

SWARTLAND MUNICIPALITY

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2020/2021 TO 2022/2023



ANNUAL BUDGET OF SWARTLAND MUNICIPALITY

2020/2021 TO 2022/2023 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Table of Contents

PART 1 – ANNUAL BUDGET	2
1.1 MAYOR'S REPORT	2
1.2 COUNCIL RESOLUTIONS	2
1.3 EXECUTIVE SUMMARY	8
1.4 OPERATING REVENUE FRAMEWORK	19
1.5 OPERATING EXPENDITURE FRAMEWORK	32
1.6 CAPITAL EXPENDITURE	35
1.7 ANNUAL BUDGET TABLES	36
PART 2 – SUPPORTING DOCUMENTATION	52
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS	52
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	54
2.3 OVERVIEW OF BUDGET AND RELATED-POLICIES	61
2.4 OVERVIEW OF BUDGET ASSUMPTIONS	63
2.5 OVERVIEW OF BUDGET FUNDING	65
2.6 EXPENDITURE ON GRANTS	72
2.7 ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY	73
2.8 COUNCILOR AND EMPLOYEE BENEFITS	74
2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW	76
2.10 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	84
2.11 CAPITAL EXPENDITURE DETAILS	85
2.12 LEGISLATION COMPLIANCE STATUS	93
2.13 OTHER SUPPORTING DOCUMENTS	93
2.14 MANAGER'S QUALITY CERTIFICATE	94

Part 1 – Annual Budget

1.1 Mayor's Report

Whilst I submit this final budget as part of my legislative responsibilities, I'm so mindful of the fact that the severity of the hardship is yet to manifest in the greater Swartland Area and am very concerned about the impact already felt by our business community and citizens alike. Council Resolutions

The following council resolutions pertaining to the consideration and approval of the final multi-year capital and operating budgets, amended budget and related policies, property tax rates and discounts , tariffs and other charges for 2020/2021; 2021/2022 and 2022/2023 as applicable to these years:

- That cognisance be taken of the inputs received from the public and province and that the comments and responses thereto (**Annexure H, Inputs received on Draft Budget**) be accepted as final as per the recommendations by the Budget Steering Committee and Executive Mayoral Committee, insofar as it relates to the 2020/2021 MTREF Draft Budget;
- 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: 2020/21 – 2022/23 Final Budget and Tariff File**) and consider same;
- That council prior to approving the capital projects above R50 million as listed in (**Annexure B: 2020/21 – 2022/23 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;
- 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	Final Budget 2020/2021	Final Budget 2021/2022	Final Budget 2022/2023
External Loans	R -	R -	R -
Capital Replacement Reserve (CRR)	R 126 713 237	R 109 884 479	R 72 140 243
Municipal Infrastructure Grant (MIG)	R 21 183 000	R 22 700 000	R 23 810 000
Dept. Human Settlements	R 48 474 000	R -	R 36 760 000
Integrated National Electrification Programme	R 7 652 000	R 5 000 000	R 5 000 000
Dept. Cultural Affairs and Sport	R 70 000	R -	R -
RSEP / VPUU	R 3 000 000	R -	R -
Community Safety Grant	R 611 600	R 55 000	R -
Fire Service Capacity Building Grant	R 732 000	R -	R -
Energy Efficiency Demand Side Management	R 4 000 000	R -	R -
GRAND TOTAL	R 212 435 837	R 137 639 479	R 137 710 243

- e) That council takes note of the fact that the current economic situation dictates that no new non-critical commitments in respect of the new MTREF capital budget be entered into other than tenders already awarded, until such time that the municipality's payment rate stabilised to satisfactory levels as determined by the chief financial officer in consultation with the municipal manager and executive mayor;
- f) 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;
- g) That council note that the upgrading of both the Moorreesburg and Darling Waste Water Treatment Works will have an impact on the outer years, i.e from the 2022/23 financial year and beyond and therefore the process as prescribed in Section 33 of the MFMA was adhered to prior to final approval (whilst no longer in the form of an increase due to finance charges, but increased depreciation charges);
- h) That council approves the purchasing of the Nedbank and Standard Bank Buildings at a total purchase price of R 17 650 million for purposes of owning its own buildings in a bid to mitigate the risk of increasing rentals payable for the "Checkers", "Santam" and "Pep Buildings", excluding the cost additions of around R 6 million required to attend to the conversion works" required to operationalise the 2 buildings over the MTREF with the Standard Bank building becoming available first for the aforementioned purpose **(Annexure E)**;
- i) That council approves the capital projects as part of its consolidated capital program as per **(Annexure A, Section 1: 2020/21 – 2022/23 Final Budget and Tariff File)**;
- j) That the final high-level multi-year Capital and Operating budgets with respect to the 2020/21– 2022/23 financial years be approved, in accordance with sections 16, 17 and 19 of the MFMA;

	Original Budget 2019/20	Mid-Year Adj Budget 2019/20	Final Budget 2020/21	Final Budget 2021/22	Final Budget 2022/23
Capital budget	143 857 572	140 815 524	212 435 837	137 639 479	137 710 243
Operating Expenditure	749 828 067	757 190 607	810 670 080	889 949 652	924 976 102
Operating Revenue	830 826 697	855 620 406	882 786 413	928 907 555	998 866 120
Budgeted (Surplus)/ Deficit	(80 998 630)	(98 429 799)	(72 116 333)	(38 957 903)	(73 890 018)
Less: Capital Grants & Donations	67 161 000	80 451 000	86 863 600	28 897 050	66 713 153
(Surplus)/ Deficit	(13 837 630)	(17 978 799)	14 747 267	(10 060 853)	(7 176 865)

- k) That council grants approval to finance the R 50 000 000 (previous partial loan financing) for the upgrading of the Waste Water Treatment Works of Moorreesburg and Darling from Council's own reserves and no longer from external borrowing, given the impact that current prevailing higher finance charges in the market would have had on the cost of the service and specifically note that this option will result in reduced interest income from investments;
- l) **That council consider and approve the reduced property tax rates, exemptions and rebates for the 2020/2021 financial year as listed below and in the property rates policy as final which will result in quantifiable discounts of more than R6 million rand to residential property owners and business properties including zero rated rates to NGO's and PBO's;**

Property Categories	Rate (c/R)
Residential properties	0,5160
Vacant land	0,6950
Industrial properties	0,7413
Business and commercial properties	0,7413
Agricultural properties (used for agricultural purposes)	0,1290
Agricultural properties used for eco-tourism	0,7413
Agricultural properties used for trading in or hunting of game;	0,7413
Mining properties	0,7413
Properties owned by an organ of state and used for public service purposes	0,7413
Public service infrastructure	0,0000
100% Rebate to owners of public benefit organisations used for the public benefit listed activities	0,0000
Properties used for multiple purposes	Either 0,7413, 0,5160 or 0,1290, according to permitted use
Properties in rural area zoned for business or in respect of which consent uses have been approved in terms of the municipality's zoning scheme regulations	0,7413

Municipal properties	0,0000
Informal settlements, including those on land which are not subdivided into residential ervens	0,0000
Property acquired through the Provision of Land and Assistance Act, 1993 (126 of 1993) or the Restitution of Land Rights Act, 1994 (Act 22 of 1994) or Communal Property Association Act, 1996	Either 0,7413, 0,5160, according to permitted use
Conservation areas	0,0000
Protected areas	0,0000
National monuments	0,0000
State owned properties	0,7413
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	Qualifying senior citizens and disabled persons
An additional rebate over and above the impermissible tax , equal to an amount of R35 000 on the valuation of such property will be granted to the category of property in 4 (a)-(residential properties) with no application having to be made, further subject to the rebate being granted to only one property in the name of an owner/s	Residential properties

- m) That the rebate to qualifying senior citizens and disabled persons who are owners of property, be limited to a maximum of R300 000 of the total valuation, as defined in the Property Rates Policy for the 2021/22 financial year, where after the impact of the rebate be assessed in the context of the affordability of increased revenue forgone;
- n) That council approves that the rebate on property rates be increased from R15 000 to R50 0000 when the new valuation roll is implemented with effect from 1 July 2020, noting that the additional rebate is considered as a revenue forgone expense which led to a further shortfall and that the Chief Financial Officer deals with the matter in accordance with the applicable accounting legislation;
- o) That council approve the first 2 kl of water consumption free to all Residential consumers which per the definition include Indigent households for the last three months of the 2019/2020 financial year and for the remainder of the lock-down period in the new financial year up to a maximum of 6 months and is considered a revenue forgone expense which led to a further increase in the shortfall. This is amplified as an interim measure to bring relief to hard-hit consumers, it is further noted that whilst not all consumers are struggling, in order to be just and equitable with no discrimination according to ability to pay being made, that those consumers who are able to pay their

bills but not doing so, must note that the municipality will start implementing drastic credit control measures as the payment rate for services continue to drop;

That council specifically note that all of the above measures were deemed most appropriate at this time in a bid to stretch disposable income levels and putting more money back into the pockets of consumers;

- p) That council approve the final tariff structures and charges for water, refuse removal, sewerage and other sundry charges as set out in **(Annexure A: 2020/21 – 2022/23 Final Budget and Tariff File)**;
- q) That council approve the first set of applicable water tariffs of 0% up to 10kl and 4.9% thereafter for residential consumers and other users as specified in the tariff listing that is based on a payment rate of 85% or more. The payment rate will be measured over the basket of payments for services including property taxes calculated after month-end;
- r) That council approve the second set of water tariffs of 0% up to 10kls and 6% thereafter that will become applicable from the first month (measured after month-end) that the payment rate drops below 85%;
- s) That council approves the electricity tariffs as final for the 2020/2021 financial year, subject to NERSA's final approval;
- t) 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 2020/21 – 2022/23)**;
- u) That the **amendments** to the budget and related policies, the Credit Control and Debt Collection Policy and By-law also the **amendments** to the Property Rates Policy as set out in **(Annexure D: Final Amendments to Budget Related Policies 2020/21)** hereto, be approved as final;
- v) That the training budget limited to 0,50% of the salary budget in the amount of **R1 196 912 for the 2020/21 financial year be approved as final;**
- w) That Council takes note and grant approval (**but specifically having regard for the fact that should the exemption application to the SALGBC be successful, that the said approval will no longer be of legal substance or force**) for the following increases as follows:
 - In respect of all personnel (excluding the Municipal Manager, CFO, Directors Civil Services and Development Services bound to the Upper Limit dispensation), an increase of **6.25%** for 2020/21; **6%** for 2021/22 and **6%** for the 2022/23 financial years, excluding the increase in other benefits that are applicable and the annual 2.5% notch increase where applicable.
 - In respect of the other section 56-appointments, a **6.25%** increase with effect from 1 July 2020 (increases of the directors: Corporate, Electrical and Protection Services

being linked to the other personnel costs negotiated and determined at national level as allowed for);

- That council approves the provision made for the year-on year movements in regulated upper limits for political office bearers.
- x) That council approves the funding requirement in the salary bill to the tune of R 3, 803 million from own funds to fund the posts per **Annexure F**;
- y) That Council takes note of the budgeted operating deficit that will be “cash-funded” as a result of cash reserves in table A8, the total expenditure growth of **7.1%** from the current to the new financial year and the reduced revenue streams with minimal growth in revenue of **3.2%** 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 factors for cash coverage for operating expenses reduced materially to 8.6 months for 2020/2021, 7.1 months for 2021/2022 and 7.5 months for 2022/2023 financial years (this weakening from the audited performance amplifies the requirement for reduced capital spending adumbrated above);**
 - over the next three financial years the planning is such that an operating deficit are envisaged for 2020/2021 to an amount of **R 14 747 267** with operating surpluses envisaged for 2021/2022 to an amount of **R 10 060 853** and 2022/2023 an amount of **R 7 176 865 (excluding capital grant income and all things remaining equal);**
- z) 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;
- aa) That Council take note that the budget was also prepared in the new mSCOA Version 6.4 as required by National Treasury;

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

Note: Annexures A, E and F 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 deficit in year one and surpluses over the remainder of the MTREF remains unchanged.

1.2 Executive Summary

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the Integrated Development Plan. National Treasury's MFMA Circular No. 98, No.99 and Annexure to No.99 were also used to guide the compilation of the 2020/21 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. Inputs and representations were considered prior to final approval and consideration was given in line with Section 23 of the MFMA whether the draft budget needed to be revised and it was decided by the Executive Mayor that given the prevailing economic conditions and the pandemic caused by COVID-19, that it cannot be business as usual and Finance was tasked to go back to drawing board.

An opportunity was given to the Chief Financial Officer to advise on way forward given the pandemic and the unknown impact on business and communities from the perspective of the municipality's role and mandate. After a detailed analysis of financial position and current risks, the Executive Mayor made it clear that the tariffs and taxes be revised downwards to assist the struggling consumers and business during this time, having regard for the impact on cash flows and the municipality's reserves. This in a bid to assist and soften the impact that municipal charges would have on already stretched disposable income levels and the plight of the business community given the devastating economic impact of COVID-19 and the associated lockdown.

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 principles amongst other were highlighted in National Treasury budget circulars 98 and 99 (including annexures) informing the Final 2020-2021 MTREF:

- *The National Energy Regulator of South Africa (NERSA) is responsible for price determination of the bulk costs for electricity. However, there has not been any determination by NERSA since the impasse around Eskom's application. While the court case between NERSA and Eskom is still pending, municipalities should use the tariff increases previously (March 2019) approved by the regulator of 8.1 per cent for 2020/21, 5.2 per cent 2021/22 and 8.9 per cent for 2022/23.*
- **The above position of NERSA has since been revised downwards with the municipality honouring it and has prepared the final budget by making provision for bulk purchases of 6.9% and 6.22% for electricity re-sales.**
- *The March, 9 Circular also provides clarity and updates the December 2019 MFMA Circular No. 98 specifically with regards to long-term borrowing for multi-year capital projects. In terms of sections 16(3) of the MFMA, money for capital expenditure may be appropriated for a period not exceeding three financial years, provided that a separate appropriation is made for each of those financial years. National Treasury has taken the position that municipalities may not incur long-term debt to replenish internally generated funds which were spent in prior financial years, even if such spending was for capital expenditure. **In this regard budgets must be cash backed and able to generate surpluses.***
- *The Salary and Wage Collective Agreement for the period 01 July 2018 to 30 June 2021 is still in operation, therefore municipalities need to budget for their employee related costs in line with the multi-year wage agreement, and also ensure the agreement is correctly implemented and applied as per clauses of the agreement. Municipalities must ensure that compensation demands are balanced with the broader needs of society. In this context, municipalities should start taking decisive action to address bloated organisational structures and above inflation wage increases. Wage bill increases are crowding out spending on capital projects for future economic growth and impacts on service delivery.*
- *Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. Any overpayment to councillors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councillor(s) concerned.*
- *Over the next three years, above-inflation growth in allocations to the local government equitable share continues, while growth in conditional grants is slower as a result of the reductions announced in the 2020 Budget. The local government Equitable Share continues to receive above inflation increases because it allows municipalities to offer free basic services to indigent residents who cannot afford to pay for services. The total direct allocations to local government grow at an annual average rate of 6.6 per cent over the MTEF period.*

- Over the past year, economic growth has been weaker than forecasted and is only expected to reach 0.9 per cent in 2020. The 2020 budget highlights the difficult economic and fiscal choices confronting government over the next several years.

The Macro-economic forecasts as illustrated below:

Table 1 Macroeconomic performance and projections				
	2019	2020	2021	2022
Percentage change	Estimate	Forecast		
Real GDP growth	0.3	0.9	1.3	1.6
CPI inflation	4.1	4.5	4.6	4.6

NB NOTE: the above forecasts were as at 9 March 2020 unchanged by the National Treasury, but given the current situation with the rapid spread of COVID-19, totally unrealistic with real negative growth over the short to medium term, given the fact that SA is already technically in a recession.

As a result of the economic landscape and weak tariff setting, municipalities are under pressure to generate additional revenue. The ability of consumers to pay for services continues to decline, resulting in potential reduced revenue collection. Therefore, municipalities must consider the following when compiling their 2020/2021 MTREF budgets:

- Improving the effectiveness and initiatives around revenue management processes and procedures;
- exercise caution when they prepare their 2020/21 MTREF budgets to ensure synergy with national economic and fiscal prudence;
- the declining economic growth which might be impacted on further by the Corona virus pandemic and international companies closing down as a result, the deteriorating state of the finances for state-owned entities, continued high unemployment and water and electricity shortages will put pressure on the ability of municipalities to raise revenue;
- a conservative approach must be followed when projecting revenue and to eliminate any waste and unnecessary expenditure;
- importantly, municipalities should ensure that they adopt realistic and funded 2020/21 MTREF budgets;**
- investments in waste collection and treatment infrastructure should be made in tandem with industrial and urban developments to minimise pollution to our land and waters to attract economic investment;
- paying special attention to cost containment measures by, amongst other things, controlling unnecessary spending on nice-to-have items and non-essential activities as was highlighted in MFMA Circular No. 82 and municipal Cost containment policy;
- ensuring value for money through the procurement process;
- the affordability of providing free basic services to all households; and
- curbing consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.

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

TYPE	2019/2020 (R'000)	2020/2021 (R'000)	2021/2022 (R'000)	2022/2023 (R'000)
Capital expenditure	140 816	212 436	137 639	137 710
Operating expenditure	745 220	797 919	876 100	909 933
TOTAL	886 036	1 010 354	1 013 740	1 047 643

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

The outbreak of the novel coronavirus (Covid-19) has caused disruption across the world and very recently South Africa. This is, above all, a human and social crisis necessitating some significant changes in the way we go about our daily lives. As efforts are underway to manage the spread as it radiates across the world, the impact to businesses and economies has become increasingly significant with the municipality not spared. This will have implications on our revenue projections requiring responsible expenditure decisions going forward.

- The impact on the economy as a result of poor economic performance, unemployment and devastating impact of COVID-19 on all industries, business and SMME's;
- Planned anticipated revenue from property tax rates and service charges under pressure as a result of potentially devastating economic impacts of the COVID-19 pandemic on households and businesses, given the unprecedented downturn in the economy;
- The upward pressure and multiplier effect of increases in staff salaries negotiated and agreed at National Level;
- The impact of the rapid spread of COVID-19 on both the SA and local economy;
- Reduced local government equitable share allocation currently used as an income source balance services cost.

Management Judgements and Sources of Uncertainty at this time

- **Zero based budgeting principles on the below items given the fact that not enough data is available for purposes of reasonable projections over the medium term:**
 - **Income from agency services and fines, licencing & permits**
 - **Rental income from community facilities, caravan park, harbour and sport grounds**
 - **Other sundry revenue income**
 - **Judgements in applying Accounting Policies**
 - **Assumptions and reliable sources of estimation uncertainty**
 - **Examples of areas that can be impacted extends to the assessment of useful lives of PPE and Investment Property (IP)**

- **The fair value determination IP**
- **Impairment of cash generating and non-cash generating assets**
- **Potential write-downs on inventory**
- **The net realisable value of inventory**
- **Impairment allowances of receivables (payment of municipal services)**
- **The impact of COVID-19 on the Going-Concern principles must still be considered on the financial reporting for the 2019-2020 financial year in terms of the following GRAP principles:-**
 - ◆ **GRAP 14 dealing with events after the reporting date and GRAP 1 dealing with the presentation of AFS from a comparability perspective and must inter alia include the following:**
 - ◆ **Going concern calculations**
 - ◆ **Financial modelling and cash flows**

Much improvement and innovation would be required going forward inclusive of aggressive automation of processes and platforms via ICT and will require a purpose driven approach and passion in a new uncertain normal.

LATEST ECONOMIC ROUGH FIGURES

- Sectors hit the hardest are Construction (-11.9%), Personal Services,(-6%) and Mining(-5.2%)
- Domestic growth is expected to decline by 7.4% due to the double crisis of the Covid-19 and sovereign ratings downgrade – Statement by the National Treasury
- SA growth 6.6% lower by IMF forecasts vs January forecast
- Unemployment will rise by-6.1% just from lockdown (South African Reserve Bank (SARB) early calculations–likely to be more severe!).Potential rise to 8 million people (40–50%).
- Sovereign credit rating downgraded to “junk” status
- SARB has responded with two rapidly consecutive cuts in the repo rate: a total **of 200 basis points**, down to 4.25% per annum
- **Deep problem of economic and fiscal uncertainty**–challenging to determine the wide spread impacts
- **Significant change** is required to stabilize the economy and its impact on the fiscal environment
- New projections are a 5%-16% contraction of the economy!

Further to this, the committee took cognisance of the very real negative economic impact as a direct result of the COVID-19 pandemic, where the number of job losses is currently unknown and not quantified from an economic or growth perspective. In this regard the approach to the revenue projections over the MTREF was conservative with concerns raised in respect of the trajectory of expenditure growth compared to realistic revenue generation as economists' project negative growth over the short to medium term.

Keeping the above in mind, the following table is a consolidated overview of the 2020/21 Medium-term Revenue and Expenditure Framework:

Consolidated Overview of the 2020/21 MTREF (R'000)

R thousand	Year 2019/2020	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjustment Budget	2020/2021 (R'000)	2021/2022 (R'000)	2022/2023 (R'000)
Total Operating Revenue	763 199	783 171	886 161	917 110
Total Operating Expenditure	745 220	797 919	876 100	909 933
Surplus / (Deficit) excluding capital transfers and development charges	17 979	(14 747)	10 061	7 177
Capital Transfers & Development Charges	80 451	86 864	28 897	66 713
Surplus / (Deficit) for the year	98 430	72 116	38 958	73 890

Total operating revenue **excluding capital grants and development charges** for the 2020/21 financial year has been appropriated at R 783 171 million and is expected to grow by 2.62 per cent or R 19 972 million for the 2020/21 financial year when compared to the 2019/20 Adjusted Budget. For the two outer years, operational revenue will increase by 13.15 and 3.49 per cent respectively, equating to total revenue growth of R 153 911 million over the MTREF (2020/21 to 2022/23). The outer years are based on available information at the time of compiling this report.

