UIF of other municipal staff increased due to the vacant post budgeted for 2021/22. 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. During adjustment budget preparation; posts that were considered not to be critical were frozen however the entire organisational structure of the municipality has be budgeted for in 2021-22 financial year.

10. Depreciation increased from R57, 163 million to R58, 392 million and the increase is due to acquisition of assets. Additionally all electrification projects will be transferred to Eskom upon completion as the municipality is not the licence holder however addressing backlog.
11. Debt impairment – increased from R19, 585 million to R48 632 million the high hike is due to the implementation of the new traffic fines contract and the COVID19 pandemic, impact that is having on the consumers' ability to service their debts.
12. Remuneration of Councillors – Increased from R26, 283 million to R27, 334 million, the 4% increase was factored to forecast for the upper limits.
13. Protective clothing – In prior year the budget was decentralised to department, however the utilisation was not as anticipated. The municipality took a decision to centralise the budget to occupational health and safety and the estimated spending was provided.

**Table 10 MBRR Table A5 - Budgeted Capital Expenditure by standard classification and funding source**

Vote Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Capital Expenditure - Functional</b>										
<b>Governance and administration</b>	1 110	2 200	1 957	1 900	1 454	1 454	533	2 320	2 200	1 100
Executive and council										
Finance and administration	1 110	2 200	1 957	1 900	1 454	1 454	533	2 320	2 200	1 100
Internal audit										
<b>Community and public safety</b>	8 834	522	-	2 200	2 290	2 290	29	1 600	4 400	1 900
Community and social services		522		600	720	720	-	600	1 500	-
Sport and recreation	8 834			1 000	800	800	29	200	1 900	-
Public safety				600	770	770	-	800	1 000	1 900
Housing										
Health										
<b>Economic and environmental services</b>	84 672	79 449	69 833	64 830	69 633	69 633	45 512	62 984	76 206	73 064
Planning and development										
Road transport	84 672	79 449	69 833	64 830	69 633	69 633	45 512	62 984	76 206	73 064
Environmental protection										
<b>Trading services</b>	12 946	15 087	20 378	20 350	15 000	15 000	9 072	21 988	11 800	11 000
Energy sources	12 946	13 487	18 954	20 350	15 000	15 000	9 072	21 988	11 800	11 000
Waste management		1 600	1 424							
Other										
<b>Total Capital Expenditure - Functional</b>	<b>107 563</b>	<b>97 258</b>	<b>92 168</b>	<b>89 280</b>	<b>88 377</b>	<b>88 377</b>	<b>55 146</b>	<b>88 892</b>	<b>94 606</b>	<b>87 064</b>
<b>Funded by:</b>										
<b>National Government</b>	<b>83 864</b>	<b>62 910</b>	<b>56 721</b>	<b>74 561</b>	<b>69 561</b>	<b>69 561</b>	<b>46 071</b>	<b>79 332</b>	<b>72 606</b>	<b>55 964</b>
Provincial Government		18 931	21 471							
District Municipality										
Transfers and subsidies - capital (monetary allocations)										
Transfers recognised - capital	83 864	81 841	78 193	74 561	69 561	69 561	46 071	79 332	72 606	55 964
Borrowing										
Internally generated funds	23 699	15 417	13 975	14 719	18 816	18 816	9 076	9 560	22 000	31 100
<b>Total Capital Funding</b>	<b>107 563</b>	<b>97 258</b>	<b>92 168</b>	<b>89 280</b>	<b>88 377</b>	<b>88 377</b>	<b>55 146</b>	<b>88 892</b>	<b>94 606</b>	<b>87 064</b>

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

Capital projects are funded from Municipal Infrastructure Grant (MIG); Integrated National Electrification Programme (INEP) and internal generated revenue. From table A4 point of view the municipality has budgeted for non-cash items, the effect thereof is the surplus of R11 891 million.

**Table 11 MBRR Table A5 - Budgeted Capital Expenditure by vote**

Vote Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Capital expenditure - Vote</b>										
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	-	1 050	1 050	1 050	479	920	2 200	1 100
Vote 5 - Community Services	434	1 600	-	-	-	-	-	800	2 400	1 000
Vote 6 - Technical Services	77 883	25 714	46 151	13 240	8 629	8 629	7 865	32 131	82 321	17 600
Vote 7 - Development Planning	-	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>79 427</b>	<b>28 714</b>	<b>46 151</b>	<b>14 290</b>	<b>9 679</b>	<b>9 679</b>	<b>8 344</b>	<b>33 851</b>	<b>86 921</b>	<b>19 700</b>
<b>Single-year expenditure to be appropriated</b>										
Vote 1 - Executive and Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury	-	-	-	350	350	350	-	600	-	-
Vote 4 - Corporate Services	-	800	633	500	54	54	54	-	-	-
Vote 5 - Community Services	1 005	522	1 424	2 200	2 290	2 290	29	800	2 000	900
Vote 6 - Technical Services	27 131	67 222	43 960	71 939	76 004	76 004	46 719	53 642	5 685	66 464
Vote 7 - Development Planning	-	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>28 136</b>	<b>68 544</b>	<b>46 017</b>	<b>74 989</b>	<b>78 698</b>	<b>78 698</b>	<b>46 802</b>	<b>55 042</b>	<b>7 685</b>	<b>67 364</b>
<b>Total Capital Expenditure - Vote</b>	<b>107 563</b>	<b>97 258</b>	<b>92 168</b>	<b>89 280</b>	<b>88 377</b>	<b>88 377</b>	<b>55 146</b>	<b>88 892</b>	<b>94 606</b>	<b>87 064</b>

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (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.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2021/22 R33 851 million has been allocated of the total R88, 892 million. This allocation escalates to R86, 921 million in 2022/23 and decrease to R19, 700 million in 2023/24.
3. Single-year capital expenditure has been appropriated at R55, 042 million for the 2021/22 financial year and declines to R7, 685 million in 2022/23 and then increases to R67 364 million in 2023/24 financial year.

4. 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 12 MBRR Table A6 - Budgeted Financial Position

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/21	Budget Year +2 2023/24
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	6,225	24,177	1,929	12,300	4,758	4,758	35,012	9,882	13,265	10,069
Call investment deposits	–	–	–	8,056	18,056	18,056		16,744	24,735	23,358
Consumer debtors	24,953	49,059	65,808	54,594	55,619	55,619	91,780	63,924	56,123	70,571
Other debtors	30,968	44,518	53,542	53,957	38,742	38,742	92,724	60,917	58,334	63,291
Current portion of long-term receivables					–	–				
Inventory	3,328	6,245	8,190	5,510	2,693	2,693	12,895	8,606	8,967	8,772
<b>Total current assets</b>	<b>65,474</b>	<b>123,999</b>	<b>129,467</b>	<b>134,416</b>	<b>119,868</b>	<b>119,868</b>	<b>232,410</b>	<b>160,073</b>	<b>161,424</b>	<b>176,063</b>
<b>Non current assets</b>										
Long-term receivables										
Investments										
Investment property	53,501	56,614	60,324	48,000	48,000	48,000	60,343	60,343	60,343	60,343
Investment in Associate										
Property, plant and equipment	952,370	1,012,816	1,048,853	1,223,249	1,227,292	1,227,292	1,104,000	1,206,459	1,215,647	1,205,428
Biological										
Intangible	85	39	31	30	30	30	31	31	31	31
Other non-current assets	13,169	15,120	15,811	14,752	14,752	14,752	1,928	15,502	16,252	17,002
<b>Total non current assets</b>	<b>1,019,126</b>	<b>1,084,590</b>	<b>1,125,020</b>	<b>1,286,031</b>	<b>1,290,074</b>	<b>1,290,074</b>	<b>1,166,301</b>	<b>1,282,335</b>	<b>1,292,273</b>	<b>1,282,804</b>
<b>TOTAL ASSETS</b>	<b>1,084,600</b>	<b>1,208,588</b>	<b>1,254,487</b>	<b>1,420,447</b>	<b>1,409,942</b>	<b>1,409,942</b>	<b>1,398,711</b>	<b>1,442,408</b>	<b>1,453,697</b>	<b>1,458,866</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft										
Borrowing	1,718	11,373	12,790	10,980	10,980	10,980	8,409	–	–	–
Consumer deposits	5,249	5,383	5,516	5,701	5,701	5,701	5,737	2,700	2,728	2,711
Trade and other payables	83,923	113,088	104,565	71,167	70,243	70,243	107,929	87,165	94,178	99,411
Provisions	2,534	1,467	2,697	5,857	5,857	5,857	2,754	5,950	5,996	6,007
<b>Total current liabilities</b>	<b>93,424</b>	<b>131,311</b>	<b>125,568</b>	<b>93,706</b>	<b>92,781</b>	<b>92,781</b>	<b>124,830</b>	<b>95,816</b>	<b>102,901</b>	<b>108,129</b>
<b>Non current liabilities</b>										
Borrowing	36,323	48,192	33,676	–	–	–	–	–	–	–
Provisions	57,632	46,183	45,575	94,548	94,548	94,548	73,611	95,439	97,348	99,295
<b>Total non current liabilities</b>	<b>93,955</b>	<b>94,375</b>	<b>79,251</b>	<b>94,548</b>	<b>94,548</b>	<b>94,548</b>	<b>73,611</b>	<b>95,439</b>	<b>97,348</b>	<b>99,295</b>
<b>TOTAL LIABILITIES</b>	<b>187,378</b>	<b>225,687</b>	<b>204,819</b>	<b>188,254</b>	<b>187,329</b>	<b>187,329</b>	<b>198,441</b>	<b>191,255</b>	<b>200,249</b>	<b>207,424</b>
<b>NET ASSETS</b>	<b>897,221</b>	<b>982,902</b>	<b>1,049,667</b>	<b>1,232,193</b>	<b>1,222,613</b>	<b>1,222,613</b>	<b>1,200,270</b>	<b>1,251,153</b>	<b>1,253,448</b>	<b>1,251,443</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)	897,221	982,902	1,049,667	1,232,193	1,212,613	1,212,613	1,190,270	1,241,153	1,243,448	1,241,443
Reserves	–	–	–	–	10,000	10,000	10,000	10,000	10,000	10,000
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>897,221</b>	<b>982,902</b>	<b>1,049,667</b>	<b>1,232,193</b>	<b>1,222,613</b>	<b>1,222,613</b>	<b>1,200,270</b>	<b>1,251,153</b>	<b>1,253,448</b>	<b>1,251,443</b>

