



Dr. Beyers Naudé

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FINAL ANNUAL BUDGET 2020/2021 – 2022/23

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PART 1 – ANNUAL BUDGET

1.1 MAYOR’S REPORT

Madam Speaker
Councillors

The President of South Africa declared a nationwide lockdown, where all citizens, except those that form part of essential services, were ordered to stay home for a period of 21 days. Those working in essential services, as defined in the latter announcement, were exempted from the nationwide lockdown declaration. The nationwide lockdown commenced at midnight on Thursday, 26 March 2020. This announcement has broadly affected how municipalities and municipal entities undertook their financial management responsibilities for the remainder of the 2019/20 financial year in terms of the MFMA and more imminently the 2020/21 MTREF budget preparations process.

The National State of Disaster and subsequent lockdown comes amidst already dire macro-economic conditions which have seen South Africa slump into a technical recession and downgraded to sub-investment grade (“junk” status) and worsening already high levels of unemployment.

The lockdown has had a devastating effect on economic activity as non-essential business are forced to shut down completely resulting in a reduction in overall economic output and job losses. National Government, in conjunction with prominent private sector role-players, has introduced various forms of relief programmes to aid small businesses and employees alike during the period of the lockdown to compensate for a loss of income and wages, etc.

Municipalities are impacted negatively due to a loss of revenue streams as businesses, households and communities reel from the economic fallout caused by COVID-19. They may also be required to expand their scope of basic services and free basic services to respond directly to the socio-economic impacts of the pandemic and prevent the transmission of communicable diseases.

Given the developmental role of Local Government articulated in the Constitution, municipalities must assist Small-Medium Micro Enterprises (SMMEs) and communities to access the information on relief measures to ease the impact of COVID-19 provided by government.

In response to the impact of COVID-19, Dr Beyers Naude municipality is currently implementing the reprioritisation of funding allocations for the 2019/20 and 2020/21 financial year.

Key focus areas for the 2020/21 municipal budget process

Over the medium-term expenditure framework (MTEF) period After budgeting for debt-service costs, the contingency reserve and provisional allocations, 48.2 per cent of the nationally raised funds are allocated to national government, 43 per cent to provinces and 8.8 per cent to local government. This is a reduction from the 9.1 per cent allocated to local government when compared to the 2019/20 financial year.

Local government receives the smallest share of the division of nationally raised revenue because it has significant own revenue-raising powers. These revenue raising powers must be exercised more than ever before in the current dispensation. Local government raises about 70 per cent of its own revenue, but would be able to raise more if municipalities improved municipal revenue policies, billing and collection practices

Local government grants and municipal revenue strength

The conditional grants to municipalities have been reduced and most conditional grants have been reduced as part of efforts to limit growth in government expenditure and ensure that public debt is sustainable. However due to the Covid-19 pandemic Dr Beyers Naude has been allocated additional funding for the 2020/2021 budget year, further details will be provided by National Treasury in July or August 2020.

Revenue budget

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. Municipalities are required to justify all increases in excess of the projected inflation target for 2020/21 in their budget narratives.

Expenditure budget

The bulk purchases of electricity increased by R8.1 million (8%), from R100.9 million in 2019/20 to R109.1 million in 2020/21.

NERSA has approved a 6.9% increase in the Eskom bulk tariff for the 2020/21 financial year. The municipality is currently in negotiations with Eskom to review the tariffs used for bulk charges as it was discovered that the municipality could move to a more economical tariff.

The 2020/21 budget provides for a general increase of 6.25%. A 3-year salary and wage negotiation were concluded at the beginning of 2018/19. In terms of the agreement a salary increase based on the projected CPI percentage for 2020 plus 1.25% will be effective from 1 July 2020.

The placement process is in its finalisation stages. Filling of vacant positions and a review of the municipal organisational structure is required to deal with the sustainability of employee related cost and operational requirements. A moratorium will be placed on unfunded positions. All processes to be followed will be conducted through consultation with all stakeholders as prescribed by the law.

The employee related cost budget will be capped as approved by council.

The repairs and maintenance expenditure in the 2020/21 financial year is R28.2 million, compared to 2019/20 (R7 million) an increase of R21.1 million as a result of the development of Repairs and maintenance plans.

Predetermined Objectives

The revised Integrated Development Plan (IDP) for the period 2017 to 2022 was compiled in conjunction with all communities. Both draft IDP and Budget was open for public inspection and the public participation process commenced in June 2020. No material changes were made to the budget after the consultation processes.

Linkage between the annual budget and IDP is illustrated in the following table:

	INFRASTRUCTURE DEVELOPMENT	COMMUNITY DEVELOPMENT	INSTITUTIONAL DEVELOPMENT	LOCAL ECONOMIC DEVELOPMENT	BACK TO BASICS GOOD GOVERNANCE & PUBLIC PARTICIPATION	SOUND FINANCIAL MANAGEMENT	TOTAL
CAPITAL EXPENDITURE	50 790 250	3 280 000	5 340 000	-	-	410 000	59 820 250
OPERATIONAL EXPENDITURE	262 955 706	55 768 751	52 618 033	-	14 122 092	51 245 386	436 709 969

Public participation process

Written input was received from the general public and community representative forums which was considered.

The following main issues were raised:

- Objections in terms of the 8% increase in tariffs
- Objections in terms of the 6.25% increase in staff salaries
- Service delivery not satisfactory

The increase in municipal property rates and service tariffs has now been decreased to 6%, However the Electricity increase remains at 9%.

Conclusion

The COVID-19 pandemic has introduced new dimensions of volatility, uncertainty, complexity and ambiguity to the task of financial stewardship across all spheres of government. Public policy decision-makers at all levels of government must act with vision, understanding, clarity and agility in responding to the crisis in a resilient manner. This will require a fundamental strategic rethink of the way in which we currently conduct our planning, budgeting and implementation processes.

The vision of this municipality is to be ***“A responsive, developmental and unifying Local Government, providing quality services to its citizens in a safe, healthy and well managed environment, with equal opportunities for all”***

The municipality has introduced a debt incentive scheme to assist with the plague of COVID-19. The indigent support is also available to assist indigent households that have limited financial ability to pay for municipal services. Please visit our municipal offices for applications.

I would like to thank all residents, ward committees, sector departments and stakeholder groups who actively participated in the review of the IDP and preparation of the budget.

We look forward to building on our relationship with all stakeholders and continually improving on the municipality's planning processes.

CLR DEON DE VOS
MAYOR

1.2 COUNCIL RESOLUTIONS

(a) The Mayor recommends that the Council resolves that:

1 The annual budget of the Dr Beyers Naude Municipality for the financial year 2021/20 and the indicative allocations for the projected outer years 2021/22 and 2022/23; and the multi-year and single year capital appropriations be approved for the purpose of complying with section 24 of the Municipal Finance Management Act (MFMA), Act No. 56 of 2003, as set-out in the following tables:

1.1 Consolidated Budget Summary – Schedule A1

1.2 Budgeted Financial Performance (revenue and expenditure by standard classification) – Schedule A2

1.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) – Schedule A3

1.4 Budgeted Financial Performance (revenue by source and expenditure by type) – Schedule A4

1.5 and Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source – Schedule A5

2 The final budgeted financial position, budgeted cash flows, cash-backed reserves/accumulated surplus, asset management and basic service delivery targets be noted as set-out in the following tables:

2.1 Budgeted Financial Position – Schedule A6

2.2 Budgeted Cash Flows – Schedule A7

2.3 Cash backed reserves and accumulated surplus reconciliation – Schedule A8

2.4 Asset management – Schedule A9

2.5 Basic service delivery measurement – Schedule A10

3 The service tariffs and property rates be increased by 6% and Electricity by 9% as per the tariffs schedule with effect from 1 July 2020

4 The indicative tariffs for 2021/22 and 2022/23 be increased as follows:

	2021/22	2022/23
Property rates	6%	6%
Water	6%	6%
Sanitation	6%	6%
Refuse	6%	6%
Electricity	15%	15%

5 That the detailed capital budget as per Annexure C be approved

6 That the tariffs, fees and charges as reflected on the tariff list, in terms of Section 30 (2) and 93 4) of the Local Government: Municipal Structures Act, Act No: 117 of 1998 (as amended), read with Chapter 4 of the Local Government: Municipal Finance Management Act, Act 56 of 2003, be approved with effect 1 July 2020

1. That the following final reviewed budget related policies be approved:

(a) Credit control and debt collection

(b) Tariff policy

(c) Supply Chain Management Policy

(d) Asset management policy

- (e) Cash management, banking & investment policy
- (f) Budget policy
- (g) Virement policy
- (h) Funding and reserve policy
- (i) Borrowing policy
- (j) Indigent support policy
- (k) Rates Policy
- (l) Contract Management Policy
- (m) Unauthorised, Fruitless & Wasteful and Irregular Expenditure policy
- (n) Rewards, gifts and favours policy
- (o) Inventory management policy
- (p) Transport and fleet management policy

8. That the following final by-laws be approved:

- (a) Tariff by-law
- (b) Credit control and debt collection by-law
- (c) Rates by-law

9. All Councillors demonstrate political will to implement Council's approved Credit Control and Debt Collection policy

10. Employee cost be capped at approved budget

11. Implementation of debt incentive scheme be accelerated

- a) Council be workshopped on the incentive scheme
- b) Council to ensure marketing of the incentive scheme and Indigent subsidy

12. Restructuring of arrear creditors to ensure funding of the budget

13. Professional Debt collection company be appointed to collect outstanding debtors

14. All conditional grant funding be ring fenced for grant related expenditure

15. Placement and appointment of staff be finalised

16. Moratorium be placed on all vacant position and only critical position be filled

17. The Organisational Structure be reviewed to suite operational requirements

1.3 EXECUTIVE SUMMARY

The key service delivery priorities, as outlined in the IDP, informed the development of the Budget, including the need to maintain and improve the Municipality's financial sustainability. Furthermore, cost containment measures are being implemented to curb costs and to improve operational efficiency.

National Treasury's MFMA Circulars No. 48, 51, 54, 55, 58, 59, 66, 67, 70, 72, 74, 75, 78, 79, 85, 86, 89, 91, 93, 94, 98 and 99 were used to guide the compilation of the 2020/21 Medium Term Revenue and Expenditure Framework (MTREF).

The Municipality faced the following significant challenges during the compilation of the 2020/21 MTREF:

- Maintaining revenue collection rates at the targeted levels;
- Maintaining electricity and water losses at acceptable levels;
- Fully implementing cost containment measures;
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure; and
- Maintaining an acceptable cost coverage ratio;
- Drought conditions currently faced by the municipality and surrounding areas;
- The impact of Covid-19 regulations, circulars and guidelines issued by government.

The following budgeting principles and guidelines directly informed the compilation of the 2020/21 MTREF:

- The priorities and targets, relating to the key strategic focus areas, as outlined in the IDP.
- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs.
- The level of property rates and tariff increases to ensure the delivery of municipal services on a financially sustainable basis.
- The need to enhance the municipality's revenue base.
- Implementation of the cost containment regulations.
- No loan funding is available to support the Capital Budget, in view of financial affordability considerations.