Total operating expenditure for the 2020/21 financial year has been appropriated at R 797 919 million and translates into a budgeted deficit of R 14 747 million (**before capital transfers and development charges**). When compared to the 2019/20 financial year, operational expenditure is projected to grow by 7.07 per cent in the 2020/21 budget; 9.8 per cent in the 2021/22 budget and 3.86 per cent in the 2022/23 budget (based on current assumptions) equating to total expenditure growth of R 164 713 million over the MTREF (2020/21 to 2022/23).

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 2020/2021			Budget Year 2021/2022			Budget Year 2022/2023		
R thousand	Revenue	Expenditure	Surplus / (Deficit)	Revenue	Expenditure	Surplus / (Deficit)	Revenue	Expenditure	Surplus / (Deficit)
Revenue & Expenditure by Vote									
Vote 1 - Corporate Services	11 518	35 380	(23 863)	11 689	36 769	(25 080)	12 357	38 629	(26 272)
1.1 - Administration	204	13 982	(13 778)	216	14 474	(14 258)	229	15 036	(14 807)
1.2 - Human Resources	676	5 213	(4 537)	302	5 148	(4 845)	333	5 396	(5 063)
1.3 - Libraries	10 428	9 926	502	10 959	10 506	453	11 562	11 115	448
1.4 - Marketing and Tourism	30	1 534	(1 504)	31	1 621	(1 590)	33	1 721	(1 687)
1.5 - Community Halls and Facilities	180	4 724	(4 544)	180	5 020	(4 840)	200	5 361	(5 161)
Vote 2 - Civil Services	208 567	270 364	(61 797)	221 721	275 481	(53 760)	256 138	318 867	(62 730)
2.1 - Administration		3 434	(3 434)		3 666	(3 666)		3 886	(3 886)
2.2 - Cemeteries	703	669	35	741	686	56	781	702	79
2.3 - Municipal Property Maintenance	943	14 238	(13 295)	957	14 749	(13 792)	1 015	14 949	(13 934)
2.4 - Parks and Recreational Areas	523	15 721	(15 198)		17 114	(17 114)		18 368	(18 368)
2.5 - Proclaimed Roads	286	327	(41)	293	519	(227)	20 300	25 037	(4 737)
2.6 - Refuse Removals	43 090	31 168	11 923	45 360	31 771	13 589	48 065	35 216	12 849
2.7 - Street Cleaning		5 173	(5 173)		5 585	(5 585)		5 900	(5 900)
2.8 - Solid Waste Disposal(Landfill Sites)		7 004	(7 004)		7 982	(7 982)		7 784	(7 784)
2.9 - Sewerage Services	86 990	48 252	38 738	87 824	47 726	40 098	76 355	49 719	26 635
2.10 - Waste Water Treatment		2 868	(2 868)		3 031	(3 031)		3 205	(3 205)
2.11 - Sportgrounds	372	3 496	(3 125)	117	3 673	(3 557)	124	3 878	(3 754)
2.12 - Streets	1 436	38 269	(36 833)	6 572	39 041	(32 470)	9 120	42 075	(32 955)
2.13 - Stormwater	111	17 157	(17 046)		17 841	(17 841)		18 883	(18 883)
2.14 - Swimming Pools	392	3 606	(3 214)	395	3 717	(3 322)	428	3 790	(3 362)
2.15 - Water Distribution	73 720	78 984	(5 264)	79 462	78 378	1 083	99 951	85 479	14 472
Vote 3 - Council	290	18 108	(17 818)	295	19 140	(18 845)	299	20 164	(19 865)
3.1 - Council General Expenses	290	18 108	(17 818)	295	19 140	(18 845)	299	20 164	(19 865)
Vote 4 - Electricity Services	335 512	312 609	22 903	348 648	333 255	15 393	369 640	355 554	14 086
4.1 - Administration	-	1 732	(1 732)	-	1 832	(1 832)	-	1 925	(1 925)
4.2 - Distribution	335 512	296 042	39 470	348 648	315 189	33 459	369 640	336 599	33 041
4.3 - Street Lighting	-	1 625	(1 625)	-	2 054	(2 054)	-	2 349	(2 349)
4.4 - IT Services	-	13 210	(13 210)	-	14 180	(14 180)	-	14 680	(14 680)
Vote 5 - Financial Services	209 518	59 827	149 691	233 046	61 961	171 085	254 871	66 365	188 506
5.1 - Administration		2 146	(2 146)	-	2 310	(2 310)	-	2 411	(2 411)
5.2 - Finance	75 963	39 208	36 755	87 085 674	40 756	46 329	99 348 373	43 894	55 454
5.3 - Budget and Treasury		5 012	(5 012)		6 415	(6 415)		6 522	(6 522)
5.4 - Asset Management		2 488	(2 488)	-	1 304	(1 304)	-	1 384	(1 384)
5.5 - Grants and Subsidies - FMG	1 550	1 550		1 550	1 550		1 550	1 550	
5.6 - Fleet Management	-	1 028	(1 028)	-	1 084	(1 084)	-	1 146	(1 146)
5.7 - Property Rates	132 006	1 668	130 337	144 410	1 407	143 003	153 973	1 832	152 141
5.8 - Supply Chain Management	-	6 728	(6 728)	-	7 134	(7 134)	-	7 627	(7 627)
Vote 6 - Development Services	59 684	29 029	30 655	54 273	73 712	(19 439)	44 664	31 435	13 230
6.1 - Administration	1	2 078	(2 077)	1	2 206	(2 204)	1	2 336	(2 335)
6.2 - Caravan parks - Yzerfontein	1 715	2 140	(425)	3 128	2 287	841	3 241	2 482	759
6.3 - Community Development	3 118	3 011	108	38	3 339	(3 301)	38	3 511	(3 473)
6.4 - Multi-Purpose Centres	160	1 498	(1 338)	11	1 472	(1 462)	11	1 973	(1 962)
6.5 - Planning and Valuations	956	8 676	(7 720)	1 002	7 991	(6 989)	1 051	8 826	(7 776)
6.6 - Building Control	2 839	3 063	(224)	2 958	3 237	(279)	3 083	3 434	(352)
6.7 - Housing	50 894	6 629	44 265	47 135	51 343	(4 208)	37 239	6 937	30 303
6.8 - Occupational Health and Safety	-	1 933	(1 933)	-	1 836	(1 836)	-	1 935	(1 935)
Vote 7 - Municipal Manager	-	8 092	(8 092)	-	8 701	(8 701)	-	9 051	(9 051)
7.1 - Administration	-	3 918	(3 918)	-	4 119	(4 119)	-	4 313	(4 313)
7.2 - Strategic Planning	-	2 185	(2 185)	-	2 487	(2 487)	-	2 538	(2 538)
7.3 - Internal Audit	-	1 989	(1 989)	-	2 095	(2 095)	-	2 200	(2 200)
Vote 8 - Protection Services	44 945	64 508	(19 563)	45 386	67 082	(21 695)	45 854	69 868	(24 015)
8.1 - Administration	-	2 255	(2 255)	-	2 439	(2 439)	-	2 794	(2 794)
8.2 - Civil Protection	-	2 000	(2 000)	-	500	(500)	-	500	(500)
8.3 - Fire Fighting	762 012	7 644	(6 882)	30 012	8 151	(8 121)	30 012	8 296	(8 266)
8.4 - Harbour Yzerfontein	288	385	(96)	288	410	(122)	288	447	(159)
8.5 - Road and Traffic Regulation	8 744	8 646	98	9 265	9 146	119	9 817	9 716	101
8.6 - Policing and Law Enforcement	35 151	43 579	(8 428)	35 803	46 435	(10 632)	35 719	48 115	(12 397)
Total Revenue & Expenditure by Vote	870 035	797 919	72 116	915 058	876 100	38 958	983 823	909 933	73 890

The municipality is in a very privileged position to be able to invest a total of R 308 738 million of its own funds over the 2020/21 MTREF.

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

Description	Adjustment Budget		2020/21 Medium Term Revenue & Expenditure Framework					
	2019/20 (R'000)	%	2020/21 (R'000)	%	2021/22 (R'000)	%	2022/23 (R'000)	%
Funded by:								
National Government	30 301	22%	32 835	15%	27 700	20%	28 810	21%
Provincial Government	48 150	34%	52 888	25%	55	0%	36 760	27%
Other transfers and grants	2 000	1%	-	0%	-	0%	-	0%
Borrowing	-	0%	-	0%	-	0%	-	0%
Internally generated funds	60 365	43%	126 713	60%	109 884	80%	72 140	52%
Total Capital Funding	140 816	100%	212 436	100%	137 639	100%	137 710	100%

The total final capital budget for 2020/2021 amounts to R 212 436 million with around R 126 713 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 487 786 million. An increase of R 7 746 million from the previous approved adjusted MTREF of R 480 040 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.

PURCHASING OF 2 BUILDINGS FOR ADMINSTRATIVE PURPOSES

The need arose to investigate the purchasing of council's own buildings compared to escalating rentals placing an additional burden on already stretched resources in the operational budget over the medium to longer term. In this regard two buildings were identified which is well located to serve the purpose of administrative staff currently in the "Checkers and "Pep" buildings and the MAYCO in the "Santam" building. The "conversion works" are estimated at R 6 million and forms part of the additional capital costs. The purchase cost of the Nedbank building is R 12 650 million and a potential Offer to purchase of R5 million (Incl costs) for the Standard Bank Building, excluding the budgeted cost to put the buildings into service.

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 R46 680 million in year 2 is envisaged for the De Hoop Housing Project in the form of top structures found in the operational budget and further services for the De Hoop project in year 3 at R 36 760 million. Darling to get services in year 1 for Gap housing to the tune of R 1 800 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**.

Council approved the upgrading of the waste water treatment works of both Moorreesburg and Darling in the previous MTREF. **The commencement of these projects was however delayed as a result of a revised market approach needed, given the prevailing market conditions not having been favourable in the current year.** The higher than planned total cost as per the 2019-20 MTREF appropriation necessitated that all available funding sources be re-assessed once more in order to secure the correct funding mix over the implementation of these projects spanning over ± 3 years. In the 2020-21 Draft budget, the planned amount of external borrowing approved was as follows: R 25 000 000 in 2020/21 and R 25 000 000 in 2021/22.

Council's cash position was closely monitored given the down-swing of the SA economy amidst global fears, but so also the planned funding mix of the WWTW's for purposes of longer term liquidity and financial sustainability.

The current economic situation necessitated revisiting of the tabled funding mix of the WWTW's and was found to no longer be the optimal choice, given the opportunity cost in a bid to soften the cost of the service and associated impact on consumers of the service over the longer term, given the impact that the financing cost would have had on the service.

Council to re-confirm its commitment to the funding mix in these documents by now making available a further R50 million from councils own reserves bringing council's contribution to around R96 million for the 2 projects as this will have the impact of reduced interest income from investments.

1.2.1 Financial indicators and benchmarks

The following table sets out the municipalities main performance objectives and benchmarks for the 2020/21 MTREF. (Derived from the National Treasury A-schedules **and not** as prescribed by Circular 71)

WC015 Swartland - Supporting Table SA8 Performance indicators and benchmarks							
Description of financial indicator	Basis of calculation	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<u>Borrowing Management</u>							
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	4.3%	3.1%	3.1%	3.0%	2.7%	2.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5.0%	3.6%	3.6%	3.6%	3.4%	3.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	65.2%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>							
Gearing	Long Term Borrowing/ Funds & Reserves	62.1%	54.7%	54.7%	52.4%	43.6%	31.6%
<u>Liquidity</u>							
Current Ratio	Current assets/current liabilities	4.5	4.5	4.5	4:1	3:1	3:1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	4.5	4.5	4.5	4:1	3:1	3:1
Liquidity Ratio	Monetary Assets/Current Liabilities	3.5	3.5	3.5	3:1	2:1	2:1
<u>Revenue Management</u>							
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	94.6%	94.5%	96.2%	87.2%	85.0%	90.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		94.5%	96.2%	96.2%	85.0%	90.0%	95.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	18.8%	19.8%	19.8%	27.3%	28.9%	28.4%
<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%	100.0%
Creditors to Cash and Investments		20.9%	22.3%	22.3%	30.6%	36.3%	35.7%
<u>Other Indicators</u>							
Electricity Distribution Losses (2)	Total Volume Losses (kW)	10 476 182	10 476 182	10 476 182	10 790 467	11 006 277	11 226 402
	Total Cost of Losses (Rand '000)	R 12 334 657	R 12 334 657	R 12 334 657	R 13 274 558	R 14 286 079	R 15 374 678
	% Volume (units purchased and generated less units sold)/units purchased and generated	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	685 928	685 928	685 928	706 506	720 636	735 049
	Total Cost of Losses (Rand '000)	R 9 664 729	R 9 664 729	R 9 664 729	R 9 954 671	R 10 253 311	R 10 560 910
	% Volume (units purchased and generated less units sold)/units purchased and generated	15.0%	18.0%	18.0%	18.0%	18.0%	18.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	28.9%	28.8%	28.8%	30.6%	28.8%	29.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	30.4%	30.3%	30.3%	32.0%	30.1%	30.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	7.3%	7.2%	7.2%	6.6%	6.2%	9.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	14.2%	13.3%	13.3%	13.4%	11.9%	12.2%
<u>IDP regulation financial viability indicators</u>							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	11.6	11.6	11.6	13.1	12.7	13.4
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	26.0%	27.9%	27.9%	37.2%	41.6%	39.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	11	11	11	8	7	7

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

1.2.1.1 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 2020/2021 MTREF:

- Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure.
- Borrowing funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing (The R50 million external loan that would have been taken up as partial funding for the upgrading of the Waste Water Treatment Works of Moorreesburg and Darling will now be financed from Council's own reserves given the impact that current prevailing higher finance charges in the market would have had on the cost of the service and specifically note that this option will result in reduced interest income from investments).

1.2.1.2 Safety of Capital

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

1.2.1.3 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.

1.2.1.4 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 whilst credit control had to be relaxed during the hard lockdown which is not favourable.

1.2.1.5 Creditors Management

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

1.2.1.6 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 28.8% and 30.6%. Total remuneration as a percentage of operating revenue (excluding capital grants) over the MTREF is between 30.1% and 32%. As discussed previously in this report, 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 15 652 million in total over the 2020/21 MTREF period when compared to the 2019/20 adjustments budget, mainly due to Housing Top structure and Proclaimed roads maintenance grant expenditure sorting under "contracted services"

1.3 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 average increase/zero increases in tariffs for the 2020/2021 financial year is as follows, save for the reduction in property tax rates and the resultant increase in the municipal account for rates being dependent on individual property value fluctuations between the general valuation of 2015 and 2019 and therefore no correlation between the reduced property tax rates and what an individual owner would pay, dependent on individual growth in valuations of a property.

The following table is a summary of the 2020/2021 MTREF (classified by main revenue source):

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

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands					
<u>Financial Performance</u>					
Property rates	121 289	121 289	128 928	141 086	150 382
Service charges	419 650	418 650	444 403	473 550	503 079
Investment revenue	40 920	42 237	30 712	33 684	38 073
Transfers recognised - operational	112 666	117 454	120 495	176 350	162 620
Other own revenue	57 170	63 569	58 634	61 491	62 955
Total Revenue (excluding capital transfers and contributions)	751 695	763 199	783 171	886 161	917 110

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 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote					
Vote 1 - Corporate Services	10 953	11 015	11 518	11 689	12 357
Vote 2 - Civil Services	213 095	213 779	208 567	221 721	256 138
Vote 3 - Council	260	290	290	295	299
Vote 4 - Electricity Services	302 842	302 982	335 512	348 648	369 640
Vote 5 - Financial Services	204 060	210 819	209 518	233 046	254 871
Vote 6 - Development Services	43 562	55 938	59 684	54 273	44 664
Vote 7 - Municipal Manager	—	45	—	—	—
Vote 8 - Protection Services	44 084	48 782	44 945	45 386	45 854
Total Revenue by Vote	818 856	843 650	870 035	915 058	983 823

Percentage growth in revenue base by main revenue source

Vote Description R thousand	Current Year 2019/2020	2020/21 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	Budget Year 2020/21	%	Budget Year 2021/22	%	Budget Year 2022/23	%
Revenue by Source							
Property rates	121 289	128 928	6%	141 086	9%	150 382	7%
Service charges - electricity revenue	290 458	318 741	10%	338 135	6%	358 702	6%
Service charges - water revenue	56 497	56 975	1%	62 498	10%	66 968	7%
Service charges - sanitation revenue	44 138	42 218	-4%	45 011	7%	47 990	7%
Service charges - refuse revenue	27 557	26 468	-4%	27 906	5%	29 420	5%
Rental of facilities and equipment	1 606	1 495	-7%	1 595	7%	1 700	7%
Interest earned - external investments	42 237	30 712	-27%	33 684	10%	38 073	13%
Interest earned - outstanding debtors	2 799	4 585	64%	4 516	-2%	4 436	-2%
Fines, penalties and forfeits	32 800	33 030	1%	33 464	1%	33 803	1%
Licences and permits	4 524	3 759	-17%	3 981	6%	4 216	6%
Agency services	4 600	4 876	6%	5 169	6%	5 479	6%
Transfers and subsidies	117 454	120 495	3%	176 350	46%	162 620	-8%
Other revenue	11 599	10 689	-8%	12 567	18%	13 123	4%
Gains	5 642	200	-96%	200	0%	200	0%
Total Revenue (excluding capital transfers and contributions)	763 199	783 171	3%	886 161	13%	917 110	3%
Total Revenue from Property Rates and Service Charges	539 939	573 330	6%	614 636	7%	653 462	6%

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 69 and 73 percent of the total revenue mix for the 2020/21 MTREF. In the 2020/21 financial year, revenue from property rates and services charges amounts to R 573 330 million or 73 per cent of total revenue mix (**growth of 6%**). This figure increases to an estimated R 614 636 million or 69 per cent (**growth of 7%**) and R 653 462 million or 71 per cent (**growth of 6%**) in the respective financial years of the 2020/21 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

1.3.1 Operating and Capital Grants

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

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

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

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand					
Operating Transfers and Grants					
National Government:	94 852	94 852	105 612	115 843	128 527
Local Government Equitable Share	91 534	91 534	102 195	114 293	126 977
Finance Management	1 550	1 550	1 550	1 550	1 550
EPWP Incentive	1 768	1 768	1 867	–	–
Provincial Government:	17 564	21 641	14 608	64 205	36 760
Community Development Workers	–	74	38	38	38
Human Settlements	–	5 039	1 950	50 680	3 000
Municipal Accreditation and Capacity Building Grant	224	224	238	252	264
Libraries	9 557	9 557	10 068	10 695	11 283
Proclaimed Roads Subsidy	5 084	5 084	175	175	20 175
Financial Management Support Grant: Student Bursaries	379	379	401	–	–
Financial Management Support Grant: mSCOA	330	330	–	–	–
Thusong Grant	–	–	150	–	–
Establishment of a K9 Unit	1 990	954	1 588	2 365	2 000
Total Operating Transfers and Grants	112 416	116 493	120 220	180 048	165 287
Capital Transfers and Grants					
National Government:	30 301	30 301	32 835	27 700	28 810
Municipal Infrastructure Grant (MIG)	21 301	21 301	21 183	22 700	23 810
Energy Efficiency and Demand Side Management Grant	4 000	4 000	4 000	–	–
Integrated National Electrification Programme (municipal)	5 000	5 000	7 652	5 000	5 000
Provincial Government:	36 860	48 150	52 488	55	36 760
Human Settlements	32 480	41 094	48 074	–	36 760
RSEP/VPUU Municipal Projects	4 000	4 000	3 000	–	–
Libraries	50	50	70	–	–
Upgrading of Tennis & Netball Courts	320	320	–	–	–
Fire Service Capacity Building Grant	–	–	732	–	–
Establishment of a K9 Unit	10	1 046	612	55	–
Greenest Municipality Competition	–	140	–	–	–
Proclaimed Roads Subsidy	–	1 500	–	–	–
Total Capital Transfers and Grants	67 161	78 451	85 323	27 755	65 570
TOTAL RECEIPTS OF TRANSFERS & GRANTS	179 577	194 944	205 543	207 803	230 857

1.3.2 Property Rates

The new general valuation envisaged for the 2020/21 financial year resulted in an increase in Valuations on average. Although the property tax rate was decreased in real terms, the increase in certain property valuations will have the result of an increased municipal account in this regard. The below proposed property tax rate decreases for the final budget were further reduced compared to the rates approved in the Draft Budget.

Further to the above in an effort to bring further relief an additional rebate over and above the impermissible tax, equal to an amount of R35 000 on the valuation of such property will also be granted to the category of property in 4 (a)-(residential properties) with no application having to be made, further subject to the rebate being granted to only one property in the name of an owner. **See reduced planned rates below calculated on the rate for year 2 proposed in 2019/20.**

The categories of rateable properties for purposes of levying rates and the proposed final rates for the 2020/21 financial year are as follows:

Property Rates	2019/20	2020/21 Planned	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Residential Properties	0,6490	0,6880	0,5160	0,5470	0,5798	-25.00%	6.00%	6.00%
Businesses, Commercial and Industrial Properties	0,8580	0,9266	0,7413	0,8006	0,8647	-20.00%	8.00%	8.00%

Property Rates	2019/20	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Residential Properties	0,6490	0,5160	0,5470	0,5798	-20.50%	6.00%	6.00%
Businesses, Commercial and Industrial Properties	0,8580	0,7413	0,8006	0,8647	-13.60%	8.00%	8.00%

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 2020/2021 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 2020/2021 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 2020/21 Policy will become effective in the 2021/2022 financial year.