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

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 13 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/21	Budget Year +2 2023/24
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates	20,409	18,029	24,332	26,841	26,841	26,841	15,519	26,687	27,807	29,031
Service charges	68,403	69,861	83,646	94,138	85,338	85,338	55,625	95,682	99,720	104,108
Other revenue	14,831	30,398	21,376	20,268	8,968	8,968	22,478	14,422	15,028	15,689
Transfers and Subsidies - Operational	226,165	186,331	273,214	293,916	351,806	351,806	274,798	307,637	322,626	316,577
Transfers and Subsidies - Capital	97,899	93,601	73,921	74,561	69,561	69,561	61,950	79,332	72,606	76,364
Interest	12,621	3,493	1,768	4,373	11,979	11,979	940	3,018	2,775	2,708
<b>Payments</b>										
Suppliers and employees	(343,186)	(280,260)	(447,788)	(401,012)	(423,262)	(423,262)	(331,538)	(423,686)	(436,161)	(462,249)
Finance charges	(281)	(1,397)	(2,592)	(1,184)	(2,633)	(2,633)	(2,442)	(3,429)	(3,573)	(3,730)
Transfers and Grants	(841)	(1,919)	(2,632)	(3,468)	(3,642)	(3,642)	(1,904)	(3,784)	(3,943)	(4,116)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>96,019</b>	<b>118,137</b>	<b>25,247</b>	<b>108,434</b>	<b>124,956</b>	<b>124,956</b>	<b>95,425</b>	<b>95,879</b>	<b>96,886</b>	<b>74,382</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE	2,400	3,022	-					-	-	-
Decrease (increase) in non-current receivables	-	150	-					-	-	-
Decrease (increase) in non-current investments								-	-	-
<b>Payments</b>										
Capital assets	(106,372)	(48,052)	(85,303)	(87,593)	(87,918)	(87,918)	(55,146)	(77,297)	(82,266)	(75,708)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(103,972)</b>	<b>(44,880)</b>	<b>(85,303)</b>	<b>(87,593)</b>	<b>(87,918)</b>	<b>(87,918)</b>	<b>(55,146)</b>	<b>(77,297)</b>	<b>(82,266)</b>	<b>(75,708)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans								-	-	-
Borrowing long term/refinancing				(500)	(500)	(500)	-	-	-	-
Increase (decrease) in consumer deposits	-	124	196					(3,247)	(3,247)	(3,247)
<b>Payments</b>										
Repayment of borrowing	(6,900)	(9,147)	(9,670)	(10,980)	(10,980)	(10,980)	(7,196)	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(6,900)</b>	<b>(8,843)</b>	<b>(7,948)</b>	<b>(11,480)</b>	<b>(11,480)</b>	<b>(11,480)</b>	<b>(7,196)</b>	<b>(3,247)</b>	<b>(3,247)</b>	<b>(3,247)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(14,823)</b>	<b>17,952</b>	<b>(22,247)</b>	<b>9,361</b>	<b>25,558</b>	<b>25,558</b>	<b>33,082</b>	<b>15,335</b>	<b>11,374</b>	<b>(4,572)</b>
Cash/cash equivalents at the year begin:	21,048	6,245	24,177	1,929	1,929	1,929	1,929	11,291	26,626	38,000
<b>Cash/cash equivalents at the year end:</b>	<b>6,245</b>	<b>24,177</b>	<b>1,929</b>	<b>11,291</b>	<b>27,487</b>	<b>27,487</b>	<b>35,012</b>	<b>26,626</b>	<b>38,000</b>	<b>33,428</b>

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

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash level of the Municipality is projected to consistently increase, however the achievement of these results, requires implementation of stringent credit control.
4. The 2021/22 MTREF has been informed by the planning principle of ensuring adequate cash and cash equivalent over the medium-term and as a result, the Cash and Investment management policy is now in place.
5. Capital assets payment is exclusive of retention 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. 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 14 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/21	Budget Year +2 2023/24
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	6,194	70,428	(44,548)	11,291	27,487	27,487	35,012	26,626	38,000	33,428
Other current investments > 90 days	31	(46,251)	46,478	9,065	(4,674)	(4,674)	0	-	-	(0)
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>6,225</b>	<b>24,177</b>	<b>1,929</b>	<b>20,356</b>	<b>22,813</b>	<b>22,813</b>	<b>35,012</b>	<b>26,626</b>	<b>38,000</b>	<b>33,428</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers	915	23,851	5,616	3,452	452	452	325	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements										
Other working capital requirements	53,269	28,914	5,151	2,376	3,635	3,635	(52,231)	13,644	25,570	18,461
Other provisions										
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments					10,000	10,000	10,000	10,000	10,000	10,000
<b>Total Application of cash and investments:</b>	<b>54,184</b>	<b>52,765</b>	<b>10,767</b>	<b>5,828</b>	<b>14,087</b>	<b>14,087</b>	<b>(41,906)</b>	<b>23,644</b>	<b>35,570</b>	<b>28,461</b>
<b>Surplus(shortfall)</b>	<b>(47,960)</b>	<b>(28,589)</b>	<b>(8,838)</b>	<b>14,528</b>	<b>8,727</b>	<b>8,727</b>	<b>76,917</b>	<b>2,982</b>	<b>2,430</b>	<b>4,967</b>

