

SENQU

MUNICIPALITY

**MEDIUM TERM REVENUE AND
EXPENDITURE FRAMEWORK**

2021/2022 TO 2023/2024



SENQU
MUNICIPALITY

ANNUAL BUDGET OF
SENQU
MUNICIPALITY

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

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Abbreviations and Acronyms

MM	Municipal Manager	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
FBS	Free basic services	MTREF	Medium-term Revenue and Expenditure Framework
GDP	Gross domestic product	NERSA	National Electricity Regulator South Africa
IDP	Integrated Development Strategy	PMS	Performance Management System
KPA	Key Performance Area	PPE	Property Plant and Equipment
KPI	Key Performance Indicator	SDBIP	Service Delivery Budget Implementation Plan
kWh	kilowatt		
LED	Local Economic Development		
MFMA	Municipal Financial Management Act Programme		



Part 1 – Annual Budget

1.1 Mayor's Report

Honourable Speaker,

Honourable Chief Whip,

Honourable, Councilors,

Traditional Leaders serving in the Council,

Municipal Manager, Directors and staff members,

Representatives of organized business and all stakeholders,

Illustrious Members of the Community,

Ladies and Gentlemen,

I would like to take this opportunity to welcome everyone present. It is my duty and privilege to present the 2021/2022 Medium Term Revenue and Expenditure Framework (MTREF) to Council for consideration.

In terms Section 152 of the Constitution of the Republic of South Africa, the objectives of local government are as follows:

- a) To provide democratic and accountable government for local communities;
- b) To ensure the provision of services to communities in a sustainable manner;
- c) To promote social and economic development;
- d) To promote a safe and healthy environment; and
- e) To encourage the involvement of communities and community organisations in the matters of Local Government.

A municipality must strive, within its financial and administrative capacity, to achieve these objectives set out in Section 152.

The above-mentioned focus areas and goals should always take into account the economic challenges that South Africa is faced with. In this regard the municipality is not immune against the realities faced by the country. South Africa have experienced very slow economic growth in recent years and the GDP is only expected to recover to pre-pandemic levels in late 2023. Rising unemployment and income losses have entrenched existing inequalities.

These economic challenges will continue to exert pressure on municipal revenue generation and collection levels, hence a conservative approach was followed for revenue projections with the compilation of the MTREF.



The municipality has yet again given a good account of itself in respect of good governance and internal financial controls by receiving a clean audit for 7 years in a row. We are the only municipality in the Eastern Cape to achieve this and this consistent performance ought to be cherished, and I would like to thank my fellow Councilors and the staff involved in this achievement.

Ladies and Gentlemen,

This budget is largely based on submissions from the communities during the IDP process. Our capital budget totals R80,76 million for the 2021/22 budget year from which a total of 42,90 per cent, or R34,65 million, of the capital budget is funded from our own cash-backed Capital Replacement Reserve (or CRR). The other capital is funded from National grants.

It is important that there is implementation of what has been planned. We never, and still, believed in expenditure wish-lists and unrealistic revenue budgets which are in any case not allowed but being practiced, and it is exactly for that reason that I believe that we are in a financially sound position and our aim is to keep it as such.

Finally, I would like to thank the Community, the Councilors and the officials for their input into this budget. I believe it is really a community driven budget and although much more is needed we can only do what our finances allow us to do. I hope this budget will make a significant difference in our people's lives. Indeed, together we are building a better Senqu.

All of us, regardless of party affiliation from across the political spectrum, let's throw ourselves into the task of implementing this budget.

I thank you.

Enkosi!

1.2 Draft Council Resolutions

(The following resolutions must be taken at the final budget approval. It is listed here as required by the Budget & Reporting Regulations and it is recommended that the Council approves and adopts the following resolutions for the annual budget, in accordance with section 24 of the Municipal Finance Management Act)

The Council of Senqu Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003) hereby tables the following draft budget resolutions:

- 1.1. The annual budget of the municipality for the financial year 2021/22 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification);
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote);
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type); and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source.
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables attached in the budget documentation:
 - 1.2.1. Budgeted Financial Position;
 - 1.2.2. Budgeted Cash Flows;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation;
 - 1.2.4. Asset management; and
 - 1.2.5. Basic service delivery measurement.
2. The Council of Senqu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tables for approval and adoption the following tariffs, related by-laws and related policy changes as attached in the budget documentation, with effect from 1 July 2021:
 - 2.1. the tariffs for property rates, related by-laws and related policy changes
 - 2.2. the tariffs for electricity, related by-laws and related policy changes
 - 2.3. the tariffs for the supply of water on behalf of Joe Gqabi District Municipality;
 - 2.4. the tariffs for sanitation services on behalf of Joe Gqabi District Municipality; and
 - 2.5. the tariffs for solid waste services, related by-laws and related policy changes
 - 2.6. the summary of policy changes and summary of by-law changes
3. The Council of Senqu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tables for approval and adoption with effect from 1 July 2021 the tariffs and related by-laws for other services, as set out in the attached budget documentation.



4. To give proper effect to the municipality's annual budget, the Council of Senqu Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 4.2. That the Draft Budget be advertised for public comments in accordance with chapter 4 of the Municipal Systems Act (Act 32 of 2000) and sections 22 & 23 of Municipal Finance Management Act, (Act 56 of 2003)

1.3 Executive Summary

South Africa experienced its largest recorded decline in economic output in the second quarter of 2020 due to the strict COVID-19 lockdown. Real GDP fell by 17.1 per cent relative to the previous quarter, with all major sectors except agriculture declining.

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

A second wave of COVID-19 infections, accompanied by new restrictions on economic activity, would have significant implications for the outlook. The outlook remains highly uncertain, and the economic effects of the pandemic are far-reaching.

Despite these challenges, the municipality is in a healthy financial position, however, it needs to at least stabilize and further strive to continuously better its financial position, coupled with acceptable levels of service delivery at affordable tariffs. The retention of sufficient cash-backed reserves is critical for the long-term sustainability of the municipality.

With the compilation of the 2021/22 Medium-Term Revenue and Expenditure Framework (MTREF), each department had to review its business planning processes taking into account their individual departmental strategies. Business planning links back to priority needs and master planning, and essentially inform the detail operating budget appropriations and three-year capital program.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2021/22 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2021/22 MTREF (R'000)

R thousand	Adjustments Budget	Budget Year	Budget Year +1	Budget Year +2
	2020/21	2021/22	2022/23	2023/24
Total Operating Revenue	285 055	272 791	277 018	277 706
Total Operating Expenditure	289 017	308 640	320 771	336 036
Surplus/(Deficit) for the year	(3 963)	(35 848)	(43 754)	(58 329)
Total Capital Revenue recognised	37 623	46 112	43 457	44 216
Surplus/(Deficit) for the year	33 660	10 264	(297)	(14 113)

As can be seen from the table above, the municipality will operate at an operating deficit throughout the MTREF. An operating deficit is an indication that the municipality is not generating sufficient revenue to sustain its operating expenditure, let alone the fact that the operating budget is not contributing any revenue at all towards the capital program. It should also be noted that the operating budget also includes items such as depreciation and debt impairment which are not considered to be a "cash" expense. These items will not result in an immediate cash outflow.

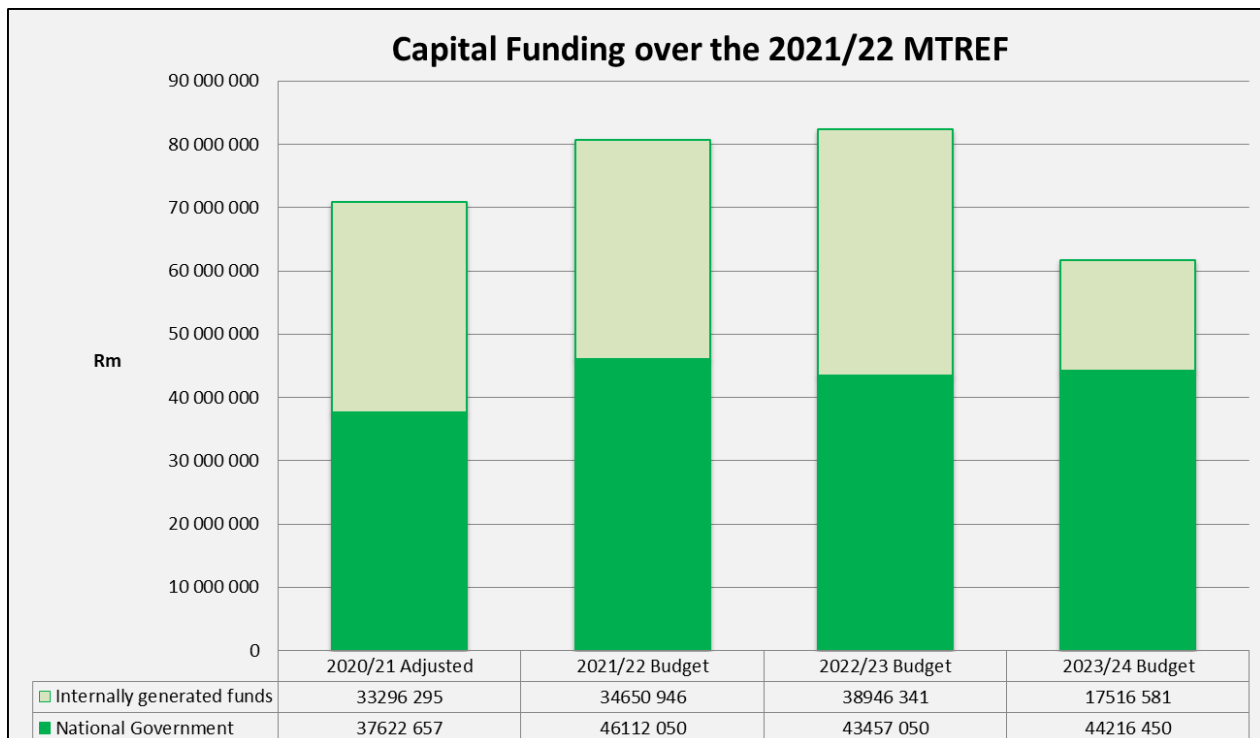
The municipality remains committed to a large capital program with a significant portion funded by grants from National Government.

Table 2 Total Capital Funding of the 2021/22 MTREF (R'000)

Description	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
R thousand	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2021/22	2022/23	2023/24
Funded by:								
National Government	33 606	44 382	39 276	36 332	37 623	46 112	43 457	44 216
Provincial Government	–	2 609	–	–	–	–	–	–
Transfers recognised - capital	33 606	46 991	39 276	36 332	37 623	46 112	43 457	44 216
Internally generated funds	12 356	10 632	4 536	40 460	33 296	34 651	38 946	17 517
	45 963	57 623	43 812	76 792	70 919	80 763	82 403	61 733

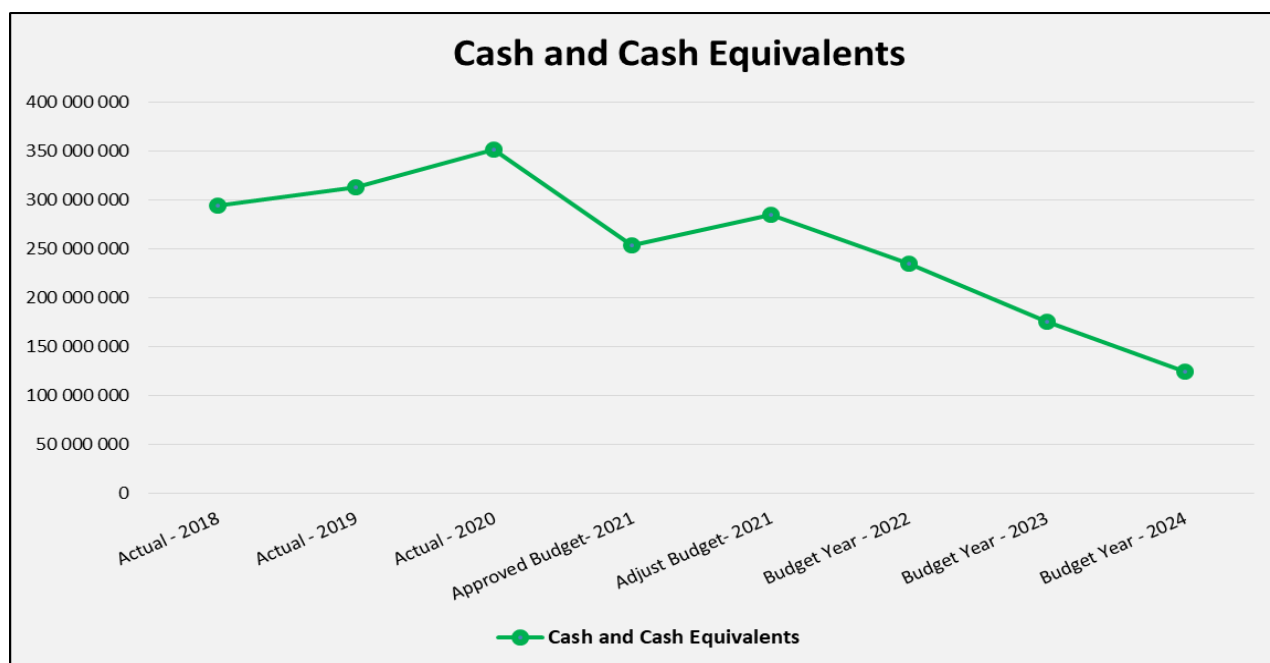
The capital budget of R80,76 million for 2021/22 is 13 per cent more when compared to the 2020/21 Adjustment Budget. This increase can mainly be attributed to additional capital projects from National Government funds for 2021/2022, as well as projects that rolled over from the 2021/22 financial year. The capital program increases to R82,40 million in 2022/23 and decrease to R61,73 million in 2023/24. This movement in the capital budget is directly related to the movement in proposed expenditure to be financed from internally generated funds.