In view of the aforementioned, the following table represents an overview of the 2020/21 Medium-term Revenue and Expenditure Framework:

Table 1 (Overview of the 2020/21 MTREF)

	Current Year	2020/21 Medium Term Revenue and Expenditure		
	Adjusted Budget 2019/20] R'000	Budget Year 2020/21 R'000	Budget Year +1 2021/22 R'000	Budget Year +2 2022/23 R'000
Total Revenue	454 265	501 067	561 737	606 383
Total Expenditure	402 318	436 710	468 769	508 934
Surplus/(Deficit)	(51 947)	(64 357)	(92 968)	(97 449)
Capital Expenditure	78 387	59 820	83 416	99 712

Total operating revenue has increased by 10.3% or R46.8 million for the 2020/21 financial year, compared to the 2019/20 Adjustments Budget.

The increase is a result of tariff increases and continued implementation of cost reflective tariffs. The municipality completed investigations into cost of supply and a baseline tariff was established for each service in 2019. Thorough investigations were also concluded on electricity tariffs, the effect of the wheeling agreement with Eskom and management has completed physical verification of bulk consumer meters. The intention of the physical verification was to ensure that all possible tampering is identified for these users, correct meters are installed and are functional and to ensure that each user is linked to the correct tariff.

For the two outer years, operational revenue increases by 12.1% and 7.9% respectively.

Total operating expenditure for the 2020/21 financial year amounts to R436.7 million, resulting in a budgeted surplus of R64.3 million. Compared to the 2019/20 Adjustments Budget, operational expenditure increased by 8.5% in the 2020/21 Budget. The municipality is currently struggling financially and cost containment measures are implemented. Cost containment measures include a monthly curb on overtime, acting allowances and travel expenses. It also includes the stopping of non-essential procurement.

For the two outer years, operational expenditure increases by 7.3% and 8.6% respectively. The 2021/22 and 2022/23 budgets reflect operating surpluses of R92.9 million and R97.4 million respectively.

The major operating expenditure items for 2020/21 are employee related costs (38%), bulk electricity purchases (25%), depreciation (11%), Repairs and Maintenance (6%) and other expenditure (20%).

Funding for the 2020/21 Operating Budget is obtained from various sources, the major sources being service charges such as electricity, water, sanitation and refuse collection (50%), property rates (10%), grants and subsidies received from National and Provincial Governments (33%).

In order to fund the 2020/21 Operating Budget, the following increases in property rates and service charges will be affected with effect from 1 July 2020:

Property rates:	Increase with 6%
Water:	Increase with 6%
Refuse:	Increase with 6%
Sewerage:	Increase with 6%
Sanitation:	Increase with 6%
Electricity:	Electricity tariff will increase with 9%. Please note NERSA approval not obtained as yet.

The municipality has conducted a cost of supply study on all tariffs. The study revealed that almost all the services are currently being rendered at below cost which puts enormous strain on the cash flow of the municipality. It is therefore imperative that these tariffs be changed to include the new baseline tariff. Revenue and tariffs will thus be increased with more than the proposed CPI of National Treasury.

The original capital budget of R59.8 million for 2020/21 is R18.5 million or 23.7% less than the 2019/20 Adjustments Budget. The Capital Budget over the MTREF will be mainly funded from government grants and subsidies, as limited internal funding is available. Capital expenditure for 2021/22 will amount to R83.4 million and R99.7 million in 2022/23.

The budget provides for assistance to the poor and includes the following social package, Free Basic Services (FBS also known as IGG subsidy):

- Water – 6 kl free
- Electricity – 50 kwh free
- Refuse – 100% of monthly cost free
- Sanitation – 100% of monthly cost free
- Property Rates- 100% of assessed rates

An incentive scheme is also available to assist households and businesses that do not qualify for the FBS.

Applications can be made at the municipal budget and treasury offices.

All budget related policies have been reviewed.

1.4 OPERATING REVENUE FRAMEWORK

The continued provision and expansion of municipal services, is largely dependent on the Municipality generating sufficient revenues. Efficient and effective revenue management is thus of vital importance in ensuring the ongoing financial sustainability of the Municipality. Furthermore, in accordance with the MFMA, expenditure has to be limited to the realistically anticipated revenues.

The Municipality's revenue management strategy includes the following key components:

- National Treasury's guidelines in this regard;
- Tariff Policies;
- Property Rates Policy;
- Indigent Policy and provision of free basic services;
- The level of property rates and tariff increases must ensure financially sustainable service delivery.
- The level of property rates and tariff increases to take into account the maintenance and replacement of infrastructure, including the expansion of services;
- Determining fully cost reflective tariffs for trading services;
- Electricity bulk tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Efficient revenue management, targeting a 95% annual collection rate for property rates and service charges.

The following table is a summary of the 2020/21 MTREF (classified by main revenue source):

Table 2 (Summary of main revenue sources)

EC101 Dr Beyers Naude - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	21 626	28 199	30 162	40 993	41 892	41 892	41 892	51 603	56 764	62 440
Service charges - electricity revenue	2	85 747	99 193	101 938	130 358	125 652	125 652	125 652	140 611	161 685	185 919
Service charges - water revenue	2	24 228	20 735	25 699	27 626	36 019	36 019	36 019	44 596	47 275	50 116
Service charges - sanitation revenue	2	2 030	10 224	10 422	16 390	26 152	26 152	26 152	33 227	35 221	37 335
Service charges - refuse revenue	2	4 257	7 926	11 568	22 907	22 151	22 151	22 151	33 520	35 531	37 663
Rental of facilities and equipment		592	788	855	929	929	929	929	1 014	1 116	1 227
Interest earned - external investments		1 727	1 919	634	3 268	3 268	3 268	3 268	3 660	4 026	4 429
Interest earned - outstanding debtors		5 859	9 550	5 416	7 217	4 531	4 531	4 531	4 803	5 284	5 812
Dividends received			-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		184	80	21	11	31	31	31	34	37	41
Licences and permits		1 111	904	1 066	1 652	1 652	1 652	1 652	1 784	1 963	2 159
Agency services		2 089	1 480	1 874	3 668	3 668	3 668	3 668	3 929	4 322	4 754
Transfers and subsidies		109 040	115 191	120 686	102 332	109 736	109 736	109 736	118 413	122 800	128 926
Other revenue	2	1 904	3 495	6 603	2 042	6 707	6 707	6 707	16 377	18 015	19 817
Gains		3 410	-	583	0	10 000	10 000	10 000	-	-	-
Total Revenue (excluding capital transfers and contributions)		263 805	299 685	317 527	359 394	392 389	392 389	392 389	453 572	494 040	540 637

In the 2019/20 financial year, rates and service charges amounted to R251.5 million. This increases to R303.1 million in 2020/21 and increases to R335.9 million and R372.9million in the 2020/21 and 2020/21 financial years, respectively.

The above average increase is due to the following reasons:

- Implementation of a new valuation roll with increased market values
- Implementation of cost reflective tariffs after a cost of supply study was conducted
- Implementation of drought tariff
- Introduction of environmental levy

The major operating revenue sources for 2020/21 are Service charges (50%), Government grants (33%) and property rates (10%).

The following table provides a breakdown of the various operating grants and subsidies allocated to the Municipality over the medium term:

Grant	Allocation 2020/2021
ENVIRONMENTAL HEALTH GRANT SBDM	- 2 020 000
EPWP RECEIVED	- 1 186 000
FINANCIAL MANAGEMENT GRANT RECEIVED	- 3 000 000
EQUITABLE SHARE	- 96 607 000
SETA TRAINING	- 333 120
SBDM (FIRE)	- 1 992 694
LIBRARY	- 2 308 000
INEP - Eskom	- 966 000
Total Allocations	- 108 412 814

1.4.1 Property Rates

The following provisions in the Property Rates Policy 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).
- If the usage of a property changes during a financial year, the rebate applicable will be reduced *pro rata* for the balance of the financial year.
- Indigents receives 100% subsidy on the rates levied for the year.

The property rates tariff is standardised to ensure all owners in a category pays the same rate in all the towns in the municipality's jurisdiction. The prescribed ratio is applied.

The property rates increase is mainly influenced by the following:

- Employee related costs increased by 6.25%;
- Providing for debt impairment.
- Increasing the revenue to ensure non-profit divisions are properly subsidised,

The new valuation roll has been implemented from 1 July 2019.

1.4.2 Sale of Water and Impact of Tariff Increases

In accordance with National Treasury's MFMA Circulars, no. 51, 55, 58, 66, 70, 74, 85, 89, 91, 93, 94, 98 and 99:

Municipalities are encouraged to review the level and structure of their water tariffs to ensure:

- Fully cost reflective water tariffs – tariffs should include the costs associated with bulk water purchases, the maintenance and renewal of purification plants, water networks and water reticulation expansion;
- Water tariffs are structured to protect basic levels of service; and
- Water tariffs are designed to encourage efficient and sustainable consumption.

National Treasury has urged municipalities to ensure that water tariffs are fully cost reflective by 2014/15. In this regard a cost of supply study was conducted and the new baseline tariff will be introduced as the first step tariff. Dr Beyers Naude is a municipality which was formed through the amalgamation of 3 former municipalities. As a result of the amalgamation the municipality is also faced with trying to standardise tariffs within the different towns.

The prevailing drought makes it difficult for some municipalities to improve revenue generation from this service. It is now more important to improve demand management, infrastructure maintenance, loss management, meter reading and tariff setting in respect of water services

Ongoing accurate monitoring and reporting of municipal Non-Revenue Water (NRW) and water loss performance against set targets and baselines has become more critical. The municipality is currently monitoring water losses on a monthly basis, but are faced with a huge number of metres that are faulty. This contributes to the inaccurate billing and collection of water tariffs. Grant funding has been received to conduct a study on all faulty metres and areas of water losses. The project started during the 2017/18 financial year and will be completed by the end of 2019/20 financial year.

The tariff will be increased with 6% from 1 July 2020. The proposed tariff increase is mainly influenced by the following:

- Employee related costs increased by 6.25%;
- Repairs and maintenance of water infrastructure
- Providing for debt impairment.
- Introducing new cost reflective tariffs
- The prevailing drought

The water tariff structure is designed in such a manner that higher levels of water consumption are progressively charged at a higher rate. The drought tariff will also be implemented during the time of drought as currently experienced.

1.4.3 Sale of Electricity and Impact of Tariff Increases

On 9 March 2020, the National Energy Regulator of South Africa (Nersa) approved Eskom's 6.90% increase for municipalities which will be implemented on 1 July 2020. Considering the Eskom tariff increase, the Municipality's consumer tariffs will be increased by 9% on average to offset the additional electricity bulk purchase costs as from 1 July 2020.

The tariff increases are mainly influenced by the following:

- Employee related costs increased by 6.25%;
- The cost of bulk electricity purchases increased by 6.9%;
- Repairs and maintenance of electricity infrastructure
- Providing for debt impairment.
- Implementing cost reflective tariffs

The population of the municipality is relatively stagnant and minimal growth is expected over the MTREF. It is thus estimated that the revenue will only grow with percentage of price increases.

The proposed electricity tariff increases, still require approval by NERSA.