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

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

**Table 15 MBRR Table A9 - Asset Management: New and Renewal of existing assets**

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/21	Budget Year +2 2023/24
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	57 060	54 192	69 514	24 589	19 053	19 053	25 268	15 125	13 000
Roads Infrastructure	39 865	34 057	51 346	-	-	-	500	600	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	12 946	13 487	16 111	20 000	15 000	15 000	21 348	11 000	11 000
Solid Waste Infrastructure	-	-	-	-	-	-	200	-	900
<b>Infrastructure</b>	<b>52 811</b>	<b>47 545</b>	<b>67 457</b>	<b>20 000</b>	<b>15 000</b>	<b>15 000</b>	<b>22 048</b>	<b>11 600</b>	<b>11 900</b>
<b>Community Facilities</b>	-	-	-	-	-	-	600	-	-
Community Assets	-	-	-	-	-	-	600	-	-
<b>Operational Buildings</b>	-	4 947	-	2 339	2 199	2 199	-	-	-
Other Assets	-	4 947	-	2 339	2 199	2 199	-	-	-
<b>Computer Equipment</b>	749	1 000	38	250	250	250	460	1 100	550
<b>Furniture and Office Equipment</b>	362	400	526	800	800	800	460	1 100	550
<b>Machinery and Equipment</b>	3 138	300	1 492	1 200	804	804	900	1 325	-
<b>Transport Assets</b>	-	-	-	-	-	-	800	-	-
<b>Total Renewal of Existing Assets</b>	<b>42 569</b>	<b>41 466</b>	<b>10 527</b>	<b>47 540</b>	<b>52 573</b>	<b>52 573</b>	<b>39 290</b>	<b>40 075</b>	<b>28 554</b>
Roads Infrastructure	42 135	40 944	10 527	39 222	51 753	51 753	39 250	40 075	28 554
Solid Waste Infrastructure	-	-	-	7 719	100	100	-	-	-
Infrastructure	42 135	40 944	10 527	46 940	51 853	51 853	39 250	40 075	28 554
<b>Community Facilities</b>	-	522	-	600	720	720	-	-	-
Community Assets	-	522	-	600	720	720	-	-	-
<b>Operational Buildings</b>	434	-	-	-	-	-	-	-	-
Other Assets	434	-	-	-	-	-	-	-	-
<b>Total Upgrading of Existing Assets</b>	<b>7 934</b>	<b>1 600</b>	<b>12 127</b>	<b>17 150</b>	<b>16 750</b>	<b>16 750</b>	<b>24 374</b>	<b>39 406</b>	<b>45 510</b>
Roads Infrastructure	-	-	10 828	16 150	15 950	15 950	13 184	35 106	44 510
Electrical Infrastructure	-	-	-	-	-	-	340	400	-
Solid Waste Infrastructure	-	1 600	-	-	-	-	10 850	1 000	1 000
<b>Infrastructure</b>	-	<b>1 600</b>	<b>10 828</b>	<b>16 150</b>	<b>15 950</b>	<b>15 950</b>	<b>24 174</b>	<b>36 506</b>	<b>45 510</b>
Community Facilities	-	-	-	1 000	800	800	200	2 900	-
Sport and Recreation Facilities	7 829	-	-	-	-	-	-	-	-
<b>Community Assets</b>	<b>7 829</b>	-	-	<b>1 000</b>	<b>800</b>	<b>800</b>	<b>200</b>	<b>2 900</b>	-
Operational Buildings	105	-	1 299	-	-	-	-	-	-
Other Assets	105	-	1 299	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	<b>107 563</b>	<b>97 258</b>	<b>92 168</b>	<b>89 280</b>	<b>88 377</b>	<b>88 377</b>	<b>88 692</b>	<b>94 606</b>	<b>87 064</b>
Roads Infrastructure	82 000	75 001	72 701	55 372	67 703	67 703	52 934	75 781	73 084
Electrical Infrastructure	12 946	13 487	16 111	20 000	15 000	15 000	21 688	11 400	11 000
Solid Waste Infrastructure	-	1 600	-	7 719	100	100	10 850	1 000	1 900
<b>Infrastructure</b>	<b>94 946</b>	<b>90 089</b>	<b>88 812</b>	<b>83 090</b>	<b>82 803</b>	<b>82 803</b>	<b>85 472</b>	<b>88 181</b>	<b>85 984</b>
Community Facilities	-	522	-	1 600	1 520	1 520	800	2 900	-
Sport and Recreation Facilities	7 829	-	-	-	-	-	-	-	-
Community Assets	7 829	522	-	1 600	1 520	1 520	800	2 900	-
<b>Operational Buildings</b>	539	4 947	1 299	2 339	2 199	2 199	-	-	-
<b>Other Assets</b>	539	4 947	1 299	2 339	2 199	2 199	-	-	-
<b>Computer Equipment</b>	749	1 000	38	250	250	250	460	1 100	550
<b>Furniture and Office Equipment</b>	362	400	526	800	800	800	460	1 100	550
<b>Machinery and Equipment</b>	3 138	300	1 492	1 200	804	804	900	1 325	-
<b>Transport Assets</b>	-	-	-	-	-	-	800	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>107 563</b>	<b>97 258</b>	<b>92 168</b>	<b>89 280</b>	<b>88 377</b>	<b>88 377</b>	<b>88 692</b>	<b>94 606</b>	<b>87 064</b>

Table 16 MBRR Table A9 - Asset Management: Upgrading of existing assets and total capital expenditure

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/21	Budget Year +2 2023/24
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>1 069 469</b>	<b>1 109 211</b>	<b>1 271 742</b>	<b>1 275 785</b>	<b>1 275 785</b>	<b>1 164 837</b>	<b>1 267 296</b>	<b>1 276 485</b>	<b>1 266 266</b>
Roads Infrastructure	594 077	659 258	606 366	696 228	701 917	701 917	702 619	703 322	704 025
Electrical Infrastructure	43 047	70 480	46 351	74 655	74 655	74 655	74 730	74 804	74 879
Solid Waste Infrastructure		4 080	11 708	16 232	15 256	15 256	15 272	15 287	15 302
Infrastructure	637 123	733 798	664 425	787 115	791 828	791 828	792 620	793 413	794 206
Community Assets	20 782		18 203	92 705	92 625	92 625	92 718	92 811	92 904
Heritage Assets			463	463	463	463	464	464	465
Investment properties			60 324	48 000	48 000	48 000	60 343	60 343	60 343
Other Assets	234 948	375 413	504 590	76 056	71 872	39 076	49 884	57 916	46 539
Intangible Assets			31	30	30	30	31	31	31
Computer Equipment			1 424	3 796	3 796	3 796	3 800	3 803	3 807
Furniture and Office Equipment			2 045	2 636	2 636	2 636	2 639	2 641	2 644
Machinery and Equipment			5 120	30 104	29 654	29 654	29 684	29 714	29 744
Transport Assets	176 616		15 116	234 879	234 879	156 727	235 114	235 349	235 584
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>1 069 469</b>	<b>1 109 211</b>	<b>1 271 742</b>	<b>1 275 785</b>	<b>1 275 785</b>	<b>1 164 837</b>	<b>1 267 296</b>	<b>1 276 485</b>	<b>1 266 266</b>
<b>EXPENDITURE OTHER ITEMS</b>	<b>65 959</b>	<b>61 555</b>	<b>66 992</b>	<b>70 536</b>	<b>80 363</b>	<b>80 363</b>	<b>71 865</b>	<b>74 972</b>	<b>76 425</b>
Depreciation	53 654	51 181	56 343	55 163	57 163	57 163	58 392	60 845	63 522
<b>Repairs and Maintenance by Asset Class</b>	<b>12 305</b>	<b>10 374</b>	<b>10 649</b>	<b>15 373</b>	<b>23 200</b>	<b>23 200</b>	<b>13 472</b>	<b>14 127</b>	<b>12 903</b>
Roads Infrastructure	1 266	2 000	161	4 892	7 783	7 783	2 892	3 013	3 146
Electrical Infrastructure	1 891	1 000	2 180	1 845	3 689	3 689	3 233	3 369	3 517
Solid Waste Infrastructure	2 538	3 704	2 776	2 993	3 800	3 800	-	-	-
Infrastructure	5 694	6 704	5 119	9 729	15 272	15 272	6 125	6 382	6 663
Community Facilities	-	-	-	306	1 806	1 806	385	401	419
Community Assets	-	-	-	306	1 806	1 806	385	401	419
Operational Buildings	929	1 000	1 497	1 845	1 690	1 690	527	549	573
Other Assets	929	1 000	1 497	1 845	1 690	1 690	527	549	573
Licences and Rights	-	-	-	425	180	180	187	195	203
Intangible Assets	-	-	-	425	180	180	187	195	203
Machinery and Equipment	4 905	1 670	1 306	1 214	1 834	1 834	3 736	3 982	2 311
Transport Assets	777	1 000	2 727	1 854	2 418	2 418	2 513	2 618	2 733
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>65 959</b>	<b>61 555</b>	<b>66 992</b>	<b>70 536</b>	<b>80 363</b>	<b>80 363</b>	<b>71 865</b>	<b>74 972</b>	<b>76 425</b>
Renewal and upgrading of Existing Assets as % of total capex	47.0%	44.3%	24.6%	72.5%	78.4%	78.4%	71.6%	84.0%	85.1%
Renewal and upgrading of Existing Assets as % of deprecn	94.1%	84.1%	40.2%	117.3%	121.3%	121.3%	109.0%	130.6%	116.6%
R&M as a % of PPE	1.3%	1.0%	1.0%	1.3%	1.9%	1.9%	1.1%	1.2%	1.1%
Renewal and upgrading and R&M as a % of PPE	6.0%	5.0%	3.0%	6.0%	7.0%	8.0%	6.0%	7.0%	7.0%

### 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 17 MBRR Table A10 – Service Delivery

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/21	Budget Year +2 2023/24
<b>Household service targets</b>									
<b>Energy:</b>									
Electricity (at least min service level)	58 750	58 750	62 464	62 464	62 464	69 458	73 278	77 235	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	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	3 162
Below Minimum Service Level sub-total	3 000	3 126	3 895	3 895	3 895	3 480	3 000	3 162	3 162
<b>Total number of households</b>	<b>61 750</b>	<b>61 876</b>	<b>66 359</b>	<b>66 359</b>	<b>66 359</b>	<b>72 938</b>	<b>76 278</b>	<b>80 397</b>	<b>80 397</b>
<b>Refuse:</b>									
Removed at least once a week	-	5 148	16 042	16 042	16 042	6 611 534	6 611 534	6 611 534	11 534
Minimum Service Level and Above sub-total	-	5 148	16 042	16 042	16 042	6 611 534	6 611 534	6 611 534	11 534
Removed less frequently than once a week	-	394	400	405	405	405	406	406	406
Using communal refuse dump	-	1 993	1 993	1 993	1 993	1 993	1 999	1 999	1 999
Using own refuse dump	4 836	38 712	38 712	38 712	38 712	42 524	42 525	42 525	42 525
Other rubbish disposal	-	703	703	703	703	703	704	704	704
No rubbish disposal	-	8 504	8 504	8 504	8 504	8 504	8 506	8 506	8 506
Below Minimum Service Level sub-total	4 836	50 306	50 312	50 317	50 317	54 129	54 140	54 140	54 140
<b>Total number of households</b>	<b>4 836</b>	<b>55 454</b>	<b>66 354</b>	<b>66 359</b>	<b>66 359</b>	<b>6 665 663</b>	<b>6 665 674</b>	<b>6 665 674</b>	<b>65 674</b>
<b>Households receiving Free Basic Service</b>									
Electricity/other energy (50kwh per household per month)	1 245	1 245	1 472	1 472	1 472	1 472	1 473	1 473	1 473
Refuse (removed at least once a week)	-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>									
Electricity/other energy (50kwh per indigent household per month)	-	-	-	1 121	1 220	1 220	4 367	4 550	4 750
Refuse (removed once a week for indigent households)	-	-	-	-	-	-	2 449	2 552	2 665
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 121</b>	<b>1 220</b>	<b>1 220</b>	<b>6 816</b>	<b>7 102</b>	<b>7 415</b>
<b>Highest level of free service provided per household</b>									
Property rates (R value threshold)	30 000	30 000	-	30 000	30 000	30 000	30 000	30 000	30 000
Electricity (kwh per household per month)	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 - section 17 of MPRA)	5 628	-	-	9 017	9 017	9 017	5 772	6 014	6 279
Electricity/other energy (in excess of 50 kwh per indigent household per month)	-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)	-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>	<b>5 628</b>	<b>-</b>	<b>-</b>	<b>9 017</b>	<b>9 017</b>	<b>9 017</b>	<b>5 772</b>	<b>6 014</b>	<b>6 279</b>

## 2 PART 2 – SUPPORTING DOCUMENTATION

### 2.1 Overview of the annual budget process

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

Due to COVID-19 pandemic, some of the activities in the process plan will be conducted through virtual meetings ,telephonic discussions and other electronic means.