A large portion of the capital budget will be funded from own revenue (R91,11 million or 40,51%) over the MTREF with no anticipated borrowings. The main funding source being National Government Grants to the value of R133,79 million (59,49%) over the MTREF.



The municipality should be mindful of the fact that the large capital program, especially from internally generated funds, places enormous pressure on the accumulated cash reserves of the Senqu Municipality. This could significantly impact on the long term sustainability of the entity.

Currently, although still a funded budget, the proposed budget will have a negative impact on the projected cash position of the municipality as illustrated below:



It should be emphasised that the projections above is based on the fact that we recover revenue in line with historical actual trends and that we fully utilise all allocations made towards capital and operating programs.

It is expected that the cash resources of the municipality will decrease by R50,07 million during 2021/2022 and by R59,49 million and R51,60 million during 2022/2023 and 2023/2024 respectively. This significant downward trend can mainly be attributed to the inability of the municipal budget to produce significant revenues to cover main cost drivers such as bulk purchases and employee related costs. Total operating revenue is expected to decrease by R12,26 million (or -4.30%) during 2021/2022, while operating expenditure is expected to grow by R19.62 million (or 6.79%) in the same year. This inability of revenue growth to keep track with operating expenditure will also negatively impact on the contribution that the operating budget will have towards to capital program over the MTREF as highlighted below:

Table 3 Summary of available funding for capital program

Description	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
R thousand	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2021/22	2022/23	2023/24
Net Cash from/(used) Operating Activities	87 768	76 891	82 963	35 992	61 432	31 489	23 728	10 952
Funding Available	33 606	46 991	39 276	36 332	37 623	46 112	43 457	44 216
Capital Program	(45 981)	(57 623)	(43 812)	(76 792)	(70 919)	(80 763)	(82 403)	(61 733)
Surplus/(Shortfall)	75 393	66 259	78 427	(4 468)	28 135	(3 162)	(15 218)	(6 565)

This will result in accumulated cash reserves being utilized to fund the capital program, resulting in the illustrated downward trend in cash resources over the MTREF.

1.4 Operating Revenue Framework

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

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

The following table is a summary of the 2021/22 MTREF (classified by main revenue source):

Table 4 Summary of revenue classified by main revenue source

Description	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24
Revenue By Source								
Property rates	5 997	13 439	12 242	9 048	9 048	9 602	10 178	10 789
Service charges - electricity revenue	31 861	33 059	41 016	43 365	43 365	48 567	51 481	54 570
Service charges - refuse revenue	10 119	11 478	10 220	10 226	10 226	10 840	11 490	12 179
Rental of facilities and equipment	1 210	837	783	123	123	131	139	147
Interest earned - external investments	20 577	21 703	21 294	18 800	18 800	19 834	21 024	22 285
Interest earned - outstanding debtors	3 204	2 376	3 340	2 546	2 546	2 686	2 847	3 018
Fines, penalties and forfeits	411	137	287	177	166	175	186	197
Licences and permits	1 295	1 243	972	1 260	1 184	1 249	1 324	1 404
Agency services	975	1 054	906	1 059	996	1 050	1 113	1 180
Transfers and subsidies	144 367	145 360	158 318	166 246	196 750	176 705	175 166	169 744
Other revenue	996	1 122	1 191	1 968	1 850	1 952	2 069	2 193
Total Revenue (excluding capital transfers and contributions)	221 013	231 807	250 569	254 819	285 055	272 791	277 018	277 706

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

Table 5 Summary of revenue classified by municipal vote (including capital transfers)

Description	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
R thousand	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2021/22	2022/23	2023/24
Revenue by Vote								
Vote 1 - Executive & Council	6 948	7 032	7 309	7 254	7 254	6 269	6 512	6 296
Vote 2 - Planning & Development	6 327	1 950	2 289	1 975	1 972	7 690	2 248	2 345
Vote 3 - Corporate Services	3 359	17 153	1 031	193	183	193	204	217
Vote 4 - Budget & Treasury	104 884	115 675	121 862	121 219	139 504	126 287	131 766	130 495
Vote 5 - Road Transport	34 068	47 310	47 553	41 656	41 493	51 363	44 303	46 233
Vote 9 - Community & Social Services	1 648	1 596	1 873	1 650	1 647	1 655	1 800	1 884
Vote 10 - Sport & Recreation	0	9	1	9	9	10	10	11
Vote 11 - Public Safety	106	26	38	93	88	93	98	104
Vote 12 - Electricity	66 916	69 095	75 427	74 973	82 365	81 415	87 634	88 729
Vote 13 - Waste Management	37 389	40 020	41 506	42 127	48 163	43 929	45 899	45 610
Total Revenue by Vote	261 645	299 867	298 888	291 150	322 677	318 904	320 475	321 923

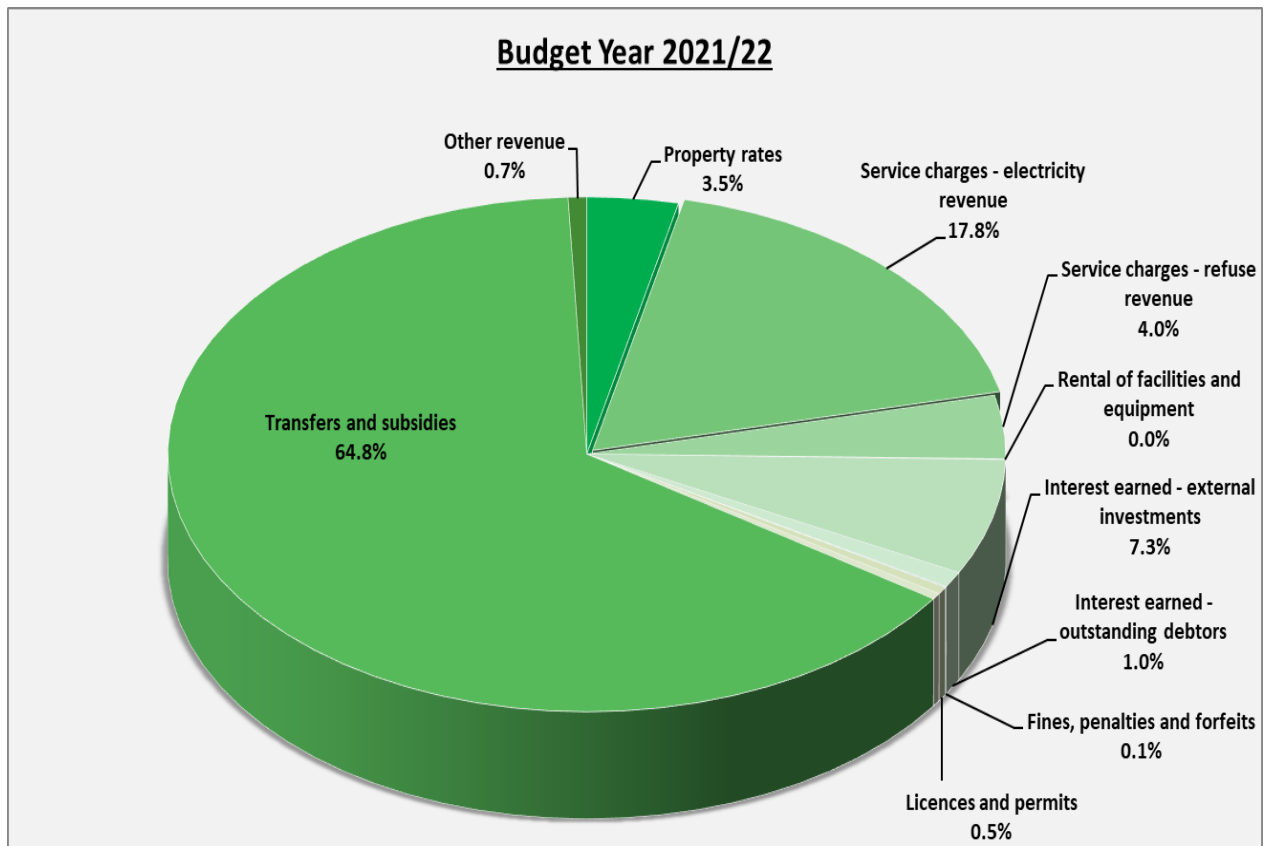
Table 6 Percentage growth in revenue base by main revenue source

Description	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted	%	Budget Year	%	Budget Year	%	Budget Year	%
	Budget		2021/22		2022/23		2023/24	
Revenue By Source								
Property rates	9 048	3.2%	9 602	3.5%	10 178	3.7%	10 789	3.9%
Service charges - electricity revenue	43 365	15.2%	48 567	17.8%	51 481	18.6%	54 570	19.7%
Service charges - refuse revenue	10 226	3.6%	10 840	4.0%	11 490	4.1%	12 179	4.4%
Rental of facilities and equipment	123	0.0%	131	0.0%	139	0.1%	147	0.1%
Interest earned - external investments	18 800	6.6%	19 834	7.3%	21 024	7.6%	22 285	8.0%
Interest earned - outstanding debtors	2 546	0.9%	2 686	1.0%	2 847	1.0%	3 018	1.1%
Fines, penalties and forfeits	166	0.1%	175	0.1%	186	0.1%	197	0.1%
Licences and permits	1 184	0.4%	1 249	0.5%	1 324	0.5%	1 404	0.5%
Agency services	996	0.3%	1 050	0.4%	1 113	0.4%	1 180	0.4%
Transfers and subsidies	196 750	69.0%	176 705	64.8%	175 166	63.2%	169 744	61.1%
Other revenue	1 850	0.6%	1 952	0.7%	2 069	0.7%	2 193	0.8%
Total Revenue (excluding capital transfers and contributions)	285 055	100%	272 791	100%	277 018	100%	277 706	100%
Total Revenue from Rates and Service Charges	65 309	22.9%	71 826	26.3%	76 135	27.5%	80 704	29.1%

Revenue generated from rates and services charges forms an important percentage of the revenue basket for the Municipality, but measured against other municipalities, the percentage is relatively low. Rates and service charge revenues comprise between 22,90 and 29,10 per cent of the total revenue mix over the MTREF period.

Senqu municipality is to a very large degree dependent on grants (Equitable share) to sustain the budget (as illustrated on the graph below). The unconditional Equitable Share Grant is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis.

Approximately 51% of the revenue basket can be attributed to equitable share. This, together with the lower percentage for rates and service charge revenues, is an indication of the high unemployment rate in the area and the focus on job creation projects were therefore treated as a priority in this budget.



The table below gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term (Please note that a portion of the Equitable share grant as per Dora is allocated to “Nat Gov: Councillor Remuneration” grant):

Table 7 Operating Transfers and Grant Receipts

Description	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand					
EXPENDITURE:					
<u>Operating expenditure of Transfers and Grants</u>					
National Government:	164 746	195 250	170 005	173 531	168 035
Local Government Equitable Share	151 263	181 767	157 093	163 187	157 764
Finance Management	1 700	1 700	1 650	1 650	1 700
Nat Gov: Councillor Remuneration	7 254	7 254	6 269	6 512	6 296
Municipal Infrastructure Grant (MIG)	1 912	1 912	2 427	2 182	2 275
EPWP Incentive	2 617	2 617	2 566	–	–
Provincial Government:	1 500	1 500	6 700	1 635	1 709
Libraries	1 500	1 500	1 500	1 635	1 709
EPWP	–	–	5 200	–	–
Total operating expenditure of Transfers and Grants:	166 246	196 750	176 705	175 166	169 744

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 3.9 per cent, which is the current projected inflation rate for 2021/22.

The municipality budgets for the non-payment of accounts based on past experience of recovery rates, as well as the effect of the Covid-19 pandemic on revenue collection. The municipality applies its Credit Control Policy stringently, but there are always situations where there are defaults on payment. The contribution for bad debt equates to R13,39 million in 2021/2022 increasing to R15,05 million in 2023/2024. This increase forms part of the revenue enhancement strategy that the municipality is busy implementing.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.



