

SWARTLAND MUNICIPALITY

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2021/2022 TO 2023/2024





ANNUAL BUDGET OF SWARTLAND MUNICIPALITY

2021/2022 TO 2023/2024 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 following council resolutions pertaining to the consideration and approval of the multi year capital and operating budgets, amended budget and related policies, property rates, tariffs and other charges for 2021/2022; 2022/2023 and 2023/2024 for specific purposes of giving effect to public participation;

- a) That council takes note that the costs as envisaged by Section 19 (2)(a)(b) were derived after consultation with the respective director(s) who has confirmed the costs as per **(Annexure A, Section 1: 2021/22 – 2023/24 Draft Budget and Tariff File)** and consider same;
- b) That council prior to approving the capital projects above R50 million as listed in **(Annexure B: 2021/22 – 2023/24 Capital Projects ito Sec 19)**, first consider the projected cost covering all financial years until the project is operational and the future operational costs and revenue on the project, including municipal tax and tariff implications;
- c) That council considers the funding sources linked to council's capital program and take note that these funding sources are available and have not been committed for other purposes;

FINANCING SOURCES	Draft Budget 2021/2022	Draft Budget 2022/2023	Draft Budget 2023/2024
Capital Replacement Reserve (CRR)	R 122 552 729	R 85 134 732	R 84 826 348
Municipal Infrastructure Grant (MIG)	R 22 700 000	R 23 810 000	R 24 711 000
Dept. Human Settlements	R 14 600 000	R 15 800 000	R 19 760 000
Integrated National Electrification Programme (INEP)	R 8 355 000	R 5 000 000	R 5 000 000
Dept. Cultural Affairs and Sport	R 1 033 000	R -	R -
Community Safety Grant	R 27 500	R -	R -
GRAND TOTAL	R 169 268 229	R 129 744 732	R 134 297 348

- d) That council deemed it appropriate to consider the entire capital program excluding the 2 contractually combined projects above R 50 million as the aforementioned capital program's operational cost, inclusive of future costs will be covered by the rates regime and the normal cost centres found in the operational budget;

- e) That council approves the capital projects as part of its consolidated capital program as per **(Annexure A, Section 1: 2021/22 – 2023/24 Draft Budget and Tariff File)**;
- f) That the draft high-level multi-year Capital and Operating budgets with respect to the 2021/22 – 2023/24 financial years be approved, in accordance with sections 16, 17 and 19 of the MFMA to allow for public participation;

	Original Budget 2020/21	Mid-Year Adj Budget 2020/21	Draft Budget 2021/22	Draft Budget 2022/23	Draft Budget 2023/24
Capital budget	212 435 837	210 663 962	169 268 229	129 744 732	134 297 348
Operating Expenditure	810 670 080	812 208 752	913 771 237	988 593 746	1 064 251 201
Operating Revenue	882 786 413	892 883 145	965 667 337	1 043 066 063	1 115 492 048
Budgeted (Surplus)/ Deficit	(72 116 333)	(80 674 394)	(51 896 100)	(54 472 316)	(51 240 847)
Less: Capital Grants, Donations & Development Charges	86 863 600	79 226 340	47 912 409	45 865 556	50 788 078
(Surplus)/ Deficit	14 747 267	(1 448 054)	(3 983 691)	(8 606 760)	(452 769)

- g) That council approves in-principle the notice given in terms of section 14(1) and (2) of the Local Government: Municipal Property Rates Act, 2004, to levy the draft property tax rates, exemptions and rebates on property reflected in the schedule below and in the property rates policy for the 2021/2022 financial year with effect from 1 July 2021, for purposes of allowing for public participation;

Category of property	Rate ratio	(c/R) rate determined for the relevant property category
Residential properties	1: 1	0,5464
Business and Commercial properties	1: 1,4367	0,7850
Industrial properties	1: 1,4367	0,7850
Agricultural properties	1: 0,25	0,1366
Mining properties	1: 1,4367	0,7850
Public Service Infrastructure	1: 0,25	0,1366
Public Benefit Organisations	1: 0	0,0000
Vacant properties	1: 1,347	0,7360
Municipal properties	1: 0	0,0000
Conservation Areas	1: 0	0,0000
Protected Areas	1: 0	0,0000
National Monuments	1: 0	0,0000
Informal Settlements	1: 0	0,0000

Exemptions and Reductions

- **Residential Properties:** For all residential properties, the municipality will not levy a rate on the first R15 000 of the property's market value. The R15 000 is the statutory impermissible rate as per section 17(1)(h) of the Municipal Property Rates Act.

Rebates in respect of a category of owners of property are as follows:

- **Indigent owners:** 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R105 000;
- **Qualifying senior citizens and disabled persons:** A rebate to an amount equal to the rates payable on the first amount of the valuation of such property to a limit of R300 000.

NB: Please refer to the municipality's property rates policy in respect of all rebates offered.

- h) That council approve the draft tariff structures and charges for water, refuse removal, sewerage and other sundry charges as set out in **(Annexure A: 2021/22 – 2023/24 Draft Budget and Tariff File)** for purposes of allowing for public participation;
- i) That council approve the proposed electricity tariffs as draft for the 2021/2022 financial year, bearing in mind that it is still subject to NERSA's final approval;
- j) That the annual budget tables as required by the Budget and Reporting Regulations be approved as set out in **(Annexure C: Budget Report and A-Schedules 2021/22 – 2023/24)**;
- k) That the **amendments** to the budget and related policies **(Annexure D: Draft Amendments to Budget Related Policies 2021/22)** hereto, be approved for purposes of soliciting the views and comment from the public;
- l) That the training budget limited to **0,50%** of the salary budget in the amount of **R1 294 339** for the 2021/2022 financial year be approved as draft;
- m) That Council takes note and grant approval for the following increases as follows:
 - In respect of all personnel, an increase of **4%** for 2021/2022; **4.5%** for 2022/2023 and **4.5%** for the 2023/2024 financial years, excluding the increase in other benefits that are applicable and the annual 2.5% notch increase where applicable;
 - In respect of the Directors: Corporate Services, Electrical Services and Protection Services, **excluding the CFO and Directors Civil and Development Services**, a **4%** increase with effect from 1 July 2021;
 - In respect of the Municipal Manager a 2,5% increase with effect from 1 July 2021;

- Provision has been made for a **3%** increase for political office bearers which are within the upper band of the inflation targets set by the South African Reserve Bank (SARB).
- (**NOTE:** The aforesaid provision for increases is for budgetary purposes only, based on the recommendations of NT (National Treasury) and should not be construed as any mandate or confirmation of affordability as the municipality's anticipated revenue streams are under immense pressure over the new MTREF. With regard to mandates, the Municipality must still provide a mandate to SALGA, which mandate will be conservative in nature specifically taking into account the municipality's capacity to fund same from realistically anticipated revenue over the MTREF.)
- n) That Council takes note of the budgeted operating surpluses and that the budget is "cash-funded" as a result of cash reserves in table A8, the total expenditure growth of **12.5%** from the current to the new financial year and the reduced revenue streams with minimal growth in revenue of **8.1%** for the MTREF period as well as the cash flow statement as per (**A-schedule A7**) for the next three financial years;
 - the budgeted risk factor for cash coverage for operating expenses is **8.8 months** for 2021/2022, **8.6 months** for 2022/2023 and **8.1 months** for 2023/2024 financial years (this can materially be impacted but not possible to determine scientifically at this stage);
 - over the next three financial years the planning is such that operating surpluses are envisaged for 2021/2022 to an amount of **R3 983 691**, for 2022/2023 an amount of **R 8 606 760** and for 2023/2024 an amount of **R 452 769 (excluding capital grant income)**;
 - o) That the Director: Financial Services adhere to the requirements of the Budget Circulars and Budget Reforms in the context of the reporting requirements to Provincial and National Treasury;
 - p) That Council take note that the budget was prepared in the new mSCOA Version 6.5 as required by National Treasury and that the mSCOA data strings could not be uploaded for verification purposes at the time of finalising the budget due to technical issues experienced by the NT's system of validation;
 - q) That the process of soliciting public input, views or comments into the draft **revised** budget and related policies (limited to the revisions from the previous year) and budget documents, inclusive of the property taxes and tariffs to close at 12 midday on 30 April 2021.

for purposes of completeness and implementation the English version of the recommendations will be relied upon.

Note: Annexures A and E were only for the council meeting and not prescribed budget documentation.

IMPORTANT NOTE: Council, the public and other stakeholders must take note that the revenue, expenditure and growth figures 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 above, due to the fact that **departmental charges** are accounted for differently. The end result however in respect of the overall surpluses over the MTREF remains unchanged.

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 Circulars No. 107 and No.108 were also used to guide the compilation of the 2021/22 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. The budget will be communicated through the normal legally required advertisements, our website and budget documentation will be made available at municipal buildings and libraries as advertised to allow for input up until 30 April 2021 before the final approval of this budget on 27 May 2021. 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.

The following were highlighted in National Treasury Budget Circulars 107 and 108 (dated 4 December 2020 and 8 March 2021) to inform the Draft 2021-2022 MTREF:

The South African economy and inflation targets

The National Treasury projects real economic growth of 3.3 per cent in 2021, following an expected contraction of 7.8 per cent in 2020. Real GDP growth is expected to moderate to 1.7 per cent in 2022 and 1.5 per cent in 2023, averaging 2.1 per cent over the medium term. South Africa experienced its largest recorded decline in economic output in the second quarter of 2020 due to the strict COVID-19 lockdown. Real GDP fell by 17.1 per cent relative to the previous quarter (or 51 per cent on a seasonally adjusted and annualised basis), with all major sectors except agriculture declining. The second-quarter results were weaker than expected in the June 2020 special adjustments budget, which projected a contraction of 7.2 per cent in 2020.

Job creation is a top priority of the economic recovery plan that will guide policy actions over the medium term, supported by new infrastructure investment and large-scale public employment programmes. In addition, targeted skills development will improve productivity and employment prospects.

Headline inflation is at the lower end of the 3 to 6 per cent target range. Goods and services inflation has broadly declined due to weak demand and falling oil prices. Inflation is forecast to fluctuate around the 4.5 per cent midpoint over the medium term in line with moderating inflation expectations.

The Macro-economic forecasts as illustrated below:

Table 1: Macroeconomic performance and projections, 2019 - 2023					
Fiscal year	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Estimate	Forecast		
CPI Inflation	4.1%	3.3%	3.9%	4.2%	4.4%

Key focus areas for the 2021/22 budget process

- *Local government transfers grow by an annual average of 5.2 per cent over the MTEF; the equitable share declines by 4.4 per cent and conditional grants grow by 7.3 per cent. As part of government's fiscal consolidation policies over the medium term, **transfers to local government are reduced by R19.4 billion, including R14.7 billion from the local government equitable share**, R2.7 billion from the general fuel levy and R2 billion in direct conditional grants.*
- *The **reduction to direct conditional grants includes R329 million from the municipal infrastructure grant** and R21 million from the integrated urban development grant. These amounts have been reprioritised from underspending grants to fund a once-off councillor gratuity for non-returning councillors.*
- ***Two standalone informal settlement upgrading grants** for provinces and municipalities **will be introduced from 2021/22**. These grants are made up of*

components previously within the human settlements development grant and the urban settlements development grant for provinces and municipalities respectively.

- National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the municipality's financial sustainability. The Consumer Price Index (CPI) is **forecasted to be within the lower limit of the 3 to 6 per cent target band**; therefore, municipalities are required to **justify all increases in excess of the projected inflation target for 2021/22 MTREF** in their budget narratives and pay careful attention to the differential incidence of tariff increases across all consumer groups. **It is noted that the tariff increases by Eskom and Water Boards are above inflation** and should be considered as such while determining cost-reflective tariffs. In addition, municipalities should include a detail of their revenue growth assumptions for the different service charges in the budget narrative.
- By now all municipalities should be aware that section 8 of the Municipal Property Rates Act on the determination of categories of rateable properties has been revised through the Local Government Municipal Property Rates Amendment Act, 2014 ("the Amendment Act"). **The new rateable property categorisation framework based on use** (provided these property categories exist within the municipality) and consequently, all property categories that are based on ownership, geographic location or any other basis fall away.
- The **National Energy Regulator of South Africa (NERSA)** is responsible for price determination of the bulk costs for electricity. In March, NERSA approved a municipal tariff increase of 6.9 per cent effective 1 July 2020 (1.2 per cent lower than the tariff increase in Multi-Year Price Determination (MYPD) 4 period due to differences in municipal and national financial years). The additional **R10 billion that the courts have allowed Eskom to recover in the 2021/22 national financial year** translates to a **15.6 per cent bulk increase** over the national financial year. However, given that the increase only comes into effect in July for municipalities, NERSA typically allows a higher percentage increase so that Eskom can recover the additional allowable revenue from municipalities over 9 months before the national financial year-ends. **Therefore, the increase should be expected to be between 16 to 20 per cent.** Municipalities can mitigate the negative impact of this increase by improving efficiencies on both the revenue collections and the spending side.

We are however is 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 17.80% and 14.59% for electricity sales. Bearing in mind that it is still subject to NERSA's final increase yet to be announced.**

- The **Salary and Wage Collective Agreement** for the period 01 July 2018 to 31 June 2020 **has come to an end** and a new agreement is under consultation, which we hope will take into account the current fiscal constraints faced by government. Therefore, in the absence of any information in this regard from the South African Local Government Bargaining Council (SALGBC), municipalities are advised to take into account their financial sustainability when considering salary increases. **It has been observed over the previous years that salary increases were above inflation.** In addition,

municipalities that could not afford such increases did not apply for exemption as provided by SALGBC.

*Given the **current economic condition exacerbated by the COVID-19** pandemic, municipalities are urged to consider projecting **increases to wage** that would reflect their **affordability**. Some municipalities are already not able to afford the current wage cost and would indeed have to apply no more than a zero per cent increase in the 2021/22 MTREF and exercise the option for exemption for any negotiated increase above the level of their affordability.*

- The economic climate and the impact of COVID-19 pandemic had an effect on the ability of municipalities to collect arrear debt during levels 5, 4 and 3 of the national lockdown. This inability to exercise credit control measures during this period had decreased the collection rate in many municipalities. Municipalities need to be proactive in exercising credit control measures to ensure that arrear debt is collected. Whilst collection rates decreased during the period mentioned, **municipalities must implement efforts to collect arrear debt and return collection rates to pre-COVID-19 levels**. Whilst this unprecedented COVID-19 period is the exception, **collection rates need to be maintained at 95 per cent in order to ensure the financial sustainability of municipalities**. If collection rates have decreased, prudent financial management requires expenditure to be adjusted downward accordingly. This is to ensure that deficits are not realised and that realistically anticipated revenue based on projected collection rates funds expenditure. This will also ensure financial sustainability and avoid situations of financial distress in municipalities.*

Municipalities are under pressure to generate revenue as a result of the economic landscape, the COVID-19 pandemic, weak tariff setting and increases in key cost drivers to provide basic municipal services. The ability of customers to pay for services is declining and this means that less revenue will be collected. Therefore, municipalities must consider the following when compiling their 2021/22 MTREF budgets:

- Improving the effectiveness of revenue management processes and procedures;*
- Cost containment measures to, amongst other things, control unnecessary spending on nice-to-have items and non-essential activities as highlighted in the Municipal Cost Containment Regulations read with MFMA Circular No. 82;*
- Ensuring value for money through the procurement process;*
- The affordability of providing free basic services to all households;*
- Not taking on unfunded mandates; and*
- Curbing the consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.*

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

TYPE	2020/2021 (R'000)	2021/2022 (R'000)	2022/2023 (R'000)	2023/2024 (R'000)
Capital expenditure	210 664	169 268	129 745	134 297
Operating expenditure	799 457	899 857	973 482	1 047 825
TOTAL	1 010 121	1 069 125	1 103 227	1 182 122

AREAS COVERED DURING THE BUDGET STEERING COMMITTEE MEETINGS:

- Struggling South African Economy
- **Conservative budgeting w.r.t the revenue budget and therefore the amounts in years 2 and 3 of the MTREF are indicative only and not fixed, mainly to mitigate the risks given the global and local poor economic conditions. In this regard expenditure will have to be curbed with careful monitoring of budget performance and payment rates**
- Key focus areas for the 2021/22 Budget process
- Revenue modelling informing tariff increases to ensure services are delivered sustainably over the longer term
- Limited Funding Choices and reduced National Government Equitable Share allocation to the tune of around R13,7 million over the two years
- Expenditure and Revenue Consolidation and basis informing growth from 2020-2021 to 2021-2022
- Further initiatives will need to be looked at for revenue growth
- Double digit Electricity tariff increases over the MTREF

Keeping the above in mind, the following table is a consolidated overview of the 2021/22 Medium-term Revenue and Expenditure Framework:

Consolidated Overview of the 2021/22 MTREF (R'000)

R thousand	Current Year 2020/2021	2021/22 Medium Term Revenue & Expenditure Framework		
	Adjustment Budget	2021/2022 (R'000)	2022/2023 (R'000)	2023/2024 (R'000)
Total Operating Revenue	800 905	903 840	982 089	1 048 278
Total Operating Expenditure	799 457	899 857	973 482	1 047 825
Surplus / (Deficit) excluding capital transfers and development charges	1 448	3 984	8 607	453
Capital Transfers & Development Charges	79 226	47 912	45 866	50 788
Surplus / (Deficit) for the year	80 674	51 896	54 472	51 241

Total operating revenue **excluding capital grants and development charges** for the 2021/22 financial year has been appropriated at R 903 840 million and is expected to grow by 12.85 per cent or R 102 935 million for the 2021/22 financial year when compared to the 2020/21 Adjusted Budget. For the two outer years, operational revenue will increase by 8.66 and 6.74 per cent respectively, equating to total revenue growth of R 247 373 million over the MTREF (2021/22 to 2023/24). The outer years are based on available information at the time of compiling this report.

Total operating expenditure for the 2021/22 financial year has been appropriated at R 899 857 million and translates into a budgeted surplus of R 3 984 million **(before capital transfers and development charges)**. When compared to the 2020/21 financial year, operational expenditure is projected to grow by 12.56 per cent in the 2021/22 budget; 8.18 per cent in the 2022/23 budget and 7.64 per cent in the 2023/24 budget (based on current assumptions) equating to total expenditure growth of R 248 368 million over the MTREF (2021/22 to 2023/24).