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 2021/22 IDP by the end of May 2020. Below is the timetable for the IDP/ budget process for 2021/22 Municipal fiscal year.

## IDP/Budget Process Plan for the 2021/22 financial year

MONTH	ACTIVITY	Target date
<b>PREPARATORY PHASE</b>		
July 2020	<ul style="list-style-type: none"> <li>Review of previous year's IDP/Budget process with MTEF included.</li> <li>EXCO provides political guidance over the budget process and priorities that must inform preparations of the budget.</li> <li>Tabling of the draft 2021 - 2022 IDP and Budget process plan to IDP steering committee/technical committee for comments and inputs.</li> <li>Tabling of the 2021 - 2022 IDP and Budget process plan to council structures for approval</li> </ul>	1-31 July 2020  1-31 July 2020  15 July 2020  29 July 2020
August 2020	<ul style="list-style-type: none"> <li>Ward-to-Ward based analysis data collection</li> <li>4<sup>th</sup> Quarter Performance Lekgotla</li> <li>Submit AFS (Annual Financial Statements) for 2019/20 to AG.</li> <li>Submit 2019/20 cumulative Performance Report to AG &amp; Council Structures</li> </ul>	17 August 2020 - 30 September 2020  17 August 2020  31 August 2020  31 August 2020
<b>ANALYSIS PHASE</b>		
September 2020	<ul style="list-style-type: none"> <li>Council determines strategic objectives for service delivery through IDP review processes and the development of the next 3 year budget (including review of sector departments plans).</li> <li>Determine revenue projections and propose tariffs and draft initial allocations per function and department for 2021/22 financial year.</li> <li>Consult with provincial and national sector departments on sector specific programmes for alignment (schools, libraries, clinics, water, electricity, roads, etc.).</li> <li>Finalize ward based data compilation for verification in December 2020</li> </ul>	01 September 2020 - December 2020
<b>STRATEGIES PHASE</b>		
October 2020	<ul style="list-style-type: none"> <li>Quarterly (1st) review of 2020/21 budget, related policies, amendments (if necessary), any related consultative process.</li> <li>Collate information from ward based data.</li> </ul>	23 October 2020  1-31 October 2020

	<ul style="list-style-type: none"> <li>Begin preliminary preparations on proposed budget for 2021/22 financial year with consideration being given to partial performance of 2020/21.</li> <li>1ST Quarter Performance Lekgotla (2020/21)</li> </ul>	1-31 October 2020  30 October 2020
	<b>PROJECTS PHASE</b>	
November 2020	<ul style="list-style-type: none"> <li>Confirm IDP projects with district and sector departments.</li> <li>Engage with sector departments' strategic sessions to test feasibility of attendance to planned sessions.</li> <li>Review and effect changes on initial IDP draft.</li> </ul>	1-30 November 2020
	<b>INTEGRATION PHASE</b>	
December 2020	<ul style="list-style-type: none"> <li>Consolidated Analysis Phase report in place</li> <li>IDP Steering/technical Committee meeting to present the analysis phase data</li> <li>IDP Representative Forum to present the analysis report</li> </ul>	04 December 2020  08 December 2020  14 December 2020
January 2021	<ul style="list-style-type: none"> <li>Review budget performance and prepare for adjustment</li> <li>Table Draft 2019/20 Annual Report to Council.</li> <li>Submit Draft Annual Report to AG, Provincial Treasury and COGHSTA.</li> <li>Publish Draft Annual Report in the municipal jurisdiction (website etc.).</li> <li>Prepare Oversight Report for the 2019/20 financial year.</li> <li>Mid-Year Performance Lekgotla/Review/Strategic Planning Session, (review of IDP/Budget, related policies and consultative process)</li> </ul>	11-22 January 2021  25 January 2021  18 January 2021
February 2021	<ul style="list-style-type: none"> <li>Mid- year performance bilateral</li> <li>Table Budget Adjustment.</li> <li>Submission of Draft IDP/Budget for 2020/21 to Management.</li> <li>Submission of Draft IDP/Budget and plans to Portfolio Committees.</li> <li>Submission of 2021/22 Adjustment Budget to Budget Steering Committee</li> <li>Adjusted budget/IDP/SDBIP 2020/2021</li> </ul>	26 February 2021  11 February 2021  11 - 12 February 2021  18-19 February 2021  23 February 2021  26 February 2021
March 2021	<ul style="list-style-type: none"> <li>mSCOA – capturing of draft budget on the financial system</li> <li>Submission of 2021/22 Draft Budget to Budget Steering Committee</li> <li>Submission of 2021-2022 Draft IDP and Budget to EXCO</li> </ul>	18 March 2021  31 March 2021

	<ul style="list-style-type: none"> <li>• Council considers the 2021-2022 Draft IDP and Budget.</li> <li>• Adoption of Oversight Report for 2019-2020.</li> </ul>	31 March 2021
		31 March 2021
	<b>APPROVAL PHASE</b>	
April 2021	<ul style="list-style-type: none"> <li>• Submit 2021-2022 Draft IDP and Budget to the National Treasury, Provincial Treasury and COGHSTA in both printed &amp; electronic formats.</li> <li>• Quarterly (3rd) review of 2020-2021 budget/IDP and related policies' amendment (if necessary) and related consultative process.</li> <li>• IDP Representative Forum meeting to present the draft 2021-2022 IDP to various stakeholders</li> <li>• Consultation with community and other stakeholder on the draft 2021-2022 IDP/Budget, tariffs, indigents, credit control and free basic services</li> <li>• 3rd Quarter Performance Lekgotla (2020/21)</li> </ul>	06 April 2021 28 April 2021 12 April 2021 17 April 2021 -10 May 2021 16 April 2020
May 2021	<ul style="list-style-type: none"> <li>• Draft Budget bilateral with LPT</li> <li>• MSCOA – finalize budget capturing on the financial system</li> <li>• Submission of 2021-2022 Final Budget to Budget Steering Committee</li> <li>• Final Budget/IDP/SDBIP 2021/2022</li> <li>• Submission of Final Draft IDP/Budget for 2021/22 to EXCO.</li> <li>• Submission of Final Draft IDP/Budget for 2021/22 to the Council for approval.</li> <li>• Develop Performance Agreements (Performance Plans) of MM, Senior Managers and Middle Managers for 2021-2022 performance year.</li> </ul>	15 May 2021 30 May 2021
June 2021	<ul style="list-style-type: none"> <li>• Submission of the SDBIP to the Mayor.</li> <li>• Submission of 2021-2022 Performance Agreements to the Mayor.</li> <li>• Submission of approved budget, SDBIP and IDP to Treasury</li> </ul>	1-30 June 2021

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

The IDP Process Plan and the Budget Time Schedule for the 2021/22 MTREF was tabled in Council in August 2020.

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 2021/22 MTREF based on the approved 2019/20 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 2021/22 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 2020/21 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 2021/22 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 2021/22 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 (2020/21)
- The approved 2020/21 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 108 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 coordinate 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.