1.3.3 Sale of Water and Impact of Tariff Increases

All things remaining equal, it is envisaged that the Level 1 restrictive water tariffs will still apply with the start of the new financial year starting 1 July 2020. In this regard and more specifically 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 inclusive of the Mayors framework to the CFO insofar as bringing relief with the new revised blocks one and two. The municipality has moved away from the 8% and 12% across the board increases of the past. In this regard the Executive Mayor wants to thank all water consumers for their responsible consumptions during the period of drought experienced not too long ago.

Water tariffs were further reduced from the position in the draft budget to a zero % increase for all businesses and zero % up to the first 10 kl of water for residential consumers. This first set of water tariffs applicable is based on a payment rate of 85% or more. The payment rate will be measured over the basket of payments for services including property taxes. All other users **(excluding the increases for business and industries reaming at a zero % increase)** will pay 4.9% more given the extent of water infrastructure investment required over the medium term.

The second set of water tariffs will become applicable from the first month (measured after month-end) that the payment rate drops below 85%, where after a minimal 6% increase will be applicable to residential consumers.

R thousand	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	2020/2021 (R'000)	2021/2022 (R'000)	2022/2023 (R'000)
Revenue – Water Management	77 935	73 720	79 462	99 951
Expenditure – Water Management	63 235	78 984	78 378	85 479
Net Surplus / (Deficit)	14 700	(5 264)	1 083	14 472
Net Surplus / (Deficit) %	19%	-7%	1%	14%
Unconditional grant	14 874	14 253	14 572	15 484
Capital grants & Development Charges	4 934	600	600	15 600
Revenue – Water Management (excl. capital grants and development charges)	73 001	73 120	78 862	84 351
Net Surplus / (Deficit) (excl. capital grants and development charges)	9 766	(5 864)	483	(1 128)
Net Surplus / (Deficit) % (excl. capital grants and development charges)	13%	(8%)	1%	(1%)

A summary of the 2020/21 final tariffs and increases for households (residential) and non-residential are as follows:

Water	2019/20	2020/21	2021/22	2022/23		2020/21	2021/22	2022/23
Network Charge: Residential, Indigent, Agricultural, Sport Clubs	R 64.87	R 64.87	R 68.76	R 72.89		0.00%	6.00%	6.00%
Network Charge: Business	R 110.00	R 110.00	R 116.60	R 123.60		0.00%	6.00%	6.00%
Equitable Share: 6 kl Free	R 8.64	R 8.64	R 9.16	R 9.71		0.00%	6.00%	6.00%
The first set of water tariffs applicable is based on a payment rate of 85% and more. The payment rate will be measured over the basket of payments for services including property taxes.								
First 2 Kl's Free Water Units to all Residential consumers which per the definition includes Indigent households for the last three months of the 2019/2020 financial year and for the remainder of the lock-down period in the new financial year up to a maximum of 6 months.								
Residential: 0 - 6kl ***NEW BLOCK***	R 5.03	R 5.03	R 5.33	R 5.65		0.00%	6.00%	6.00%
Residential: 7 - 10kl ***NEW BLOCK***	R 8.64	R 8.64	R 9.16	R 9.71		0.00%	6.00%	6.00%
Residential: 11-15kl	R 15.77	R 16.54	R 17.54	R 18.59		4.90%	6.00%	6.00%
Residential: 16 - 20kl	R 19.99	R 20.97	R 22.23	R 23.56		4.90%	6.00%	6.00%
Residential: 21 - 25kl	R 29.64	R 31.09	R 32.95	R 34.93		4.90%	6.00%	6.00%
Residential: 26 - 35 kl	R 61.75	R 64.78	R 68.67	R 72.79		4.90%	6.00%	6.00%
Residential: 36 kl >	R 85.22	R 89.40	R 94.76	R 100.45		4.90%	6.00%	6.00%
Business/Commercial/Industrial/Agricultural	R 21.60	R 21.60	R 22.90	R 24.27		0.00%	6.00%	6.00%
Sport Clubs	R 22.90	R 22.90	R 24.27	R 25.73		0.00%	6.00%	6.00%
Schools and Government Institutions	R 22.90	R 24.02	R 25.46	R 26.99		4.90%	6.00%	6.00%
Water	2019/20	2020/21	2021/22	2022/23		2020/21	2021/22	2022/23
The second set of water tariffs will become applicable from the first month (measured after month-end) that the payment rate drops below 85%.								
Residential: 0 - 6kl ***NEW BLOCK***	R 5.03	R 5.03	R 5.33	R 5.65		0.00%	6.00%	6.00%
Residential: 7 - 10kl ***NEW BLOCK***	R 8.64	R 8.64	R 9.16	R 9.71		0.00%	6.00%	6.00%
Residential: 11-15kl	R 15.77	R 16.72	R 17.72	R 18.78		6.00%	6.00%	6.00%
Residential: 16 - 20kl	R 19.99	R 21.19	R 22.46	R 23.81		6.00%	6.00%	6.00%
Residential: 21 - 25kl	R 29.64	R 31.41	R 33.30	R 35.30		6.00%	6.00%	6.00%
Residential: 26 - 35 kl	R 61.75	R 65.46	R 69.39	R 73.55		6.00%	6.00%	6.00%
Residential: 36 kl >	R 85.22	R 90.34	R 95.76	R 101.50		6.00%	6.00%	6.00%
Business/Commercial/Industrial/Agricultural	R 21.60	R 21.60	R 22.90	R 24.27		0.00%	6.00%	6.00%
Sport Clubs	R 22.90	R 22.90	R 24.27	R 25.73		0.00%	6.00%	6.00%
Schools and Government Institutions	R 22.90	R 24.27	R 25.73	R 27.27		6.00%	6.00%	6.00%

1.3.4 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.

NERSA issued a consultation paper with proposed guideline electricity tariff adjustments for municipalities on 20 March 2020. The adjustments were based on an Eskom tariff increase of 6.9% for electricity purchases and a nominal increase of 6.23% as well as Eskom based tariff structures and tariffs for municipal customers. Swartland Municipality identified inconsistencies with respect to the calculation methodology adopted by NERSA and lodged compelling objections against the application of Eskom related tariffs for reselling.

The application of the Eskom related tariffs would have resulted in almost the complete elimination of the net surplus derived from electricity sales and would severely impact the financial viability of all municipalities. NERSA subsequently conceded and reverted to the typical municipal tariff structures as applied in previous years. NERSA issued a guideline tariff determination on 30 April 2020 based on a 6.23% nominal increase, albeit the tariff determination was still designated as a draft version.

On 15 May 2020 NERSA issued the final tariff benchmark determination at a nominal increase of 6.22% for 2020/21.

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 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	2020/2021 (R'000)	2021/2022 (R'000)	2022/2023 (R'000)
Revenue – Electricity	302 982	335 512	348 648	369 640
Expenditure – Electricity	267 355	299 400	319 075	340 874
Net Surplus / (Deficit)	35 627	36 113	29 573	28 766
Net Surplus / (Deficit) %	12%	11%	8%	8%
Unconditional grant	3 348	4 923	5 317	5 742
Capital grants & Development Charges	9 140	11 812	5 160	5 160
Revenue – Electricity (excl. capital grants and development charges)	293 842	323 700	343 488	364 480
Net Surplus / (Deficit) (excl. capital grants and development charges)	26 487	24 301	24 413	23 606
Net Surplus / (Deficit) % (excl. capital grants and development charges)	9%	8%	7%	6%

Electricity losses during 2017/18 and 2018/19 audited financial years were calculated at only 5.86 per cent and 5.62 per cent respectively.

The following table shows the final 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		2019/20	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
1	Residential Consumers Network charge	R 204.96	R 217.71	R 231.25	R 245.63	6.22%	6.22%	6.22%
1	(0-50kWh)	R 1.033799	R 1.098101	R 1.166403	R 1.238953	6.22%	6.22%	6.22%
1	(51-350kWh)	R 1.329251	R 1.411930	R 1.499752	R 1.593037	6.22%	6.22%	6.22%
1	(351-600kWh)	R 1.870743	R 1.987103	R 2.110701	R 2.241987	6.22%	6.22%	6.22%
1	(>600kWh)	R 2.203056	R 2.340086	R 2.485639	R 2.640246	6.22%	6.22%	6.22%
2	Commercial / Non Standard . Basic Ampere	R 9.621352	R 10.219801	R 10.855472	R 11.530683	6.22%	6.22%	6.22%
2	Commercial / Non Standard .per kWh	R 1.724748	R 1.832028	R 1.945980	R 2.067020	6.22%	6.22%	6.22%
2	Commercial Basic < 20KVA	R 521.32	R 553.74	R 588.19	R 624.77	6.22%	6.22%	6.22%
2	Commercial Basic 20 to 40 KVA	R 685.72	R 728.37	R 773.68	R 821.80	6.22%	6.22%	6.22%
2	Commercial Basic >40 KVA	R 1 251.51	R 1 329.35	R 1 412.04	R 1 499.86	6.22%	6.22%	6.22%
2	Commercial Basic < 20KVA per kWh	R 1.724748	R 1.832028	R 1.945980	R 2.067020	6.22%	6.22%	6.22%
2	Commercial Basic 20 to 40 KVA per kWh	R 1.724748	R 1.832028	R 1.945980	R 2.067020	6.22%	6.22%	6.22%
2	Commercial Basic >40 KVA per kWh	R 1.724748	R 1.832028	R 1.945980	R 2.067020	6.22%	6.22%	6.22%
5	Alternative - Households 20 Amp.-							
5	(0-50kWh)	R 0.947753	R 1.006703	R 1.069320	R 1.135832	6.22%	6.22%	6.22%
5	(51-350kWh)	R 1.243092	R 1.320412	R 1.402541	R 1.489780	6.22%	6.22%	6.22%
5	(351-600kWh)	R 1.772259	R 1.882494	R 1.999585	R 2.123959	6.22%	6.22%	6.22%
5	(>600kWh)	R 2.129921	R 2.262402	R 2.403123	R 2.552598	6.22%	6.22%	6.22%
7	Pre-paid meter system (Indigent Residential)							
7	(0-50kWh)	R 0.947753	R 1.006703	R 1.069320	R 1.135832	6.22%	6.22%	6.22%
7	(51-350kWh)	R 1.243092	R 1.320412	R 1.402542	R 1.489780	6.22%	6.22%	6.22%
7	(351-600kWh)	R 1.772259	R 1.882494	R 1.999585	R 2.123959	6.22%	6.22%	6.22%
7	(>600kWh)	R 2.129221	R 2.261659	R 2.402334	R 2.551759	6.22%	6.22%	6.22%
12	Pre-paid Meter System (Non-Indigent Residential)							
12	(0-350kWh)	R 1.965263	R 2.087502	R 2.217344	R 2.355263	6.22%	6.22%	6.22%
12	> 350 kWh	R 2.121193	R 2.253131	R 2.393276	R 2.542138	6.22%	6.22%	6.22%

1.3.5 Sanitation and Impact of Tariff Increases

The final tariff increase reduced from **7.51% to 0%** to cater for the potentially devastating economic impacts of COVID-19 on households and businesses, bearing in mind that the waste water treatment works in Moorreesburg and Darling are in need of critical upgrades per the quantum in the capital budget. These projects will now require the municipality to fund the proposed R50 million external loan from council's own reserves apart from the MIG (municipal infrastructure grant). **Council upon deciding on the materially revised funding mix, considered the impact on the consumer and therefore funding to the tune of R 96 135 million from councils own reserves now becomes the major finance source in the new MTREF.**

R thousand	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	2020/2021 (R'000)	2021/2022 (R'000)	2022/2023 (R'000)
Revenue – Sanitation	82 813	86 990	87 824	76 355
Expenditure – Sanitation	46 750	51 119	50 757	52 924
Net Surplus / (Deficit)	36 063	35 871	37 067	23 431
Net Surplus / (Deficit) %	44%	41%	42%	31%
Unconditional grant	23 454	25 641	27 567	29 637
Capital grants & Development Charges	16 367	20 326	16 603	170
Revenue – Sanitation (excl. capital grants and development charges)	66 446	66 664	71 221	76 185
Net Surplus / (Deficit) (excl. capital grants and development charges)	19 696	15 544	20 464	23 261
Net Surplus / (Deficit) % (excl. capital grants and development charges)	30%	23%	29%	31%

The following final tariffs were incorporated in the 2020/21 MTREF:

Sanitation	2019/20	2020/21	2021/22	2022/23		2020/21	2021/22	2022/23
Households, Flats and Semi-detached households pm	R 234.35	R 234.35	R 250.75	R 268.31		0.00%	7.00%	7.00%
Businesses, Industrial, Schools, Churches, Sport Facilities, etc.	R 234.35	R 234.35	R 250.75	R 268.31		0.00%	7.00%	7.00%

1.3.6 Waste Removal and Impact of Tariff Increases

The final tariff increase reduced from **6.6% to 0%** to cater for the potentially devastating economic impacts of COVID-19 on households and businesses. It is however still important to deliver the service effectively and to prevent that the service does not operate at a deficit in the new 2020/21 MTREF given increased sanitising efforts envisaged over this period.

R thousand	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	2020/2021 (R'000)	2021/2022 (R'000)	2022/2023 (R'000)
Revenue – Refuse Removal	43 136	43 090	45 360	48 065
Expenditure – Refuse Removal	38 707	43 344	45 339	48 900
Net Surplus / (Deficit)	4 429	(254)	22	(834)
Net Surplus / (Deficit) %	10%	-1%	0%	-2%
Unconditional grant	13 842	14 866	15 906	17 020
Capital grants & Development Charges	-	-	-	-
Revenue – Refuse Removal (excl. capital grants and development charges)	43 136	43 090	45 360	48 065
Net Surplus / (Deficit) (excl. capital grants and development charges)	4 429	(254)	22	(834)
Net Surplus / (Deficit) % (excl. capital grants and development charges)	10%	(1%)	0%	(2%)

The following final tariffs were incorporated in the 2020/21 MTREF:

Refuse Removal	2019/20	2020/21	2021/22	2022/23		2020/21	2021/22	2022/23
Removal of residential / business refuse pm (Black Bags)	R 131.52	R 131.52	R 139.41	R 147.78		0.00%	6.00%	6.00%

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on various households as per the A-schedule SA14 examples. The **water usage examples are unrealistic** with the current water restrictions.

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework			
	Original Budget	Adjusted Budget	Budget Year 2020/21 % incr.	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Rand/cent						
<u>Monthly Account for Household - 'Middle Income Range'</u>						
Rates and services charges:						
Property rates	378.58	378.58	(20.5%)	301.00	319.06	338.20
Electricity: Basic levy	204.96	204.96	6.2%	217.71	231.25	245.63
Electricity: Consumption	1 799.37	1 799.37	6.2%	1 803.05	1 915.20	2 034.32
Water: Basic levy	64.87	64.87	–	64.87	68.76	72.89
Water: Consumption	707.71	707.71	4.9%	747.80	775.56	822.10
Sanitation	234.35	234.35	–	234.35	250.75	268.31
Refuse removal	131.52	131.52	–	131.52	139.41	147.78
Other						
sub-total	3 521.37	3 521.37	(0.6%)	3 500.29	3 700.00	3 929.23
VAT on Services	471.42	471.42		479.89	507.14	538.65
Total large household bill:	3 992.79	3 992.79	(0.3%)	3 980.19	4 207.14	4 467.88
<u>Monthly Account for Household - 'Affordable Range'</u>						
Rates and services charges:						
Property rates	270.42	270.42	(20.5%)	215.00	227.90	241.57
Electricity: Basic levy	204.96	204.96	6.2%	217.71	231.25	245.63
Electricity: Consumption	731.08	731.08	6.2%	728.83	774.17	822.32
Water: Basic levy	64.87	64.87	–	64.87	68.76	72.89
Water: Consumption	398.94	398.94	4.9%	414.32	432.23	458.16
Sanitation	234.35	234.35	–	234.35	250.75	268.31
Refuse removal	131.52	131.52	–	131.52	139.41	147.78
Other						
sub-total	2 036.13	2 036.13	(1.5%)	2 006.60	2 124.47	2 256.66
VAT on Services	264.86	264.86		268.74	284.49	302.26
Total small household bill:	2 300.99	2 300.99	(1.1%)	2 275.34	2 408.96	2 558.92
<u>Monthly Account for Household - 'Indigent'</u>						
<u>Household receiving free basic services</u>						
Rates and services charges:						
Property rates	146.58	146.58	(20.5%)	129.00	136.74	144.94
Electricity: Basic levy	204.96	204.96	6.2%	217.71	231.25	245.63
Electricity: Consumption	372.93	372.93	6.2%	380.44	404.10	429.24
Water: Basic levy	64.87	64.87	–	64.87	68.76	72.89
Water: Consumption	210.79	210.79	4.9%	224.09	235.45	249.58
Sanitation	234.35	234.35	–	234.35	250.75	268.31
Refuse removal	131.52	131.52	–	131.52	139.41	147.78
Other						
sub-total	1 365.99	1 365.99	1.2%	1 381.98	1 466.47	1 558.36
VAT on Services	182.91	182.91		187.95	199.46	212.01
Total small household bill:	1 548.90	1 548.90	1.4%	1 569.92	1 665.93	1 770.37
<u>References</u>						
1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water						
2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water						
3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)						
4. Note this is for a SINGLE household.						

1.3.7 Fines

Fines represent approximately 4 per cent of the revenue mix of the municipality. The 2020/21 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.

1.4 Operating Expenditure Framework

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

The following table is a high level summary of the 2020/21 budget and MTREF (classified per main type of operating expenditure):

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands					
Financial Performance					
Employee costs	217 514	219 772	239 382	254 911	270 536
Remuneration of councillors	11 112	11 112	11 471	12 055	12 659
Depreciation & asset impairment	88 293	88 293	92 755	94 522	102 138
Finance charges	18 581	13 156	11 934	11 055	10 180
Materials and bulk purchases	262 380	262 919	284 242	302 013	322 384
Transfers and grants	3 168	3 210	3 223	3 033	3 203
Other expenditure	136 810	146 758	154 911	198 512	188 832
Total Expenditure	737 858	745 220	797 919	876 100	909 933

- The budgeted allocation for employee related costs (excluding Remuneration of Councillors) for the 2020/21 financial year totals R 239 382 million, which equals 30 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 and provision were made for R 5 442 million (inclusive of 2 posts funded from grant funding) for additional critical posts. The latter filling of the additional posts will however require careful monitoring of budget and real payment rate performance in the new financial year.
- 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 revenue streams, with an amount of R 1 196 912 budgeted for training in the 2020/21 operating budget, which constitutes 0.50% of the Municipality's salary budget (excluding councillor remuneration). This budget is considered sufficient given the reduced revenue streams 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 most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.
- The provision of debt impairment was determined based on the 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).

1.4.1 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 2020/21 MTREF are shown below:

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand					
<i>R&M as a % of PPE</i>	2.8%	2.8%	2.6%	2.6%	3.9%
<i>R&M as % Operating Expenditure</i>	7.4%	7.4%	6.5%	6.3%	9.0%

1.4.2 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 66 223 million in 2020/21 and it will increase to R 79 414 million and R 91 191 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

For the month of **March 2020**, support was provided to the following indigent household numbers:

Number of indigent households: 8 999

- Number receiving Property rate discount: 8 040
- Number with access to free basic water: 8 999
(and exempted by way of subsidy of the water network charge)
- Number with access to free basic electricity: 5944
- Number provided by ESKOM: 2 023
- Number with access to free basic sanitation: 8 496
- Number with access to free basic refuse removal: 8 823

1.5 Capital expenditure

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

Vote Description R thousand	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure - Vote					
Multi-year expenditure to be appropriated					
Vote 1 - Corporate Services	–	–	–	–	–
Vote 2 - Civil Services	48 563	26 290	88 592	80 452	44 956
Vote 3 - Council	–	–	–	–	–
Vote 4 - Electricity Services	10 400	12 200	4 800	5 500	5 500
Vote 5 - Financial Services	38 680	47 099	–	–	–
Vote 6 - Development Services	–	–	46 254	6 500	36 760
Capital multi-year expenditure sub-total	97 643	85 589	139 646	92 452	87 216
Single-year expenditure to be appropriated					
Vote 1 - Corporate Services	128	2 228	18 980	59	63
Vote 2 - Civil Services	34 370	38 543	26 957	32 372	37 963
Vote 3 - Council	10	3	10	10	10
Vote 4 - Electricity Services	9 484	11 019	17 276	8 923	9 690
Vote 5 - Financial Services	46	63	261	26	259
Vote 6 - Development Services	1 166	1 666	7 268	70	303
Vote 7 - Municipal Manager	10	–	10	10	10
Vote 8 - Protection Services	1 002	1 705	2 028	3 717	2 196
Capital single-year expenditure sub-total	46 215	55 227	72 790	45 187	50 494
Total Capital Expenditure - Vote	143 858	140 816	212 436	137 639	137 710

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

1.6 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 2020/21 MTREF budget.