1.4.4 Sanitation and Impact of Tariff Increases

In accordance with National Treasury's MFMA Circulars, no. 51, 55, 58, 66, 70, 74, 85, 89, 91, 93, 94, 98 and 99: municipalities are encouraged to review the level and structure of their sanitation tariffs to ensure:

- Fully cost reflective sanitation tariffs – tariffs should include the costs associated with maintenance and renewal of treatment plants, sanitation networks and sanitation infrastructure expansion;
- Sanitation tariffs are structured to protect basic levels of service; and
- Sanitation tariffs are designed to encourage efficient and sustainable consumption.

National Treasury has urged municipalities to ensure that sanitation tariffs are fully cost reflective by 2014/15. In this regard the municipality conducted a cost of supply study to determine a new baseline tariff that was introduced in 2019/20. Dr Beyers Naude is a municipality which was formed through the amalgamation of 3 former municipalities. As a result of the amalgamation the municipality is also faced with trying to standardise tariffs within the different towns. The tariff policy of the municipality makes provision to phase in the standardised tariffs over a period of 3 years

As a result, the tariff will increase of 6% as from 1 July 2020. The tariff increase is mainly influenced by the following:

- Employee related costs increased by 6.25%;
- Repairs and maintenance of sanitation infrastructure
- Providing for debt impairment.
- Implementing cost reflective tariffs

1.4.5 Refuse Collection and Impact of Tariff Increases

National Treasury has urged municipalities to ensure that refuse tariffs are fully cost reflective by 2015. The tariffs should take into account the need to maintain a cash-backed reserve to cover the future costs of the rehabilitation of landfill sites.

The revenue generated from refuse collection is not sufficient to ensure proper service delivery. The municipality is facing challenges with regards to infrastructure, fleet and tools.

A tariff increase of 6% for refuse collection will thus be implemented as described above.

The proposed tariff increase is mainly influenced by the following:

- Employee related costs increased by 6.25%;
- Introduction of environmental levy
- Providing for debt impairment
- Provision for landfill sites
- Tariff not cost reflective

1.5 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2020/21 budget and MTREF is informed by the following:

- The funding of the budget over the medium-term is informed by the requirements of Section 18 and 19 of the MFMA;
- A balanced budget approach by limiting operating expenditure to the operating revenue;

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

Table 4 (Summary of operating expenditure by standard classification item)

Expenditure By Type											
Employee related costs	2	108 123	138 171	159 348	156 807	158 999	158 999	158 999	168 482	180 291	192 928
Remuneration of councillors		7 377	9 324	9 370	9 915	9 987	9 987	9 987	9 987	10 986	12 085
Debt impairment	3	36 178	11 210	37 495	3 894	10 146	10 146	10 146	10 146	11 161	12 277
Depreciation & asset impairment	2	65 116	63 052	55 907	65 849	46 094	46 094	46 094	46 094	50 703	55 774
Finance charges		6 160	7 238	6 988	3 488	6 653	6 653	6 653	4 214	4 635	5 099
Bulk purchases	2	69 092	81 208	89 282	90 605	100 948	100 948	100 948	109 125	114 799	125 017
Other materials	8	-	-	-	1 047	1 463	1 463	1 463	870	957	1 053
Contracted services		3 678	947	15 090	15 571	14 724	14 724	14 724	10 089	11 098	12 207
Transfers and subsidies		-	-	-	1 286	20	20	20	30	33	36
Other expenditure	4, 5	73 497	88 563	71 193	44 199	53 283	53 283	53 283	77 673	84 105	92 459
Losses		4 955	599	-	-	-	-	-	-	-	-
Total Expenditure		374 177	400 312	444 673	392 660	402 318	402 318	402 318	436 710	468 769	508 934

The total operating expenditure increased by R34.3 million (8.5%) from R402.3 million in 2019/20 to R436.7 million in 2020/21. Below is a discussion of the main expenditure components.

Employee related costs

The 2020/21 budget provides for a general increase of 6.25%. A 3-year salary and wage negotiation were concluded at the beginning of 2018/19. In terms of the agreement a salary increase based on the projected CPI percentage for 2020 plus 1.25% will be effective from 1 July 2020.

The total budget provision of R167.9 million represents an increase of 6.25% over the 2019/20 Adjustments budget and is based on actual expenditure in the 2019/20 financial year.

Employee related costs in the 2020/21 Budget, represent 38% of the total operating expenditure.

The placement process is in its finalisation stages. Filling of vacant positions and a review of the municipal organisational structure is required to deal with the sustainability of employee related cost and operational requirements. A moratorium will be placed on unfunded positions. All processes to be followed will be conducted through consultation with all stakeholders as prescribed by the law.

The employee related cost budget will be capped as approved by council.

Remuneration of Councillors

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 preparing the budget.

Remuneration of Councillors represent 2% of the total operating expenditure

Debt Impairment

The provision for debt impairment was determined based on a targeted annual collection rate of 95%.

While this expenditure represents a non-cash flow item, it is taken into account in determining the total costs associated with the rendering of municipal services and the realistically anticipated revenues.

Depreciation and Asset Impairment

It is anticipated that depreciation will remain the same as in 2019/20 at a total cost from R46 million.

Finance Charges

Finance charges consist primarily of the repayment of interest on outstanding trade creditors. The municipality is currently facing severe cash flow problems and is unable to pay creditors within the 30 days as required by legislation.

Bulk Electricity Purchases

The bulk purchases of electricity increased by R8.1 million (8%), from R100.9 million in 2019/20 to R109.1 million in 2020/21.

NERSA has approved a 6.9% increase in the Eskom bulk tariff for the 2020/21 financial year. The municipality is currently in negotiations with Eskom to review the tariffs used for bulk charges as it was discovered that the municipality could move to a more economical tariff.

Repairs and Maintenance

Repairs and maintenance for 2020/21 amounts to R28.2 million and equates to 6% of the total operating expenditure. The municipality anticipates increasing this amount over the MTREF as an improvement in revenue is noted.

Contracted Services

In the 2020/21 financial year, the budget provision amounts to R6.8 million and equates to 2% of the total operating expenditure.

Transfers and Subsidies

In the 2020/21 financial year, the budget provision amounts to R30 thousand and includes transfers to the local SPCA.

Other Expenditure

Other expenditure comprises of various line items relating to the daily operations of the municipality. The expenditure decreased by R3.9 million or 7% for 2020/21 and equates to 12% of the total operating expenditure.

Other expenditure includes the following:

Expenditure Type	Annual BUDGET 20/21	2021/2022	2022/2023
28 - GENERAL EXPENSES - OTHER	49 547 885,93	53 168 249,52	58 428 484,47
40 - VEHICLE EXPENSES	4 440 143,83	4 884 158,21	5 372 574,03

1.5.1 Priority relating to repairs and maintenance

The repairs and maintenance expenditure in the 2020/21 financial year is R28.2 million, compared to 2019/20 (R7 million) an increase of R21.1 million as a result of the development of Repairs and maintenance plans.

In relation to the total operating expenditure, repairs and maintenance constitutes 6% for the 2020/21 financial year and 6% for the 2020/21 and 6% for the 2021/22 financial years, respectively.

1.5.2 Free Basic Services: Indigent Support

The indigent support assists indigent households that have limited financial ability to pay for municipal services. In order to qualify for free services, the households are required to register in terms of the Municipality's Indigent Policy, whilst the monthly household income may not exceed two state pensions. Detail relating to free services, cost of free basic services, as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the indigent support of the registered indigent households is largely financed by national government through the local government equitable share allocation, received in terms of the annual Division of Revenue Act.

1.6 CAPITAL EXPENDITURE

The following table provides a breakdown of budgeted capital expenditure:

Table 6 (2020/21 Medium-term capital budget)

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital Expenditure - Functional	1										
Governance and administration		658	373	731	-	350	350	350	710	-	-
Executive and council		96	361	349	-	-	-	-	-	-	-
Finance and administration		562	12	382	-	350	350	350	710	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		158	1 429	7 117	-	-	-	-	3 000	12 150	6 500
Community and social services		-	-	-	-	-	-	-	-	1 200	2 500
Sport and recreation		158	1 372	4 323	-	-	-	-	3 000	10 950	4 000
Public safety		-	57	2 794	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		8 261	10 285	2 332	10 300	7 424	7 424	7 424	4 374	165	-
Planning and development		22	269	14	-	-	-	-	-	-	-
Road transport		8 239	10 016	2 318	10 300	7 424	7 424	7 424	4 374	165	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		53 320	40 367	24 035	22 147	56 166	56 166	56 166	51 736	71 101	93 213
Energy sources		2 719	11 085	4 242	-	-	-	-	1 529	3 150	5 100
Water management		2 364	14 608	16 893	19 251	50 538	50 538	48 232	39 350	59 281	54 981
Waste water management		46 758	9 469	2 747	-	2 421	2 421	271	9 797	8 669	12 800
Waste management		1 479	5 205	154	2 896	3 206	3 206	7 662	1 060	-	20 331
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	62 396	52 454	34 215	32 447	63 940	63 940	63 940	59 820	83 416	99 713

Of the total amount of R59.8 million for 2020/21, an amount of R50 million has been budgeted for the development of infrastructure, which represents 84% of the total capital budget. In 2021/22 this amount totals R78.7 million (94%)