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



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

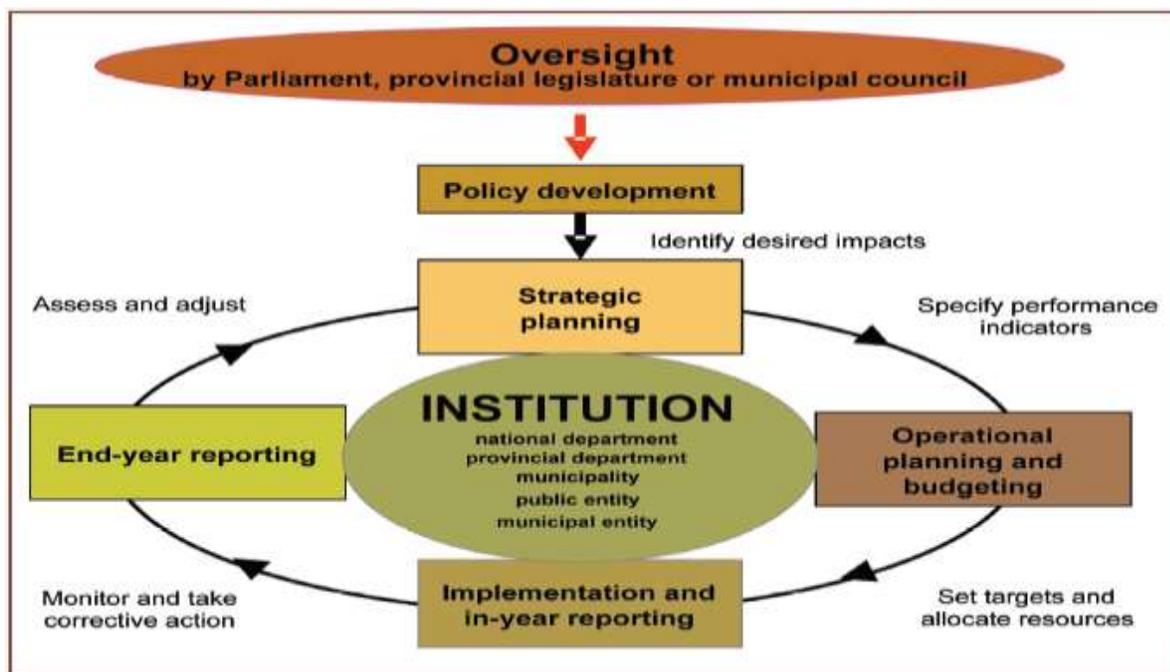
The social package assists residents that have difficulty in paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality.

For the 2021/22 financial year registered indigents have been provided for in the budget and the indigent-base is expected to steadily increase in the MTREF period. In terms of the Municipality's indigent policy registered households are entitled to 50 kwh of electricity, free waste removal, as well as special property rates rebates. Special discount on property rates will also be given to pensioners.

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

### 2.3 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.

## **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 2021/22 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

### 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.

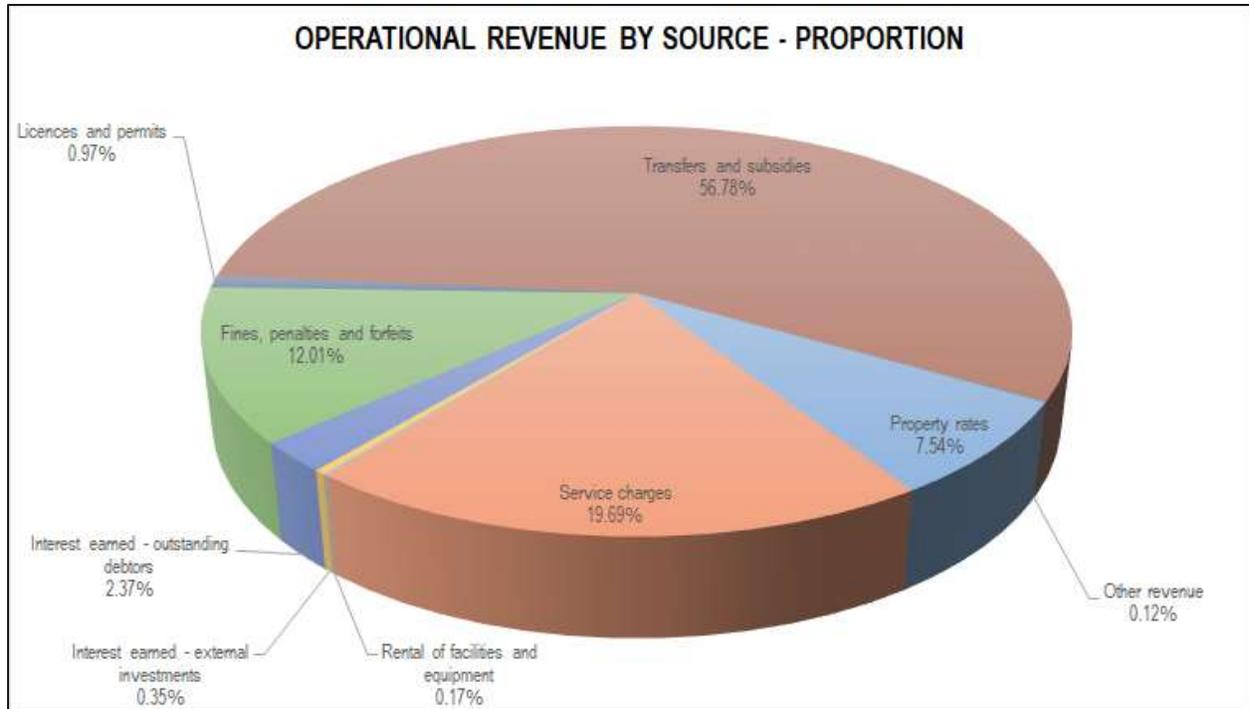
### Ability of the municipality to spend and deliver on the programmes

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 2021/22 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 R11, 891 million in 2021/22 that is not relatively enough.



**Figure 5 Breakdown of operating revenue over the 2021/22 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 2021/22 MTREF on the different revenue categories are:

- Property rates
- Refuse removal
- Electricity
- Other

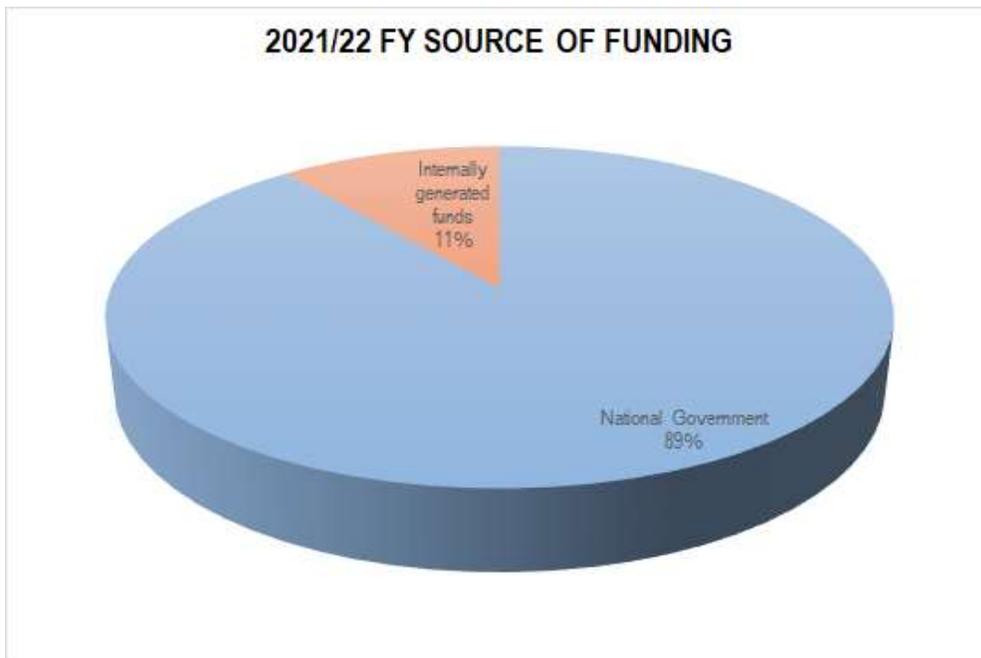
## 2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2021/22 medium-term capital programme:

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

Vote Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Funded by:</b>										
<b>National Government</b>	83 864	62 910	56 721	74 561	69 561	69 561	46 071	79 332	72 606	55 964
Provincial Government		18 931	21 471							
District Municipality										
Transfers and subsidies - capital (monetary allocations)										
Transfers recognised - capital	83 864	81 841	78 193	74 561	69 561	69 561	46 071	79 332	72 606	55 964
Borrowing										
Internally generated funds	23 699	15 417	13 975	14 719	18 816	18 816	9 076	9 560	22 000	31 100
<b>Total Capital Funding</b>	<b>107 563</b>	<b>97 258</b>	<b>92 168</b>	<b>89 280</b>	<b>88 377</b>	<b>88 377</b>	<b>55 146</b>	<b>88 892</b>	<b>94 606</b>	<b>87 064</b>

The above table is graphically represented as follows for the 2021/22 financial year.



**Figure 6 Breakdown of the source of funding for 2021/22 MTREF**

Capital grants and receipts equate to 89% of the total funding source which represents R79, 332 million for the 2021/22 financial year and decreases to R72, 606 million and R55, 964 million in 2022/23 and 2023/24 financial years respectively. Only 11% of capital budgets is funded from internally generated revenue.