MBRR Table A1 - Budget Summary

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands					
<u>Financial Performance</u>					
Property rates	121 289	121 289	128 928	141 086	150 382
Service charges	419 650	418 650	444 403	473 550	503 079
Investment revenue	40 920	42 237	30 712	33 684	38 073
Transfers recognised - operational	112 666	117 454	120 495	176 350	162 620
Other own revenue	57 170	63 569	58 634	61 491	62 955
Total Revenue (excluding capital transfers and contributions)	751 695	763 199	783 171	886 161	917 110
Employee costs	217 514	219 772	239 382	254 911	270 536
Remuneration of councillors	11 112	11 112	11 471	12 055	12 659
Depreciation & asset impairment	88 293	88 293	92 755	94 522	102 138
Finance charges	18 581	13 156	11 934	11 055	10 180
Materials and bulk purchases	262 380	262 919	284 242	302 013	322 384
Transfers and grants	3 168	3 210	3 223	3 033	3 203
Other expenditure	136 810	146 758	154 911	198 512	188 832
Total Expenditure	737 858	745 220	797 919	876 100	909 933
Surplus/(Deficit)	13 838	17 979	(14 747)	10 061	7 177
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	67 161	78 451	85 723	27 755	65 570
Transfers and subsidies - capital (monetary contributions)	—	2 000	1 141	1 142	1 143
Share of surplus/ (deficit) of associate	—	—	—	—	—
Surplus/(Deficit) for the year	80 999	98 430	72 116	38 958	73 890
<u>Capital expenditure & funds sources</u>					
Capital expenditure	143 858	140 816	212 436	137 639	137 710
Transfers recognised - capital	67 161	80 451	85 723	27 755	65 570
Borrowing	22 631	—	—	—	—
Internally generated funds	54 065	60 365	126 713	109 884	72 140
Total sources of capital funds	143 858	140 816	212 436	137 639	137 710
<u>Financial position</u>					
Total current assets	705 447	735 318	687 585	682 749	719 827
Total non current assets	2 010 958	2 015 733	2 135 414	2 178 531	2 214 104
Total current liabilities	157 848	163 403	179 125	195 580	214 492
Total non current liabilities	228 291	210 798	203 635	195 899	187 545
Community wealth/Equity	2 330 266	2 376 849	2 440 239	2 469 801	2 531 894

Description R thousands	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash flows					
Net cash from (used) operating	154 948	186 740	111 795	100 700	181 930
Net cash from (used) investing	(143 639)	(140 286)	(212 236)	(137 439)	(137 510)
Net cash from (used) financing	35 134	(6 795)	(10 979)	(11 874)	(12 843)
Cash/cash equivalents at the year end	541 529	564 986	453 566	404 952	436 529
Cash backing/surplus reconciliation					
Cash and investments available	548 629	564 986	453 566	404 952	436 529
Application of cash and investments	241 063	188 288	146 358	115 093	136 564
Balance - surplus (shortfall)	307 565	376 699	307 209	289 859	299 965
Asset management					
Asset register summary (WDV)	2 010 958	2 044 375	2 135 412	2 178 529	2 214 102
Depreciation	87 293	87 293	91 755	93 522	101 138
Renewal and Upgrading of Existing Assets	82 466	63 648	98 540	98 332	68 366
Repairs and Maintenance	54 681	55 286	51 511	54 954	82 235
Free services					
Cost of Free Basic Services provided	55 535	55 535	59 683	63 362	67 883
Revenue cost of free services provided	4 850	4 850	10 954	6 024	6 290

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 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional					
Governance and administration	205 893	212 953	211 633	234 818	256 747
Executive and council	260	290	290	295	299
Finance and administration	205 633	212 618	211 343	234 523	256 448
Internal audit	–	45	–	–	–
Community and public safety	87 285	103 673	104 687	98 825	89 662
Community and social services	14 807	16 881	14 590	11 929	12 593
Sport and recreation	4 374	4 419	3 002	3 640	3 793
Public safety	35 215	39 212	36 201	36 121	36 037
Housing	32 890	43 161	50 894	47 135	37 239
Health	–	–	–	–	–
Economic and environmental services	17 836	20 042	14 072	19 900	43 180
Planning and development	3 586	3 592	3 795	3 961	4 133
Road transport	14 250	16 450	10 276	15 939	39 047
Environmental protection	–	–	–	–	–
Trading services	507 814	506 954	539 613	561 484	594 201
Energy sources	302 842	302 982	335 512	348 648	369 640
Water management	77 935	77 935	73 720	79 462	99 951
Waste water management	84 301	82 901	87 291	88 014	76 545
Waste management	42 736	43 136	43 090	45 360	48 065
Other	28	28	30	31	33
Total Revenue - Functional	818 856	843 650	870 035	915 058	983 823
Expenditure - Functional					
Governance and administration	128 875	128 959	141 918	147 845	155 980
Executive and council	20 012	20 099	22 026	23 259	24 477
Finance and administration	107 120	106 900	118 018	122 606	129 418
Internal audit	1 743	1 960	1 874	1 980	2 085
Community and public safety	108 211	117 358	105 028	154 654	115 474
Community and social services	18 876	19 054	21 828	21 523	23 162
Sport and recreation	25 065	24 795	24 964	26 791	28 517
Public safety	61 734	65 653	51 607	54 996	56 858
Housing	2 536	7 855	6 629	51 343	6 937
Health	–	–	–	–	–
Economic and environmental services	65 131	66 623	60 741	61 892	90 919
Planning and development	12 912	13 697	13 925	13 715	14 799
Road transport	52 219	52 926	46 817	48 177	76 121
Environmental protection	–	–	–	–	–
Trading services	434 163	430 797	488 697	510 088	545 840
Energy sources	265 248	265 704	297 667	317 243	338 948
Water management	64 259	63 235	78 984	78 378	85 479
Waste water management	68 142	63 152	68 701	69 128	72 513
Waste management	36 515	38 707	43 344	45 339	48 900
Other	1 477	1 483	1 534	1 621	1 721
Total Expenditure - Functional	737 858	745 220	797 919	876 100	909 933
Surplus/(Deficit) for the year	80 999	98 430	72 116	38 958	73 890

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 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote					
Vote 1 - Corporate Services	10 953	11 015	11 518	11 689	12 357
Vote 2 - Civil Services	213 095	213 779	208 567	221 721	256 138
Vote 3 - Council	260	290	290	295	299
Vote 4 - Electricity Services	302 842	302 982	335 512	348 648	369 640
Vote 5 - Financial Services	204 060	210 819	209 518	233 046	254 871
Vote 6 - Development Services	43 562	55 938	59 684	54 273	44 664
Vote 7 - Municipal Manager	–	45	–	–	–
Vote 8 - Protection Services	44 084	48 782	44 945	45 386	45 854
Total Revenue by Vote	818 856	843 650	870 035	915 058	983 823
Expenditure by Vote to be appropriated					
Vote 1 - Corporate Services	31 437	33 255	35 380	36 769	38 629
Vote 2 - Civil Services	255 238	253 044	270 364	275 481	318 867
Vote 3 - Council	16 973	17 037	18 108	19 140	20 164
Vote 4 - Electricity Services	279 164	279 776	312 609	333 255	355 554
Vote 5 - Financial Services	50 937	47 435	59 827	61 961	66 365
Vote 6 - Development Services	24 568	30 787	29 029	73 712	31 435
Vote 7 - Municipal Manager	7 208	7 463	8 092	8 701	9 051
Vote 8 - Protection Services	72 332	76 423	64 508	67 082	69 868
Vote 9 - [NAME OF VOTE 9]	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–
Total Expenditure by Vote	737 858	745 220	797 919	876 100	909 933
Surplus/(Deficit) for the year	80 999	98 430	72 116	38 958	73 890

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 R thousand	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source					
Property rates	121 289	121 289	128 928	141 086	150 382
Service charges - electricity revenue	290 458	290 458	318 741	338 135	358 702
Service charges - water revenue	56 497	56 497	56 975	62 498	66 968
Service charges - sanitation revenue	45 538	44 138	42 218	45 011	47 990
Service charges - refuse revenue	27 157	27 557	26 468	27 906	29 420
Rental of facilities and equipment	1 586	1 606	1 495	1 595	1 700
Interest earned - external investments	40 920	42 237	30 712	33 684	38 073
Interest earned - outstanding debtors	2 799	2 799	4 585	4 516	4 436
Dividends received	—	—	—	—	—
Fines, penalties and forfeits	32 800	32 800	33 030	33 464	33 803
Licences and permits	4 122	4 524	3 759	3 981	4 216
Agency services	4 300	4 600	4 876	5 169	5 479
Transfers and subsidies	112 666	117 454	120 495	176 350	162 620
Other revenue	11 364	11 599	10 689	12 567	13 123
Gains	200	5 642	200	200	200
Total Revenue (excluding capital transfers and contributions)	751 695	763 199	783 171	886 161	917 110
Expenditure By Type					
Employee related costs	217 514	219 772	239 382	254 911	270 536
Remuneration of councillors	11 112	11 112	11 471	12 055	12 659
Debt impairment	35 285	35 887	43 915	39 361	48 822
Depreciation & asset impairment	88 293	88 293	92 755	94 522	102 138
Finance charges	18 581	13 156	11 934	11 055	10 180
Bulk purchases	227 700	227 700	251 000	268 319	286 833
Other materials	34 680	35 219	33 242	33 694	35 551
Contracted services	62 217	66 602	57 512	102 926	82 254
Transfers and subsidies	3 168	3 210	3 223	3 033	3 203
Other expenditure	38 308	39 159	44 038	46 470	47 676
Losses	1 000	5 110	9 446	9 755	10 080
Total Expenditure	737 858	745 220	797 919	876 100	909 933
Surplus/(Deficit)	13 838	17 979	(14 747)	10 061	7 177
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	67 161	78 451	85 723	27 755	65 570
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental)	—	2 000	1 141	1 142	1 143
Transfers and subsidies - capital (in-kind - all)	—	—	—	—	—
contributions	80 999	98 430	72 116	38 958	73 890
Taxation	—	—	—	—	—
Surplus/(Deficit) after taxation	80 999	98 430	72 116	38 958	73 890
Attributable to minorities	—	—	—	—	—
Surplus/(Deficit) attributable to municipality	80 999	98 430	72 116	38 958	73 890
Share of surplus/ (deficit) of associate	—	—	—	—	—
Surplus/(Deficit) for the year	80 999	98 430	72 116	38 958	73 890

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

- 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 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure - Vote					
Multi-year expenditure to be appropriated					
Vote 1 - Corporate Services	–	–	–	–	–
Vote 2 - Civil Services	48 563	26 290	88 592	80 452	44 956
Vote 3 - Council	–	–	–	–	–
Vote 4 - Electricity Services	10 400	12 200	4 800	5 500	5 500
Vote 5 - Financial Services	38 680	47 099	–	–	–
Vote 6 - Development Services	–	–	46 254	6 500	36 760
Capital multi-year expenditure sub-total	97 643	85 589	139 646	92 452	87 216
Single-year expenditure to be appropriated					
Vote 1 - Corporate Services	128	2 228	18 980	59	63
Vote 2 - Civil Services	34 370	38 543	26 957	32 372	37 963
Vote 3 - Council	10	3	10	10	10
Vote 4 - Electricity Services	9 484	11 019	17 276	8 923	9 690
Vote 5 - Financial Services	46	63	261	26	259
Vote 6 - Development Services	1 166	1 666	7 268	70	303
Vote 7 - Municipal Manager	10	–	10	10	10
Vote 8 - Protection Services	1 002	1 705	2 028	3 717	2 196
Capital single-year expenditure sub-total	46 215	55 227	72 790	45 187	50 494
Total Capital Expenditure - Vote	143 858	140 816	212 436	137 639	137 710
Capital Expenditure - Functional					
Governance and administration	5 931	7 395	26 706	5 751	3 132
Executive and council	20	3	20	20	20
Finance and administration	5 911	7 391	26 686	5 731	3 112
Community and public safety	4 840	7 998	11 922	7 508	3 696
Community and social services	910	210	5 170	437	270
Sport and recreation	2 928	6 083	4 724	3 353	1 230
Public safety	1 002	1 705	2 028	3 717	2 196
Housing	–	–	–	–	–
Economic and environmental services	55 552	39 513	65 452	41 584	61 346
Planning and development	34 058	9 147	5 859	90	4 689
Road transport	21 494	30 366	59 593	41 494	56 657
Environmental protection	–	–	–	–	–
Trading services	77 535	85 909	108 356	82 797	69 535
Energy sources	19 244	22 484	20 606	13 266	14 388
Water management	7 145	15 180	10 063	4 188	35 746
Waste water management	44 628	42 984	73 736	62 655	13 906
Waste management	6 518	5 262	3 950	2 688	5 495
Total Capital Expenditure - Functional	143 858	140 816	212 436	137 639	137 710
Funded by:					
National Government	30 301	30 301	32 835	27 700	28 810
Provincial Government	36 860	48 150	52 888	55	36 760
District Municipality	–	–	–	–	–
Transfers and subsidies - capital (monetary)	–	2 000	–	–	–
Transfers recognised - capital	67 161	80 451	85 723	27 755	65 570
Borrowing	22 631	–	–	–	–
Internally generated funds	54 065	60 365	126 713	109 884	72 140
Total Capital Funding	143 858	140 816	212 436	137 639	137 710

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 2020/21 financial year against single-year appropriations for the two outer-years in respect of the items alluded to above.

It should be noted that due to the fact that the situation dictates that no new non-critical commitments in respect of the new MTREF capital budget be entered into other than tenders already awarded, until such time that the municipality's payment rate stabilised to satisfactory levels as determined by the chief financial officer in consultation with the municipal manager and executive mayor.

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	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand					
ASSETS					
Current assets					
Cash	548 629	564 986	453 566	404 952	436 529
Call investment deposits	–	–	–	–	–
Consumer debtors	124 460	117 128	170 010	203 381	199 027
Other debtors	16 664	34 167	43 833	53 032	61 607
Current portion of long-term receivables	–	47	47	47	47
Inventory	15 694	18 989	20 129	21 336	22 616
Total current assets	705 447	735 318	687 585	682 749	719 827
Non current assets					
Long-term receivables	–	2	2	2	2
Investments	–	–	–	–	–
Investment property	48 621	44 232	44 220	44 209	44 197
Investment in Associate	–	–	–	–	–
Property, plant and equipment	1 961 379	1 969 852	2 089 771	2 133 114	2 168 888
Biological	–	–	–	–	–
Intangible	188	527	301	87	(103)
Other non-current assets	770	1 120	1 120	1 120	1 120
Total non current assets	2 010 958	2 015 733	2 135 414	2 178 531	2 214 104
TOTAL ASSETS	2 716 405	2 751 051	2 822 999	2 861 280	2 933 931
LIABILITIES					
Current liabilities					
Bank overdraft	–	–	–	–	–
Borrowing	13 298	10 018	11 846	12 793	13 817
Consumer deposits	11 224	14 447	15 314	16 233	17 207
Trade and other payables	124 442	131 456	139 343	147 704	156 566
Provisions	8 884	7 482	12 622	18 850	26 902
Total current liabilities	157 848	163 403	179 125	195 580	214 492
Non current liabilities					
Borrowing	151 735	107 983	96 138	83 344	69 527
Provisions	76 556	102 815	107 498	112 555	118 017
Total non current liabilities	228 291	210 798	203 635	195 899	187 545
TOTAL LIABILITIES	386 139	374 201	382 760	391 479	402 037
NET ASSETS	2 330 266	2 376 849	2 440 239	2 469 801	2 531 894
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	2 086 039	2 179 395	2 256 659	2 278 530	2 312 008
Reserves	244 227	197 455	183 579	191 271	219 886
TOTAL COMMUNITY WEALTH/EQUITY	2 330 266	2 376 849	2 440 239	2 469 801	2 531 894

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves analysis for councillors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. **Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.**

MBRR Table A7 - Budgeted Cash Flow Statement

Description R thousand	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	115 225	120 517	109 588	126 978	142 863
Service charges	395 843	398 727	377 742	426 195	477 925
Other revenue	29 572	36 443	34 299	36 994	38 415
Transfers and Subsidies - Operational	112 666	117 454	120 495	176 350	162 620
Transfers and Subsidies - Capital	67 161	80 451	86 864	28 897	66 713
Interest	43 719	45 036	34 609	37 748	42 288
Dividends	-	-	-	-	-
Payments					
Suppliers and employees	(587 488)	(595 522)	(636 646)	(718 374)	(735 510)
Finance charges	(18 581)	(13 156)	(11 934)	(11 055)	(10 180)
Transfers and Grants	(3 168)	(3 210)	(3 223)	(3 033)	(3 203)
NET CASH FROM/(USED) OPERATING ACTIVITIES	154 948	186 740	111 795	100 700	181 930
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	200	532	200	200	200
Decrease (increase) in non-current receivables	18	(3)	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-
Payments					
Capital assets	(143 858)	(140 816)	(212 436)	(137 639)	(137 710)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(143 639)	(140 286)	(212 236)	(137 439)	(137 510)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Short term loans	-	-	-	-	-
Borrowing long term/refinancing	50 000	-	-	-	-
Increase (decrease) in consumer deposits	(1 568)	3 223	867	919	974
Payments					
Repayment of borrowing	(13 298)	(10 018)	(11 846)	(12 793)	(13 817)
NET CASH FROM/(USED) FINANCING ACTIVITIES	35 134	(6 795)	(10 979)	(11 874)	(12 843)
NET INCREASE/ (DECREASE) IN CASH HELD	46 443	39 659	(111 420)	(48 614)	31 577
Cash/cash equivalents at the year begin:	495 086	525 327	564 986	453 566	404 952
Cash/cash equivalents at the year end:	541 529	564 986	453 566	404 952	436 529

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 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and investments available					
Cash/cash equivalents at the year end	548 629	564 986	453 566	404 952	436 529
Other current investments > 90 days	(0)	(0)	-	-	-
Non current assets - Investments	-	-	-	-	-
Cash and investments available:	548 629	564 986	453 566	404 952	436 529
Application of cash and investments					
Unspent conditional transfers	11 250	5 266	611	636	661
Unspent borrowing	-	-	-	-	-
Statutory requirements	-	-	-	-	-
Other working capital requirements	(14 414)	(14 433)	(37 833)	(76 814)	(83 983)
Other provisions	-	-	-	-	-
Long term investments committed	-	-	-	-	-
Reserves to be backed by cash/investments	244 227	197 455	183 579	191 271	219 886
Total Application of cash and investments:	241 063	188 288	146 358	115 093	136 564
Surplus(shortfall)	307 565	376 699	307 209	289 859	299 965

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget and NT Circular 98 and 99 (including Annexures).
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 2020/21 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 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand					
CAPITAL EXPENDITURE					
<u>Total New Assets</u>	61 391	77 168	113 896	39 307	69 344
Roads Infrastructure	1 700	9 688	40 403	17 100	31 657
Storm water Infrastructure	–	–	–	–	–
Electrical Infrastructure	6 300	9 540	8 506	5 316	5 438
Water Supply Infrastructure	1 214	6 168	8 626	1 041	7 568
Sanitation Infrastructure	1 030	10 508	10 306	34	4 250
Solid Waste Infrastructure	500	500	250	720	2 000
Infrastructure	10 744	36 405	68 092	24 211	50 913
Community Facilities	6 500	5 400	8 700	1 100	700
Sport and Recreation Facilities	3 570	6 371	4 390	–	–
Community Assets	10 070	11 771	13 090	1 100	700
Operational Buildings	–	350	1 000	4 500	2 000
Housing	31 780	18 386	2 777	–	4 595
Other Assets	31 780	18 736	3 777	4 500	6 595
Computer Equipment	570	665	2 200	1 587	1 233
Furniture and Office Equipment	194	194	354	205	211
Machinery and Equipment	6 891	6 067	2 720	2 181	1 616
Transport Assets	1 142	1 230	4 873	5 524	8 077
Land	–	2 100	18 790	–	–
Zoo's, Marine and Non-biological Animals	–	–	–	–	–
<u>Total Renewal of Existing Assets</u>	26 784	31 233	23 198	31 000	33 000
Roads Infrastructure	15 000	16 500	18 898	24 000	25 000
Storm water Infrastructure	–	–	–	–	–
Electrical Infrastructure	5 500	5 500	3 300	7 000	8 000
Water Supply Infrastructure	4 934	8 184	–	–	–
Infrastructure	25 434	30 184	22 198	31 000	33 000
Community Facilities	550	250	1 000	–	–
Sport and Recreation Facilities	300	299	–	–	–
Community Assets	850	549	1 000	–	–
Operational Buildings	500	500	–	–	–
Housing	–	–	–	–	–
Other Assets	500	500	–	–	–
<u>Total Upgrading of Existing Assets</u>	55 682	32 415	75 342	67 332	35 366
Roads Infrastructure	2 664	1 664	–	–	–
Storm water Infrastructure	1 820	1 820	500	–	–
Electrical Infrastructure	5 950	5 950	7 500	–	–
Water Supply Infrastructure	500	500	1 100	3 100	27 720
Sanitation Infrastructure	38 898	17 276	62 846	62 232	7 646
Solid Waste Infrastructure	4 500	4 500	–	–	–
Infrastructure	54 332	31 710	71 946	65 332	35 366
Community Facilities	50	50	–	–	–
Sport and Recreation Facilities	1 300	655	3 396	2 000	–
Community Assets	1 350	705	3 396	2 000	–
<u>Total Capital Expenditure</u>	143 858	140 816	212 436	137 639	137 710
Roads Infrastructure	19 364	27 852	59 301	41 100	56 657
Storm water Infrastructure	1 820	1 820	500	–	–
Electrical Infrastructure	17 750	20 990	19 306	12 316	13 438
Water Supply Infrastructure	6 648	14 852	9 726	4 141	35 288
Sanitation Infrastructure	39 928	27 784	73 152	62 266	11 896
Solid Waste Infrastructure	5 000	5 000	250	720	2 000
Infrastructure	90 510	98 298	162 236	120 543	119 279