1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The following stipulations 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 rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R60 000;
- The limit for indigent households is twice the amount of government pension grant.

The municipality applied a differential rating system whereby the cent amount in the rand for different categories of property may differ. Relief measures related to different categories of properties and different categories of owners of properties are used when the following is taken into consideration:

- The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes;
- Promotion of social and economic development of the municipality; and
- Promotion of job creation.

Vacant properties are rated higher, as the municipality is encouraging owners of vacant land to develop it and that the vacant land should not be used for speculation purposes by owners.

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

Table 8 Comparison of proposed rates to be levied for the 2021/22 financial year

No	Tariff Code	Property Category	Rate Ratio (to residential rate)	Tariff 2020/2021 " R"	Tariff 2021/2022 " R"
01	RES001	Residential properties	1 : 1	0.0075	0.007899
02	IND001	Industrial properties	1 : 1,33	0.0099	0.010506
03	BUS001	Business and Commercial properties	1 : 1,30	0.0097	0.010269
04	AGR001	Agricultural properties used for Agricultural Purpose	1 : 0,25	0.0019	0.001975
05	AGR002	Agricultural Properties used for Commercial / Industrial Purposes	1 : 0,25	0.0019	0.001975
06	AGR003	Agricultural Properties used for Eco- Tourism, Conversation, Trading In or Hunting of Game	1 : 0,25	0.0019	0.001975
07	AGR004	Agricultural Properties not used for Any Purpose/ Purpose Unknown to Municipality	1 : 0,25	0.0019	0.001975
08	PSI001	Public Service Infrastructure properties	Exempt	0.0000	0.000000
09	GOV001	Properties owned by an municipality and used by state Provincial/National purposes	1 : 1,30	0.0097	0.010269
10	GOV002	Properties owned by Public Benefit Organisations and used for specified public benefit activities	Exempt	0.0000	0.000000
11	GOV003	State- Owned Properties that Provide Local Services	1 : 1,30	0.0097	0.010269
12	GOV004	State/ Owned Properties that Provide Regional/ Municipal District- Wide Services	1 : 1,30	0.0097	0.010269
13	GOV005	State/ Owned Properties that Provide Provincial/ National	1 : 1,30	0.0097	0.010269
14	PRA001	Protected areas	Exempt	0.0000	0.000000
15	MUN001	Municipal properties	Exempt	0.0000	0.000000
16	PMM001	Public monuments and memorials	Exempt	0.0000	0.000000
17	UPA001	Unregistered Properties (Administrative Purposes)	Exempt	0.0000	0.000000
18	CLR001	Communal land and Land Reform Beneficiaries	Exempt	0.0000	0.000000
19	PWV001	Place of Worship and Vicarage	Exempt	0.0000	0.000000
20	VAC001	Vacant Land	01:01.5	0.0112	0.011849

1.4.2 Sale of Water and Sanitation and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

The Water-and Sanitation function was transferred to Joe Gqabi District Municipality on 1 July 2012 and for that reason Senqu Municipality does not advertise or consult on the tariffs for these services.

1.4.3 Sale of Electricity and Impact of Tariff Increases

A 17% increase in Electricity tariffs are currently factored into the projections below. This increase is subject to approval from NERSA during April/May 2021 and could potentially still be adjusted based on final determinations by NERSA.

Table 9 Electricity Surplus/(Deficit)

Description	Current Year 2020/21	2020/21 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24
Electricity				
Operating Revenue	82 365	81 415	87 634	88 729
Operating Expenditure	63 372	70 400	74 555	78 989
Surplus/(Deficit) for the year	18 993	11 015	13 078	9 740
% Profit	23%	14%	15%	11%

Compared to the revenue and expenditure per function in Schedule A2, it should be noted that the revenue figures above does not include indigent rebates financed from equitable share (refer to Schedule SA1) as well as any capital grant revenue (if any). Expenditure only relates to operating expenditure.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for customers over the MTREF period:

Table 10 Comparison between current electricity charges and increases

DESCRIPTION	Tariff 2020/2021	Tariff 2021/2022
	Rounded Off	Rounded Off
Domestic (Pre-paid metering) sinle phase 0-60 AMP FBS	c/kwh	c/kwh
Basic / Availability Charge – per month	0.00	0.00
Energy Charge – per Unit (kWh) (1 – 50kWh)	0.00	0.00
Energy Charge – per Unit (kWh) (51 – 350kWh)	136.40	159.59
Energy Charge – per Unit (kWh) (351 – 600kWh)	214.55	251.02
Energy Charge – per Unit (kWh) (> 600kWh)	234.50	274.37
Also see Council's Free Basic Services & Indigent Subsidy Support Policy		
Domestic (Pre-paid metering) sinle phase 0-60 AMP FBS		
Basic / Availability Charge – per month	0.00	0.00
Energy Charge – per Unit (kWh) (1 – 50kWh)	106.00	124.02
Energy Charge – per Unit (kWh) (51 – 350kWh)	136.40	159.59
Energy Charge – per Unit (kWh) (351 – 600kWh)	214.55	251.02
Energy Charge – per Unit (kWh) (> 600kWh)	234.50	274.37
Domestic (Pre-paid metering) three phase 0-60 AMP		
Basic / Availability Charge – per month	0.00	0.00
Energy Charge – per Unit (kWh) (1 – 50kWh)	107.65	125.95
Energy Charge – per Unit (kWh) (51 – 350kWh)	138.40	161.93
Energy Charge – per Unit (kWh) (351 – 600kWh)	217.75	254.77
Energy Charge – per Unit (kWh) (> 600kWh)	238.00	278.46
Domestic : Demand 0 -60 Amp (Credit Metering)		
Basic / Availability Charge -per month	173.60	203.11
Energy Charge – per Unit (kWh) (1 – 50kWh)	106.05	124.08
Energy Charge – per Unit (kWh) (51 – 350kWh)	133.50	156.20
Energy Charge – per Unit (kWh) (351 – 600kWh)	191.60	224.17
Energy Charge – per Unit (kWh) (> 600kWh)	222.80	260.68
Domestic : Demand 60 Amp + (Credit Metering)		
Basic / Availability Charge -per month	409.75	479.41
Energy Charge – per Unit (kWh) (1 – 50kWh)	106.05	124.08
Energy Charge – per Unit (kWh) (51 – 350kWh)	133.50	156.20
Energy Charge – per Unit (kWh) (351 – 600kWh)	191.60	224.17
Energy Charge – per Unit (kWh) (> 600kWh)	222.80	260.68
Commercial (Pre -paid metering) 0 -100 AMP		
Energy Charge -per Unit (KWh) consumed	235.80	275.89
Commercial: Small / Medium - (Credit Metering) 0-60 AMP		
Basic / Availability Charge - per month	507.55	593.83
Energy Charge - per unit (KWh) consumed	196.50	229.91
Commercial: Large - (Credit Metering) 0 to undifined AMP		
Basic / Availability Charge - per month	1481.70	1733.59
Energy Charge - per unit (KWh) consumed	198.05	231.72
Network / Demand Charge - per unit (KVA) consumed	80.25	93.89
Farms 0 to undifined AMP		
Basic / Availability Charge per month	499.35	584.24
Energy Charge -per Unit (KWh) consumed	192.90	225.69
Network Demand Charge - (KVA) per Unit	79.60	93.13
Consumer Deposits (to be paid prior to connection)		
Domestic / Residential	1967.50	2301.98
Business / Commercial (Small / Medium): 0 - 60 Amp	4918.75	5754.93
Business / Commercial / Industrial: 60 -150 Amp	13444.60	15730.18
Businesses / Commercial / Industrial: 150 Amp +	24593.90	28774.86
Other		
New Connection (to be paid in advance)		
Re - connecting existing connection	491.90	575.52
Re - connecting (after default / dis-connection)	541.10	633.09
Test Meter (Not Refundable)	491.90	575.52

1.4.4 Waste Removal and Impact of Tariff Increases

An average tariff increase of 6 per cent for refuse removal services from 1 July 2021 is proposed. This increase was required to ensure that the tariff charged is more cost reflective due to the increase in fuel and other costs involved to provide these services. There are also significant rehabilitation provisions included in the budget that needs to be funded.

Table 11 Waste Management Surplus/(Deficit)

Description	Current Year 2020/21	2020/21 Medium Term Revenue & Expenditure Framework		
Waste Management	Adjusted	Budget Year	Budget Year	Budget Year
	Budget	2021/22	2022/23	2023/24
Operating Revenue	48 163	43 929	45 899	45 610
Operating Expenditure	47 621	44 500	47 003	49 679
Surplus/(Deficit) for the year	542	(571)	(1 104)	(4 069)
% Profit	1%	-1%	-2%	-9%

Compared to the revenue and expenditure per function in Schedule A2, it should be noted that the revenue figures above does not include indigent rebates financed from equitable share (refer to Schedule SA1) as well as any capital grant revenue (if any). Expenditure only relates to operating expenditure.

The following table compares current and proposed amounts payable from 1 July 2021:

Table 12 Comparison between current waste removal fees and increases

DESCRIPTION	Tariff 2020/2021 " R"	Tariff 2021/2022 " R"
	EXCL VAT	EXCL VAT
Domestic Consumers (per month for one removal per week)	151.20	160.27
Additional removal (per load or part thereof)	151.20	160.27
		-
Commercial Consumers (per month for two removals per week)	323.60	343.01
Additional removal (per load or part thereof)	323.60	343.01
Government Departments (Schools, hotels, SAPS, prison, hospitals, etc) (per month for two removals per week)	1 918.70	2 033.82
Additional removal (per load or part thereof)	323.60	343.01
Garden Refuse (per load) (to be paid in advance)	323.60	343.01
Building Rubble (per load) (to be paid in advance)	561.00	594.66
Cleaning of erven	323.60	343.01

Overall impact of tariff increases on households

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

Table 13 Impact of tariff increases on households

Description	Current Year 2020/21	2021/22 Medium Term Revenue & Expenditure Framework			
	Full Year Forecast	Budget Year 2021/22 % incr.	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Rand/cent					
<u>Monthly Account for Household - 'Middle Income Range'</u>					
Rates and services charges:					
Property rates	898.55	6.0%	952.46	1 009.61	1 070.18
Electricity: Basic levy	164.46	6.0%	174.33	184.79	195.87
Electricity: Consumption	2 629.90	17.0%	3 076.98	3 353.91	3 622.22
Refuse removal	161.18	6.0%	170.85	181.10	191.97
Total large household bill:	3 854.09	13.5%	4 374.62	4 729.41	5 080.25
% increase/-decrease	-		13.5%	8.1%	7.4%
<u>Monthly Account for Household - 'Affordable Range'</u>					
Rates and services charges:					
Property rates	216.59	6.0%	229.59	243.37	257.97
Electricity: Basic levy	165.61	17.0%	193.76	211.20	228.10
Electricity: Consumption	1 171.43	15.0%	1 347.15	1 468.39	1 585.86
Refuse removal	161.09	6.0%	170.76	181.00	191.86
Total small household bill:	1 714.73	13.2%	1 941.26	2 103.96	2 263.79
% increase/-decrease	-		13.2%	8.4%	7.6%
<u>Monthly Account for Household - 'Indigent' Household receiving free basic services</u>					
Rates and services charges:					
Property rates	139.46	6.0%	147.82	156.69	166.09
Electricity: Consumption	451.98	17.0%	528.82	576.41	622.53
Refuse removal	161.09	6.0%	170.76	181.00	191.86
Total small household bill:	752.53	12.6%	847.40	914.11	980.48
% increase/-decrease	-		12.6%	7.9%	7.3%

1.5 Operating Expenditure Framework

Municipalities are still urged to implement the cost containment measures on six focus areas namely, consultancy fees, no credit cards, travel and related costs, advertising, catering, events costs and accommodation. With the implementation of cost containment measures, municipalities must control unnecessary spending on nice-to-have items and non-essential and non-priority activities.

