

SWARTLAND MUNICIPALITY

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2019/2020 TO 2021/2022



ANNUAL BUDGET OF SWARTLAND MUNICIPALITY

2019/2020 TO 2021/2022 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Part 1 – Annual Budget

1.1 Mayor's Report

The budget speech will be distributed directly after the council meeting.

1.2 Council Resolutions

The council resolutions pertaining to the approved multi-year capital and operating budgets, amended budget related policies, property rates, by-laws, tariffs and other charges for 2019/2020; 2020/2021 and 2021/2022 for specific purposes of giving effect to public participation, inclusive of the in-principle approval for the taking-up of a long-term loan for the partial funding of the Moorreesburg and Darling waste water treatment works and any other legislative determined information in respect of the new budget will be made available after the council meeting.

1.3 Executive Summary

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the Integrated Development Plan. National Treasury's MFMA Circular No. 93 and No.94 was also used to guide the compilation of the 2019/20 MTREF (Medium-term Revenue and Expenditure Framework).

As this budget constitutes the financial plan for the next 3 years, it naturally impacts on the community as a whole and it is thus extremely important to consult the community in a bid to create awareness and to gain support for joint ownership and responsibility in managing the municipality's financial affairs. Consequently, a compulsory period of community liaison shall follow up until 3 May 2019 before the final approval of this budget on 30 May 2019. Inputs and representations shall be considered prior to final approval after which consideration will be given in line with Section 23 of the MFMA whether the draft budget needs to be revised and amended.

Council's strategic objectives of service delivery include the continuation of an acceptable level of services, as well as improvement in those areas still in need of development. It remains a priority of the council to contain service delivery within the affordability levels of the community whilst focusing on the five strategic focus areas that council wish to strive to achieve over the next three years:

- Improved quality of life for citizens;
- Inclusive economic growth;
- Quality and sustainable living environment;
- Caring, competent and responsive institutions, organisations and business;
- Sufficient, affordable and well-run services.

To achieve the above, a balancing act is required between the set objectives and available financial resources, while taking into consideration the effect of tariff adjustments on the community as a whole, and more particularly the needs of the poor and vulnerable. In addition,

like as in the rest of the country we have not escaped the downturn in the economy, which has had a considerable influence to not only disposable income levels in our area, but has further lowered the level of unemployment and growth prospects. Economic challenges will continue to pressurise municipal revenue generation and collection hence a conservative approach is advised for projecting revenue. These circumstances make it essential for municipalities to reprioritise expenditure and implement stringent cost-containment measures, taking into account the requirements of National Treasury's MFMA Circular No. 93 and No. 94.

The following principles amongst other were highlighted in NT budget circulars 93 and 94 informing the Draft 2019/20 MTREF:

- *The 2019 Budget Review notes that, the NERSA tariff increases would be announced after the equitable share allocations had been calculated and tabled in the Division of Revenue Bill. In the absence of approved tariff increases for the period ahead, the equitable share formula allocations were calculated using the previously approved Multi-Year Price Determination of an 8 per cent annual bulk price increase for electricity in its calculations. We are however concerned as the informal assessment of the increases going forward, leans towards double digit increases over the MTREF and have in the interest of preparing a budget that is in touch with the current realities that ESKOM finds itself in, made provision for bulk purchases of 15.63% and 13.56% for electricity sale.*
- *The Circular also provides clarity and updates the December 2017 MFMA Circular No. 89 specifically with regards to long-term borrowing. National Treasury has taken the position that municipalities may not incur long-term debt to replenish internally generated funds which were spent in prior financial years, even if such spending was for capital expenditure. **In this regard budgets must be cash backed and able to generate surpluses.** Borrowing to replace municipal funds previously spent is inconsistent with section 46 of the MFMA, which provides that a municipality can only incur long-term debt for the purpose of capital expenditure on property, plant, and equipment to be used for lawful purposes, and in certain circumstances, for refinancing existing long-term debt. Borrowing proceeds must be used to fund current and future capital expenditure, and may not be attributed to expenditures in previous years.*
- *The Salary and Wage Collective Agreement for the period 01 July 2018 to 30 June 2021 dated 15 August 2018 through the South African Local Government Bargaining Council Circular No. 6 of 2018 should be used when budgeting for employee related costs for the 2019 MTREF. Municipalities are encouraged to perform an annual head count and payroll verification process by undertaking a once a year manual salary disbursement, in order to root out ghost employees. This exercise is effected on an annual basis.*
- *Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette No. 20 of 1998 on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance (DCoG). Any overpayment to councillors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of Section 167 of the MFMA and must be recovered from the councillor(s) concerned.*

- *The Macro-economic forecasts as illustrated below:*

Table 1: Macroeconomic performance and projections 2018 -2021				
Fiscal Year	2018/19 Estimates	2019/20	2020/21 Forecast	2021/22
Consumer Price Inflation (CPI)	4.7%	5.2%	5.4%	5.4%
Real GDP Growth	0.7%	1.5%	1.7%	2.1%

As a result of the economic landscape and weak tariff setting, municipalities are under pressure to generate additional revenue. The ability of customers to pay for services continue to decline, leading to limited revenue collection. Therefore, municipalities must consider the following when compiling their 2019/20 MTREF budgets:

- *improving the effectiveness of revenue management processes and procedures;*
- *paying special attention to cost containment measures by, amongst other things, controlling unnecessary spending on nice-to-have items and non-essential activities as was highlighted in MFMA Circular No. 82;*
- *ensuring value for money through the procurement process;*
- *the affordability of providing free basic services to all households; and*
- *curbing consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.*

IMPORTANT NOTE: Council, the public and other stakeholders must take note that the revenue figures, expenditure figures and growth rates as reported in the A-Schedules and Budget Report to National and Provincial Treasury which forms part of the budget documentation, will differ considerably from the figures mentioned in the Council Item and Resolution, due to the fact that departmental charges are accounted for differently. The end result however in respect of the surplus remains unchanged.

Taking all of the above into consideration, I submit to you the following estimated expenditure, summarised as follows:

TYPE	2018/2019 (R'000)	2019/2020 (R'000)	2020/2021 (R'000)	2021/2022 (R'000)
Capital expenditure	98 785	144 108	166 330	123 809
Operating expenditure	682 098	735 443	774 908	857 668
TOTAL	780 883	879 551	941 237	981 477

The increases in tariffs and service charges, in the main are influenced by the following, but not limited to the items below, over which council have little or no control over:

- Salary increases of around 6.5% excluding the 2.5% annual notch increase and other employee benefit increases such as housing subsidies, pension, medical aid contributions, etc. as determined at national bargaining level and outside the control of the municipality;
- Preliminary increase of around 15.63% in Eskom's bulk purchase price for electricity;
- An increase of 5.6% in the bulk purchase price for water (emergency measures excluded);
- Compulsory statutory provisions for devaluation of assets, bad debt, and sufficient GRAP provision for post-employment medical contributions and long service awards;
- Service delivery challenges / demands;
- Sale of water under pressure as a result of the much lower consumption levels;
- Worsening socio economic conditions and consumer profiles of communities.

POTENTIAL RISKS IMPACTING FINANCIAL PLANNING OVER THE MTREF AND ULTIMATELY THE INCOME MODELLING EXERCISE FORMING THE BASIS FOR THE MTREF:

- Planned anticipated revenue from the sale of water under pressure as a result of much lower consumption levels becoming the new norm;
- The upward pressure and multiplier effect of increases in staff salaries negotiated and agreed at National Level;
- The impact on the economy as a result of poor economic performance and unemployment.
- The impact of double digit Eskom increases and load shedding,

Keeping the above in mind, the following table is a consolidated overview of the 2019/20 Medium-term Revenue and Expenditure Framework:

Consolidated Overview of the 2019/20 MTREF (R'000)

R thousand	Current Year 2018/2019	2019/20 Medium Term Revenue & Expenditure Framework		
	Adjustment Budget	2019/2020 (R'000)	2020/2021 (R'000)	2021/2022 (R'000)
Total Operating Revenue	698 247	749 235	820 089	896 180
Total Operating Expenditure	682 098	735 443	774 908	857 668
Surplus / (Deficit) before capital transfers	16 149	13 792	45 181	38 512
Transfers Recognised Capital	51 972	68 161	71 936	40 439
Surplus / (Deficit) for the year	68 121	81 953	117 117	78 951

Total operating revenue **excluding capital grants and contributions** is expected to grow by 7.30 per cent or R 50 988 million for the 2019/20 financial year when compared to the 2018/19 Adjusted Budget. For the two outer years, operational revenue will increase by 9.46 and 9.28 per cent respectively, equating to total revenue growth of R 197 933 million over the MTREF (2019/20 to 2021/22). The outer years are based on available information at the time of compiling this report.

Total operating expenditure for the 2019/20 financial year has been appropriated at R 735 443 million and translates into a budgeted surplus of R13 792 million (before capital transfers). When compared to the 2018/19 financial year, operational expenditure is projected to grow by 7.82 per cent in the 2019/20 budget; 5.37 per cent in the 2020/21 budget and 10.68 per cent in the 2021/22 budget (based on current assumptions) equating to total expenditure growth of R 175 571 million over the MTREF (2019/20 to 2021/22).

However, if we **exclude the conditional and capital grant funding and related expenditure**, the following growth trends are noted.

%	Budget Yr	Budget Yr	Budget Yr
	2019/2020	2020/2021	2021/2022
Growth in Operating Revenue (Excluding Conditional & Capital Grants)	8.5%	10.5%	8.5%
Growth Operating Expenditure (Excluding Conditional Grants)	9.4%	6.3%	9.9%

The budgeted surplus excluding capital grants and contributions is a major step towards the operating budget of the municipality being self-sustainable, the municipality should on a continuous basis evaluate the financial performance of all departments to identify areas where revenue sources can be increased and non-priority spending can be decreased. As a minimum requirement, the trading services (Water-, Electricity-, Refuse- and Sanitation Departments) and departments with the ability to generate own revenue (such as the Traffic Department) should be cost reflective, thus not requiring the ratepayer to fund these operations through property taxes or cross subsidization.

The financial performance of all departments over the MTREF can be summarised as follow:

Vote Description	Budget Year 2019/2020			Budget Year 2020/2021			Budget Year 2021/2022		
R thousand	Revenue	Expenditure	Surplus / (Deficit)	Revenue	Expenditure	Surplus / (Deficit)	Revenue	Expenditure	Surplus / (Deficit)
Revenue & Expenditure by Vote									
Vote 1 - Corporate Services	10 953	30 242	(19 289)	11 437	31 561	(20 124)	10 989	33 889	(22 900)
1.1 - Administration	159	10 114	(9 955)	167	10 630	(10 463)	175	11 273	(11 097)
1.2 - Human Resources	629	5 512	(4 883)	275	5 463	(5 188)	302	5 934	(5 631)
1.3 - Libraries	9 846	9 151	694	10 657	9 675	982	10 153	10 435	(283)
1.4 - Marketing and Tourism	28	1 477	(1 449)	30	1 525	(1 496)	31	1 611	(1 579)
1.5 - Community Halls and Facilities	292	3 987	(3 695)	309	4 269	(3 959)	328	4 637	(4 309)
Vote 2 - Civil Services	212 105	258 252	(46 147)	220 313	248 668	(28 354)	243 675	270 783	(27 109)
2.1 - Administration	71	3 651	(3 580)		3 908	(3 908)		4 255	(4 255)
2.2 - Cemeteries	609	625	(16)	638	649	(10)	669	675	(6)
2.3 - Municipal Property Maintenance	714	14 912	(14 198)	756	11 574	(10 817)	802	12 340	(11 538)
2.4 - Parks and Recreational Areas	495	15 796	(15 301)		16 257	(16 257)		17 722	(17 722)
2.5 - Proclaimed Roads	4 479	10 888	(6 409)	287	328	(41)	8 294	8 520	(227)
2.6 - Refuse Removals	42 625	23 799	18 826	45 091	25 506	19 584	48 038	28 610	19 428
2.7 - Street Cleaning	111	4 916	(4 804)	118	5 228	(5 110)	125	5 554	(5 429)
2.8 - Solid Waste Disposal(Landfill Site)		6 507	(6 507)		6 818	(6 818)		7 284	(7 284)
2.9 - Sewerage Services	83 932	44 940	38 992	92 086	46 344	45 742	85 655	46 502	39 154
2.10 - Waste Water Treatment		7 028	(7 028)		7 461	(7 461)		7 975	(7 975)
2.11 - Sportgrounds	554	4 825	(4 271)	2 246	4 613	(2 367)	6 824	4 948	1 876
2.12 - Streets	192	37 651	(37 459)	109	38 351	(38 242)	114	40 260	(40 146)
2.13 - Stormwater	88	16 174	(16 086)		17 379	(17 379)		18 458	(18 458)
2.14 - Swimming Pools	300	2 282	(1 982)	328	2 434	(2 106)	359	2 622	(2 263)
2.15 - Water Distribution	77 935	64 259	13 676	78 655	61 818	16 837	92 795	65 058	27 737
Vote 3 - Council	260	16 944	(16 684)	263	18 088	(17 824)	266	19 099	(18 833)
3.1 - Council General Expenses	260	16 944	(16 684)	263	18 088	(17 824)	266	19 099	(18 833)
Vote 4 - Electricity Services	302 372	277 214	25 158	344 716	315 001	29 715	381 867	357 622	24 245
4.1 - Administration	-	1 648	(1 648)	-	1 769	(1 769)	-	1 917	(1 917)
4.2 - Distribution	302 372	261 684	40 688	344 716	298 071	46 645	381 867	339 377	42 490
4.3 - Street Lighting	-	1 564	(1 564)	-	1 671	(1 671)	-	1 799	(1 799)
4.4 - IT Services	-	12 318	(12 318)	-	13 490	(13 490)	-	14 529	(14 529)
Vote 5 - Financial Services	204 060	50 245	153 814	228 757	52 617	176 140	246 851	56 884	189 966
5.1 - Administration	-	1 915	(1 915)	-	2 048	(2 048)	-	2 224	(2 224)
5.2 - Finance	78 040 804	36 001	42 040	86 798 574	38 128	48 670	96 723 268	41 235	55 489
5.3 - Budget and Treasury	330	2 170	(1 840)		1 825	(1 825)		1 964	(1 964)
5.4 - Asset Management	-	1 181	(1 181)	-	1 175	(1 175)	-	1 298	(1 298)
5.5 - Grants and Subsidies - FMG	1 550	1 550		1 550	1 550		1 550	1 550	
5.6 - Fleet Management	-	962	(962)	-	1 021	(1 021)	-	1 117	(1 117)
5.7 - Property Rates	124 139	447	123 692	140 408	474	139 935	148 577	502	148 075
5.8 - Supply Chain Management	-	6 019	(6 019)	-	6 396	(6 396)	-	6 995	(6 995)

Vote Description	Budget Year 2019/2020			Budget Year 2020/2021			Budget Year 2021/2022		
R thousand	Revenue	Expenditure	Surplus / (Deficit)	Revenue	Expenditure	Surplus / (Deficit)	Revenue	Expenditure	Surplus / (Deficit)
Revenue & Expenditure by Vote									
Vote 6 - Development Services	43 562	24 901	18 661	41 227	27 645	13 582	7 600	31 811	(24 211)
6.1 - Administration	1	2 106	(2 105)	1	2 255	(2 254)	1	2 453	(2 452)
6.2 - Caravan parks - Yzerfontein	3 025	2 134	891	3 135	2 340	795	3 245	2 518	727
6.3 - Community Development	4 000	3 388	612	2 000	3 717	(1 717)		4 017	(4 017)
6.4 - Multi-Purpose Centres	60	1 424	(1 364)	137	1 659	(1 522)	28	1 693	(1 665)
6.5 - Planning and Valuations	856	7 635	(6 778)	887	7 092	(6 204)	925	7 439	(6 514)
6.6 - Building Control	2 730	2 966	(236)	2 833	3 163	(330)	2 940	3 449	(509)
6.7 - Housing	32 890	3 655	29 235	32 235	5 757	26 478	460	8 439	(7 978)
6.8 - Occupational Health and Safety	-	1 593	(1 593)	-	1 663	(1 663)	-	1 803	(1 803)
Vote 7 - Municipal Manager	-	7 208	(7 208)	-	7 509	(7 509)	-	8 276	(8 276)
7.1 - Administration	-	3 039	(3 039)	-	3 246	(3 246)	-	3 639	(3 639)
7.2 - Strategic Planning	-	2 311	(2 311)	-	2 298	(2 298)	-	2 519	(2 519)
7.3 - Internal Audit	-	1 858	(1 858)	-	1 965	(1 965)	-	2 118	(2 118)
Vote 8 - Protection Services	44 084	70 436	(26 351)	45 311	73 818	(28 507)	45 371	79 303	(33 933)
8.1 - Administration	-	2 205	(2 205)	-	2 270	(2 270)	-	2 487	(2 487)
8.2 - Civil Protection	-	300	(300)	-	300	(300)	-	300	(300)
8.3 - Fire Fighting	17 692	4 397	(4 379)	841 012	4 597	(3 756)	12	4 951	(4 951)
8.4 - Harbour Yzerfontein	12	80	(68)	13	85	(72)	13	89	(76)
8.5 - Road and Traffic Regulation	8 869	8 093	777	9 205	8 597	609	9 555	9 492	64
Total Revenue & Expenditure by Vote	817 396	735 443	81 953	892 025	774 908	117 117	936 619	857 668	78 951

According to Stats SA, the population of Swartland increased from 72,116 in 2001 to 113,762 in 2011 and to 133,762 in 2016 with the latter being informed by the 2016 Community Survey. The average growth rate was 4.7% per year between 2001 and 2011 and between 2011 and 2016; it decreased to 3.3% per year. While already faced with a housing and infrastructure backlog (similar to other municipalities in the country), this rapid growth rate places enormous strain on the municipality to keep up with the ever growing demand for housing and related services.

Council is thus tasked with a very important role to maintain their obligational duty placed upon them in terms of Section 152 of the constitution – to deliver high quality services to the community within the financial and administrative capabilities of the municipality.

The concept of “Quality Services” versus “Financial and Administrative Capabilities” can never be separated from the other, as bad services will ultimately lead to financial difficulties, while delivering services above the financial and administrative capabilities will ultimately lead to service delivery challenges. More commonly, this is referred to as “Council’s Balancing Act”. In view of the aforementioned, the municipality should always ensure that the capital program of the municipality does not compromise the financial sustainability of the municipality.

The municipality is in a very privileged position to be able to invest a total of R 203 710 million of its own funds over the 2019/20 MTREF.

The following capital program is proposed as final by the municipality:

Description	Adjustment Budget		2019/20 Medium Term Revenue & Expenditure Framework					
	2018/19 (R'000)	2018/19 %	2019/20 (R'000)	2019/20 %	2020/21 (R'000)	2020/21 %	2021/22 (R'000)	2021/22 %
Funded by:								
National Government	27 975	28%	31 301	22%	37 285	22%	40 429	33%
Provincial Government	21 747	22%	36 860	26%	34 651	21%	10	0%
Other transfers and grants	2 250	2%		0%		0%		0%
Borrowing		0%	22 631	16%	27 369	16%		0%
Internally generated funds	46 813	47%	53 315	37%	67 025	40%	83 370	67%
Total Capital Funding	98 785	100%	144 108	100%	166 330	100%	123 809	100%

The capital budget of R 144 108 million for 2019/20 is R 45 322 million more when compared to the adjusted budget for 2018/19 as a direct result of more grant expenditure and new borrowing that will be taken up. Capital expenditure increases to R 166 330 million in 2020/21 and reduces to R 123 809 million in 2021/22. The total concept application of the capital over the three fiscal years amount to **R 434 245** million. (An increase of **R62 361** million from the previous approved adjusted MTREF of R 371 884 million). This was deemed critical and appropriate given the multiplier effect that infrastructure investment has on the local economy.