## 2.7 Expenditure on grants and reconciliation of unspent funds

Table 34 MBRR SA18 - Transfers and Grants Receipts

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>226 163</b>	<b>245 278</b>	<b>273 214</b>	<b>293 320</b>	<b>351 806</b>	<b>351 806</b>	<b>307 637</b>	<b>322 626</b>	<b>316 577</b>
Local Government Equitable Share	223 019	237 506	269 009	289 039	347 525	347 525	302 788	319 776	313 727
Finance Management	1 700	1 770	2 235	2 600	2 600	2 600	2 650	2 850	2 850
EPWP Incentive	1 444	1 002	1 374	1 681	1 681	1 681	2 199	-	-
Disaster Relief Grant			596	-	-	-	-	-	-
Energy Efficiency and Demand Management	-	5 000	-	-	-	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Total Operating Transfers and Grants</b>	<b>226 163</b>	<b>245 278</b>	<b>273 214</b>	<b>293 320</b>	<b>351 806</b>	<b>351 806</b>	<b>307 637</b>	<b>322 626</b>	<b>316 577</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	<b>81 860</b>	<b>70 766</b>	<b>70 685</b>	<b>74 561</b>	<b>69 561</b>	<b>69 561</b>	<b>79 332</b>	<b>72 606</b>	<b>76 364</b>
Municipal Infrastructure Grant (MIG)	66 860	60 769	51 731	54 561	54 561	54 561	57 984	62 606	65 364
Intergrated National Electrification Grant	15 000	9 997	18 954	20 000	15 000	15 000	21 348	10 000	11 000
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>21 771</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Coghsta - Development			21 771						
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Total Capital Transfers and Grants</b>	<b>81 860</b>	<b>70 766</b>	<b>92 456</b>	<b>74 561</b>	<b>69 561</b>	<b>69 561</b>	<b>79 332</b>	<b>72 606</b>	<b>76 364</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>308 023</b>	<b>316 044</b>	<b>365 670</b>	<b>367 881</b>	<b>421 367</b>	<b>421 367</b>	<b>386 969</b>	<b>395 232</b>	<b>392 941</b>

Table 35 MBRR SA19 - Expenditure on transfers and grants expenditure

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>EXPENDITURE:</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>226 163</b>	<b>245 278</b>	<b>273 214</b>	<b>293 916</b>	<b>351 806</b>	<b>351 806</b>	<b>307 637</b>	<b>322 626</b>	<b>316 577</b>
Local Government Equitable Share	223 019	237 506	269 009	289 039	347 525	347 525	302 788	319 776	313 727
Finance Management	1 700	1 770	2 235	2 600	2 600	2 600	2 650	2 850	2 850
EPWP Incentive	1 444	1 002	1 374	1 681	1 681	1 681	2 199	-	-
Disaster Relief Grant	-	-	596	596	-	-	-	-	-
Energy Efficiency and Demand Management	-	5 000	-	-	-	-	-	-	-
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Total operating expenditure of Transfers and Grants:</b>	<b>226 163</b>	<b>245 278</b>	<b>273 214</b>	<b>293 916</b>	<b>351 806</b>	<b>351 806</b>	<b>307 637</b>	<b>322 626</b>	<b>316 577</b>
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>97 901</b>	<b>70 766</b>	<b>73 875</b>	<b>74 561</b>	<b>69 561</b>	<b>69 561</b>	<b>79 332</b>	<b>72 606</b>	<b>76 364</b>
Municipal Infrastructure Grant (MIG)	82 722	60 769	54 921	54 561	54 561	54 561	57 984	62 606	65 364
Intergrated National Electrification Grant	15 179	9 997	18 954	20 000	15 000	15 000	21 348	10 000	11 000
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>21 471</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Coghsta - Development	-	-	21 471	-	-	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Total capital expenditure of Transfers and Grants</b>	<b>97 901</b>	<b>70 766</b>	<b>95 346</b>	<b>74 561</b>	<b>69 561</b>	<b>69 561</b>	<b>79 332</b>	<b>72 606</b>	<b>76 364</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>324 064</b>	<b>316 044</b>	<b>368 560</b>	<b>368 477</b>	<b>421 367</b>	<b>421 367</b>	<b>386 969</b>	<b>395 232</b>	<b>392 941</b>

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

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Operating transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year									
Current year receipts	226 163	245 278	273 218	293 916	351 806	351 806	307 637	322 626	316 577
Conditions met - transferred to revenue	226 163	245 278	273 218	293 916	351 806	351 806	307 637	322 626	316 577
<b>Conditions still to be met - transferred to liabilities</b>									
<b>Provincial Government:</b>									
N/A									
<b>District Municipality:</b>									
Conditions still to be met - transferred to liabilities									
<b>Other grant providers:</b>									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
<b>Total operating transfers and grants revenue</b>	<b>226 163</b>	<b>245 278</b>	<b>273 218</b>	<b>293 916</b>	<b>351 806</b>	<b>351 806</b>	<b>307 637</b>	<b>322 626</b>	<b>316 577</b>
<b>Total operating transfers and grants - CTBM</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year									
Current year receipts	83 864	81 841	56 422	74 561	69 561	69 561	79 332	72 606	55 964
Conditions met - transferred to revenue	83 864	81 841	56 422	74 561	69 561	69 561	79 332	72 606	55 964
<b>Conditions still to be met - transferred to liabilities</b>									
<b>Provincial Government:</b>									
Balance unspent at beginning of the year									
<b>Current year receipts</b>			21 771						
Conditions met - transferred to revenue	-	-	21 771	-	-	-	-	-	-
<b>District Municipality:</b>									
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Total capital transfers and grants revenue	83 864	81 841	78 193	74 561	69 561	69 561	79 332	72 606	55 964
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>310 027</b>	<b>327 119</b>	<b>351 410</b>	<b>368 477</b>	<b>421 367</b>	<b>421 367</b>	<b>386 969</b>	<b>395 232</b>	<b>372 541</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Groups of Individuals</b>										
Free Basic Electricity	2,137,392	1,400,000	1,047,560	1,121,088	1,121,088	1,121,088	638,227	1,164,810	1,213,732	1,267,137
Retirement Benefit		814,498	4,701,571	1,895,944	1,895,944	1,895,944	1,091,216	2,099,761	2,187,951	2,284,221
External Bursaries		95,067	256,948	500,000	500,000	500,000	50,000	519,500	541,319	565,137
<b>Total Non-Cash Grants To Groups Of Individuals</b>	<b>2,137,392</b>	<b>2,309,565</b>	<b>6,006,079</b>	<b>3,517,032</b>	<b>3,517,032</b>	<b>3,517,032</b>	<b>1,779,443</b>	<b>3,784,071</b>	<b>3,943,002</b>	<b>4,116,494</b>
<b>TOTAL NON-CASH TRANSFERS AND GRANTS</b>	<b>2,137,392</b>	<b>2,309,565</b>	<b>6,006,079</b>	<b>3,517,032</b>	<b>3,517,032</b>	<b>3,517,032</b>	<b>1,779,443</b>	<b>3,784,071</b>	<b>3,943,002</b>	<b>4,116,494</b>
<b>TOTAL TRANSFERS AND GRANTS</b>	<b>2,137,392</b>	<b>2,309,565</b>	<b>6,006,079</b>	<b>3,517,032</b>	<b>3,517,032</b>	<b>3,517,032</b>	<b>1,779,443</b>	<b>3,784,071</b>	<b>3,943,002</b>	<b>4,116,494</b>

Table 38 presents the transfers and grants to be paid out by the municipality and figures presented in the 2021/22 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.

## 2.11 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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +2 2022/23	Budget Year +2 2023/24
<b>Capital expenditure on new assets by Asset Class</b>									
<b>Infrastructure</b>	52 811	47 545	67 457	20 000	15 000	15 000	22 048	11 600	11 900
<b>Roads Infrastructure</b>	39 865	34 057	51 346	-	-	-	500	600	-
Roads	39 865	34 057	51 346				500	600	-
Road Structures									
Road Furniture									
Storm water Conveyance									
<b>Electrical Infrastructure</b>	12 946	13 487	16 111	20 000	15 000	15 000	21 348	11 000	11 000
MV Switching Stations									
MV Networks	12 946	13 487	16 111	20 000	15 000	15 000	21 348	11 000	11 000
Capital Spares									
<b>Solid Waste Infrastructure</b>	-	-	-	-	-	-	200	-	900
Landfill Sites							-	-	200
Waste Processing Facilities									
Waste Drop-off Points							-	-	700
Capital Spares							200	-	-
<b>Community Assets</b>	-	-	-	-	-	-	600	-	-
Community Facilities	-	-	-	-	-	-	600	-	-
Centres							600	-	-
<b>Other assets</b>	-	4 947	-	2 339	2 199	2 199	-	-	-
Municipal Offices		4 947		600	770	770			
Workshops				1 739	1 429	1 429			
<b>Computer Equipment</b>	749	1 000	38	250	250	250	460	1 100	550
Computer Equipment	749	1 000	38	250	250	250	460	1 100	550
<b>Furniture and Office Equipment</b>	362	400	526	800	800	800	460	1 100	550
Furniture and Office Equipment	362	400	526	800	800	800	460	1 100	550
<b>Machinery and Equipment</b>	3 138	300	1 492	1 200	804	804	900	1 325	-
Machinery and Equipment	3 138	300	1 492	1 200	804	804	900	1 325	-
<b>Transport Assets</b>	-	-	-	-	-	-	800	-	-
Transport Assets							800	-	-
<b>Total Capital Expenditure on new assets</b>	57 060	54 192	69 514	24 589	19 053	19 053	25 268	15 125	13 000