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

Table 14 Summary of operating expenditure by standard classification item

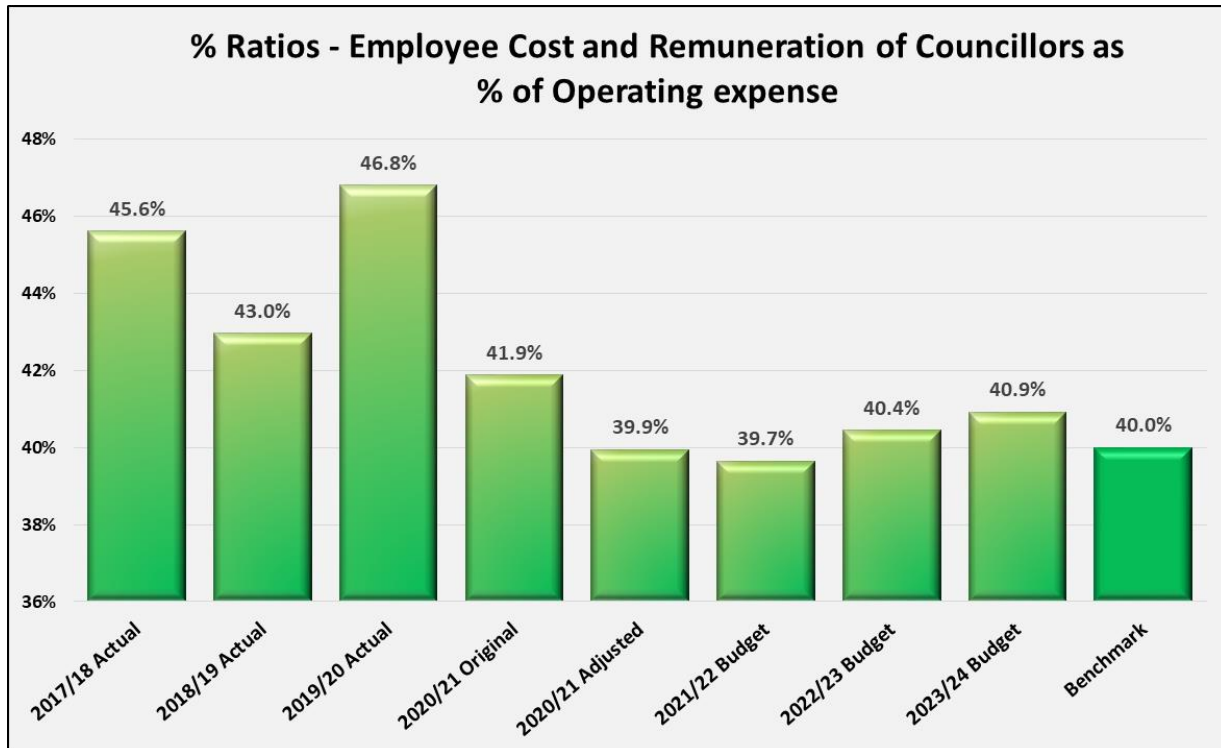
Description	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
R thousand	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2021/22	2022/23	2023/24
Expenditure By Type								
Employee related costs	81 280	86 820	93 583	100 989	100 989	107 049	113 472	120 280
Remuneration of councillors	11 704	12 244	12 697	14 468	14 468	15 336	16 256	17 232
Debt impairment	7 288	8 763	10 436	7 633	12 633	13 391	14 195	15 046
Depreciation & asset impairment	22 565	18 480	18 858	21 432	21 432	21 922	22 409	23 012
Finance charges	2 876	2 694	2 396	3 188	3 188	3 380	3 582	3 797
Bulk purchases - electricity	25 599	33 394	35 073	39 029	41 529	47 758	50 623	53 661
Inventory consumed	8 561	11 151	11 510	17 135	18 402	18 644	19 839	21 131
Contracted services	20 206	28 881	18 753	34 186	33 834	41 550	37 531	36 178
Transfers and subsidies	–	550	37	48	48	42	45	47
Other expenditure	21 481	27 191	23 392	37 575	42 494	39 568	42 819	45 652
Loss on disposal of PPE	2 244	437	356	–	–	–	–	–
Total Expenditure	203 804	230 605	227 091	275 683	289 017	308 640	320 771	336 036

The budgeted allocation for employee related costs for the 2021/22 financial year totals R107,05 million, which equals 34,68 per cent of the total operating expenditure. This percentage is set to remain very constant over the two outer years of the MTREF at 35,37 and 35,79 per cent respectively.

A detailed analysis regarding employee related costs as set out in MBRR Tables SA22 - 24 in this document.

The cost associated with the Remuneration of Councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The expenditure on Employee Cost and Remuneration of Councillors is still towards the upper limits of the industry norms (between 25% and 40%) as depicted in the following graph. However, before the municipality reaches any conclusions with regards to levels of employee related costs of the municipality, the municipality should assess the impact of any items that could distort these figures. The municipality should for example exclude any non-cash expenditure (Depreciation and Debt Impairment) in order to compare it with other municipalities on a more equal basis.



The provision of debt impairment was determined based on an annual collection rate of 80 per cent and the Debt Write-off Policy of the Municipality. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard totals R21,92 million for the 2021/22 financial year and equates to 7,10 per cent of the total operating expenditure. The appropriation increases to R23,01 million over the MTREF.

The Municipality is limiting its borrowing in order to keep finance charges to the absolute minimum. Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1,10 per cent (R3,38 million) of operating expenditure excluding annual redemption for 2021/22. This percentage is set to remain constant over the two outer years of the MTREF.

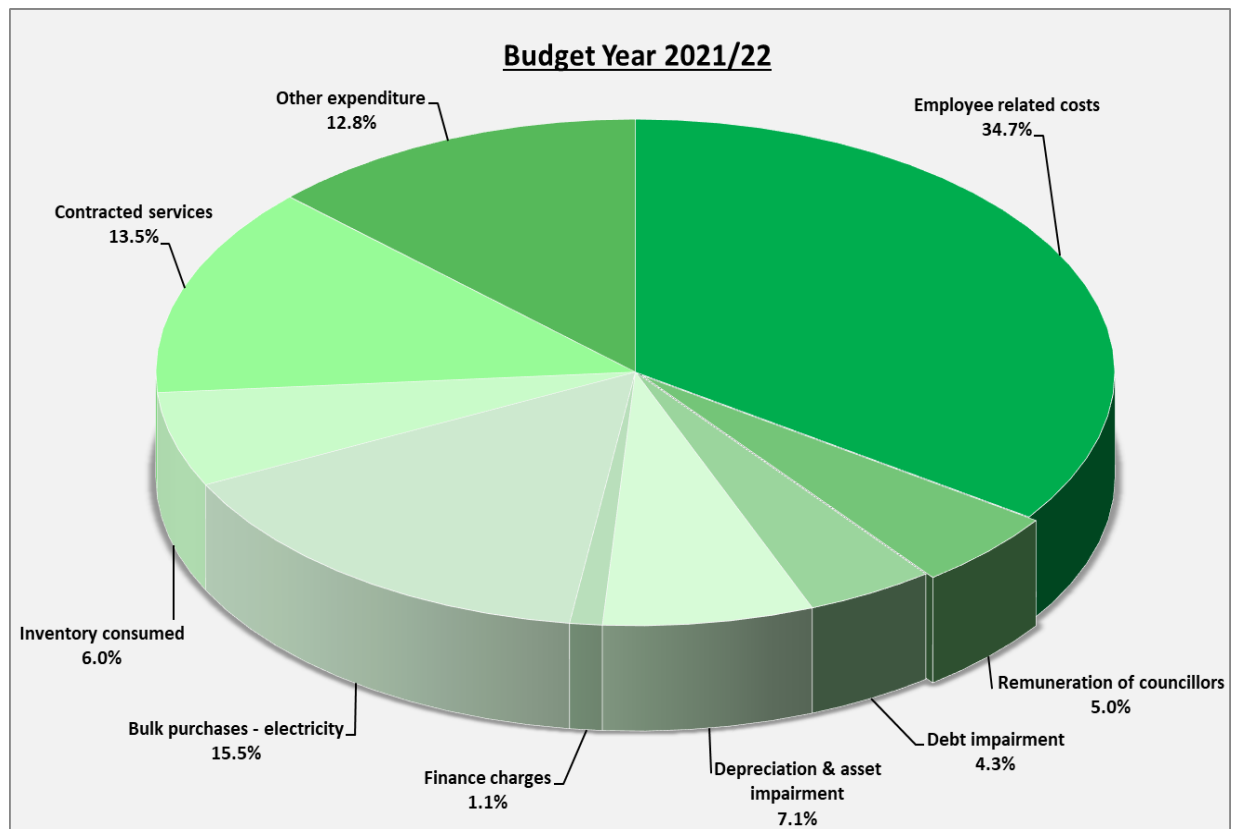
Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. Although the municipality is not in control of the increase in the cost of bulk purchases, the municipality could still implement measures to reduce distribution losses as well as internal consumption. Electricity bulk purchases represents 15,47 per cent of expenditure for 2021/22 and this percentage increase slightly over the MTREF to 15,97 per cent for 2023/24.

Inventory consumed consists out of consumables, fuel and oil as well as materials and supplies that is used in repairs and maintenance projects.

Contracted services consists of the delivery of primary services and the classification was largely influenced by the mSCOA chart of accounts. An amount of R30,55 million over the MTREF for Repairs and Maintenance is classified under Contracted Services.

Other expenditure comprises of various line items relating to the daily operations of the municipality (including repairs and maintenance as well as operating grant expenditure). This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

Main operational expenditure categories for the 2021/22 financial year





1.5.1 Priority given to repairs and maintenance

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

Municipalities must ensure they prioritize asset management and take into consideration the following:

- 1) 40 per cent of its Capital Budget should be allocated to the renewal/upgrading of existing assets it.
- 2) Operational repairs and maintenance should not be less than 8 per cent of the asset value (write down value) of the municipality's Property Plant and Equipment (PPE)

Currently the municipality is not achieving these targets as indicated below:

Table 15 Repairs and maintenance per asset class

Description	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand								
<u>Repairs and Maintenance by Asset Class</u>	7 898	9 760	8 621	13 165	12 924	14 032	15 936	15 072
Roads Infrastructure	1 843	1 898	1 769	2 697	2 697	2 827	3 053	3 312
Storm water Infrastructure	14	272	272	336	336	303	327	355
Electrical Infrastructure	752	868	830	1 025	731	822	878	941
Solid Waste Infrastructure	208	141	68	339	369	323	342	363
Infrastructure	2 816	3 179	2 940	4 396	4 132	4 274	4 600	4 970
Community Facilities	1 368	1 434	1 094	2 373	2 471	2 491	2 416	2 620
Sport and Recreation Facilities	58	391	286	229	324	422	454	491
Community Assets	1 426	1 825	1 380	2 602	2 795	2 913	2 870	3 111
Operational Buildings	500	759	761	1 116	916	1 953	3 200	1 301
Other Assets	500	759	761	1 116	916	1 953	3 200	1 301
Furniture and Office Equipment	362	465	201	677	477	672	721	776
Machinery and Equipment	1 023	270	442	1 883	2 033	1 810	1 945	2 096
Transport Assets	1 771	3 263	2 897	2 491	2 571	2 410	2 600	2 817
Renewal and upgrading of Existing Assets as % of total capex	0.0%	0.0%	0.0%	20.2%	30.1%	34.0%	17.4%	14.9%
Renewal and upgrading of Existing Assets as % of deprecn	0.0%	0.0%	0.0%	72.4%	99.7%	125.4%	63.9%	40.0%
R&M as a % of PPE	2.2%	2.4%	2.0%	2.5%	2.5%	2.4%	2.5%	2.2%
Renewal and upgrading and R&M as a % of PPE	2.0%	2.0%	2.0%	5.0%	6.0%	7.0%	4.0%	3.0%

The expenditure on repairs and maintenance is well below acceptable levels. It should however be noted that the municipality is currently not allocating items such as employee related cost utilized in repairs and maintenance projects to the repairs and maintenance line items. This is mainly due to a lack of a costing system to provide for such allocations. It is anticipated that the full implementation of mSCOA will correct this deficiency.

1.5.2 Free Basic Services: Basic Social Services Package

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

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilizing the municipality's unconditional equitable share grant, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act.