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 2021/2022			Budget Year 2022/2023			Budget Year 2023/2024		
R thousand	Revenue	Expenditure	Surplus / (Deficit)	Revenue	Expenditure	Surplus / (Deficit)	Revenue	Expenditure	Surplus / (Deficit)
Revenue & Expenditure by Vote									
Vote 1 - Corporate Services	11 506	41 204	(29 698)	11 443	42 798	(31 354)	11 684	44 956	(33 272)
1.1 - Administration	131	17 469	(17 338)	103	17 951	(17 848)	108	18 866	(18 758)
1.2 - Human Resources	552	5 532	(4 980)	333	5 444	(5 112)	366	5 722	(5 356)
1.3 - Libraries	10 622	11 161	(539)	10 810	11 911	(1 102)	11 000	12 524	(1 524)
1.4 - Marketing and Tourism	31	1 745	(1 714)	33	1 800	(1 766)	35	1 843	(1 807)
1.5 - Community Halls and Facilities	168	5 296	(5 128)	165	5 692	(5 527)	175	6 001	(5 826)
Vote 2 - Civil Services	242 096	279 267	(37 171)	246 927	289 622	(42 695)	281 838	326 517	(44 679)
2.1 - Administration		4 181	(4 181)		4 389	(4 389)		4 580	(4 580)
2.2 - Cemeteries	878	775	103	924	815	109	979	870	109
2.3 - Municipal Property Maintenance	10 935	16 894	(5 958)	6 293	17 523	(11 230)	11 380	18 012	(6 632)
2.4 - Parks and Recreational Areas	1 119	17 389	(16 270)		18 580	(18 580)		19 440	(19 440)
2.5 - Proclaimed Roads	175	487	(311)	175	487	(312)	15 130	19 943	(4 813)
2.6 - Refuse Removals	46 625	35 676	10 950	48 803	36 309	12 494	51 725	37 935	13 790
2.7 - Street Cleaning		6 727	(6 727)		7 595	(7 595)		8 403	(8 403)
2.8 - Solid Waste Disposal(Landfill Sites)		10 754	(10 754)		12 521	(12 521)		13 340	(13 340)
2.9 - Sewerage Services	90 521	45 879	44 642	76 419	46 836	29 583	81 065	49 764	31 301
2.10 - Waste Water Treatment		4 399	(4 399)		4 046	(4 046)		4 199	(4 199)
2.11 - Sportgrounds	1 100	3 688	(2 588)	124	3 892	(3 769)	131	4 047	(3 916)
2.12 - Streets	4 102	42 266	(38 164)	9 103	44 253	(35 150)	16 019	47 657	(31 638)
2.13 - Stormwater		16 479	(16 479)		17 435	(17 435)		18 703	(18 703)
2.14 - Swimming Pools	371	4 051	(3 680)	400	4 357	(3 956)	431	4 679	(4 248)
2.15 - Water Distribution	86 270	69 624	16 646	104 686	70 584	34 102	104 977	74 947	30 030
Vote 3 - Council	295	18 320	(18 025)	299	18 916	(18 616)	304	19 537	(19 233)
3.1 - Council General Expenses	295	18 320	(18 025)	299	18 916	(18 616)	304	19 537	(19 233)
Vote 4 - Electricity Services	383 738	364 494	19 244	428 024	414 354	13 671	481 703	471 853	9 850
4.1 - Administration	-	1 798	(1 798)	-	1 878	(1 878)	-	1 962	(1 962)
4.2 - Distribution	383 738	345 895	37 843	428 024	394 646	33 378	481 703	451 005	30 698
4.3 - Street Lighting	-	1 843	(1 843)	-	1 949	(1 949)	-	2 055	(2 055)
4.4 - IT Services	-	14 958	(14 958)	-	15 881	(15 881)	-	16 831	(16 831)
Vote 5 - Financial Services	230 435	59 651	170 784	248 399	61 537	186 862	254 033	63 948	190 086
5.1 - Administration		1 761	(1 761)		1 830	(1 830)		1 887	(1 887)
5.2 - Finance	85 764	37 616	48 148	90 899	40 003	50 896	87 405	41 881	45 524
5.3 - Budget and Treasury		5 272	(5 272)		5 326	(5 326)		5 175	(5 175)
5.4 - Asset Management		1 314	(1 314)		1 386	(1 386)		1 456	(1 456)
5.5 - Grants and Subsidies - FMG	1 550	1 550	()	1 550	1 550	()	1 550	1 550	()
5.6 - Fleet Management		1 139	(1 139)		1 209	(1 209)		1 268	(1 268)
5.7 - Property Rates	143 121	3 737	139 385	155 949	2 497	153 452	165 079	2 578	162 500
5.8 - Supply Chain Management		7 263	(7 263)		7 736	(7 736)		8 153	(8 153)
Vote 6 - Development Services	47 074	53 541	(6 467)	54 225	58 704	(4 479)	27 318	29 331	(2 013)
6.1 - Administration	1	1 984	(1 983)	1	2 063	(2 062)	1	2 132	(2 130)
6.2 - Caravan parks - Yzerfontein	1 848	2 337	(489)	2 773	2 485	288	2 989	2 609	380
6.3 - Community Development	38	3 412	(3 374)	38	3 605	(3 567)	38	3 752	(3 714)
6.4 - Multi-Purpose Centres	19	1 463	(1 444)	20	1 558	(1 538)	171	1 781	(1 610)
6.5 - Planning and Valuations	1 022	8 637	(7 615)	1 066	8 106	(7 040)	1 117	8 508	(7 391)
6.6 - Building Control	2 539	3 298	(759)	2 646	3 503	(857)	2 757	3 677	(920)
6.7 - Housing	41 608	30 364	11 244	47 682	35 474	12 208	20 244	4 869	15 375
6.8 - Occupational Health and Safety		2 046	(2 046)		1 911	(1 911)		2 004	(2 004)
Vote 7 - Municipal Manager	-	8 157	(8 157)	-	8 440	(8 440)	-	8 818	(8 818)
7.1 - Administration	-	3 408	(3 408)	-	3 550	(3 550)	-	3 678	(3 678)
7.2 - Strategic Planning	-	2 614	(2 614)	-	2 624	(2 624)	-	2 747	(2 747)
7.3 - Internal Audit	-	2 135	(2 135)	-	2 266	(2 266)	-	2 393	(2 393)
Vote 8 - Protection Services	36 609	75 223	(38 613)	38 637	79 111	(40 474)	42 186	82 866	(40 680)
8.1 - Administration	-	2 335	(2 335)		2 459	(2 459)	-	2 578	(2 578)
8.2 - Civil Protection		725	(725)		300	(300)		300	(300)
8.3 - Fire Fighting	30	7 442	(7 412)	30	7 599	(7 569)	30	8 016	(7 986)
8.4 - Harbour Yzerfontein	289	350	(61)	289	366	(77)	290	391	(102)
8.5 - Road and Traffic Regulation	10 375	9 120	1 255	10 994	9 747	1 247	11 649	10 244	1 405
8.6 - Policing and Law Enforcement	25 915	55 250	(29 334)	27 324	58 641	(31 317)	30 217	61 337	(31 120)
Total Revenue & Expenditure by Vote	951 753	899 857	51 896	1 027 954	973 482	54 472	1 099 066	1 047 825	51 241

The municipality is in a very privileged position to be able to invest a total of R 292 514 million of its own funds over the 2021/22 MTREF.

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

Description	Adjustment Budget		2021/22 Medium Term Revenue & Expenditure Framework					
	2020/2021 (R'000)	%	2021/2022 (R'000)	%	2022/2023 (R'000)	%	2023/2024 (R'000)	%
Funded by:								
National Government	30 435	14%	31 055	18%	28 810	22%	29 711	22%
Provincial Government	47 287	22%	15 661	9%	15 800	12%	19 760	15%
Other Transfers and Grants	363	0%	-	0%	-	0%	-	0%
Borrowing	-	0%	-	0%	-	0%	-	0%
Internally generated funds	132 579	63%	122 553	72%	85 135	66%	84 826	63%
Total Capital Funding	210 664	100%	169 268	100%	129 745	100%	134 297	100%

The total draft Capital budget for 2021/2022 amounts to R 169 268 million with around R 122 553 million invested from Council's own funds in year 1 and the total application of capital investment over the three fiscal years amounting to R 433 310 million. A decrease of R 52 704 million from the previous approved adjusted MTREF of R 486 014 million. The ongoing investment in revenue generating and other bulk infrastructure is important as an economic stimulant given the multiplier effect that infrastructure investment has on the local economy and more-over now than ever before. The leveraging of these investments in creating jobs remains a key consideration.

HOUSING PROJECTS

Note: The allocations in the provincial gazette for housing projects in year 2 and 3 are indicative at this stage as a result of provincial commitments not yet guaranteed. The R 10 million in year 2 and R 10 760 million in year 3 is envisaged for the De Hoop Serviced Sites Project and R 24 570 million in the form of top structures found in the operational budget for year 2. Kalbaskraal Serviced Sites Project is envisaged for year 2 and year 3 at a total of R 10 million. Darling to get topstructures in year 2 only to the tune of R 6 840 million. Chatsworth Serviced Sites Project envisaged for year 2 at R 4 800 million.

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**.

1.3.1 Financial indicators and benchmarks

The following table sets out the municipalities main performance objectives and benchmarks for the 2021/22 MTREF. (Derived from the National Treasury A-schedules **and not** as prescribed by Circular 71)

Description of financial indicator	Basis of calculation	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<u>Borrowing Management</u>						
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.0%	3.2%	2.8%	2.5%	2.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.6%	3.9%	3.3%	3.0%	2.6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>						
Gearing	Long Term Borrowing/ Funds & Reserves	52.4%	48.2%	42.2%	36.3%	30.4%
<u>Liquidity</u>						
Current Ratio	Current assets/current liabilities	4:1	5:1	5:1	5:1	5:1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	4:1	5:1	5:1	5:1	5:1
Liquidity Ratio	Monetary Assets/Current Liabilities	3:1	4:1	4:1	4:1	4:1
<u>Revenue Management</u>						
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	90.0%	90.0%	95.0%	95.0%	95.0%
<u>Creditors Management</u>						
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		29.6%	17.9%	14.9%	14.8%	14.7%
<u>Other Indicators</u>						
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	6.0%	6.0%	6.0%	6.0%	6.0%
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	18.0%	18.0%	18.0%	18.0%	18.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	30.6%	30.1%	28.6%	28.1%	27.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	32.0%	31.5%	29.9%	29.3%	28.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.6%	6.6%	6.1%	5.9%	5.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	13.4%	13.3%	12.1%	11.6%	11.9%
<u>IDP regulation financial viability indicators</u>						
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within	13.8	13.8	14.7	17.0	18.6
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	37.2%	17.0%	17.7%	19.6%	21.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	8.8	11.5	8.8	8.6	8.1

Note: The gearing ratio in the above table is not a true reflection of the municipality's borrowing position as the formula is not the same as prescribed by NT's Circular 71 ratios.

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 formed part of the compilation of the 2021/2022 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).

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. Current payment levels are considered problematic to the sustainability of services as a direct result of having had to relax credit control during the hard lockdown but moreover given the unfavourable and struggling economy.

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. The aforementioned statement

is qualified to the extent that no disputes or invoice queries resulted in payment delays.

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 from a National Treasury norm perspective.
- Employee costs as a percentage of operating revenue (excluding capital grants) over the MTREF is between 27.6% and 28.6%. Total remuneration as a percentage of operating revenue (excluding capital grants) over the MTREF is between 28.7% and 29.9%. The employee related costs at the municipality is in line with the benchmarks set in the Western Cape.
- Contracted services expenditure increased by around R 206 493 million in total over the 2021/22 MTREF period when compared to the 2020/21 adjustments budget, mainly due to Housing Top structure, Proclaimed roads maintenance grant expenditure and Rehabilitation of closed landfill sites sorting under “contracted services”.

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 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 unprecedented tough economic times strong revenue management is still fundamental to the financial sustainability of the 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 objective with the exercise of tariff determination was to ensure that trade and economic services show surpluses over the next three to five years or in order to sustain quality service delivery to which our consumers in the Swartland area have become accustomed to, but more importantly to finance some other community services and the refurbishment/ renewal of council's bulk infrastructure. This was however not possible with refuse removal which must at least will break-even with a strategy to phase same- in over the longer period.

The following table is a summary of the 2021/2022 MTREF (classified by main revenue source):

Summary of revenue classified by main revenue source (excluding capital transfers)

Description R thousands	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Financial Performance					
Property rates	128 928	128 928	141 177	153 850	162 811
Service charges	444 403	449 698	513 684	567 942	630 729
Investment revenue	30 712	33 658	37 706	36 526	33 355
Transfers recognised - operational	120 495	138 118	152 542	166 080	155 585
Other own revenue	58 634	50 503	58 731	57 691	65 798
Total Revenue (excluding capital transfers and contributions)	783 171	800 905	903 840	982 089	1 048 278

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	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue by Vote					
Vote 1 - Corporate Services	11 518	11 284	11 506	11 443	11 684
Vote 2 - Civil Services	208 567	217 894	242 096	246 927	281 838
Vote 3 - Council	290	290	295	299	304
Vote 4 - Electricity Services	335 512	333 112	383 738	428 024	481 703
Vote 5 - Financial Services	209 518	212 313	230 435	248 399	254 033
Vote 6 - Development Services	59 684	55 504	47 074	54 225	27 318
Vote 7 - Municipal Manager	—	—	—	—	—
Vote 8 - Protection Services	44 945	49 735	36 609	38 637	42 186
Vote 9 - [NAME OF VOTE 9]	—	—	—	—	—
Total Revenue by Vote	870 035	880 132	951 753	1 027 954	1 099 066

Percentage growth in revenue base by main revenue source

Vote Description	Current Year 2020/2021		2021/22 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted Budget	%	Budget Year 2021/22	%	Budget Year 2022/23	%	Budget Year 2023/24	%
Revenue by Source								
Property rates	128 928	16%	141 177	16%	153 850	16%	162 811	16%
Service charges - electricity revenue	318 741	40%	369 764	41%	416 855	42%	469 929	45%
Service charges - water revenue	60 112	8%	69 190	8%	71 617	7%	76 791	7%
Service charges - sanitation revenue	42 979	5%	45 988	5%	49 007	5%	51 725	5%
Service charges - refuse revenue	27 867	3%	28 742	3%	30 461	3%	32 284	3%
Rental of facilities and equipment	1 912	0%	1 529	0%	1 606	0%	1 702	0%
Interest earned - external investments	33 658	4%	37 706	4%	36 526	4%	33 355	3%
Interest earned - outstanding debtors	2 454	0%	2 601	0%	2 757	0%	2 922	0%
Fines, penalties and forfeits	22 487	3%	23 591	3%	25 003	3%	26 501	3%
Licences and permits	4 309	1%	4 445	0%	4 708	0%	4 986	0%
Agency services	5 376	1%	5 699	1%	6 040	1%	6 403	1%
Transfers and subsidies	138 118	17%	152 542	17%	166 080	17%	155 585	15%
Other revenue	10 924	1%	10 776	1%	12 119	1%	12 802	1%
Gains	3 042	0%	10 092	1%	5 457	1%	10 482	1%
Total Revenue (excluding capital transfers and contributions)	800 905	100%	903 840	100%	982 089	100%	1 048 278	100%
Total Revenue from Property Rates and Service Charges	578 626	72%	654 862	72%	721 792	73%	793 540	76%

Revenue generated from property rates and services charges form a significant percentage of the revenue basket for the Municipality. Property rates and service charge revenues comprise between 72 and 76 percent of the total revenue mix for the 2021/22 MTREF. In the 2021/22 financial year, revenue from property rates and services charges amounts to R 654 862 million or 72 per cent of total revenue mix (**growth of 6.7%**). This figure increases to an estimated R 721 792 million or 73 per cent (**growth of 7.3%**) and R 793 540 million or 76 per cent (**growth of 7.3%**) in the respective financial years of the 2021/22 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, was a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis. For the 2021/22 MTREF, the municipality has seen a significant **decrease** in the DORA allocation for the Equitable Share. **THE MUNICIPALITY'S SHARE IN THIS REGARD WAS REDUCED WITH R 5 497 000 IN 2021-2022 AND WITH R 7 708 000 IN 2022-2023.**

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

Description	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand					
RECEIPTS:					
Operating Transfers and Grants					
National Government:	105 612	119 821	112 178	120 819	125 016
Local Government Equitable Share	102 195	116 404	108 796	119 269	123 466
Finance Management	1 550	1 550	1 550	1 550	1 550
EPWP Incentive	1 867	1 867	1 832		
Provincial Government:	14 608	15 129	40 062	44 928	30 203
Community Development Workers	38	38	38	38	38
Human Settlements	1 950	2 950	26 560	31 410	–
Municipal Accreditation and Capacity Building Grant	238	238	252	264	264
Libraries	10 068	9 690	10 394	10 621	10 801
Proclaimed Roads Subsidy	175	175	175	175	15 130
Financial Management Support Grant: Student Bursaries	401	300	250	–	–
Thusong Grant	150	150	–	–	150
Establishment of a K9 Unit	1 588	1 588	2 393	2 420	3 820
Total Operating Transfers and Grants	120 220	134 950	152 240	165 747	155 219
Capital Transfers and Grants					
National Government:	32 835	30 435	31 055	28 810	29 711
Municipal Infrastructure Grant (MIG)	21 183	21 183	22 700	23 810	24 711
Energy Efficiency and Demand Side Management Grant	4 000	3 600	–	–	–
Integrated National Electrification Programme (municipal)	7 652	5 652	8 355	5 000	5 000
Provincial Government:	52 488	52 404	15 661	15 800	19 760
Human Settlements	48 074	47 990	14 600	15 800	19 760
RSEP/VPUU Municipal Projects	3 000	3 000	–	–	–
Libraries	70	70	50	–	–
Fire Service Capacity Building Grant	732	732	–	–	–
Establishment of a K9 Unit	612	612	28	–	–
Sport Development	–	–	983	–	–
Total Capital Transfers and Grants	85 323	82 839	46 716	44 610	49 471
TOTAL RECEIPTS OF TRANSFERS & GRANTS	205 543	217 789	198 955	210 357	204 690

1.4.2 Property Rates

The proposed property rates increase for the 2021/22 financial year is **5.9%** for residential properties and for business. Over the remaining MTREF period, the increase is limited to **6%** for residential properties and for business properties.

The categories of rateable properties for purposes of levying rates and the proposed draft rates for the 2021/22 financial year are as follows:

Property Rates	2020/2021 c / R	2021/2022 c / R	2022/2023 c / R	2023/2024 c / R	2021/22	2022/23	2023/24
Residential Properties	0,5160	0,5464	0,5792	0,6140	5.90%	6.00%	6.00%
Businesses, Commercial and Industrial Properties	0,7413	0,7850	0,8321	0,8821	5.90%	6.00%	6.00%

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

The following stipulations in the Property Rates Policy applicable to the 2021/2022 year are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted in 2021/2022 to registered indigents in terms of the Indigent Policy to a maximum valuation of R105 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. The rebate mentioned above as it relates to the 2021/2022 Policy will become effective in the 2022/2023 financial year.

1.4.3 Sale of Water and Impact of Tariff Increases

Having considered the plight of the poor and other water consumers within the first block of consumption, considerable savings have been factored into the suggested draft water tariffs. Water tariffs were increased by **4.9%** for the **first 10kl**s thereafter a **6%** increase for residential consumers and a **4.9%** increase for all businesses from the first kl. The draft tariff increases, which is above the headline inflation rate, is needed given the extent of water infrastructure investment required over the longer term.

R thousand	Current Year 2020/2021	2021/22 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	2021/2022 (R'000)	2022/2023 (R'000)	2023/2024 (R'000)
Revenue – Water Management	79 374	86 270	104 686	104 977
Expenditure – Water Management	67 313	69 624	70 584	74 947
Net Surplus / (Deficit)	12 061	16 646	34 102	30 030
Net Surplus / (Deficit) %	15%	19%	33%	29%
Capital grants & Development Charges	600	629	15 660	9 693
Revenue – Water Management (excl. capital grants and development charges)	78 774	85 640	89 026	95 284
Net Surplus / (Deficit) (excl. capital grants and development charges)	11 461	16 017	18 442	20 337
Net Surplus / (Deficit) % (excl. capital grants and development charges)	15%	19%	21%	21%

A summary of the 2021/22 draft tariffs and increases for households (residential) and non-residential are as follows:

Water	2020/2021	2021/2022	2022/2023	2023/2024	2021/22	2022/23	2023/24
Network Charge: Residential, Indigent, Agricultural, Sport Clubs	R 64.87	R 68.05	R 72.13	R 76.46	4.90%	6.00%	6.00%
Network Charge: Business	R 110.00	R 115.39	R 122.31	R 129.65	4.90%	6.00%	6.00%
Equitable Share: 6 kl Free	R 8.64	R 9.06	R 9.61	R 10.18	4.90%	6.00%	6.00%
Residential: 0 - 6kl	R 5.03	R 5.28	R 5.59	R 5.93	4.90%	6.00%	6.00%
Residential: 7 - 10kl	R 8.64	R 9.06	R 9.61	R 10.18	4.90%	6.00%	6.00%
Residential: 11-15kl	R 16.54	R 17.53	R 18.58	R 19.70	6.00%	6.00%	6.00%
Residential: 16 - 20kl	R 20.97	R 22.23	R 23.56	R 24.98	6.00%	6.00%	6.00%
Residential: 21 - 25kl	R 31.09	R 32.96	R 34.93	R 37.03	6.00%	6.00%	6.00%
Residential: 26 - 35 kl	R 64.78	R 68.67	R 72.79	R 77.15	6.00%	6.00%	6.00%
Residential: 36 kl >	R 89.40	R 94.76	R 100.45	R 106.48	6.00%	6.00%	6.00%
Business/Commercial/Industrial/Agricultural	R 21.60	R 22.66	R 24.02	R 25.46	4.90%	6.00%	6.00%
Sport Clubs	R 22.90	R 24.02	R 25.46	R 26.99	4.90%	6.00%	6.00%
Schools and Government Institutions	R 24.02	R 25.20	R 26.71	R 28.31	4.90%	6.00%	6.00%

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.

To date NERSA provided the consultative guidelines and benchmarks for the 2021/22 electricity tariff increases. As a result of High Court rulings in favour of Eskom to claw back additional income from previous financial years, the Eskom increase effective from 1 July is 17.8%. Based on the calculation methodology used by NERSA to determine the increase for reselling, the tariff increase for municipal customers effective as from 1 July is 14.59%. The proposed electricity tariff adjustments are preliminary subject to the final NERSA tariff determination.