CAPITAL PROJECTS

LEDGER DESCRIPTION	REA DESCRIP	BRANCH DESCRIP	2020/2021	2021/2022	2022/2023	WARD	IDP	Grant
Steytlerville: New Proposed Solid Waste Site	COMMUNITY SER	REFUSE REM WASTE M	280 000,00	-	12 499 500,00	12,13		131 MIG
UPG OF BULK WATER SUPPLY AB	ENGINEERING AI	WATER SERVICE	1 300 000,00	-	-			MIG
Graaff Reinet Bulk Water Supply Scheme: Phase 2	ENGINEERING AI	WATER SERVICE	7 000 000,00	12 000 000,00	11 528 000,00	2,3,4,5,6,14		116 DWS - WSIG
Graaf-Reinet Emergency Water Supply Scheme (WSS)	ENGINEERING AI	WATER SERVICE	17 000 000,00	4 750 000,00	-	2,3,4,5,6,14		117 DWS - RBIG
Graaff Reinet Upgrading of Streets	ENGINEERING AI	PUBL WORKS: STREETS	2 700 000,00	-	-	2,3,4,5,6,14		344 MIG
New Projects								
Upgrading of Collie Koeberg Sport Complex	COMMUNITY SER	PARKS AND RECREATIO	3 000 000,00	6 500 000,00	4 000 000,00	2,3,4,5,6,14		201 MIG
Upgrading of Graaff Reinet Sewer Pump Stations and Reticulation	ENGINEERING AI	SEWERAGE SERVICE	8 140 109,00	8 619 230,00	12 800 000,00	2,3,4,5,6,14		122 MIG
New Bulk Water Reticulation Steel Pipeline to Willowmore	ENGINEERING AI	WATER SERVICE	4 050 141,00	4 531 370,00	5 518 489,00	8,13,9		112 MIG
Ikwezi Bulk Water Supply	ENGINEERING AI	WATER SERVICE	10 000 000,00	38 000 000,00	37 935 000,00	10,11		114 DWS - RBIG
Transformers	ENGINEERING AI	ELECTRICITY DISTRIBUTI	600 000,00	150 000,00	300 000,00	All Wards		147 Internal
Standby Generators x 2	FINANCIAL SERV	DIRECTOR : FINANCIAL S	200 000,00	-	-	Institutional		343 FMG
Server - Financial System	FINANCIAL SERV	INFORMATION TECHMC	100 000,00	-	-	Institutional		352 FMG
WIRELESS TOURISM WILLOWMORE	FINANCIAL SERV	INFORMATION TECHMC	10 000,00	-	-	Institutional		353 FMG
LOGITECH CONFERENCE SYSTEM - ABERDEEN, JANSENVILLIE, AUDITORIUM	FINANCIAL SERV	INFORMATION TECHMC	100 000,00	-	-	Institutional		353 FMG
ICT TOOLBOXES	FINANCIAL SERV	INFORMATION TECHMC	50 000,00	-	-	Institutional		352 FMG
5 COMPUTERS DEBT COLLECTORS I3, 1TB, 16GB	FINANCIAL SERV	INFORMATION TECHMC	50 000,00	-	-	Institutional		352 FMG
DC SERVER PLUS LICENSE DELL DeII PE R740 Server RACK U1 BLADE SERVER PLUS LICENSE	FINANCIAL SERV	INFORMATION TECHMC	100 000,00	-	-	Institutional		352 FMG
SERVER ROOM BACKUP WILLOWMORE WITH AIRCON, UPS, RAISED FLOOR	FINANCIAL SERV	INFORMATION TECHMC	100 000,00	-	-	Institutional		353 FMG
High pressure storm water jetting	ENGINEERING AI	PUBLWORKS: STREETS	270 000,00	-	-	Institutional		344 Internal
Poker Vibrator x 3	ENGINEERING AI	PUBLWORKS: STREETS	9 000,00	-	-	Institutional		344 Internal
Compacters x 2	ENGINEERING AI	PUBLWORKS: STREETS	40 000,00	-	-	Institutional		344 Internal
Concrete Mixers x 3	ENGINEERING AI	PUBLWORKS: STREETS	150 000,00	-	-	Institutional		344 Internal
Vehicle : Sedan x 2	COMMUNITY SER	TRAFFIC CONTROL	410 000,00	-	-	Institutional		310 Internal
Vehicle : Truck (specialised) - 3ton Tipper trucks x 2	COMMUNITY SER	REFUSE REM WASTE M	780 000,00	-	-	Institutional		315 Internal
Vehicle : 2 x 4 Bakkie (Single/Double) x 3	ENGINEERING AI	PUBLWORKS: STREETS	795 000,00	-	-	Institutional		312 Internal
Vehicle : 2 x 4 Bakkie (Single/Double) x 5	ENGINEERING AI	SEWERAGE SERVICE	1 325 000,00	-	-	Institutional		312 Internal
Vehicle : 2 x 4 Bakkie (Single/Double)	ENGINEERING AI	ELECTRICITY DISTRIBUTI	265 000,00	-	-	Institutional		312 Internal
Vehicle : 4 x 4 Bakkie / LDV x 2	ENGINEERING AI	ELECTRICITY DISTRIBUTI	664 000,00	-	-	Institutional		313 Internal
Vehicle : 4 x 4 Bakkie / LDV	ENGINEERING AI	SEWERAGE SERVICE	332 000,00	-	-	Institutional		313 Internal
TOTAL			59 820 250,00	83 415 600,00	99 712 714,00			

1.7 ANNUAL BUDGET TABLES

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's 2020/21 Budget and MTREF to be considered for approval by Council.

EC101 Dr Beyers Naude - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands										
Financial Performance										
Property rates	21 626	28 199	30 162	40 993	41 892	41 892	41 892	51 603	56 764	62 440
Service charges	116 263	138 078	149 627	197 281	209 974	209 974	209 974	251 954	279 713	311 033
Investment revenue	1 727	1 919	634	3 268	3 268	3 268	3 268	3 660	4 026	4 429
Transfers recognised - operational	109 040	115 191	120 686	102 332	109 736	109 736	109 736	118 413	122 800	128 926
Other own revenue	15 150	16 298	16 418	15 520	27 520	27 520	27 520	27 942	30 736	33 810
Total Revenue (excluding capital transfers and contributions)	263 805	299 685	317 527	359 394	392 389	392 389	392 389	453 572	494 040	540 637
Employee costs	108 123	138 171	159 348	156 807	158 999	158 999	158 999	168 482	180 291	192 928
Remuneration of councillors	7 377	9 324	9 370	9 915	9 987	9 987	9 987	9 987	10 986	12 085
Depreciation & asset impairment	65 116	63 052	55 907	65 849	46 094	46 094	46 094	46 094	50 703	55 774
Finance charges	6 160	7 238	6 988	3 488	6 653	6 653	6 653	4 214	4 635	5 099
Materials and bulk purchases	69 092	81 208	89 282	91 652	102 411	102 411	102 411	109 995	115 757	126 070
Transfers and grants	-	-	-	1 286	20	20	20	30	33	36
Other expenditure	118 309	101 319	123 778	63 663	78 154	78 154	78 154	97 907	106 364	116 943
Total Expenditure	374 177	400 312	444 673	392 660	402 318	402 318	402 318	436 710	468 769	508 934
Surplus/(Deficit)	(110 371)	(100 627)	(127 146)	(33 266)	(9 929)	(9 929)	(9 929)	16 863	25 271	31 703
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	66 635	54 996	25 800	33 818	61 876	61 876	61 876	47 495	67 698	65 746
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(43 736)	(45 631)	(101 346)	552	51 947	51 947	51 947	64 358	92 969	97 449
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(43 736)	(45 631)	(101 346)	552	51 947	51 947	51 947	64 358	92 969	97 449
Capital expenditure & funds sources										
Capital expenditure	62 396	52 454	34 215	32 447	63 940	63 940	63 940	59 820	83 416	99 713
Transfers recognised - capital	62 396	52 454	34 215	32 447	63 940	63 940	63 940	53 470	78 601	99 413
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	6 350	4 815	300
Total sources of capital funds	62 396	52 454	34 215	32 447	63 940	63 940	63 940	59 820	83 416	99 713
Financial position										
Total current assets	52 959	42 643	67 466	105 912	(1 853)	(1 853)	(1 853)	538 032	538 032	540 933
Total non current assets	1 190 917	1 180 810	1 162 647	1 151 189	1 197 128	1 197 128	1 197 128	1 195 982	1 219 578	1 235 875
Total current liabilities	127 012	135 991	219 081	85 239	85 239	85 239	85 239	146 450	146 450	182 319
Total non current liabilities	58 797	67 824	92 918	97 410	97 410	97 410	97 410	45 003	45 003	12 034
Community wealth/Equity	1 058 066	1 019 637	918 115	1 074 452	1 012 626	1 012 626	1 012 626	1 542 562	1 566 158	1 582 455
Cash flows										
Net cash from (used) operating	83 324	28 217	36 500	60 712	25 888	25 888	25 888	450 147	449 051	301 229
Net cash from (used) investing	(58 839)	(53 449)	(34 215)	32 447	(78 387)	(78 387)	(78 387)	-	-	-
Net cash from (used) financing	-	(195)	20 000	54 180	54 180	54 180	54 180	3 317	3 317	119 538
Cash/cash equivalents at the year end	27 455	2 028	24 313	144 463	1 681	1 681	1 681	453 463	905 831	1 326 598
Cash backing/surplus reconciliation										
Cash and investments available	27 455	2 028	24 313	5 206	(102 560)	(102 560)	(102 560)	463 288	463 288	463 288
Application of cash and investments	104 054	103 121	184 071	(36 309)	(31 056)	(31 056)	(31 056)	62 270	68 245	(7 024)
Balance - surplus (shortfall)	(76 599)	(101 093)	(159 758)	41 515	(71 504)	(71 504)	(71 504)	401 018	395 043	470 312
Asset management										
Asset register summary (WDV)	1 190 917	1 309 581	1 240 059	1 180 989	1 194 480	1 194 480	1 194 480	1 195 982	1 219 578	1 235 875
Depreciation	65 116	63 052	55 907	65 849	46 094	46 094	46 094	46 094	50 703	55 774
Renewal and Upgrading of Existing Assets	59 375	37 473	16 592	13 197	17 521	17 521	17 521	13 840	18 119	29 432
Repairs and Maintenance	5 783	7 324	6 492	9 851	6 986	6 986	6 986	28 254	31 079	34 187
Free services										
Cost of Free Basic Services provided	-	2	15 834	20 696	8 998	8 998	-	-	-	-
Revenue cost of free services provided	-	2 176	6 509	2 481	2 481	2 481	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sew erage:	-	-	-	-	-	-	-	-	-	-
Energy :	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

EC101 Dr Beyers Naude - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional										
Governance and administration		133 852	148 306	137 384	64 209	69 765	69 765	86 293	94 564	103 462
Executive and council		24 703	12 022	1 136	7 017	7 017	7 017	7 471	7 960	8 418
Finance and administration		109 149	136 284	136 248	57 192	62 748	62 748	78 822	86 604	95 045
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		6 229	5 102	10 469	18 826	19 757	19 757	20 426	17 634	18 866
Community and social services		2 555	2 598	3 079	15 338	15 199	15 199	16 035	17 168	18 268
Sport and recreation		71	73	74	15	15	15	92	101	111
Public safety		1 665	927	5 133	2 010	3 079	3 079	2 266	2 492	2 741
Housing		731	297	4	12	12	12	13	15	16
Health		1 208	1 208	2 179	1 451	1 451	1 451	2 020	(2 142)	(2 270)
Economic and environmental services		4 262	2 939	8 277	18 631	18 631	18 631	27 824	28 706	30 445
Planning and development		539	200	1 250	3 002	3 002	3 002	1 578	431	474
Road transport		3 723	2 739	7 027	15 629	15 629	15 629	26 247	28 275	29 971
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		186 006	198 172	186 820	291 148	345 714	345 714	366 126	420 395	453 128
Energy sources		88 507	111 797	107 465	145 976	141 592	141 592	158 223	184 969	210 687
Water management		68 815	37 785	46 899	70 222	108 473	108 473	106 466	127 518	128 161
Waste water management		24 427	38 110	20 603	34 225	49 176	49 176	52 213	55 447	58 719
Waste management		4 257	10 480	11 852	40 724	46 473	46 473	49 224	52 462	55 562
Other	4	91	163	377	398	398	398	399	439	482
Total Revenue - Functional	2	330 441	354 681	343 327	393 212	454 265	454 265	501 067	561 738	606 383
Expenditure - Functional										
Governance and administration		126 012	177 463	128 660	98 663	114 133	114 133	109 694	118 853	128 800
Executive and council		28 883	35 871	30 682	27 041	28 658	28 658	30 048	32 650	35 484
Finance and administration		97 129	141 592	97 978	70 697	84 572	84 572	78 682	85 169	92 208
Internal audit		-	-	-	925	903	903	964	1 034	1 109
Community and public safety		24 152	30 145	38 685	35 070	33 248	33 248	35 290	37 930	40 773
Community and social services		4 114	5 455	5 797	6 442	5 205	5 205	6 102	6 562	7 058
Sport and recreation		13 489	14 930	16 302	17 095	16 377	16 377	17 601	18 927	20 355
Public safety		3 730	5 848	12 483	7 270	6 925	6 925	7 159	7 682	8 242
Housing		-	-	-	10	10	10	-	-	-
Health		2 818	3 913	4 103	4 253	4 731	4 731	4 427	4 760	5 117
Economic and environmental services		26 504	33 764	38 241	45 655	39 511	39 511	53 210	56 339	60 998
Planning and development		2 522	3 343	3 339	16 654	15 813	15 813	17 920	17 978	19 292
Road transport		23 981	30 422	34 902	29 001	23 698	23 698	35 290	38 361	41 706
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		196 084	157 063	236 928	211 421	213 534	213 534	236 308	253 244	275 747
Energy sources		95 441	101 677	119 105	114 535	123 741	123 741	134 415	142 228	154 769
Water management		44 706	22 364	90 856	52 756	48 300	48 300	52 981	57 863	63 204
Waste water management		42 195	8 788	12 723	28 194	24 130	24 130	30 596	33 406	36 479
Waste management		13 741	24 234	14 243	15 936	17 362	17 362	18 315	19 748	21 296
Other	4	1 425	1 877	2 160	1 850	1 893	1 893	2 208	2 403	2 616
Total Expenditure - Functional	3	374 177	400 312	444 673	392 660	402 318	402 318	436 710	468 769	508 934
Surplus/(Deficit) for the year		(43 736)	(45 631)	(101 346)	552	51 947	51 947	64 358	92 969	97 449