Tariffs for indigent households are set out below:

- Rates free of charge to the value based on the market value of the property to the maximum of R60 000
- 50 kWh free electricity per month
- Free refuse x 4 removals per month

The cost associated with indigent subsidies amounts to R18,82 million in 2021/22 and increase to R19,95 million and R21,14 million in the 2 outer years respectively. These figures are disclosed under operating expenditure projects and include items such as Bulk purchases, Contracted services, Inventory consumed and Other expenditure in table A4 of the budget schedules. This do not include the Property rates rebates and the 50 kWh electricity provided to indigents. These amounts are disclosed in table A10 of the budget schedules.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 16 2021/22 Medium-term capital budget per vote

Vote Description R thousand	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Capital expenditure - Vote								
Multi-year expenditure to be appropriated								
Vote 3 - Corporate Services	3 044	3 894	8 853	2 200	3 228	675	–	–
Vote 5 - Road Transport	24 660	18 745	18 668	19 560	22 368	26 599	35 697	9 200
Vote 6 - Waste Water Management	–	–	–	–	–	4 217	19 485	15 000
Vote 9 - Community & Social Services	633	340	105	11 063	13 882	12 802	8 143	22 291
Vote 10 - Sport & Recreation	1 001	140	590	–	–	–	–	–
Vote 11 - Public Safety	–	3 718	1 730	–	–	–	–	–
Vote 12 - Electricity	6 176	7 585	2 422	2 000	3 709	2 699	5 203	12 200
Vote 13 - Waste Management	2 599	16 628	8 925	30 555	12 000	28 562	11 471	–
Capital multi-year expenditure sub-total	38 113	51 050	41 294	65 378	55 187	75 554	79 999	58 691
Single-year expenditure to be appropriated								
Vote 1 - Executive & Council	1 272	572	–	1 415	1 415	–	–	–
Vote 2 - Planning & Development	70	160	13	336	336	–	–	–
Vote 3 - Corporate Services	90	184	–	4 496	5 496	548	–	–
Vote 4 - Budget & Treasury	686	452	14	2 945	2 945	2 109	2 365	3 000
Vote 5 - Road Transport	3 093	3 585	1 046	1 942	2 380	–	–	–
Vote 9 - Community & Social Services	1 180	208	–	–	–	2 002	–	–
Vote 10 - Sport & Recreation	158	223	–	–	–	–	–	–
Vote 11 - Public Safety	438	562	–	–	–	–	–	–
Vote 12 - Electricity	229	226	1 337	40	470	44	40	42
Vote 13 - Waste Management	652	400	108	240	2 690	506	–	–
Capital single-year expenditure sub-total	7 869	6 573	2 518	11 413	15 732	5 209	2 405	3 042
Total Capital Expenditure - Vote	45 981	57 623	43 812	76 792	70 919	80 763	82 403	61 733

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



Table 17 Asset Management

Description	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand								
CAPITAL EXPENDITURE								
<u>Total New Assets</u>	45 981	57 623	43 812	61 271	49 544	53 279	68 094	52 533
<i>Roads Infrastructure</i>	24 190	22 450	18 732	9 469	16 453	1 097	15 659	–
<i>Storm water Infrastructure</i>	–	–	–	–	–	4 217	19 485	15 000
<i>Electrical Infrastructure</i>	6 176	7 734	2 422	2 288	3 877	3 079	5 203	12 200
<i>Solid Waste Infrastructure</i>	3 018	16 628	8 925	28 329	8 000	26 031	11 471	–
Infrastructure	33 384	46 812	30 079	40 085	28 330	34 424	51 818	27 200
Community Facilities	2 619	4 385	2 426	10 082	9 382	8 899	8 143	22 291
Sport and Recreation Facilities	774	223	–	–	–	–	–	–
Community Assets	3 392	4 608	2 426	10 082	9 382	8 899	8 143	22 291
Operational Buildings	3 279	3 954	8 853	672	400	6 748	5 728	–
Other Assets	3 279	3 954	8 853	672	400	6 748	5 728	–
Licences and Rights	32	49	–	88	88	–	–	–
Intangible Assets	32	49	–	88	88	–	–	–
Computer Equipment	487	1 260	–	3 370	3 370	2 277	2 365	3 000
Furniture and Office Equipment	304	53	27	300	300	169	–	–
Machinery and Equipment	3 492	885	1 123	5 496	6 046	761	40	42
Transport Assets	1 610	–	1 304	1 178	1 628	–	–	–
<u>Total Renewal of Existing Assets</u>	–	–	–	4 094	8 640	8 435	–	–
<i>Roads Infrastructure</i>	–	–	–	912	912	3 374	–	–
Infrastructure	–	–	–	912	912	3 374	–	–
Community Facilities	–	–	–	982	4 500	5 061	–	–
Community Assets	–	–	–	982	4 500	5 061	–	–
Operational Buildings	–	–	–	2 200	3 228	–	–	–
Other Assets	–	–	–	2 200	3 228	–	–	–
<u>Total Upgrading of Existing Assets</u>	–	–	–	11 427	12 735	19 049	14 309	9 200
<i>Roads Infrastructure</i>	–	–	–	9 200	7 735	15 000	14 309	9 200
<i>Solid Waste Infrastructure</i>	–	–	–	2 227	4 000	2 530	–	–
Infrastructure	–	–	–	11 427	11 735	17 531	14 309	9 200
Community Facilities	–	–	–	–	–	843	–	–
Community Assets	–	–	–	–	–	843	–	–
Operational Buildings	–	–	–	–	1 000	675	–	–
Other Assets	–	–	–	–	1 000	675	–	–



Description R thousand	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Total Capital Expenditure	45 981	57 623	43 812	76 792	70 919	80 763	82 403	61 733
Roads Infrastructure	24 190	22 450	18 732	19 581	25 100	19 471	29 969	9 200
Storm water Infrastructure	–	–	–	–	–	4 217	19 485	15 000
Electrical Infrastructure	6 176	7 734	2 422	2 288	3 877	3 079	5 203	12 200
Solid Waste Infrastructure	3 018	16 628	8 925	30 555	12 000	28 562	11 471	–
Infrastructure	33 384	46 812	30 079	52 424	40 977	55 329	66 128	36 400
Community Facilities	2 619	4 385	2 426	11 063	13 882	14 804	8 143	22 291
Sport and Recreation Facilities	774	223	–	–	–	–	–	–
Community Assets	3 392	4 608	2 426	11 063	13 882	14 804	8 143	22 291
Operational Buildings	3 279	3 954	8 853	2 872	4 628	7 423	5 728	–
Other Assets	3 279	3 954	8 853	2 872	4 628	7 423	5 728	–
Licences and Rights	32	49	–	88	88	–	–	–
Intangible Assets	32	49	–	88	88	–	–	–
Computer Equipment	487	1 260	–	3 370	3 370	2 277	2 365	3 000
Furniture and Office Equipment	304	53	27	300	300	169	–	–
Machinery and Equipment	3 492	885	1 123	5 496	6 046	761	40	42
Transport Assets	1 610	–	1 304	1 178	1 628	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	45 981	57 623	43 812	76 792	70 919	80 763	82 403	61 733

With roads being one of the main economic drivers within the region, an amount of R19,47 million were budgeted for 2021/22 for road- and bridge projects and R58,64 million over the MTREF period. A total of R20,48 million over the MTREF is allocated to electrical infrastructure projects.

A significant portion of the MIG funding were allocated to Solid Waste Sites within the Senqu Area. An amount of R28,56 million has been provided for Solid Waste Infrastructure projects for the 2021/22 budget year.

The allocation to community facilities amounts to R14,80 million for 2021/22 of which R8,90 million is allocated to cemeteries and R5,90 million towards community halls and facilities. A further R7,42 million was allocated to municipal buildings over the MTREF period.

1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2021/22 budget and MTREF to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 18 MBRR Table A1 - Budget Summary

Description	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands								
Financial Performance								
Property rates	5 997	13 439	12 242	9 048	9 048	9 602	10 178	10 789
Service charges	41 980	44 537	51 236	53 591	53 591	59 407	62 971	66 749
Investment revenue	20 577	21 703	21 294	18 800	18 800	19 834	21 024	22 285
Transfers recognised - operational	144 367	145 360	158 318	166 246	196 750	176 705	175 166	169 744
Other own revenue	15 100	27 837	10 947	7 133	6 865	7 244	7 678	8 139
Total Revenue (excluding capital transfers and contributions)	228 020	252 876	254 038	254 819	285 055	272 791	277 018	277 706
Employee costs	81 280	86 820	93 583	100 989	100 989	107 049	113 472	120 280
Remuneration of councillors	11 704	12 244	12 697	14 468	14 468	15 336	16 256	17 232
Depreciation & asset impairment	22 565	18 480	18 858	21 432	21 432	21 922	22 409	23 012
Finance charges	2 876	2 694	2 396	3 188	3 188	3 380	3 582	3 797
Inventory consumed and bulk purchases	34 160	44 545	46 582	56 163	59 931	66 402	70 462	74 792
Transfers and grants	–	550	37	48	48	42	45	47
Other expenditure	51 218	65 273	52 937	79 394	88 961	94 509	94 545	96 876
Total Expenditure	203 804	230 605	227 091	275 683	289 017	308 640	320 771	336 036
Surplus/(Deficit)	24 216	22 271	26 947	(20 865)	(3 963)	(35 848)	(43 754)	(58 329)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	33 606	46 991	44 851	36 332	37 623	46 112	43 457	44 216
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)	19	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	57 841	69 262	–	15 467	33 660	10 264	(297)	(14 113)
Capital expenditure & funds sources								
Capital expenditure	45 981	57 623	43 812	76 792	70 919	80 763	82 403	61 733
Transfers recognised - capital	33 625	46 991	39 276	36 332	37 623	46 112	43 457	44 216
Internally generated funds	12 356	10 632	4 536	40 460	33 296	34 651	38 946	17 517
Total sources of capital funds	45 981	57 623	43 812	76 792	70 919	80 763	82 403	61 733
Financial position								
Total current assets	315 302	335 911	382 099	281 143	306 464	259 368	203 116	155 106
Total non current assets	392 466	460 344	489 065	566 969	561 096	619 937	679 932	718 653
Total current liabilities	38 876	44 221	45 023	46 330	47 584	50 959	52 457	54 317
Total non current liabilities	30 366	31 006	28 824	34 525	34 525	32 631	35 172	38 137
Community wealth/Equity	638 525	721 028	797 318	767 258	785 451	795 715	795 418	781 305



Description	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands								
<u>Cash flows</u>								
Net cash from (used) operating	87 768	76 891	82 963	35 992	61 432	31 489	23 728	10 952
Net cash from (used) investing	(45 981)	(57 280)	(43 812)	(76 792)	(70 919)	(80 763)	(82 403)	(61 733)
Net cash from (used) financing	(696)	(775)	(819)	(784)	(784)	(796)	(809)	(823)
Cash/cash equivalents at the year end	294 260	313 095	351 427	254 063	285 375	235 305	175 821	124 216
<u>Cash backing/surplus reconciliation</u>								
Cash and investments available	294 260	313 095	351 427	254 063	285 375	235 305	175 821	124 216
Application of cash and investments	223 487	232 769	243 541	235 484	265 899	227 769	170 593	121 261
Balance - surplus (shortfall)	70 773	80 326	107 887	18 579	19 476	7 537	5 227	2 956
<u>Asset management</u>								
Asset register summary (WDV)	391 368	457 197	487 319	566 969	561 096	619 937	679 932	718 653
Depreciation	22 565	18 480	18 858	21 432	21 432	21 922	22 409	23 012
Renewal and Upgrading of Existing Assets	–	–	–	15 521	21 375	27 484	14 309	9 200
Repairs and Maintenance	7 898	9 760	8 621	13 165	12 924	14 032	15 936	15 072
<u>Free services</u>								
Cost of Free Basic Services provided	–	–	–	642	642	719	762	808
Revenue cost of free services provided	1 739	2 566	3 253	2 296	2 296	2 423	2 568	2 722
<u>Households below minimum service level</u>								
Energy:	8	8	8	9	9	8	8	8
Refuse:	36	38	41	44	44	46	47	48



Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The accumulated surplus is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows a sharp decline over the MTREF. This will in turn result in a sharp decline in the CRR.

Table 19 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand								
Revenue - Functional								
<i>Governance and administration</i>	115 049	139 775	130 110	128 549	146 830	132 633	138 359	136 877
Executive and council	6 948	7 032	7 309	7 254	7 254	6 269	6 512	6 296
Finance and administration	108 102	132 744	122 801	121 295	139 576	126 363	131 847	130 580
<i>Community and public safety</i>	4 444	4 246	4 337	4 455	4 284	4 437	4 748	5 009
Community and social services	1 645	1 594	1 871	1 647	1 644	1 652	1 796	1 880
Sport and recreation	0	9	1	9	9	10	10	11
Public safety	2 798	2 643	2 465	2 799	2 631	2 775	2 942	3 118
<i>Economic and environmental services</i>	37 844	46 728	47 507	41 044	41 033	51 286	43 831	45 695
Planning and development	6 469	2 035	2 380	2 093	2 082	2 606	2 372	2 476
Road transport	31 375	44 693	45 126	38 951	38 951	48 680	41 459	43 219
<i>Trading services</i>	104 305	109 115	116 933	117 100	130 528	125 345	133 532	134 339
Energy sources	66 916	69 095	75 427	74 973	82 365	81 415	87 634	88 729
Waste management	37 389	40 020	41 506	42 127	48 163	43 929	45 899	45 610
<i>Other</i>	3	2	2	3	3	5 203	3	3
Total Revenue - Functional	261 645	299 867	298 888	291 150	322 677	318 904	320 475	321 923
Expenditure - Functional								
<i>Governance and administration</i>	82 252	92 007	85 252	109 930	109 654	116 849	125 488	130 842
Executive and council	23 152	27 873	25 300	28 051	27 896	28 532	30 096	31 770
Finance and administration	57 449	62 510	57 739	79 167	79 046	85 557	92 475	95 987
Internal audit	1 651	1 624	2 213	2 712	2 712	2 760	2 917	3 085
<i>Community and public safety</i>	22 261	19 582	19 215	18 501	18 789	19 713	20 667	21 966
Community and social services	8 826	9 851	10 238	11 418	11 596	11 870	12 618	13 428
Sport and recreation	1 756	2 177	1 944	2 635	2 740	2 929	3 111	3 307
Public safety	11 679	7 554	7 033	4 447	4 452	4 914	4 937	5 231
<i>Economic and environmental services</i>	32 409	34 741	33 581	43 361	42 903	45 066	45 734	46 796
Planning and development	14 423	15 425	15 135	18 556	18 098	18 912	18 043	17 436
Road transport	17 829	19 167	18 391	24 625	24 625	25 963	27 488	29 145
Environmental protection	158	149	55	180	180	191	203	215
<i>Trading services</i>	65 393	82 788	87 654	102 056	115 848	119 993	126 964	134 406
Energy sources	40 353	48 143	50 574	58 219	63 372	70 400	74 555	78 989
Waste water management	3 579	3 960	4 067	4 855	4 855	5 094	5 405	5 738
Waste management	21 460	30 685	33 012	38 981	47 621	44 500	47 003	49 679
<i>Other</i>	1 489	1 486	1 389	1 835	1 823	7 019	1 919	2 026
Total Expenditure - Functional	203 804	230 605	227 091	275 683	289 017	308 640	320 771	336 036
Surplus/(Deficit) for the year	57 841	69 262	71 797	15 467	33 660	10 264	(297)	(14 113)