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.

R thousand	Current Year 2020/2021	2021/22 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	2021/2022 (R'000)	2022/2023 (R'000)	2023/2024 (R'000)
Revenue – Electricity	333 112	383 738	428 024	481 703
Expenditure – Electricity	299 744	349 535	398 473	455 022
Net Surplus / (Deficit)	33 369	34 203	29 552	26 681
Net Surplus / (Deficit) %	10%	9%	7%	6%
Capital grants & Development Charges	9 572	8 523	5 176	5 185
Revenue – Electricity (excl. capital grants and development charges)	323 540	375 215	422 848	476 518
Net Surplus / (Deficit) (excl. capital grants and development charges)	23 797	25 680	24 376	21 496
Net Surplus / (Deficit) % (excl. capital grants and development charges)	7%	7%	6%	5%

Electricity losses during 2018/19 and 2019/20 audited financial years were calculated at only 5.62 per cent and 6.01 per cent respectively.

The following table shows the 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		2020/2021	2021/2022	2022/2023	2023/2024	2021/22	2022/23	2023/24
1	Residential Consumers Network charge	R 217.71	R 249.47	R 280.91	R 316.30	14.59%	12.60%	12.60%
1	(0-50kWh)	R 1.098101	R 1.258314	R 1.416861	R 1.595386	14.59%	12.60%	12.60%
1	(51-350kWh)	R 1.411930	R 1.617931	R 1.821790	R 2.051335	14.59%	12.60%	12.60%
1	(351-600kWh)	R 1.987103	R 2.277021	R 2.563926	R 2.886981	14.59%	12.60%	12.60%
1	(>600kWh)	R 2.340086	R 2.681505	R 3.019374	R 3.399815	14.59%	12.60%	12.60%
2	Commercial / Non Standard .per kWh	R 1.832027	R 2.099320	R 2.363834	R 2.661677	14.59%	12.60%	12.60%
2	Commercial Basic < 20KVA	R 553.75	R 634.54	R 714.49	R 804.52	14.59%	12.60%	12.60%
2	Commercial Basic 20 to 40 KVA	R 728.37	R 834.64	R 939.80	R 1 058.22	14.59%	12.60%	12.60%
2	Commercial Basic >40 KVA	R 1 329.35	R 1 523.30	R 1 715.24	R 1 931.36	14.59%	12.60%	12.60%
2	Commercial Basic < 20KVA per kWh	R 1.832027	R 2.099320	R 2.363834	R 2.661677	14.59%	12.60%	12.60%
2	Commercial Basic 20 to 40 KVA per kWh	R 1.832027	R 2.099320	R 2.363834	R 2.661677	14.59%	12.60%	12.60%
2	Commercial Basic >40 KVA per kWh	R 1.832027	R 2.099320	R 2.363834	R 2.661677	14.59%	12.60%	12.60%
5	Alternative - Households 20 Amp.-:-							
5	(0-50kWh)	R 1.006703	R 1.153581	R 1.298932	R 1.462598	14.59%	12.60%	12.60%
5	(51-350kWh)	R 1.320412	R 1.513060	R 1.703706	R 1.918373	14.59%	12.60%	12.60%
5	(351-600kWh)	R 1.882494	R 2.157150	R 2.428951	R 2.734999	14.59%	12.60%	12.60%
5	(>600kWh)	R 2.262402	R 2.592486	R 2.919140	R 3.286951	14.59%	12.60%	12.60%
6	Street lightning	R 1.158873	R 1.327953	R 1.495275	R 1.683679	14.59%	12.60%	12.60%
7	Pre-paid meter system (Indigent Residential)							
7	NB: In those instances where a Network Charge is applicable to indigent consumers, it will be fully subsidised on their account.							
7	(0-50kWh)	R 1.006703	R 1.153581	R 1.298932	R 1.462598	14.59%	12.60%	12.60%
7	(51-350kWh)	R 1.320412	R 1.513060	R 1.703706	R 1.918373	14.59%	12.60%	12.60%
7	(351-600kWh)	R 1.882494	R 2.157150	R 2.428951	R 2.734999	14.59%	12.60%	12.60%
7	(>600kWh)	R 2.261659	R 2.591635	R 2.918181	R 3.285872	14.59%	12.60%	12.60%
12	Pre-paid Meter System (Non-Indigent Residential)							
12	(0-350kWh)	R 2.087502	R 2.392069	R 2.693469	R 3.032846	14.59%	12.60%	12.60%
12	> 350 kWh	R 2.253131	R 2.581863	R 2.907178	R 3.273482	14.59%	12.60%	12.60%

1.4.5 Sanitation and Impact of Tariff Increases

The draft tariff increase 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 2021/22 MTREF. Also needed due to the critical upgrades of the wastewater treatment works in Moorreesburg and Darling per the quantum in the capital budget.

A **new Two –part tariff** consisting of a basic network charge and a cost recovery tariff is recommended for the 2021/22 financial year onwards, which will not have the effect of the consumer paying more, suffice for the annual increase as follows:

- An availability network charge may be levied at an amount determined each year to all vacant erven, this includes all erven, even where there is no flush sewer system available having access to the vacuum tanker service as well as erven with reasonable access to the water borne sewer network;
- A basic network charge and monthly treatment cost per consumer may be charged to those property from where a sewerage flow is discharged to a municipal waste water treatment works through the water borne sewerage network or where a sewerage flow is discharged to a sewerage tank of which the contents is removed by the vacuum tanker service and discharged at a municipal waste water treatment works;
- The status quo is maintained with respect to the 425 erven in Yzerfontein having seepage conservancy sewer tanks, no levy is made for availability. The service for these erven will be charged in accordance with the tariffs approved on an annual basis from the first occasion the pumping service and will continue to be applied with respect to that specific property.

R thousand	Current Year 2020/2021	2021/22 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	2021/2022 (R'000)	2022/2023 (R'000)	2023/2024 (R'000)
Revenue – Sanitation	87 791	90 521	76 419	81 065
Expenditure – Sanitation	48 708	50 278	50 882	53 963
Net Surplus / (Deficit)	39 083	40 243	25 537	27 102
Net Surplus / (Deficit) %	45%	44%	33%	33%
Capital grants & Development Charges	20 326	19 056	187	196
Revenue – Sanitation (excl. capital grants and development charges)	67 464	71 465	76 232	80 869
Net Surplus / (Deficit) (excl. capital grants and development charges)	18 757	21 187	25 349	26 906
Net Surplus / (Deficit) % (excl. capital grants and development charges)	28%	30%	33%	33%

The following draft tariffs were incorporated in the 2021/22 MTREF:

Sanitation	2020/2021	2021/2022	2022/2023	2023/2024	2021/22	2022/23	2023/24
Basic Network Charge for Sewerage Connections (Includes all categories of consumers, also indigents)	R -	R 105.10	R 111.41	R 118.09	n/a	6.00%	6.00%
Households (including indigents), Flats and Semi-detached households pm	R 234.35	R 143.08	R 151.66	R 160.76	n/a	6.00%	6.00%
Businesses, Industrial, Schools, Churches, Sport Facilities, etc. pm	R 234.35	R 143.08	R 151.66	R 160.76	n/a	6.00%	6.00%
NB: The above charges for registered indigent households are subsidised.							

1.4.6 Waste Removal and Impact of Tariff Increases

The draft tariff increase of **5.9%**, which is above the headline inflation rate, is needed to deliver the service effectively and to eventually phase out the deficit over the longer term due to the current economic conditions. The additional percentage of 2% above headline inflation is equal to R2.63 per month and needed to ensure that the cost of providing the service is fully funded over the longer term as the service is currently rendered at a loss.

R thousand	Current Year 2020/2021	2021/22 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	2021/2022 (R'000)	2022/2023 (R'000)	2023/2024 (R'000)
Revenue – Refuse Removal	44 539	46 625	48 803	51 725
Expenditure – Refuse Removal	47 236	53 157	56 424	59 677
Net Surplus / (Deficit)	(2 697)	(6 532)	(7 622)	(7 952)
Net Surplus / (Deficit) %	-6%	-14%	-16%	-15%
Capital grants & Development Charges	-	-	-	-
Revenue – Refuse Removal (excl. capital grants and development charges)	44 539	46 625	48 803	51 725
Net Surplus / (Deficit) (excl. capital grants and development charges)	(2 697)	(6 532)	(7 622)	(7 952)
Net Surplus / (Deficit) % (excl. capital grants and development charges)	(6%)	(14%)	(16%)	(15%)

The following draft tariffs were incorporated in the 2021/22 MTREF:

Refuse Removal	2020/2021	2021/2022	2022/2023	2023/2024	2021/22	2022/23	2023/24
Removal of residential (including indigents)/ business refuse pm (Black Bags)	R 131.52	R 139.28	R 147.64	R 156.50	5.90%	6.00%	6.00%
NB: The above charges for registered indigent households are subsidised.							

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on various households:

Description	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework			
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22 % incr.	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Rand/cent							
Monthly Account for Household - 'Middle Income Range'							
Rates and services charges:							
Property rates	301.00	301.00	301.00	5.9%	318.73	337.87	358.17
Electricity: Basic levy	217.71	217.71	217.71	14.59%	249.47	280.91	316.30
Electricity: Consumption	1 911.29	1 911.29	1 911.29	14.59%	2 190.15	2 466.11	2 776.84
Water: Basic levy	64.87	64.87	64.87	4.90%	68.05	72.13	76.46
Water: Consumption	242.23	242.23	242.23	4.90%	266.72	282.72	299.68
Sanitation	234.35	234.35	234.35	5.9%	248.41	263.31	279.11
Refuse removal	131.52	131.52	131.52	5.9%	139.28	147.64	156.49
Other							
sub-total	3 102.97	3 102.97	3 102.97	12.2%	3 480.81	3 850.69	4 263.06
VAT on Services	420.30	420.30	420.30		474.31	526.92	585.73
Total large household bill:	3 523.27	3 523.27	3 523.27	12.3%	3 955.12	4 377.61	4 848.79
% increase/-decrease	(11.8%)	–	–		12.3%	10.7%	10.8%
Monthly Account for Household - 'Affordable Range'							
Rates and services charges:							
Property rates	255.13	255.13	255.13	5.9%	227.67	325.08	344.58
Electricity: Basic levy	217.71	217.71	217.71	14.59%	249.47	280.91	316.30
Electricity: Consumption	776.55	776.55	776.55	14.59%	776.55	1 001.97	1 128.22
Water: Basic levy	64.87	64.87	64.87	4.90%	68.05	72.13	76.46
Water: Consumption	54.68	54.68	54.68	4.90%	67.91	71.99	76.31
Sanitation	234.35	234.35	234.35	5.9%	248.41	263.31	279.11
Refuse removal	131.52	131.52	131.52	5.9%	139.28	147.64	156.49
Other							
sub-total	1 734.80	1 734.80	1 734.80	2.5%	1 777.34	2 163.03	2 377.48
VAT on Services	221.95	221.95	221.95		232.45	275.69	304.93
Total small household bill:	1 956.76	1 956.76	1 956.76	2.7%	2 009.79	2 438.72	2 682.41
% increase/-decrease	(15.0%)	–	–		2.7%	21.3%	10.0%
Monthly Account for Household - 'Indigent' Household receiving free basic services							
Rates and services charges:							
Property rates	120.46	120.46	120.46	5.9%	127.56	135.22	143.34
Electricity: Basic levy	217.71	217.71	217.71	14.59%	249.47	280.91	316.30
Electricity: Consumption	396.12	396.12	396.12	14.59%	453.92	511.11	575.51
Water: Basic levy	64.87	64.87	64.87	4.9%	68.05	72.13	76.46
Water: Consumption	17.28	17.28	17.28	4.9%	36.25	38.43	40.73
Sanitation	234.35	234.35	234.35	5.9%	248.41	263.31	279.11
Refuse removal	131.52	131.52	131.52	5.9%	139.28	147.64	156.49
Other							
sub-total	1 182.31	1 182.31	1 182.31	11.9%	1 322.95	1 448.75	1 587.96
VAT on Services	159.28	159.28	159.28		179.31	197.03	216.69
Total small household bill:	1 341.59	1 341.59	1 341.59	12.0%	1 502.25	1 645.78	1 804.65
% increase/-decrease	(13.4%)	–	–		12.0%	9.6%	9.7%
References							
1. Use as basis property value of R700 000, 1 000 kWh electricity and 20kl water							
2. Use as basis property value of R500 000, 500 kWh electricity and 10kl water							
3. Use as basis property value of R 300 000, 350kWh electricity and 10kl water (50 kWh electricity and 6 kl water free)							

1.4.7 Fines

Fines represent approximately 3 per cent of the revenue mix of the municipality. The 2021/22 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. Currently the payment rate in respect of fines results in an unsustainable increase in the impairment provision.

The department is encouraged to consider/investigate alternative methods to materially improving the collection rate relating to fines as this trend has now been experienced for the last 3 years. This expenditure is increasingly becoming an additional burden on rate payers given the impact it has on the impairment provision.

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 efficiencies in directorates and to more importantly give effect to sound expenditure management and cost containment. This proved very challenging given the limitations placed on tariff increases compared to the MTREF's operational expenditure requirements and the fact that very little scope exists for additional savings given the municipality's proven corporate culture in respect of cost containment. It is becoming increasingly challenging to fund community and other services by way of the municipality's basket of basic services and revenue generated through municipal property taxes. Our historical approach to budgets required serious re-invention and consideration given the prevailing economic conditions caused by the COVID-19 pandemic.

The following table is a high level summary of the 2021/22 budget and MTREF (classified per main type of operating expenditure):

Description	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands					
Financial Performance					
Employee costs	239 382	241 090	258 868	275 978	289 457
Remuneration of councillors	11 471	11 471	11 251	11 558	11 874
Depreciation & asset impairment	92 755	92 755	95 797	102 005	113 549
Finance charges	11 934	13 954	13 141	12 297	11 401
Inventory consumed and bulk purchases	284 242	284 621	332 112	379 883	435 211
Transfers and grants	3 223	3 355	3 930	3 857	4 039
Other expenditure	154 911	152 210	184 758	187 903	182 294

- The budgeted allocation for employee related costs (excluding Remuneration of Councillors) for the 2021/22 financial year totals R 258 868 million, which equates to 28.8 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 were very limited.

- 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 the limits of the reduced realistically anticipated revenue streams, with an amount of R 1 294 339 budgeted for training in the 2021/22 operating budget, which constitutes 0.50% 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, but more-over the necessitated curbing of expenditure given the worsening disposable income levels of the paying public during this severe economic downturn.

- The expense 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 provision of debt impairment was determined based on the current collection rates of receivables, negatively influenced by the prevailing economic conditions and the pandemic caused by COVID-19.
- 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.

The bulk of repairs and maintenance are done through the capital budget. The portion in the operating budget is adequate to secure the ongoing health of the Municipality's infrastructure.

The ratios for the 2021/22 MTREF are shown below:

Description	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand					
<i>R&M as a % of PPE</i>	2.5%	2.6%	2.6%	2.7%	2.8%
<i>Renewal and upgrading and R&M as a % of PPE</i>	7.0%	7.0%	7.0%	6.0%	5.0%

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 (including growth projections) totals R 82 754 million in 2021/22 and it will increase to R 94 281 million and R 95 188 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 R105 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 plus the 100% subsidised network charge
4.	Free refuse x 4 removals per month
5.	Free sewerage per month plus the 100% subsidised basic network charge

For the month of **February 2021**, support was provided to the following indigent household numbers:

Number of indigent households: 9 208

- Number receiving Property rate discount: 8 167
- Number with access to free basic water: 9 208
(and exempted by way of subsidy of the water network charge)
- Number with access to free basic electricity: 6 155
- Number provided by ESKOM: 2 066
- Number with access to free basic sanitation: 8 792
- Number with access to free basic refuse removal: 9 128

1.6 Capital expenditure

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

Vote Description R thousand	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Capital expenditure - Vote					
Multi-year expenditure to be appropriated					
Vote 1 - Corporate Services	–	–	–	–	–
Vote 2 - Civil Services	88 592	90 179	83 096	42 922	31 526
Vote 3 - Council	–	–	–	–	–
Vote 4 - Electricity Services	4 800	4 400	14 855	5 000	20 000
Vote 5 - Financial Services	–	–	–	–	–
Vote 6 - Development Services	46 254	47 466	13 100	15 800	19 760
Vote 7 - Municipal Manager	–	–	–	–	–
Vote 8 - Protection Services	–	–	–	–	–
Capital multi-year expenditure sub-total	139 646	142 045	111 051	63 722	71 286
Single-year expenditure to be appropriated					
Vote 1 - Corporate Services	18 980	18 947	872	124	126
Vote 2 - Civil Services	26 957	29 686	39 873	51 240	44 325
Vote 3 - Council	10	10	10	10	572
Vote 4 - Electricity Services	17 276	15 716	10 503	10 190	12 800
Vote 5 - Financial Services	261	233	381	260	271
Vote 6 - Development Services	7 268	1 989	4 570	304	76
Vote 7 - Municipal Manager	10	10	10	10	12
Vote 8 - Protection Services	2 028	2 028	1 998	3 885	4 831
Capital single-year expenditure sub-total	72 790	68 619	58 218	66 023	63 012
Total Capital Expenditure - Vote	212 436	210 664	169 268	129 745	134 297

More information on the breakdown of the capital budget can be found in the tables to follow.

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 2021/22 MTREF budget.

MBRR Table A1 - Budget Summary

Description	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands					
Financial Performance					
Property rates	128 928	128 928	141 177	153 850	162 811
Service charges	444 403	449 698	513 684	567 942	630 729
Investment revenue	30 712	33 658	37 706	36 526	33 355
Transfers recognised - operational	120 495	138 118	152 542	166 080	155 585
Other own revenue	58 634	50 503	58 731	57 691	65 798
Total Revenue (excluding capital transfers and contributions)	783 171	800 905	903 840	982 089	1 048 278
Employee costs	239 382	241 090	258 868	275 978	289 457
Remuneration of councillors	11 471	11 471	11 251	11 558	11 874
Depreciation & asset impairment	92 755	92 755	95 797	102 005	113 549
Finance charges	11 934	13 954	13 141	12 297	11 401
Inventory consumed and bulk purchases	284 242	284 621	332 523	380 296	435 627
Transfers and grants	3 223	3 355	3 930	3 857	4 039
Other expenditure	154 911	152 210	184 347	187 490	181 878
Total Expenditure	797 919	799 457	899 857	973 482	1 047 825
Surplus/(Deficit)	(14 747)	1 448	3 984	8 607	453
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	85 723	77 722	46 716	44 610	49 471
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental)	1 141	1 504	1 197	1 256	1 317
Surplus/(Deficit) after capital transfers & contributions	72 116	80 674	51 896	54 472	51 241
Share of surplus/ (deficit) of associate	-	-	-	-	-
Surplus/(Deficit) for the year	72 116	80 674	51 896	54 472	51 241
Capital expenditure & funds sources					
Capital expenditure	212 436	210 664	169 268	129 745	134 297
Transfers recognised - capital	85 723	78 085	46 716	44 610	49 471
Borrowing	-	-	-	-	-
Internally generated funds	126 713	132 579	122 553	85 135	84 826
Total sources of capital funds	212 436	210 664	169 268	129 745	134 297
Financial position					
Total current assets	687 585	718 664	697 415	723 560	753 787
Total non current assets	2 135 414	2 095 398	2 159 154	2 178 103	2 189 680
Total current liabilities	179 125	145 513	146 380	147 247	148 114
Total non current liabilities	203 635	194 104	183 848	173 604	163 298
Community wealth/Equity	2 440 239	2 474 445	2 526 341	2 580 813	2 632 054

Description	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands					
Cash flows					
Net cash from (used) operating	111 795	198 578	142 911	142 438	147 875
Net cash from (used) investing	(212 238)	(208 622)	(169 191)	(129 662)	(134 222)
Net cash from (used) financing	3 468	(10 979)	(10 979)	(10 979)	(10 979)
Cash/cash equivalents at the year end	468 034	609 343	572 084	573 881	576 555
Cash backing/surplus reconciliation					
Cash and investments available	453 566	609 343	572 084	573 881	576 555
Application of cash and investments	(37 222)	13 870	829	(22 426)	(50 557)
Balance - surplus (shortfall)	490 788	595 473	571 255	596 307	627 112
Asset management					
Asset register summary (WDV)	2 135 412	2 095 398	2 159 154	2 178 103	2 189 680
Depreciation	91 755	91 755	91 263	97 142	108 288
Renewal and Upgrading of Existing Assets	98 540	99 428	100 394	71 313	55 511
Repairs and Maintenance	51 511	52 565	55 545	58 247	60 898
Free services					
Cost of Free Basic Services provided	59 683	58 287	62 582	66 792	71 365
Revenue cost of free services provided	10 954	13 214	4 644	4 800	4 967