EC101 Dr Beyers Naude - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year
		Outcome	Outcome	Outcome	Budget	Budget	Forecast	2020/21	+1 2021/22	+2 2022/23
Revenue by Vote	1									
Vote 1 - COUNCIL (10: IE)		24 703	12 022	1 136	7 017	7 017	7 017	7 471	7 960	8 418
Vote 2 - MUNICIPAL MANAGER (11: IE)		810	624	-	845	845	845	580	638	701
Vote 3 - CORPORATE SERVICES: ADMINISTRN (12)		2 475	2 680	468	2 868	2 729	2 729	2 738	3 012	3 313
Vote 4 - CORPORATE SERVICES: COMM SERV (13)		2 067	1 640	5 336	14 230	14 230	14 230	15 710	12 446	13 159
Vote 5 - CORPORATE SERVICES: PROTECTION (1)		6 221	11 809	17 362	43 196	50 014	50 014	51 952	55 462	58 863
Vote 6 - FINANCIAL SERVICES (16: IE)		108 692	135 475	135 780	56 002	61 557	61 557	77 891	85 580	93 918
Vote 7 - TECHNICAL SERVICES: ENGINEERING (18)		3 723	2 739	7 027	15 629	15 629	15 629	26 247	28 275	29 971
Vote 8 - TECHNICAL SERVICES: ELECTRICAL (19)		181 749	187 693	176 218	253 425	302 243	302 243	318 479	368 364	398 040
Vote 9 - COUNCIL (30: CS)		-	-	-	-	-	-	-	-	-
Vote 10 - MUNICIPAL MANAGER (31: CS)		-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE SERVICES: ADMINISTRN (3)		-	-	-	-	-	-	-	-	-
Vote 12 - CORPORATE SERVICES: COMM SERV (3)		-	-	-	-	-	-	-	-	-
Vote 13 - CORPORATE SERVICES: PROTECTION (3)		-	-	-	-	-	-	-	-	-
Vote 14 - FINANCIAL SERVICES (36: CS)		-	-	-	-	-	-	-	-	-
Vote 15 - TECHNICAL SERVICES: ENGINEERING (3)		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	330 441	354 681	343 327	393 212	454 265	454 265	501 067	561 738	606 383
Expenditure by Vote to be appropriated	1									
Vote 1 - COUNCIL (10: IE)		20 586	29 554	30 682	15 236	16 077	16 077	16 733	18 354	20 134
Vote 2 - MUNICIPAL MANAGER (11: IE)		10 820	8 896	-	15 172	15 805	15 805	16 746	17 975	19 297
Vote 3 - CORPORATE SERVICES: ADMINISTRN (12)		21 541	85 799	19 430	28 976	27 409	27 409	30 613	33 005	35 589
Vote 4 - CORPORATE SERVICES: COMM SERV (13)		16 539	19 362	26 202	23 020	22 016	22 016	23 159	24 900	26 775
Vote 5 - CORPORATE SERVICES: PROTECTION (1)		18 897	31 960	28 886	25 388	26 473	26 473	27 904	30 072	32 413
Vote 6 - FINANCIAL SERVICES (16: IE)		79 471	60 728	78 547	43 852	59 154	59 154	50 920	55 229	59 913
Vote 7 - TECHNICAL SERVICES: ENGINEERING (18)		23 981	30 665	34 902	41 121	32 572	32 572	44 296	48 223	52 507
Vote 8 - TECHNICAL SERVICES: ELECTRICAL (19)		182 342	133 349	226 023	199 895	202 811	202 811	226 339	241 012	262 307
Vote 9 - COUNCIL (30: CS)		-	-	-	-	-	-	-	-	-
Vote 10 - MUNICIPAL MANAGER (31: CS)		-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE SERVICES: ADMINISTRN (3)		-	-	-	-	-	-	-	-	-
Vote 12 - CORPORATE SERVICES: COMM SERV (3)		-	-	-	-	-	-	-	-	-
Vote 13 - CORPORATE SERVICES: PROTECTION (3)		-	-	-	-	-	-	-	-	-
Vote 14 - FINANCIAL SERVICES (36: CS)		-	-	-	-	-	-	-	-	-
Vote 15 - TECHNICAL SERVICES: ENGINEERING (3)		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	374 177	400 312	444 673	392 660	402 318	402 318	436 710	468 769	508 934
Surplus/(Deficit) for the year	2	(43 736)	(45 631)	(101 346)	552	51 947	51 947	64 358	92 969	97 449

EC101 Dr Beyers Naude - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	21 626	28 199	30 162	40 993	41 892	41 892	41 892	51 603	56 764	62 440
Service charges - electricity revenue	2	85 747	99 193	101 938	130 358	125 652	125 652	125 652	140 611	161 685	185 919
Service charges - water revenue	2	24 228	20 735	25 699	27 626	36 019	36 019	36 019	44 596	47 275	50 116
Service charges - sanitation revenue	2	2 030	10 224	10 422	16 390	26 152	26 152	26 152	33 227	35 221	37 335
Service charges - refuse revenue	2	4 257	7 926	11 568	22 907	22 151	22 151	22 151	33 520	35 531	37 663
Rental of facilities and equipment		592	788	855	929	929	929	929	1 014	1 116	1 227
Interest earned - external investments		1 727	1 919	634	3 268	3 268	3 268	3 268	3 660	4 026	4 429
Interest earned - outstanding debtors		5 859	9 550	5 416	7 217	4 531	4 531	4 531	4 803	5 284	5 812
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		184	80	21	11	31	31	31	34	37	41
Licences and permits		1 111	904	1 066	1 652	1 652	1 652	1 652	1 784	1 963	2 159
Agency services		2 089	1 480	1 874	3 668	3 668	3 668	3 668	3 929	4 322	4 754
Transfers and subsidies		109 040	115 191	120 686	102 332	109 736	109 736	109 736	118 413	122 800	128 926
Other revenue	2	1 904	3 495	6 603	2 042	6 707	6 707	6 707	16 377	18 015	19 817
Gains		3 410	-	583	0	10 000	10 000	10 000	-	-	-
Total Revenue (excluding capital transfers and contributions)		263 805	299 685	317 527	359 394	392 389	392 389	392 389	453 572	494 040	540 637
Expenditure By Type											
Employee related costs	2	108 123	138 171	159 348	156 807	158 999	158 999	158 999	168 482	180 291	192 928
Remuneration of councillors		7 377	9 324	9 370	9 915	9 987	9 987	9 987	9 987	10 986	12 085
Debt impairment	3	36 178	11 210	37 495	3 894	10 146	10 146	10 146	10 146	11 161	12 277
Depreciation & asset impairment	2	65 116	63 052	55 907	65 849	46 094	46 094	46 094	46 094	50 703	55 774
Finance charges		6 160	7 238	6 988	3 488	6 653	6 653	6 653	4 214	4 635	5 099
Bulk purchases	2	69 092	81 208	89 282	90 605	100 948	100 948	100 948	109 125	114 799	125 017
Other materials	8	-	-	-	1 047	1 463	1 463	1 463	870	957	1 053
Contracted services		3 678	947	15 090	15 571	14 724	14 724	14 724	10 089	11 098	12 207
Transfers and subsidies		-	-	-	1 286	20	20	20	30	33	36
Other expenditure	4, 5	73 497	88 563	71 193	44 199	53 283	53 283	53 283	77 673	84 105	92 459
Losses		4 955	599	-	-	-	-	-	-	-	-
Total Expenditure		374 177	400 312	444 673	392 660	402 318	402 318	402 318	436 710	468 769	508 934
Surplus/(Deficit)		(110 371)	(100 627)	(127 146)	(33 266)	(9 929)	(9 929)	(9 929)	16 863	25 271	31 703
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		66 635	54 996	25 800	33 818	61 876	61 876	61 876	47 495	67 698	65 746
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(43 736)	(45 631)	(101 346)	552	51 947	51 947	51 947	64 358	92 969	97 449
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(43 736)	(45 631)	(101 346)	552	51 947	51 947	51 947	64 358	92 969	97 449
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(43 736)	(45 631)	(101 346)	552	51 947	51 947	51 947	64 358	92 969	97 449
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(43 736)	(45 631)	(101 346)	552	51 947	51 947	51 947	64 358	92 969	97 449