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

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

Table 20 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue by Vote								
Vote 1 - Executive & Council	6 948	7 032	7 309	7 254	7 254	6 269	6 512	6 296
Vote 2 - Planning & Development	6 327	1 950	2 289	1 975	1 972	7 690	2 248	2 345
Vote 3 - Corporate Services	3 359	17 153	1 031	193	183	193	204	217
Vote 4 - Budget & Treasury	104 884	115 675	121 862	121 219	139 504	126 287	131 766	130 495
Vote 5 - Road Transport	34 068	47 310	47 553	41 656	41 493	51 363	44 303	46 233
Vote 9 - Community & Social Services	1 648	1 596	1 873	1 650	1 647	1 655	1 800	1 884
Vote 10 - Sport & Recreation	0	9	1	9	9	10	10	11
Vote 11 - Public Safety	106	26	38	93	88	93	98	104
Vote 12 - Electricity	66 916	69 095	75 427	74 973	82 365	81 415	87 634	88 729
Vote 13 - Waste Management	37 389	40 020	41 506	42 127	48 163	43 929	45 899	45 610
Total Revenue by Vote	261 645	299 867	298 888	291 150	322 677	318 904	320 475	321 923
Expenditure by Vote to be appropriated								
Vote 1 - Executive & Council	24 803	29 497	27 513	30 763	30 608	31 291	33 014	34 855
Vote 2 - Planning & Development	16 286	17 407	17 141	20 960	20 490	26 533	20 597	20 134
Vote 3 - Corporate Services	30 021	31 189	26 273	38 375	38 375	40 706	44 242	44 775
Vote 4 - Budget & Treasury	26 589	30 316	30 350	39 620	39 499	43 611	46 920	49 822
Vote 5 - Road Transport	22 280	24 867	24 778	28 192	28 192	29 687	31 433	33 324
Vote 6 - Waste Water Management	3 579	3 960	4 067	4 855	4 855	5 094	5 405	5 738
Vote 9 - Community & Social Services	9 449	10 510	10 791	12 201	12 379	12 700	13 498	14 361
Vote 10 - Sport & Recreation	1 756	2 177	1 944	2 635	2 740	2 929	3 111	3 307
Vote 11 - Public Safety	7 227	1 854	647	881	886	1 189	993	1 053
Vote 12 - Electricity	40 353	48 143	50 574	58 219	63 372	70 400	74 555	78 989
Vote 13 - Waste Management	21 460	30 685	33 012	38 981	47 621	44 500	47 003	49 679
Total Expenditure by Vote	203 804	230 605	227 091	275 683	289 017	308 640	320 771	336 036
Surplus/(Deficit) for the year	57 841	69 262	71 797	15 467	33 660	10 264	(297)	(14 113)

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

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

Table 21 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand								
Revenue By Source								
Property rates	5 997	13 439	12 242	9 048	9 048	9 602	10 178	10 789
Service charges - electricity revenue	31 861	33 059	41 016	43 365	43 365	48 567	51 481	54 570
Service charges - refuse revenue	10 119	11 478	10 220	10 226	10 226	10 840	11 490	12 179
Rental of facilities and equipment	1 210	837	783	123	123	131	139	147
Interest earned - external investments	20 577	21 703	21 294	18 800	18 800	19 834	21 024	22 285
Interest earned - outstanding debtors	3 204	2 376	3 340	2 546	2 546	2 686	2 847	3 018
Fines, penalties and forfeits	411	137	287	177	166	175	186	197
Licences and permits	1 295	1 243	972	1 260	1 184	1 249	1 324	1 404
Agency services	975	1 054	906	1 059	996	1 050	1 113	1 180
Transfers and subsidies	144 367	145 360	158 318	166 246	196 750	176 705	175 166	169 744
Other revenue	996	1 122	1 191	1 968	1 850	1 952	2 069	2 193
Gains	7 007	21 069	3 468	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	228 020	252 876	254 038	254 819	285 055	272 791	277 018	277 706
Expenditure By Type								
Employee related costs	81 280	86 820	93 583	100 989	100 989	107 049	113 472	120 280
Remuneration of councillors	11 704	12 244	12 697	14 468	14 468	15 336	16 256	17 232
Debt impairment	7 288	8 763	10 436	7 633	12 633	13 391	14 195	15 046
Depreciation & asset impairment	22 565	18 480	18 858	21 432	21 432	21 922	22 409	23 012
Finance charges	2 876	2 694	2 396	3 188	3 188	3 380	3 582	3 797
Bulk purchases - electricity	25 599	33 394	35 073	39 029	41 529	47 758	50 623	53 661
Inventory consumed	8 561	11 151	11 510	17 135	18 402	18 644	19 839	21 131
Contracted services	20 206	28 881	18 753	34 186	33 834	41 550	37 531	36 178
Transfers and subsidies	–	550	37	48	48	42	45	47
Other expenditure	21 481	27 191	23 392	37 575	42 494	39 568	42 819	45 652
Losses	2 244	437	356	–	–	–	–	–
Total Expenditure	203 804	230 605	227 091	275 683	289 017	308 640	320 771	336 036
Surplus/(Deficit)	24 216	22 271	26 947	(20 865)	(3 963)	(35 848)	(43 754)	(58 329)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	33 606	46 991	44 851	36 332	37 623	46 112	43 457	44 216
Transfers and subsidies - capital (in-kind - all)	19	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	57 841	69 262	71 797	15 467	33 660	10 264	(297)	(14 113)

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

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

Table 22 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand								
Capital expenditure - Vote								
Multi-year expenditure to be appropriated								
Vote 3 - Corporate Services	3 044	3 894	8 853	2 200	3 228	675	–	–
Vote 5 - Road Transport	24 660	18 745	18 668	19 560	22 368	26 599	35 697	9 200
Vote 6 - Waste Water Management	–	–	–	–	–	4 217	19 485	15 000
Vote 9 - Community & Social Services	633	340	105	11 063	13 882	12 802	8 143	22 291
Vote 10 - Sport & Recreation	1 001	140	590	–	–	–	–	–
Vote 11 - Public Safety	–	3 718	1 730	–	–	–	–	–
Vote 12 - Electricity	6 176	7 585	2 422	2 000	3 709	2 699	5 203	12 200
Vote 13 - Waste Management	2 599	16 628	8 925	30 555	12 000	28 562	11 471	–
Capital multi-year expenditure sub-total	38 113	51 050	41 294	65 378	55 187	75 554	79 999	58 691
Single-year expenditure to be appropriated								
Vote 1 - Executive & Council	1 272	572	–	1 415	1 415	–	–	–
Vote 2 - Planning & Development	70	160	13	336	336	–	–	–
Vote 3 - Corporate Services	90	184	–	4 496	5 496	548	–	–
Vote 4 - Budget & Treasury	686	452	14	2 945	2 945	2 109	2 365	3 000
Vote 5 - Road Transport	3 093	3 585	1 046	1 942	2 380	–	–	–
Vote 9 - Community & Social Services	1 180	208	–	–	–	2 002	–	–
Vote 10 - Sport & Recreation	158	223	–	–	–	–	–	–
Vote 11 - Public Safety	438	562	–	–	–	–	–	–
Vote 12 - Electricity	229	226	1 337	40	470	44	40	42
Vote 13 - Waste Management	652	400	108	240	2 690	506	–	–
Capital single-year expenditure sub-total	7 869	6 573	2 518	11 413	15 732	5 209	2 405	3 042
Total Capital Expenditure - Vote	45 981	57 623	43 812	76 792	70 919	80 763	82 403	61 733
Capital Expenditure - Functional								
Governance and administration	5 093	5 102	8 867	11 056	13 084	3 332	2 365	3 000
Executive and council	1 272	572	–	1 327	1 327	–	–	–
Finance and administration	3 821	4 530	8 867	9 640	11 668	3 332	2 365	3 000
Internal audit	–	–	–	88	88	–	–	–
Community and public safety	3 567	5 193	2 426	12 024	14 570	21 931	13 871	22 291
Community and social services	1 814	549	105	11 063	13 882	14 804	8 143	22 291
Sport and recreation	1 160	364	590	–	–	–	–	–
Public safety	594	4 281	1 730	960	688	7 128	5 728	–
Economic and environmental services	27 823	22 490	19 727	20 877	24 397	19 471	29 969	9 200
Planning and development	70	160	13	336	336	–	–	–
Road transport	27 752	22 330	19 714	20 541	24 060	19 471	29 969	9 200
Trading services	9 498	24 838	12 792	32 836	18 869	36 029	36 199	27 242
Energy sources	6 404	7 811	3 759	2 040	4 179	2 743	5 243	12 242
Waste water management	–	–	–	–	–	4 217	19 485	15 000
Waste management	3 094	17 027	9 033	30 796	14 690	29 068	11 471	–
Total Capital Expenditure - Functional	45 981	57 623	43 812	76 792	70 919	80 763	82 403	61 733
Funded by:								
National Government	33 606	44 382	39 276	36 332	37 623	46 112	43 457	44 216
Provincial Government	–	2 609	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	19	–	–	–	–	–	–	–
Transfers recognised - capital	33 625	46 991	39 276	36 332	37 623	46 112	43 457	44 216
Internally generated funds	12 356	10 632	4 536	40 460	33 296	34 651	38 946	17 517
Total Capital Funding	45 981	57 623	43 812	76 792	70 919	80 763	82 403	61 733

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

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital program is funded from National, Provincial and Other grants and transfers and internally generated funds from current and prior year surpluses.

Table 23 MBRR Table A6 - Budgeted Financial Position

Description	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand								
ASSETS								
Current assets								
Cash	2 052	1 483	3 599	21 289	52 601	37 447	17 534	13 416
Call investment deposits	292 208	311 612	347 829	232 774	232 774	197 858	158 286	110 800
Consumer debtors	10 126	13 129	17 703	21 299	15 299	18 273	21 506	25 100
Other debtors	10 219	9 275	11 848	5 378	5 378	5 378	5 378	5 378
Inventory	697	411	1 121	403	411	411	411	411
Total current assets	315 302	335 911	382 099	281 143	306 464	259 368	203 116	155 106
Non current assets								
Investment property	28 490	45 607	46 031	45 607	45 607	45 607	45 607	45 607
Property, plant and equipment	362 560	411 325	441 113	521 165	515 292	574 203	634 258	673 029
Intangible	318	265	175	197	197	127	67	17
Other non-current assets	1 098	3 147	1 747	–	–	–	–	–
Total non current assets	392 466	460 344	489 065	566 969	561 096	619 937	679 932	718 653
TOTAL ASSETS	707 768	796 255	871 164	848 113	867 560	879 306	883 048	873 759
LIABILITIES								
Current liabilities								
Borrowing	840	855	870	887	887	904	923	942
Consumer deposits	1 564	1 630	1 665	1 811	1 811	1 901	1 996	2 096
Trade and other payables	24 963	29 165	27 623	28 532	29 787	31 220	31 639	32 378
Provisions	11 509	12 572	14 864	15 100	15 100	16 934	17 899	18 900
Total current liabilities	38 876	44 221	45 023	46 330	47 584	50 959	52 457	54 317
Non current liabilities								
Borrowing	10 360	9 505	8 635	7 747	7 747	6 844	5 921	4 978
Provisions	20 006	21 501	20 189	26 777	26 777	25 788	29 252	33 159
Total non current liabilities	30 366	31 006	28 824	34 525	34 525	32 631	35 172	38 137
TOTAL LIABILITIES	69 242	75 227	73 847	80 855	82 109	83 591	87 630	92 454
NET ASSETS	638 525	721 028	797 318	767 258	785 451	795 715	795 418	781 305
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)	584 367	656 409	728 206	488 958	482 033	530 938	585 431	618 355
Reserves	54 158	64 619	69 112	278 301	303 418	264 777	209 987	162 950
TOTAL COMMUNITY WEALTH/EQUITY	638 525	721 028	797 318	767 258	785 451	795 715	795 418	781 305