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
 - 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	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue - Functional					
<i>Governance and administration</i>	211 633	215 843	242 350	255 428	266 193
Executive and council	290	290	295	299	304
Finance and administration	211 343	215 553	242 055	255 128	265 888
Internal audit	-	-	-	-	-
<i>Community and public safety</i>	104 687	104 021	84 005	90 578	66 696
Community and social services	14 590	29 636	11 725	11 956	12 363
Sport and recreation	3 002	3 029	4 438	3 297	3 552
Public safety	36 201	28 249	26 234	27 643	30 537
Housing	50 894	43 107	41 608	47 682	20 244
Health	-	-	-	-	-
<i>Economic and environmental services</i>	14 072	15 122	18 013	23 774	46 453
Planning and development	3 795	3 795	3 561	3 711	3 874
Road transport	10 276	11 326	14 453	20 063	42 579
Environmental protection	-	-	-	-	-
<i>Trading services</i>	539 613	545 117	607 353	658 141	719 689
Energy sources	335 512	333 112	383 738	428 024	481 703
Water management	73 720	79 374	86 270	104 686	104 977
Waste water management	87 291	88 091	90 720	76 628	81 284
Waste management	43 090	44 539	46 625	48 803	51 725
<i>Other</i>	30	30	31	33	35
Total Revenue - Functional	870 035	880 132	951 753	1 027 954	1 099 066
Expenditure - Functional					
<i>Governance and administration</i>	141 918	140 308	150 711	155 768	162 242
Executive and council	22 026	22 016	21 727	22 466	23 216
Finance and administration	118 018	116 223	126 988	131 179	136 781
Internal audit	1 874	2 069	1 996	2 123	2 246
<i>Community and public safety</i>	105 028	116 121	143 703	155 274	130 616
Community and social services	21 828	23 119	22 833	23 881	25 228
Sport and recreation	24 964	25 502	27 465	29 314	30 775
Public safety	51 607	60 234	63 042	66 605	69 745
Housing	6 629	7 266	30 364	35 474	4 869
Health	-	-	-	-	-
<i>Economic and environmental services</i>	60 741	62 644	65 395	67 349	91 516
Planning and development	13 925	14 053	14 549	14 232	14 931
Road transport	46 817	48 592	50 846	53 116	76 585
Environmental protection	-	-	-	-	-
<i>Trading services</i>	488 697	478 850	538 302	593 291	661 608
Energy sources	297 667	298 011	347 738	396 595	453 060
Water management	78 984	67 313	69 624	70 584	74 947
Waste water management	68 701	66 289	67 783	69 688	73 924
Waste management	43 344	47 236	53 157	56 424	59 677
<i>Other</i>	1 534	1 534	1 745	1 800	1 843
Total Expenditure - Functional	797 919	799 457	899 857	973 482	1 047 825
Surplus/(Deficit) for the year	72 116	80 674	51 896	54 472	51 241

NB: The above surplus and deficit amounts include capital grants which results in a higher than real planned budgeted (skewed) surplus or deficit.

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	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue by Vote					
Vote 1 - Corporate Services	11 518	11 284	11 506	11 443	11 684
Vote 2 - Civil Services	208 567	217 894	242 096	246 927	281 838
Vote 3 - Council	290	290	295	299	304
Vote 4 - Electricity Services	335 512	333 112	383 738	428 024	481 703
Vote 5 - Financial Services	209 518	212 313	230 435	248 399	254 033
Vote 6 - Development Services	59 684	55 504	47 074	54 225	27 318
Vote 7 - Municipal Manager	—	—	—	—	—
Vote 8 - Protection Services	44 945	49 735	36 609	38 637	42 186
Vote 9 - [NAME OF VOTE 9]	—	—	—	—	—
Total Revenue by Vote	870 035	880 132	951 753	1 027 954	1 099 066
Expenditure by Vote to be appropriated					
Vote 1 - Corporate Services	35 380	36 264	41 204	42 798	44 956
Vote 2 - Civil Services	270 364	263 949	279 267	289 622	326 517
Vote 3 - Council	18 108	18 120	18 320	18 916	19 537
Vote 4 - Electricity Services	312 609	313 831	364 494	414 354	471 853
Vote 5 - Financial Services	59 827	55 112	59 651	61 537	63 948
Vote 6 - Development Services	29 029	30 041	53 541	58 704	29 331
Vote 7 - Municipal Manager	8 092	8 265	8 157	8 440	8 818
Vote 8 - Protection Services	64 508	73 875	75 223	79 111	82 866
Vote 9 - [NAME OF VOTE 9]	—	—	—	—	—
Total Expenditure by Vote	797 919	799 457	899 857	973 482	1 047 825
Surplus/(Deficit) for the year	72 116	80 674	51 896	54 472	51 241

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	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand					
Revenue By Source					
Property rates	128 928	128 928	141 177	153 850	162 811
Service charges - electricity revenue	318 741	318 741	369 764	416 855	469 929
Service charges - water revenue	56 975	60 112	69 190	71 617	76 791
Service charges - sanitation revenue	42 218	42 979	45 988	49 007	51 725
Service charges - refuse revenue	26 468	27 867	28 742	30 461	32 284
Rental of facilities and equipment	1 495	1 912	1 529	1 606	1 702
Interest earned - external investments	30 712	33 658	37 706	36 526	33 355
Interest earned - outstanding debtors	4 585	2 454	2 601	2 757	2 922
Dividends received	—	—	—	—	—
Fines, penalties and forfeits	33 030	22 487	23 591	25 003	26 501
Licences and permits	3 759	4 309	4 445	4 708	4 986
Agency services	4 876	5 376	5 699	6 040	6 403
Transfers and subsidies	120 495	138 118	152 542	166 080	155 585
Other revenue	10 689	10 924	10 776	12 119	12 802
Gains	200	3 042	10 092	5 457	10 482
Total Revenue (excluding capital transfers and contributions)	783 171	800 905	903 840	982 089	1 048 278
Expenditure By Type					
Employee related costs	239 382	241 090	258 868	275 978	289 457
Remuneration of councillors	11 471	11 471	11 251	11 558	11 874
Debt impairment	43 915	33 179	36 031	31 407	32 792
Depreciation & asset impairment	92 755	92 755	95 797	102 005	113 549
Finance charges	11 934	13 954	13 141	12 297	11 401
Bulk purchases - electricity	251 000	251 000	299 500	345 923	399 540
Inventory consumed	33 242	33 621	33 023	34 374	36 086
Contracted services	57 512	59 427	87 275	93 871	84 774
Transfers and subsidies	3 223	3 355	3 930	3 857	4 039
Other expenditure	44 038	46 134	48 448	49 647	50 998
Losses	9 446	13 470	12 593	12 565	13 315
Total Expenditure	797 919	799 457	899 857	973 482	1 047 825
Surplus/(Deficit)	(14 747)	1 448	3 984	8 607	453
Transfers and subsidies - capital (monetary)	85 723	77 722	46 716	44 610	49 471
Transfers and subsidies - capital (monetary)	1 141	1 504	1 197	1 256	1 317
Surplus/(Deficit) for the year	72 116	80 674	51 896	54 472	51 241

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	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Capital expenditure - Vote					
Multi-year expenditure to be appropriated					
Vote 1 - Corporate Services	–	–	–	–	–
Vote 2 - Civil Services	88 592	90 179	83 096	42 922	31 526
Vote 3 - Council	–	–	–	–	–
Vote 4 - Electricity Services	4 800	4 400	14 855	5 000	20 000
Vote 5 - Financial Services	–	–	–	–	–
Vote 6 - Development Services	46 254	47 466	13 100	15 800	19 760
Vote 7 - Municipal Manager	–	–	–	–	–
Vote 8 - Protection Services	–	–	–	–	–
Capital multi-year expenditure sub-total	139 646	142 045	111 051	63 722	71 286
Single-year expenditure to be appropriated					
Vote 1 - Corporate Services	18 980	18 947	872	124	126
Vote 2 - Civil Services	26 957	29 686	39 873	51 240	44 325
Vote 3 - Council	10	10	10	10	572
Vote 4 - Electricity Services	17 276	15 716	10 503	10 190	12 800
Vote 5 - Financial Services	261	233	381	260	271
Vote 6 - Development Services	7 268	1 989	4 570	304	76
Vote 7 - Municipal Manager	10	10	10	10	12
Vote 8 - Protection Services	2 028	2 028	1 998	3 885	4 831
Capital single-year expenditure sub-total	72 790	68 619	58 218	66 023	63 012
Total Capital Expenditure - Vote	212 436	210 664	169 268	129 745	134 297
Capital Expenditure - Functional					
Governance and administration	26 706	27 442	13 850	1 134	2 404
Executive and council	20	20	20	20	584
Finance and administration	26 686	27 422	13 830	1 114	1 820
Community and public safety	11 922	9 822	6 469	5 732	6 594
Community and social services	5 170	270	150	632	100
Sport and recreation	4 724	7 525	4 321	1 215	1 663
Public safety	2 028	2 028	1 998	3 885	4 831
Economic and environmental services	65 452	68 044	49 401	56 442	66 133
Planning and development	5 859	9 632	10 911	1 927	9 704
Road transport	59 593	58 412	38 490	54 515	56 430
Trading services	108 356	105 356	99 549	66 437	59 166
Energy sources	20 606	18 406	23 321	14 388	32 105
Water management	10 063	8 044	11 425	29 275	19 087
Waste water management	73 736	74 683	62 940	16 564	4 358
Waste management	3 950	4 222	1 862	6 210	3 616
Total Capital Expenditure - Functional	212 436	210 664	169 268	129 745	134 297
Funded by:					
National Government	32 835	30 435	31 055	28 810	29 711
Provincial Government	52 888	47 287	15 661	15 800	19 760
Transfers and subsidies - capital (monetary)	–	363	–	–	–
Transfers recognised - capital	85 723	78 085	46 716	44 610	49 471
Borrowing	–	–	–	–	–
Internally generated funds	126 713	132 579	122 553	85 135	84 826
Total Capital Funding	212 436	210 664	169 268	129 745	134 297

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 2021/22 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	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
ASSETS					
Current assets					
Cash	453 566	609 343	572 084	573 881	576 555
Call investment deposits	—	—	—	—	—
Consumer debtors	170 010	87 130	104 304	129 669	158 164
Other debtors	43 833	11 724	11 800	12 160	12 711
Current portion of long-term receivables	47	80	80	80	80
Inventory	20 129	10 386	9 147	7 770	6 276
Total current assets	687 585	718 664	697 415	723 560	753 787
Non current assets					
Long-term receivables	2	—	—	—	—
Investments	—	—	—	—	—
Investment property	44 220	34 094	32 979	31 903	30 764
Investment in Associate	—	—	—	—	—
Property, plant and equipment	2 089 771	2 059 519	2 124 642	2 144 939	2 157 952
Biological	—	—	—	—	—
Intangible	301	666	414	142	(156)
Other non-current assets	1 120	1 120	1 120	1 120	1 120
Total non current assets	2 135 414	2 095 398	2 159 154	2 178 103	2 189 680
TOTAL ASSETS	2 822 999	2 814 062	2 856 569	2 901 664	2 943 466
LIABILITIES					
Current liabilities					
Bank overdraft	—	—	—	—	—
Borrowing	11 846	10 018	10 018	10 018	10 018
Consumer deposits	15 314	16 181	17 048	17 915	18 781
Trade and other payables	139 343	109 835	109 835	109 835	109 835
Provisions	12 622	9 479	9 479	9 479	9 479
Total current liabilities	179 125	145 513	146 380	147 247	148 114
Non current liabilities					
Borrowing	96 138	96 103	84 257	72 411	60 566
Provisions	107 498	98 002	99 591	101 192	102 733
Total non current liabilities	203 635	194 104	183 848	173 604	163 298
TOTAL LIABILITIES	382 760	339 617	330 228	320 851	311 412
NET ASSETS	2 440 239	2 474 445	2 526 341	2 580 813	2 632 054
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	2 256 659	2 274 937	2 326 833	2 381 305	2 432 546
Reserves	183 579	199 508	199 508	199 508	199 508
TOTAL COMMUNITY WEALTH/EQUITY	2 440 239	2 474 445	2 526 341	2 580 813	2 632 054

Explanatory notes to Table A6 - Budgeted Financial Position

- 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	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	109 588	128 928	134 119	146 157	154 671
Service charges	377 742	449 698	488 000	539 545	599 192
Other revenue	34 299	29 159	38 377	36 105	42 917
Transfers and Subsidies - Operational	120 495	138 118	152 542	166 080	155 585
Transfers and Subsidies - Capital	86 864	78 085	46 716	44 610	49 471
Interest	34 609	36 111	40 307	39 283	36 278
Dividends	-	-	-	-	-
Payments					
Suppliers and employees	(636 646)	(646 233)	(742 165)	(815 305)	(876 875)
Finance charges	(11 934)	(11 934)	(11 055)	(10 180)	(9 324)
Transfers and Grants	(3 223)	(3 355)	(3 930)	(3 857)	(4 039)
NET CASH FROM/(USED) OPERATING ACTIVITIES	111 795	198 578	142 911	142 438	147 875
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	200	2 042	78	82	75
Decrease (increase) in non-current receivables	(2)	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-
Payments					
Capital assets	(212 436)	(210 664)	(169 268)	(129 745)	(134 297)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(212 238)	(208 622)	(169 191)	(129 662)	(134 222)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Short term loans	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-
Increase (decrease) in consumer deposits	15 314	867	867	867	867
Payments					
Repayment of borrowing	(11 846)	(11 846)	(11 846)	(11 846)	(11 846)
NET CASH FROM/(USED) FINANCING ACTIVITIES	3 468	(10 979)	(10 979)	(10 979)	(10 979)
NET INCREASE/ (DECREASE) IN CASH HELD	(96 975)	(21 023)	(37 259)	1 797	2 674
Cash/cash equivalents at the year begin:	565 008	630 366	609 343	572 084	573 881
Cash/cash equivalents at the year end:	468 034	609 343	572 084	573 881	576 555

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. The net effect of the budget (both capital & operational) is represented in the net increase or decrease in cash and cash equivalents.
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 with the reduced expected cash already very significant
3. The cash levels above include unspent grants.

MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description R thousand	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Cash and investments available					
Cash/cash equivalents at the year end	468 034	609 343	572 084	573 881	576 555
Other current investments > 90 days	(14 467)	-	-	-	-
Non current assets - Investments	-	-	-	-	-
Cash and investments available:	453 566	609 343	572 084	573 881	576 555
Application of cash and investments					
Unspent conditional transfers	611	611	16 850	16 850	16 850
Unspent borrowing	-	-	-	-	-
Statutory requirements					
Other working capital requirements	(37 833)	13 259	(16 021)	(39 276)	(67 407)
Other provisions					
Long term investments committed	-	-	-	-	-
Reserves to be backed by cash/investments					
Total Application of cash and investments:	(37 222)	13 870	829	(22 426)	(50 557)
Surplus(shortfall)	490 788	595 473	571 255	596 307	627 112

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 Circulars 107 and 108.
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 but the reduction in financial resources not a good indicator.**
4. As part of the budgeting and planning guidelines that informed the compilation of the 2021/22 MTREF, the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA and **therefore concluded that the tabled budget is indeed cash funded.**

MBRR Table A9 - Asset Management

Description	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand					
CAPITAL EXPENDITURE					
Total New Assets	113 896	111 236	68 874	58 431	78 787
Roads Infrastructure	40 403	37 877	14 081	25 206	29 883
Electrical Infrastructure	8 506	6 746	15 571	5 438	20 569
Water Supply Infrastructure	8 626	6 542	4 737	2 975	2 975
Sanitation Infrastructure	10 306	10 023	2 482	1 572	2 083
Solid Waste Infrastructure	250	250	720	2 000	–
Infrastructure	68 092	61 438	37 591	37 191	55 510
Community Facilities	8 700	8 586	700	1 000	700
Sport and Recreation Facilities	4 390	5 640	1 400	–	–
Community Assets	13 090	14 226	2 100	1 000	700
Operational Buildings	1 000	1 500	9 000	–	–
Housing	2 777	3 304	10 776	1 833	1 169
Other Assets	3 777	4 804	19 776	1 833	1 169
Computer Equipment	2 200	2 440	1 587	1 233	1 120
Furniture and Office Equipment	354	354	348	272	280
Machinery and Equipment	2 720	4 092	3 199	5 890	4 877
Transport Assets	4 873	5 124	3 574	11 014	15 131
Land	18 790	18 757	700	–	–
Total Renewal of Existing Assets	23 198	23 158	29 030	33 000	36 600
Roads Infrastructure	18 898	18 898	24 000	25 000	28 600
Electrical Infrastructure	3 300	3 260	4 200	8 000	8 000
Infrastructure	22 198	22 158	28 200	33 000	36 600
Community Facilities	1 000	1 000	–	–	–
Community Assets	1 000	1 000	–	–	–
Housing	–	–	830	–	–
Other Assets	–	–	830	–	–
Total Upgrading of Existing Assets	75 342	76 270	71 364	38 313	18 911
Storm water Infrastructure	500	500	–	500	500
Electrical Infrastructure	7 500	7 100	2 600	–	–
Water Supply Infrastructure	1 100	1 167	6 641	26 570	17 411
Sanitation Infrastructure	62 846	64 076	59 741	11 243	1 000
Infrastructure	71 946	72 843	68 981	38 313	18 911
Sport and Recreation Facilities	3 396	3 427	2 383	–	–
Community Assets	3 396	3 427	2 383	–	–
Total Capital Expenditure	212 436	210 664	169 268	129 745	134 297
Roads Infrastructure	59 301	56 775	38 081	50 206	58 483
Storm water Infrastructure	500	500	–	500	500
Electrical Infrastructure	19 306	17 106	22 371	13 438	28 569
Water Supply Infrastructure	9 726	7 709	11 378	29 545	20 386
Sanitation Infrastructure	73 152	74 099	62 222	12 816	3 083
Solid Waste Infrastructure	250	250	720	2 000	–
Infrastructure	162 236	156 439	134 772	108 504	111 020
Community Facilities	9 700	9 586	700	1 000	700
Sport and Recreation Facilities	7 786	9 068	3 783	–	–
Community Assets	17 486	18 654	4 483	1 000	700
Operational Buildings	1 000	1 500	9 000	–	–
Housing	2 777	3 304	11 606	1 833	1 169
Other Assets	3 777	4 804	20 606	1 833	1 169
Computer Equipment	2 200	2 440	1 587	1 233	1 120
Furniture and Office Equipment	354	354	348	272	280
Machinery and Equipment	2 720	4 092	3 199	5 890	4 877
Transport Assets	4 873	5 124	3 574	11 014	15 131
Land	18 790	18 757	700	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	212 436	210 664	169 268	129 745	134 297

Description R thousand	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
ASSET REGISTER SUMMARY - PPE (WDV)	2 135 412	2 095 398	2 159 154	2 178 103	2 189 680
<i>Roads Infrastructure</i>	434 008	437 159	450 806	475 503	505 927
<i>Storm water Infrastructure</i>	121 801	121 561	116 862	112 422	107 487
<i>Electrical Infrastructure</i>	353 112	325 805	333 281	330 716	341 753
<i>Water Supply Infrastructure</i>	398 942	389 297	386 391	401 071	405 109
<i>Sanitation Infrastructure</i>	466 464	438 256	484 240	479 356	462 169
<i>Solid Waste Infrastructure</i>	17 076	20 828	11 684	3 569	(9 128)
<i>Information and Communication Infrastructure</i>	–	–	880	–	–
Infrastructure	1 791 403	1 732 907	1 784 144	1 802 637	1 813 317
Community Assets	128 564	151 860	150 309	144 818	139 591
Heritage Assets	1 120	1 120	1 120	1 120	1 120
Investment properties	44 220	34 094	32 979	31 903	30 764
Other Assets	57 466	49 010	67 322	68 260	66 663
Intangible Assets	301	666	414	142	(156)
Computer Equipment	3 422	5 507	5 844	5 722	5 355
Furniture and Office Equipment	932	519	(1 356)	(2 732)	(4 080)
Machinery and Equipment	13 534	13 134	13 651	17 583	20 296
Transport Assets	32 474	35 064	34 573	41 180	51 441
Land	61 975	71 517	70 156	67 471	65 368
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	2 135 412	2 095 398	2 159 154	2 178 103	2 189 680
EXPENDITURE OTHER ITEMS	143 266	144 320	146 808	155 389	169 186
Depreciation	91 755	91 755	91 263	97 142	108 288
Repairs and Maintenance by Asset Class	51 511	52 565	55 545	58 247	60 898
<i>Roads Infrastructure</i>	4 759	4 977	5 140	5 196	5 375
<i>Storm water Infrastructure</i>	17 375	17 375	17 284	18 569	19 708
<i>Electrical Infrastructure</i>	2 505	2 505	2 730	2 923	3 075
<i>Water Supply Infrastructure</i>	1 384	1 384	1 705	1 478	1 803
<i>Sanitation Infrastructure</i>	3 906	3 906	4 534	4 161	4 291
<i>Solid Waste Infrastructure</i>	6 842	6 867	7 255	7 730	8 088
Infrastructure	36 771	37 014	38 649	40 056	42 341
<i>Community Facilities</i>	2 037	2 042	2 122	2 207	2 306
<i>Sport and Recreation Facilities</i>	715	755	1 164	1 441	1 238
Community Assets	2 752	2 797	3 286	3 648	3 544
<i>Operational Buildings</i>	1 343	1 343	990	1 039	1 092
<i>Housing</i>	411	406	357	587	297
Other Assets	1 754	1 749	1 347	1 626	1 389
<i>Licences and Rights</i>	3 144	3 823	4 226	4 475	4 621
Intangible Assets	3 144	3 823	4 226	4 475	4 621
Computer Equipment	460	460	316	319	407
Furniture and Office Equipment	64	64	77	69	71
Machinery and Equipment	1 216	1 218	1 233	1 254	1 280
Transport Assets	5 351	5 441	6 412	6 799	7 245
TOTAL EXPENDITURE OTHER ITEMS	143 266	144 320	146 808	155 389	169 186
Renewal and upgrading of Existing Assets as % of total R&M as a % of PPE	46.4%	47.2%	59.3%	55.0%	41.3%
Renewal and upgrading and R&M as a % of PPE	2.5%	2.6%	2.6%	2.7%	2.8%
Renewal and upgrading and R&M as a % of PPE	7.0%	7.0%	7.0%	6.0%	5.0%

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.
3. The 2021/22 capital expenditure on the renewal and upgrading of existing assets is 59.3%, for 2022/23 decreases to 55% and decreases to 41.3% in 2023/24.