Section 19(2)(b) requires a municipal council to consider future operational costs and revenues on Capital Budget projects, including the municipal tax and tariff implications, before approving projects individually or as part of a consolidated programme. To give effect to this requirement, the future operational cost and revenue of projects/programmes are reflected in the **attached Annexures**.

As a result of the fact that the partial financing for the upgrading of the Waste Water Treatment Works of Moorreesburg and Darling constitutes a capital external loan, Section 46 of the MFMA must be complied with first. The total envisaged capital loan amounts to R 50 000 000 which will be taken up by way of R 22 631 209 in 2019/20 and R 27 368 791 in 2020/21.

Due to the extent of the upgrade to the aforementioned Waste Water Treatment Works, it will have an impact on future Sanitation tariff increases which we calculated around 9.4% for year 4 (2022/2023) and with lower increases in the region of 7% for the future years to accommodate the additional loan repayments and operating running costs to the tune of ± R2.4 million being added from 2022/23 with the latter amount escalating around CPI in the subsequent years.

1.3.1 Financial indicators and benchmarks

The following table sets out the municipalities main performance objectives and benchmarks for the 2019/20 MTREF. (Derived from the National Treasury formats)

Description of financial indicator	Basis of calculation	2019/20 Medium Term Revenue & Expenditure Framework		
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Borrowing Management</u>				
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Ex penditure	4.5%	3.9%	3.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5.2%	4.3%	3.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	65.8%	0.0%	0.0%
<u>Safety of Capital</u>				
Gearing	Long Term Borrowing/ Funds & Reserves	62.1%	41.3%	29.3%
<u>Liquidity</u>				
Current Ratio	Current assets/current liabilities	4.7	4.8	5.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	4.7	4.8	5.4
Liquidity Ratio	Monetary Assets/Current Liabilities	3.7	3.8	4.2
<u>Revenue Management</u>				
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	94.4%	94.5%	94.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	18.8%	18.4%	17.9%
<u>Creditors Management</u>				
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%
Creditors to Cash and Investments		21.0%	20.9%	18.3%
<u>Other Indicators</u>				
Electricity Distribution Losses (2)	Total Volume Losses (kW)	10 476 182	11 104 753	11 771 038
	Total Cost of Losses (Rand '000)	R 12 334 657	R 13 074 736	R 13 859 220
	% Volume (units purchased and generated less units sold)/units purchased and generated	6%	6%	6%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	740 803	800 067	864 072
	Total Cost of Losses (Rand '000)	R 10 631 202	R 11 694 322	R 12 863 754
	% Volume (units purchased and generated less units sold)/units purchased and generated	15%	15%	15%
Employee costs	Employee costs/(Total Revenue - capital revenue)	28.6%	27.8%	27.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	30.0%	29.2%	29.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	7.9%	5.8%	6.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	14.3%	13.9%	13.3%
<u>IDP regulation financial viability indicators</u>				
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	10.7	11.5	12.4
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	26.1%	25.0%	24.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	11	11	10.5

Performance indicators and benchmarks

1.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Swartland Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2019/2020 MTREF:

- Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure.
- Borrowing funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

1.3.1.2 Safety of Capital

The gearing ratio in the context of the Schedule measures the total long term borrowings over funds and reserves.

1.3.1.3 Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 2, hence at no point in time should this ratio be less than 2.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to service or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet current creditor obligations.

1.3.1.4 Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 60 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. Payment levels and credit control is considered to be favourable.

1.3.1.5 Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice or statement. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

1.3.1.6 Other Indicators

- The electricity distribution losses have been managed to be below the norm of 10%. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity.
- The water distribution losses are monitored on a monthly basis and have been kept at acceptable levels.
- Employee costs as a percentage of operating revenue over the MTREF is between approximately 29 to 30 per cent. As discussed previously in this report, the employee related costs at the municipality is in line with the benchmarks set in the Western Cape.
- Repairs and maintenance should be approximately 8 per cent to be aligned to benchmarks developed by National Treasury and is the percentage between 5.8 and 7.9 per cent over the MTREF.

1.4 Operating Revenue Framework

Section 18 of the Municipal Finance Management Act, 2003, which deals with the funding of expenditure, states as follows:

- (1) "An annual budget may only be funded from –
 - (a) Realistically anticipated revenue to be collected from the approved sources of revenue;
 - (b) Cash-backed accumulated funds from previous financial years' surpluses not committed for other purposes; and
 - (c) Borrowed funds, but only for the capital budget referred to in section 17(2).
- (2) Revenue projections in the budget must be realistic, taking into account –
 - (a) projected revenue for the current year based on collection levels to date; and
 - (b) actual revenue collected in previous years."

In these tough economic times strong revenue management is fundamental to the financial sustainability of every 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 tariff increases and balancing expenditures against realistically anticipated revenues.

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

Summary of revenue classified by main revenue source

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source			
Property rates	121 289	137 273	145 129
Service charges - electricity revenue	288 988	325 763	360 519
Service charges - water revenue	56 497	60 840	65 524
Service charges - sanitation revenue	45 258	48 109	51 159
Service charges - refuse revenue	27 157	28 945	30 850
Rental of facilities and equipment	1 586	1 681	1 781
Interest earned - external investments	40 920	43 455	46 113
Interest earned - outstanding debtors	2 799	2 970	3 152
Dividends received	–	–	–
Fines, penalties and forfeits	32 800	33 130	33 463
Licences and permits	4 122	4 328	4 544
Agency services	4 300	4 408	4 518
Transfers and subsidies	111 956	117 140	136 872
Other revenue	11 364	11 848	12 356
Gains on disposal of PPE	200	200	200
Total Revenue (excluding capital transfers and contributions)	749 235	820 089	896 180

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Summary of revenue classified by municipal vote (including capital transfers)

Vote Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote			
Vote 1 - Corporate Services	10 953	11 437	10 989
Vote 2 - Civil Services	212 105	220 313	243 675
Vote 3 - Council	260	263	266
Vote 4 - Electricity Services	302 372	344 716	381 867
Vote 5 - Financial Services	204 060	228 757	246 851
Vote 6 - Development Services	43 562	41 227	7 600
Vote 7 - Municipal Manager	–	–	–
Vote 8 - Protection Services	44 084	45 311	45 371
	–	–	–
Total Revenue by Vote	817 396	892 025	936 619

Percentage growth in revenue base by main revenue source

Vote Description	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted Budget	%	Budget Year 2019/20	%	Budget Year 2020/21	%	Budget Year 2021/22	%
Revenue by Source								
Property rates	103 645	15%	121 289	16%	137 273	17%	145 129	16%
Service charges - electricity revenue	261 358	37%	288 988	39%	325 763	40%	360 519	40%
Service charges - water revenue	56 799	8%	56 497	8%	60 840	7%	65 524	7%
Service charges - sanitation revenue	41 889	6%	45 258	6%	48 109	6%	51 159	6%
Service charges - refuse revenue	25 530	4%	27 157	4%	28 945	4%	30 850	3%
Rental of facilities and equipment	1 497	0%	1 586	0%	1 681	0%	1 781	0%
Interest earned - external investments	38 500	6%	40 920	5%	43 455	5%	46 113	5%
Interest earned - outstanding debtors	2 595	0%	2 799	0%	2 970	0%	3 152	0%
Fines, penalties and forfeits	32 473	5%	32 800	4%	33 130	4%	33 463	4%
Licences and permits	3 997	1%	4 122	1%	4 328	1%	4 544	1%
Agency services	4 200	1%	4 300	1%	4 408	1%	4 518	1%
Transfers and subsidies	110 818	16%	111 956	15%	117 140	14%	136 872	15%
Other revenue	11 181	2%	11 364	2%	11 848	1%	12 356	1%
Gains on disposal of PPE	3 764	1%	200	0%	200	0%	200	0%
Total Revenue (excluding capital transfers and contributions)	698 247	100%	749 235	100%	820 089	100%	896 180	100%
Total Revenue from Property Rates and Service Charges	489 221	70%	539 189	72%	600 930	73%	653 181	73%

Revenue generated from rates and services charges form a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise between 72 and 73 percent of the total revenue mix for the 2019/20 MTREF. In the 2019/20 financial year, revenue from rates and services charges amounts to R 539 189 million or 72 per cent of total revenue mix. This figure increases to an estimated R 600 930 million (73%) and R 653 181 million (73%) in the respective financial years of the 2019/20 MTREF.

The municipality remains highly dependent on internal revenue sources to fund the budget and in this regard the municipality is cognisant of the fact that this source must be grown responsibly. For this reason, the municipality should strive to at least maintain these revenue streams and if possible explore all other additional avenues to increase revenue from additional sources.

More than 90 per cent of revenue is derived from the following sources:

- 1) Operating and Capital Grants
- 2) Fines
- 3) Property Rates
- 4) Service Charges

1.4.1 Operating and Capital Grants

Grants usually fluctuates upwards or downwards from year-to-year as the revenue recognition for such grants depends only on compliance with any conditions attached to such grants and it is also dependent on the funding made available from the other spheres of Government.

The unconditional Equitable Share Grant, however, is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis. In line with the significant growth in population numbers over recent years, the municipality has seen a significant increase in the DORA allocation for the Equitable Share over the MTREF period.

The following grant allocations are currently factored into the budget of the municipality:

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Operating Transfers and Grants</u>			
National Government:	94 852	103 745	115 843
Local Government Equitable Share	91 534	102 195	114 293
Finance Management	1 550	1 550	1 550
EPWP Incentive	1 768	—	—
Provincial Government:	16 854	13 120	20 727
Municipal Accreditation and Capacity Building Grant	224	238	252
Libraries	9 557	10 406	9 889
Proclaimed Roads Subsidy	4 374	176	8 176
Financial Management Support Grant: Student Bursaries	379	—	—
Financial Management Support Grant: mSCOA	330	—	—
Thusong Grant	—	110	—
Establishment of a K9 Unit	1 990	2 190	2 410
Other grant providers:	250	275	302
LG Seta	250	275	302
Total Operating Transfers and Grants	111 956	117 140	136 872
<u>Capital Transfers and Grants</u>			
National Government:	31 301	37 285	40 429
Municipal Infrastructure Grant (MIG)	21 301	22 285	23 700
Energy Efficiency and Demand Side Management Grant	5 000	5 000	6 729
Integrated National Electrification Programme (municipal)	5 000	10 000	10 000
Provincial Government:	36 860	34 651	10
Human Settlements	32 480	31 800	—
RSEP/VPUU Municipal Projects	4 000	2 000	—
Libraries	50	—	—
Upgrading of Tennis & Netball Courts	320	—	—
Fire Service Capacity Building Grant	—	841	—
Establishment of a K9 Unit	10	10	10
Total Capital Transfers and Grants	68 161	71 936	40 439
TOTAL RECEIPTS OF TRANSFERS & GRANTS	180 117	189 076	177 311

1.4.2 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.

The property rates increase growth over the next three years is limited to 6% for residential properties and 8% for business properties. Over the MTREF additional streams were factored in as a result of the implementation of the new general valuation envisaged for the 2020/21 financial year. Limited growth is forecasted for the years beyond the MTREF.

The following stipulations in the Property Rates Policy applicable to the 2019/2020 year are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R95 000;
- For senior citizens and disabled persons as defined in Council's Property Rates Policy, a rebate of the rates payable to a maximum of R300 000 of the valuation of the property will be granted to owners of rate-able property subject to application by September of the previous calendar year and further subject to the income scales as per the policy. The rebate mentioned above as it relates to the 2019/20 Policy will become effective in the 2020/21 financial year.

The categories of rate-able properties for purposes of levying rates and the proposed final rates for the 2019/20 financial year are as follows:

Service Charges Summary					Tariff Increase (%)		
Property Rates (c/R)	2018/2019	2019/2020	2020/2021	2021/2022	2019/2020	2020/2021	2021/2022
Residential Properties	0.006123	0.006490	0.006880	0.007293	6.00%	6.00%	6.00%
Businesses, Commercial and Industrial Properties	0.007944	0.008580	0.009266	0.010007	8.00%	8.00%	8.00%

Refer to the resolution dealing with the property rate changes on all other categories.

1.4.3 Sale of Water and Impact of Tariff Increases

All things remaining equal, it is envisaged that the Level 1 restrictive water tariffs will still apply with the start of the new financial year starting 1 July 2019. In this regard and more specifically having considered the plight of the poor, considerable savings have been factored into the suggested draft water tariffs inclusive of the Mayors framework to the CFO insofar as bringing relief with the reduced water network charge, is concerned.

It is still required to keep this tariff increase above the guideline tariff adjustment to prevent the services being operated at a deficit and the requirement to ensure that surpluses are realised to fund future capital refurbishment and replacement.

R thousand	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	2019/2020 (R'000)	2020/2021 (R'000)	2021/2022 (R'000)
Revenue – Water Management	84 537	77 935	78 655	92 795
Expenditure – Water Management	59 118	64 259	61 818	65 058
Net Surplus / (Deficit)	25 419	13 676	16 837	27 737
Net Surplus / (Deficit) %	30%	18%	21%	30%
Net Surplus / (Deficit) % (excl. unconditional and capital grants)	(1%)	(11%)	1%	3%

A summary of the 2019/20 draft tariffs and increases for households (residential) and non-residential are as follows:

Water	2018/2019	2019/2020	2020/2021	2021/2022	2019/2020	2020/2021	2021/2022
Water Network Charge: Residential, Indigent, Agricultural, Schools, Government Institutions, Sport Clubs	R 86.50	R 64.87	R 70.06	R 75.66	-25.01%	8.00%	8.00%
Water Network Charge: Business	R 86.50	R 110.00	R 118.80	R 128.31	27.18%	8.00%	8.00%
Residential: 0 - 4kl	R 4.66	R 5.03	R 5.44	R 5.87	8.00%	8.00%	8.00%
Residential: 5 - 10kl	R 8.00	R 8.64	R 9.33	R 10.08	8.00%	8.00%	8.00%
Residential: 11-15kl	R 14.60	R 15.77	R 17.03	R 18.39	8.00%	8.00%	8.00%
Residential: 16 - 20kl	R 15.10	R 19.99	R 21.59	R 23.32	32.38%	8.00%	8.00%
Residential: 21 - 25kl	R 27.44	R 29.64	R 32.01	R 34.57	8.00%	8.00%	8.00%
Residential: 26 - 35 kl ***Revised Block***	R 57.18	R 61.75	R 66.69	R 72.03	8.00%	8.00%	8.00%
Residential: 36 kl > ***Revised Block***	R 78.91	R 85.22	R 92.04	R 99.40	8.00%	8.00%	8.00%
Equitable Share: 6 kl Free	Free	Free	Free	Free			
Business/ Commercial / Industrial /Agricultural	R 20.00	R 21.60	R 23.33	R 25.19	8.00%	8.00%	8.00%
Schools, Government Institutions, Sport Clubs	R 21.20	R 22.90	R 24.73	R 26.71	8.00%	8.00%	8.00%

1.4.4 Sale of Electricity and Impact of Tariff Increases

Electricity is regarded as a trading service which should operate at a significant surplus. From the table below it is clearly evident that the gross profit margin has been placed under pressure due to the inability of the municipality to pass all bulk tariff increases from Eskom directly to the consumer.

It is envisaged that NERSA will approve a 13.87% tariff increase for Eskom's direct clients as from 1 April 2019 inclusive of the allocation in terms of the Eskom regulatory clearing account. NERSA has not yet furnished the Eskom tariff increase for municipalities applicable as from 1 July 2019. As a result, a preliminary provisional Eskom increase of 15.63% is assumed and a nominal increase of 13.56% for the municipal tariff increase. Upon receipt of the NERSA tariff determination, the preliminary tariff increases will have to be adjusted accordingly.

That Council for now abide with the electricity tariffs that are submitted, bearing in mind that it is still subject to NERSA's final approval.

The service is still operating at a surplus over the MTREF but the surpluses generated are expected to be less over the MTREF when compared to the 2018/19 financial year.

R thousand	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	2019/2020 (R'000)	2020/2021 (R'000)	2021/2022 (R'000)
Revenue – Electricity	271 186	302 372	344 716	381 867
Expenditure – Electricity	231 613	264 897	301 511	343 093
Net Surplus / (Deficit)	39 573	37 475	43 205	38 775
Net Surplus / (Deficit) %	15%	12%	13%	10%
Net Surplus / (Deficit) % (excl. unconditional and capital grants)	11%	8%	7%	5%

Electricity losses during 2016/17 and 2017/18 audited financial years were calculated at only 5.48 per cent and 5.86 per cent respectively.

The following table shows the proposed draft increases in electricity tariffs on the electricity charges for customers over the MTREF period, keeping in mind that NERSA determines same on an annual basis and therefore reliance cannot be placed on the figures in the 2 outer years.