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand					
CAPITAL EXPENDITURE					
Community Facilities	7 100	5 700	9 700	1 100	700
Sport and Recreation Facilities	5 170	7 325	7 786	2 000	–
Community Assets	12 270	13 025	17 486	3 100	700
Operational Buildings	500	850	1 000	4 500	2 000
Housing	31 780	18 386	2 777	–	4 595
Other Assets	32 280	19 236	3 777	4 500	6 595
Computer Equipment	570	665	2 200	1 587	1 233
Furniture and Office Equipment	194	194	354	205	211
Machinery and Equipment	6 891	6 067	2 720	2 181	1 616
Transport Assets	1 142	1 230	4 873	5 524	8 077
Land	–	2 100	18 790	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	143 858	140 816	212 436	137 639	137 710
ASSET REGISTER SUMMARY - PPE (WDV)	2 010 958	2 044 375	2 135 412	2 178 529	2 214 102
Roads Infrastructure	451 888	427 023	434 008	450 873	481 066
Storm water Infrastructure	125 282	125 840	121 801	117 236	112 435
Electrical Infrastructure	309 047	347 226	353 112	351 142	348 999
Water Supply Infrastructure	405 983	403 323	398 942	389 039	409 995
Sanitation Infrastructure	395 337	409 831	466 464	512 308	507 823
Solid Waste Infrastructure	15 228	17 170	17 076	17 453	19 075
Infrastructure	1 702 765	1 730 413	1 791 403	1 838 052	1 879 393
Community Assets	95 524	116 774	128 564	125 811	118 154
Heritage Assets	770	1 120	1 120	1 120	1 120
Investment properties	48 621	44 232	44 220	44 209	44 197
Other Assets	60 790	37 989	38 676	40 178	43 775
Intangible Assets	188	527	301	87	(103)
Computer Equipment	3 131	3 422	3 422	2 652	1 677
Furniture and Office Equipment	1 104	1 705	932	45	(979)
Machinery and Equipment	12 684	12 732	13 534	13 975	13 909
Transport Assets	22 668	33 486	32 474	31 636	32 195
Land	62 714	61 975	80 765	80 765	80 765
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	2 010 958	2 044 375	2 135 412	2 178 529	2 214 102
EXPENDITURE OTHER ITEMS	141 974	142 579	143 266	148 477	183 373
Depreciation	87 293	87 293	91 755	93 522	101 138
Repairs and Maintenance by Asset Class	54 681	55 286	51 511	54 954	82 235
Roads Infrastructure	10 634	10 692	4 759	5 076	29 803
Storm water Infrastructure	16 174	16 209	17 375	18 150	19 353
Electrical Infrastructure	2 398	2 393	2 505	2 992	3 315
Water Supply Infrastructure	–	1 103	1 384	1 513	1 525
Sanitation Infrastructure	3 390	3 349	3 906	4 125	4 357
Solid Waste Infrastructure	6 507	6 474	6 842	7 269	7 610
Infrastructure	39 102	40 220	36 771	39 124	65 963
Community Facilities	1 655	2 018	2 037	2 136	2 240
Sport and Recreation Facilities	633	865	715	1 192	1 397
Community Assets	2 288	2 883	2 752	3 328	3 637
Operational Buildings	710	814	1 343	990	1 039
Housing	4 082	2 693	411	651	291
Other Assets	4 792	3 507	1 754	1 641	1 330
Licences and Rights	2 947	3 009	3 144	3 448	3 600
Intangible Assets	2 947	3 009	3 144	3 448	3 600
Computer Equipment	419	401	460	505	428
Furniture and Office Equipment	61	54	64	67	71
Machinery and Equipment	937	942	1 216	1 113	1 141
Transport Assets	4 134	4 270	5 351	5 728	6 065
TOTAL EXPENDITURE OTHER ITEMS	141 974	142 579	143 266	148 477	183 373
Renewal and upgrading of Existing Assets as % of total capex	57.3%	45.2%	46.4%	71.4%	49.6%
Renewal and upgrading of Existing Assets as % of deprecn	94.5%	72.9%	107.4%	105.1%	67.6%
Renewal and upgrading and R&M as a % of PPE	7.0%	6.0%	7.0%	7.0%	7.0%

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 2020/21 capital expenditure on the renewal and upgrading of existing assets is 46.4% and for 2021/22 increases to 71.4% but decreases to 49.6% in 2022/23.

MBRR Table A10 - Basic Service Delivery Measurement

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Household service targets					
Water:					
Piped water inside dwelling	32 872	32 872	32 872	32 872	32 872
Piped water inside yard (but not in dwelling)	3 232	3 232	3 232	3 232	3 232
Using public tap (at least min.service level)	55	55	55	55	55
Other water supply (at least min.service level)	158	158	158	158	158
<i>Minimum Service Level and Above sub-total</i>	36 317	36 317	36 317	36 317	36 317
Using public tap (< min.service level)	–	–	–	–	–
Other water supply (< min.service level)	2 822	2 822	2 822	2 822	2 822
No water supply	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	2 822	2 822	2 822	2 822	2 822
Total number of households	39 139	39 139	39 139	39 139	39 139
Sanitation/sewerage:					
Flush toilet (connected to sewerage)	33 744	33 744	33 744	33 744	33 744
Flush toilet (with septic tank)	3 887	3 887	3 887	3 887	3 887
Chemical toilet	29	29	29	29	29
Pit toilet (ventilated)	37	37	37	37	37
Other toilet provisions (> min.service level)	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	37 697	37 697	37 697	37 697	37 697
Bucket toilet	991	991	991	991	991
Other toilet provisions (< min.service level)	141	141	141	141	141
No toilet provisions	310	310	310	310	310
<i>Below Minimum Service Level sub-total</i>	1 442	1 442	1 442	1 442	1 442
Total number of households	39 139	39 139	39 139	39 139	39 139
Energy:					
Electricity (at least min.service level)	38 631	38 631	38 631	38 631	38 631
Electricity - prepaid (min.service level)	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	38 631	38 631	38 631	38 631	38 631
Electricity (< min.service level)	–	–	–	–	–
Electricity - prepaid (< min. service level)	–	–	–	–	–
Other energy sources	508	508	508	508	508
<i>Below Minimum Service Level sub-total</i>	508	508	508	508	508
Total number of households	39 139	39 139	39 139	39 139	39 139

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<u>Refuse:</u>					
Removed at least once a week	32 675	32 675	32 675	32 675	32 675
<i>Minimum Service Level and Above sub-total</i>	32 675	32 675	32 675	32 675	32 675
Removed less frequently than once a week	480	480	480	480	480
Using communal refuse dump	897	897	897	897	897
Using own refuse dump	4 863	4 863	4 863	4 863	4 863
Other rubbish disposal	205	205	205	205	205
No rubbish disposal	19	19	19	19	19
<i>Below Minimum Service Level sub-total</i>	6 464	6 464	6 464	6 464	6 464
Total number of households	39 139	39 139	39 139	39 139	39 139
<u>Households receiving Free Basic Service</u>					
Water (6 kilolitres per household per month)	9 073	9 073	9 247	9 524	9 810
Sanitation (free minimum level service)	8 827	8 827	8 745	9 007	9 277
Electricity/other energy (50kwh per household per month)	8 468	8 468	8 196	8 442	8 695
Refuse (removed at least once a week)	8 981	8 981	9 078	9 351	9 631
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>					
Water (6 kilolitres per indigent household per month)	14 874	14 874	14 253	14 572	15 484
Sanitation (free sanitation service to indigent households)	23 454	23 454	25 641	27 567	29 637
Electricity/other energy (50kwh per indigent household per month)	3 364	3 364	4 923	5 317	5 742
Refuse (removed once a week for indigent households)	13 842	13 842	14 866	15 906	17 020
<u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u>	-	-	-	-	-
Total cost of FBS provided	55 535	55 535	59 683	63 362	67 883
<u>Highest level of free service provided per household</u>					
Property rates (R value threshold)	100 000	100 000	R 100 000	R 100 000	R 100 000
Water (kilolitres per household per month)	6	6	6	6	6
Sanitation (kilolitres per household per month)	-	-	-	-	-
Sanitation (Rand per household per month)	R 234.35	R 234.35	R 234.35	R 250.75	R 268.31
Electricity (kwh per household per month)	50	50	50	50	50
Refuse (average litres per week- N/A) (Rand per household per month)	R 131.52	R 131.52	R 131.52	R 139.41	R 147.78
<u>Revenue cost of subsidised services provided (R'000)</u>					
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissable values in excess of 10% of the full amount	4 850	4 850	9 300	6 024	6 290
Water (in excess of 6 kilolitres per indigent household per month)	-	-	1 654	-	-
Sanitation (in excess of free sanitation service to indigent households)	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)	-	-	-	-	-
Total revenue cost of subsidised services provided	4 850	4 850	10 954	6 024	6 290

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 (2020/21 – 2024/25) and the budget for the 2020/2021 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 29 August 2019. Key dates applicable to the process were:

- **October / November 2019** – Review of the financial strategy and key economic and financial planning assumptions. This included financial forecasting and scenario considerations;
- **October / November 2019** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **30 January 2020** - Council considered and approved the 2019/20 Mid-year Review and Adjustments Budget;

- **February / March 2020** - 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;
- **26 March 2020** - Tabling in Council of the draft 2020/21 IDP and 2020/21 MTREF Budget for public consultation;
- **April 2020** – Public consultation by means of written comments due to lockdown;
- **30 April 2020 @ 12 midday** - Closing date for written comments;
- **1 - 15 May 2020** – Finalisation of the 2020/21 IDP and 2020/21 MTREF Budget, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **28 May 2020** - Tabling of the 2020/21 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 could not take place as usual by means of community meetings due to the lockdown regulations. However, members of the community were given the opportunity to provide written comments and inputs on the draft budget presented to them. The comments and inputs were reviewed and where appropriate the proposed changes were 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 2020/21 MTREF was in the main informed by the IDP process outcomes and the following tables provide the reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

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

Strategic Objective	Goal	Goal Code	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework			
			Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
R thousand								
Improved quality of life for citizens	Manage Development Services		4 060	6 134	3 278	49	49	
	Manage Community Development	2928	4 000	6 074	3 118	38	38	
	Manage Multi-Purpose Centres	2961	60	60	160	11	11	
	Manage Protection Services		44 084	48 782	44 945	45 386	45 854	
	Manage Protection Services	4114	–	–	–	–	–	
	Manage Civil Protection	4122	–	–	–	–	–	
	Manage Licensing and Registration Services	7158	8 869	9 569	8 744	9 265	9 817	
	Manage Traffic and Law Enforcement	4168	35 185	39 173	35 151	35 803	35 719	
	Manage Fire and Emergency Services	4136	18	28	762	30	30	
	Manage the Harbour Yzerfontein	4744	12	12	288	288	288	
Inclusive economic growth	Facilitate economic development in the municipal area		–	–	–	–	–	
Quality and sustainable living environment	Manage Development Services		39 501	49 804	56 406	54 225	44 615	
	Manage Development Services	2906	1	1	1	1	1	
	Manage Planning and Valuations	1732	856	862	956	1 002	1 051	
	Manage Building Control	1715	2 730	2 730	2 839	2 958	3 083	
	Manage Human Settlements	3546	32 890	43 161	50 894	47 135	37 239	
	Manage the Caravan Park Yzerfontein	4718	3 025	3 050	1 715	3 128	3 241	
Caring, competent and responsive institutions, organisations and business	Manage Corporate Services		10 953	11 015	11 518	11 689	12 357	
	Manage Corporate Services, Secretariat and Records and Ward Committees	0508	159	161	204	216	229	
	Manage Human Resource Services	1148	629	689	676	302	333	
	Manage Properties, Contracts and Legal Administration	2988	292	292	180	180	200	
	Manage Libraries	2956	9 846	9 846	10 428	10 959	11 562	
	Manage Marketing And Tourism	8986	28	28	30	31	33	
	Manage Internal Audit	1152	–	45	–	–	–	
	Manage Financial Services		204 060	210 819	209 518	233 046	254 871	
	Manage the Budget and Treasury Office	1116	330	330	–	–	–	
	Manage Finance (Credit Control, Income, Expenditure, etc)	1135	78 041	84 800	75 963	87 086	99 348	
	Manage Rates	1172	124 139	124 139	132 006	144 410	153 973	
	Manage Financial Management Grant	1140	1 550	1 550	1 550	1 550	1 550	
	Manage Council Expenses							
	Manage Council Expenses	0530	260	290	290	295	299	
	Sufficient, affordable and well-run services	Manage Civil Engineering Services		515 937	516 761	544 079	570 369	625 778
		Manage Civil Engineering Services	1704	71	71	–	–	–
Manage Cemeteries		2920	609	609	703	741	781	
Manage Parks and Recreational Areas		4766	495	495	523	–	–	
Manage Proclaimed Roads		7170	5 189	6 689	286	293	20 300	
Manage Sewerage		5976	84 213	82 813	86 990	87 824	76 355	
Manage Waste Water Treatment Works		5977	–	–	–	–	–	
Manage Sportsgrounds		4778	554	554	372	117	124	
Manage Streets		7182	192	192	1 436	6 572	9 120	
Manage Storm water		7183	88	88	111	–	–	
Manage Swimming Pools		4784	300	320	392	395	428	
Manage Water Provision		7792	77 935	77 935	73 720	79 462	99 951	
Manage Municipal Property		1162	714	877	943	957	1 015	
Manage Refuse Removal		6574	42 736	43 136	43 090	45 360	48 065	
Manage Electricity Distribution		8334	302 842	302 982	335 512	348 648	369 640	
Allocations to other priorities								
Total Revenue by Vote			818 856	843 650	870 035	915 058	983 823	

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

Strategic Objective	Goal	Goal Code	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework			
			Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
R thousand								
Improved quality of life for citizens	Manage Development Services		6 406	6 500	6 442	6 648	7 418	
	Manage Community Development	2928	3 388	3 451	3 011	3 339	3 511	
	Manage Multi-Purpose Centres	2961	1 424	1 440	1 498	1 472	1 973	
	Manage Environmental and Occupational Health	1102	1 593	1 609	1 933	1 836	1 935	
	Manage Protection Services		72 332	76 423	64 508	67 082	69 868	
	Manage Protection Services	4114	2 205	2 229	2 255	2 439	2 794	
	Manage Civil Protection	4122	300	300	2 000	500	500	
	Manage Licensing and Registration Services	7158	8 093	8 242	8 646	9 146	9 716	
	Manage Traffic and Law Enforcement	4168	57 257	60 613	43 579	46 435	48 115	
	Manage Fire and Emergency Services	4136	4 397	4 960	7 644	8 151	8 296	
	Manage the Harbour Yzerfontein	4744	80	80	385	410	447	
	Inclusive economic growth	Facilitate economic development in the municipal area		150	150	150	150	150
		Manage Development Services		17 377	23 501	22 587	67 064	24 016
	Quality and sustainable living environment	Manage Development Services	2906	2 106	2 121	2 078	2 206	2 336
Manage Planning and Valuations		1732	7 635	8 372	8 676	7 991	8 826	
Manage Building Control		1715	2 966	2 999	3 063	3 237	3 434	
Manage Human Settlements		3546	2 536	7 855	6 629	51 343	6 937	
Manage the Caravan Park Yzerfontein		4718	2 134	2 154	2 140	2 287	2 482	
Caring, competent and responsive institutions, organisations and business		Manage Corporate Services		31 437	33 255	35 380	36 769	38 629
	Manage Corporate Services, Secretariat and Records and Ward Committees	0508	11 279	12 790	13 982	14 474	15 036	
	Manage Human Resource Services	1148	5 542	5 717	5 213	5 148	5 396	
	Manage Properties, Contracts and Legal Administration	2988	3 987	4 026	4 724	5 020	5 361	
	Manage Libraries	2956	9 151	9 239	9 926	10 506	11 115	
	Manage Marketing And Tourism	8986	1 477	1 483	1 534	1 621	1 721	
	Manage Electrical Engineering Services							
	Manage ICT Services	1154	12 268	12 421	13 210	14 180	14 680	
	Manage the Office of the Municipal Manager		7 058	7 313	7 942	8 551	8 901	
	Manage the Office of the Municipal Manager	0512	2 889	2 911	3 918	4 119	4 313	
	Manage Internal Audit	1152	1 858	2 076	1 989	2 095	2 200	
	Manage Strategic Services	0585	2 311	2 326	2 035	2 337	2 388	
	Manage Financial Services		51 723	48 220	59 827	61 961	66 365	
	Manage Financial Administration	1110	1 915	2 002	2 146	2 310	2 411	
	Manage Supply Chain Management	1180	6 019	6 282	6 728	7 134	7 627	
	Manage the Budget and Treasury Office	1116	2 170	2 967	5 012	6 415	6 522	
	Manage Finance (Credit Control, Income, Expenditure,etc)	1135	36 693	32 097	39 208	40 756	43 894	

Strategic Objective	Goal	Goal Code	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
			Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand							
Sufficient, affordable and well-run services	Manage Assets	1113	1 967	1 905	2 488	1 304	1 384
	Manage Fleet	1137	962	970	1 028	1 084	1 146
	Manage Rates	1172	447	447	1 668	1 407	1 832
	Manage Financial Management Grant	1140	1 550	1 550	1 550	1 550	1 550
	Manage Council Expenses						
	Manage Council Expenses	0530	16 973	17 037	18 108	19 140	20 164
	Manage Civil Engineering Services		522 135	520 399	569 764	594 556	659 741
	Manage Civil Engineering Services	1704	3 728	3 750	3 434	3 666	3 886
	Manage Cemeteries	2920	625	605	669	686	702
	Manage Parks and Recreational Areas	4766	15 975	15 742	15 721	17 114	18 368
	Manage Proclaimed Roads	7170	6 475	6 475	327	519	25 037
	Manage Sewerage	5976	51 968	44 209	48 252	47 726	49 719
	Manage Waste Water Treatment Works	5977	–	2 541	2 868	3 031	3 205
	Manage Sportsgrounds	4778	4 724	4 603	3 496	3 673	3 878
	Manage Streets	7182	53 613	38 606	38 269	39 041	42 075
	Manage Storm water	7183	212	16 005	17 157	17 841	18 883
	Manage Swimming Pools	4784	2 233	2 297	3 606	3 717	3 790
	Manage Water Provision	7792	64 259	63 235	78 984	78 378	85 479
	Manage Municipal Property	1162	14 912	16 270	14 238	14 749	14 949
	Manage Refuse Removal	6574	25 092	27 056	31 168	31 771	35 216
	Manage Street Cleaning	6575	4 916	5 166	5 173	5 585	5 900
	Manage Solid Waste Disposal (Landfill Sites)	6579	6 507	6 485	7 004	7 982	7 784
	Manage Electrical Engineering Services	8309	–	–	1 732	1 832	1 925
	Manage Electricity Distribution	8334	266 897	265 780	296 042	315 189	336 599
	Manage Street Lighting	8381	–	1 574	1 625	2 054	2 349
Allocations to other priorities							
Total Expenditure			737 858	745 220	797 919	876 100	909 933

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

Strategic Objective	Goal	Goal Code	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
			Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand							
Improved quality of life for citizens	Manage Development Services						
	Manage Community Development	AH	100	100	-	-	-
	Manage Multi-Purpose Centres	AI	700	-	5 000	100	231
	Manage Protection Services						
	Manage Protection Services	AQ	104	651	146	153	100
	Manage Licensing and Registration Services	AU	-	-	-	394	616
	Manage Traffic and Law Enforcement	AV	783	939	562	-	-
	Manage Fire and Emergency Services	AS	115	115	1 320	3 170	1 480
	Manage the Harbour Yzerfontein	AT			-	-	-
Inclusive economic growth	Facilitate economic development in the municipal area	AW	-	600	-	-	-
Quality and sustainable living environment	Manage Development Services						
	Manage Development Services	AF	36	3 186	38	40	42
	Manage Planning and Valuations	AJ	5 000	4 000	3 000	-	-
	Manage Human Settlements	AL	32 780	40 494	45 454	6 400	36 760
	Manage the Caravan Park Yzerfontein	AG	1 230	385	30	30	30
Caring, competent and responsive institutions, organisations and business	Manage Corporate Services						
	Manage Corporate Services, Secretariat and Records and Ward Committees	A	18	2 118	18 810	22	24
	Manage Properties, Contracts and Legal Administration	E	60	60	100	37	39
	Manage Libraries	C	50	50	70	-	-
	Manage Electrical Engineering Services						
	Manage ICT Services	X	640	735	1 470	1 157	803
	Manage the Office of the Municipal Manager						
	Manage the Office of the Municipal Manager	AN	10	-	10	10	10
	Manage Financial Services						
	Manage Financial Administration	Y	46	63	44	26	28
	Manage Finance (Credit Control, Income, Expenditure, etc)	Z	-	-	217	-	231