MBRR Table A10 - Basic Service Delivery Measurement

Description	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Household service targets					
Water:					
Piped water inside dwelling	65 744	65 744	65 744	65 744	65 744
Piped water inside yard (but not in dwelling)	6 464	6 464	6 464	6 464	6 464
Using public tap (at least min.service level)	110	110	110	110	110
Other water supply (at least min.service level)	316	316	316	316	316
<i>Minimum Service Level and Above sub-total</i>	72 634	72 634	72 634	72 634	72 634
Using public tap (< min.service level)	-	-	-	-	-
Other water supply (< min.service level)	5 644	5 644	5 644	5 644	5 644
No water supply	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	5 644	5 644	5 644	5 644	5 644
Total number of households	78 278	78 278	78 278	78 278	78 278
Sanitation/sewerage:					
Flush toilet (connected to sewerage)	67 488	67 488	67 488	67 488	67 488
Flush toilet (with septic tank)	7 774	7 774	7 774	7 774	7 774
Chemical toilet	58	58	58	58	58
Pit toilet (ventilated)	74	74	74	74	74
Other toilet provisions (> min.service level)	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	75 394	75 394	75 394	75 394	75 394
Bucket toilet	1 982	1 982	1 982	1 982	1 982
Other toilet provisions (< min.service level)	282	282	282	282	282
No toilet provisions	620	620	620	620	620
<i>Below Minimum Service Level sub-total</i>	2 884	2 884	2 884	2 884	2 884
Total number of households	78 278	78 278	78 278	78 278	78 278
Energy:					
Electricity (at least min.service level)	77 262	77 262	77 262	77 262	77 262
Electricity - prepaid (min.service level)	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	77 262	77 262	77 262	77 262	77 262
Electricity (< min.service level)	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-
Other energy sources	1 016	1 016	1 016	1 016	1 016
<i>Below Minimum Service Level sub-total</i>	1 016	1 016	1 016	1 016	1 016
Total number of households	78 278	78 278	78 278	78 278	78 278

Description	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<u>Refuse:</u>					
Removed at least once a week	65 350	65 350	65 350	65 350	65 350
<i>Minimum Service Level and Above sub-total</i>	65 350	65 350	65 350	65 350	65 350
Removed less frequently than once a week	960	960	960	960	960
Using communal refuse dump	1 794	1 794	1 794	1 794	1 794
Using own refuse dump	9 726	9 726	9 726	9 726	9 726
Other rubbish disposal	410	410	410	410	410
No rubbish disposal	38	38	38	38	38
<i>Below Minimum Service Level sub-total</i>	12 928	12 928	12 928	12 928	12 928
Total number of households	78 278	78 278	78 278	78 278	78 278
<u>Households receiving Free Basic Service</u>					
Water (6 kilolitres per household per month)	9 247	9 247	9 788	10 082	10 384
Sanitation (free minimum level service)	8 745	8 745	9 007	9 277	9 556
Electricity/other energy (50kwh per household per month)	8 196	8 196	8 442	8 695	8 956
Refuse (removed at least once a week)	9 078	9 078	9 351	9 631	9 920
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>					
Water (6 kilolitres per indigent household per month)	14 253	12 857	14 659	15 510	16 481
Sanitation (free sanitation service to indigent households)	25 641	25 641	26 750	28 623	30 626
Electricity/other energy (50kwh per indigent household per month)	4 923	4 923	5 415	5 957	6 552
Refuse (removed once a week for indigent households)	14 866	14 866	15 757	16 703	17 705
<u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u>	-	-	-	-	-
Total cost of FBS provided	59 683	58 287	62 582	66 792	71 365
<u>Highest level of free service provided per household</u>					
Property rates (R value threshold)	105 000	105 000	105 000	105 000	105 000
Water (kilolitres per household per month)	6	6	6	6	6
Sanitation (kilolitres per household per month)	-	-	-	-	-
Sanitation (Rand per household per month)	234.35	234.35	248.41	263.31	279.11
Electricity (kwh per household per month)	50	50	50	50	50
Refuse (average litres per week)	131.52	131.52	139.28	147.64	156.49
<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)	9 300	9 300	4 644	4 800	4 967
Water (in excess of 6 kilolitres per indigent household per month)	1 654	3 913	-	-	-
Total revenue cost of subsidised services provided	10 954	13 214	4 644	4 800	4 967

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, budget and 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 (2021/22 – 2025/26) and the budget for the 2021/2022 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 25 August 2020. Key dates applicable to the process were:

- **October / November 2020** – Review of the financial strategy and key economic and financial planning assumptions. This included financial forecasting and scenario considerations;
- **October / November 2020** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **28 January 2021** - Council considered and approved the 2020/21 Mid-year Review and Adjustments Budget;

- **February / March 2021** - 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;
- **30 March 2021** - Tabling in Council of the draft 2021/22 IDP and 2021/22 MTREF Budget for public consultation;
- **April / May 2021** – Public consultation by means of written comments due to lockdown;
- **30 April 2021 @ 12 midday** - Closing date for written comments;
- **3 - 13 May 2021** – Finalisation of the 2021/22 IDP and 2021/22 MTREF Budget, taking into consideration comments received from the public, comments from National and Provincial Treasury; and
- **27 May 2021** - Tabling of the 2021/22 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 2021. During this process, members of the community will be 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 2021/22 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.

2.2.1 Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand						
Improved quality of life for citizens	Manage Development Services	3 278	6 885	57	58	209
	Manage Community Development	3 118	6 725	38	38	38
	Manage Multi-Purpose Centres	160	160	19	20	171
	Manage Environmental and Occupational Health	–	–	–	–	–
	Manage Protection Services	44 945	49 735	36 609	38 637	42 186
	Manage Protection Services	–	–	–	–	–
	Manage Civil Protection	–	11 692	–	–	–
	Manage Licensing and Registration Services	8 744	9 794	10 375	10 994	11 649
	Manage Traffic and Law Enforcement	35 151	27 199	25 915	27 324	30 217
	Manage Fire and Emergency Services	762	762	30	30	30
	Manage the Harbour Yzerfontein	288	288	289	289	290
Inclusive economic growth	Facilitate economic development in the municipal area	–	–	–	–	–
Quality and sustainable living environment	Manage Development Services	56 406	48 619	47 017	54 167	27 109
	Manage Development Services	1	1	1	1	1
	Manage Planning and Valuations	956	956	1 022	1 066	1 117
	Manage Building Control	2 839	2 839	2 539	2 646	2 757
	Manage Human Settlements	50 894	43 107	41 608	47 682	20 244
	Manage the Caravan Park Yzerfontein	1 715	1 715	1 848	2 773	2 989

Strategic Objective	Goal	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework			
		Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24	
R thousand							
Caring, competent and responsive institutions, organisations and business	Manage Corporate Services	11 518	11 284	11 506	11 443	11 684	
	Manage Corporate Services, Secretariat and Records and Ward Committees	204	449	131	103	108	
	Manage Human Resource Services	676	575	552	333	366	
	Manage Properties, Contracts and Legal Administration	180	180	168	165	175	
	Manage Libraries	10 428	10 050	10 622	10 810	11 000	
	Manage Marketing And Tourism	30	30	31	33	35	
	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	–	–	–	–	–	
	Manage Financial Services	209 518	212 313	230 435	248 399	254 033	
	Manage Financial Administration	–	–	–	–	–	
	Manage Supply Chain Management	–	–	–	–	–	
	Manage the Budget and Treasury Office	–	–	–	–	–	
	Manage Finance (Credit Control, Income, Expenditure,etc)	75 963	78 757	85 764	90 899	87 405	
	Manage Assets	–	–	–	–	–	
	Manage Fleet	–	–	–	–	–	
	Manage Rates	132 006	132 006	143 121	155 949	165 079	
	Manage Financial Management Grant	1 550	1 550	1 550	1 550	1 550	
	Manage Council Expenses						
	Manage Council Expenses	290	290	295	299	304	
	Sufficient, affordable and well-run services	Manage Civil Engineering Services	544 079	551 006	625 834	674 951	763 540
		Manage Civil Engineering Services	–	–	–	–	–
		Manage Cemeteries	703	828	878	924	979
		Manage Parks and Recreational Areas	523	523	1 119	–	–
		Manage Proclaimed Roads	286	286	175	175	15 130
		Manage Sewerage	86 990	87 791	90 521	76 419	81 065
		Manage Waste Water Treatment Works	–	–	–	–	–
		Manage Sportsgrounds	372	372	1 100	124	131
		Manage Streets	1 436	1 436	4 102	9 103	16 019
		Manage Storm water	111	111	–	–	–
Manage Swimming Pools		392	419	371	400	431	
Manage Water Provision		73 720	79 374	86 270	104 686	104 977	
Manage Municipal Property		943	2 215	10 935	6 293	11 380	
Manage Refuse Removal		43 090	44 539	46 625	48 803	51 725	
Manage Street Cleaning		–	–	–	–	–	
–		–	–	–	–	–	
Manage Solid Waste Disposal (Landfill Sites)		–	–	–	–	–	
Manage Electrical Engineering Services		–	–	–	–	–	
Manage Electricity Distribution		335 512	333 112	383 738	428 024	481 703	
Allocations to other priorities							
Total Revenue (excluding capital transfers and contributions)		870 035	880 132	951 753	1 027 954	1 099 066	

2.2.2 Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand						
Improved quality of life for citizens	Manage Development Services	6 442	6 678	6 922	7 074	7 537
	Manage Community Development	3 011	3 068	3 412	3 605	3 752
	Manage Multi-Purpose Centres	1 498	1 510	1 463	1 558	1 781
	Manage Environmental and Occupational Health	1 933	2 100	2 046	1 911	2 004
	Manage Protection Services	64 508	73 875	75 223	79 111	82 866
	Manage Protection Services	2 255	2 255	2 335	2 459	2 578
	Manage Civil Protection	2 000	2 600	725	300	300
	Manage Licensing and Registration Services	8 646	8 786	9 120	9 747	10 244
	Manage Traffic and Law Enforcement	43 579	52 186	55 250	58 641	61 337
	Manage Fire and Emergency Services	7 644	7 754	7 442	7 599	8 016
	Manage the Harbour Yzerfontein	385	295	350	366	391
Inclusive economic growth	Facilitate economic development in the municipal area	150	150	150	150	150
Quality and sustainable living environment	Manage Development Services	22 587	23 363	46 620	51 631	21 794
	Manage Development Services	2 078	2 079	1 984	2 063	2 132
	Manage Planning and Valuations	8 676	8 804	8 637	8 106	8 508
	Manage Building Control	3 063	3 063	3 298	3 503	3 677
	Manage Human Settlements	6 629	7 266	30 364	35 474	4 869
	Manage the Caravan Park Yzerfontein	2 140	2 150	2 337	2 485	2 609
Caring, competent and responsive institutions, organisations and business	Manage Corporate Services	35 380	36 264	41 204	42 798	44 956
	Manage Corporate Services, Secretariat and Records and Ward Committees	13 982	14 267	17 469	17 951	18 866
	Manage Human Resource Services	5 213	5 309	5 532	5 444	5 722
	Manage Properties, Contracts and Legal Administration	4 724	4 725	5 296	5 692	6 001
	Manage Libraries	9 926	10 429	11 161	11 911	12 524
	Manage Marketing And Tourism	1 534	1 534	1 745	1 800	1 843
	Manage Electrical Engineering Services					
	Manage ICT Services	13 210	14 088	14 958	15 881	16 831
	Manage the Office of the Municipal Manager	7 942	8 265	8 007	8 290	8 668
	Manage the Office of the Municipal Manager	3 918	3 896	3 408	3 550	3 678
	Manage Internal Audit	1 989	2 184	2 135	2 266	2 393
	Manage Strategic Services	2 035	2 185	2 464	2 474	2 597

Strategic Objective	Goal	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand						
Sufficient, affordable and well-run services	Manage Financial Services	59 827	55 112	59 651	61 537	63 948
	Manage Financial Administration	2 146	2 146	1 761	1 830	1 887
	Manage Supply Chain Management	6 728	6 728	7 263	7 736	8 153
	Manage the Budget and Treasury Office	5 012	5 025	5 272	5 326	5 175
	Manage Finance (Credit Control, Income, Expenditure, etc)	39 208	33 085	37 616	40 003	41 881
	Manage Assets	2 488	2 363	1 314	1 386	1 456
	Manage Fleet	1 028	1 028	1 139	1 209	1 268
	Manage Rates	1 668	3 187	3 737	2 497	2 578
	Manage Financial Management Grant	1 550	1 550	1 550	1 550	1 550
	Manage Council Expenses					
	Manage Council Expenses	18 108	18 120	18 320	18 916	19 537
	Manage Civil Engineering Services	569 764	563 692	628 803	688 095	781 539
	Manage Civil Engineering Services	3 434	3 430	4 181	4 389	4 580
	Manage Cemeteries	669	787	775	815	870
	Manage Parks and Recreational Areas	15 721	16 202	17 389	18 580	19 440
	Manage Proclaimed Roads	327	327	487	487	19 943
	Manage Sewerage	48 252	45 840	45 879	46 836	49 764
	Manage Waste Water Treatment Works	2 868	2 868	4 399	4 046	4 199
	Manage Sportsgrounds	3 496	3 444	3 688	3 892	4 047
	Manage Streets	38 269	40 263	42 266	44 253	47 657
	Manage Storm water	17 157	16 798	16 479	17 435	18 703
	Manage Swimming Pools	3 606	3 706	4 051	4 357	4 679
	Manage Water Provision	78 984	67 313	69 624	70 584	74 947
	Manage Municipal Property	14 238	15 735	16 894	17 523	18 012
	Manage Refuse Removal	31 168	32 489	35 676	36 309	37 935
	Manage Street Cleaning	5 173	5 698	6 727	7 595	8 403
	Manage Solid Waste Disposal (Landfill Sites)	7 004	9 050	10 754	12 521	13 340
	Manage Electrical Engineering Services	1 732	1 732	1 798	1 878	1 962
	Manage Electricity Distribution	296 042	296 400	345 895	394 646	451 005
	Manage Street Lighting	1 625	1 611	1 843	1 949	2 055
Total Expenditure		797 919	799 457	899 857	973 482	1 047 825

2.2.3 Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework			
		Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24	
R thousand							
Improved quality of life for citizens	Manage Development Services						
	Manage Multi-Purpose Centres	5 000	100	–	232	–	
	Manage Protection Services						
	Manage Protection Services	146	146	77	50	50	
	Manage Licensing and Registration Services	–	–	368	–	726	
	Manage Traffic and Law Enforcement	562	562	–	–	–	
	Manage Fire and Emergency Services	1 320	1 320	1 554	3 835	4 055	
	Manage the Harbour Yzerfontein	–	–	–	–	–	
Inclusive economic growth	Facilitate economic development in the municipal area	–	–	–	–	–	
Quality and sustainable living environment	Manage Development Services						
	Manage Development Services	38	2 090	40	42	44	
	Manage Planning and Valuations	3 000	6 247	–	–	–	
	Manage Human Settlements	45 454	40 987	17 600	15 800	19 760	
	Manage the Caravan Park Yzerfontein	30	30	30	30	32	
Caring, competent and responsive institutions, organisations and business	Manage Corporate Services						
	Manage Corporate Services, Secretariat and Records and Ward Committees	18 810	18 777	722	24	26	
	Manage Properties, Contracts and Legal Administration	100	100	100	100	100	
	Manage Libraries	70	70	50	–	–	
	Manage Electrical Engineering Services						
	Manage ICT Services	1 470	1 710	2 037	803	695	
	Manage the Office of the Municipal Manager						
	Manage the Office of the Municipal Manager	10	10	10	10	12	
	Manage Financial Services						
	Manage Financial Administration	44	44	56	28	30	
	Manage Finance (Credit Control, Income, Expenditure,etc)	217	189	325	232	241	
	Manage Council Expenses						
	Manage Council Expenses	10	10	10	10	572	
Sufficient, affordable and well-run services	Manage Civil Engineering Services						
	Manage Civil Engineering Services	44	43	95	52	54	
	Manage Cemeteries	–	–	–	300	–	
	Manage Parks and Recreational Areas	758	1 475	1 308	1 185	1 631	
	Manage Sewerage	58	58	808	3 223	2 177	
	Manage Waste Water Treatment Works	62 846	64 076	60 661	11 243	500	
	Manage Sportsgrounds	3 396	3 427	2 983	–	–	
	Manage Streets	34 890	36 235	37 665	44 319	49 017	
	Manage Storm water	558	558	60	562	564	
	Manage Swimming Pools	540	540	–	–	–	
	Manage Water Provision	2 364	2 529	6 838	27 040	17 462	
	Manage Municipal Property	6 145	6 702	10 690	27	829	
	Manage Refuse Removal	3 950	4 222	1 862	6 210	3 616	
	Manage Electrical Engineering Services	400	400	350	350	360	
	Manage Electricity Distribution	20 206	18 006	22 971	14 038	31 745	
	Total Capital Expenditure		212 436	210 664	169 268	129 745	134 297

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.