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

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

Table 24 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates	4 104	11 844	9 122	7 100	7 100	7 414	7 848	8 297
Service charges	32 124	33 949	38 568	42 053	42 053	45 871	48 557	51 332
Other revenue	13 013	20 112	10 077	4 561	6 291	4 528	4 799	5 087
Transfers and Subsidies - Operational	140 045	147 318	158 445	166 246	196 750	176 705	175 166	169 744
Transfers and Subsidies - Capital	42 159	41 850	45 936	36 332	37 623	46 112	43 457	44 216
Interest	20 577	20 352	21 294	20 798	18 800	21 908	23 220	24 606
Payments								
Suppliers and employees	(163 216)	(197 047)	(199 611)	(237 860)	(243 948)	(267 627)	(275 692)	(288 486)
Finance charges	(1 038)	(937)	(831)	(3 188)	(3 188)	(3 380)	(3 582)	(3 797)
Transfers and Grants	—	(550)	(37)	(48)	(48)	(42)	(45)	(47)
NET CASH FROM/(USED) OPERATING ACTIVITIES	87 768	76 891	82 963	35 992	61 432	31 489	23 728	10 952
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	—	1	—	—	—	—	—	—
Payments								
Capital assets	(45 981)	(57 282)	(43 812)	(76 792)	(70 919)	(80 763)	(82 403)	(61 733)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(45 981)	(57 280)	(43 812)	(76 792)	(70 919)	(80 763)	(82 403)	(61 733)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Increase (decrease) in consumer deposits	132	66	36	86	86	91	95	100
Payments								
Repayment of borrowing	(827)	(841)	(855)	(871)	(871)	(886)	(904)	(923)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(696)	(775)	(819)	(784)	(784)	(796)	(809)	(823)
NET INCREASE/ (DECREASE) IN CASH HELD	41 091	18 835	38 332	(41 584)	(10 272)	(50 070)	(59 485)	(51 604)
Cash/cash equivalents at the year begin:	253 169	294 260	313 095	295 647	295 647	285 375	235 305	175 821
Cash/cash equivalents at the year end:	294 260	313 095	351 427	254 063	285 375	235 305	175 821	124 216

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The investment in capital infrastructure, which is much higher than the cash generated by operations, is the main reason for the annual decline in cash resources.

Table 25 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description R thousand	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Cash and investments available								
Cash/cash equivalents at the year end	294 260	313 095	351 427	254 063	285 375	235 305	175 821	124 216
Other current investments > 90 days	(0)	(0)	(0)	–	–	–	–	–
Cash and investments available:	294 260	313 095	351 427	254 063	285 375	235 305	175 821	124 216
Application of cash and investments								
Unspent conditional transfers	15 919	13 289	15 072	12 766	12 766	12 766	12 766	12 766
Other working capital requirements	(8 823)	(6 930)	(11 507)	(4 771)	527	522	(1 484)	(3 410)
Other provisions	11 509	12 572	14 864	15 100	15 100	16 934	17 899	18 900
Reserves to be backed by cash/investments	204 882	213 839	225 112	212 389	237 507	197 547	141 413	93 004
Total Application of cash and investments:	223 487	232 769	243 541	235 484	265 899	227 769	170 593	121 261
Surplus(shortfall)	70 773	80 326	107 887	18 579	19 476	7 537	5 227	2 956

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality's budget is cash-funded and thus in compliance with the requirements of the MFMA.
4. As part of the budgeting and planning guidelines that informed the compilation of the 2021/22 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 26 MBRR Table A9 - Asset Management

Description	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand								
CAPITAL EXPENDITURE								
Total New Assets	45 981	57 623	43 812	61 271	49 544	53 279	68 094	52 533
Roads Infrastructure	24 190	22 450	18 732	9 469	16 453	1 097	15 659	–
Storm water Infrastructure	–	–	–	–	–	4 217	19 485	15 000
Electrical Infrastructure	6 176	7 734	2 422	2 288	3 877	3 079	5 203	12 200
Solid Waste Infrastructure	3 018	16 628	8 925	28 329	8 000	26 031	11 471	–
Infrastructure	33 384	46 812	30 079	40 085	28 330	34 424	51 818	27 200
Community Facilities	2 619	4 385	2 426	10 082	9 382	8 899	8 143	22 291
Sport and Recreation Facilities	774	223	–	–	–	–	–	–
Community Assets	3 392	4 608	2 426	10 082	9 382	8 899	8 143	22 291
Operational Buildings	3 279	3 954	8 853	672	400	6 748	5 728	–
Other Assets	3 279	3 954	8 853	672	400	6 748	5 728	–
Licences and Rights	32	49	–	88	88	–	–	–
Intangible Assets	32	49	–	88	88	–	–	–
Computer Equipment	487	1 260	–	3 370	3 370	2 277	2 365	3 000
Furniture and Office Equipment	304	53	27	300	300	169	–	–
Machinery and Equipment	3 492	885	1 123	5 496	6 046	761	40	42
Transport Assets	1 610	–	1 304	1 178	1 628	–	–	–
Total Renewal of Existing Assets	–	–	–	4 094	8 640	8 435	–	–
Roads Infrastructure	–	–	–	912	912	3 374	–	–
Infrastructure	–	–	–	912	912	3 374	–	–
Community Facilities	–	–	–	982	4 500	5 061	–	–
Community Assets	–	–	–	982	4 500	5 061	–	–
Operational Buildings	–	–	–	2 200	3 228	–	–	–
Other Assets	–	–	–	2 200	3 228	–	–	–
Total Upgrading of Existing Assets	–	–	–	11 427	12 735	19 049	14 309	9 200
Roads Infrastructure	–	–	–	9 200	7 735	15 000	14 309	9 200
Solid Waste Infrastructure	–	–	–	2 227	4 000	2 530	–	–
Infrastructure	–	–	–	11 427	11 735	17 531	14 309	9 200
Community Facilities	–	–	–	–	–	843	–	–
Community Assets	–	–	–	–	–	843	–	–
Operational Buildings	–	–	–	–	1 000	675	–	–
Other Assets	–	–	–	–	1 000	675	–	–
Total Capital Expenditure	45 981	57 623	43 812	76 792	70 919	80 763	82 403	61 733
Roads Infrastructure	24 190	22 450	18 732	19 581	25 100	19 471	29 969	9 200
Storm water Infrastructure	–	–	–	–	–	4 217	19 485	15 000
Electrical Infrastructure	6 176	7 734	2 422	2 288	3 877	3 079	5 203	12 200
Solid Waste Infrastructure	3 018	16 628	8 925	30 555	12 000	28 562	11 471	–
Infrastructure	33 384	46 812	30 079	52 424	40 977	55 329	66 128	36 400
Community Facilities	2 619	4 385	2 426	11 063	13 882	14 804	8 143	22 291
Sport and Recreation Facilities	774	223	–	–	–	–	–	–
Community Assets	3 392	4 608	2 426	11 063	13 882	14 804	8 143	22 291
Operational Buildings	3 279	3 954	8 853	2 872	4 628	7 423	5 728	–
Other Assets	3 279	3 954	8 853	2 872	4 628	7 423	5 728	–
Licences and Rights	32	49	–	88	88	–	–	–
Intangible Assets	32	49	–	88	88	–	–	–
Computer Equipment	487	1 260	–	3 370	3 370	2 277	2 365	3 000
Furniture and Office Equipment	304	53	27	300	300	169	–	–
Machinery and Equipment	3 492	885	1 123	5 496	6 046	761	40	42
Transport Assets	1 610	–	1 304	1 178	1 628	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	45 981	57 623	43 812	76 792	70 919	80 763	82 403	61 733

Description	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand								
ASSET REGISTER SUMMARY - PPE (WDV)	391 368	457 197	487 319	566 969	561 096	619 937	679 932	718 653
Roads Infrastructure	109 150	121 469	128 657	152 489	158 008	168 026	187 974	186 552
Storm water Infrastructure	42 944	43 689	45 332	38 686	38 686	41 337	59 161	72 400
Electrical Infrastructure	25 883	32 577	34 041	38 244	39 833	41 776	45 776	56 700
Solid Waste Infrastructure	16 264	21 864	30 357	72 551	53 995	82 296	93 490	93 197
Infrastructure	194 240	219 599	238 387	301 970	290 522	333 435	386 401	408 850
Community Assets	40 130	52 964	53 100	63 972	66 791	79 183	84 771	104 352
Investment properties	28 490	45 607	46 031	45 607	45 607	45 607	45 607	45 607
Other Assets	73 231	83 924	96 018	97 168	98 924	105 422	110 169	109 130
Intangible Assets	318	265	175	197	197	127	67	17
Computer Equipment	2 231	2 654	1 885	5 339	5 339	6 685	8 063	10 017
Furniture and Office Equipment	2 602	1 999	1 448	1 015	1 015	650	276	52
Machinery and Equipment	15 631	14 515	15 251	18 879	19 429	17 284	14 243	11 019
Transport Assets	8 261	6 653	6 015	3 805	4 255	2 527	1 318	592
Land	26 235	29 018	29 008	29 018	29 018	29 018	29 018	29 018
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	391 368	457 197	487 319	566 969	561 096	619 937	679 932	718 653
EXPENDITURE OTHER ITEMS	30 463	28 240	27 479	34 597	34 356	35 954	38 344	38 083
<u>Depreciation</u>	22 565	18 480	18 858	21 432	21 432	21 922	22 409	23 012
<u>Repairs and Maintenance by Asset Class</u>	7 898	9 760	8 621	13 165	12 924	14 032	15 936	15 072
Roads Infrastructure	1 843	1 898	1 769	2 697	2 697	2 827	3 053	3 312
Storm water Infrastructure	14	272	272	336	336	303	327	355
Electrical Infrastructure	752	868	830	1 025	731	822	878	941
Solid Waste Infrastructure	208	141	68	339	369	323	342	363
Infrastructure	2 816	3 179	2 940	4 396	4 132	4 274	4 600	4 970
Community Facilities	1 368	1 434	1 094	2 373	2 471	2 491	2 416	2 620
Sport and Recreation Facilities	58	391	286	229	324	422	454	491
Community Assets	1 426	1 825	1 380	2 602	2 795	2 913	2 870	3 111
Operational Buildings	500	759	761	1 116	916	1 953	3 200	1 301
Other Assets	500	759	761	1 116	916	1 953	3 200	1 301
Furniture and Office Equipment	362	465	201	677	477	672	721	776
Machinery and Equipment	1 023	270	442	1 883	2 033	1 810	1 945	2 096
Transport Assets	1 771	3 263	2 897	2 491	2 571	2 410	2 600	2 817
TOTAL EXPENDITURE OTHER ITEMS	30 463	28 240	27 479	34 597	34 356	35 954	38 344	38 083
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	20.2%	30.1%	34.0%	17.4%	14.9%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	0.0%	0.0%	0.0%	72.4%	99.7%	125.4%	63.9%	40.0%
<i>R&M as a % of PPE</i>	2.2%	2.4%	2.0%	2.5%	2.5%	2.4%	2.5%	2.2%
<i>Renewal and upgrading and R&M as a % of PPE</i>	2.0%	2.0%	2.0%	5.0%	6.0%	7.0%	4.0%	3.0%

Explanatory notes to Table A9 - Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal and upgrade of existing assets, as well as spending on repairs and maintenance by asset class in line with the mSCOA classifications.
- National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations for the 2021/22 budget year.