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

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +2 2022/23	Budget Year +2 2023/24
<b>Capital expenditure on renewal of existing assets by Asset Class</b>									
<b>Infrastructure</b>	42 135	40 944	10 527	46 940	51 853	51 853	39 250	40 075	28 554
<b>Roads Infrastructure</b>	42 135	40 944	10 527	39 222	51 753	51 753	39 250	40 075	28 554
Roads	42 135	40 944	10 527	39 222	51 753	51 753	39 250	40 075	28 554
Road Structures									
Road Furniture									
Capital Spares									
<b>Electrical Infrastructure</b>	-	-	-	-	-	-	-	-	-
MV Networks									
Capital Spares									
<b>Solid Waste Infrastructure</b>	-	-	-	7 719	100	100	-	-	-
Landfill Sites	-	-	-	7 719	100	100			
Waste Transfer Stations									
Waste Drop-off Points									
<b>Community Assets</b>	-	522	-	600	720	720	-	-	-
Community Facilities	-	522	-	600	720	720	-	-	-
Cemeteries/Crematoria		522		600	720	720			
Parks									
<b>Sport and Recreation Facilities</b>	-	-	-	-	-	-	-	-	-
Indoor Facilities									
Outdoor Facilities									
Capital Spares									
<b>Other assets</b>	434	-	-	-	-	-	-	-	-
Operational Buildings	434	-	-	-	-	-	-	-	-
Municipal Offices	434								
Capital Spares									
<b>Computer Equipment</b>	-	-	-	-	-	-	-	-	-
Computer Equipment									
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment									
<b>Machinery and Equipment</b>	-	-	-	-	-	-	-	-	-
Machinery and Equipment									
<b>Transport Assets</b>	-	-	-	-	-	-	-	-	-
Transport Assets									
<b>Total Capital Expenditure on renewal of existing assets</b>	42 569	41 466	10 527	47 540	52 573	52 573	39 250	40 075	28 554
<b>Renewal of Existing Assets as % of total capex</b>	536.54%	42.63%	11.42%	53.25%	59.49%	59.49%	44.15%	42.36%	32.80%
<b>Renewal of Existing Assets as % of deprecn"</b>	79.34%	81.02%	18.68%	86.18%	91.97%	91.97%	67.22%	65.86%	44.95%

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

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +2 2022/23	Budget Year +2 2023/24
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	5 694	6 704	5 119	9 729	15 272	15 272	6 125	6 382	6 663
<b>Roads Infrastructure</b>	1 266	2 000	161	4 892	7 783	7 783	2 892	3 013	3 146
Roads	1 266	2 000	161	4 892	7 783	7 783	2 892	3 013	3 146
Road Structures									
Road Furniture									
Capital Spares									
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Storm water Conveyance									
<b>Electrical Infrastructure</b>	1 891	1 000	2 180	1 845	3 689	3 689	3 233	3 369	3 517
HV Substations									
HV Switching Station									
HV Transmission Conductors									
MV Substations									
MV Switching Stations									
MV Networks	1 891	1 000	2 180	1 845	3 689	3 689	3 233	3 369	3 517
Capital Spares									
<b>Solid Waste Infrastructure</b>	2 538	3 704	2 778	2 993	3 800	3 800	-	-	-
Landfill Sites	2 538	3 704	2 778	2 993	3 800	3 800	-	-	-
Waste Transfer Stations									
Waste Processing Facilities									
Waste Drop-off Points									
Capital Spares									
<b>Community Assets</b>	-	-	-	306	1 806	1 806	385	401	419
Community Facilities	-	-	-	306	1 806	1 806	385	401	419
Parks				306	1 806	1 806	385	401	419
<b>Other assets</b>	929	1 000	1 497	1 845	1 690	1 690	527	549	573
Operational Buildings	929	1 000	1 497	1 845	1 690	1 690	527	549	573
Municipal Offices	929	1 000	1 497	1 845	1 690	1 690	527	549	573
Stores									
Laboratories									
Capital Spares									
Intangible Assets	-	-	-	425	180	180	187	195	203
Servitudes									
Licences and Rights	-	-	-	425	180	180	187	195	203
<b>Solid Waste Licenses</b>									
Computer Software and Applications				425	180	180	187	195	203
<b>Computer Equipment</b>	-	-	-	-	-	-	-	-	-
Computer Equipment									
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment									
<b>Machinery and Equipment</b>	4 905	1 670	1 306	1 214	1 834	1 834	3 736	3 982	2 311
Machinery and Equipment	4 905	1 670	1 306	1 214	1 834	1 834	3 736	3 982	2 311
<b>Transport Assets</b>	777	1 000	2 727	1 854	2 418	2 418	2 513	2 618	2 733
Transport Assets	777	1 000	2 727	1 854	2 418	2 418	2 513	2 618	2 733
<b>Total Repairs and Maintenance Expenditure</b>	12 305	10 374	10 649	15 373	23 200	23 200	13 472	14 127	12 903
<b>R&amp;M as a % of PPE</b>	1.30%	1.00%	1.00%	1.30%	1.90%	1.90%	1.20%	1.20%	1.10%
<b>R&amp;M as % Operating Expenditure</b>	2.40%	2.30%	2.30%	3.00%	4.50%	4.50%	5.10%	2.70%	2.40%

Table 53 MBRR SA34d – Depreciation of Assets

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +2 2022/23	Budget Year +2 2023/24
<b>Depreciation by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>43 138</b>	<b>34 653</b>	<b>41 654</b>	<b>40 059</b>	<b>42 059</b>	<b>42 059</b>	<b>43 068</b>	<b>44 877</b>	<b>46 852</b>
<b>Roads Infrastructure</b>	<b>3 039</b>	<b>25 147</b>	<b>36 797</b>	<b>29 935</b>	<b>31 935</b>	<b>31 935</b>	<b>38 002</b>	<b>39 598</b>	<b>41 340</b>
Roads	3 039	25 147	36 797	29 935	31 935	31 935	38 002	39 598	41 340
Road Structures									
Storm water Infrastructure	(767)	3 712	4	3 953	3 953	3 953	399	415	434
Drainage Collection									
Storm water Conveyance	(767)	3 712	4	3 953	3 953	3 953	399	415	434
Attenuation									
<b>Electrical Infrastructure</b>	<b>40 326</b>	<b>5 166</b>	<b>4 156</b>	<b>5 501</b>	<b>5 501</b>	<b>5 501</b>	<b>3 954</b>	<b>4 120</b>	<b>4 302</b>
HV Substations									
HV Transmission Conductors							3 954	4 120	4 302
MV Networks	40 326	5 166	4 156	5 501	5 501	5 501	-	-	-
<b>Solid Waste Infrastructure</b>	<b>540</b>	<b>629</b>	<b>697</b>	<b>670</b>	<b>670</b>	<b>670</b>	<b>714</b>	<b>744</b>	<b>776</b>
Landfill Sites	540	629	697	670	670	670	714	744	776
Waste Drop-off Points									
Capital Spares									
<b>Community Assets</b>	<b>1 161</b>	<b>2 918</b>	<b>1 209</b>	<b>3 108</b>	<b>3 108</b>	<b>3 108</b>	<b>1 231</b>	<b>1 283</b>	<b>1 339</b>
Community Facilities	1 161	2 918	1 209	3 108	3 108	3 108	1 231	1 283	1 339
Cemeteries/Crematoria	1 161	2 918	1 209	3 108	3 108	3 108	-	-	-
Public Open Space							1 231	1 283	1 339
<b>Heritage assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>6</b>	<b>6</b>
Other Heritage							5	6	6
Other assets	5 033	2 180	4 079	500	500	500	4 140	4 314	4 504
<b>Operational Buildings</b>	<b>5 033</b>	<b>2 180</b>	<b>4 079</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>4 140</b>	<b>4 314</b>	<b>4 504</b>
Municipal Offices	5 033	2 180	4 079	500	500	500	4 140	4 314	4 504
Intangible Assets	-	378	1 169	402	402	402	51	53	55
Servitudes									
<b>Licences and Rights</b>	<b>-</b>	<b>378</b>	<b>1 169</b>	<b>402</b>	<b>402</b>	<b>402</b>	<b>51</b>	<b>53</b>	<b>55</b>
Water Rights									
<b>Computer Software and Applications</b>		<b>378</b>	<b>1 169</b>	<b>402</b>	<b>402</b>	<b>402</b>	<b>51</b>	<b>53</b>	<b>55</b>
Load Settlement Software Applications									
<b>Computer Equipment</b>	<b>526</b>	<b>1 518</b>	<b>644</b>	<b>1 616</b>	<b>1 616</b>	<b>1 616</b>	<b>692</b>	<b>721</b>	<b>753</b>
Computer Equipment	526	1 518	644	1 616	1 616	1 616	692	721	753
<b>Furniture and Office Equipment</b>	<b>685</b>	<b>3 817</b>	<b>672</b>	<b>3 390</b>	<b>3 390</b>	<b>3 390</b>	<b>590</b>	<b>614</b>	<b>641</b>
Furniture and Office Equipment	685	3 817	672	3 390	3 390	3 390	590	614	641
<b>Machinery and Equipment</b>	<b>1 394</b>	<b>2 175</b>	<b>3 066</b>	<b>2 316</b>	<b>2 316</b>	<b>2 316</b>	<b>2 864</b>	<b>2 984</b>	<b>3 115</b>
Machinery and Equipment	1 394	2 175	3 066	2 316	2 316	2 316	2 864	2 984	3 115
<b>Transport Assets</b>	<b>1 716</b>	<b>3 542</b>	<b>3 849</b>	<b>3 772</b>	<b>3 772</b>	<b>3 772</b>	<b>5 751</b>	<b>5 992</b>	<b>6 256</b>
Transport Assets	1 716	3 542	3 849	3 772	3 772	3 772	5 751	5 992	6 256
<b>Total Depreciation</b>	<b>53 654</b>	<b>51 181</b>	<b>56 343</b>	<b>55 163</b>	<b>57 163</b>	<b>57 163</b>	<b>58 392</b>	<b>60 845</b>	<b>63 522</b>