2.2.4 Measurable performance objectives

Description	Unit of measurement	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Improved quality of life for citizens						
Manage Development Services						
Manage Multi-Purpose Centres	Completion of projects	5 000	100	–	232	–
Manage Protection Services						
Manage Protection Services	Completion of projects	146	146	77	50	50
Manage Licensing and Registration Services	Completion of projects	–	–	368	–	726
Manage Traffic and Law Enforcement	Completion of projects	562	562	–	–	–
Manage Fire and Emergency Services	Completion of projects	1 320	1 320	1 554	3 835	4 055
Inclusive economic growth						
Facilitate economic development in the municipal area	Completion of projects	–	–	–	–	–
Quality and sustainable living environment						
Manage Development Services						
Manage Development Services	Completion of projects	38	2 090	40	42	44
Manage Planning and Valuations	Completion of projects	3 000	6 247	–	–	–
Manage Human Settlements	Completion of projects	45 454	40 987	17 600	15 800	19 760
Manage the Caravan Park Yzerfontein	Completion of projects	30	30	30	30	32
Caring, competent and responsive institutions,						
Manage Corporate Services						
Manage Corporate Services, Secretariat and Records	Completion of projects	18 810	18 777	722	24	26
Manage Properties, Contracts and Legal Administration	Completion of projects	100	100	100	100	100
Manage Libraries	Completion of projects	70	70	50	–	–
Manage ICT Services	Completion of projects	1 470	1 710	2 037	803	695
Manage the Office of the Municipal Manager						
Manage the Office of the Municipal Manager	Completion of projects	10	10	10	10	12
Manage Financial Services						
Manage Financial Administration	Completion of projects	44	44	56	28	30
Manage Finance (Credit Control, Income,	Completion of projects	217	189	325	232	241
Manage Council Expenses	Completion of projects	10	10	10	10	572
Sufficient, affordable and well-run services						
Manage Civil Engineering Services	Completion of projects	44	43	95	52	54
Manage Cemeteries	Completion of projects	–	–	–	300	–
Manage Parks and Recreational Areas	Completion of projects	758	1 475	1 308	1 185	1 631
Manage Proclaimed Roads	Completion of projects	–	–	–	–	–
Manage Sewerage	Completion of projects	58	58	808	3 223	2 177
Manage Waste Water Treatment Works	Completion of projects	62 846	64 076	60 661	11 243	500
Manage Sportsgrounds	Completion of projects	3 396	3 427	2 983	–	–
Manage Streets	Completion of projects	34 890	36 235	37 665	44 319	49 017
Manage Storm water	Completion of projects	558	558	60	562	564
Manage Swimming Pools	Completion of projects	540	540	–	–	–
Manage Water Storage	Completion of projects	2 364	2 529	6 838	27 040	17 462
Manage Municipal Property	Completion of projects	6 145	6 702	10 690	27	829
Manage Refuse Removal	Completion of projects	3 950	4 222	1 862	6 210	3 616
Manage Electrical Engineering Services	Completion of projects	400	400	350	350	360
Manage Electricity Distribution	Completion of projects	20 206	18 006	22 971	14 038	31 745
		212 435 837	210 663 962	169 268 229	129 744 732	134 297 348

2.3 Overview of budget related-policies

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

No.	Policy / By-Law 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	No
5.	Indigent Policy	Yes	No
6.	Cash Management and Investment Policy	Yes	Yes
7.	Budget Implementation Policy	Yes	No
8.	Funding and Reserves Policy	Yes	No
9.	Debt and Borrowing Policy	Yes	No
10.	Virement Policy	Yes	No
11.	Asset Management Policy	Yes	Yes
12.	Fleet Management Policy	Yes	Yes
13.	Supply Chain Management Policy	Yes	Yes
14.	Preferential Procurement Policy	Yes	No
15.	Travel and Subsistence Policy	Yes	No
16.	Cost Containment Policy	Yes	No

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 and approved in May 2020. 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 Credit Control and Debt Collection Policy was reviewed and not amended for the 2021/22 financial year.

The draft 2021/22 MTREF has been prepared on the basis of achieving an average debtors' collection rate of around 95 per cent on current billings.

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. The policy was reviewed and amended for the 2021/22 financial year.

2.3.3 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in January 2006. The policy was reviewed and amended for the 2021/22 financial year.

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 was reviewed and not amended for the 2021/22 MTREF.

The Budget Implementation Policy was approved in May 2016. The policy was reviewed and not amended for the 2021/22 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 2021/22 financial year. 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 8 months for the 2021/22 MTREF. (**Note:** this cost coverage does not refer to the annual cash / cost coverage ratio in the AFS as prescribed by Circular 71).

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 2021/22 financial year.

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 2019/20 year was 89.27% (including fines), currently around 91.04% (excluding fines) for 2020/21 and 95% of billings for the 2021/22 MTREF. Other factors include the following previously mentioned:

- Struggling South African Economy
- **Conservative budgeting w.r.t the revenue budget and therefore the amounts in years 2 and 3 of the MTREF are indicative only and not fixed, mainly to mitigate the risks given the global and local poor economic conditions. In this regard expenditure will have to be curbed with careful monitoring of budget performance and payment rates**
- Key focus areas for the 2021/22 Budget process
- Revenue modelling informing tariff increases to ensure services are delivered sustainably over the longer term
- Limited Funding Choices and reduced National Government Equitable Share allocation to the tune of around R13,7 million over the two years
- Expenditure and Revenue Consolidation and basis informing growth from 2020-2021 to 2021-2022
- Further initiatives will need to be looked at for revenue growth
- Double digit Electricity tariff increases over the MTREF

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 above CPI over the long term and leaves the concern whether this is sustainable over the longer term.

The rate of revenue collection for 2021/2022 is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings. The potential of over-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 that are contractually linked to the other personnel which is negotiated and determined at a national level:

- In respect of all personnel, an increase of **4%** for 2021/2022; **4.5%** for 2022/2023 and **4.5%** for the 2023/2024 financial years, excluding the increase in other benefits that are applicable and the annual 2.5% notch increase where applicable;
- In respect of the Directors: Corporate Services, Electrical Services and Protection Services, excluding the CFO and Directors Civil and Development Services, a **4%** increase with effect from 1 July 2021;
- In respect of the Municipal Manager a **2,5%** increase with effect from 1 July 2021;
- Provision has been made for a **3%** increase for political office bearers which is within the upper band of the inflation targets set by the South African Reserve Bank (SARB);

(NOTE: The aforesaid provision for increases is for budgetary purposes only, based on the recommendations of NT (National Treasury) and should not be construed as any mandate or confirmation of affordability as the municipality's anticipated revenue streams are under immense pressure over the new MTREF. With regard to mandates, the Municipality must still provide a mandate to SALGA, which mandate will be conservative in nature specifically taking into account the municipality's capacity to fund same from realistically anticipated revenue over the MTREF.)

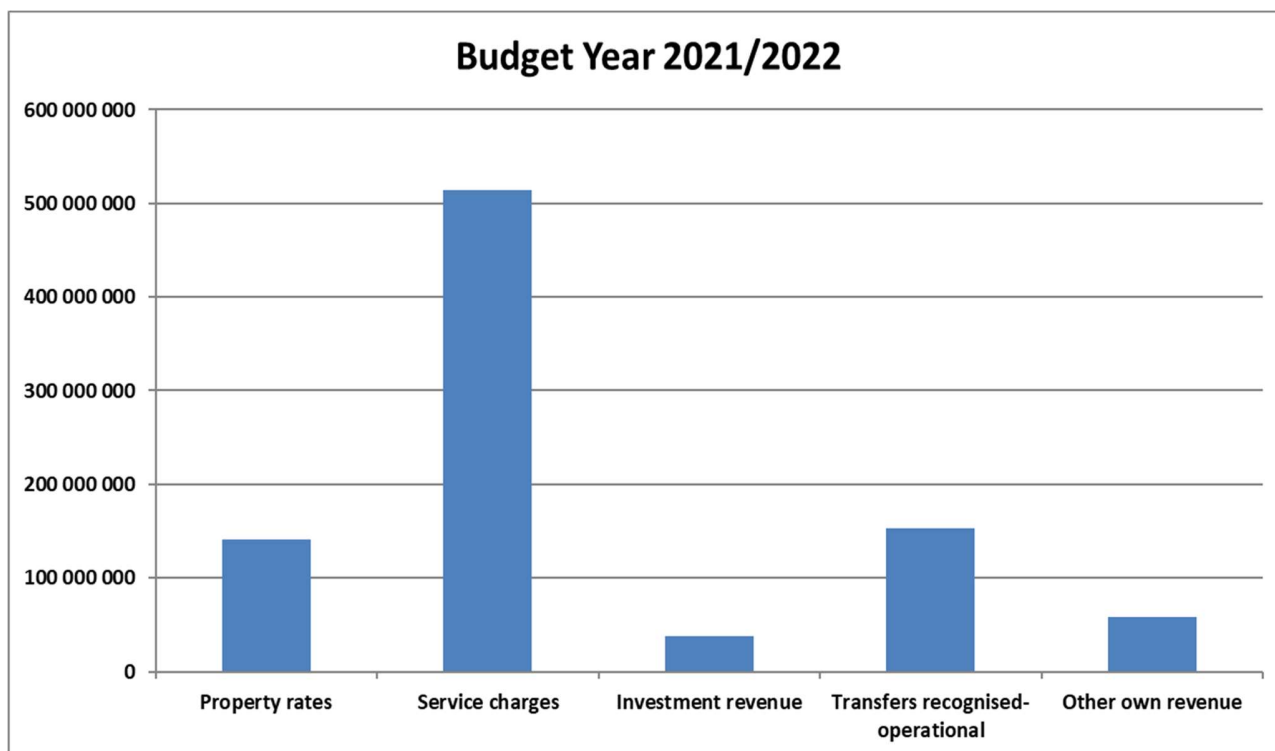
2.5 Overview of budget funding

2.5.1 Medium-term outlook: operating revenue

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

Description	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands					
Financial Performance					
Property rates	128 928	128 928	141 177	153 850	162 811
Service charges	444 403	449 698	513 684	567 942	630 729
Investment revenue	30 712	33 658	37 706	36 526	33 355
Transfers recognised - operational	120 495	138 118	152 542	166 080	155 585
Other own revenue	58 634	50 503	58 731	57 691	65 798
Total Revenue (excluding capital transfers and contributions)	783 171	800 905	903 840	982 089	1 048 278

The following graph is a breakdown of the operational revenue per main category for the 2021/22 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 significantly 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 process.

2.5.2 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.

2.5.3 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).

Budget cash flow statement

Description	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	109 588	128 928	134 119	146 157	154 671
Service charges	377 742	449 698	488 000	539 545	599 192
Other revenue	34 299	29 159	38 377	36 105	42 917
Transfers and Subsidies - Operational	120 495	138 118	152 542	166 080	155 585
Transfers and Subsidies - Capital	86 864	78 085	46 716	44 610	49 471
Interest	34 609	36 111	40 307	39 283	36 278
Dividends	-	-	-	-	-
Payments					
Suppliers and employees	(636 646)	(646 233)	(742 165)	(815 305)	(876 875)
Finance charges	(11 934)	(11 934)	(11 055)	(10 180)	(9 324)
Transfers and Grants	(3 223)	(3 355)	(3 930)	(3 857)	(4 039)
NET CASH FROM/(USED) OPERATING ACTIVITIES	111 795	198 578	142 911	142 438	147 875
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	200	2 042	78	82	75
Decrease (increase) in non-current receivables	(2)	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-
Payments					
Capital assets	(212 436)	(210 664)	(169 268)	(129 745)	(134 297)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(212 238)	(208 622)	(169 191)	(129 662)	(134 222)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Short term loans	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-
Increase (decrease) in consumer deposits	15 314	867	867	867	867
Payments					
Repayment of borrowing	(11 846)	(11 846)	(11 846)	(11 846)	(11 846)
NET CASH FROM/(USED) FINANCING ACTIVITIES	3 468	(10 979)	(10 979)	(10 979)	(10 979)
NET INCREASE/ (DECREASE) IN CASH HELD	(96 975)	(21 023)	(37 259)	1 797	2 674
Cash/cash equivalents at the year begin:	565 008	630 366	609 343	572 084	573 881
Cash/cash equivalents at the year end:	468 034	609 343	572 084	573 881	576 555

2.5.4 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).

Cash backed reserves/accumulated surplus reconciliation

Description R thousand	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Cash and investments available					
Cash/cash equivalents at the year end	468 034	609 343	572 084	573 881	576 555
Other current investments > 90 days	(14 467)	–	–	–	–
Non current assets - Investments	–	–	–	–	–
Cash and investments available:	453 566	609 343	572 084	573 881	576 555
Application of cash and investments					
Unspent conditional transfers	611	611	16 850	16 850	16 850
Unspent borrowing	–	–	–	–	–
Statutory requirements					
Other working capital requirements	(37 833)	13 259	(16 021)	(39 276)	(67 407)
Other provisions					
Long term investments committed	–	–	–	–	–
Reserves to be backed by cash/investments					
Total Application of cash and investments:	(37 222)	13 870	829	(22 426)	(50 557)
Surplus(shortfall)	490 788	595 473	571 255	596 307	627 112

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.

2.5.5 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 draft budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Funding compliance measurement

2.5.5.1 *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.

2.5.5.2 *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.

2.5.5.3 *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 around 8 months for the 2021/22 MTREF.

2.5.5.4 *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.

2.5.5.5 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.

2.5.5.6 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 2019/20 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 20%) 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.

2.5.5.7 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.

2.5.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into 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.

2.5.5.9 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.

2.5.5.10 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.

2.5.5.11 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.

2.5.5.12 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

Expenditure on transfers and grant programmes

Description	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand					
RECEIPTS:					
Operating Transfers and Grants					
National Government:	105 612	119 821	112 178	120 819	125 016
Local Government Equitable Share	102 195	116 404	108 796	119 269	123 466
Finance Management	1 550	1 550	1 550	1 550	1 550
EPWP Incentive	1 867	1 867	1 832		
Provincial Government:	14 608	15 129	40 062	44 928	30 203
Community Development Workers	38	38	38	38	38
Human Settlements	1 950	2 950	26 560	31 410	–
Municipal Accreditation and Capacity Building Grant	238	238	252	264	264
Libraries	10 068	9 690	10 394	10 621	10 801
Proclaimed Roads Subsidy	175	175	175	175	15 130
Financial Management Support Grant: Student Bursaries	401	300	250	–	–
Thusong Grant	150	150	–	–	150
Establishment of a K9 Unit	1 588	1 588	2 393	2 420	3 820
Total Operating Transfers and Grants	120 220	134 950	152 240	165 747	155 219
Capital Transfers and Grants					
National Government:	32 835	30 435	31 055	28 810	29 711
Municipal Infrastructure Grant (MIG)	21 183	21 183	22 700	23 810	24 711
Energy Efficiency and Demand Side Management Grant	4 000	3 600	–	–	–
Integrated National Electrification Programme (municipal)	7 652	5 652	8 355	5 000	5 000
Provincial Government:	52 488	52 404	15 661	15 800	19 760
Human Settlements	48 074	47 990	14 600	15 800	19 760
RSEP/VPUU Municipal Projects	3 000	3 000	–	–	–
Libraries	70	70	50	–	–
Fire Service Capacity Building Grant	732	732	–	–	–
Establishment of a K9 Unit	612	612	28	–	–
Sport Development	–	–	983	–	–
Total Capital Transfers and Grants	85 323	82 839	46 716	44 610	49 471
TOTAL RECEIPTS OF TRANSFERS & GRANTS	205 543	217 789	198 955	210 357	204 690

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	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Cash Transfers to Organisations					
<i>Old age homes</i>	1 049	1 051	1 612	1 719	1 835
<i>SPCA</i>	296	296	311	327	344
<i>NSRI</i>	87	32	33	35	37
<i>Museums</i>	221	221	232	244	257
<i>Bergriver Canoe Marathon</i>	30	30	30	30	54
<i>Tourism associations</i>	846	846	1 030	1 050	1 040
Total Cash Transfers To Organisations	2 529	2 475	3 248	3 405	3 567
Cash Transfers to Groups of Individuals					
<i>Bursaries:non-employees</i>	401	300	250	–	–
<i>Welfare organisations</i>	293	293	432	452	473
<i>Project Linked Support (Housing)</i>	–	287	–	–	–
TOTAL NON-CASH TRANSFERS AND GRANTS	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS	3 223	3 355	3 930	3 857	4 039

2.8 Councillor and employee benefits

Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
	D	E	G	H	I
Councillors (Political Office Bearers plus Other)					
Basic Salaries and Wages	9 103	9 103	8 917	9 258	9 532
Pension and UIF Contributions	1 005	1 005	1 127	1 089	1 127
Medical Aid Contributions	283	283	187	190	194
Motor Vehicle Allowance	–	–	–	–	–
Cellphone Allowance	1 081	1 081	1 021	1 021	1 021
Housing Allowances	–	–	–	–	–
Other benefits and allowances	–	–	–	–	–
Sub Total - Councillors	11 471	11 471	11 251	11 558	11 874
% increase	5.3%	–	(1.9%)	2.7%	2.7%
Senior Managers of the Municipality					
Basic Salaries and Wages	8 355	8 355	8 024	8 330	8 648
Pension and UIF Contributions	1 503	1 503	1 489	1 542	1 599
Medical Aid Contributions	373	373	488	532	580
Overtime	–	–	–	–	–
Performance Bonus	598	598	634	672	712
Motor Vehicle Allowance	1 038	1 038	1 050	1 050	1 050
Cellphone Allowance	303	303	245	245	245
Housing Allowances	–	–	–	–	–
Other benefits and allowances	191	191	198	205	214
Payments in lieu of leave	29	29	31	33	36
Long service awards	34	34	36	74	58
Post-retirement benefit obligations	484	633	658	684	712
Sub Total - Senior Managers of Municipality	12 907	13 056	12 853	13 368	13 853
% increase	10.7%	1.2%	(1.6%)	4.0%	3.6%
Other Municipal Staff					
Basic Salaries and Wages	139 332	140 384	149 736	158 414	167 476
Pension and UIF Contributions	25 435	25 597	27 215	28 883	30 560
Medical Aid Contributions	10 729	10 795	12 057	13 007	14 032
Overtime	9 352	9 352	11 291	11 799	12 330
Performance Bonus	–	–	–	–	–
Motor Vehicle Allowance	5 395	5 523	6 314	6 310	6 310
Cellphone Allowance	552	559	561	561	561
Housing Allowances	1 719	1 719	1 845	1 929	2 017
Other benefits and allowances	24 687	25 016	27 350	28 787	30 252
Payments in lieu of leave	2 515	2 515	2 691	2 880	3 081
Long service awards	2 562	2 562	2 752	5 669	4 438
Post-retirement benefit obligations	4 199	4 010	4 203	4 371	4 546
Sub Total - Other Municipal Staff	226 475	228 034	246 015	262 610	275 603
Total Parent Municipality	250 854	252 562	270 119	287 536	301 331
TOTAL MANAGERS AND STAFF	239 382	241 090	258 868	275 978	289 457

2.9 Contracts having future budgetary implications

Section 33 stipulates that if approved total revenue are greater than R500 million, all operational costs of projects \geq than R 5 million per annum must be listed and in this scenario SM does not have any such additional operational costs not being part of the normally planned revenue streams over the MTREF.

Description	2021/22 Medium Term Revenue & Expenditure Framework			Total Contract Value
	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24	Estimate
R thousand				
Parent Municipality:				
Revenue Obligation By Contract				
Contract 1	Not applicable			–
Contract 2				–
Contract 3 etc				–
Total Operating Revenue Implication	–	–	–	–
Expenditure Obligation By Contract				
Contract 1	Not applicable			–
Contract 2				–
Contract 3 etc				–
Total Operating Expenditure Implication	–	–	–	–
Capital Expenditure Obligation By Contract				
Contract 1	Not applicable			–
Contract 2				–
Contract 3 etc				–
Total Capital Expenditure Implication	–	–	–	–
Total Parent Expenditure Implication	–	–	–	–
References 1. Total implication for all preceding years to be summed and total stated in 'Preceding Years' column 2. List all contracts with future financial obligations beyond the three years covered by the MTREF (MFMA s33) 3. For municipalities with approved total revenue not exceeding R250 m - all contracts with an annual cost greater than R500 000. For municipalities with approved total revenue greater than R250 m - all contracts with an annual cost greater than R1million. For municipalities with approved total revenue greater than R500 m - all contracts with an annual cost greater than R5 million				

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.