Electricity		2018/2019	2019/2020	2020/2021	2021/2022	2019/2020	2020/2021	2021/2022
1	Residential Consumers (Houses, Flats & Farms) Network charge	R 181.27	R 205.85	R 233.77	R 265.47	13.56%	13.56%	13.56%
1	(0-50kWh)	R 0.914337	R 1.038279	R 1.179070	R 1.338952	13.56%	13.56%	13.56%
1	(51-350kWh)	R 1.175561	R 1.335011	R 1.516039	R 1.721614	13.56%	13.56%	13.56%
1	(351-600kWh)	R 1.654524	R 1.878850	R 2.133622	R 2.422941	13.56%	13.56%	13.56%
1	(>600kWh)	R 1.948441	R 2.212603	R 2.512632	R 2.853345	13.56%	13.56%	13.56%
2	Commercial / Non Standard . Basic Ampere	R 8.5092	R 9.6630	R 10.9733	R 12.4613	13.56%	13.56%	13.56%
2	Commercial / Non Standard .per kWh	R 1.525381	R 1.732223	R 1.967112	R 2.233852	13.56%	13.56%	13.56%
2	Commercial Basic < 20KVA	R 461.06	R 523.58	R 594.58	R 675.20	13.56%	13.56%	13.56%
2	Commercial Basic 20 to 40 KVA	R 606.46	R 688.69	R 782.08	R 888.13	13.56%	13.56%	13.56%
2	Commercial Basic >40 KVA	R 1 106.84	R 1 256.93	R 1 427.37	R 1 620.92	13.56%	13.56%	13.56%
2	Commercial Basic < 20KVA per kWh	R 1.525381	R 1.732223	R 1.967112	R 2.233852	13.56%	13.56%	13.56%
2	Commercial Basic 20 to 40 KVA per kWh	R 1.525381	R 1.732223	R 1.967112	R 2.233852	13.56%	13.56%	13.56%
2	Commercial Basic >40 KVA per kWh	R 1.525381	R 1.732223	R 1.967112	R 2.233852	13.56%	13.56%	13.56%
3	Maximum Demand Supply for Bulk Consumers: Network charge	R 1 247.7003	R 1 416.8885	R 1 609.0185	R 1 827.2014	13.56%	13.56%	13.56%
3	Plus: Active Energy - kWh	R 0.586658	R 0.666257	R 0.756601	R 0.859196	13.56%	13.56%	13.56%
3	Max. Demand KVA	R 240.0392	R 272.5885	R 309.5515	R 351.5267	13.56%	13.56%	13.56%
4	Commercial - Per kWh	R 2.037541	R 2.313785	R 2.627534	R 2.983828	13.56%	13.56%	13.56%
5	Alternative - Households 20 Amp.-:							
5	(0-50kWh)	R 0.838200	R 0.905256	R 0.977676	R 1.055891	8.00%	8.00%	8.00%
5	(51-350kWh)	R 1.099384	R 1.220334	R 1.354571	R 1.503574	11.00%	11.00%	11.00%
5	(351-600kWh)	R 1.567450	R 1.779939	R 2.021299	R 2.295387	13.56%	13.56%	13.56%
5	(>600kWh)	R 1.883055	R 2.138448	R 2.428422	R 2.757716	13.56%	13.56%	13.56%
6	Street lightning	R 0.964872	R 1.095740	R 1.244323	R 1.413053	13.56%	13.56%	13.56%
7	Pre-paid meter system (Indigent Residential)							
7	(0-50kWh)	R 0.838160	R 0.905256	R 0.977676	R 1.055891	8.00%	8.00%	8.00%
7	(51-350kWh)	R 1.099384	R 1.220334	R 1.354571	R 1.503574	11.00%	11.00%	11.00%
7	(351-600kWh)	R 1.567450	R 1.779939	R 2.021299	R 2.295387	13.56%	13.56%	13.56%
7	(>600kWh)	R 1.883055	R 2.138448	R 2.428422	R 2.757716	13.56%	13.56%	13.56%
8	Commercial Pre-paid	R 2.038614	R 2.315034	R 2.628953	R 2.985439	13.56%	13.56%	13.56%
9	Sport Grounds	R 3.033247	R 3.444502	R 3.911576	R 4.441986	13.56%	13.56%	13.56%
10	Time Of Use Tariff for Bulk Consumers: Fixed cost per month	R 1 247.7003	R 1 416.8885	R 1 609.02	R 1 827.20	13.56%	13.56%	13.56%
10	Tou Low Consumption							
10	Low Season (Sept - May) Peak period per kWh	R 1.017253	R 1.155193	R 1.311837	R 1.489722	13.56%	13.56%	13.56%
10	Low Season (Sept - May) Standard period per kWh	R 0.700067	R 0.794996	R 0.902797	R 1.025217	13.56%	13.56%	13.56%
10	Low Season (Sept - May) Off-peak period per kWh	R 0.444009	R 0.504217	R 0.572589	R 0.650232	13.56%	13.56%	13.56%
10	Tou high Consumption							
10	High Season (Jun - Aug) Peak period per kWh	R 3.118657	R 3.541547	R 4.021780	R 4.567134	13.56%	13.56%	13.56%
10	High Season (Jun - Aug) Standard Period per kWh	R 0.944727	R 1.072832	R 1.218308	R 1.383511	13.56%	13.56%	13.56%
10	High Season (Jun - Aug) Off-peak Period per kWh	R 0.512917	R 0.582468	R 0.661451	R 0.751144	13.56%	13.56%	13.56%
10	Maximum demand per KVA	R 160.9895	R 182.8197	R 207.6100	R 235.7619	13.56%	13.56%	13.56%
11	Net Metering: Households Non-Indigent							
11	Household Consumers Network charge	R 181.27	R 205.85	R 233.77	R 265.47	13.56%	13.56%	13.56%
11	Import kWh (supplied by municipality) 1 < 600 kWh	R 1.384300	R 1.572011	R 1.785176	R 2.027246	13.56%	13.56%	13.56%
11	Import kWh (supplied by municipality) 2 > 600 kWh	R 1.948441	R 2.212603	R 2.512632	R 2.853345	13.56%	13.56%	13.56%
11	Export kWh (supplied to mun-max/month<import kWh)	R 0.745636	R 0.846703	R 0.961516	R 1.091898	13.56%	13.56%	13.56%
12	Pre-paid Meter System (Non-Indigent Residential) (0-350kWh)	R 1.7469	R 1.965263	R 2.210920	R 2.487285	12.50%	12.50%	12.50%
12	Pre-paid Meter System (Non-Indigent Residential) > 350 kWh	R 1.8760	R 2.130386	R 2.419266	R 2.747318	13.56%	13.56%	13.56%

1.4.5 Sanitation and Impact of Tariff Increases

The draft tariff increase of 7.51% that is above the headline inflation rate is needed to deliver the service effectively and to prevent that the service does not operate at a deficit in the new 2019/20 MTREF. The additional percentage of 2.31% above headline inflation is equal to an increase of R3.04 per month over and above estimated headline inflation of 5.2% due to the fact that the water treatment works in Moorreesburg and Darling are in need of critical upgrades and included in the capital budget. These projects will require the municipality to take up an external loan to the amount of R50 million and will also be funded from MIG (municipal infrastructure grant) and the CRR (capital replacement reserve). **Council upon deciding on the funding mix, considered the impact on the consumer and therefore funding to the tune of R 26 846 million from councils own reserves forms part of the funding mix.**

NB: Management is of the view that estimated headline inflation will increase over the MTREF when the real impact of the increases in fuel and load shedding are known and could therefore not place reliance on said estimates at this early stage.

The table below indicates that the service is not cost reflective over the MTREF when **unconditional and capital grants are excluded.**

R thousand	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	2019/2020 (R'000)	2020/2021 (R'000)	2021/2022 (R'000)
Revenue – Sanitation	71 876	83 932	92 086	85 655
Expenditure – Sanitation	45 322	51 968	53 805	54 477
Net Surplus / (Deficit)	26 554	31 965	38 281	31 179
Net Surplus / (Deficit) %	37%	38%	42%	36%
Net Surplus / (Deficit) % (excl. unconditional and capital grants)	(11%)	(18%)	(15%)	(9%)

The following proposed draft tariffs were incorporated in the MTREF:

Sanitation	2018/2019	2019/2020	2020/2021	2021/2022	2019/2020	2020/2021	2021/2022
Households, Flats and Semi-detached households pm	R 217.97	R 234.35	R 251.96	R 270.89	7.51%	7.51%	7.51%
Businesses, Industrial, Schools, Churches, Sport Facilities, etc	R 217.97	R 234.35	R 251.96	R 270.89	7.51%	7.51%	7.51%

1.4.6 Waste Removal and Impact of Tariff Increases

The draft tariff increase of 6.6% which is above the headline inflation rate is needed to deliver the service effectively and to prevent that the service does not operate at a deficit in the new 2019/20 MTREF. The additional percentage of 1.4% above headline inflation is equal to R1.73 per month and due to the fact that additional facilities' are being required in Riebeeck Wes.

The table below indicates that the service is not cost reflective during over the MTREF when **unconditional and capital grants are excluded**.

R thousand	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	2019/2020 (R'000)	2020/2021 (R'000)	2021/2022 (R'000)
Revenue – Refuse Removal	40 172	42 736	45 209	48 163
Expenditure – Refuse Removal	34 815	35 221	37 552	41 448
Net Surplus / (Deficit)	5 357	7 515	7 656	6 715
Net Surplus / (Deficit) %	13%	18%	17%	14%
Net Surplus / (Deficit) % (excl. unconditional and capital grants)	(29%)	(23%)	(23%)	(28%)

The following table compares current with proposed draft tariffs and increases payable from 1 July 2019:

Refuse Removal	2018/2019	2019/2020	2020/2021	2021/2022	2019/2020	2020/2021	2021/2022
Removal of residential refuse pm (Black Bags)	R 123.38	R 131.52	R 140.20	R 149.46	6.60%	6.60%	6.60%
Removal of business refuse pm (Black Bags)	R 123.38	R 131.52	R 140.20	R 149.46	6.60%	6.60%	6.60%
All Other	R 123.38	R 131.52	R 140.20	R 149.46	6.60%	6.60%	6.60%

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on various households as per the A-schedule SA14 examples. The water usage examples are unrealistic with the current water restrictions. When water usages are reduced to 10kl, the average increases on household accounts vary between **4% and 10.7%**.

Description	Ref	2019/20 Medium Term Revenue & Expenditure Framework			
		Budget Year 2019/20 % incr.	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Rand/cent					
Monthly Account for Household - 'Middle Income'	1				
Rates and services charges:					
Property rates		6.0%	378.58	401.33	425.43
Electricity: Basic levy		13.6%	205.85	233.77	265.47
Electricity: Consumption		19.1%	1 807.17	2 052.22	2 330.51
Water: Basic levy		(25.0%)	64.87	70.06	75.66
Water: Consumption		4.6%	707.71	764.32	825.47
Sanitation		7.5%	234.32	251.89	270.78
Refuse removal		6.6%	131.52	140.20	149.46
sub-total		11.7%	3 530.02	3 913.80	4 342.76
VAT on Services			472.72	526.87	587.60
Total large household bill:		11.8%	4 002.74	4 440.67	4 930.36
% increase/-decrease			11.8%	10.9%	11.0%
Monthly Account for Household - 'Affordable Range'	2				
Rates and services charges:					
Property rates		6.0%	270.42	286.67	303.88
Electricity: Basic levy		13.6%	205.85	233.77	265.47
Electricity: Consumption		21.0%	734.24	833.81	946.87
Water: Basic levy		(25.0%)	64.87	70.06	75.66
Water: Consumption		2.2%	398.94	430.85	465.32
Sanitation		7.5%	234.32	251.89	270.78
Refuse removal		6.6%	131.52	140.20	149.46
sub-total		9.6%	2 040.16	2 247.24	2 477.43
VAT on Services			265.46	294.09	326.03
Total small household bill:		9.7%	2 305.62	2 541.33	2 803.46
% increase/-decrease			9.7%	10.2%	10.3%
Monthly Account for Household - 'Indigent' House	3				
Rates and services charges:					
Property rates			–	–	–
Electricity: Basic levy		13.6%	205.85	233.77	265.47
Electricity: Consumption		11.0%	366.10	415.74	472.12
Water: Basic levy		(25.0%)	64.87	70.06	75.66
Water: Consumption		4.1%	213.35	230.41	248.85
Sanitation		7.5%	234.32	251.89	270.78
Refuse removal		6.6%	131.52	140.20	149.46
sub-total		(5.0%)	1 216.01	1 342.08	1 482.33
VAT on Services			182.40	201.31	222.35
Total small household bill:		(1.8%)	1 398.41	1 543.39	1 704.68
% increase/-decrease			8.6%	10.4%	10.5%
References					
1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water					
2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water					
3. Use as basis property value of R 110 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)					
4. Note this is for a SINGLE household.					

1.4.7 Fines

Fines represent approximately 4 per cent of the revenue mix of the municipality. The 2019/20 MTREF again leaves room for much improvement in the recovery rate of fines in order to maximize the revenue stream in a bid to further improve the cash flow position of the municipality.

The significant increase in debt impairment relating to fines can be attributed to the changes in iGRAP 1 specifically relating to fines (non-exchange revenue). The department is encouraged consider/investigate alternative methods to materially improve the collection rate relating to fines.

1.5 Operating Expenditure Framework

Comprehensive workshops and engagements took place with the various directorates to ensure that effect is given to organisation wide quality sustainable service delivery in a bid to ensure value for money to all of Swartland municipality's citizens. The objective in the main was to ensure efficiency in directorates and to more importantly give effect to expenditure consolidation and cost containment.

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

Description	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand			
<u>Expenditure By Type</u>			
Employee related costs	213 915	227 629	247 719
Remuneration of councillors	11 112	11 932	12 588
Debt impairment	35 285	37 321	39 478
Depreciation & asset impairment	88 293	96 908	103 720
Finance charges	18 581	17 022	15 772
Bulk purchases	225 700	259 905	298 488
Other materials	34 680	31 729	33 372
Contracted services	65 382	48 064	58 829
Transfers and subsidies	3 139	2 780	2 801
Other expenditure	38 356	40 619	43 901
Loss on disposal of PPE	1 000	1 000	1 000
Total Expenditure	735 443	774 908	857 668

- The budgeted allocation for employee related costs (excluding Remuneration of Councillors) for the 2019/20 financial year totals R 213 915 million, which equals 29.09 per cent of total operating expenditure. This result is in line with the national norm of 25% - 40%. The room for any upwards adjustments in employee related costs over and above the current levels are very limited and should be carefully considered before employing additional officials. Total growth in the salary bill was still however limited to 4.6%.
- The Skills Development Act, Act 97 of 1998, determines that a public service employer in **the national and provincial spheres of government** must budget for at least one per cent of its payroll for the training and education of its employees. This provision does not refer to the local sphere of government, but has nevertheless been applied by the Municipality for many years now. The Department of Labour however after an enquiry in this regard indicated verbally that less may be budgeted, provided that the payment of the 1% levy payable to SARS in terms of said act is not to be deviated from.
- A concerted effort was again made to limit this expenditure in an attempt to keep tariffs within affordable limits, with an amount of R1 775 494 budgeted for training in the 2019/20 operating budget, which constitutes 0.83% of the Municipality's salary budget (excluding councillor remuneration). This budget is considered more than sufficient to provide for training needs within the Municipality given the historic and current training programmes already covered.
- The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.
- The provision of debt impairment was determined based on historical actual collection rates of receivables.
- 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 of asset consumption. Budget appropriations are expected to remain high over the MTREF. These high appropriations can mainly be attributed to the large capital program employed by the municipality in recent years as well as the valuation method used during the implementation of Directive 7. Compared to industry benchmarks, the depreciation figure is considered to be very high:
- Bulk purchases are directly informed by the purchase of electricity from Eskom and water from the West Coast District Municipality. The indicative annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.
- Other expenditure comprises of various line items relating to the daily operations of the municipality.
- Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital).

1.5.1 Priority given to repairs and maintenance

National Treasury observed that budget appropriations for asset renewal as part of the capital program and operational repairs and maintenance of existing asset infrastructure is still not receiving adequate priority by municipalities, regardless of guidance supplied in previous Budget Circulars. Asset management is a strategic imperative for any municipality and needs to be prioritised as a spending objective in the budget of municipalities.

With the implementation of mSCOA on 1 July 2017 the complete nature of repairs and maintenance has changed in respect of the recording of actual costs and the actual expenditure is now very close to the prescribed norm of >8%. The ratios for the 2019/20 MTREF is 7.9%, 5.8% and 6.5% irrespectively. The aforementioned outer years are influenced by the extent of grants received in those years.

1.5.2 Free Basic Services: Basic Social Services Package

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

The cost of the social package of the registered indigent households is financed by the municipality's unconditional equitable share grant, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. Indigent property rates and service charges expenditure totals R 67 786 million in 2019/20 and it will increase to R 73 281 million and R 79 263 million in the outer years of the MTREF. These totals do not include financing of other community services, servicing informal settlements and actual expenditure incurred on indigent consumers.

Subsidies for indigent households are set out below:

1	Rates free of charge to the value based on market value of the property to the maximum of R95 000 (R15 000 impermissible tax excluded)
2	50 kWh free electricity per month (which shall include the network charge of electricity for the month where a conventional meter is applicable)
3	6 kilolitres of water free per month (which shall include the network charge for water for the month)
4	Free refuse x 4 removals per month
5	Free sewerage per month

For the month of January 2019, support was provided to the following indigent households numbers:

Number of indigent households: 8 895

- Number receiving Property rate discount: 7 928
- Number with access to free basic water: 8 895
(and exempted by way of subsidy of the water network charge)
- Number with access to free basic electricity: 5 934
- Number provided by ESKOM: 1 980
- Number with access to free basic sanitation: 8 407
- Number with access to free basic refuse removal: 8 719

1.6 Capital expenditure

Based on appropriations per vote, the allocations are as follows:

Vote Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote			
Multi-year expenditure to be appropriated			
Vote 1 - Corporate Services	–	–	–
Vote 2 - Civil Services	53 561	79 555	46 453
Vote 3 - Council	–	–	–
Vote 4 - Electricity Services	11 400	16 000	17 229
Vote 5 - Financial Services	–	–	–
Vote 6 - Development Services	35 880	28 231	–
Vote 7 - Municipal Manager	–	–	–
Vote 8 - Protection Services	–	–	–
Capital multi-year expenditure sub-total	100 841	123 786	63 682
Single-year expenditure to be appropriated			
Vote 1 - Corporate Services	128	610	59
Vote 2 - Civil Services	31 621	29 349	48 702
Vote 3 - Council	10	10	10
Vote 4 - Electricity Services	9 234	9 990	9 415
Vote 5 - Financial Services	46	470	757
Vote 6 - Development Services	1 216	299	70
Vote 7 - Municipal Manager	10	10	10
Vote 8 - Protection Services	1 002	1 806	1 104
Capital single-year expenditure sub-total	43 266	42 544	60 127
Total Capital Expenditure - Vote	144 108	166 330	123 809

The following table provides more information on the breakdown of the capital budget.

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CAPITAL EXPENDITURE			
Total New Assets	62 320	77 744	40 427
Roads Infrastructure	1 700	15 700	10 700
Electrical Infrastructure	5 750	10 450	10 000
Water Supply Infrastructure	2 913	–	–
Sanitation Infrastructure	1 030	32	34
Solid Waste Infrastructure	500	–	2 000
Infrastructure	11 893	26 182	22 734
Community Facilities	6 550	9 900	700
Sport and Recreation Facilities	3 550	3 500	1 500
Community Assets	10 100	13 400	2 200

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Other Assets	31 780	24 800	–
Biological or Cultivated Assets	–	–	–
Computer Equipment	420	1 120	995
Furniture and Office Equipment	194	114	105
Machinery and Equipment	6 723	6 417	6 477
Transport Assets	1 211	5 171	7 915
Land	–	540	–
Total Renewal of Existing Assets	50 184	61 457	40 753
Storm water Infrastructure	–	–	1 000
Electrical Infrastructure	8 000	8 000	8 000
Water Supply Infrastructure	2 735	–	5 000
Sanitation Infrastructure	38 898	51 657	26 753
Infrastructure	49 634	59 657	40 753
Community Facilities	550	1 800	–
Community Assets	550	1 800	–
Total Upgrading of Existing Assets	31 604	27 129	42 629
Roads Infrastructure	17 664	20 000	25 000
Storm water Infrastructure	1 820	–	–
Electrical Infrastructure	5 000	5 000	6 729
Water Supply Infrastructure	500	–	3 000
Sanitation Infrastructure	–	–	500
Solid Waste Infrastructure	4 500	–	2 200
Infrastructure	29 484	25 000	37 429
Community Assets	1 620	2 129	5 200
Other Assets	500	–	–
Machinery and Equipment	–	–	–
Transport Assets	–	–	–
Total Capital Expenditure	144 108	166 330	123 809
Roads Infrastructure	19 364	35 700	35 700
Storm water Infrastructure	1 820	–	1 000
Electrical Infrastructure	18 750	23 450	24 729
Water Supply Infrastructure	6 148	–	8 000
Sanitation Infrastructure	39 928	51 689	27 287
Solid Waste Infrastructure	5 000	–	4 200
Infrastructure	91 010	110 839	100 916
Community Assets	12 270	17 329	7 400
Other Assets	32 280	24 800	–
Biological or Cultivated Assets	–	–	–
Computer Equipment	420	1 120	995
Furniture and Office Equipment	194	114	105
Machinery and Equipment	6 723	6 417	6 477
Transport Assets	1 211	5 171	7 915
TOTAL CAPITAL EXPENDITURE - Asset class	144 108	166 330	123 809

1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2019/20 budget and MTREF to be approved by the Council.