Strategic Objective	Goal	Goal Code	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
			Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand							
Sufficient, affordable and well-run services	Manage Council Expenses						
	Manage Council Expenses	T	10	3	10	10	10
	Manage Civil Engineering Services						
	Manage Civil Engineering Services	F	42	13	44	50	52
	Manage Cemeteries	G	-	-	-	300	-
	Manage Parks and Recreational Areas	I	848	838	758	1 323	1 200
	Manage Sewerage	N	54	56	58	363	1 985
	Manage Waste Water Treatment Works	AX	38 898	17 276	62 846	62 232	7 646
	Manage Sportsgrounds	O	850	1 110	3 396	2 000	-
	Manage Streets	P	21 494	22 378	34 890	35 094	35 010
	Manage Storm water	Q	1 876	1 878	558	60	62
	Manage Swimming Pools	R	-	-	540	-	-
	Manage Water Provision	AE	7 145	11 547	2 364	4 188	29 442
	Manage Municipal Property	H	5 207	4 476	6 145	4 526	2 027
	Manage Refuse Removal	K	6 518	5 262	3 950	2 688	5 495
	Manage Electrical Engineering Services	U	350	345	400	350	350
	Manage Electricity Distribution	V	18 894	22 139	20 206	12 916	14 038
Total Capital Expenditure			143 858	140 816	212 436	137 639	137 710

Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Improved quality of life for citizens						
Manage Development Services						
Manage Community Development	Completion of projects	100	100	–	–	–
Manage Multi-Purpose Centres	Completion of projects	700	–	5 000	100	231
Manage Protection Services						
Manage Protection Services	Completion of projects	104	651	146	153	100
Manage Licensing and Registration Services	Completion of projects	–	–	–	394	616
Manage Traffic and Law Enforcement	Completion of projects	783	939	562	–	–
Manage Fire and Emergency Services	Completion of projects	115	115	1 320	3 170	1 480
Inclusive economic growth						
Facilitate economic development in the municipal area	Completion of projects	–	600	–	–	–
Quality and sustainable living environment						
Manage Development Services						
Manage Development Services	Completion of projects	36	3 186	38	40	42
Manage Planning and Valuations	Completion of projects	5 000	4 000	3 000	–	–
Manage Human Settlements	Completion of projects	32 780	40 494	45 454	6 400	36 760
Manage the Caravan Park Yzerfontein	Completion of projects	1 230	385	30	30	30
Caring, competent and responsive institutions,						
Manage Corporate Services						
Manage Corporate Services, Secretariat and Records	Completion of projects	18	2 118	18 810	22	24
Manage Properties, Contracts and Legal Administration	Completion of projects	60	60	100	37	39
Manage Libraries	Completion of projects	50	50	70	–	–
Manage ICT Services	Completion of projects	640	735	1 470	1 157	803
Manage the Office of the Municipal Manager						
Manage the Office of the Municipal Manager	Completion of projects	10	–	10	10	10
Manage Financial Administration	Completion of projects	46	63	44	26	28
Manage Finance (Credit Control, Income,	Completion of projects	–	–	217	–	231
Manage Council Expenses	Completion of projects	10	3	10	10	10
Sufficient, affordable and well-run services						
Manage Civil Engineering Services	Completion of projects	42	13	44	50	52
Manage Cemeteries	Completion of projects	–	–	–	300	–
Manage Parks and Recreational Areas	Completion of projects	848	838	758	1 323	1 200
Manage Sewerage	Completion of projects	54	56	58	363	1 985
Manage Waste Water Treatment Works	Completion of projects	38 898	17 276	62 846	62 232	7 646
Manage Sportsgrounds	Completion of projects	850	1 110	3 396	2 000	–
Manage Streets	Completion of projects	21 494	22 378	34 890	35 094	35 010
Manage Storm water	Completion of projects	1 876	1 878	558	60	62
Manage Swimming Pools	Completion of projects	–	–	540	–	–
Manage Water Storage	Completion of projects	7 145	11 547	2 364	4 188	29 442
Manage Municipal Property	Completion of projects	5 207	4 476	6 145	4 526	2 027
Manage Refuse Removal	Completion of projects	6 518	5 262	3 950	2 688	5 495
Manage Electrical Engineering Services	Completion of projects	350	345	400	350	350
Manage Electricity Distribution	Completion of projects	18 894	22 139	20 206	12 916	14 038
		R 143 857 572	R 140 815 524	R 212 435 837	R 137 639 479	R 137 710 243

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	No
4.	Credit Control and Debt Collection By-Law and Policy	Yes	Yes
5.	Indigent Policy	Yes	Yes
6.	Cash Management and Investment Policy	Yes	Yes
7.	Budget Implementation Policy	Yes	No
8.	Funding and Reserves Policy	Yes	No
9.	Debt and Borrowing Policy	Yes	No
10.	Virement Policy	Yes	Yes
11.	Asset Management Policy	Yes	No
12.	Fleet Management Policy	Yes	Yes
13.	Supply Chain Management Policy	Yes	No
14.	Preferential Procurement Policy	Yes	No
15.	Travel and Subsistence Policy	Yes	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 2019. 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 policy was reviewed and amended for the 2020/21 financial year.

The draft 2020/21 MTREF has been prepared on the basis of achieving an average debtors' collection rate of around 94.5 per cent on current billings. Due to the fact that Municipalities will be impacted negatively due to a loss of revenue streams as businesses, households and communities reel from the economic fallout caused by COVID-19, the average debtors' collection rate was reduced to 85% for 2020/21, 90% for 2021/22 and 95% for 2022/23 financial years.

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 not amended for the 2020/21 financial year.

2.3.3 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in January 2006. The policy is reviewed annually and the latest amendments for the 2019/20 financial year were approved with the mid-year adjustments budget on 30 January 2020. The policy was reviewed and not amended for the 2020/21 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 amended for the 2020/21 MTREF.

The Budget Implementation Policy was approved in May 2016. The policy was reviewed and not amended for the 2020/21 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 2020/21 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 between 7 - 8 months for the 2020/21 MTREF. (**Note:** this cost coverage does not refer to the annual collection rate 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 2020/21 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 2018/19 year was 92.07%, currently around 85% for 2020/21, 90% for 2021/22 and 95% for 2022/23 financial years. Other factors include the following previously mentioned:

- Failed SA Economy and Inflation Targets
- **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 quarterly budget performance and payment rates**
- Key focus areas for the 2020/21 Budget and process
- Revenue modelling informing Tariff increases to ensure services are delivered sustainably over the longer term
- Funding Choices and Increased Service Delivery
- Declining collection rate and impairment of receivables
- Decreased electricity re-sale tariffs
- Expenditure and Revenue Consolidation and basis informing growth from 2019-2020 to 2020-2021
- Further initiatives will need to be looked at for revenue growth
- The impact of “COVID 19” that poses unknown material risks to the economy including macro growth
- Much more expensive external financing costs and to rather fund the WWTW’s from council’s own funds

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 2020/21 is currently expressed as a percentage (85 per cent) of annual billings. Cash flow is assumed to be 85 per cent of billings. The performance of any increased collections or arrear collections will however be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.4.4 Growth or decline in tax base of the municipality

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

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

2.4.5 Salary increases

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

Increases of the directors: Corporate, Electrical and Protection Services that are contractually linked to the other personnel which is negotiated and determined at a national level (this **also dependent on the exemption application**):

- In respect of all personnel, an increase of **6.25%** for 2020/21; **6%** for 2021/2022 and **6%** for the 2022/2023 financial years, excluding the increase in other benefits that are applicable and the annual 2.5% notch increase where applicable.
- In respect of the other section 56-appointments (**excluding the Municipal Manager, CFO and Directors Civil Services and Development Services**) a **6.25%** increase with effect from 1 July 2020;
- Provision has also been made for the year-on year movements in regulated upper limits for political office bearers.

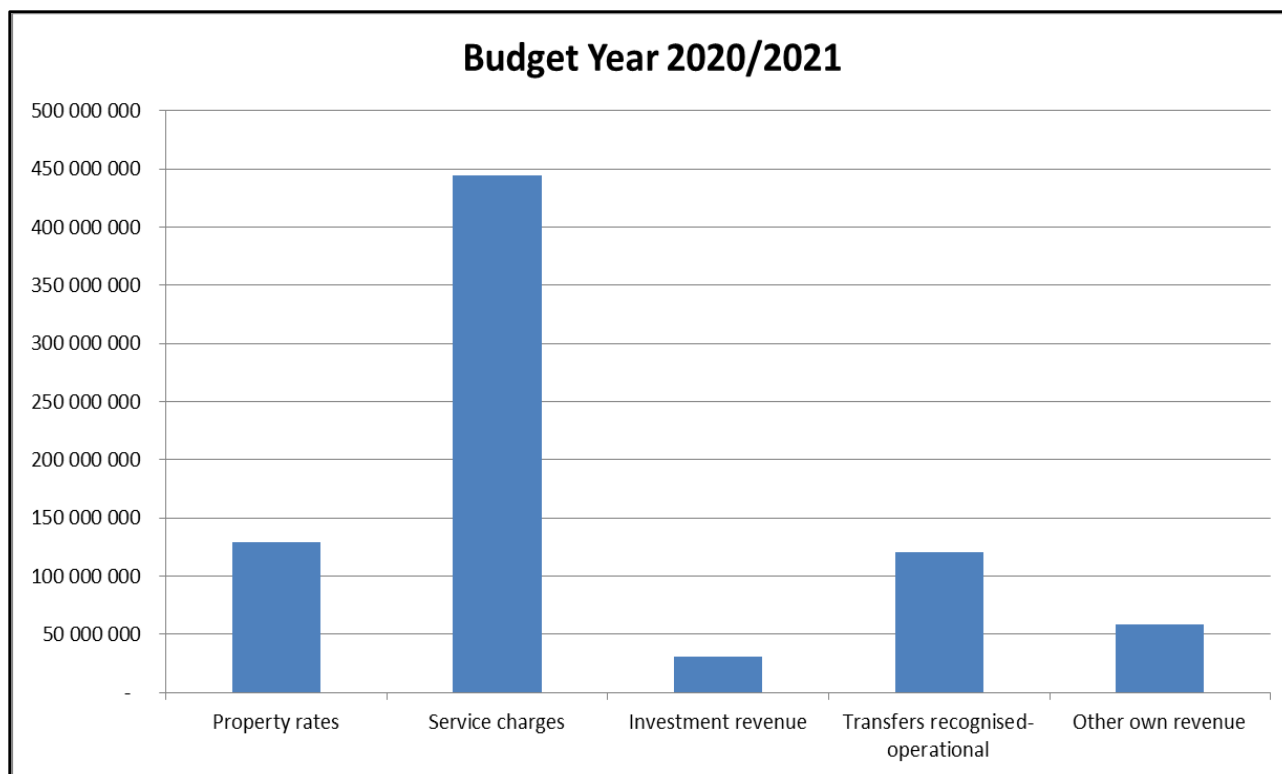
2.5 Overview of budget funding

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 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands					
Financial Performance					
Property rates	121 289	121 289	128 928	141 086	150 382
Service charges	419 650	418 650	444 403	473 550	503 079
Investment revenue	40 920	42 237	30 712	33 684	38 073
Transfers recognised - operational	112 666	117 454	120 495	176 350	162 620
Other own revenue	57 170	63 569	58 634	61 491	62 955
Total Revenue (excluding capital transfers and contributions)	751 695	763 199	783 171	886 161	917 110

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

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

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

2.5.2 Cash Flow Management

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

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

MBRR Table A7 - Budget cash flow statement

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	115 225	120 517	109 588	126 978	142 863
Service charges	395 843	398 727	377 742	426 195	477 925
Other revenue	29 572	36 443	34 299	36 994	38 415
Transfers and Subsidies - Operational	112 666	117 454	120 495	176 350	162 620
Transfers and Subsidies - Capital	67 161	80 451	86 864	28 897	66 713
Interest	43 719	45 036	34 609	37 748	42 288
Dividends	-	-	-	-	-
Payments					
Suppliers and employees	(587 488)	(595 522)	(636 646)	(718 374)	(735 510)
Finance charges	(18 581)	(13 156)	(11 934)	(11 055)	(10 180)
Transfers and Grants	(3 168)	(3 210)	(3 223)	(3 033)	(3 203)
NET CASH FROM/(USED) OPERATING ACTIVITIES	154 948	186 740	111 795	100 700	181 930
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	200	532	200	200	200
Decrease (increase) in non-current receivables	18	(3)	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-
Payments					
Capital assets	(143 858)	(140 816)	(212 436)	(137 639)	(137 710)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(143 639)	(140 286)	(212 236)	(137 439)	(137 510)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Short term loans	-	-	-	-	-
Borrowing long term/refinancing	50 000	-	-	-	-
Increase (decrease) in consumer deposits	(1 568)	3 223	867	919	974
Payments					
Repayment of borrowing	(13 298)	(10 018)	(11 846)	(12 793)	(13 817)
NET CASH FROM/(USED) FINANCING ACTIVITIES	35 134	(6 795)	(10 979)	(11 874)	(12 843)
NET INCREASE/ (DECREASE) IN CASH HELD	46 443	39 659	(111 420)	(48 614)	31 577
Cash/cash equivalents at the year begin:	495 086	525 327	564 986	453 566	404 952
Cash/cash equivalents at the year end:	541 529	564 986	453 566	404 952	436 529

2.5.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected).

MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand					
<u>Cash and investments available</u>					
Cash/cash equivalents at the year end	548 629	564 986	453 566	404 952	436 529
Other current investments > 90 days	(0)	(0)	-	-	-
Non current assets - Investments	-	-	-	-	-
Cash and investments available:	548 629	564 986	453 566	404 952	436 529
<u>Application of cash and investments</u>					
Unspent conditional transfers	11 250	5 266	611	636	661
Unspent borrowing	-	-	-	-	-
Statutory requirements	-	-	-	-	-
Other working capital requirements	(14 414)	(14 433)	(37 833)	(76 814)	(83 983)
Other provisions	-	-	-	-	-
Long term investments committed	-	-	-	-	-
Reserves to be backed by cash/investments	244 227	197 455	183 579	191 271	219 886
Total Application of cash and investments:	241 063	188 288	146 358	115 093	136 564
Surplus(shortfall)	307 565	376 699	307 209	289 859	299 965

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

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

2.5.4 Funding compliance measurement

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

MBRR SA10 – Funding compliance measurement

Description	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Funding measures							
Cash/cash equivalents at the year end - R'000	541 529	564 986	564 986	564 986	453 566	404 952	436 529
Cash + investments at the yr end less applications - R'000	307 565	376 699	376 699	364 747	307 209	289 859	299 965
Cash year end/monthly employee/supplier payments	11	11	11	11	8	7	7
Surplus/(Deficit) excluding depreciation offsets: R'000	80 999	98 430	98 430	153 964	72 116	38 958	73 890
Service charge rev % change - macro CPIX target exclusive	(2.4%)	(6.2%)	(6.0%)	4.3%	0.2%	1.2%	0.3%
Cash receipts % of Ratepayer & Other revenue	90.4%	92.9%	92.9%	85.0%	82.6%	87.3%	92.0%
Debt impairment expense as a % of total billable revenue	6.5%	6.6%	6.6%	6.0%	7.7%	6.4%	7.5%
Capital payments % of capital expenditure	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	65.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations					100.3%	98.2%	98.8%
Current consumer debtors % change - incr(decr)	31.8%	7.2%	0.0%	0.0%	41.3%	19.9%	1.6%
R&M % of Property Plant & Equipment	2.8%	2.8%	2.8%	2.6%	2.5%	2.6%	3.8%
Asset renewal % of capital budget	18.6%	22.2%	22.2%	0.0%	10.9%	22.5%	24.0%

2.5.4.1 Cash/cash equivalent position

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

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

2.5.4.2 Cash plus investments less application of funds

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

2.5.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as boycotts. As mentioned before, the municipality strives to maintain a ratio of between 4 and 6 months, whilst the cost coverage as per A-schedule SA8 is between 7 - 8 months for the 2020/21 MTREF.

2.5.4.4 Surplus/deficit excluding depreciation off-sets

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

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

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

2.5.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 95 per cent performance target, the cash flow statement has been based on actual rates achieved during 2018/19 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.

2.5.4.7 Debt impairment expense as a percentage of billable revenue

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

2.5.4.8 Capital payments percentage of capital expenditure

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

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

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

2.5.4.10 Consumer debtors change (Current and Non-current)

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

2.5.4.11 Repairs and maintenance expenditure level

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

2.5.4.12 Asset renewal/rehabilitation expenditure level

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

2.6 Expenditure on grants

MBRR SA19 - Expenditure on transfers and grant programmes

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand					
EXPENDITURE:					
<u>Operating expenditure of Transfers and Grants</u>					
National Government:	94 852	94 852	105 612	115 843	128 527
Local Government Equitable Share	91 534	91 534	102 195	114 293	126 977
Finance Management	1 550	1 550	1 550	1 550	1 550
EPWP Incentive	1 768	1 768	1 867	–	–
ACIP Water conservation					
Provincial Government:	17 564	24 582	14 608	60 205	33 760
Community Development Workers	–	74	38	38	38
Human Settlements	–	5 039	1 950	46 680	–
Municipal Accreditation and Capacity Building Grant	224	224	238	252	264
Libraries	9 557	9 557	10 068	10 695	11 283
Proclaimed Roads Subsidy	5 084	5 084	175	175	20 175
Bursaries	379	379	401	–	–
Financial Management Support Grant: mSCOA (Software)	330	330	–	–	–
Thusong Grant	1 990	3 895	–	–	–
Establishment of a K9 Unit	–	–	150	–	–
	–	–	1 588	2 365	2 000
Other grant providers:	250	250	275	302	333
<i>LG Seta</i>	250	250	275	302	333
Total operating expenditure of Transfers and Grants	112 666	119 684	120 495	176 350	162 620
<u>Capital expenditure of Transfers and Grants</u>					
National Government:	30 301	30 301	32 835	27 700	28 810
Municipal Infrastructure Grant (MIG)	21 301	21 301	21 183	22 700	23 810
Energy Efficiency and Demand Side Management	4 000	4 000	4 000	–	–
Integrated National Electrification Programme	5 000	5 000	7 652	5 000	5 000
Provincial Government:	36 860	48 150	52 888	55	36 760
Human Settlements	32 480	41 094	48 474	–	36 760
RSEP/VPUU Municipal Projects	4 000	4 000	3 000	–	–
Libraries	50	50	70	–	–
Upgrading of Tennis & Netball Courts	320	320	–	–	–
Fire Service Capacity Building Grant	–	–	732	–	–
Establishment of a K9 Unit	10	1 046	612	55	–
Greenest Municipality Competition	–	140	–	–	–
Proclaimed Roads Subsidy	–	1 500	–	–	–
Total capital expenditure of Transfers and Grants	67 161	78 451	85 723	27 755	65 570
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	179 827	198 135	206 218	204 105	228 190

2.7 Allocations and Grants made by the municipality

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

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand					
<u>Cash Transfers to Organisations</u>					
Old age homes	939	983	1 049	1 111	1 175
SPCA	281	281	296	311	327
NSRI	82	82	87	91	96
Museums	210	210	221	232	244
Bergriver Canoe Marathon	54	54	30	30	30
Tourism associations	820	818	846	900	956
Social Upliftment					
Total Cash Transfers To Organisations	2 386	2 428	2 529	2 674	2 829
<u>Cash Transfers to Groups of Individuals</u>					
Bursaries:non-employees	379	379	401	–	–
Welfare organisations	402	402	293	359	375
Total Cash Transfers To Groups Of Individuals:	781	781	694	359	375
TOTAL CASH TRANSFERS AND GRANTS	3 168	3 210	3 223	3 033	3 203

2.8 Councillor and employee benefits

MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
	D	E	G	H	I
<u>Councillors (Political Office Bearers plus Other)</u>					
Basic Salaries and Wages	7 430	7 430	9 103	9 558	10 036
Pension and UIF Contributions	1 018	1 018	1 005	1 065	1 129
Medical Aid Contributions	251	251	283	297	312
Cellphone Allowance	1 102	1 102	1 081	1 135	1 183
Sub Total - Councillors	11 112	11 112	11 471	12 055	12 659
% increase	7.2%	-	3.2%	5.1%	5.0%
<u>Senior Managers of the Municipality</u>					
Basic Salaries and Wages	7 947	7 947	8 355	8 842	9 354
Pension and UIF Contributions	1 455	1 455	1 503	1 590	1 686
Medical Aid Contributions	265	265	373	394	416
Performance Bonus	-	-	598	634	672
Motor Vehicle Allowance	1 055	1 055	1 038	1 109	1 109
Cellphone Allowance	304	304	303	318	334
Other benefits and allowances	174	174	191	199	212
Payments in lieu of leave	-	27	29	31	33
Long service awards	87	87	34	45	67
Post-retirement benefit obligations	842	842	484	522	564
Sub Total - Senior Managers of Municipality	12 130	12 157	12 907	13 685	14 447
% increase	18.3%	0.2%	6.2%	6.0%	5.6%
<u>Other Municipal Staff</u>					
Basic Salaries and Wages	123 864	125 871	139 332	148 099	157 022
Pension and UIF Contributions	23 315	23 315	25 435	26 827	28 410
Medical Aid Contributions	12 507	12 507	10 729	11 321	11 903
Overtime	8 531	8 596	9 352	9 900	10 319
Motor Vehicle Allowance	5 040	5 040	5 395	5 870	5 870
Cellphone Allowance	427	433	552	585	620
Housing Allowances	1 560	1 560	1 719	1 876	1 990
Other benefits and allowances	21 791	21 971	24 687	26 061	27 104
Payments in lieu of leave	2 378	2 351	2 515	2 691	2 880
Long service awards	1 552	1 552	2 562	3 460	5 073
Post-retirement benefit obligations	4 418	4 418	4 199	4 535	4 898
Sub Total - Other Municipal Staff	205 384	207 616	226 475	241 225	256 089
% increase	12.7%	1.1%	9.1%	6.5%	6.2%
Total Parent Municipality	228 626	230 884	250 854	266 966	283 196
	12.7%	1.0%	8.6%	6.4%	6.1%
TOTAL SALARY, ALLOWANCES & BENEFITS	228 626	230 884	250 854	266 966	283 196
% increase	12.7%	1.0%	8.6%	6.4%	6.1%
TOTAL MANAGERS AND STAFF	217 514	219 772	239 382	254 911	270 536