2.10.1 Capital expenditure on new assets by asset class

Description R thousand	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Capital expenditure on new assets by Asset Class/Sub-class					
Infrastructure	68 092	61 438	37 591	37 191	55 510
Roads Infrastructure	40 403	37 877	14 081	25 206	29 883
<i>Roads</i>	40 403	37 877	14 081	25 206	29 883
Storm water Infrastructure	–	–	–	–	–
Electrical Infrastructure	8 506	6 746	15 571	5 438	20 569
<i>MV Substations</i>	200	200	200	–	15 000
<i>MV Networks</i>	7 152	3 052	14 855	5 000	5 000
<i>LV Networks</i>	1 154	3 494	516	438	569
Water Supply Infrastructure	8 626	6 542	4 737	2 975	2 975
<i>Boreholes</i>	–	–	–	740	–
<i>Distribution</i>	8 626	6 442	4 587	2 235	2 975
<i>Distribution Points</i>	–	100	150	–	–
Sanitation Infrastructure	10 306	10 023	2 482	1 572	2 083
<i>Pump Station</i>	–	–	920	–	–
<i>Reticulation</i>	10 306	10 023	1 562	1 572	2 083
Solid Waste Infrastructure	250	250	720	2 000	–
<i>Landfill Sites</i>	250	250	720	2 000	–
Community Assets	13 090	14 226	2 100	1 000	700
Community Facilities	8 700	8 586	700	1 000	700
<i>Halls</i>	5 000	–	–	–	–
<i>Cemeteries/Crematoria</i>	–	–	–	300	–
<i>Police</i>	700	1 417	–	–	–
<i>Parks</i>	3 000	6 347	700	700	700
<i>Public Ablution Facilities</i>	–	822	–	–	–
Sport and Recreation Facilities	4 390	5 640	1 400	–	–
<i>Indoor Facilities</i>	3 850	4 901	800	–	–
<i>Outdoor Facilities</i>	540	739	600	–	–
Other assets	3 777	4 804	19 776	1 833	1 169
Operational Buildings	1 000	1 500	9 000	–	–
<i>Municipal Offices</i>	500	1 000	9 000	–	–
<i>Yards</i>	500	500	–	–	–
Housing	2 777	3 304	10 776	1 833	1 169
<i>Social Housing</i>	2 777	3 304	10 776	1 833	1 169
Computer Equipment	2 200	2 440	1 587	1 233	1 120
Computer Equipment	2 200	2 440	1 587	1 233	1 120
Furniture and Office Equipment	354	354	348	272	280
Furniture and Office Equipment	354	354	348	272	280
Machinery and Equipment	2 720	4 092	3 199	5 890	4 877
Machinery and Equipment	2 720	4 092	3 199	5 890	4 877
Transport Assets	4 873	5 124	3 574	11 014	15 131
Transport Assets	4 873	5 124	3 574	11 014	15 131
Land	18 790	18 757	700	–	–
Land	18 790	18 757	700	–	–
Total Capital Expenditure on new assets	113 896	111 236	68 874	58 431	78 787

2.10.2 Capital expenditure on the renewal of existing assets by asset class

Description R thousand	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Capital expenditure on renewal of existing assets by Asset Class/Sub-class					
Infrastructure	22 198	22 158	28 200	33 000	36 600
Roads Infrastructure	18 898	18 898	24 000	25 000	28 600
<i>Roads</i>	18 898	18 898	24 000	25 000	28 600
Electrical Infrastructure	3 300	3 260	4 200	8 000	8 000
<i>MV Substations</i>	3 100	3 100	3 600	–	–
<i>LV Networks</i>	200	160	600	8 000	8 000
Community Assets	1 000	1 000	–	–	–
Community Facilities	1 000	1 000	–	–	–
<i>Public Ablution Facilities</i>	1 000	1 000	–	–	–
Other assets	–	–	830	–	–
Operational Buildings	–	–	–	–	–
Housing	–	–	830	–	–
<i>Staff Housing</i>	–	–	830	–	–
Computer Equipment	–	–	–	–	–
Computer Equipment	–	–	–	–	–
Furniture and Office Equipment	–	–	–	–	–
Furniture and Office Equipment	–	–	–	–	–
Machinery and Equipment	–	–	–	–	–
Machinery and Equipment	–	–	–	–	–
Transport Assets	–	–	–	–	–
Transport Assets	–	–	–	–	–
Total Capital Expenditure on renewal of existing assets	23 198	23 158	29 030	33 000	36 600
Renewal of Existing Assets as % of total capex	10.9%	11.0%	17.2%	25.4%	27.3%
Renewal of Existing Assets as % of deprecn"	25.3%	25.2%	31.8%	34.0%	33.8%

2.10.3 Repairs and maintenance expenditure by asset class

Description R thousand	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Repairs and maintenance expenditure by Asset Class/Sub-class					
Infrastructure	36 771	37 014	38 649	40 056	42 341
Roads Infrastructure	4 759	4 977	5 140	5 196	5 375
Roads	4 695	4 913	5 073	5 127	5 304
Road Furniture	64	64	67	69	71
Storm water Infrastructure	17 375	17 375	17 284	18 569	19 708
Storm water Conveyance	17 375	17 375	17 284	18 569	19 708
Electrical Infrastructure	2 505	2 505	2 730	2 923	3 075
MV Substations	153	153	153	165	175
LV Networks	2 353	2 353	2 577	2 758	2 900
Water Supply Infrastructure	1 384	1 384	1 705	1 478	1 803
Reservoirs	1 069	1 066	1 102	1 135	1 169
Pump Stations	132	132	139	145	153
Distribution	183	186	465	198	482
Sanitation Infrastructure	3 906	3 906	4 534	4 161	4 291
Pump Station	1 042	1 042	939	967	997
Waste Water Treatment Works	2 863	2 863	3 594	3 193	3 295
Solid Waste Infrastructure	6 842	6 867	7 255	7 730	8 088
Landfill Sites	6 842	6 867	7 255	7 730	8 088
Community Assets	2 752	2 797	3 286	3 648	3 544
Community Facilities	2 037	2 042	2 122	2 207	2 306
Halls	386	386	387	404	423
Centres	1 400	1 405	1 470	1 544	1 621
Libraries	50	50	60	50	50
Cemeteries/Crematoria	101	101	105	109	113
Parks	100	100	100	100	100
Sport and Recreation Facilities	715	755	1 164	1 441	1 238
Indoor Facilities	80	80	100	100	100
Outdoor Facilities	635	675	1 064	1 341	1 138
Other assets	1 754	1 749	1 347	1 626	1 389
Operational Buildings	1 343	1 343	990	1 039	1 092
Municipal Offices	1 343	1 343	990	1 039	1 092
Housing	411	406	357	587	297
Staff Housing	191	191	197	207	217
Social Housing	220	215	160	380	80
Intangible Assets	3 144	3 823	4 226	4 475	4 621
Computer Software and Applications	3 144	3 823	4 226	4 475	4 621
Computer Equipment	460	460	316	319	407
Computer Equipment	460	460	316	319	407
Furniture and Office Equipment	64	64	77	69	71
Furniture and Office Equipment	64	64	77	69	71
Machinery and Equipment	1 216	1 218	1 233	1 254	1 280
Machinery and Equipment	1 216	1 218	1 233	1 254	1 280
Transport Assets	5 351	5 441	6 412	6 799	7 245
Transport Assets	5 351	5 441	6 412	6 799	7 245
Total Repairs and Maintenance Expenditure	51 511	52 565	55 545	58 247	60 898
R&M as a % of PPE	2.5%	2.6%	2.7%	2.8%	2.8%
R&M as % Operating Expenditure	6.5%	6.6%	6.9%	6.5%	6.3%

2.10.4 Capital expenditure on the upgrading of existing assets by asset class

Description	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand					
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class					
Infrastructure	71 946	72 843	68 981	38 313	18 911
Roads Infrastructure	–	–	–	–	–
Storm water Infrastructure	500	500	–	500	500
<i>Storm water Conveyance</i>	500	500	–	500	500
Electrical Infrastructure	7 500	7 100	2 600	–	–
<i>MV Switching Stations</i>	300	300	300	–	–
<i>MV Networks</i>	1 500	1 500	–	–	–
<i>LV Networks</i>	5 700	5 300	2 300	–	–
Water Supply Infrastructure	1 100	1 167	6 641	26 570	17 411
<i>Pump Stations</i>	–	–	1 000	–	–
<i>Distribution</i>	1 100	1 167	5 641	26 570	17 411
Sanitation Infrastructure	62 846	64 076	59 741	11 243	1 000
<i>Waste Water Treatment Works</i>	62 846	64 076	59 741	11 243	1 000
Community Assets	3 396	3 427	2 383	–	–
Community Facilities	–	–	–	–	–
Sport and Recreation Facilities	3 396	3 427	2 383	–	–
<i>Outdoor Facilities</i>	3 396	3 427	2 383	–	–
Other assets	–	–	–	–	–
Operational Buildings	–	–	–	–	–
Intangible Assets	–	–	–	–	–
Servitudes	–	–	–	–	–
Licences and Rights	–	–	–	–	–
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 assets	75 342	76 270	71 364	38 313	18 911
Upgrading of Existing Assets as % of total capex	35.5%	36.2%	42.2%	29.5%	14.1%
Upgrading of Existing Assets as % of deprecn"	82.1%	83.1%	78.2%	39.4%	17.5%

2.10.5 Future financial implications of the capital budget

Vote Description	2020/21 Medium Term Revenue & Expenditure Framework			Forecasts		
	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
R thousand						
Capital expenditure						
Vote 1 - Corporate Services	872	124	126	872	124	126
Vote 2 - Civil Services	122 969	94 161	75 850	122 969	94 161	75 850
Vote 3 - Council	10	10	572	10	10	572
Vote 4 - Electricity Services	25 358	15 190	32 800	25 358	15 190	32 800
Vote 5 - Financial Services	381	260	271	381	260	271
Vote 6 - Development Services	17 670	16 104	19 836	17 670	16 104	19 836
Vote 7 - Municipal Manager	10	10	12	10	10	12
Vote 8 - Protection Services	1 998	3 885	4 831	1 998	3 885	4 831
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-
Total Capital Expenditure	169 268	129 745	134 297	169 268	129 745	134 297
Future operational costs by vote						
Vote 2 - Civil Services	-	-	2 171	2 306	2 452	2 595
Total future revenue	-	-	-	-	-	-
Net Financial Implications	169 268	129 745	136 468	171 574	132 197	136 892

2.10.6 Detailed capital budget per municipal function and directorate

▼	PROJECT DESCRIPTION ▼	DIRECTORATE ▼	FUNCTION ▼	FINANCE SOURCE ▼	TYPE ▼	ASSETS CLASS ▼	ASSETS SUB CLAS ▼	2021/22 ▼	2022/23 ▼	2023/24 ▼
1	Equipment : Civil	Vote 2 - Civil Services	Planning and Development	Internally generated funds	New	Machinery and Equipment	Machinery and Equipment	95 000	52 000	54 000
2	Sewerage Works: Moorreesburg (MIG)	Vote 2 - Civil Services	Waste Water Management	National Government	Upgrading	Sanitation Infrastructure	Waste Water Treatment V	16 432 570	-	-
3	Sewerage Works: Moorreesburg (CRR)	Vote 2 - Civil Services	Waste Water Management	Internally generated funds	Upgrading	Sanitation Infrastructure	Waste Water Treatment V	38 587 430	10 437 000	-
4	Sewerage Works: Darling (CRR)	Vote 2 - Civil Services	Waste Water Management	Internally generated funds	Upgrading	Sanitation Infrastructure	Waste Water Treatment V	2 275 696	806 350	-
5	Sewerage Works: Darling (MIG)	Vote 2 - Civil Services	Waste Water Management	National Government	Upgrading	Sanitation Infrastructure	Waste Water Treatment V	2 444 904	-	-
6	Sewerage Works: Koringberg	Vote 2 - Civil Services	Waste Water Management	Internally generated funds	Upgrading	Sanitation Infrastructure	Waste Water Treatment V	-	-	500 000
7	Malmesbury: New Macerator	Vote 2 - Civil Services	Waste Water Management	Internally generated funds	New	Sanitation Infrastructure	Pump Station	920 000	-	-
8	Equipment : Sewerage Telemetry	Vote 2 - Civil Services	Waste Water Management	Internally generated funds	New	Sanitation Infrastructure	Reticulation	150 000	36 000	38 000
9	Equipment : Sewerage	Vote 2 - Civil Services	Waste Water Management	Internally generated funds	New	Machinery and Equipment	Machinery and Equipment	28 000	30 000	32 000
10	Sewerage: CK11942 Nissan NP300	Vote 2 - Civil Services	Waste Water Management	Internally generated funds	New	Transport Assets	Transport Assets	315 000	-	-
11	Sewerage: CK18173 Nissan NP300	Vote 2 - Civil Services	Waste Water Management	Internally generated funds	New	Transport Assets	Transport Assets	315 000	-	-
12	Sewerage: CK14612 Nissan UD290 Replac	Vote 2 - Civil Services	Waste Water Management	Internally generated funds	New	Transport Assets	Transport Assets	-	1 549 584	-
13	Sewerage: CK31209 UD330	Vote 2 - Civil Services	Waste Water Management	Internally generated funds	New	Transport Assets	Transport Assets	-	-	1 606 976
14	Sewerage: New Vacuum Tanker extend cap	Vote 2 - Civil Services	Waste Water Management	Internally generated funds	New	Transport Assets	Transport Assets	-	1 606 957	-
15	Upgrading of bulk collectors: Darling	Vote 2 - Civil Services	Waste Water Management	Internally generated funds	Upgrading	Sanitation Infrastructure	Waste Water Treatment V	-	-	500 000
16	Chatsworth: Social Economic Facility	Vote 2 - Civil Services	Finance and Administration	Internally generated funds	New	Sport and Recreation Facilities	Indoor Facilities	800 000	-	-
17	Repair Burnt Caretakers House: Mby Sewe	Vote 2 - Civil Services	Finance and Administration	Internally generated funds	Renewal	Housing	Staff Housing	830 000	-	-
18	Conversion / Operationalising of Office Sp	Vote 2 - Civil Services	Finance and Administration	Internally generated funds	New	Operational Buildings	Municipal Offices	4 000 000	-	-
19	Conversion / Operationalising of Office Sp	Vote 2 - Civil Services	Finance and Administration	Internally generated funds	New	Operational Buildings	Municipal Offices	5 000 000	-	-
20	Equipment : Buildings & Maintenance	Vote 2 - Civil Services	Finance and Administration	Internally generated funds	New	Machinery and Equipment	Machinery and Equipment	25 500	26 800	28 500
21	Buildings: CK23064 Nissan NP300 H	Vote 2 - Civil Services	Finance and Administration	Internally generated funds	New	Transport Assets	Transport Assets	-	-	800 000
22	Buildings: New Painting Machine	Vote 2 - Civil Services	Finance and Administration	Internally generated funds	New	Machinery and Equipment	Machinery and Equipment	34 500	-	-
23	New Cemetery: Chatsworth	Vote 2 - Civil Services	Community and Social Services	Internally generated funds	New	Community Facilities	Cemeteries/Crematoria	-	300 000	-
24	Ward Committee Projects: Parks	Vote 2 - Civil Services	Sport and Recreation	Internally generated funds	New	Community Facilities	Parks	700 000	700 000	700 000
25	Equipment: Parks	Vote 2 - Civil Services	Sport and Recreation	Internally generated funds	New	Machinery and Equipment	Machinery and Equipment	60 000	62 000	64 000
26	Parks: CK16683 Nissan NP300	Vote 2 - Civil Services	Sport and Recreation	Internally generated funds	New	Transport Assets	Transport Assets	-	-	336 000
27	Parks: CK17851 Nissan UD35A	Vote 2 - Civil Services	Sport and Recreation	Internally generated funds	New	Transport Assets	Transport Assets	547 890	-	-
28	Parks: CK30905 John Deere Tractor	Vote 2 - Civil Services	Sport and Recreation	Internally generated funds	New	Machinery and Equipment	Machinery and Equipment	-	-	438 368
29	Parks: CK41465 John Deere Tractor	Vote 2 - Civil Services	Sport and Recreation	Internally generated funds	New	Machinery and Equipment	Machinery and Equipment	-	422 712	-
30	Parks: CK43400 Trailer with Roller	Vote 2 - Civil Services	Sport and Recreation	Internally generated funds	New	Machinery and Equipment	Machinery and Equipment	-	-	92 624
31	Roads Swartland: Resealing of Roads (CRR)	Vote 2 - Civil Services	Road Transport	Internally generated funds	Renewal	Roads Infrastructure	Roads	20 177 474	25 000 000	22 000 000
32	Roads Swartland: Resealing of Roads (MIG)	Vote 2 - Civil Services	Road Transport	National Government	Renewal	Roads Infrastructure	Roads	3 822 526	-	6 599 541
33	Roads Swartland: New Roads (CRR)	Vote 2 - Civil Services	Road Transport	Internally generated funds	New	Roads Infrastructure	Roads	7 555 096	500 000	6 500 000
34	Roads Swartland: New Roads (MIG)	Vote 2 - Civil Services	Road Transport	National Government	New	Roads Infrastructure	Roads	-	8 810 000	9 111 459
35	Upgrading of N7/Voortrekker Northern Inte	Vote 2 - Civil Services	Road Transport	Internally generated funds	New	Roads Infrastructure	Roads	5 000 000	5 000 000	-
36	Ward Committee Projects: Roads	Vote 2 - Civil Services	Road Transport	Internally generated funds	New	Roads Infrastructure	Roads	700 000	700 000	700 000
37	Roads: CK18925 UD85	Vote 2 - Civil Services	Road Transport	Internally generated funds	New	Transport Assets	Transport Assets	-	-	925 232
38	Roads: CK15928 Dezzi Grader	Vote 2 - Civil Services	Road Transport	Internally generated funds	New	Machinery and Equipment	Machinery and Equipment	-	4 309 200	-

	PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	FINANCE SOURCE	TYPE	ASSETS CLASS	ASSETS SUB CLAS	2021/22	2022/23	2023/24
39	Roads: CK274 Caterpillar	Vote 2 - Civil Services	Road Transport	Internally generated funds	New	Machinery and Equipment	Machinery and Equipment	-	-	3 180 870
40	Roads: CK41130 Isuzu KB 250 Tipper	Vote 2 - Civil Services	Road Transport	Internally generated funds	New	Transport Assets	Transport Assets	409 500	-	-
41	Upgrading of Sports Grounds: Darling	Vote 2 - Civil Services	Sport and Recreation	Internally generated funds	Upgrading	Sport and Recreation Facil	Outdoor Facilities	2 000 000	-	-
42	Upgrading: Darling Combination Courts	Vote 2 - Civil Services	Sport and Recreation	Provincial Government	Upgrading	Sport and Recreation Facil	Outdoor Facilities	207 500	-	-
43	Upgrading: Kalbaskraal Combination Court	Vote 2 - Civil Services	Sport and Recreation	Provincial Government	Upgrading	Sport and Recreation Facil	Outdoor Facilities	175 500	-	-
44	Construction: Chatsworth Combination Court	Vote 2 - Civil Services	Sport and Recreation	Provincial Government	New	Sport and Recreation Facil	Outdoor Facilities	600 000	-	-
45	Stormwater Network	Vote 2 - Civil Services	Waste Water Management	Internally generated funds	Upgrading	Storm water Infrastructure	Storm water Conveyance	-	500 000	500 000
46	Equipment: Streets and Stormwater	Vote 2 - Civil Services	Waste Water Management	Internally generated funds	New	Machinery and Equipment	Machinery and Equipment	60 000	62 000	64 000
47	Water networks: Upgrades and Replacement	Vote 2 - Civil Services	Water Management	Internally generated funds	Upgrading	Water Supply Infrastructure	Distribution	2 000 000	1 120 000	-
48	Water networks: Upgrades and Replacement	Vote 2 - Civil Services	Water Management	National Government	Upgrading	Water Supply Infrastructure	Distribution	-	2 217 712	-
49	Water: Upgrading water reticulation network	Vote 2 - Civil Services	Water Management	Internally generated funds	Upgrading	Water Supply Infrastructure	Distribution	100 000	100 000	100 000
50	Riebeeck Wes Square: New Borehole, Pump	Vote 2 - Civil Services	Water Management	Internally generated funds	New	Water Supply Infrastructure	Distribution Points	150 000	-	-
51	Upgrading: Ongegund Water Supply System	Vote 2 - Civil Services	Water Management	Internally generated funds	Upgrading	Water Supply Infrastructure	Distribution	-	-	500 000
52	Bulk water infrastructure (emergency supply)	Vote 2 - Civil Services	Water Management	Internally generated funds	Upgrading	Water Supply Infrastructure	Distribution	500 000	600 000	600 000
53	Connections: Water Meters (New/Replacement)	Vote 2 - Civil Services	Water Management	Internally generated funds	Upgrading	Water Supply Infrastructure	Distribution	540 823	664 089	797 216
54	Equipment : Water	Vote 2 - Civil Services	Water Management	Internally generated funds	New	Machinery and Equipment	Machinery and Equipment	47 000	49 000	51 000
55	Water: CK10564 Toyota Hilux 3.0 D4D 4x4	Vote 2 - Civil Services	Water Management	Internally generated funds	New	Transport Assets	Transport Assets	-	421 200	-
56	Upgrade: Riverlands and Kalbaskraal water	Vote 2 - Civil Services	Water Management	Internally generated funds	Upgrading	Water Supply Infrastructure	Pump Station	1 000 000	-	-
57	Rudimentary Services: Silvertown	Vote 2 - Civil Services	Water Management	Internally generated funds	Upgrading	Water Supply Infrastructure	Distribution	1 500 000	-	-
58	Swartland System System S3.3 & S3.4 Part	Vote 2 - Civil Services	Water Management	Internally generated funds	Upgrading	Water Supply Infrastructure	Distribution	800 000	4 000 000	4 000 000
59	Swartland System System S3.3 & S3.4 Part	Vote 2 - Civil Services	Water Management	National Government	Upgrading	Water Supply Infrastructure	Distribution	-	5 000 000	5 000 000
60	Wesbank I1/4 to Wesbank Reservoir supply	Vote 2 - Civil Services	Water Management	Internally generated funds	Upgrading	Water Supply Infrastructure	Distribution	-	3 585 938	2 414 062
61	Wesbank I1/4 to Wesbank Reservoir supply	Vote 2 - Civil Services	Water Management	National Government	Upgrading	Water Supply Infrastructure	Distribution	-	3 782 288	4 000 000
62	Riebeeck Kasteel supply S2.4	Vote 2 - Civil Services	Water Management	Internally generated funds	Upgrading	Water Supply Infrastructure	Distribution	200 000	1 000 000	-
63	De Hoop Supply SMW1.1 - CRR	Vote 2 - Civil Services	Water Management	Internally generated funds	Upgrading	Water Supply Infrastructure	Distribution	-	500 000	-
64	De Hoop Supply SMW1.2 - MIG	Vote 2 - Civil Services	Water Management	National Government	Upgrading	Water Supply Infrastructure	Distribution	-	4 000 000	-
65	Dumping site Moorreesburg: Fencing	Vote 2 - Civil Services	Waste Management	Internally generated funds	New	Solid Waste Infrastructure	Landfill Sites	720 000	-	-
66	Boreholes for Landfill sites	Vote 2 - Civil Services	Waste Management	Internally generated funds	New	Water Supply Infrastructure	Boreholes	-	740 000	-
67	Chipper and Trailer	Vote 2 - Civil Services	Waste Management	Internally generated funds	New	Machinery and Equipment	Machinery and Equipment	1 000 000	-	-
68	Fencing: Highlands (10 ha)	Vote 2 - Civil Services	Waste Management	Internally generated funds	New	Solid Waste Infrastructure	Landfill Sites	-	2 000 000	-
69	Equipment : Refuse bins, traps, skips (Swartland)	Vote 2 - Civil Services	Waste Management	Internally generated funds	New	Machinery and Equipment	Machinery and Equipment	120 000	150 000	150 000
70	Equipment : Refuse Removal	Vote 2 - Civil Services	Waste Management	Internally generated funds	New	Machinery and Equipment	Machinery and Equipment	22 000	24 000	26 000
71	Refuse: CK27606 Nissan UD40	Vote 2 - Civil Services	Waste Management	Internally generated funds	New	Transport Assets	Transport Assets	-	516 564	-
72	Refuse: CK38712 Nissan UD350	Vote 2 - Civil Services	Waste Management	Internally generated funds	New	Transport Assets	Transport Assets	-	2 779 812	-
73	Refuse: CK43134 Nissan UD35A	Vote 2 - Civil Services	Waste Management	Internally generated funds	New	Transport Assets	Transport Assets	-	-	557 536
74	Refuse: CK37359 Nissan UD330	Vote 2 - Civil Services	Waste Management	Internally generated funds	New	Transport Assets	Transport Assets	-	-	2 882 768

	PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	FINANCE SOURCE	TYPE	ASSETS CLASS	ASSETS SUB CLAS	2021/22	2022/23	2023/24
75	Equipment : Development Services	Vote 6 - Development Se	Planning and Developmer	Internally generated funds	New	Machinery and Equipment	Machinery and Equipmen	40 000	42 000	44 000
76	Equipment: YZF Caravan Park	Vote 6 - Development Se	Sport and Recreation	Internally generated funds	New	Machinery and Equipment	Machinery and Equipmen	30 000	30 000	32 000
77	Thusong Centre: CK18244 Nissan Tiida	Vote 6 - Development Se	Community and Social Se	Internally generated funds	New	Transport Assets	Transport Assets	-	232 200	-
78	Malmesbury De Hoop (Professional Fees)	Vote 6 - Development Se	Planning and Developmer	Provincial Government	New	Housing	Social Housing	8 600 000	-	-
79	Malmesbury De Hoop Serviced Sites (Prof	Vote 6 - Development Se	Planning and Developmer	Provincial Government	New	Housing	Social Housing	-	562 885	605 664
80	Malmesbury De Hoop Serviced Sites (Sewerage)	Vote 6 - Development Se	Waste Water Managemen	Provincial Government	New	Sanitation Infrastructure	Reticulation	-	1 038 083	1 116 977
81	Malmesbury De Hoop Serviced Sites (Water)	Vote 6 - Development Se	Water Management	Provincial Government	New	Water Supply Infrastructure	Distribution	-	1 509 938	1 624 694
82	Malmesbury De Hoop Serviced Sites (Streets & Stormwater)	Vote 6 - Development Se	Road Transport	Provincial Government	New	Roads Infrastructure	Roads	-	6 889 094	7 412 665
83	Malmesbury De Hoop - External Services	Vote 6 - Development Se	Water Management	Internally generated funds	New	Water Supply Infrastructure	Distribution	3 000 000	-	-
84	Darling Serviced Sites (Prof Fees)	Vote 6 - Development Se	Planning and Developmer	Provincial Government	New	Housing	Social Housing	275 596	-	-
85	Darling Serviced Sites (Sewerage)	Vote 6 - Development Se	Waste Water Managemen	Provincial Government	New	Sanitation Infrastructure	Reticulation	211 779	-	-
86	Darling Serviced Sites (Water)	Vote 6 - Development Se	Water Management	Provincial Government	New	Water Supply Infrastructure	Distribution	187 119	-	-
87	Darling Serviced Sites (Streets & Stormwater)	Vote 6 - Development Se	Road Transport	Provincial Government	New	Roads Infrastructure	Roads	825 506	-	-
88	Kalbaskraal Serviced Sites (Prof Fees)	Vote 6 - Development Se	Planning and Developmer	Provincial Government	New	Housing	Social Housing	-	1 000 000	562 885
89	Kalbaskraal Serviced Sites (Sewerage)	Vote 6 - Development Se	Waste Water Managemen	Provincial Government	New	Sanitation Infrastructure	Reticulation	-	-	928 083
90	Kalbaskraal Serviced Sites (Water)	Vote 6 - Development Se	Water Management	Provincial Government	New	Water Supply Infrastructure	Distribution	-	-	1 349 938
91	Kalbaskraal Serviced Sites (Streets & Stormwater)	Vote 6 - Development Se	Road Transport	Provincial Government	New	Roads Infrastructure	Roads	-	-	6 159 094
92	Chatsworth Serviced Sites (Prof Fees)	Vote 6 - Development Se	Planning and Developmer	Provincial Government	New	Housing	Social Housing	1 500 000	270 185	-
93	Chatsworth Serviced Sites (Sewerage)	Vote 6 - Development Se	Waste Water Managemen	Provincial Government	New	Sanitation Infrastructure	Reticulation	-	498 280	-
94	Chatsworth Serviced Sites (Water)	Vote 6 - Development Se	Water Management	Provincial Government	New	Water Supply Infrastructure	Distribution	-	724 770	-
95	Chatsworth Serviced Sites (Streets & Stormwater)	Vote 6 - Development Se	Road Transport	Provincial Government	New	Roads Infrastructure	Roads	-	3 306 765	-
96	Silvertown IBS (Prof Fees)	Vote 6 - Development Se	Road Transport	Provincial Government	New	Housing	Social Housing	400 000	-	-
97	Silvertown IBS (Sewerage)	Vote 6 - Development Se	Waste Water Managemen	Provincial Government	New	Sanitation Infrastructure	Reticulation	1 200 000	-	-
98	Silvertown IBS (Water)	Vote 6 - Development Se	Water Management	Provincial Government	New	Water Supply Infrastructure	Distribution	1 400 000	-	-
99	Saamstaan/De Hoop: 389 plot housing development	Vote 4 - Electricity Servic	Energy Sources	Internally generated funds	New	Electrical Infrastructure	MV Networks	6 500 000	-	-
100	Saamstaan/De Hoop: 1600 plot housing development	Vote 4 - Electricity Servic	Energy Sources	National Government	New	Electrical Infrastructure	MV Networks	8 355 000	5 000 000	5 000 000
101	132/11kV Eskom Schoonspruit substation	Vote 4 - Electricity Servic	Energy Sources	Internally generated funds	New	Electrical Infrastructure	MV Substations	-	-	15 000 000
102	ELECT Renewal of old/aging electrical network	Vote 4 - Electricity Servic	Energy Sources	Internally generated funds	Renewal	Electrical Infrastructure	LV Networks	-	8 000 000	8 000 000
103	Minisubstations: Swartland	Vote 4 - Electricity Servic	Energy Sources	Internally generated funds	Renewal	Electrical Infrastructure	MV Substations	3 600 000	-	-
104	LV Upgrading: Swartland	Vote 4 - Electricity Servic	Energy Sources	Internally generated funds	Upgrading	Electrical Infrastructure	LV Networks	1 600 000	-	-
105	Substation Fencing: Swartland	Vote 4 - Electricity Servic	Energy Sources	Internally generated funds	New	Electrical Infrastructure	MV Substations	200 000	-	-
106	Malmesbury Polebox Replacement	Vote 4 - Electricity Servic	Energy Sources	Internally generated funds	Renewal	Electrical Infrastructure	LV Networks	200 000	-	-
107	Replace oil metering units (Darling Finitex)	Vote 4 - Electricity Servic	Energy Sources	Internally generated funds	Upgrading	Electrical Infrastructure	MV Switching Stations	300 000	-	-
108	Streetlight Network Upgrade: Darling South	Vote 4 - Electricity Servic	Energy Sources	Internally generated funds	Upgrading	Electrical Infrastructure	LV Networks	100 000	-	-
109	Caravan Park Kiosk Replacement: Yzerfontein	Vote 4 - Electricity Servic	Energy Sources	Internally generated funds	Renewal	Electrical Infrastructure	LV Networks	100 000	-	-
110	Protection Relay Upgrade: Swartland	Vote 4 - Electricity Servic	Energy Sources	Internally generated funds	Renewal	Electrical Infrastructure	LV Networks	300 000	-	-
111	Jakaranda RMU - N7 feeder cable: Moorre	Vote 4 - Electricity Servic	Energy Sources	Internally generated funds	Upgrading	Electrical Infrastructure	LV Networks	250 000	-	-
112	Park Close Mount Pleasant feeder cable: D	Vote 4 - Electricity Servic	Energy Sources	Internally generated funds	Upgrading	Electrical Infrastructure	LV Networks	350 000	-	-
113	Riebeeck Kasteel Low cost housing development	Vote 4 - Electricity Servic	Energy Sources	Internally generated funds	New	Electrical Infrastructure	LV Networks	150 000	-	-

PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	FINANCE SOURCE	TYPE	ASSETS CLASS	ASSETS SUB CLAS	2021/22	2022/23	2023/24
114 Kalbaskraal Low cost housing developmen	Vote 4 - Electricity Service	Energy Sources	Internally generated funds	New	Electrical Infrastructure	LV Networks	50 000	-	-
115 Malmesbury Security Operational Centre: C	Vote 4 - Electricity Service	Energy Sources	Internally generated funds	New	Computer Equipment	Computer Equipment	500 000	500 000	500 000
116 Replacement of obsolete air conditioners	Vote 4 - Electricity Service	Energy Sources	Internally generated funds	New	Furniture and Office Equip	Furniture and Office Equip	100 000	100 000	100 000
117 Connections: Electricity Meters (New/Repla	Vote 4 - Electricity Service	Energy Sources	Internally generated funds	New	Electrical Infrastructure	LV Networks	316 320	437 626	568 636
118 Equipment: Electric	Vote 4 - Electricity Service	Energy Sources	Internally generated funds	New	Machinery and Equipment	Machinery and Equipmen	350 000	350 000	360 000
119 Elec: CK24542 Isuzu FRR500 & Crane	Vote 4 - Electricity Service	Energy Sources	Internally generated funds	New	Transport Assets	Transport Assets	-	-	1 456 000
120 Elec: CK29443 Isuzu N Series & Crane	Vote 4 - Electricity Service	Energy Sources	Internally generated funds	New	Transport Assets	Transport Assets	-	-	1 120 000
121 Backup Solution	Vote 4 - Electricity Service	Finance and Administratio	Internally generated funds	New	Computer Equipment	Computer Equipment	-	120 000	-
122 Terminals	Vote 4 - Electricity Service	Finance and Administratio	Internally generated funds	New	Computer Equipment	Computer Equipment	40 000	-	40 000
123 Monitor Replacements	Vote 4 - Electricity Service	Finance and Administratio	Internally generated funds	New	Computer Equipment	Computer Equipment	-	45 000	-
124 Scanner Replacements	Vote 4 - Electricity Service	Finance and Administratio	Internally generated funds	New	Computer Equipment	Computer Equipment	80 000	80 000	80 000
125 Equipment: Information Technology	Vote 4 - Electricity Service	Finance and Administratio	Internally generated funds	New	Machinery and Equipment	Machinery and Equipmen	70 000	70 000	75 000
126 New Server SM virtual environment	Vote 4 - Electricity Service	Finance and Administratio	Internally generated funds	New	Computer Equipment	Computer Equipment	500 000	-	-
127 Printers	Vote 4 - Electricity Service	Finance and Administratio	Internally generated funds	New	Computer Equipment	Computer Equipment	60 000	60 000	60 000
128 DeskTops	Vote 4 - Electricity Service	Finance and Administratio	Internally generated funds	New	Computer Equipment	Computer Equipment	155 000	147 500	140 000
129 Notebooks	Vote 4 - Electricity Service	Finance and Administratio	Internally generated funds	New	Computer Equipment	Computer Equipment	252 000	280 000	300 000
130 Communications and infrastructure equipn	Vote 4 - Electricity Service	Finance and Administratio	Internally generated funds	New	Operational Buildings	Municipal Offices	430 000		
131 Communications and infrastructure equipn	Vote 4 - Electricity Service	Finance and Administratio	Internally generated funds	New	Operational Buildings	Municipal Offices	450 000		
132 Equipment : Financial	Vote 5 - Financial Service	Finance and Administratio	Internally generated funds	New	Furniture and Office Equip	Furniture and Office Equip	56 000	28 000	30 000
133 Meterreading Handhelds	Vote 5 - Financial Service	Finance and Administratio	Internally generated funds	New	Machinery and Equipment	Machinery and Equipmen	110 000		
134 Finance: CK30046 Toyota Etios	Vote 5 - Financial Service	Finance and Administratio	Internally generated funds	New	Transport Assets	Transport Assets	-	232 200	-
135 Finance: New Sedan Motor Vehicle	Vote 5 - Financial Service	Finance and Administratio	Internally generated funds	New	Transport Assets	Transport Assets	215 000	-	-
136 Finance: CK40700 Citi Golf 310	Vote 5 - Financial Service	Finance and Administratio	Internally generated funds	New	Transport Assets	Transport Assets	-	-	240 800
137 Traffic: CK31936 Corolla	Vote 8 - Protection Service	Public Safety	Internally generated funds	New	Transport Assets	Transport Assets	367 500	-	-
138 Traffic: CK41293 Toyota Hilux DC 2.5D SR	Vote 8 - Protection Service	Public Safety	Internally generated funds	New	Transport Assets	Transport Assets	-	-	725 760
139 Equipment: Protection	Vote 8 - Protection Service	Public Safety	Internally generated funds	New	Machinery and Equipment	Machinery and Equipmen	49 000	50 000	50 000
140 Equipment : Fire Fighting	Vote 8 - Protection Service	Public Safety	Internally generated funds	New	Machinery and Equipment	Machinery and Equipmen	150 000	160 000	135 000
141 Equipment : K9 Unit	Vote 8 - Protection Service	Public Safety	Provincial Government	New	Machinery and Equipment	Machinery and Equipmen	27 500	-	-
142 Fire: CK27542 Tata LPTA 713 (Replace wit	Vote 8 - Protection Service	Public Safety	Internally generated funds	New	Transport Assets	Transport Assets	-	3 675 000	-
143 Fire: CK32736 Nissan Hardbody (Replace w	Vote 8 - Protection Service	Public Safety	Internally generated funds	New	Transport Assets	Transport Assets	1 404 000		-
144 Fire: CK38172 Nissan Cabstar (Replace wit	Vote 8 - Protection Service	Public Safety	Internally generated funds	New	Transport Assets	Transport Assets	-	-	3 920 000
145 Equipment : MM	Vote 7 - Municipal Manag	Executive and Council	Internally generated funds	New	Furniture and Office Equip	Furniture and Office Equip	10 000	10 000	12 000
146 Equipment : Council	Vote 3 - Council	Executive and Council	Internally generated funds	New	Furniture and Office Equip	Furniture and Office Equip	10 000	10 000	12 000
147 Council: CK15265 Caravelle Kombi 2.5 TDI	Vote 3 - Council	Executive and Council	Internally generated funds	New	Transport Assets	Transport Assets	-	-	560 000
148 Equipment : Corporate	Vote 1 - Corporate Service	Finance and Administratio	Internally generated funds	New	Furniture and Office Equip	Furniture and Office Equip	22 000	24 000	26 000
149 Equipment: Libraries	Vote 1 - Corporate Service	Community and Social Se	Provincial Government	New	Furniture and Office Equip	Furniture and Office Equip	50 000	-	-
150 Equipment Corporate: Buildings & Swartlar	Vote 1 - Corporate Service	Community and Social Se	Internally generated funds	New	Furniture and Office Equip	Furniture and Office Equip	100 000	100 000	100 000
151 Purchase of Die Kraaltjie, Transnet (erf 47)	Vote 1 - Corporate Service	Finance and Administratio	Internally generated funds	New	Land	Land	400 000	-	-
152 Purchase of land: Moorreesburg (Erf 2876,	Vote 1 - Corporate Service	Finance and Administratio	Internally generated funds	New	Land	Land	100 000	-	-
153 Purchase of land: Riebeek Kasteel (Erf 211	Vote 1 - Corporate Service	Finance and Administratio	Internally generated funds	New	Land	Land	200 000	-	-
80									
GRAND TOTAL							169 268 229	129 744 732	134 297 348

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 draft SDBIP document was tabled with the approval of the draft 2021/2022 MTREF budget. The SDBIP was aligned and informed by the 2021/2022 MTREF budget.

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:

A handwritten signature in black ink, appearing to be 'J. J. Scholtz', written over a horizontal line.

Date:

25-03-2021

Capital Projects with a total project cost in excess of R50 million (to give effect to Sec 19 (1) (b) of the MFMA)

"ANNEXURE A-2"

Project Description	Preceding Years	Actual	Nature	Location	Budget Year	Budget Year	Budget Year	Forecast	Forecast	Sum of Future Years	Total Project Value	Funding Sources	Operating Expenditure	Operating Impact absorbed by:	Sec 33 Triggered Y / N
	Costs / Budget	2020/21			2021/22	2022/23	2023/24	2024/25	2025/26	Estimate	Estimate		MTREF		
Sewerage Works: Moorreesburg	R 4 328 955	R 2 019 622	Upgrading Waste Water Treatment Works in Moorreesburg	Moorreesburg	R 38 587 430	R 10 437 000	R -	R -	R -	R -	R 55 373 007	CRR	Total expenditure of R9 523 348 starting from 2022/23 to 2024/25	MTREF CRR and beyond	Y
Sewerage Works: Moorreesburg	R 9 219 401	R 9 303 685		Moorreesburg	R 16 432 570	R -	R -	R -	R -	R -	R 34 955 656	MIG		MTREF CRR and beyond	Y
Roads Swartland: Resealing of Roads	R 11 104 430	R 1 026 749	Resealing of roads in the Swartland area	Swartland Area	R 20 177 474	R 25 000 000	R 22 000 000	R 27 000 000	R 28 000 000	R 55 000 000	R 122 177 474	CRR	N/a	MTREF CRR and beyond	N
Roads Swartland: Resealing of Roads	R 17 873 273	R 3 230 125		Swartland Area	R 3 822 526	R -	R 6 599 541	R -	R -	R -	R 10 422 067	MIG	N/a	MTREF CRR and beyond	N

Note: Details pertaining to the roads to be resealed will be included in the 30 Day Budget .