MBRR Table A1 - Budget Summary

Description	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands			
<u>Financial Performance</u>			
Property rates	121 289	137 273	145 129
Service charges	417 900	463 657	508 052
Investment revenue	40 920	43 455	46 113
Transfers recognised - operational	111 956	117 140	136 872
Other own revenue	57 170	58 564	60 014
Total Revenue (excluding capital transfers and contributions)	749 235	820 089	896 180
Employee costs	213 915	227 629	247 719
Remuneration of councillors	11 112	11 932	12 588
Depreciation & asset impairment	88 293	96 908	103 720
Finance charges	18 581	17 022	15 772
Materials and bulk purchases	260 380	291 634	331 860
Transfers and grants	3 139	2 780	2 801
Other expenditure	140 023	127 003	143 208
Total Expenditure	735 443	774 908	857 668
Surplus/(Deficit)	13 792	45 181	38 512
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	68 161	71 936	40 439
Contributions recognised - capital & contributed assets	–	–	–
Surplus/(Deficit) after capital transfers & contributions	81 953	117 117	78 951
Share of surplus/ (deficit) of associate	–	–	–
Surplus/(Deficit) for the year	81 953	117 117	78 951
<u>Capital expenditure & funds sources</u>			
Capital expenditure	144 108	166 330	123 809
Transfers recognised - capital	68 161	71 936	40 439
Borrowing	22 631	27 369	–
Internally generated funds	53 315	67 025	83 370
Total sources of capital funds	144 108	166 330	123 809

Description	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands			
<u>Financial position</u>			
Total current assets	694 367	739 506	783 574
Total non current assets	2 011 355	2 080 398	2 099 873
Total current liabilities	146 597	152 595	145 188
Total non current liabilities	228 291	219 358	211 358
Community wealth/Equity	2 330 834	2 447 951	2 526 902
<u>Cash flows</u>			
Net cash from (used) operating	150 856	214 934	170 662
Net cash from (used) investing	(143 908)	(166 130)	(123 609)
Net cash from (used) financing	35 585	(13 121)	(11 907)
Cash/cash equivalents at the year end	537 636	573 320	608 467
<u>Cash backing/surplus reconciliation</u>			
Cash and investments available	537 636	573 320	608 467
Application of cash and investments	229 911	321 489	398 915
Balance - surplus (shortfall)	307 725	251 831	209 552
<u>Asset management</u>			
Asset register summary (WDV)	2 199 122	2 365 452	2 489 260
Depreciation	87 293	95 908	102 720
Renewal and Upgrading of Existing Assets	81 788	88 586	83 382
Repairs and Maintenance	59 094	47 431	58 594
<u>Free services</u>			
Cost of Free Basic Services provided	55 535	59 910	64 661
Revenue cost of free services provided	4 850	5 135	5 448
<u>Households below minimum service level</u>			
Water:	3	3	3
Sanitation/sewage:	1	1	1
Energy:	1	1	1
Refuse:	6	6	6

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 approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasise 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:
 - The accumulated surplus is positive over the MTREF
 - Capital expenditure is balanced by capital funding sources, of which
 - Transfers recognised is reflected on the Financial Performance Budget;
 - Borrowing is incorporated in the net cash from financing on the Cash Flow Budget

- iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget.

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

Functional Classification Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional			
Governance and administration	205 893	230 219	248 397
Executive and council	260	263	266
Finance and administration	205 633	229 956	248 131
Community and public safety	87 285	87 790	57 881
Community and social services	14 807	13 741	11 178
Sport and recreation	4 374	5 709	10 428
Public safety	35 215	36 106	35 815
Housing	32 890	32 235	460
Economic and environmental services	17 126	13 321	21 828
Planning and development	3 586	3 720	3 865
Road transport	13 540	9 601	17 963
Trading services	507 063	560 665	608 481
Energy sources	302 372	344 716	381 867
Water management	77 935	78 655	92 795
Waste water management	84 021	92 086	85 655
Waste management	42 736	45 209	48 163
Other	28	30	31
Total Revenue - Functional	817 396	892 025	936 619
Expenditure - Functional			
Governance and administration	127 325	128 938	138 730
Executive and council	19 983	21 334	22 738
Finance and administration	105 599	105 754	113 989
Internal audit	1 743	1 850	2 003
Community and public safety	106 227	114 320	125 031
Community and social services	18 876	20 268	21 758
Sport and recreation	25 037	25 644	27 810
Public safety	59 838	62 652	67 024
Housing	2 476	5 757	8 439
Economic and environmental services	69 544	59 829	71 679
Planning and development	12 912	12 553	13 407
Road transport	56 632	47 276	58 272
Trading services	430 870	470 296	520 617
Energy sources	263 248	299 742	341 176
Water management	64 259	61 818	65 058
Waste water management	68 142	71 184	72 935
Waste management	35 221	37 552	41 448
Other	1 477	1 525	1 611
Total Expenditure - Functional	735 443	774 908	857 668
Surplus/(Deficit) for the year	81 953	117 117	78 951

NB: The above surpluses include capital grants which results in a higher than real planned budgeted surplus.

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

1. Table A2 is an illustration of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note that as a general principle the revenues for Trading Services should exceed their respective expenditures.
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

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

Vote Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote			
Vote 1 - Corporate Services	10 953	11 437	10 989
Vote 2 - Civil Services	212 105	220 313	243 675
Vote 3 - Council	260	263	266
Vote 4 - Electricity Services	302 372	344 716	381 867
Vote 5 - Financial Services	204 060	228 757	246 851
Vote 6 - Development Services	43 562	41 227	7 600
Vote 7 - Municipal Manager	—	—	—
Vote 8 - Protection Services	44 084	45 311	45 371
	—	—	—
Total Revenue by Vote	817 396	892 025	936 619
Expenditure by Vote to be appropriated			
Vote 1 - Corporate Services	30 242	31 561	33 889
Vote 2 - Civil Services	258 252	248 668	270 783
Vote 3 - Council	16 944	18 088	19 099
Vote 4 - Electricity Services	277 214	315 001	357 622
Vote 5 - Financial Services	50 245	52 617	56 884
Vote 6 - Development Services	24 901	27 645	31 811
Vote 7 - Municipal Manager	7 208	7 509	8 276
Vote 8 - Protection Services	70 436	73 818	79 303
	—	—	—
Total Expenditure by Vote	735 443	774 908	857 668
Surplus/(Deficit) for the year	81 953	117 117	78 951

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

1. Table A3 is an illustration of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

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

Description	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand			
<u>Revenue By Source</u>			
Property rates	121 289	137 273	145 129
Service charges - electricity revenue	288 988	325 763	360 519
Service charges - water revenue	56 497	60 840	65 524
Service charges - sanitation revenue	45 258	48 109	51 159
Service charges - refuse revenue	27 157	28 945	30 850
Rental of facilities and equipment	1 586	1 681	1 781
Interest earned - external investments	40 920	43 455	46 113
Interest earned - outstanding debtors	2 799	2 970	3 152
Fines, penalties and forfeits	32 800	33 130	33 463
Licences and permits	4 122	4 328	4 544
Agency services	4 300	4 408	4 518
Transfers and subsidies	111 956	117 140	136 872
Other revenue	11 364	11 848	12 356
Gains on disposal of PPE	200	200	200
Total Revenue (excluding capital transfers and contributions)	749 235	820 089	896 180
<u>Expenditure By Type</u>			
Employee related costs	213 915	227 629	247 719
Remuneration of councillors	11 112	11 932	12 588
Debt impairment	35 285	37 321	39 478
Depreciation & asset impairment	88 293	96 908	103 720
Finance charges	18 581	17 022	15 772
Bulk purchases	225 700	259 905	298 488
Other materials	34 680	31 729	33 372
Contracted services	65 382	48 064	58 829
Transfers and subsidies	3 139	2 780	2 801
Other expenditure	38 356	40 619	43 901
Loss on disposal of PPE	1 000	1 000	1 000
Total Expenditure	735 443	774 908	857 668
Surplus/(Deficit)	13 792	45 181	38 512
Transfers and subsidies - capital (monetary)	68 161	71 936	40 439
Surplus/(Deficit) for the year	81 953	117 117	78 951

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

1. Table A4 represents the revenue per source as well as the expenditure per type. This classification is aligned to the GRAP disclosures in the annual financial statements of the municipality.

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

Vote Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote			
Multi-year expenditure to be appropriated			
Vote 2 - Civil Services	53 561	79 555	46 453
Vote 4 - Electricity Services	11 400	16 000	17 229
Vote 6 - Development Services	35 880	28 231	–
Capital multi-year expenditure sub-total	100 841	123 786	63 682
Single-year expenditure to be appropriated			
Vote 1 - Corporate Services	128	610	59
Vote 2 - Civil Services	31 621	29 349	48 702
Vote 3 - Council	10	10	10
Vote 4 - Electricity Services	9 234	9 990	9 415
Vote 5 - Financial Services	46	470	757
Vote 6 - Development Services	1 216	299	70
Vote 7 - Municipal Manager	10	10	10
Vote 8 - Protection Services	1 002	1 806	1 104
Capital single-year expenditure sub-total	43 266	42 544	60 127
Total Capital Expenditure - Vote	144 108	166 330	123 809
Capital Expenditure - Functional			
Governance and administration	5 731	7 785	1 889
Executive and council	20	20	20
Finance and administration	5 711	7 765	1 869
Community and public safety	4 890	12 764	9 151
Community and social services	960	7 281	37
Sport and recreation	2 928	3 678	8 010
Public safety	1 002	1 806	1 104
Economic and environmental services	55 552	59 816	40 463
Planning and development	34 058	21 313	90
Road transport	21 494	38 503	40 373
Trading services	77 935	85 964	72 305
Energy sources	20 144	24 800	25 579
Water management	6 645	401	8 450
Waste water management	44 628	57 947	30 167
Waste management	6 518	2 816	8 109
Total Capital Expenditure - Functional	144 108	166 330	123 809
Funded by:			
National Government	31 301	37 285	40 429
Provincial Government	36 860	34 651	10
Transfers recognised - capital	68 161	71 936	40 439
Borrowing	22 631	27 369	–
Internally generated funds	53 315	67 025	83 370
Total Capital Funding	144 108	166 330	123 809

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 and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. 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 specialised tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental assessments and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives priorities and service delivery imperatives of the Municipality. For the purpose of the funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred in the 2019/20 financial year against single-year appropriations for the two outer-years in respect of the items alluded to above.
4. The capital program is funded from National, Provincial and Other grants and transfers, External borrowing and Internally generated funds from current and prior year surpluses.

MBRR Table A6 - Budgeted Financial Position

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS			
Current assets			
Cash	537 636	573 320	608 467
Call investment deposits	–	–	–
Consumer debtors	124 372	133 855	145 388
Other debtors	16 664	16 713	14 802
Current portion of long-term receivables	–	–	–
Inventory	15 694	15 618	14 918
Total current assets	694 367	739 506	783 574
Non current assets			
Long-term receivables	–	–	–
Investments	–	–	–
Investment property	48 621	48 603	48 585
Investment in Associate	–	–	–
Property, plant and equipment	1 961 776	2 030 836	2 050 330
Biological	–	–	–
Intangible	188	188	188
Other non-current assets	770	770	770
Total non current assets	2 011 355	2 080 398	2 099 873
TOTAL ASSETS	2 705 722	2 819 904	2 883 448
LIABILITIES			
Current liabilities			
Bank overdraft	–	–	–
Borrowing	13 298	12 114	12 697
Consumer deposits	11 224	11 047	10 840
Trade and other payables	113 192	120 054	111 660
Provisions	8 884	9 380	9 990
Total current liabilities	146 597	152 595	145 188
Non current liabilities			
Borrowing	151 735	139 621	126 924
Provisions	76 556	79 736	84 434
Total non current liabilities	228 291	219 358	211 358
TOTAL LIABILITIES	374 888	371 952	356 546
NET ASSETS	2 330 834	2 447 951	2 526 902
COMMUNITY WEALTH/EQUITY			
Accumulated Surplus/(Deficit)	2 086 606	2 109 858	2 093 878
Reserves	244 227	338 093	433 024
TOTAL COMMUNITY WEALTH/EQUITY	2 330 834	2 447 951	2 526 902

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves analysis for councillors 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. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. 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.
5. 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.

MBRR Table A7 - Budgeted Cash Flow Statement

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates	115 225	130 410	137 872
Service charges	394 180	437 432	479 373
Other revenue	29 572	30 546	31 565
Government - operating	111 956	117 140	136 872
Government - capital	68 161	71 936	40 439
Interest	43 719	46 425	49 265
Payments			
Suppliers and employees	(590 236)	(599 154)	(686 150)
Finance charges	(18 581)	(17 022)	(15 772)
Transfers and Grants	(3 139)	(2 780)	(2 801)
NET CASH FROM/(USED) OPERATING ACTIVITIES	150 856	214 934	170 662
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on disposal of PPE	200	200	200
Decrease (Increase) in non-current debtors	-	-	-
Decrease (increase) other non-current receivables	-	-	-
Decrease (increase) in non-current investments	-	-	-
Payments			
Capital assets	(144 108)	(166 330)	(123 809)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(143 908)	(166 130)	(123 609)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Borrowing long term/refinancing	50 000	-	-
Increase (decrease) in consumer deposits	236	177	207
Payments			
Repayment of borrowing	(14 651)	(13 298)	(12 114)
NET CASH FROM/(USED) FINANCING ACTIVITIES	35 585	(13 121)	(11 907)
NET INCREASE/ (DECREASE) IN CASH HELD	42 534	35 684	35 147
Cash/cash equivalents at the year begin:	495 102	537 636	573 320
Cash/cash equivalents at the year end:	537 636	573 320	608 467

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-flows that are likely to result from the implementation of the budget.
3. The cash levels above does not include unspent grants.

MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Cash and investments available</u>			
Cash/cash equivalents at the year end	537 636	573 320	608 467
Other current investments > 90 days	(0)	0	0
Non current assets - Investments	-	-	-
Cash and investments available:	537 636	573 320	608 467
<u>Application of cash and investments</u>			
Unspent conditional transfers	-	-	-
Unspent borrowing	-	-	-
Statutory requirements	-	-	-
Other working capital requirements	(14 316)	(16 605)	(34 109)
Other provisions	-	-	-
Long term investments committed	-	-	-
Reserves to be backed by cash/investments	244 227	338 093	433 024
Total Application of cash and investments:	229 911	321 489	398 915
Surplus(shortfall)	307 725	251 831	209 552

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 and NT Circular 93 and 94.
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". The municipality's budget is cash-funded and thus in compliance with the requirements of the MFMA.
4. As part of the budgeting and planning guidelines that informed the compilation of the 2019/20 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

MBRR Table A9 - Asset Management

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CAPITAL EXPENDITURE			
<u>Total New Assets</u>	62 320	77 744	40 427
Roads Infrastructure	1 700	15 700	10 700
Electrical Infrastructure	5 750	10 450	10 000
Water Supply Infrastructure	2 913	–	–
Sanitation Infrastructure	1 030	32	34
Solid Waste Infrastructure	500	–	2 000
Infrastructure	11 893	26 182	22 734
Community Facilities	6 550	9 900	700
Sport and Recreation Facilities	3 550	3 500	1 500
Community Assets	10 100	13 400	2 200
Heritage Assets	–	–	–
Investment properties	–	–	–
Other Assets	31 780	24 800	–
Biological or Cultivated Assets	–	–	–
Computer Equipment	420	1 120	995
Furniture and Office Equipment	194	114	105
Machinery and Equipment	6 723	6 417	6 477
Transport Assets	1 211	5 171	7 915
Land	–	540	–
<u>Total Renewal of Existing Assets</u>	50 184	61 457	40 753
Storm water Infrastructure	–	–	1 000
Electrical Infrastructure	8 000	8 000	8 000
Water Supply Infrastructure	2 735	–	5 000
Sanitation Infrastructure	38 898	51 657	26 753
Infrastructure	49 634	59 657	40 753
Community Facilities	550	1 800	–
Community Assets	550	1 800	–
<u>Total Upgrading of Existing Assets</u>	31 604	27 129	42 629
Roads Infrastructure	17 664	20 000	25 000
Storm water Infrastructure	1 820	–	–
Electrical Infrastructure	5 000	5 000	6 729
Water Supply Infrastructure	500	–	3 000
Sanitation Infrastructure	–	–	500
Solid Waste Infrastructure	4 500	–	2 200
Infrastructure	29 484	25 000	37 429
Community Assets	1 620	2 129	5 200
Other Assets	500	–	–
Machinery and Equipment	–	–	–
Transport Assets	–	–	–

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Total Capital Expenditure	144 108	166 330	123 809
<i>Roads Infrastructure</i>	19 364	35 700	35 700
<i>Storm water Infrastructure</i>	1 820	-	1 000
<i>Electrical Infrastructure</i>	18 750	23 450	24 729
<i>Water Supply Infrastructure</i>	6 148	-	8 000
<i>Sanitation Infrastructure</i>	39 928	51 689	27 287
<i>Solid Waste Infrastructure</i>	5 000	-	4 200
Infrastructure	91 010	110 839	100 916
Community Assets	12 270	17 329	7 400
Heritage Assets	-	-	-
Investment properties	-	-	-
Other Assets	32 280	24 800	-
Biological or Cultivated Assets	-	-	-
Intangible Assets	-	-	-
Computer Equipment	420	1 120	995
Furniture and Office Equipment	194	114	105
Machinery and Equipment	6 791	6 417	6 477
Transport Assets	1 142	5 171	7 915
Land	-	540	-
TOTAL CAPITAL EXPENDITURE - Asset class	144 108	166 330	123 809
ASSET REGISTER SUMMARY - PPE (WDV)	2 011 355	2 080 398	2 099 873
<i>Roads Infrastructure</i>	452 035	530 877	558 563
<i>Storm water Infrastructure</i>	125 282	119 114	114 765
<i>Electrical Infrastructure</i>	310 047	301 881	289 514
<i>Water Supply Infrastructure</i>	405 483	445 631	539 927
<i>Sanitation Infrastructure</i>	395 337	390 280	357 196
<i>Solid Waste Infrastructure</i>	15 228	10 138	11 615
Infrastructure	1 703 412	1 797 921	1 871 580
Community Assets	95 524	91 785	71 998
Heritage Assets	770	770	770
Investment properties	48 621	48 603	48 585
Other Assets	60 790	48 258	27 244
Biological or Cultivated Assets	-	-	-
Intangible Assets	188	188	188
Computer Equipment	2 981	1 621	(755)
Furniture and Office Equipment	1 104	(223)	(1 627)
Machinery and Equipment	12 584	7 932	6 369
Transport Assets	22 668	20 288	12 807
Land	62 714	63 254	62 714
Zoo's, Marine and Non-biological Animals	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	2 011 355	2 080 398	2 099 873