Table 54 MBRR SA34e – Upgrading of Existing Assets

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year+2 2022/23	Budget Year+2 2023/24
<b>Capital expenditure on upgrading of existing assets by Asset Class</b>									
<b>Infrastructure</b>	-	1 600	10 828	16 150	15 950	15 950	24 174	36 506	45 510
<b>Roads Infrastructure</b>	-	-	10 828	16 150	15 950	15 950	13 184	35 106	44 510
Roads			10 828	16 150	15 950	15 950	13 184	35 106	44 510
Road Structures									
Road Furniture									
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Drainage Collection									
Storm water Conveyance									
<b>Attenuation</b>									
Electrical Infrastructure	-	-	-	-	-	-	340	400	-
HV Substations									
MV Networks							-	400	-
Capital Spares							340	-	-
<b>Solid Waste Infrastructure</b>	-	1 600	-	-	-	-	10 650	1 000	1 000
Landfill Sites		1 600					10 650	1 000	1 000
Waste Drop-off Points									
Community Assets	7 829	-	-	1 000	800	800	200	2 900	-
<b>Community Facilities</b>	-	-	-	1 000	800	800	200	2 900	-
<b>Cemeteries/Crematoria</b>							-	1 500	-
Parks				1 000	800	800	200	1 400	-
Public Open Space									
<b>Sport and Recreation Facilities</b>	7 829	-	-	-	-	-	-	-	-
Indoor Facilities									
Outdoor Facilities	7 829	-							
Capital Spares									
<b>Other assets</b>	105	-	1 299	-	-	-	-	-	-
Operational Buildings	105	-	1 299	-	-	-	-	-	-
Municipal Offices			1 299						
<b>Computer Equipment</b>	-	-	-	-	-	-	-	-	-
Computer Equipment									
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment									
<b>Machinery and Equipment</b>	-	-	-	-	-	-	-	-	-
Machinery and Equipment									
<b>Transport Assets</b>	-	-	-	-	-	-	-	-	-
Transport Assets									
<b>Total Capital Expenditure on upgrading of existing asse</b>	7 934	1 600	12 127	17 150	16 750	16 750	24 374	39 406	45 510
<b>Upgrading of Existing Assets as % of total capex</b>	0.00%	1.65%	13.16%	19.21%	18.95%	18.95%	27.42%	41.65%	52.27%
<b>Upgrading of Existing Assets as % of deprechn"</b>	14.79%	3.13%	21.52%	31.09%	29.30%	29.30%	41.74%	64.76%	71.64%

Table 56 MBRR Table SA36–Capital project list

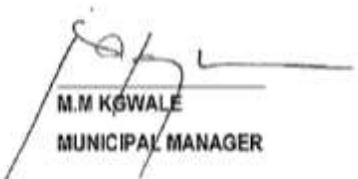
Project Description	Asset Class	Asset Sub-Class	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Forklift	Machinery and Equip	Machinery and Equip	600,000	-	-
Upgrading of Groblersdal Cemetry	Community Facilitie	Cemeteries/Cremato	-	1,500,000	-
Machinery and Equipment	Machinery and Equip	Machinery and Equip	-	500,000	-
Upgrading and Development of Parks	Community Facilitie	Parks	200,000	1,400,000	-
Disaster Management Centre & Emerg	Community Facilitie	Centres	600,000	-	-
Upgrading of Grblersdal Traffic Lights	Electrical Infrastruct	Capital Spares	340,000	-	-
Fencing: Main substation	Electrical Infrastruct	MV Networks	-	400,000	-
Aircons	Machinery and Equip	Transport Assets	300,000	400,000	-
Electrification of Ga Posa	Electrical Infrastruct	MV Networks	3,977,500	-	-
Electrification of Lenkwaneng Section	Electrical Infrastruct	MV Networks	-	-	1,098,000
Electrification of Magagamatala	Electrical Infrastruct	MV Networks	-	-	1,862,000
Electrification of Makaepa	Electrical Infrastruct	MV Networks	-	-	3,000,000
Electrification of Zumapark	Roads Infratructure	Roads	-	-	-
Electrification of Maleoskop 601	Electrical Infrastruct	MV Networks	646,500	3,160,000	-
Electrification of Maphepha	Electrical Infrastruct	MV Networks	5,920,000	-	-
Electrification of Masakaneng	Electrical Infrastruct	MV Networks	-	4,480,000	3,000,000
Electrification of Mashemong	Electrical Infrastruct	MV Networks	-	2,360,000	-
Electrification of Matlala Lehwelere	Electrical Infrastruct	MV Networks	3,977,500	-	-
Electrification of Mountain village	Electrical Infrastruct	MV Networks	-	-	900,000
Electrification of Ntswelemotse	Electrical Infrastruct	MV Networks	2,664,000	-	-
Electrification of Nyakelang Extension	Electrical Infrastruct	MV Networks	-	-	1,140,000
Electrification of Rondebosch (Mahloakgomo) 601	Electrical Infrastruct	MV Networks	1,295,000	-	-
Electrification of Viakfontein	Electrical Infrastruct	MV Networks	1,665,000	-	-
Installation of high mast lights in various	Electrical Infrastruct	MV Networks	1,202,500	-	-
Vehicles	Transport Assets	Transport Assets	-	1,000,000	-
Furniture and Office Equipment	Transport Assets	Transport Assets	800,000	-	-
Furniture and Office Equipment	Furniture and Office	Furniture and Office	460,000	1,100,000	550,000
Computer Equipment	Computer Equipme	Computer Equipmen	460,000	1,100,000	550,000
Groblersdal Lanfillsite	Solid Waste Infrastru	Landfill Sites	10,050,000	-	-
Machinery and Equipment	Machinery and Equip	Machinery and Equip	-	425,000	-
Culverts and Road signs 600	Roads Infratructure	Roads	500,000	600,000	-
Groblersdal - Roads & Street	Roads Infratructure	Roads	-	2,000,000	800,000
Kgapamadi road	Roads Infratructure	Roads	-	-	17,000,000
Upgrading of Motetema Streets	Roads Infratructure	Roads	2,500,000	3,575,000	-
Mpheleng Construction of Road	Roads Infratructure	Roads	-	-	9,954,000
Rehabilitaion of roads/streets in various	Roads Infratructure	Roads	2,000,000	2,500,000	800,000
Upgrading of Nyakurone Internal Acces	Roads Infratructure	Roads	-	8,337,000	9,000,000
Ugrading of Stompo Bus Road	Roads Infratructure	Roads	-	-	700,000
Road	Roads Infratructure	Roads	21,750,000	-	-
Upgrading of Bloompoot Road	Roads Infratructure	Roads	13,000,000	32,000,000	-
Road	Roads Infratructure	Roads	-	3,000,000	4,000,000
Access Road	Roads Infratructure	Roads	-	-	700,000
Access road (MIG)	Roads Infratructure	Roads	-	700,000	20,400,000
Upgrading of Masoing Bus route	Roads Infratructure	Roads	-	-	700,000
Upgrading of Ngolovane access road to	Roads Infratructure	Roads	-	800,000	9,010,000
Upgrading of Tafelkop stadium	Roads Infratructure	Roads	13,184,000	22,269,000	-
No Illegal Dumping	Solid Waste Infrastru	Capital Spares	200,000	-	-
Construction of Ramps	Solid Waste Infrastru	Landfill Sites	-	-	200,000
Upgrading of Rosennekal Concrete Roa	Solid Waste Infrastru	Landfill Sites	600,000	1,000,000	1,000,000
Construction of Slaps for Skip Bins	Solid Waste Infrastru	Waste Drop-off Point	-	-	300,000
Refuse Skip Bins	Solid Waste Infrastru	Waste Drop-off Point	-	-	400,000

## Quality certificate

I, KGWALE MAHLAGAUME MESHACK, the Municipal Manager of **ELIAS MOTSOLEDI LOCAL MUNICIPALITY**, hereby certify that the 2021/22 draft annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with Integrated Development Plan of the Municipality.

Print name: Kgwale Mahlagaume Meshack

Municipal Manager of Elias Motsoaledi Local Municipality (LIM 472)



M.M. KGWALE  
MUNICIPAL MANAGER