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

WC015 Swartland - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)						
Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.				2.
<u>Councillors</u>						
Speaker	480 991	99 305	220 166			800 462
Chief Whip	–	–	–			–
Executive Mayor	635 333	91 713	263 554			990 599
Deputy Executive Mayor	618 910	89 342	92 925			801 177
Executive Committee	1 884 101	406 812	722 681			3 013 594
Total for all other councillors	3 933 911	600 264	1 331 472			5 865 646
Total Councillors	7 553 246	1 287 435	2 630 798			11 471 478
<u>Senior Managers of the Municipality</u>						
Municipal Manager (MM)	1 498 159	394 707	225 800	254 649		2 373 316
Chief Finance Officer	1 091 076	268 495	112 800	176 123		1 648 494
<i>List of each official with packages >= senior manager</i>						
Senior Manager: Protection	1 023 816	305 160	268 800	–		1 597 776
Senior Manager: Electric	1 100 005	284 246	188 937	–		1 573 188
Senior Manager: Corporate	1 226 614	293 622	100 977	–		1 621 212
Senior Manager: Development	1 002 293	263 424	136 800	147 606		1 550 123
Senior Manager: Civil	1 075 480	257 075	136 800	167 734		1 637 089
						–
Total Senior Managers of the Municipality	8 017 443	2 066 728	1 170 914	746 112		12 001 198
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	15 570 689	3 354 163	3 801 712	746 112		23 472 676

MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers		Current Year 2019/20			Budget Year 2020/21		
Number		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities							
Councillors (Political Office Bearers plus Other Councillors)		23	7	16	23	7	16
Board Members of municipal entities		–	–	–	–	–	–
Municipal employees							
Municipal Manager and Senior Managers		7	7	–	7	7	–
Other Managers							
Professionals		25	25	–	27	26	–
Finance		5	5	–	6	5	–
Spatial/town planning		4	4	–	5	5	–
Information Technology		2	2	–	2	2	–
Roads		–	–	–	–	–	–
Electricity		2	2	–	2	2	–
Water		1	1	–	1	1	–
Sanitation		–	–	–	–	–	–
Refuse		1	1	–	1	1	–
Other		10	10	–	10	10	–
Technicians		32	32	–	34	34	–
Finance		–	–	–	–	–	–
Spatial/town planning		4	4	–	4	4	–
Information Technology		2	2	–	2	2	–
Roads		2	2	–	3	3	–
Electricity		5	5	–	5	5	–
Water		3	3	–	3	3	–
Sanitation		2	2	–	2	2	–
Refuse		2	2	–	3	3	–
Other		12	12	–	12	12	–
Clerks (Clerical and administrative)		116	116	–	132	129	–
Service and sales workers		67	67	–	88	88	–
Skilled agricultural and fishery workers		1	1	–	1	1	–
Craft and related trades		32	32	–	31	29	–
Plant and Machine Operators		42	42	–	48	47	–
Elementary Occupations		238	238	–	248	239	–
TOTAL PERSONNEL NUMBERS		583	567	16	639	607	16

2.9 Monthly targets for revenue, expenditure and cash flow

MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand															
Revenue By Source															
Property rates	8 756	12 700	11 440	11 302	11 587	11 303	11 387	10 930	11 421	11 322	11 431	5 348	128 928	141 086	150 382
Service charges - electricity revenue	23 155	26 839	26 742	26 298	25 271	25 377	24 860	26 759	25 496	29 549	29 442	28 952	318 741	338 135	358 702
Service charges - water revenue	4 205	4 044	4 473	4 474	4 807	5 431	5 758	6 097	4 732	4 554	5 027	3 373	56 975	62 498	66 968
Service charges - sanitation revenue	2 796	3 196	3 133	3 311	3 376	3 463	3 494	4 133	3 612	3 565	3 579	4 559	42 218	45 011	47 990
Service charges - refuse revenue	2 092	2 156	2 050	1 980	1 988	2 006	3 193	1 766	2 307	2 423	2 282	2 223	26 468	27 906	29 420
Rental of facilities and equipment	126	123	119	120	162	115	131	128	113	117	120	120	1 495	1 595	1 700
Interest earned - external investments	418	403	270	239	269	322	261	235	254	318	329	27 394	30 712	33 684	38 073
Interest earned - outstanding debtors	310	324	337	345	338	340	346	361	329	341	370	843	4 585	4 516	4 436
Fines, penalties and forfeits	30	43	36	52	51	54	35	31	29	40	34	32 596	33 030	33 464	33 803
Licences and permits	300	297	316	320	327	306	345	305	313	314	314	303	3 759	3 981	4 216
Agency services	446	440	378	515	396	350	446	377	139	566	436	385	4 876	5 169	5 479
Transfers and subsidies	42 583	-	-	-	-	34 063	-	-	25 549	-	-	18 300	120 495	176 350	162 620
Other revenue	637	903	1 046	1 183	1 228	888	846	951	595	886	815	709	10 689	12 567	13 123
Gains	-	-	-	-	-	200	-	-	-	-	-	-	200	200	200
Total Revenue (excluding capital transfers)	85 854	51 467	50 342	50 139	49 800	84 219	51 104	52 073	74 890	53 996	54 180	125 107	783 171	886 161	917 110
Expenditure By Type															
Employee related costs	17 834	18 083	18 183	18 206	29 420	18 248	18 236	18 197	17 888	18 099	18 099	28 889	239 382	254 911	270 536
Remuneration of councillors	956	956	956	956	956	956	956	956	956	956	956	956	11 471	12 055	12 659
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	43 915	43 915	39 361	48 822
Depreciation & asset impairment	7 646	7 646	7 646	7 646	7 646	7 646	7 646	7 646	7 646	7 646	7 646	8 646	92 755	94 522	102 138
Finance charges	-	-	-	-	-	5 993	-	-	-	-	-	5 940	11 934	11 055	10 180
Bulk purchases	10 140	21 548	21 801	19 773	18 525	18 252	17 999	22 815	23 576	23 829	24 083	28 661	251 000	268 319	286 833
Other materials	2 467	2 723	2 574	2 901	3 044	2 928	3 018	2 644	2 957	2 722	2 731	2 533	33 242	33 694	35 551
Contracted services	2 837	4 945	5 075	5 224	6 186	5 904	4 503	4 300	4 385	5 008	4 587	4 558	57 512	102 926	82 254
Transfers and subsidies	103	311	630	193	404	122	171	266	122	405	193	303	3 223	3 033	3 203
Other expenditure	1 590	2 664	4 018	5 484	2 866	4 211	2 183	1 943	2 004	2 555	2 592	11 928	44 038	46 470	47 676
Losses	-	-	-	-	-	-	-	-	-	-	-	9 446	9 446	9 755	10 080
Total Expenditure	43 573	58 875	60 884	60 384	69 047	64 260	54 713	58 767	59 533	61 220	60 887	145 776	797 919	876 100	909 933
Surplus/(Deficit)	42 281	(7 408)	(10 543)	(10 245)	(19 246)	19 959	(3 609)	(6 694)	15 357	(7 224)	(6 707)	(20 669)	(14 747)	10 061	7 177
Transfers and subsidies - capital (monetary)	-	-	-	-	-	-	-	-	-	-	-	85 723	85 723	27 755	65 570
Transfers and subsidies - capital (monetary)	83	94	94	94	94	94	94	115	94	94	94	93	1 141	1 142	1 143
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	42 365	(7 314)	(10 448)	(10 151)	(19 152)	20 053	(3 515)	(6 578)	15 452	(7 129)	(6 613)	65 147	72 116	38 958	73 890

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

WC015 Swartland - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)															
Description	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote															
Vote 1 - Corporate Services	47	53	56	57	62	38	92	46	40	48	55	10 923	11 518	11 689	12 357
Vote 2 - Civil Services	32 233	9 803	10 052	10 204	10 660	29 664	12 921	12 452	24 738	10 966	11 307	33 567	208 567	221 721	256 138
Vote 3 - Council	32	20	18	20	42	17	20	33	19	32	20	18	290	295	299
Vote 4 - Electricity Services	25 223	26 856	26 758	26 314	25 288	27 034	24 876	26 775	26 743	29 565	29 458	40 621	335 512	348 648	369 640
Vote 5 - Financial Services	27 292	13 507	12 140	11 987	12 279	26 408	12 106	11 612	22 697	12 074	12 210	35 206	209 518	233 046	254 871
Vote 6 - Development Services	321	515	658	728	747	409	351	513	234	463	406	54 339	59 684	54 273	44 664
Vote 7 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Protection Services	790	809	753	923	816	743	833	757	513	942	819	36 248	44 945	45 386	45 854
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	85 938	51 562	50 436	50 233	49 895	84 313	51 198	52 189	74 984	54 090	54 274	210 923	870 035	915 058	983 823
Expenditure by Vote to be appropriated															
Vote 1 - Corporate Services	2 474	2 512	2 670	2 697	3 946	3 423	2 561	2 573	3 034	2 661	2 753	4 076	35 380	36 769	38 629
Vote 2 - Civil Services	15 991	18 080	17 761	19 396	23 049	24 704	17 655	17 138	16 807	17 923	17 360	64 499	270 364	275 481	318 867
Vote 3 - Council	1 107	1 327	3 437	1 184	1 393	1 687	1 150	1 262	1 098	1 394	1 793	1 277	18 108	19 140	20 164
Vote 4 - Electricity Services	14 174	26 336	26 009	24 787	23 977	22 933	22 172	26 957	27 705	27 984	28 258	41 318	312 609	333 255	355 554
Vote 5 - Financial Services	3 485	3 966	4 247	5 189	5 933	4 054	4 236	4 027	3 917	3 906	4 026	12 840	59 827	61 961	66 365
Vote 6 - Development Services	2 119	2 123	2 189	2 566	3 613	2 380	2 226	2 167	2 090	2 240	2 136	3 180	29 029	73 712	31 435
Vote 7 - Municipal Manager	599	614	618	621	848	609	622	610	616	611	619	1 105	8 092	8 701	9 051
Vote 8 - Protection Services	3 625	3 917	3 953	3 944	6 288	4 469	4 092	4 032	4 265	4 501	3 942	17 481	64 508	67 082	69 868
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	43 573	58 875	60 884	60 384	69 047	64 260	54 713	58 767	59 533	61 220	60 887	145 776	797 919	876 100	909 933
Surplus/(Deficit) before assoc.	42 365	(7 314)	(10 448)	(10 151)	(19 152)	20 053	(3 515)	(6 578)	15 452	(7 129)	(6 613)	65 147	72 116	38 958	73 890
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	42 365	(7 314)	(10 448)	(10 151)	(19 152)	20 053	(3 515)	(6 578)	15 452	(7 129)	(6 613)	65 147	72 116	38 958	73 890

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

Description R thousand	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional															
Governance and administration	27 399	13 595	12 246	12 103	12 494	26 507	12 241	11 719	22 800	12 194	12 320	36 015	211 633	234 818	256 747
Executive and council	32	20	18	20	42	17	20	33	19	32	20	18	290	295	299
Finance and administration	27 366	13 575	12 228	12 083	12 451	26 489	12 221	11 687	22 782	12 161	12 300	35 998	211 343	234 523	256 448
Internal audit	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety	186	261	329	667	443	398	389	378	247	273	420	100 696	104 687	98 825	89 662
Community and social services	103	113	93	82	94	86	113	93	50	93	97	13 574	14 590	11 929	12 593
Sport and recreation	45	86	167	484	236	226	196	212	129	111	247	863	3 002	3 640	3 793
Public safety	22	46	53	85	97	71	64	58	52	53	60	35 541	36 201	36 121	36 037
Housing	16	16	16	16	16	16	16	16	16	16	16	50 718	50 894	47 135	37 239
Health	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services	1 055	1 203	1 202	1 148	1 256	989	995	1 067	611	1 269	928	2 347	14 072	19 900	43 180
Planning and development	269	422	484	293	518	298	208	348	132	362	151	309	3 795	3 961	4 133
Road transport	786	781	719	856	737	691	787	718	480	907	777	2 038	10 276	15 939	39 047
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services	57 296	36 500	36 657	36 313	35 699	56 417	37 570	39 022	51 323	40 352	40 604	71 862	539 613	561 484	594 201
Energy sources	25 223	26 856	26 758	26 314	25 288	27 034	24 876	26 775	26 743	29 565	29 458	40 621	335 512	348 648	369 640
Water management	10 335	4 234	4 664	4 664	4 998	10 373	5 949	6 288	8 486	4 745	5 218	3 765	73 720	79 462	99 951
Waste water management	13 398	3 128	3 055	3 232	3 296	11 934	3 416	4 050	9 947	3 488	3 513	24 833	87 291	88 014	76 545
Waste management	8 341	2 283	2 179	2 102	2 118	7 075	3 328	1 908	6 146	2 553	2 415	2 642	43 090	45 360	48 065
Other	2	2	2	2	2	2	2	2	2	2	2	2	30	31	33
Total Revenue - Functional	85 938	51 562	50 436	50 233	49 895	84 313	51 198	52 189	74 984	54 090	54 274	210 923	870 035	915 058	983 823

Description	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Expenditure - Functional															
Governance and administration	8 823	10 335	12 576	11 306	13 740	12 040	9 932	9 642	9 934	9 872	10 464	23 255	141 918	147 845	155 980
Executive and council	1 397	1 623	3 730	1 475	1 737	1 976	1 440	1 553	1 388	1 685	2 084	1 937	22 026	23 259	24 477
Finance and administration	7 284	8 570	8 699	9 678	11 774	9 922	8 350	7 948	8 404	8 045	8 238	21 107	118 018	122 606	129 418
Internal audit	142	142	147	153	230	142	142	142	142	142	142	211	1 874	1 980	2 085
Community and public safety	6 632	7 092	7 128	7 610	10 904	7 818	7 277	7 288	7 358	7 770	7 080	21 071	105 028	154 654	115 474
Community and social services	1 505	1 581	1 568	1 614	2 523	1 952	1 719	1 687	1 976	1 699	1 614	2 390	21 828	21 523	23 162
Sport and recreation	1 761	1 912	1 930	2 232	2 936	2 010	1 907	1 900	1 817	1 953	1 856	2 749	24 964	26 791	28 517
Public safety	2 880	3 107	3 143	3 201	4 869	3 375	3 163	3 150	3 077	3 628	3 125	14 890	51 607	54 996	56 858
Housing	486	492	486	564	576	481	488	552	488	489	484	1 042	6 629	51 343	6 937
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	4 396	4 686	4 813	5 304	6 836	5 123	4 643	4 470	4 427	5 154	4 717	6 172	60 741	61 892	90 919
Planning and development	961	936	1 024	1 245	2 067	1 182	1 055	915	920	1 027	946	1 646	13 925	13 715	14 799
Road transport	3 435	3 751	3 789	4 058	4 769	3 941	3 589	3 555	3 507	4 127	3 771	4 526	46 817	48 177	76 121
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	23 603	36 643	36 248	36 046	37 419	39 158	32 742	37 247	37 695	38 305	38 507	95 084	488 697	510 088	545 840
Energy sources	13 116	24 560	24 833	23 651	22 391	21 765	21 039	25 837	26 558	26 846	27 099	39 972	297 667	317 243	338 948
Water management	4 201	4 281	4 323	4 602	5 058	4 703	4 342	4 302	4 216	4 289	4 289	30 378	78 984	78 378	85 479
Waste water management	3 892	4 408	4 193	4 624	5 832	9 522	4 271	4 176	3 902	4 200	4 080	15 603	68 701	69 128	72 513
Waste management	2 394	3 394	2 899	3 169	4 138	3 169	3 090	2 932	3 019	2 970	3 039	9 130	43 344	45 339	48 900
Other	119	119	119	119	149	121	119	119	119	119	119	194	1 534	1 621	1 721
Total Expenditure - Functional	43 573	58 875	60 884	60 384	69 047	64 260	54 713	58 767	59 533	61 220	60 887	145 776	797 919	876 100	909 933
Surplus/(Deficit) before assoc.	42 365	(7 314)	(10 448)	(10 151)	(19 152)	20 053	(3 515)	(6 578)	15 452	(7 129)	(6 613)	65 147	72 116	38 958	73 890
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	42 365	(7 314)	(10 448)	(10 151)	(19 152)	20 053	(3 515)	(6 578)	15 452	(7 129)	(6 613)	65 147	72 116	38 958	73 890

MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Multi-year expenditure to be appropriated															
Vote 1 - Corporate Services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - Civil Services	3 000	3 200	6 851	8 750	9 750	7 767	7 350	8 779	9 500	8 004	8 900	6 741	88 592	80 452	44 956
Vote 3 - Council	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - Electricity Services	–	–	100	100	100	1 100	1 100	1 100	1 100	100	–	–	4 800	5 500	5 500
Vote 5 - Financial Services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - Development Services	5 325	5 550	6 041	5 720	7 109	6 434	4 433	2 588	2 304	250	250	250	46 254	6 500	36 760
Vote 7 - Municipal Manager	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - Protection Services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-t	8 325	8 750	12 992	14 570	16 959	15 301	12 883	12 466	12 904	8 354	9 150	6 991	139 646	92 452	87 216
Single-year expenditure to be appropriated															
Vote 1 - Corporate Services	12 670	5 033	–	10	52	–	10	20	23	412	20	730	18 980	59	63
Vote 2 - Civil Services	88	93	2 329	4 353	5 558	3 272	1 428	2 763	3 515	2 858	695	5	26 957	32 372	37 963
Vote 3 - Council	2	–	–	–	2	–	2	–	2	–	2	–	10	10	10
Vote 4 - Electricity Services	114	227	607	797	4 412	642	857	1 897	2 107	2 372	1 927	1 317	17 276	8 923	9 690
Vote 5 - Financial Services	–	2	3	241	3	2	5	3	2	–	–	–	261	26	259
Vote 6 - Development Services	6	885	785	884	1 042	580	528	735	606	606	606	5	7 268	70	303
Vote 7 - Municipal Manager	–	2	–	–	2	–	2	–	2	–	2	–	10	10	10
Vote 8 - Protection Services	–	–	35	32	597	10	20	45	20	10	1 259	–	2 028	3 717	2 196
Vote 9 - [NAME OF VOTE 9]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-	12 880	6 243	3 759	6 317	11 668	4 506	2 852	5 463	6 276	6 258	4 511	2 057	72 790	45 187	50 494
Total Capital Expenditure	21 205	14 993	16 751	20 887	28 627	19 807	15 735	17 929	19 180	14 612	13 661	9 048	212 436	137 639	137 710

MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital Expenditure - Functional	1															
<i>Governance and administration</i>		12 672	5 214	595	1 048	1 061	757	271	510	516	1 424	811	1 827	26 706	5 751	3 132
Executive and council		2	2	-	-	4	-	4	-	4	-	4	-	20	20	20
Finance and administration		12 670	5 212	595	1 048	1 057	757	267	510	512	1 424	807	1 827	26 686	5 731	3 112
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		61	491	506	1 513	2 315	1 248	801	1 055	701	821	2 140	271	11 922	7 508	3 696
Community and social services		-	430	400	410	640	400	410	620	620	610	620	10	5 170	437	270
Sport and recreation		61	61	71	1 071	1 079	838	371	390	61	201	261	261	4 724	3 353	1 230
Public safety		-	-	35	32	597	10	20	45	20	10	1 259	-	2 028	3 717	2 196
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		2 988	3 448	6 416	9 646	11 298	8 155	5 571	6 666	6 889	2 253	2 253	(130)	65 452	41 584	61 346
Planning and development		352	707	527	712	461	561	352	552	873	253	253	253	5 859	90	4 689
Road transport		2 636	2 741	5 889	8 933	10 836	7 594	5 218	6 114	6 016	2 000	2 000	(383)	59 593	41 494	56 657
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		5 484	5 840	9 233	8 681	13 953	9 646	9 093	9 699	11 075	10 114	8 457	7 081	108 356	82 797	69 535
Energy sources		114	220	620	850	4 240	1 742	1 950	2 990	3 200	2 150	1 920	610	20 606	13 266	14 388
Water management		924	1 007	1 503	1 187	1 547	1 062	937	254	725	350	437	130	10 063	4 188	35 746
Waste water management		4 446	4 613	7 100	6 635	8 116	6 832	6 195	6 155	6 150	5 304	6 000	6 191	73 736	62 655	13 906
Waste management		-	-	10	10	50	10	10	300	1 000	2 310	100	150	3 950	2 688	5 495
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	2	21 205	14 993	16 751	20 887	28 627	19 807	15 735	17 929	19 180	14 612	13 661	9 048	212 436	137 639	137 710
Funded by:																
National Government		1 000	1 000	2 000	2 000	3 027	3 352	3 400	4 500	4 700	3 004	2 600	2 253	32 835	27 700	28 810
Provincial Government		5 325	6 330	6 375	6 122	8 228	6 573	4 562	3 327	2 924	1 260	1 602	260	52 888	55	36 760
Transfers recognised - capital		6 325	7 330	8 375	8 122	11 255	9 925	7 962	7 827	7 624	4 264	4 202	2 513	85 723	27 755	65 570
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		14 880	7 663	8 376	12 766	17 372	9 882	7 773	10 102	11 556	10 348	9 459	6 536	126 713	109 884	72 140
Total Capital Funding		21 205	14 993	16 751	20 887	28 627	19 807	15 735	17 929	19 180	14 612	13 661	9 048	212 436	137 639	137 710

MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand															
Cash Receipts By Source															
Property rates	7 443	10 795	9 724	9 607	9 849	9 608	9 679	9 290	9 707	9 624	9 717	4 546	109 588	126 978	142 863
Service charges - electricity revenue	19 682	22 814	22 731	22 353	21 481	21 570	21 131	22 745	21 672	25 116	25 025	24 609	270 930	304 322	340 767
Service charges - water revenue	3 574	3 437	3 802	3 802	4 086	4 616	4 895	5 183	4 022	3 871	4 273	2 867	48 429	56 248	63 620
Service charges - sanitation revenue	2 376	2 717	2 663	2 815	2 870	2 944	2 970	3 513	3 070	3 030	3 042	3 875	35 885	40 510	45 590
Service charges - refuse revenue	1 779	1 833	1 743	1 683	1 690	1 705	2 714	1 501	1 961	2 059	1 940	1 890	22 498	25 115	27 949
Rental of facilities and equipment	107	105	101	102	137	97	111	109	96	100	102	102	1 271	1 435	1 615
Interest earned - external investments	418	403	270	239	269	322	261	235	254	318	329	27 394	30 712	33 684	38 073
Interest earned - outstanding debtors	263	275	287	293	287	289	294	307	279	290	315	717	3 897	4 064	4 214
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	12	17	15	21	21	22	14	12	12	16	14	13 262	13 439	13 582	13 727
Licences and permits	300	297	316	320	327	306	345	305	313	314	314	303	3 759	3 981	4 216
Agency services	446	440	378	515	396	350	446	377	139	566	436	385	4 876	5 169	5 479
Transfers and Subsidies - Operational	42 583	-	-	-	-	34 063	-	-	25 549	-	-	18 300	120 495	176 350	162 620
Other revenue	653	925	1 072	1 213	1 258	910	867	974	610	908	836	727	10 954	12 828	13 379
Cash Receipts by Source	79 636	44 057	43 102	42 963	42 671	76 804	43 729	44 552	67 686	46 213	46 342	98 978	676 734	804 265	864 110
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	-	-	-	-	-	-	-	-	-	-	86 864	86 864	28 897	66 713
Transfers and subsidies - capital (monetary)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets	-	-	-	-	-	-	-	-	-	-	-	200	200	200	200
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	867	867	919	974
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	79 636	44 057	43 102	42 963	42 671	76 804	43 729	44 552	67 686	46 213	46 342	186 909	764 664	834 281	931 998

MONTHLY CASH FLOWS	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand															
Cash Payments by Type															
Employee related costs	17 834	18 083	18 183	18 206	29 420	18 248	18 236	18 197	17 888	18 099	18 099	28 889	239 382	254 911	270 536
Remuneration of councillors	956	956	956	956	956	956	956	956	956	956	956	956	11 471	12 055	12 659
Finance charges	-	-	-	-	-	5 993	-	-	-	-	-	5 940	11 934	11 055	10 180
Bulk purchases - Electricity	10 140	21 548	21 801	19 773	18 525	18 252	17 999	22 815	23 576	23 829	24 083	28 661	251 000	268 319	286 833
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	2 467	2 723	2 574	2 901	3 044	2 928	3 018	2 644	2 957	2 722	2 731	2 533	33 242	33 694	35 551
Contracted services	2 837	4 945	5 075	5 224	6 186	5 904	4 503	4 300	4 385	5 008	4 587	4 558	57 512	102 926	82 254
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	3 223	3 223	3 033	3 203
Other expenditure	1 590	2 664	4 018	5 484	2 866	4 211	2 183	1 943	2 004	2 555	2 592	11 928	44 038	46 470	47 676
Cash Payments by Type	35 824	50 918	52 608	52 544	60 997	56 492	46 896	50 855	51 765	53 169	53 047	86 688	651 803	732 462	748 893
Other Cash Flows/Payments by Type															
Capital assets	21 205	14 993	16 751	20 887	28 627	19 807	15 735	17 929	19 180	14 612	13 661	9 048	212 436	137 639	137 710
Repayment of borrowing	-	-	-	-	-	5 923	-	-	-	-	-	5 923	11 846	12 793	13 817
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	57 029	65 911	69 359	73 432	89 624	82 222	62 631	68 784	70 945	67 781	66 708	101 659	876 084	882 895	900 420
NET INCREASE/(DECREASE) IN CASH HELD	22 608	(21 854)	(26 256)	(30 469)	(46 953)	(5 418)	(18 902)	(24 232)	(3 259)	(21 567)	(20 366)	85 250	(111 420)	(48 614)	31 577
Cash/cash equivalents at the month/year begin:	564 986	587 594	565 740	539 483	509 014	462 061	456 643	437 741	413 509	410 250	388 682	368 317	564 986	453 566	404 952
Cash/cash equivalents at the month/year end:	587 594	565 740	539 483	509 014	462 061	456 643	437 741	413 509	410 250	388 682	368 317	453 566	453 566	404 952	436 529

2.10 Contracts having future budgetary implications

MBRR SA33 - 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.

Description	2020/21 Medium Term Revenue & Expenditure Framework			Total Contract Value
	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	Estimate
R thousand				
Parent Municipality:				
<u>Revenue Obligation By Contract</u>				
Contract 1	Not applicable			–
Contract 2				–
Contract 3 etc				–
Total Operating Revenue Implication	–	–	–	–
<u>Expenditure Obligation By Contract</u>				
Contract 1	Not applicable			–
Contract 2				–
Contract 3 etc				–
Total Operating Expenditure Implication	–	–	–	–
<u>Capital Expenditure Obligation By Contract</u>				
Contract 1	Not applicable			–
Contract 2				–
Contract 3 etc				–
Total Capital Expenditure Implication	–	–	–	–
Total Parent Expenditure Implication	–	–	–	–
<u>References</u> 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				

2.11 Capital expenditure details

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

MBRR SA34a - Capital expenditure on new assets by asset class

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand					
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>					
<u>Infrastructure</u>	10 744	36 405	68 092	24 211	50 913
Roads Infrastructure	1 700	9 688	40 403	17 100	31 657
<i>Roads</i>	1 700	9 688	40 403	17 100	31 657
Electrical Infrastructure	6 300	9 540	8 506	5 316	5 438
<i>Power Plants</i>	–	140	–	–	–
<i>MV Substations</i>	550	550	200	–	–
<i>MV Networks</i>	–	–	7 152	5 000	5 000
<i>LV Networks</i>	5 750	8 850	1 154	316	438
<i>Capital Spares</i>					
Water Supply Infrastructure	1 214	6 168	8 626	1 041	7 568
<i>Reservoirs</i>	464	464	–	–	–
<i>Distribution</i>	500	5 454	8 626	1 041	7 568
<i>Distribution Points</i>	250	250	–	–	–
Sanitation Infrastructure	1 030	10 508	10 306	34	4 250
<i>Reticulation</i>	1 030	10 508	10 306	34	4 250
Solid Waste Infrastructure	500	500	250	720	2 000
<i>Landfill Sites</i>	–	–	250	720	2 000
<i>Waste Drop-off Points</i>	500	500	–	–	–
<u>Community Assets</u>	10 070	11 771	13 090	1 100	700
Community Facilities	6 500	5 400	8 700	1 100	700
<i>Centres</i>	700	–	5 000	100	–
<i>Cemeteries/Crematoria</i>	–	–	–	300	–
<i>Parks</i>	700	700	700	700	700
<i>Public Open Space</i>	5 100	4 100	3 000	–	–
<i>Markets</i>	–	600	–	–	–
Sport and Recreation Facilities	3 570	6 371	4 390	–	–
<i>Indoor Facilities</i>	3 550	6 150	3 850	–	–
<i>Outdoor Facilities</i>	20	221	540	–	–
<u>Other assets</u>	31 780	18 736	3 777	4 500	6 595
Operational Buildings	–	350	1 000	4 500	2 000
<i>Municipal Offices</i>	–	350	500	3 500	2 000
<i>Yards</i>	–	–	500	1 000	–
Housing	31 780	18 386	2 777	–	4 595
<i>Social Housing</i>	31 780	18 386	2 777	–	4 595
<u>Computer Equipment</u>	570	665	2 200	1 587	1 233
Computer Equipment	570	665	2 200	1 587	1 233
<u>Furniture and Office Equipment</u>	194	194	354	205	211
Furniture and Office Equipment	194	194	354	205	211
<u>Machinery and Equipment</u>	6 891	6 067	2 720	2 181	1 616
Machinery and Equipment	6 891	6 067	2 720	2 181	1 616
<u>Transport Assets</u>	1 142	1 230	4 873	5 524	8 077
Transport Assets	1 142	1 230	4 873	5 524	8 077
<u>Land</u>	–	2 100	18 790	–	–
Land	–	2 100	18 790	–	–
Total Capital Expenditure on new assets	61 391	77 168	113 896	39 307	69 344

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

Description R thousand	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure on renewal of existing assets by Asset Class/Sub-class					
Infrastructure	25 434	30 184	22 198	31 000	33 000
Roads Infrastructure	15 000	16 500	18 898	24 000	25 000
<i>Roads</i>	15 000	16 500	18 898	24 000	25 000
Electrical Infrastructure	5 500	5 500	3 300	7 000	8 000
<i>MV Substations</i>	5 100	5 100	3 100	-	-
<i>MV Switching Stations</i>	-	-	-	-	-
<i>MV Networks</i>	100	100	-	-	-
<i>LV Networks</i>	300	300	200	7 000	8 000
<i>Capital Spares</i>	-	-	-	-	-
Water Supply Infrastructure	4 934	8 184	-	-	-
<i>Distribution</i>	4 934	8 184	-	-	-
Community Assets	850	549	1 000	-	-
Community Facilities	550	250	1 000	-	-
<i>Public Ablution Facilities</i>	550	250	1 000	-	-
Sport and Recreation Facilities	300	299	-	-	-
<i>Indoor Facilities</i>	-	-	-	-	-
<i>Outdoor Facilities</i>	300	299	-	-	-
Other assets	500	500	-	-	-
Operational Buildings	500	500	-	-	-
<i>Yards</i>	500	500	-	-	-
Computer Equipment	-	-	-	-	-
Computer Equipment	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-
Transport Assets	-	-	-	-	-
Transport Assets	-	-	-	-	-
Land	-	-	-	-	-
Land	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-
Total Capital Expenditure on renewal of existing asset	26 784	31 233	23 198	31 000	33 000

MBRR SA34c - Repairs and maintenance expenditure by asset class

Description R thousand	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Repairs and maintenance expenditure by Asset Class/Sub-class					
Infrastructure	39 102	40 220	36 771	39 124	65 963
Roads Infrastructure	10 634	10 692	4 759	5 076	29 803
<i>Roads</i>	10 573	10 632	4 695	5 009	29 732
<i>Road Furniture</i>	61	61	64	67	70
Storm water Infrastructure	16 174	16 209	17 375	18 150	19 353
<i>Storm water Conveyance</i>	16 174	16 209	17 375	18 150	19 353
Electrical Infrastructure	2 398	2 393	2 505	2 992	3 315
<i>MV Substations</i>	144	144	153	162	165
<i>LV Networks</i>	2 253	2 248	2 353	2 830	3 150
Water Supply Infrastructure	–	1 103	1 384	1 513	1 525
<i>Reservoirs</i>	–	954	1 069	1 124	1 181
<i>Pump Stations</i>	–	2	132	139	146
<i>Distribution</i>	–	148	183	250	198
Sanitation Infrastructure	3 390	3 349	3 906	4 125	4 357
<i>Pump Station</i>	883	811	1 042	1 099	1 158
<i>Waste Water Treatment Works</i>	2 507	2 537	2 863	3 026	3 200
Solid Waste Infrastructure	6 507	6 474	6 842	7 269	7 610
<i>Landfill Sites</i>	6 507	6 474	6 842	7 269	7 610
Community Assets	2 288	2 883	2 752	3 328	3 637
Community Facilities	1 655	2 018	2 037	2 136	2 240
<i>Halls</i>	752	239	386	405	425
<i>Centres</i>	698	1 564	1 400	1 470	1 544
<i>Libraries</i>	50	50	50	50	50
<i>Cemeteries/Crematoria</i>	75	86	101	106	111
<i>Parks</i>	80	78	100	105	110
Sport and Recreation Facilities	633	865	715	1 192	1 397
<i>Indoor Facilities</i>	100	100	80	100	100
<i>Outdoor Facilities</i>	533	765	635	1 092	1 297
Other assets	4 792	3 507	1 754	1 641	1 330
Operational Buildings	710	814	1 343	990	1 039
<i>Municipal Offices</i>	710	814	1 343	990	1 039
Housing	4 082	2 693	411	651	291
<i>Staff Housing</i>	182	86	191	201	211
<i>Social Housing</i>	3 900	2 607	220	450	80
Intangible Assets	2 947	3 009	3 144	3 448	3 600
Servitudes					
Licences and Rights	2 947	3 009	3 144	3 448	3 600
<i>Computer Software and Applications</i>	2 947	3 009	3 144	3 448	3 600
Computer Equipment	419	401	460	505	428
Computer Equipment	419	401	460	505	428
Furniture and Office Equipment	61	54	64	67	71
Furniture and Office Equipment	61	54	64	67	71
Machinery and Equipment	937	942	1 216	1 113	1 141
Machinery and Equipment	937	942	1 216	1 113	1 141
Transport Assets	4 134	4 270	5 351	5 728	6 065
Transport Assets	4 134	4 270	5 351	5 728	6 065
Total Repairs and Maintenance Expenditure	54 681	55 286	51 511	54 954	82 235

MBRR SA34d - Depreciation by asset class

Description	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand					
<u>Depreciation by Asset Class/Sub-class</u>					
<u>Infrastructure</u>	70 182	70 182	72 602	73 894	77 937
Roads Infrastructure	23 071	23 071	23 672	24 235	26 464
<i>Roads</i>	1 479	1 479	23 035	23 598	25 881
<i>Road Structures</i>	21 187	21 187	182	182	152
<i>Road Furniture</i>	405	405	455	455	431
<i>Capital Spares</i>					
Storm water Infrastructure	4 312	4 312	4 539	4 564	4 801
<i>Drainage Collection</i>	836	836	814	814	808
<i>Storm water Conveyance</i>	3 387	3 387	3 725	3 750	3 993
<i>Attenuation</i>	89	89			
Electrical Infrastructure	12 389	12 389	13 420	14 286	15 581
<i>Power Plants</i>	3	3	3	3	3
<i>HV Transmission Conductors</i>	36	36	36	36	35
<i>MV Substations</i>	1 904	1 904	1 967	1 953	1 953
<i>MV Switching Stations</i>	1 134	1 134	1 150	1 150	1 148
<i>MV Networks</i>	7 109	7 109	7 110	7 697	8 593
<i>LV Networks</i>	1 987	1 987	2 942	3 236	3 637
<i>Capital Spares</i>	216	216	212	212	212
Water Supply Infrastructure	13 537	13 537	14 107	14 044	14 333
<i>Dams and Weirs</i>	266	266	266	266	266
<i>Boreholes</i>	158	158	14	14	14
<i>Reservoirs</i>	2 753	2 753	2 301	2 263	2 313
<i>Pump Stations</i>	578	578	610	528	526
<i>Water Treatment Works</i>	146	146	87	77	77
<i>Bulk Mains</i>	240	240	1 196	1 156	1 156
<i>Distribution</i>	9 396	9 396	9 633	9 739	9 980
Sanitation Infrastructure	16 519	16 519	16 519	16 422	16 380
<i>Pump Station</i>	54	54	15 800	15 703	15 622
<i>Reticulation</i>	493	493	719	719	758
<i>Waste Water Treatment Works</i>	8 999	8 999	–	–	–
<i>Outfall Sewers</i>	6 907	6 907	–	–	–
<i>Toilet Facilities</i>	67	67	–	–	–
Solid Waste Infrastructure	355	355	345	343	378
<i>Landfill Sites</i>	127	127	265	264	299
<i>Waste Transfer Stations</i>	87	87	–	–	–
<i>Waste Processing Facilities</i>	–	–	–	–	–
<i>Waste Drop-off Points</i>	141	141	80	79	79

Description R thousand	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Community Assets	5 183	5 183	5 695	5 853	8 357
Community Facilities	3 811	3 811	3 302	3 473	6 048
Halls	471	471	661	655	654
Centres	–	–	–	23	373
Clinics/Care Centres	1 443	1 443	404	517	517
Museums	134	134	15	15	15
Libraries	530	530	503	449	449
Cemeteries/Crematoria	910	910	216	323	507
Public Open Space	–	–	674	666	666
Nature Reserves	–	–	–	–	–
Public Ablution Facilities	324	324	824	820	2 862
Taxi Ranks/Bus Terminals			5	5	5
Sport and Recreation Facilities	1 372	1 372	2 393	2 380	2 309
Indoor Facilities		–	1 444	1 441	1 428
Outdoor Facilities	1 372	1 372	949	939	881
Investment properties	18	18	12	12	12
Revenue Generating	18	18	12	12	12
Improved Property	18	18	12	12	12
Other assets	1 783	1 783	3 091	2 998	2 998
Operational Buildings	1 440	1 440	2 856	2 763	2 763
Municipal Offices	1 223	1 223	2 305	2 249	2 249
Workshops	21	21	33	0	0
Stores	196	196	517	514	514
Housing	343	343	235	235	235
Staff Housing	68	68	204	204	204
Social Housing	275	275	31	31	31
Intangible Assets	658	658	225	214	191
Computer Software and Applications	658	658	225	214	191
Computer Equipment	1 456	1 456	1 200	1 357	1 208
Computer Equipment	1 456	1 456	1 200	1 357	1 208
Furniture and Office Equipment	796	796	1 127	1 092	1 235
Furniture and Office Equipment	796	796	1 127	1 092	1 235
Machinery and Equipment	2 898	2 898	1 918	1 740	1 682
Machinery and Equipment	2 898	2 898	1 918	1 740	1 682
Transport Assets	4 318	4 318	5 884	6 362	7 518
Transport Assets	4 318	4 318	5 884	6 362	7 518
Total Depreciation	87 293	87 293	91 755	93 522	101 138

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

Description R thousand	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class					
Infrastructure	54 332	31 710	71 946	65 332	35 366
Roads Infrastructure	2 664	1 664	-	-	-
<i>Roads</i>	2 664	1 664	-	-	-
Storm water Infrastructure	1 820	1 820	500	-	-
<i>Drainage Collection</i>	-	-	-	-	-
<i>Storm water Conveyance</i>	1 820	1 820	500	-	-
Electrical Infrastructure	5 950	5 950	7 500	-	-
<i>MV Switching Stations</i>	-	-	300	-	-
<i>MV Networks</i>	-	-	1 500	-	-
<i>LV Networks</i>	5 950	5 950	5 700	-	-
Water Supply Infrastructure	500	500	1 100	3 100	27 720
<i>Distribution</i>	500	500	1 100	3 100	27 720
Sanitation Infrastructure	38 898	17 276	62 846	62 232	7 646
<i>Waste Water Treatment Works</i>	38 898	17 276	62 846	62 232	7 646
Solid Waste Infrastructure	4 500	4 500	-	-	-
<i>Waste Transfer Stations</i>	4 500	4 500	-	-	-
Community Assets	1 350	705	3 396	2 000	-
Community Facilities	50	50	-	-	-
<i>Public Ablution Facilities</i>	50	50	-	-	-
Sport and Recreation Facilities	1 300	655	3 396	2 000	-
<i>Outdoor Facilities</i>	1 300	655	3 396	2 000	-
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	55 682	32 415	75 342	67 332	35 366

MBRR SA35 - Future financial implications of the capital budget

Vote Description	Ref	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
R thousand						
Capital expenditure	1					
Vote 1 - Corporate Services		18 980	59	63	67	71
Vote 2 - Civil Services		115 550	112 824	82 919	68 129	59 688
Vote 3 - Council		10	10	10	661	512
Vote 4 - Electricity Services		22 076	14 423	15 190	40 643	56 270
Vote 5 - Financial Services		261	26	259	517	548
Vote 6 - Development Services		53 522	6 570	37 063	76	80
Vote 7 - Municipal Manager		10	10	10	12	12
Vote 8 - Protection Services		2 028	3 717	2 196	4 259	5 136
Vote 9 - [NAME OF VOTE 9]		—	—	—		
Total Capital Expenditure		212 436	137 639	137 710	114 364	122 318
Future operational costs by vote	2					
Vote 2 - Civil Services		—	—	2 147	2 302	2 460
Total future operational costs		—	—	2 147	2 302	2 460
Net Financial Implications		212 436	137 639	139 857	116 665	124 778

See annexures accompanying this report for more detailed information.

MBRR SA36 - Detailed capital budget per municipal function

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

2.12 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 2020/2021 MTREF budget. The SDBIP was aligned and informed by the 2020/2021 MTREF. The final SDBIP document will be tabled after the approval of the final 2020/2021 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.

2.13 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.



2.14 Manager's quality certificate

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

Print Name: J.J. SCHOLTZ

Municipal Manager of Swartland Municipality

Signature: _____

Date: 25/05/2020