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
EXPENDITURE OTHER ITEMS	146 387	143 339	161 314
<u>Depreciation</u>	87 293	95 908	102 720
<u>Repairs and Maintenance by Asset Class</u>	59 094	47 431	58 594
Roads Infrastructure	15 047	4 634	12 969
Storm water Infrastructure	16 174	17 379	18 458
Electrical Infrastructure	2 398	2 554	2 735
Sanitation Infrastructure	3 390	3 599	3 820
Solid Waste Infrastructure	6 507	6 818	7 284
Infrastructure	43 516	34 984	45 267
Community Facilities	1 655	1 732	1 812
Sport and Recreation Facilities	633	683	784
Community Assets	2 288	2 415	2 596
Heritage Assets	–	–	–
Investment properties	–	–	–
Operational Buildings	710	745	783
Housing	4 082	271	281
Other Assets	4 792	1 017	1 064
Biological or Cultivated Assets	–	–	–
Servitudes	–	–	–
Licences and Rights	2 947	3 250	3 498
Intangible Assets	2 947	3 250	3 498
Computer Equipment	419	440	463
Furniture and Office Equipment	61	64	67
Machinery and Equipment	937	986	1 038
Transport Assets	4 134	4 276	4 601
TOTAL EXPENDITURE OTHER ITEMS	146 387	143 339	161 314
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	56.8%	53.3%	67.3%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	93.7%	92.4%	81.2%
<i>R&M as a % of PPE</i>	3.0%	2.3%	2.9%
<i>Renewal and upgrading and R&M as a % of PPE</i>	6.0%	6.0%	6.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

MBRR Table A10 - Basic Service Delivery Measurement

Description	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Household service targets</u>			
<u>Water:</u>			
Piped water inside dwelling	32 872	32 872	32 872
Piped water inside yard (but not in dwelling)	3 232	3 232	3 232
Using public tap (at least min.service level)	55	55	55
Other water supply (at least min.service level)	158	158	158
<i>Minimum Service Level and Above sub-total</i>	36 317	36 317	36 317
Other water supply (< min.service level)	2 822	2 822	2 822
<i>Below Minimum Service Level sub-total</i>	2 822	2 822	2 822
Total number of households	39 139	39 139	39 139
<u>Sanitation/sewerage:</u>			
Flush toilet (connected to sewerage)	33 744	33 744	33 744
Flush toilet (with septic tank)	3 887	3 887	3 887
Chemical toilet	29	29	29
Pit toilet (ventilated)	37	37	37
<i>Minimum Service Level and Above sub-total</i>	37 697	37 697	37 697
Bucket toilet	991	991	991
Other toilet provisions (< min.service level)	141	141	141
No toilet provisions	310	310	310
<i>Below Minimum Service Level sub-total</i>	1 442	1 442	1 442
Total number of households	39 139	39 139	39 139
<u>Energy:</u>			
Electricity (at least min.service level)	38 631	38 631	38 631
<i>Minimum Service Level and Above sub-total</i>	38 631	38 631	38 631
Other energy sources	508	508	508
<i>Below Minimum Service Level sub-total</i>	508	508	508
Total number of households	39 139	39 139	39 139
<u>Refuse:</u>			
Removed at least once a week	32 675	32 675	32 675
<i>Minimum Service Level and Above sub-total</i>	32 675	32 675	32 675
Removed less frequently than once a week	480	480	480
Using communal refuse dump	897	897	897
Using own refuse dump	4 863	4 863	4 863
Other rubbish disposal	205	205	205
No rubbish disposal	19	19	19
<i>Below Minimum Service Level sub-total</i>	6 464	6 464	6 464
Total number of households	39 139	39 139	39 139
<u>Households receiving Free Basic Service</u>			
Water (6 kilolitres per household per month)	9 073	9 254	11 136
Sanitation (free minimum level service)	8 827	9 180	9 639
Electricity/other energy (50kwh per household per month)	8 468	9 061	9 695
Refuse (removed at least once a week)	8 981	9 160	9 801

Description	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>			
Water (6 kilolitres per indigent household per month)	14 874	16 125	17 480
Sanitation (free sanitation service to indigent households)	23 454	25 096	26 853
Electricity/other energy (50kwh per indigent household per month)	3 364	3 933	4 599
Refuse (removed once a week for indigent households)	13 842	14 755	15 729
<u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u>	–	–	–
Total cost of FBS provided	55 535	59 910	64 661
<u>Highest level of free service provided per household</u>			
Property rates (R value threshold)	115 000	115 000	115 000
Water (kilolitres per household per month)	6	6	6
Sanitation (Rand per household per month)	233.23	249.55	267.02
Electricity (kwh per household per month)	50	50	50
Refuse (average litres per week)	131.52	140.20	149.46
<u>Revenue cost of subsidised services provided (R'000)</u>			
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	4 850	5 135	5 448
Total revenue cost of subsidised services provided	4 850	5 135	5 448

Note: No updated information available other than the 2016 Community survey data on the above household service targets.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

POLITICAL OVERSIGHT OVER THE BUDGET PROCESS

Section 53 (1) (a) of the MFMA (no 56 of 2003) stipulates that the Mayor of a municipality must provide general political guidance over the budget process and the priorities that must guide the preparation of a budget.

Political oversight of the budget process is necessary to ensure that the needs and priorities of the community, as set out in the IDP, are properly linked to the municipality's spending plans.

The mayoral committee is one of the key assurance providers in accomplishing the linkage between the IDP and the Budget of a municipality.

SCHEDULE OF KEY DEADLINES RELATING TO THE BUDGET PROCESS

The mayor must, according to the MFMA, co-ordinate the processes for preparing the annual budget and for reviewing the municipality's IDP and budget-related policies. The mayor therefore tabled a schedule of key deadlines with regards to the budgetary process and the review of the municipality's IDP, in council at least 10 months before the start of the next financial year.

PURPOSE OF THE BUDGET AND IDP PROCESS PLAN

The purpose of the process plan is to indicate the various planned activities and strategies on which the municipality will embark to compose its Integrated Development Plan for the five year cycle (2019/20 – 2023/24) and the budget for the 2019/20 financial year and the two outer years.

The process plan enhances integration and alignment between the IDP and the Budget, thereby ensuring the development of an IDP-based budget. It fulfils the role of an operational framework for the IDP and Budget process outlining the manner in which this process was undertaken. In addition, it identifies the activities in the processes around the key statutory annual operational processes of the budget and IDP compilation, performance management implementation and the adoption of the municipality's annual report.

The Mayor tabled in Council the required IDP and budget time schedule on 30 August 2018. Key dates applicable to the process were:

- **October / November 2018** – Review of the financial strategy and key economic and financial planning assumptions. This included financial forecasting and scenario considerations;

- **October / November 2018** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **31 January 2019** - Council considered and approved the 2018/19 Mid-year Review and Adjustments Budget;
- **February / March 2019** - Finalise detailed draft operating and capital budgets in the prescribed formats incorporating National and Provincial budget allocations, integrate and align to IDP documentation and draft SDBIP, finalise budget policies including tariff policy;
- **28 March 2019** - Tabling in Council of the draft 2019/20 IDP and 2019/20 MTREF Budget for public consultation;
- **April / May 2019** – Public consultation;
- **3 May 2019 @ 12 midday** - Closing date for written comments;
- **4 - 16 May 2019** – Finalisation of the 2019/20 IDP and 2019/20 MTREF Budget, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **30 May 2019** - Tabling of the 2019/20 Final MTREF budget before Council for consideration and approval.

2.1.1 IDP and Service Delivery and Budget Implementation Plan

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.

2.1.2 Community Consultation

The public participation process will take place during the month of April 2019. During this process, members of the community were given the opportunity to provide inputs and comments on the draft budget presented to them. The comments and inputs will be reviewed and where appropriate the proposed changes will be incorporated into the final budget to be approved by Council at least 30 days before the start of the financial year.

2.2 Overview of alignment of annual budget with IDP

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

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

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

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

The 2019/20 MTREF was in the main informed by the IDP process outcomes and the following tables provide the reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

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

Strategic Objective	Goal	2019/20 Medium Term Revenue & Expenditure Framework		
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand				
Improved quality of life for citizens	Manage Development Services	4 060	2 137	28
	Manage Community Development	4 000	2 000	–
	Manage Multi-Purpose Centres	60	137	28
	Manage Environmental and Occupational Health	–	–	–
	Manage Protection Services	44 084	45 311	45 371
	Manage Protection Services	–	–	–
	Manage Civil Protection	–	–	–
	Manage Licensing and Registration Services	8 869	9 205	9 555
	Manage Traffic and Law Enforcement	35 185	35 252	35 802
	Manage Fire and Emergency Services	18	841	0
	Manage the Harbour Yzerfontein	12	13	13
Inclusive economic growth	Facilitate economic development in the municipal area	–	–	–
Quality and sustainable living environment	Manage Development Services	39 501	39 091	7 572
	Manage Development Services	1	1	1
	Manage Planning and Valuations	856	887	925
	Manage Building Control	2 730	2 833	2 940
	Manage Human Settlements	32 890	32 235	460
	Manage the Caravan Park Yzerfontein	3 025	3 135	3 245
Caring, competent and responsive institutions, organisations and business	Manage Corporate Services	10 953	11 437	10 989
	Manage Corporate Services, Secretariat and Records and Ward Committees	159	167	175
	Manage Human Resource Services	629	275	302
	Manage Properties, Contracts and Legal Administration	292	309	328
	Manage Libraries	9 846	10 657	10 153
	Manage Marketing And Tourism	28	30	31
	Manage Electrical Engineering Services			
	Manage ICT Services	–	–	–
	Manage the Office of the Municipal Manager	–	–	–
	Manage the Office of the Municipal Manager	–	–	–
	Manage Internal Audit	–	–	–
	Manage Strategic Services	–	–	–

Strategic Objective	Goal	2019/20 Medium Term Revenue & Expenditure Framework		
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand				
	Manage Financial Services	204 060	228 757	246 851
	Manage Financial Administration	–	–	–
	Manage Supply Chain Management	–	–	–
	Manage the Budget and Treasury Office	330	–	–
	Manage Finance (Credit Control, Income, Expenditure, etc)	203 730	228 757	246 851
	Manage Assets	–	–	–
	Manage Fleet	–	–	–
	Manage Council Expenses			
	Manage Council Expenses	260	263	266
Sufficient, affordable and well-run services	Manage Civil Engineering Services	514 477	565 029	625 542
	Manage Civil Engineering Services	71	–	–
	Manage Cemeteries	609	638	669
	Manage Parks and Recreational Areas	495	–	–
	Manage Proclaimed Roads	4 479	287	8 294
	Manage Sewerage	83 932	92 086	85 655
	Manage Waste Water Treatment Works	–	–	–
	Manage Sportsgrounds	554	2 246	6 824
	Manage Streets	192	109	114
	Manage Storm water	88	–	–
	Manage Swimming Pools	300	328	359
	Manage Water Provision	77 935	78 655	92 795
	Manage Municipal Property	714	756	802
	Manage Refuse Removal	42 625	45 091	48 038
	Manage Street Cleaning	111	118	125
	Manage Solid Waste Disposal (Landfill Sites)	–	–	–
	Manage Electrical Engineering Services	–	–	–
	Manage Electricity Distribution	302 372	344 716	381 867
	Manage Street Lighting	–	–	–
Allocations to other priorities				
Total Revenue (excluding capital transfers and contributions)		817 396	892 025	936 619

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

Strategic Objective	Goal	2019/20 Medium Term Revenue & Expenditure Framework		
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand				
Improved quality of life for citizens	Manage Development Services	6 406	7 039	7 513
	Manage Community Development	3 388	3 717	4 017
	Manage Multi-Purpose Centres	1 424	1 659	1 693
	Manage Environmental and Occupational Health	1 593	1 663	1 803
	Manage Protection Services	70 436	73 818	79 303
	Manage Protection Services	2 205	2 270	2 487
	Manage Civil Protection	300	300	300
	Manage Licensing and Registration Services	8 093	8 597	9 492
	Manage Traffic and Law Enforcement	55 361	57 970	61 984
	Manage Fire and Emergency Services	4 397	4 597	4 951
	Manage the Harbour Yzerfontein	80	85	89
	Facilitate economic development in the municipal area	300	150	150
Inclusive economic growth				
Quality and sustainable living environment	Manage Development Services	18 496	20 607	24 298
	Manage Development Services	2 106	2 255	2 453
	Manage Planning and Valuations	7 635	7 092	7 439
	Manage Building Control	2 966	3 163	3 449
	Manage Human Settlements	3 655	5 757	8 439
	Manage the Caravan Park Yzerfontein	2 134	2 340	2 518
Caring, competent and responsive institutions, organisations and business	Manage Corporate Services	30 242	31 561	33 889
	Manage Corporate Services, Secretariat and Records and Ward Committees	10 114	10 630	11 273
	Manage Human Resource Services	5 512	5 463	5 934
	Manage Properties, Contracts and Legal Administration	3 987	4 269	4 637
	Manage Libraries	9 151	9 675	10 435
	Manage Marketing And Tourism	1 477	1 525	1 611
	Manage Electrical Engineering Services			
	Manage ICT Services	12 318	13 490	14 529
	Manage the Office of the Municipal Manager	6 908	7 359	8 126
	Manage the Office of the Municipal Manager	3 039	3 246	3 639
	Manage Internal Audit	1 858	1 965	2 118
	Manage Strategic Services	2 011	2 148	2 369

Strategic Objective	Goal	2019/20 Medium Term Revenue & Expenditure Framework		
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand				
	Manage Financial Services	50 245	52 617	56 884
	Manage Financial Administration	1 915	2 048	2 224
	Manage Supply Chain Management	6 019	6 396	6 995
	Manage the Budget and Treasury Office	2 170	1 825	1 964
	Manage Finance (Credit Control, Income, Expenditure, etc)	37 998	40 152	43 287
	Manage Assets	1 181	1 175	1 298
	Manage Fleet	962	1 021	1 117
	Manage Council Expenses			
	Manage Council Expenses	16 944	18 088	19 099
Sufficient, affordable and well-run services	Manage Civil Engineering Services	523 149	550 179	613 876
	Manage Civil Engineering Services	3 651	3 908	4 255
	Manage Cemeteries	625	649	675
	Manage Parks and Recreational Areas	15 796	16 257	17 722
	Manage Proclaimed Roads	10 888	328	8 520
	Manage Sewerage	44 940	46 344	46 502
	Manage Waste Water Treatment Works	7 028	7 461	7 975
	Manage Sportsgrounds	4 825	4 613	4 948
	Manage Streets	37 651	38 351	40 260
	Manage Storm water	16 174	17 379	18 458
	Manage Swimming Pools	2 282	2 434	2 622
	Manage Water Provision	64 259	61 818	65 058
	Manage Municipal Property	14 912	11 574	12 340
	Manage Refuse Removal	23 799	25 506	28 610
	Manage Street Cleaning	4 916	5 228	5 554
	Manage Solid Waste Disposal (Landfill Sites)	6 507	6 818	7 284
	Manage Electrical Engineering Services	1 648	1 769	1 917
	Manage Electricity Distribution	261 684	298 071	339 377
	Manage Street Lighting	1 564	1 671	1 799
Allocations to other priorities				
Total Expenditure		735 443	774 908	857 668

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

Strategic Objective	Goal	2019/20 Medium Term Revenue & Expenditure Framework		
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand				
Improved quality of life for citizens	Manage Development Services	850	7 231	–
	Manage Community Development	150	–	–
	Manage Multi-Purpose Centres	700	7 231	–
	Manage Environmental and Occupational Health	–	–	–
	Manage Protection Services	1 002	1 806	1 104
	Manage Protection Services	104	106	108
	Manage Civil Protection	–	–	–
	Manage Licensing and Registration Services	–	396	871
	Manage Traffic and Law Enforcement	783	342	–
	Manage Fire and Emergency Services	115	961	125
	Manage the Harbour Yzerfontein	–	–	–
Inclusive economic growth	Facilitate economic development in the municipal area	–	–	–
Quality and sustainable living environment	Manage Development Services	39 046	26 868	70
	Manage Development Services	36	38	40
	Manage Planning and Valuations	5 000	2 000	–
	Manage Building Control	–	–	–
	Manage Human Settlements	32 780	24 800	–
	Manage the Caravan Park Yzerfontein	1 230	30	30
Caring, competent and responsive institutions, organisations and business	Manage Corporate Services	128	610	59
	Manage Corporate Services, Secretariat and Records and Ward Committees	18	560	22
	Manage Human Resource Services	–	–	–
	Manage Properties, Contracts and Legal Administration	60	50	37
	Manage Libraries	50	–	–
	Manage Marketing And Tourism	–	–	–
	Manage Electrical Engineering Services	490	1 190	1 065
	Manage ICT Services	490	1 190	1 065
	Manage the Office of the Municipal Manager	10	10	10
	Manage the Office of the Municipal Manager	10	10	10
	Manage Internal Audit	–	–	–
	Manage Strategic Services	–	–	–

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

MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2019/20 Medium Term Revenue & Expenditure Framework		
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Improved quality of life for citizens				
Manage Development Services	Completion of projects	850 000	7 231 168	-
Manage Protection Services	Completion of projects	1 001 850	1 805 720	1 104 360
Facilitate economic development in the municipal area				
Inclusive economic growth	Completion of projects	-	-	-
Quality and sustainable living environment				
Manage Development Services	Completion of projects	39 046 000	26 868 000	70 000
Caring, competent and responsive institutions, organisations and business				
Manage Corporate Services	Completion of projects	128 000	610 000	59 000
Manage Electrical Engineering Services	Completion of projects	490 000	1 190 000	1 065 000
Manage the Office of the Municipal Manager	Completion of projects	10 000	10 000	10 000
Manage Financial Services	Completion of projects	46 000	469 824	756 656
Manage Council Expenses	Completion of projects	10 000	10 000	10 000
Sufficient, affordable and well-run services				
Manage Civil Engineering Services	Completion of projects	102 525 722	128 135 007	120 733 540
Total		144 107 572	166 329 719	123 808 556

2.3 Overview of budget related-policies

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

No.	Policy/Plan Name	Reviewed (Yes / No)	Amended (Yes / No)
1.	Tariff Policy	Yes	Yes
2.	Property Rates Policy	Yes	Yes
3.	Property Rates By-Law	Yes	Yes
4.	Credit Control and Debt Collection By-Law and Policy	Yes	Yes
5.	Indigent Policy	Yes	Yes
6.	Cash Management and Investment Policy	Yes	Yes
7.	Budget Implementation Policy	Yes	Yes
8.	Funding and Reserves Policy	Yes	No
9.	Debt and Borrowing Policy	Yes	No
10.	Virement Policy	Yes	Yes
11.	Asset Management Policy	Yes	Yes
12.	Fleet Management Policy	Yes	Yes
13.	Supply Chain Management Policy	Yes	No
14.	Preferential Procurement Policy	Yes	No
15.	Travel and Subsistence Policy	Yes	Yes

All the above policies are and will be made available on the Municipality's website.

2.3.1 Review of credit control and debt collection procedures/policies

The Credit Control and Debt Collection Policy are reviewed annually and revisions were tabled in March 2019. Some of the revisions include amendments to definitions. 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, they are entitled to free basic services.