EC101 DR BEYERS NAUDE TABLE A5 – CAPITAL EXPENDITURE

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - COUNCIL (10: IE)		-	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER (11: IE)		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES: ADMINISTRN (12)		-	-	-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES: COMM SERV (13)		-	-	-	-	-	-	-	-	-	-
Vote 5 - CORPORATE SERVICES: PROTECTION (14)		-	-	-	-	-	-	-	-	-	-
Vote 6 - FINANCIAL SERVICES (16: IE)		-	-	-	-	-	-	-	-	-	-
Vote 7 - TECHNICAL SERVICES: ENGINEERING (18)		-	-	-	-	-	-	-	-	-	-
Vote 8 - TECHNICAL SERVICES: ELECTRICAL (19)		-	-	-	-	-	-	-	-	-	-
Vote 9 - COUNCIL (30: CS)		-	-	-	-	-	-	-	-	-	-
Vote 10 - MUNICIPAL MANAGER (31: CS)		-	-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE SERVICES: ADMINISTRN (32)		-	-	-	-	-	-	-	-	-	-
Vote 12 - CORPORATE SERVICES: COMM SERV (33)		-	-	-	-	-	-	-	-	-	-
Vote 13 - CORPORATE SERVICES: PROTECTION (34)		-	-	-	-	-	-	-	-	-	-
Vote 14 - FINANCIAL SERVICES (36: CS)		-	-	-	-	-	-	-	-	-	-
Vote 15 - TECHNICAL SERVICES: ENGINEERING (37)		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - COUNCIL (10: IE)		-	-	349	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER (11: IE)		118	629	14	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES: ADMINISTRN (12)		238	-	-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES: COMM SERV (13)		158	1 372	4 323	2 896	3 206	3 206	3 206	4 060	12 000	26 831
Vote 5 - CORPORATE SERVICES: PROTECTION (14)		1 479	5 262	2 948	-	-	-	-	410	150	-
Vote 6 - FINANCIAL SERVICES (16: IE)		324	12	382	-	350	350	350	710	-	-
Vote 7 - TECHNICAL SERVICES: ENGINEERING (18)		31 606	18 791	2 318	29 551	60 383	60 383	60 383	53 111	68 116	67 781
Vote 8 - TECHNICAL SERVICES: ELECTRICAL (19)		28 473	26 388	23 882	-	-	-	-	1 529	3 150	5 100
Vote 9 - COUNCIL (30: CS)		-	-	-	-	-	-	-	-	-	-
Vote 10 - MUNICIPAL MANAGER (31: CS)		-	-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE SERVICES: ADMINISTRN (32)		-	-	-	-	-	-	-	-	-	-
Vote 12 - CORPORATE SERVICES: COMM SERV (33)		-	-	-	-	-	-	-	-	-	-
Vote 13 - CORPORATE SERVICES: PROTECTION (34)		-	-	-	-	-	-	-	-	-	-
Vote 14 - FINANCIAL SERVICES (36: CS)		-	-	-	-	-	-	-	-	-	-
Vote 15 - TECHNICAL SERVICES: ENGINEERING (37)		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		62 396	52 454	34 215	32 447	63 940	63 940	63 940	59 820	83 416	99 713
Total Capital Expenditure - Vote		62 396	52 454	34 215	32 447	63 940	63 940	63 940	59 820	83 416	99 713
Capital Expenditure - Functional											
Governance and administration		658	373	731	-	350	350	350	710	-	-
Executive and council		96	361	349	-	-	-	-	-	-	-
Finance and administration		562	12	382	-	350	350	350	710	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		158	1 429	7 117	-	-	-	-	3 000	12 150	6 500
Community and social services		-	-	-	-	-	-	-	-	1 200	2 500
Sport and recreation		158	1 372	4 323	-	-	-	-	3 000	10 950	4 000
Public safety		-	57	2 794	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		8 261	10 285	2 332	10 300	7 424	7 424	7 424	4 374	165	-
Planning and development		22	269	14	-	-	-	-	-	-	-
Road transport		8 239	10 016	2 318	10 300	7 424	7 424	7 424	4 374	165	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		53 320	40 367	24 035	22 147	56 166	56 166	56 166	51 736	71 101	93 213
Energy sources		2 719	11 085	4 242	-	-	-	-	1 529	3 150	5 100
Water management		2 364	14 608	16 893	19 251	50 538	50 538	48 232	39 350	59 281	54 981
Waste water management		46 758	9 469	2 747	-	2 421	2 421	271	9 797	8 669	12 800
Waste management		1 479	5 205	154	2 896	3 206	3 206	7 662	1 060	-	20 331
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	62 396	52 454	34 215	32 447	63 940	63 940	63 940	59 820	83 416	99 713
Funded by:											
National Government		62 396	52 454	34 215	32 447	43 787	43 787	43 787	53 470	78 601	99 413
Provincial Government		-	-	-	-	20 152	20 152	20 152	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	62 396	52 454	34 215	32 447	63 940	63 940	63 940	53 470	78 601	99 413
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	6 350	4 815	300
Total Capital Funding	7	62 396	52 454	34 215	32 447	63 940	63 940	63 940	59 820	83 416	99 713

EC101 Dr Beyers Naude - Table A6 Budgeted Financial Position

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
ASSETS											
Current assets											
Cash		2 912	1 025	1 185	1 558	(106 208)	(106 208)	(106 208)	462 288	462 288	412 469
Call investment deposits	1	24 542	1 003	23 128	1 000	1 000	1 000	1 000	1 000	1 000	50 819
Consumer debtors	1	12 493	22 649	16 296	89 854	89 854	89 854	89 854	61 244	61 244	71 345
Other debtors		6 558	8 891	7 481	7 200	7 200	7 200	7 200	7 200	7 200	-
Current portion of long-term receivables		-	2 131	13 685	-	-	-	-	-	-	-
Inventory	2	6 453	6 944	5 692	6 300	6 300	6 300	6 300	6 300	6 300	6 300
Total current assets		52 959	42 643	67 466	105 912	(1 853)	(1 853)	(1 853)	538 032	538 032	540 933
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	2 648	2 648	2 648	2 648	-	-	-
Investment property		67 783	67 783	67 783	67 783	67 783	67 783	67 783	-	-	-
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	1 109 429	1 099 418	1 081 323	1 067 052	1 112 991	1 112 991	1 112 991	1 195 982	1 219 578	1 235 875
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		252	156	88	253	253	253	253	-	-	-
Other non-current assets		13 453	13 453	13 453	13 453	13 453	13 453	13 453	-	-	-
Total non current assets		1 190 917	1 180 810	1 162 647	1 151 189	1 197 128	1 197 128	1 197 128	1 195 982	1 219 578	1 235 875
TOTAL ASSETS		1 243 875	1 223 453	1 230 114	1 257 101	1 195 275	1 195 275	1 195 275	1 734 015	1 757 610	1 776 808
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	195	-	10 000	18 000	18 000	18 000	18 000	-	-	21 652
Consumer deposits		2 911	2 997	3 317	3 079	3 079	3 079	3 079	3 317	3 317	1 089
Trade and other payables	4	121 885	129 668	202 227	55 050	55 050	55 050	55 050	136 102	136 102	53 217
Provisions		2 021	3 327	3 537	9 110	9 110	9 110	9 110	7 031	7 031	106 362
Total current liabilities		127 012	135 991	219 081	85 239	85 239	85 239	85 239	146 450	146 450	182 319
Non current liabilities											
Borrowing		-	-	10 000	33 000	33 000	33 000	33 000	10 000	10 000	-
Provisions		58 797	67 824	82 918	64 410	64 410	64 410	64 410	35 003	35 003	12 034
Total non current liabilities		58 797	67 824	92 918	97 410	97 410	97 410	97 410	45 003	45 003	12 034
TOTAL LIABILITIES		185 809	203 816	311 999	182 649	182 649	182 649	182 649	191 453	191 453	194 353
NET ASSETS	5	1 058 066	1 019 637	918 115	1 074 452	1 012 626	1 012 626	1 012 626	1 542 562	1 566 158	1 582 455
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1 058 066	1 019 637	918 115	1 074 452	1 012 626	1 012 626	1 012 626	1 542 562	1 566 158	1 582 455
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	1 058 066	1 019 637	918 115	1 074 452	1 012 626	1 012 626	1 012 626	1 542 562	1 566 158	1 582 455

EC101 Dr Beyers Naude - Table A7 Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year	Budget Year
		Outcome	Outcome	Outcome	Budget	Budget	Forecast	outcome	2020/21	+1 2021/22	+2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		16 222	28 199	30 162	38 943	38 943	38 943	38 943	49 819	49 819	133 581
Service charges		116 263	115 165	108 645	190 109	190 109	190 109	190 109	241 294	241 294	108 677
Other revenue		5 880	10 305	10 571	8 303	8 303	8 303	8 303	6 423	6 423	30 851
Transfers and Subsidies - Operational	1	109 040	108 491	136 849	102 332	102 332	102 332	102 332	108 034	108 034	35 820
Transfers and Subsidies - Capital	1	66 635	23 671	25 800	33 818	33 818	33 818	33 818	47 495	47 495	966
Interest		7 586	11 469	6 050	10 124	10 124	10 124	10 124	8 040	8 040	4 595
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(232 143)	(261 845)	(274 589)	#####	(350 506)	(350 506)	(350 506)	(10 959)	(12 055)	(13 260)
Finance charges		(6 160)	(7 238)	(6 988)	(3 488)	(6 653)	(6 653)	(6 653)	-	-	-
Transfers and Grants	1	-	-	-	(1 286)	(582)	(582)	(582)	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		83 324	28 217	36 500	60 712	25 888	25 888	25 888	450 147	449 051	301 229
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		3 660	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(62 499)	(53 449)	(34 215)	32 447	(78 387)	(78 387)	(78 387)	-	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		(58 839)	(53 449)	(34 215)	32 447	(78 387)	(78 387)	(78 387)	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	72 180	72 180	72 180	72 180	-	-	96 797
Increase (decrease) in consumer deposits		-	(195)	20 000	-	-	-	-	3 317	3 317	1 089
Payments											
Repayment of borrowing		-	-	-	(18 000)	(18 000)	(18 000)	(18 000)	-	-	21 652
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(195)	20 000	54 180	54 180	54 180	54 180	3 317	3 317	119 538
NET INCREASE/ (DECREASE) IN CASH HELD		24 485	(25 427)	22 285	147 339	1 681	1 681	1 681	453 463	452 367	420 767
Cash/cash equivalents at the year begin:	2	2 970	27 455	2 028	(2 877)	-	-	-	-	453 463	905 831
Cash/cash equivalents at the year end:	2	27 455	2 028	24 313	144 463	1 681	1 681	1 681	453 463	905 831	1 326 598

EC101 Dr Beyers Naude - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and investments available											
Cash/cash equivalents at the year end	1	27 455	2 028	24 313	144 463	1 681	1 681	1 681	453 463	905 831	1 326 598
Other current investments > 90 days		-	-	-	(141 905)	(106 889)	(106 889)	(106 889)	9 825	(442 543)	(863 310)
Non current assets - Investments	1	-	-	-	2 648	2 648	2 648	2 648	-	-	-
Cash and investments available:		27 455	2 028	24 313	5 206	(102 560)	(102 560)	(102 560)	463 288	463 288	463 288
Application of cash and investments											
Unspent conditional transfers		26 295	2 536	26 455	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	77 759	100 585	157 616	(36 309)	(31 056)	(31 056)	(31 056)	62 270	68 245	(7 024)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		104 054	103 121	184 071	(36 309)	(31 056)	(31 056)	(31 056)	62 270	68 245	(7 024)
Surplus(shortfall)		(76 599)	(101 093)	(159 758)	41 515	(71 504)	(71 504)	(71 504)	401 018	395 043	470 312

EC101 Dr Beyers Naude - Table A9 Asset Management

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	3 022	14 981	17 624	19 251	46 418	46 418	45 980	65 296	70 281
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	600	150	300
<i>Water Supply Infrastructure</i>		2 364	14 608	16 893	19 251	40 241	40 241	39 350	59 281	54 981
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	280	-	12 500
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	110	-	-
Infrastructure		2 364	14 608	16 893	19 251	40 241	40 241	40 340	59 431	67 781
Community Facilities		-	-	-	-	-	-	-	1 200	2 500
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	1 200	2 500
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		562	12	382	-	250	250	350	-	-
Furniture and Office Equipment		96	361	349	-	100	100	-	-	-
Machinery and Equipment		-	-	-	-	5 827	5 827	719	4 665	-
Transport Assets		-	-	-	-	-	-	4 571	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	1 479	5 205	154	2 896	7 662	7 662	-	-	7 832
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		1 479	5 205	154	2 896	7 662	7 662	-	-	7 832
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		1 479	5 205	154	2 896	7 662	7 662	-	-	7 832
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	57 896	32 268	16 438	10 300	9 859	9 859	13 840	18 119	21 600
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		2 719	11 085	4 242	-	-	-	-	3 000	4 800
<i>Water Supply Infrastructure</i>		8 239	10 016	2 318	10 300	9 588	9 588	2 700	-	-
<i>Sanitation Infrastructure</i>		46 758	9 469	2 747	-	271	271	8 140	8 619	12 800
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		57 716	30 570	9 307	10 300	9 859	9 859	10 840	11 619	17 600
Community Facilities		22	326	2 808	-	-	-	-	-	-
Sport and Recreation Facilities		158	1 372	4 323	-	-	-	3 000	6 500	4 000
Community Assets		180	1 698	7 131	-	-	-	3 000	6 500	4 000
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