The 2019/20 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings except for water which is assumed at a 90% collection rate.

2.3.2 Asset Management, Infrastructure Investment and Funding Policy

The Asset Management Policy is 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.

2.3.3 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in January 2006. The policy is reviewed annually and the National Treasury MFMA Circular No.90 "Tax Compliance Status" (Appendix A) of 30 January 2018 was incorporated during the 2018/19 budget process.

2.3.4 Budget and Virement Policy

The 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 Virement Policy was approved by Council in June 2011. The policy is reviewed annually and was tabled with amendments in March 2019.

The Budget Implementation Policy was approved in May 2016. The policy was reviewed and amended for the 2019/20 MTREF.

2.3.5 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy are reviewed annually and amendments were made for the 2019/20 MTREF. 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 equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

Swartland Municipality strives to maintain a cost coverage ratio of between 4 to 6 months at all times, which is well above the norm in local government and the cost coverage as per A-schedule SA8 is around 11 months for the 2019/20 MTREF.

2.3.6 Tariff Policy

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 policy was reviewed and amended for the 2019/20 MTREF.

2.4 Overview of budget assumptions

2.4.1 External factors

The Swartland population increased from 72 115 (2001) to 113 782 (2011) and 133 762 (2016) as new households urbanize and in-migrate. This, coupled with the multiplier effect of the high unemployment rate in South Africa could place enormous pressure on the revenue streams and especially the recovery rate of debtors. The recovery rate for the 2017/18 year was 97.29% and currently 95 per cent budgeted for 2018/19 and 2019/20 MTREF except for water that is based on a 90% collection rate.

- Planned anticipated revenue from the sale of water under pressure as a result of much lower consumption levels becoming the new norm;
- The upward pressure and multiplier effect of increases in staff salaries negotiated and agreed at National Level;
- The impact on the economy as a result of poor economic performance and unemployment.
- The impact of Eskom load shedding.

2.4.2 Interest rates for borrowing and investment of funds

Interest rates are currently under control, all things remaining equal with the inflation rate currently being above the target range of the South African Reserve Bank.

2.4.3 Collection rate for revenue services

The base assumption is that tariff and rate increases will increase at a rate slightly below CPI over the long term and leaves the concern whether this is sustainable over the longer term.

The rate of revenue collection is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings except for water that is based on a 90% collection rate. The performance of any increased collections or arrear collections will however be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.4.4 Growth or decline in tax base of the municipality

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

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

household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.4.5 Salary increases

Personnel costs negotiated and determined at national level as allowed for in the Labour Relations Act or Individual Contracts of Employment, as follows:

Increases of the directors: Corporate, Electrical and Protection Services being linked to the other personnel which is negotiated and determined at national level:

- In respect of all personnel, an increase of **6.5%** for 2019/2020; **6.25%** for 2020/21 and **6%** for the 2021/2022 financial years, excluding the increase in other benefits that are applicable and the annual 2.5% notch increase where applicable.
- In respect of the other section 56-appointments (excluding the Municipal Manager, CFO and Director Civil Services) a **6.5%** increase with effect from 1 July 2019;
- Provision has been made for a **5%** increase for political office bearers which is within the upper band of the inflation targets set by the South African Reserve Bank (SARB);

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

It is estimated, based on prior year's performance and current spending trends, that both capital and operating expenditure will be no less than 95 per cent of the budgeted amounts.

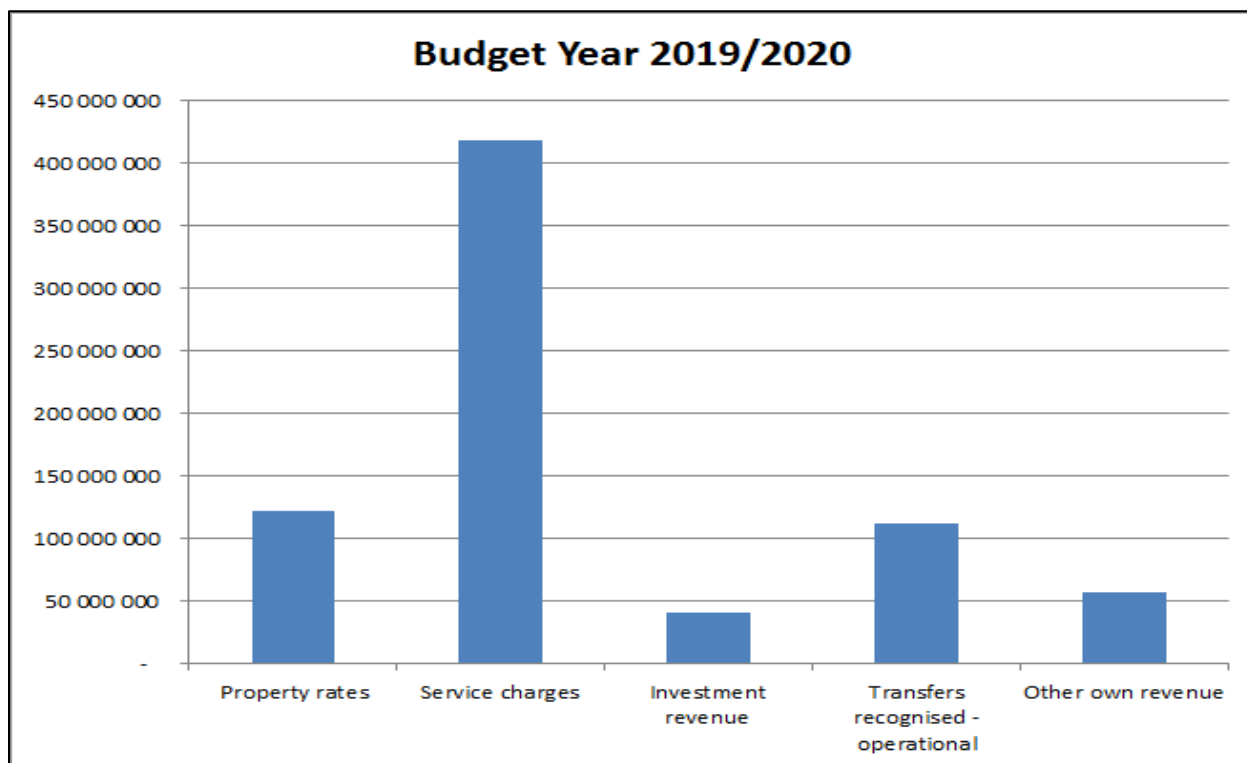
2.5 Overview of budget funding

2.5.1 Medium-term outlook: operating revenue

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

Description	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands			
<u>Financial Performance</u>			
Property rates	121 289	137 273	145 129
Service charges	417 900	463 657	508 052
Investment revenue	40 920	43 455	46 113
Transfers recognised - operational	111 956	117 140	136 872
Other own revenue	57 170	58 564	60 014
Total Revenue (excluding capital transfers and contributions)	749 235	820 089	896 180

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



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 water, electricity, sanitation and solid waste removal.

Investment revenue contributes marginally to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

MBRR SA15 & SA16 – Detail Investment Information / Investment particulars by maturity

All investments are transferred to the current account at year-end. However, excess cash is invested periodically to ensure maximum return.

2.5.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves analysis for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

MBRR Table A7 - Budget cash flow statement

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates	115 225	130 410	137 872
Service charges	394 180	437 432	479 373
Other revenue	29 572	30 546	31 565
Government - operating	111 956	117 140	136 872
Government - capital	68 161	71 936	40 439
Interest	43 719	46 425	49 265
Payments			
Suppliers and employees	(590 236)	(599 154)	(686 150)
Finance charges	(18 581)	(17 022)	(15 772)
Transfers and Grants	(3 139)	(2 780)	(2 801)
NET CASH FROM/(USED) OPERATING ACTIVITIES	150 856	214 934	170 662
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on disposal of PPE	200	200	200
Decrease (Increase) in non-current debtors	–	–	–
Decrease (increase) other non-current receivables	–	–	–
Decrease (increase) in non-current investments	–	–	–
Payments			
Capital assets	(144 108)	(166 330)	(123 809)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(143 908)	(166 130)	(123 609)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Borrowing long term/refinancing	50 000	–	–
Increase (decrease) in consumer deposits	236	177	207
Payments			
Repayment of borrowing	(14 651)	(13 298)	(12 114)
NET CASH FROM/(USED) FINANCING ACTIVITIES	35 585	(13 121)	(11 907)
NET INCREASE/ (DECREASE) IN CASH HELD	42 534	35 684	35 147
Cash/cash equivalents at the year begin:	495 102	537 636	573 320
Cash/cash equivalents at the year end:	537 636	573 320	608 467

2.5.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

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

MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand			
<u>Cash and investments available</u>			
Cash/cash equivalents at the year end	537 636	573 320	608 467
Other current investments > 90 days	(0)	0	0
Non current assets - Investments	—	—	—
Cash and investments available:	537 636	573 320	608 467
<u>Application of cash and investments</u>			
Unspent conditional transfers	—	—	—
Unspent borrowing	—	—	—
Statutory requirements	—	—	—
Other working capital requirements	(14 316)	(16 605)	(34 109)
Other provisions	—	—	—
Long term investments committed	—	—	—
Reserves to be backed by cash/investments	244 227	338 093	433 024
Total Application of cash and investments:	229 911	321 489	398 915
Surplus(shortfall)	307 725	251 831	209 552

From the above table it can be seen that the cash and investments available over the MTREF will be sufficient to cover all commitments. Commitments include the following:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges.
- The Capital Replacement Reserve that needs to be cash-backed.

2.5.4 Funding compliance measurement

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

MBRR SA10 – Funding compliance measurement

Description	MFMA section	2019/20 Medium Term Revenue & Expenditure Framework		
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Funding measures				
Cash/cash equivalents at the year end - R'000	18(1)b	537 636	573 320	608 467
Cash + investments at the yr end less applications - R'000	18(1)b	307 725	251 831	209 552
Cash year end/monthly employee/supplier payments	18(1)b	11.0	11.1	10.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	81 953	117 117	78 951
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	4.2%	5.5%	2.7%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	90.4%	90.8%	91.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	6.5%	6.2%	6.0%
Capital payments % of capital expenditure	18(1)c;19	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	65.8%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	35.2%	6.8%	6.4%
Long term receivables % change - incr(decr)	18(1)a	(100.0%)	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	3.0%	2.3%	2.9%
Asset renewal % of capital budget	20(1)(vi)	34.8%	36.9%	32.9%

2.5.4.1 Cash/cash equivalent position

The Municipality's forecasted cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF is generally a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecasted cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

2.5.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in the previous page. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made.

2.5.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as boycotts. As mentioned before, the municipality strives to maintain a ratio of between 4 and 6 months, whilst the cost coverage as per A-schedule SA8 is about 11 months for the 2019/20 MTREF.

2.5.4.4 Surplus/deficit excluding depreciation off-sets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

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

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue.

2.5.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 95 per cent performance target, the cash flow

statement has been based on actual rates achieved during 2017/18 and to date. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. It also includes fines with a very low collection rate (below 25%) This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.5.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

2.5.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent payment has been factored into the cash position forecasted over the entire financial year.

2.5.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for.

2.5.4.10 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

2.5.4.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Due to the use of a deemed cost for infrastructure valuations, this percentage seems very low.

2.5.4.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

2.6 Expenditure on grants and reconciliations of unspent funds

MBRR SA19 - Expenditure on transfers and grant programmes

Description	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand			
EXPENDITURE:			
<u>Operating expenditure of Transfers and Grants</u>			
National Government:	94 852	103 745	115 843
Local Government Equitable Share	91 534	102 195	114 293
Finance Management	1 550	1 550	1 550
EPWP Incentive	1 768	–	–
Provincial Government:	16 854	13 120	20 727
Municipal Accreditation and Capacity Building Grant	224	238	252
Libraries	9 557	10 406	9 889
Proclaimed Roads Subsidy	4 374	176	8 176
Financial Management Support Grant: Student Bursas	379	–	–
Financial Management Support Grant: mSCOA	330	–	–
Thusong Grant	–	110	–
Establishment of a K9 Unit	1 990	2 190	2 410
Other grant providers:	250	275	302
LG Seta	250	275	302
Total operating expenditure of Transfers and Grants:	111 956	117 140	136 872
<u>Capital expenditure of Transfers and Grants</u>			
National Government:	31 301	37 285	40 429
Municipal Infrastructure Grant (MIG)	21 301	22 285	23 700
Energy Efficiency and Demand Side Management Grant	5 000	5 000	6 729
Integrated National Electrification Programme (municipal)	5 000	10 000	10 000
Provincial Government:	36 860	34 651	10
Human Settlements	32 480	31 800	–
RSEP/VPUU Municipal Projects	4 000	2 000	–
Libraries	50	–	–
Upgrading of Tennis & Netball Courts	320	–	–
Fire Service Capacity Building Grant	–	841	–
Establishment of a K9 Unit	10	10	10
Total capital expenditure of Transfers and Grants	68 161	71 936	40 439
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	180 117	189 076	177 311

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

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Operating transfers and grants:			
National Government:			
Balance unspent at beginning of the year	–	–	–
Current year receipts	94 852	103 745	115 843
Conditions met - transferred to revenue	94 852	103 745	115 843
Conditions still to be met - transferred to liabilities			
Provincial Government:			
Balance unspent at beginning of the year	–	–	–
Current year receipts	16 854	13 120	20 727
Conditions met - transferred to revenue	16 854	13 120	20 727
Conditions still to be met - transferred to liabilities			
District Municipality:			
Balance unspent at beginning of the year			
Current year receipts			
Conditions met - transferred to revenue	–	–	–
Conditions still to be met - transferred to liabilities			
Other grant providers:			
Balance unspent at beginning of the year			
Current year receipts	250	275	302
Conditions met - transferred to revenue	250	275	302
Conditions still to be met - transferred to liabilities			
Total operating transfers and grants revenue	111 956	117 140	136 872
Total operating transfers and grants - CTBM	–	–	–
Capital transfers and grants:			
National Government:			
Balance unspent at beginning of the year	–	–	–
Current year receipts	31 301	37 285	40 429
Conditions met - transferred to revenue	31 301	37 285	40 429
Conditions still to be met - transferred to liabilities			
Provincial Government:			
Balance unspent at beginning of the year	–	–	–
Current year receipts	36 860	34 651	10
Conditions met - transferred to revenue	36 860	34 651	10
Conditions still to be met - transferred to liabilities			
District Municipality:			
Balance unspent at beginning of the year			
Current year receipts			
Conditions met - transferred to revenue	–	–	–
Conditions still to be met - transferred to liabilities			
Other grant providers:			
Balance unspent at beginning of the year			
Current year receipts			
Conditions met - transferred to revenue	–	–	–
Conditions still to be met - transferred to liabilities			
Total capital transfers and grants revenue	68 161	71 936	40 439
Total capital transfers and grants - CTBM	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE	180 117	189 076	177 311
TOTAL TRANSFERS AND GRANTS - CTBM	–	–	–

2.7 Allocations and Grants made by the municipality

The following cash allocations are provided for in the budget of the municipality:

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Cash Transfers to Organisations</u>			
<i>Old age homes</i>	938	938	938
<i>SPCA</i>	281	298	316
<i>NSRI</i>	82	82	82
<i>Museums</i>	199	199	199
<i>Bergriver Canoe Marathon</i>	54	54	54
<i>Tourism associations</i>	820	823	826
Total Cash Transfers To Organisations	2 375	2 395	2 416
<u>Cash Transfers to Groups of Individuals</u>			
<i>Bursaries:non-employees</i>	379	–	–
<i>Welfare organisations</i>	385	385	385
Total Cash Transfers To Groups Of Individuals:	764	385	385
TOTAL CASH TRANSFERS AND GRANTS	3 139	2 780	2 801

2.8 Councillor and employee benefits

MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	G	H	I
<u>Councillors (Political Office Bearers plus Other)</u>			
Basic Salaries and Wages	7 430	7 979	8 417
Pension and UIF Contributions	1 018	1 093	1 153
Medical Aid Contributions	251	270	285
Motor Vehicle Allowance	1 310	1 406	1 484
Cellphone Allowance	1 102	1 184	1 249
Housing Allowances	—	—	—
Other benefits and allowances	—	—	—
Sub Total - Councillors	11 112	11 932	12 588
% increase	5.0%	7.4%	5.5%
<u>Senior Managers of the Municipality</u>			
Basic Salaries and Wages	7 947	8 546	9 269
Pension and UIF Contributions	1 455	1 582	1 716
Medical Aid Contributions	265	278	292
Motor Vehicle Allowance	1 055	1 055	1 182
Cellphone Allowance	304	323	339
Housing Allowances	—	—	—
Other benefits and allowances	174	180	187
Payments in lieu of leave	—	—	—
Long service awards	87	—	—
Post-retirement benefit obligations	842	916	1 169
Sub Total - Senior Managers of Municipality	12 130	12 880	14 154
% increase	1.8%	6.2%	9.9%
<u>Other Municipal Staff</u>			
Basic Salaries and Wages	124 612	133 880	145 308
Pension and UIF Contributions	21 832	23 472	25 390
Medical Aid Contributions	9 739	10 226	10 737
Overtime	9 144	9 554	9 917
Motor Vehicle Allowance	5 040	5 080	5 690
Cellphone Allowance	427	452	475
Housing Allowances	1 491	1 584	1 679
Other benefits and allowances	21 152	22 407	23 704
Payments in lieu of leave	2 378	2 544	2 722
Long service awards	1 552	804	1 811
Post-retirement benefit obligations	4 418	4 744	6 133
Sub Total - Other Municipal Staff	201 785	214 748	233 566
% increase	4.6%	6.4%	8.8%
Total Parent Municipality	225 027	239 560	260 307
	4.4%	6.5%	8.7%
TOTAL SALARY, ALLOWANCES & BENEFITS	225 027	239 560	260 307
% increase	4.4%	6.5%	8.7%
TOTAL MANAGERS AND STAFF	213 915	227 629	247 719

MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contribution 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Rand per annum						
<u>Councillors</u>						
Speaker	477 231	99 023	207 059			783 313
Chief Whip	–	–	–			–
Executive Mayor	629 167	89 740	247 435			966 342
Deputy Executive Mayor	618 655	88 241	88 646			795 543
Executive Committee	2 180 080	411 501	647 334			3 238 915
Total for all other councillors	3 525 137	580 886	1 221 529			5 327 552
Total Councillors	7 430 269	1 269 391	2 412 003			11 111 664
<u>Senior Managers of the Municipality</u>						
Municipal Manager (MM)	1 416 937	366 092	333 948			2 116 977
Chief Finance Officer	1 002 250	274 360	219 617			1 496 227
Director: Corporate Services	1 155 719	255 769	138 506			1 549 994
Director: Development Services	1 072 100	277 757	222 797			1 572 654
Director: Civil Services	912 810	204 124	194 297			1 311 231
Director: Electrical Services	947 970	263 808	371 228			1 583 005
Director: Protection Services	887 136	280 237	443 121			1 610 493
						–
<i>List of each official with packages >= senior manager</i>						
Not applicable						–
						–
						–
						–
Total Senior Managers of the Municipality	7 394 921	1 922 146	1 923 514	–		11 240 581
<u>A Heading for Each Entity</u>						
List each member of board by designation						
						–
Total for municipal entities	–	–	–	–		–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	14 825 191	3 191 537	4 335 517	–		22 352 245

MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	Budget Year 2019/20		
	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities			
Councillors (Political Office Bearers plus Other Councillors)	23	7	16
Board Members of municipal entities	–	–	–
Municipal employees			
Municipal Manager and Senior Managers	7	7	–
Other Managers	–	–	–
Professionals	25	25	–
<i>Finance</i>	5	5	–
<i>Spatial/town planning</i>	4	4	–
<i>Information Technology</i>	2	2	–
<i>Roads</i>	–	–	–
<i>Electricity</i>	2	2	–
<i>Water</i>	1	1	–
<i>Sanitation</i>	–	–	–
<i>Refuse</i>	1	1	–
<i>Other</i>	10	10	–
Technicians	32	32	–
<i>Finance</i>	–	–	–
<i>Spatial/town planning</i>	4	4	–
<i>Information Technology</i>	2	2	–
<i>Roads</i>	2	2	–
<i>Electricity</i>	5	5	–
<i>Water</i>	3	3	–
<i>Sanitation</i>	2	2	–
<i>Refuse</i>	2	2	–
<i>Other</i>	12	12	–
Clerks (Clerical and administrative)	116	116	–
Service and sales workers	67	67	–
Skilled agricultural and fishery workers	1	1	–
Craft and related trades	32	32	–
Plant and Machine Operators	42	42	–
Elementary Occupations	238	238	–
TOTAL PERSONNEL NUMBERS	583	567	16
% increase	–	2.9%	–
Total municipal employees headcount	560	560	–
Finance personnel headcount	75	75	–
Human Resources personnel headcount	5	5	–

2.9 Monthly targets for revenue, expenditure and cash flow

MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand															
Revenue By Source															
Property rates	10 624	11 356	10 233	10 107	10 356	10 106	10 183	10 230	10 055	9 984	10 078	7 977	121 289	137 273	145 129
Service charges - electricity revenue	25 995	25 943	21 584	22 373	22 738	22 735	20 689	23 928	24 015	25 498	26 785	26 705	288 988	325 763	360 519
Service charges - water revenue	4 235	4 547	4 579	4 812	5 242	5 497	5 671	5 242	4 298	4 429	4 236	3 709	56 497	60 840	65 524
Service charges - sanitation revenue	3 133	3 735	3 621	3 757	3 830	3 662	3 757	3 672	3 626	3 551	3 557	5 357	45 258	48 109	51 159
Service charges - refuse revenue	2 166	2 168	2 233	2 287	2 233	2 168	2 286	2 224	2 259	2 263	2 267	2 601	27 157	28 945	30 850
Rental of facilities and equipment	195	121	114	106	114	99	129	125	126	127	126	204	1 586	1 681	1 781
Interest earned - external investments	650	667	580	502	452	601	562	550	562	572	582	34 639	40 920	43 455	46 113
Interest earned - outstanding debtors	187	199	248	207	231	217	197	235	263	266	263	284	2 799	2 970	3 152
Fines, penalties and forfeits	72	25	68	11	59	7	26	46	48	48	48	32 341	32 800	33 130	33 463
Licences and permits	323	338	306	382	353	285	361	344	357	360	357	356	4 122	4 328	4 544
Agency services	310	368	340	511	374	317	395	338	362	365	361	258	4 300	4 408	4 518
Transfers and subsidies	38 142	1 550	3 630	88	4 264	30 508	3 842	7 048	22 884	-	-	-	111 956	117 140	136 872
Other revenue	596	901	890	1 392	1 160	859	810	1 036	985	992	984	759	11 364	11 848	12 356
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	200	200	200	200
Total Revenue (excluding capital transfer)	86 628	51 918	48 427	46 535	51 408	77 061	48 908	55 018	69 841	48 457	49 644	115 390	749 235	820 089	896 180
Expenditure By Type															
Employee related costs	16 298	16 407	16 429	16 429	27 226	16 559	16 551	16 555	16 564	16 574	16 583	21 739	213 915	227 629	247 719
Remuneration of councillors	855	855	855	855	855	855	855	1 026	1 026	1 026	1 026	1 026	11 112	11 932	12 588
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	35 285	35 285	37 321	39 478
Depreciation & asset impairment	-	-	-	-	-	-	-	-	-	-	-	88 293	88 293	96 908	103 720
Finance charges	-	-	-	-	-	9 476	-	-	-	-	-	9 105	18 581	17 022	15 772
Bulk purchases	-	23 019	23 042	16 065	12 688	18 811	22 834	22 857	15 080	18 203	18 227	34 876	225 700	259 905	298 488
Other materials	1 014	1 112	1 070	1 462	1 545	1 101	1 734	1 256	4 557	4 514	4 490	10 825	34 680	31 729	33 372
Contracted services	1 185	3 112	3 388	3 873	4 088	4 105	3 687	4 948	4 919	4 924	4 924	22 229	65 382	48 064	58 829
Transfers and subsidies	191	461	201	231	311	221	231	311	241	241	241	257	3 139	2 780	2 801
Other expenditure	919	2 419	2 884	3 056	3 308	2 356	2 742	1 842	2 747	2 781	2 893	10 410	38 356	40 619	43 901
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	1 000	1 000	1 000	1 000
Total Expenditure	20 462	47 384	47 868	41 969	50 020	53 484	48 634	48 795	45 134	48 264	48 384	235 045	735 443	774 908	857 668
Surplus/(Deficit)	66 165	4 534	559	4 566	1 388	23 577	274	6 223	24 708	193	1 259	(119 655)	13 792	45 181	38 512
(monetary allocations) (National /	3 000	8 120	8 400	1 500	16 521	320	7 560	8 120	-	14 620	-	-	68 161	71 936	40 439
Surplus/(Deficit)	69 165	12 654	8 959	6 066	17 909	23 897	7 834	14 343	24 708	14 813	1 259	(119 655)	81 953	117 117	78 951

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

Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand															
Revenue by Vote															
Vote 1 - Corporate Services	53	62	3 506	43	3 263	69	3 694	83	62	63	62	(7)	10 953	11 437	10 989
Vote 2 - Civil Services	34 517	10 719	16 309	11 193	20 730	29 369	12 100	16 228	23 563	15 082	10 397	11 898	212 105	220 313	243 675
Vote 3 - Council	4	25	2	17	30	5	0	2	23	23	23	107	260	263	266
Vote 4 - Electricity Services	27 393	25 947	24 589	23 875	22 740	23 853	24 193	23 929	24 855	27 502	26 788	26 708	302 372	344 716	381 867
Vote 5 - Financial Services	26 537	13 858	11 143	10 904	11 117	22 989	11 028	11 422	19 961	10 899	10 999	43 202	204 060	228 757	246 851
Vote 6 - Development Services	395	8 663	559	1 050	8 792	473	4 640	8 755	577	8 702	577	377	43 562	41 227	7 600
Vote 7 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Protection Services	729	764	719	954	1 257	621	812	2 719	799	806	798	33 106	44 084	45 311	45 371
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	89 628	60 038	56 827	48 035	67 929	77 381	56 468	63 138	69 841	63 077	49 644	115 390	817 396	892 025	936 619
Expenditure by Vote to be appropriated															
Vote 1 - Corporate Services	1 989	2 460	2 298	2 504	3 026	2 628	2 378	2 922	2 502	2 502	2 503	2 530	30 242	31 561	33 889
Vote 2 - Civil Services	7 632	9 616	10 060	10 556	14 693	18 986	10 737	10 803	13 943	13 927	14 016	123 282	258 252	248 668	270 783
Vote 3 - Council	980	1 580	1 252	1 296	1 356	1 280	1 265	1 519	1 475	1 476	1 476	1 989	16 944	18 088	19 099
Vote 4 - Electricity Services	2 234	25 348	25 950	18 928	18 437	21 566	25 870	25 228	17 770	20 904	20 930	54 048	277 214	315 001	357 622
Vote 5 - Financial Services	2 648	3 010	3 025	3 307	4 516	3 211	3 009	2 992	3 695	3 704	3 707	13 421	50 245	52 617	56 884
Vote 6 - Development Services	1 530	1 524	1 546	1 573	2 535	1 846	1 560	1 719	1 744	1 746	1 747	5 831	24 901	27 645	31 811
Vote 7 - Municipal Manager	497	546	511	514	724	554	547	518	557	557	558	1 126	7 208	7 509	8 276
Vote 8 - Protection Services	2 952	3 300	3 225	3 292	4 733	3 412	3 268	3 094	3 448	3 447	3 447	32 818	70 436	73 818	79 303
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	20 462	47 384	47 868	41 969	50 020	53 484	48 634	48 795	45 134	48 264	48 384	235 045	735 443	774 908	857 668
Surplus/(Deficit) before assoc.	69 165	12 654	8 959	6 066	17 909	23 897	7 834	14 343	24 708	14 813	1 259	(119 655)	81 953	117 117	78 951
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	69 165	12 654	8 959	6 066	17 909	23 897	7 834	14 343	24 708	14 813	1 259	(119 655)	81 953	117 117	78 951

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

Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand															
Revenue - Functional															
<i>Governance and administration</i>	26 603	13 944	11 546	10 990	11 237	23 104	11 498	11 511	20 078	11 016	11 116	43 249	205 893	230 219	248 397
Executive and council	4	25	2	17	30	5	0	2	23	23	23	107	260	263	266
Finance and administration	26 599	13 919	11 545	10 973	11 207	23 100	11 498	11 509	20 055	10 993	11 093	43 142	205 633	229 956	248 131
Internal audit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	1 069	9 161	4 400	1 936	13 562	1 316	8 703	11 275	1 211	9 341	1 210	24 101	87 285	87 790	57 881
Community and social services	113	111	3 279	108	3 317	54	7 337	112	92	92	92	101	14 807	13 741	11 178
Sport and recreation	211	150	385	858	851	624	314	308	305	308	304	(243)	4 374	5 709	10 428
Public safety	729	764	719	954	1 257	621	812	2 719	799	806	798	24 236	35 215	36 106	35 815
Housing	16	8 136	16	16	8 136	16	240	8 136	16	8 136	16	7	32 890	32 235	460
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	246	384	295	252	427	233	152	4 727	322	324	322	9 443	17 126	13 321	21 828
Planning and development	246	378	286	252	323	221	152	345	309	312	309	455	3 586	3 720	3 865
Road transport	-	6	10	0	104	12	-	4 381	13	13	13	8 988	13 540	9 601	17 963
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	61 707	36 547	40 583	34 855	42 700	52 725	36 113	35 623	48 229	42 392	36 995	38 594	507 063	560 665	608 481
Energy sources	27 393	25 947	24 589	23 875	22 740	23 853	24 193	23 929	24 855	27 502	26 788	26 708	302 372	344 716	381 867
Water management	10 539	4 663	4 692	4 947	10 337	10 628	5 747	5 406	8 154	4 565	4 373	3 883	77 935	78 655	92 795
Waste water management	15 841	3 654	8 940	3 746	7 158	11 331	3 752	3 600	9 383	7 944	3 450	5 223	84 021	92 086	85 655
Waste management	7 934	2 283	2 362	2 287	2 465	6 913	2 421	2 689	5 837	2 381	2 384	2 780	42 736	45 209	48 163
<i>Other</i>	2	2	2	2	2	2	2	2	2	2	2	4	28	30	31
Total Revenue - Functional	89 628	60 038	56 827	48 035	67 929	77 381	56 468	63 138	69 841	63 077	49 644	115 390	817 396	892 025	936 619

Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure - Functional															
<i>Governance and administration</i>	6 664	8 229	8 437	8 763	12 069	8 983	8 369	8 332	9 151	9 177	9 186	29 962	127 325	128 938	138 730
Executive and council	1 218	1 826	1 496	1 543	1 642	1 522	1 505	1 769	1 717	1 719	1 719	2 306	19 983	21 334	22 738
Finance and administration	5 330	6 249	6 821	7 098	10 227	7 297	6 743	6 444	7 299	7 324	7 332	27 434	105 599	105 754	113 989
Internal audit	116	154	121	122	200	164	121	119	135	135	135	222	1 743	1 850	2 003
<i>Community and public safety</i>	5 646	6 250	6 306	6 406	9 318	6 398	6 292	5 963	6 469	6 464	6 563	34 150	106 227	114 320	125 031
Community and social services	1 223	1 437	1 280	1 298	2 010	1 294	1 348	1 289	1 363	1 360	1 361	3 614	18 876	20 268	21 758
Sport and recreation	1 526	1 664	1 853	1 872	2 650	1 744	1 730	1 626	1 721	1 720	1 819	5 112	25 037	25 644	27 810
Public safety	2 783	3 028	3 049	3 110	4 468	3 234	3 092	2 918	3 254	3 253	3 253	24 395	59 838	62 652	67 024
Housing	114	121	124	127	191	126	122	131	130	130	130	1 030	2 476	5 757	8 439
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	1 120	1 366	1 392	1 488	3 126	2 100	2 163	2 473	2 405	2 404	2 402	47 105	69 544	59 829	71 679
Planning and development	818	798	813	826	1 497	1 079	865	958	998	1 000	1 000	2 259	12 912	12 553	13 407
Road transport	302	568	579	662	1 630	1 021	1 298	1 515	1 407	1 404	1 402	44 846	56 632	47 276	58 272
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	6 920	31 424	31 619	25 196	25 364	35 887	31 660	31 913	26 990	30 100	30 114	123 684	430 870	470 296	520 617
Energy sources	1 555	24 704	24 888	18 118	15 957	20 808	24 496	24 733	16 876	19 999	20 021	51 093	263 248	299 742	341 176
Water management	1 318	1 494	1 660	1 701	2 305	1 955	2 157	2 338	4 936	4 937	4 937	34 519	64 259	61 818	65 058
Waste water management	2 152	2 436	2 752	2 681	3 866	10 369	2 538	2 726	2 654	2 648	2 645	30 675	68 142	71 184	72 935
Waste management	1 895	2 790	2 319	2 696	3 236	2 754	2 468	2 115	2 524	2 516	2 511	7 396	35 221	37 552	41 448
<i>Other</i>	113	115	113	116	142	116	150	114	118	118	118	143	1 477	1 525	1 611
Total Expenditure - Functional	20 462	47 384	47 868	41 969	50 020	53 484	48 634	48 795	45 134	48 264	48 384	235 045	735 443	774 908	857 668
Surplus/(Deficit) before assoc.	69 165	12 654	8 959	6 066	17 909	23 897	7 834	14 343	24 708	14 813	1 259	(119 655)	81 953	117 117	78 951
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	69 165	12 654	8 959	6 066	17 909	23 897	7 834	14 343	24 708	14 813	1 259	(119 655)	81 953	117 117	78 951

MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Multi-year expenditure to be appropriated															
Vote 1 - Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Civil Services	3 067	4 300	4 113	3 850	3 450	2 600	2 533	3 850	6 150	6 350	6 300	6 998	53 561	79 555	46 453
Vote 3 - Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Electricity Services	550	550	550	650	650	50	4 400	800	2 000	700	500	-	11 400	16 000	17 229
Vote 5 - Financial Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Development Services	1 450	2 500	2 385	3 000	2 485	2 600	2 385	4 250	3 585	3 500	3 935	3 805	35 880	28 231	-
Vote 7 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Protection Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	5 067	7 350	7 048	7 500	6 585	5 250	9 318	8 900	11 735	10 550	10 735	10 803	100 841	123 786	63 682
Single-year expenditure to be appropriated															
Vote 1 - Corporate Services	-	33	10	-	32	-	20	-	13	-	10	10	128	610	59
Vote 2 - Civil Services	500	500	605	1 327	6 649	955	6 088	8 252	6 495	250	-	-	31 621	29 349	48 702
Vote 3 - Council	-	2	-	-	2	-	2	-	2	-	2	-	10	10	10
Vote 4 - Electricity Services	500	542	542	542	909	535	2 629	592	592	802	542	507	9 234	9 990	9 415
Vote 5 - Financial Services	-	2	3	24	3	2	5	3	2	2	-	-	46	470	757
Vote 6 - Development Services	6	6	106	156	306	6	106	6	206	106	206	6	1 216	299	70
Vote 7 - Municipal Manager	-	2	-	-	2	-	2	-	2	-	2	-	10	10	10
Vote 8 - Protection Services	-	-	185	25	368	300	20	40	20	-	39	5	1 002	1 806	1 104
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	1 006	1 087	1 451	2 074	8 270	1 798	8 871	8 893	7 332	1 160	801	528	43 266	42 544	60 127
Total Capital Expenditure	6 073	8 437	8 498	9 574	14 855	7 048	18 189	17 793	19 067	11 710	11 536	11 330	144 108	166 330	123 809

MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description R thousand	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional															
<i>Governance and administration</i>	350	366	360	391	1 084	107	121	380	935	1 319	311	7	5 731	7 785	1 889
Executive and council	–	4	–	–	4	–	4	–	4	–	4	–	20	20	20
Finance and administration	350	362	360	391	1 080	107	117	380	931	1 319	307	7	5 711	7 765	1 869
Internal audit	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>	103	133	298	383	1 423	728	348	558	348	203	252	118	4 890	12 764	9 151
Community and social services	–	30	10	150	20	–	20	100	110	200	210	110	960	7 281	37
Sport and recreation	103	103	103	208	1 036	428	308	418	218	3	3	3	2 928	3 678	8 010
Public safety	–	–	185	25	368	300	20	40	20	–	39	5	1 002	1 806	1 104
Housing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental service</i>	1 353	2 403	2 288	2 810	5 712	2 708	7 498	10 543	8 488	3 303	4 738	3 708	55 552	59 816	40 463
Planning and development	1 353	2 403	2 288	2 810	2 298	2 508	2 298	3 963	3 388	3 303	3 738	3 708	34 058	21 313	90
Road transport	–	–	–	–	3 414	200	5 200	6 580	5 100	–	1 000	–	21 494	38 503	40 373
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>	4 267	5 535	5 553	5 990	6 636	3 505	10 223	6 312	9 296	6 885	6 235	7 498	77 935	85 964	72 305
Energy sources	1 050	1 085	1 085	1 185	1 342	585	7 022	1 385	2 585	1 285	1 035	500	20 144	24 800	25 579
Water management	1 450	1 450	1 368	1 045	1 314	5	5	8	–	–	–	–	6 645	401	8 450
Waste water management	1 767	2 500	2 600	3 005	3 225	2 410	2 443	3 669	5 211	5 600	5 200	6 998	44 628	57 947	30 167
Waste management	–	500	500	755	755	505	753	1 250	1 500	–	–	–	6 518	2 816	8 109
<i>Other</i>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	6 073	8 437	8 498	9 574	14 855	7 048	18 189	17 793	19 067	11 710	11 536	11 330	144 108	166 330	123 809
Funded by:															
National Government	2 567	3 300	3 249	2 785	2 650	1 050	5 200	2 000	3 000	2 000	2 000	1 500	31 301	37 285	40 429
Provincial Government	1 350	2 400	2 285	3 305	2 495	3 120	2 295	3 555	3 495	4 000	3 445	5 115	36 860	34 651	10
Transfers recognised - capital	3 917	5 700	5 534	6 090	5 145	4 170	7 495	5 555	6 495	6 000	5 445	6 615	68 161	71 936	40 439
Borrowing	1 000	1 000	1 000	1 000	1 000	500	933	1 500	3 500	3 500	3 500	4 198	22 631	27 369	–
Internally generated funds	1 156	1 737	1 965	2 484	8 710	2 378	9 761	10 738	9 072	2 210	2 591	518	53 315	67 025	83 370
Total Capital Funding	6 073	8 437	8 498	9 574	14 855	7 048	18 189	17 793	19 067	11 710	11 536	11 330	144 108	166 330	123 809

MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Receipts By Source													1		
Property rates	10 093	10 788	9 721	9 601	9 838	9 601	9 674	9 718	9 553	9 485	9 574	7 578	115 225	130 410	137 872
Service charges - electricity revenue	24 695	24 646	20 505	21 254	21 601	21 599	19 654	22 732	22 814	24 224	25 446	25 369	274 538	309 474	342 493
Service charges - water revenue	3 811	4 092	4 121	4 331	4 718	4 947	5 104	4 717	3 868	3 986	3 812	3 339	50 847	54 756	58 972
Service charges - sanitation revenue	2 976	3 548	3 440	3 569	3 638	3 479	3 569	3 488	3 445	3 373	3 379	5 090	42 995	45 704	48 601
Service charges - refuse revenue	2 058	2 060	2 122	2 173	2 121	2 060	2 171	2 113	2 146	2 150	2 154	2 471	25 799	27 498	29 308
Rental of facilities and equipment	195	121	114	106	114	99	129	125	126	127	126	204	1 586	1 681	1 781
Interest earned - external investments	650	667	580	502	452	601	562	550	562	572	582	34 639	40 920	43 455	46 113
Interest earned - outstanding debtors	187	199	248	207	231	217	197	235	263	266	263	284	2 799	2 970	3 152
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	72	25	68	11	59	7	26	46	48	48	48	7 741	8 200	8 282	8 366
Licences and permits	323	338	306	382	353	285	361	344	357	360	357	356	4 122	4 328	4 544
Agency services	310	368	340	511	374	317	395	338	362	365	361	258	4 300	4 408	4 518
Transfer receipts - operational	38 142	1 550	3 630	88	4 264	30 508	3 842	7 048	22 884	-	-	-	111 956	117 140	136 872
Other revenue	596	901	890	1 392	1 160	859	810	1 036	985	992	984	759	11 364	11 848	12 356
Cash Receipts by Source	84 108	49 303	46 085	44 128	48 926	74 578	46 496	52 492	67 414	45 949	47 086	88 087	694 651	761 953	834 947
Other Cash Flows by Source															
Transfer receipts - capital	3 000	8 120	8 400	1 500	16 521	320	7 560	8 120	-	14 620	-	-	68 161	71 936	40 439
Transfers and subsidies - capital (monetary)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	200	200	200	200
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	50 000	50 000	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	236	236	177	207
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	87 108	57 423	54 485	45 628	65 447	74 898	54 056	60 612	67 414	60 569	47 086	138 523	813 248	834 266	875 793

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Payments by Type															
Employee related costs	16 298	16 407	16 429	16 429	27 226	16 559	16 551	16 555	16 564	16 574	16 583	17 460	209 637	223 076	242 765
Remuneration of councillors	855	855	855	855	855	855	855	1 026	1 026	1 026	1 026	1 026	11 112	11 932	12 588
Finance charges	-	-	-	-	-	9 476	-	-	-	-	-	9 105	18 581	17 022	15 772
Bulk purchases - Electricity	-	23 019	23 042	16 065	12 688	18 811	22 834	22 857	15 080	18 203	18 227	32 619	223 443	257 306	295 503
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	1 014	1 112	1 070	1 462	1 545	1 101	1 734	1 256	4 557	4 514	4 490	10 478	34 334	31 412	33 038
Contracted services	1 185	3 112	3 388	3 873	4 088	4 105	3 687	4 948	4 919	4 924	4 924	21 575	64 728	47 583	58 241
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	191	461	201	231	311	221	231	311	241	241	241	257	3 139	2 780	2 801
Other expenditure	919	2 419	2 884	3 056	3 308	2 356	2 742	1 842	2 747	2 781	2 893	10 027	37 973	40 213	43 462
Cash Payments by Type	20 462	47 384	47 868	41 969	50 020	53 484	48 634	48 795	45 134	48 264	48 384	102 547	602 946	631 323	704 170
Other Cash Flows/Payments by Type															
Capital assets	6 073	8 437	8 498	9 574	14 855	7 048	18 189	17 793	19 067	11 710	11 536	11 330	144 108	166 330	123 809
Repayment of borrowing	-	-	-	-	-	8 058	-	-	-	-	-	6 593	14 651	13 298	12 114
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	9 010	9 010	(12 368)	553
Total Cash Payments by Type	26 535	55 821	56 366	51 543	64 875	68 589	66 824	66 588	64 200	59 973	59 920	129 481	770 714	798 583	840 646
NET INCREASE/(DECREASE) IN CASH HELD	60 573	1 602	(1 881)	(5 915)	572	6 308	(12 768)	(5 976)	3 213	596	(12 834)	9 043	42 534	35 684	35 147
Cash/cash equivalents at the month/year begin:	495 102	555 676	557 278	555 397	549 482	550 054	556 362	543 594	537 618	540 832	541 428	528 594	495 102	537 636	573 320
Cash/cash equivalents at the month/year end:	555 676	557 278	555 397	549 482	550 054	556 362	543 594	537 618	540 832	541 428	528 594	537 636	537 636	573 320	608 467

2.10 Capital expenditure details

The following four tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets, then the repair and maintenance of assets and finally the depreciation per asset class with overlapping due to the nature of some transactions.

MBRR SA34a - Capital expenditure on new assets by asset class

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>			
<u>Infrastructure</u>	11 893	26 182	22 734
Roads Infrastructure	1 700	15 700	10 700
Roads	1 700	15 700	10 700
Storm water Infrastructure	–	–	–
Electrical Infrastructure	5 750	10 450	10 000
LV Networks	5 750	10 450	10 000
Water Supply Infrastructure	2 913	–	–
Reservoirs	2 663	–	–
Distribution Points	250	–	–
Sanitation Infrastructure	1 030	32	34
Pump Station	–	–	–
Reticulation	1 030	32	34
Solid Waste Infrastructure	500	–	2 000
Landfill Sites	–	–	2 000
Waste Drop-off Points	500	–	–
Rail Infrastructure	–	–	–
Coastal Infrastructure	–	–	–
Information and Communication Infrastructure	–	–	–
<u>Community Assets</u>	10 100	13 400	2 200
Community Facilities	6 550	9 900	700
Centres	700	7 000	–
Parks	700	900	700
Public Open Space	5 150	2 000	–
Sport and Recreation Facilities	3 550	3 500	1 500
Indoor Facilities	3 550	3 500	–
Outdoor Facilities	–	–	1 500
<u>Heritage assets</u>	–	–	–
<u>Investment properties</u>	–	–	–
<u>Other assets</u>	31 780	24 800	–
Operational Buildings	–	–	–
Housing	31 780	24 800	–
Social Housing	31 780	24 800	–
<u>Biological or Cultivated Assets</u>	–	–	–
<u>Intangible Assets</u>	–	–	–
<u>Computer Equipment</u>	420	1 120	995
Computer Equipment	420	1 120	995
<u>Furniture and Office Equipment</u>	194	114	105
Furniture and Office Equipment	194	114	105
<u>Machinery and Equipment</u>	6 723	6 417	6 477
Machinery and Equipment	6 723	6 417	6 477
<u>Transport Assets</u>	1 211	5 171	7 915
Transport Assets	1 211	5 171	7 915
<u>Land</u>	–	540	–
Land	–	540	–
<u>Zoo's, Marine and Non-biological Animals</u>	–	–	–
Total Capital Expenditure on new assets	62 320	77 744	40 427

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

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on renewal of existing assets by Asset Class/Sub-class			
Infrastructure	49 634	59 657	40 753
Roads Infrastructure	–	–	–
Storm water Infrastructure	–	–	1 000
<i>Storm water Conveyance</i>	–	–	1 000
Electrical Infrastructure	8 000	8 000	8 000
<i>LV Networks</i>	8 000	8 000	8 000
<i>Capital Spares</i>	–	–	–
Water Supply Infrastructure	2 735	–	5 000
<i>Distribution</i>	2 735	–	5 000
Sanitation Infrastructure	38 898	51 657	26 753
<i>Waste Water Treatment Works</i>	38 898	51 657	26 753
Solid Waste Infrastructure	–	–	–
Community Assets	550	1 800	–
Community Facilities	550	1 800	–
<i>Public Ablution Facilities</i>	550	1 800	–
Sport and Recreation Facilities	–	–	–
Heritage assets	–	–	–
Investment properties	–	–	–
Other assets	–	–	–
Biological or Cultivated Assets	–	–	–
Biological or Cultivated Assets	–	–	–
Intangible Assets	–	–	–
Computer Equipment	–	–	–
Computer Equipment	–	–	–
Furniture and Office Equipment	–	–	–
Furniture and Office Equipment	–	–	–
Machinery and Equipment	–	–	–
Machinery and Equipment	–	–	–
Total Capital Expenditure on renewal of existing	50 184	61 457	40 753
Renewal of Existing Assets as % of total capex	34.8%	36.9%	32.9%
Renewal of Existing Assets as % of deprecn"	57.5%	64.1%	39.7%

MBRR SA34c - Repairs and maintenance expenditure by asset class

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and maintenance expenditure by Asset Class/Sub-class			
Infrastructure	43 516	34 984	45 267
Roads Infrastructure	15 047	4 634	12 969
Roads	14 987	4 570	12 902
Road Furniture	61	64	67
Storm water Infrastructure	16 174	17 379	18 458
Storm water Conveyance	16 174	17 379	18 458
Electrical Infrastructure	2 398	2 554	2 735
MV Substations	144	153	162
LV Networks	2 253	2 401	2 573
Water Supply Infrastructure	—	—	—
Sanitation Infrastructure	3 390	3 599	3 820
Pump Station	883	935	990
Reticulation	—	—	—
Waste Water Treatment Works	2 507	2 664	2 831
Solid Waste Infrastructure	6 507	6 818	7 284
Landfill Sites	6 507	6 818	7 284
Community Assets	2 288	2 415	2 596
Community Facilities	1 655	1 732	1 812
Halls	752	790	829
Centres	698	733	769
Libraries	50	50	50
Cemeteries/Crematoria	75	79	83
Parks	80	80	80
Sport and Recreation Facilities	633	683	784
Indoor Facilities	100	100	100
Outdoor Facilities	533	583	684
Heritage assets	—	—	—
Investment properties	—	—	—
Other assets	4 792	1 017	1 064
Operational Buildings	710	745	783
Municipal Offices	710	745	783
Housing	4 082	271	281
Staff Housing	182	191	201
Social Housing	3 900	80	80
Biological or Cultivated Assets	—	—	—
Intangible Assets	2 947	3 250	3 498
Servitudes	—	—	—
Licences and Rights	2 947	3 250	3 498
Computer Software and Applications	2 947	3 250	3 498
Computer Equipment	419	440	463
Computer Equipment	419	440	463
Furniture and Office Equipment	61	64	67
Furniture and Office Equipment	61	64	67
Machinery and Equipment	937	986	1 038
Machinery and Equipment	937	986	1 038
Transport Assets	4 134	4 276	4 601
Transport Assets	4 134	4 276	4 601
Total Repairs and Maintenance Expenditure	59 094	47 431	58 594
R&M as a % of PPE	3.1%	2.4%	2.9%
R&M as % Operating Expenditure	8.7%	6.4%	7.6%

MBRR SA34d - Depreciation by asset class

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Depreciation by Asset Class/Sub-class</u>			
<u>Infrastructure</u>	70 182	73 156	74 906
Roads Infrastructure	23 071	23 833	24 635
<i>Roads</i>	1 479	1 530	1 596
<i>Road Structures</i>	21 187	21 884	22 601
<i>Road Furniture</i>	405	419	437
Storm water Infrastructure	4 312	4 348	4 348
<i>Drainage Collection</i>	836	843	843
<i>Storm water Conveyance</i>	3 387	3 416	3 416
<i>Attenuation</i>	89	89	89
Electrical Infrastructure	12 389	12 865	13 647
<i>Power Plants</i>	3	3	3
<i>HV Transmission Conductors</i>	36	36	36
<i>MV Substations</i>	1 904	1 904	1 904
<i>MV Switching Stations</i>	1 134	1 134	1 134
<i>MV Networks</i>	7 109	7 586	8 367
<i>LV Networks</i>	1 987	1 987	1 987
<i>Capital Spares</i>	216	216	216
Water Supply Infrastructure	13 537	13 704	13 704
<i>Dams and Weirs</i>	266	266	266
<i>Boreholes</i>	158	163	163
<i>Reservoirs</i>	2 753	2 753	2 753
<i>Pump Stations</i>	578	578	578
<i>Water Treatment Works</i>	146	146	146
<i>Bulk Mains</i>	240	240	240
<i>Distribution</i>	9 396	9 558	9 558
Sanitation Infrastructure	16 519	17 816	17 849
<i>Pump Station</i>	54	58	58
<i>Reticulation</i>	493	532	533
<i>Waste Water Treatment Works</i>	8 999	9 706	9 724
<i>Outfall Sewers</i>	6 907	7 449	7 463
<i>Toilet Facilities</i>	67	72	73
Solid Waste Infrastructure	355	590	723
<i>Landfill Sites</i>	127	211	258
<i>Waste Transfer Stations</i>	87	145	178
<i>Waste Drop-off Points</i>	141	234	287
<u>Community Assets</u>	5 183	8 798	11 859
Community Facilities	3 811	7 248	10 169
<i>Halls</i>	471	837	1 146
<i>Clinics/Care Centres</i>	1 443	3 451	5 163
<i>Museums</i>	134	238	326
<i>Libraries</i>	530	530	530
<i>Cemeteries/Crematoria</i>	910	1 616	2 215
<i>Public Ablution Facilities</i>	324	576	790
Sport and Recreation Facilities	1 372	1 550	1 689
<i>Outdoor Facilities</i>	1 372	1 550	1 689

Description	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand			
<u>Depreciation by Asset Class/Sub-class</u>			
<u>Heritage assets</u>	–	–	–
<u>Investment properties</u>	18	18	18
Revenue Generating	18	18	18
Improved Property	18	18	18
<u>Other assets</u>	1 783	1 783	1 783
Operational Buildings	1 440	1 440	1 440
Municipal Offices	1 223	1 223	1 223
Workshops	21	21	21
Yards	–	–	–
Stores	196	196	196
Housing	343	343	343
Staff Housing	68	68	68
Social Housing	275	275	275
<u>Biological or Cultivated Assets</u>	–	–	–
Biological or Cultivated Assets	–	–	–
<u>Intangible Assets</u>	658	658	658
<u>Computer Equipment</u>	1 456	1 610	1 752
Computer Equipment	1 456	1 610	1 752
<u>Furniture and Office Equipment</u>	796	1 246	1 395
Furniture and Office Equipment	796	1 246	1 395
<u>Machinery and Equipment</u>	2 898	3 086	3 268
Machinery and Equipment	2 898	3 086	3 268
<u>Transport Assets</u>	4 318	5 552	7 081
Transport Assets	4 318	5 552	7 081
Total Depreciation	87 293	95 908	102 720

MBRR SA34e - Capital expenditure on the upgrading of existing assets by asset class

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class			
Infrastructure	29 484	25 000	37 429
Roads Infrastructure	17 664	20 000	25 000
<i>Roads</i>	17 664	20 000	25 000
Storm water Infrastructure	1 820	–	–
<i>Storm water Conveyance</i>	1 820	–	–
Electrical Infrastructure	5 000	5 000	6 729
<i>LV Networks</i>	5 000	5 000	6 729
Water Supply Infrastructure	500	–	3 000
<i>Distribution</i>	500	–	3 000
Sanitation Infrastructure	–	–	500
<i>Waste Water Treatment Works</i>	–	–	500
Solid Waste Infrastructure	4 500	–	2 200
<i>Landfill Sites</i>	–	–	2 200
<i>Waste Transfer Stations</i>	4 500	–	–
Community Assets	1 620	2 129	5 200
Community Facilities	–	–	–
Sport and Recreation Facilities	1 620	2 129	5 200
<i>Outdoor Facilities</i>	1 620	2 129	5 200
Heritage assets	–	–	–
Investment properties	–	–	–
Other assets	500	–	–
Operational Buildings	500	–	–
<i>Yards</i>	500	–	–
Biological or Cultivated Assets	–	–	–
Biological or Cultivated Assets	–	–	–
Intangible Assets	–	–	–
Computer Equipment	–	–	–
Computer Equipment	–	–	–
Furniture and Office Equipment	–	–	–
Furniture and Office Equipment	–	–	–
Machinery and Equipment	–	–	–
Machinery and Equipment	–	–	–
Transport Assets	–	–	–
Transport Assets	–	–	–
Total Capital Expenditure on upgrading of existing a	31 604	27 129	42 629
Upgrading of Existing Assets as % of total capex	21.9%	16.3%	34.4%
Upgrading of Existing Assets as % of deprecn"	36.2%	28.3%	41.5%

MBRR SA35 - Future financial implications of the capital budget

Vote Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework			Forecasts	
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	Forecast 2022/23	Forecast 2023/24
<u>Capital expenditure</u>					
Vote 1 - Corporate Services	128	610	59	63	67
Vote 2 - Civil Services	85 182	108 904	95 155	120 027	76 043
Vote 3 - Council	10	10	10	659	12
Vote 4 - Electricity Services	20 634	25 990	26 644	13 323	13 015
Vote 5 - Financial Services	46	470	757	628	546
Vote 6 - Development Services	37 096	28 530	70	72	76
Vote 7 - Municipal Manager	10	10	10	10	12
Vote 8 - Protection Services	1 002	1 806	1 104	987	979
Total Capital Expenditure	144 108	166 330	123 809	135 769	90 750
<u>Future operational costs by vote</u>					
Vote 2 - Civil Services	–	–	–	2 611	2 811
Total future operational costs	–	–	–	2 611	2 811
<u>Future revenue by source</u>					
Total future revenue	–	–	–	–	–
Net Financial Implications	144 108	166 330	123 809	138 380	93 561

See annexures accompanying this report for more detailed information.

MBRR SA36 - Detailed capital budget per municipal vote

Full detail with regards to the capital budget is available in Table SA 36 of the A-Schedule accompanying this report.

2.11 Legislation compliance status

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

1. In year reporting

Full compliance with regards to monthly, quarterly and annual reporting to the Executive Mayor, Mayoral Committee, Council, Provincial Government and National Treasury.

2. Budget and Treasury Office

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

3. Audit Committee

An Audit Committee has been established and is fully functional.

4. Budget Steering Committee

A Budget Steering Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document will be finalised after approval of the 2019/2020 MTREF at least 30 days before the start of the financial year. The SDBIP will be aligned and informed by the 2019/2020 MTREF.

6. Annual Report

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

7. Policies

Refer to section 2.3.

2.12 Other supporting documents

All other supporting schedules are available on request and will also be placed on the website within 5 days after the approval of the budget.



2.13 Manager's quality certificate

I J. J. Scholtz, Municipal Manager of Swartland Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: J. J. Scholtz

Municipal Manager of Swartland Municipality

Signature: 

Date: 20 - 03 - 2019