Total Capital Expenditure	4	62 396	52 454	34 215	32 447	63 940	63 940	59 820	83 416	99 713
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		2 719	11 085	4 242	-	-	-	600	3 150	5 100
Water Supply Infrastructure		10 602	24 625	19 212	29 551	49 829	49 829	42 050	59 281	54 981
Sanitation Infrastructure		46 758	9 469	2 747	-	271	271	8 140	8 619	12 800
Solid Waste Infrastructure		1 479	5 205	154	2 896	7 662	7 662	280	-	20 331
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	110	-	-
Infrastructure		61 558	50 384	26 354	32 447	57 763	57 763	51 180	71 051	93 213
Community Facilities		22	326	2 808	-	-	-	-	1 200	2 500
Sport and Recreation Facilities		158	1 372	4 323	-	-	-	3 000	6 500	4 000
Community Assets		180	1 698	7 131	-	-	-	3 000	7 700	6 500
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		562	12	382	-	250	250	350	-	-
Furniture and Office Equipment		96	361	349	-	100	100	-	-	-
Machinery and Equipment		-	-	-	-	5 827	5 827	719	4 665	-
Transport Assets		-	-	-	-	-	-	4 571	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		62 396	52 454	34 215	32 447	63 940	63 940	59 820	83 416	99 713
ASSET REGISTER SUMMARY - PPE (WDV)	5	#####	1 309 581	#####	1 180 989	1 194 480	1 194 480	1 195 982	1 219 578	1 235 875
Roads Infrastructure		-	4	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	(123)	-	-	-	-	-	-
Electrical Infrastructure		-	(252)	(48 887)	3 245	3 245	3 245	600	3 150	5 100
Water Supply Infrastructure		#####	1 099 418	#####	1 080 379	1 125 697	1 120 931	1 178 212	1 195 443	1 191 144
Sanitation Infrastructure		-	-	-	-	-	-	8 140	8 619	12 800
Solid Waste Infrastructure		-	6 016	7 481	6 141	6 141	10 907	280	-	20 331
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	56	-	-	-	-	110	-	-
Infrastructure		#####	1 105 242	#####	1 089 765	1 135 083	1 135 083	1 187 342	1 207 213	1 229 375
Community Assets		-	(15 838)	(427)	-	-	-	3 000	7 700	6 500
Heritage Assets		13 453	13 453	13 453	13 453	13 453	13 453	-	-	-
Investment properties		67 783	67 783	67 783	67 783	67 783	67 783	-	-	-
Other Assets		-	123 695	122 570	-	(32 447)	(32 447)	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		252	156	88	253	253	253	-	-	-
Computer Equipment		-	3	-	-	250	250	350	-	-
Furniture and Office Equipment		-	-	-	-	100	100	-	-	-
Machinery and Equipment		-	(34 983)	(3 203)	3 245	3 516	3 516	719	4 665	-
Transport Assets		-	-	-	-	-	-	4 571	-	-
Land		-	50 069	-	6 489	6 489	6 489	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	#####	1 309 581	#####	1 180 989	1 194 480	1 194 480	1 195 982	1 219 578	1 235 875
EXPENDITURE OTHER ITEMS	7	70 899	70 376	62 399	75 700	53 080	53 080	74 348	81 782	89 961
Depreciation	7	65 116	63 052	55 907	65 849	46 094	46 094	46 094	50 703	55 774
Repairs and Maintenance by Asset Class	3	5 783	7 324	6 492	9 851	6 986	6 986	28 254	31 079	34 187
Roads Infrastructure		-	112	283	260	178	178	10 710	11 781	12 959
Storm water Infrastructure		-	277	77	245	2	2	345	380	417
Electrical Infrastructure		-	106	2 805	868	162	162	2 252	2 478	2 725
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	3 659	1 920	1 920	1 617	1 617	6 004	6 604	7 265
Solid Waste Infrastructure		-	(369)	(1 496)	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	3 786	3 588	3 294	1 959	1 959	19 311	21 243	23 367
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	502	404	768	227	227	222	244	268
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	502	404	768	227	227	222	244	268
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	101	50	94	94	-	-	-
Intangible Assets		-	-	101	50	94	94	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	23	13	43	14	14	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		5 783	2 984	2 340	5 697	4 692	4 692	8 721	9 593	10 552
Land		-	29	46	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		70 899	70 376	62 399	75 700	53 080	53 080	74 348	81 782	89 961

EC101 Dr Beyers Naude - Table A10 Basic service delivery measurement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
		Household service targets								
Water:										
Piped water inside dwelling	1	-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)	2	-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	4	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply	4	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service										
Water (6 kilolitres per household per month)	7	-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)										
Water (6 kilolitres per indigent household per month)	8	-	(125)	10 638	5 968	5 968	5 968	-	-	-
Sanitation (free sanitation service to indigent households)		-	(114)	-	6 514	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	312	5 196	3 030	3 030	3 030	-	-	-
Refuse (removed once a week for indigent households)		-	(71)	-	5 185	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided		-	2	15 834	20 696	8 998	8 998	-	-	-
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)										
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	9									
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	2 176	6 509	2 481	2 481	2 481	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
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)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates	6									
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided		-	2 176	6 509	2 481	2 481	2 481	-	-	-

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

The Budget process started in September 2019 after the approval of a timetable to guide the preparation of the 2020/21 to 2022/23 Operating and Capital Budgets.

The timetable provides broad timeframes for the IDP and Budget preparation process. It allows for consultation with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, State departments, business and labour, during April/May 2019. The main aim of the timetable was to ensure that an IDP and a balanced Budget are tabled in May 2019, however this was impossible to implement due to the National Lockdown. The IDP and Budget will be tabled by the Mayor for consideration and approval at a Council meeting scheduled for 29 June 2019. After this meeting, it will be submitted to National and Provincial Treasury.

The Service Delivery and Budget Implementation Plan is the mechanism that ensures that the IDP and the Budget is aligned.

The final budget was considered by the Budget Steering Committee under the direction of the Mayor. The Budget Steering Committee consist of the Mayor, the Chairperson of the Budget and Treasury Standing Committee, the Municipal Manager and senior officials. The primary aims of the Committee are to ensure that:

- The budget compilation process complies with legislation;
- There is proper alignment between the service delivery priorities as set out in the Municipality's IDP and the Budget, taking into account the need to maintain the financial sustainability of the Municipality;
- The Municipality's revenue and tariff determination strategies generate sufficient cash resources to deliver services; and
- The various spending priorities of the different municipal directorates are properly evaluated and prioritised in the allocation of resources.

2.1.1 IDP & Budget Timetable 2020/21 to 2022/23

The preparation of the 2020/21 to 2022/23 IDP and Budget were guided by the following schedule of key deadlines as approved by Council on 22 August 2019.

Activity	Date
IDP/Budget Schedule approved by Council	22 August 2019
Tabling of draft IDP and Budget in Council	27 May 2020
Public Participation	08 June to 22 June 2020
Final adoption of IDP and Budget by Council	29 June 2020

2.2 ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

The Integrated Development Plan (IDP) determines and prioritises the needs of the community.

The review of the IDP, in accordance with the Municipal Systems Act, was guided and informed by the following principles:

- Achievement of the five strategic priorities of the municipality.
- Focusing on service delivery backlogs and the maintenance of infrastructure.
- Addressing community priorities (needs) as identified in the IDP.

The review of the IDP focused on establishing measurable performance indicators and targets. These targets informed the preparation of the multi-year budget, as well as the Service Delivery and Budget Implementation Plan (SDBIP).

The 2020/21 to 2022/23 Operating and Capital Budgets were prepared in accordance with the IDP.

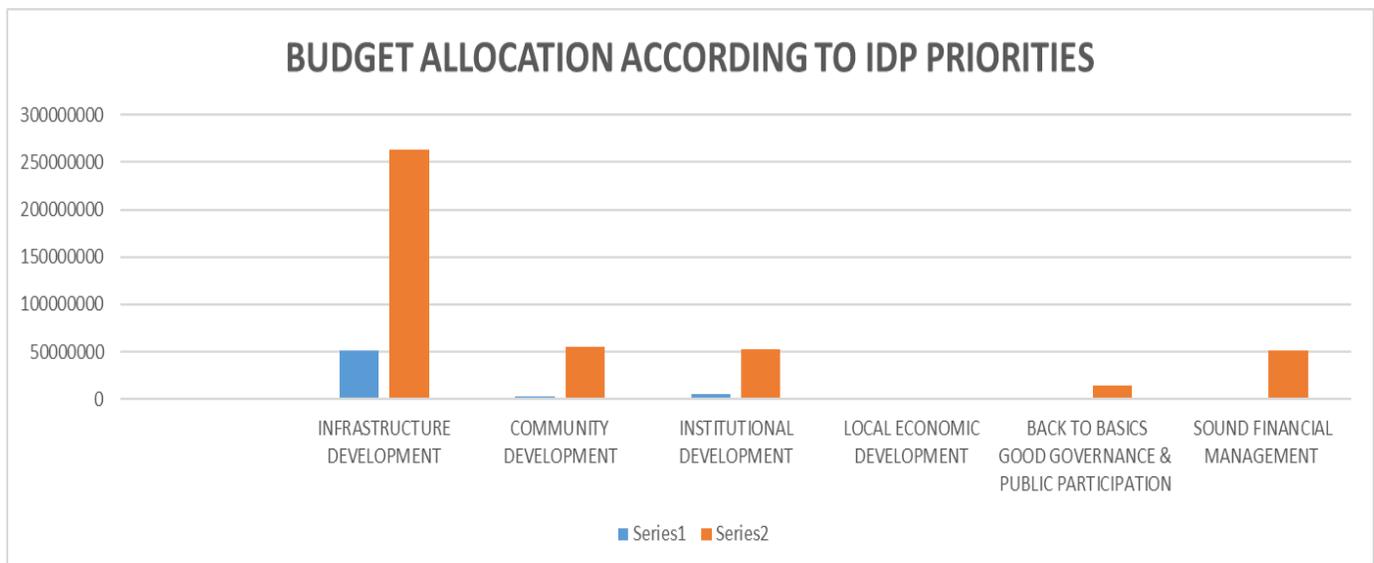
The key strategic focus areas of the IDP are as follows:

- Municipal transformation and development
- Service delivery and infrastructure development
- Local economic development
- Financial sustainability and viability
- Good governance and public participation

Below is a table, which illustrates the link between the Budget and the IDP.

BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES

	INFRASTRUCTURE DEVELOPMENT	COMMUNITY DEVELOPMENT	INSTITUTIONAL DEVELOPMENT	LOCAL ECONOMIC DEVELOPMENT	BACK TO BASICS GOOD GOVERNANCE & PUBLIC PARTICIPATION	SOUND FINANCIAL MANAGEMENT	TOTAL
CAPITAL EXPENDITURE	50 790 250	3 280 000	5 340 000	-	-	410 000	59 820 250
OPERATIONAL EXPENDITURE	262 955 706	55 768 751	52 618 033	-	14 122 092	51 245 386	436 709 969



2.3 OVERVIEW OF BUDGET RELATED POLICIES

The MFMA and the Budget and Reporting Regulations require budget related policies to be reviewed, and where applicable, be updated on an annual basis.

All budget related policies have been reviewed and/or developed. Policies will be workshopped extensively with Council and Top Management and will further be workshopped with all relevant stakeholders.

The following policies are now in place:

- | | | |
|--|---|----------|
| • Credit control and debt collection | - | reviewed |
| • Tariff policy | - | reviewed |
| • Supply Chain policy | - | reviewed |
| • SCM Infrastructure Procurement | - | reviewed |
| • Asset management policy | - | reviewed |
| • Subsistence and Travel policy | - | reviewed |
| • Cash management, banking & investment policy | - | reviewed |
| • Budget policy | - | reviewed |
| • Virement policy | - | reviewed |
| • Funding and reserve policy | - | reviewed |
| • Borrowing policy | - | reviewed |
| • Rates policy | - | reviewed |
| • Indigent support policy | - | reviewed |
| • Cost containment policy | - | reviewed |

The following by-laws were developed and will be promulgated once all legislative processes have been concluded:

- Tariff by-law
- Credit control and debt collection by-law
- Rates by-law

2.4 OVERVIEW OF BUDGET ASSUMPTIONS

The municipal fiscal environment is influenced by a variety of macro-economic control measures. National Treasury provides guidelines on the ceiling of year-on-year increases in the total Operating Budget, whilst the National Electricity Regulator of South Africa (NERSA) regulates bulk electricity tariff increases. The Municipality's employee related costs are also influenced by collective agreements concluded in the South African Local Government Bargaining Council. Various government departments also affect municipal service delivery through the level of grants and subsidies.

The following principles and guidelines directly informed the compilation of the Budget:

- The priorities and targets, relating to the key strategic focus areas, as outlined in the IDP.
- The need to enhance the municipality's revenue base.
- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs, including the expansion of services.
- The level of property rates and tariff increases to ensure the delivery of services on a financially sustainable basis.
- Raising of loan funding should be considered to address critical needs.
- No growth in revenue sources has been provided for in view of current consumption trends in municipal services.
- Restructuring of major trade creditors over long term periods to ensure financial sustainability and a funded budget

- Restructuring of tariffs to uniform tariffs and ensuring baseline tariff as per cost of supply study

The Municipality faced the following significant challenges in preparing the 2020/21 – 2022/23 Budget:

- Fully implementing cost containment measures;
- Maintaining revenue collection rates at the targeted levels;
- Maintaining electricity and water losses at acceptable levels;
- Dealing with an unfunded budget of the past and measures to address this in the future
- Different tariff structures in the different towns and converting this to uniform tariffs
- Creditors inherited from former municipalities which is still placing financial strain on the cash flow and hence the restructuring of creditors over long term period
- Introducing cost reflective tariffs
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure;
- Maintaining an acceptable cost coverage ratio;
- Covid-19

The multi-year budget is therefore underpinned by the following assumptions:

	2020/21	2021/22	2022/23
Income	%	%	%
Tariff Increases for water	6	6	6
Tariff Increases for sanitation	6	6	6
Tariff Increases for refuse	6	6	6
Property rates increase	6	6	6
Electricity tariff increase (on average)	9	15	15
Revenue collection rates	95	95	95
Expenditure increases allowed			
Salary increase	6.25	6	Not available
Increase in bulk purchase of electricity costs	6.9	7	6

2.5 OVERVIEW OF BUDGET FUNDING

2.5.1 Medium-term outlook: operating revenue

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

Table 7 (Breakdown of the operating revenue over the medium-term)

EC101 Dr Beyers Naude - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Financial Performance										
Property rates	21 626	28 199	30 162	40 993	41 892	41 892	41 892	51 603	56 764	62 440
Service charges	116 263	138 078	149 627	197 281	209 974	209 974	209 974	251 954	279 713	311 033
Investment revenue	1 727	1 919	634	3 268	3 268	3 268	3 268	3 660	4 026	4 429
Transfers recognised - operational	109 040	115 191	120 686	102 332	109 736	109 736	109 736	118 413	122 800	128 926
Other own revenue	15 150	16 298	16 418	15 520	27 520	27 520	27 520	27 942	30 736	33 810
Total Revenue (excluding capital transfers and contributions)	263 805	299 685	317 527	359 394	392 389	392 389	392 389	453 572	494 040	540 637

2.5.2 Medium-term outlook: capital revenue

The following table provides a breakdown of the funding components of the 2020/21 medium-term capital programme:

Table 8 (Sources of capital revenue over the MTREF)

EC101 Dr Beyers Naude - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure & funds sources										
Capital expenditure	62 396	52 454	34 215	32 447	63 940	63 940	63 940	59 820	83 416	99 713
Transfers recognised - capital	62 396	52 454	34 215	32 447	63 940	63 940	63 940	53 470	78 601	99 413
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	6 350	4 815	300
Total sources of capital funds	62 396	52 454	34 215	32 447	63 940	63 940	63 940	59 820	83 416	99 713

2.5.3 Medium-term outlook: Borrowing

The municipality should consider raising loans for capital items required from own funds as well as buying vehicles instead of leasing.

2.5.4 Medium-term outlook: Working towards a funded budget

The municipality managed to table a funded budget. The funded budget is based on the following:

- Restructuring of debt owed to major creditors over long term period
- Implementing cost reflective tariffs – phase 3 – Introduction of secondary tariffs

The municipality has addressed the following issues to ensure a positive move towards becoming financially sustainable:

- Replacing the faulty meters within all areas thus limiting losses and increasing revenue
- Standardising tariffs in all areas
- Calculating cost reflective tariffs and implementation thereof over 3 years
- Implementing a new valuation roll for Dr Beyers Naude with effect 1 July 2019
- Continuing to implement cost containment measures

2.6 **ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY**

The municipality will be making the following allocations:

- SPCA - R20 000
- Pauper burials - R10 000

2.7 **COUNCILLORS AND EMPLOYEE BENEFITS**

DISCLOSURE OF SALARIES, ALLOWANCES & BENEFITS

The following tables set out the allowances and employee benefits budgeted for the 2020/2120 budget year:

The municipality has twenty-seven (27) councillors, consisting of one fulltime Mayor, four EXCO Members also chairpersons of sec. 79 committees and one MPAC chairperson of which the allowances are set out in table below.

Grade	Councillor(s)	Number	Salary p/p	Salary	Allowance	Total remuneration
3	Mayor (full-time)	1	860 859	860 859	44 400	905 259
	Speaker (Full-time)	1	688 688	688 688	44 400	733 088
	Exco Members (part time)	4	360 193	1 440 772	177 600	1 618 372
	S79 Committee Chairperson (part-time)	1	349 618	349 618	44 400	394 018
	Part-time Councillors	20	272 430	5 448 600	888 000	6 336 600
	TOTAL	27		8 788 537	1 198 800	9 987 337

Disclosure of Salaries, Allowances & Benefits	Salary	Allowances	Performance Bonuses	Total Package (Rand per annum)
<u>Senior Managers of the Municipality</u>				
Municipal Manager (MM)	1 436 545	40 800		1 477 345
Chief Finance Officer	1 174 258	40 800		1 215 058
Director Corporate Services	1 174 258	40 800		1 215 058
Director Community Services	1 174 258	40 800		1 215 058
Director Infrastructure	1 269 889	40 800		1 310 689

2.8 ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS –DIRECTORATES

In terms of section 53 (1)(c)(ii) of the MFMA, the Service Delivery and Budget Implementation Plan (SDBIP) constitutes a detailed plan for implementing the Municipality's delivery of services and its annual budget, which must include the following:

- (a) Monthly projections of
 - Revenue to be collected, by source; and
 - Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter.

In accordance with Section 53 of the MFMA, the Mayor is required to approve the SDBIP within 28 days after the approval of the budget. Furthermore, the Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators, as set out in the SDBIP, are made public within 14 days after the approval of the SDBIP.

The SDBIP gives effect to the IDP and Budget of the Municipality. It includes the service delivery targets and performance indicators for each quarter, which forms the basis for the performance agreements of the Directors. It therefore facilitates oversight over the financial and non-financial performance of the Municipality and allows the Municipal Manager to monitor the performance of the Directors, the Executive Mayor/Council to monitor the performance of the Municipal Manager, and the Community to monitor the performance of the Municipality.

The SDBIP relating to the 2020/21 financial year will be approved by the Mayor during July 2020, following the approval of the Budget.

2.9 LEGISLATION COMPLIANCE STATUS

The following reflects the status of implementation of some of the key MFMA areas:

IDP

A revised 2020/21 IDP has been developed, which will be considered at a Council meeting to be held on 29 June 2020. The IDP includes specific deliverables that forms the basis for the Budget and SDBIP.

Budget

The annual budget document has been developed taking the MFMA and National Treasury (NT) requirements into account. Budgets are being tabled and approved within the required legislated timeframes.

Annual Report

The Annual Report has been developed taking the MFMA and NT requirements into account. The 2018/19 Annual Report was tabled in January 2020.

Oversight Report

The Municipal Public Accounts Committee has considered the 2018/19 Annual report. Its Oversight Report was considered and approved at a Council meeting held on 27 May 2020.

In-Year Reporting

The municipality submits the various reports required to the Mayor, Council, and NT on an ongoing basis, in accordance with the MFMA.

Supply Chain Management Policy (SCM)

A Supply Chain Management Policy has been adopted and implemented in accordance with the MFMA and NT requirements.

All the required committee structures are in place. Whilst the municipality is working at making these new processes operate more efficiently and effectively, it is considered that the municipality is currently complying with the MFMA and NT guidelines.

Budget and Treasury

A Budget and Treasury Office has been established in accordance with the MFMA and NT requirements, consisting of a CFO and municipal officials reporting to the CFO.

Audit Committee

An Audit Committee has been established and meets on a quarterly basis.

Internal Audit Function

The Municipality's Internal Audit Function is performed in-house and reports to the Municipal Manager and is operating in accordance with an audit plan.

In relation to the 2020/21 financial year and beyond, the municipality plans to focus on the following high priority areas:

- Working towards an unqualified audit status.

Internship Programme

The municipality had appointed five interns in June 2019. One (1) subsequently resigned in December 2019. The municipality is in the process of advertising and appointment of a replacement.

Municipal Standard Chart of Accounts (mSCOA)

The municipality has made significant progress on compliance. Data strings are uploaded monthly and a "green" status has been maintained for several months now. All legislative required information has been submitted. The municipality is continuously working on reaching full compliance. The budget schedules are generated from the financial system.

2.10 MUNICIPAL MANAGER'S QUALITY CERTIFICATION

Quality Certificate

I, EDWARD MARTIN RANKWANA, Municipal Manager of Dr Beyers Naude 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 : EDWARD MARTIN RANKWANA

MUNICIPAL MANAGER OF DR BEYERS NAUDE MUNICIPALITY (EC101)



Signature : _____

Date : 03 July 2020