Table 27 MBRR Table A10 - Basic Service Delivery Measurement

Description	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<u>Household service targets</u>								
<u>Energy:</u>								
Electricity (at least min.service level)	31 661	33 149	35 801	37 949	37 949	40 226	41 031	41 441
Electricity - prepaid (min.service level)	1 045	1 094	1 368	1 450	1 450	3 200	3 264	3 297
<i>Minimum Service Level and Above sub-total</i>	32 706	34 243	37 169	39 399	39 399	43 426	44 295	44 738
Other energy sources	7 622	7 981	8 460	8 967	8 967	8 460	8 134	7 602
<i>Below Minimum Service Level sub-total</i>	7 622	7 981	8 460	8 967	8 967	8 460	8 134	7 602
Total number of households	40 329	42 224	45 629	48 366	48 366	51 886	52 429	52 340
<u>Refuse:</u>								
Removed at least once a week	5 444	5 700	5 871	6 223	6 223	6 597	6 729	6 796
<i>Minimum Service Level and Above sub-total</i>	5 444	5 700	5 871	6 223	6 223	6 597	6 729	6 796
Using communal refuse dump	36 346	38 055	41 099	43 565	43 565	46 179	47 102	47 573
<i>Below Minimum Service Level sub-total</i>	36 346	38 055	41 099	43 565	43 565	46 179	47 102	47 573
Total number of households	41 791	43 755	46 970	49 788	49 788	52 776	53 831	54 369
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>								
Electricity/other energy (50kwh per indigent household per month)	-	-	-	642	642	719	762	808
Total cost of FBS provided	-	-	-	642	642	719	762	808
<u>Highest level of free service provided per household</u>								
Property rates (R value threshold)	60 000	60 000	60 000	60 000	60 000	60 000	60 000	60 000
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50
Refuse (average litres per week)	140	140	140	140	140	140	140	140
<u>Revenue cost of subsidised services provided (R'000)</u>								
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	1 739	2 566	3 253	2 296	2 296	2 423	2 568	2 722
Total revenue cost of subsidised services provided	1 739	2 566	3 253	2 296	2 296	2 423	2 568	2 722

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

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

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 IDP and Service Delivery and Budget Implementation Plan

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2020) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on July 2020

Key dates applicable to the process were:

Table 28 IDP and Service Delivery and Budget Implementation Plan

Planning Phase (1st July – 31 July 2020) Phase 0
<ul style="list-style-type: none"> • Adopt Process plan – 29 May 2020 • Integrated Participatory Planning Forum (IPPF) – 16 July 2020
Strategizing Phase (1st September – 18 November 2020) Phase 1: Status Quo
<ul style="list-style-type: none"> • IDP process plan with Schedule of key deadlines advertised – 7 August 2020 • Public participation programme from 7 September 2020 – 30 October 2020 • Integrated Participatory Planning Forum (IPPF) - 17 November 2020
Preparing Phase (18 November– 30 December 2020) Phase 2: Strategies. Tabling and Finalizing Phase (1 January – 31 May 2021) Phase 3: Projects (1 January- 26 February 2021) Phase 4: Integration (26 February – 31 March 2021)
<ul style="list-style-type: none"> • Departments to meet to discuss adjustment budget, projects and strategies for next year – 18-27 November 2020 • Municipal Strategic session- 30 November – 4 December 2020 • Meeting with Provincial Treasury – 10 February 2021 • Meetings with Sector Departments - 23 February 2021
Phase 5: Approval (March – May 2021)
<ul style="list-style-type: none"> • Integrated Participatory Planning Forum (IPPF) -2 March 2021 (Draft IDP & budget) • Mayor tables draft budget, draft resolutions, draft service delivery agreements and draft budget related policies and tariff increases by 31 March 2021 • Council Approve draft IDP & Budget -31 March 2021 • Meeting with Provincial treasury – 29 April 2021 • Council interacts with public 1 April – 3 May 2021 • Public comment period 1 April – 3 May 2021 • Integrated Participatory Planning Forum (IPPF) (PMS) - 18 May 2021 • Council approves final budget, system of delegations & IDP - 31 May 2021 • Final IDP Submitted to MEC for Local Government - 10 June 2021 • Summaries of the adopted IDP and Budget published - 10 June 2021 • SDBIP and draft performance agreements of S56 Managers approved by Council - 30 June 2021 • SDBIP made public - 9 July 2021
Monitoring & Evaluation Phase (ongoing)
<ul style="list-style-type: none"> • IDP & Budget Steering Committee receive and discuss quarterly SDBIP reports quarterly • IDP & Budget Steering Committee receive and discuss mid-year performance report

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

The IDP has been taken into a business and financial planning process leading up to the 2021/22 MTREF, based on the approved 2020/21 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

2.1.2 Community Consultation

A full consultation process will be carried out during April 2021. During this process, members of the community are given the opportunity to provide inputs and comments on the draft budget presented to them. The comments and inputs will be reviewed and where viable, the proposed changes will be incorporated into the final budget to be approved by Council at the end of May 2021.

2.2 Overview of alignment of annual budget with IDP

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

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

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

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

The 2021/22 MTREF has therefore been directly informed by the IDP process and the following tables provide the reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 29 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Current Year 2020/21	2021/22 Medium Term Revenue & Expenditure Framework		
			Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand						
To ensure that the traffic section operates effectively and efficiently	TRAFFIC	BSD01	2 543	2 683	2 844	3 014
To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water	ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE	BSD02	38 951	48 680	41 459	43 219
To ensure effective management and maintenance of indoor recreational community facilities	INDOOR RECREATIONAL COMMUNITY FACILITIES	BSD03	98	104	110	116
To ensure effective management, construction and maintenance of cemeteries and pauper burials	CEMETRIES AND PAUPER BURIAL	BSD04	42	44	46	49
To construct, maintain, identify, establish and upgrade existing urban sportsfields	SPORTS	BSD05	9	10	10	11
To provide library services to all residents	LIBRARIES	BSD06	1 505	1 505	1 640	1 714
To maintain and control the municipal commonage / To maintain and effectively operate the pounds	LICENSING AND CONTROL OF ANIMALS	BSD08	91	96	102	108
To improve the quality of life for residents by increasing the % of households receiving basic refuse collection/ To reduce waste through awareness campaigns/To effectively manage and reduce waste	WASTE MANAGEMENT	BSD09	48 163	43 929	45 899	45 610
That all registered indigent households receive free basic electricity and refuse removal	FREE BASIC SERVICES	BSD10	(2 296)	(2 423)	(2 568)	(2 722)
To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment in order to reduce losses and ensure compliance/To reduce Senqu electricity backlogs by assisting Eskom with electrification of rural areas as identified by Council.	ELECTRICITY AND STREET LIGHTING	BSD11	82 365	81 415	87 634	88 729
To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report/ To ensure that Council and ExCo meetings are held quarterly and to track Council resolutions taken / To ensure good governance through the monitoring of the implementation of the OPCAR and Audit action plan	OVERSIGHT	GGPP03	7 254	6 269	6 512	6 296
To promote interactive communication with customers around service delivery issues / To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as IPPF etc	CUSTOMER CARE & PUBLIC PARTICIPATION	GGPP04	111	117	124	131



Strategic Objective	Goal	Goal Code	Current Year 2020/21	2021/22 Medium Term Revenue & Expenditure Framework		
			Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand						
To promote responsible tourism and arts and heritage through continued support to local initiatives	TOURISM	LED01	–	5 200	–	–
To ensure the financial viability of the municipality by applying the Cogta prescribed ratios for debt coverage, outstanding service debtors to revenue and cost coverage / To expand and protect the municipal revenue base by providing accurate bills for services rendered / To annually report on the % of the Municipality's budget actually spent on capital projects identified a particular financial year in terms of the Municipality's IDP	FINANCIAL MANAGEMENT	MFMV03	141 678	128 581	134 197	133 072
To ensure compliance with the MFMA and MSA requirements regarding the adjustment budget and annual budget development and submission requirements	BUDGET COMPILATION	MFMV05	122	129	137	145
To ensure that the organisational structure of the Municipality is aligned to its present and future staffing needs and requirements / To ensure effective management of staff and policy and procedure processes through job descriptions, leave management and clock in systems	RECRUITMENT,SELECTION AND EMPLOYEE MANAGEMENT	MTID03	23	24	25	27
To ensure that municipal buildings and assets are maintained and secured/To provide office space and parking by building new offices and renovating existing buildings	BUILDINGS	MTID09	18	19	20	22
To ensure that Municipal information is kept secure and filed and archived according to legislation	RECORDS MANAGEMENT	MTID10	31	33	35	37
To develop a new SDF and implement SPLUMA regulations / To ensure adherence to town planning and building control legislation /To manage urbanisation of existing urban areas	SPATIAL PLANNING	MTID12	59	63	66	70
To ensure capital Infrastructure management and reporting	PMU REPORTING	MTID14	1 912	2 427	2 182	2 275
Total Revenue (excluding capital transfers and contributions)			322 677	318 904	320 475	321 923

Table 30 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Current Year 2020/21	2021/22 Medium Term Revenue & Expenditure Framework		
			Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand						
To ensure that the traffic section operates effectively and efficiently	TRAFFIC	BSD01	5 937	6 219	6 569	6 942
To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water	ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE	BSD02	26 061	27 450	29 092	30 872
To ensure effective management and maintenance of indoor recreational community facilities	INDOOR RECREATIONAL COMMUNITY FACILITIES	BSD03	6 834	6 989	7 429	7 906
To ensure effective management, construction and maintenance of cemeteries and pauper burials	CEMETRIES AND PAUPER BURIAL	BSD04	2 454	2 443	2 608	2 789
To construct, maintain, identify, establish and upgrade existing urban sportsfields	SPORTS	BSD05	2 517	2 693	2 861	3 041
To provide library services to all residents	LIBRARIES	BSD06	2 179	2 300	2 435	2 579
To create a healthy and sustainable environment by maintaining and developing public open spaces	PARKS AND PUBLIC OPEN SPACES	BSD07	403	427	453	480
To maintain and control the municipal commonage / To maintain and effectively operate the pounds	LICENSING AND CONTROL OF ANIMAL	BSD08	1 884	2 246	2 112	2 238
To improve the quality of life for residents by increasing the % of households receiving basic refuse collection/ To reduce waste through awareness campaigns/To effectively manage and reduce waste	WASTE MANAGEMENT	BSD09	36 327	32 528	34 313	36 227
That all registered indigent households receive free basic electricity and refuse removal	FREE BASIC SERVICES	BSD10	16 900	18 816	19 945	21 142
To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment in order to reduce losses and ensure compliance/To reduce Senqu electricity backlogs by assisting Eskom with electrification of rural areas as identified by Council.	ELECTRICITY AND STREET LIGHTING	BSD11	52 617	58 003	61 415	65 060
To promote and instill good governance practices within Senqu municipality	RISK & FRAUD PREVENTION	GGPP01	1 384	1 441	1 526	1 615
To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report/ To ensure that Council and ExCo meetings are held quarterly and to track Council resolutions taken / To ensure good governance through the monitoring of the implementation of the OPCAR and Audit action plan	OVERSIGHT	GGPP03	30 768	31 195	32 911	34 747
To promote interactive communication with customers around service delivery issues/ To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as IPPF etc	CUSTOMER CARE & PUBLIC PARTICIPATION	GGPP04	6 495	6 242	6 594	6 970
To promote the mainstreaming and upliftment of HIV and AIDS, women and children, youth, people with disabilities and the elderly into municipal Socio-Economic Programmes and Projects	MAINSTREAMING	GGPP05	517	451	478	507
To promote responsible tourism and arts and heritage through continued support to local initiatives	TOURISM	LED01	1 189	6 347	1 207	1 271
To promote and attract development in the local economy through implementation of the LED strategy	LOCAL ECONOMIC DEVELOPMENT	LED02	8 198	8 575	9 065	9 588



Strategic Objective	Goal	Goal Code	Current Year 2020/21	2021/22 Medium Term Revenue & Expenditure Framework		
			Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand						
To ensure the efficient and effective procurement of goods and services	SUPPLY CHAIN MANAGEMENT (ADMINISTRATION AND REPORTING)	MFMV01	3 477	3 598	3 805	4 025
To ensure monitoring of Municipal Assets per Department through regular asset checks and reporting	ASSET MANAGEMENT	MFMV02	1 747	1 845	1 948	2 057
To ensure the financial viability of the municipality by applying the Cogta prescribed ratios for debt coverage, outstanding service debtors to revenue and cost coverage / To expand and protect the municipal revenue base by providing accurate bills for services rendered / To annually report on the % of the Municipality's budget actually spent on capital projects identified a particular financial year in terms of the Municipality's IDP	FINANCIAL MANAGEMENT	MFMV03	20 902	22 746	24 001	25 333
To ensure compliance with the MFMA and MSA requirements regarding the adjustment budget and annual budget development and submission requirements	BUDGET COMPILATION	MFMV05	2 290	1 999	2 119	2 246
To develop and submit S 71 reports as per MFMA guidelines and prescripts	REPORTING	MFMV06	2 786	5 626	6 813	7 459
To ensure an continually secure, effective and efficient ICT service through implementation of ICT policies and plans and upgrading of ICT equipment	IT	MFMV07	7 693	7 158	7 558	7 984
To develop and implement an effective HR strategy / To develop, adopt and implement the workplace skills plan (WSDP) / To submit the skills plan and annual training report as legislated	SKILLS DEVELOPMENT	MTID01	2 708	2 966	3 144	3 332
To ensure that the organisational structure of the Municipality is aligned to its present and future staffing needs and requirements / To ensure effective management of staff and policy and procedure processes through job descriptions, leave management and clock in systems	RERUITMENT,SELECTION AND EMPLOYEE MANAGEMENT	MTID03	8 649	8 655	9 171	9 719
To ensure the physical and mental well-being of employees through the implementation of an employee wellness programme	EMPLOYEE WELLNESS PROGRAMME	MTID04	497	552	585	620
To ensure that all Senqu buildings and staff adhere to and implement OHS legislation	OCCUPATIONAL HEALTH AND SAFETY	MTID05	117	103	109	116
To ensure that the Municipality implements sound management controls in order to mitigate against unnecessary litigation	LEGAL SERVICES	MTID07	3 632	3 310	3 508	3 719
To review and implement departmental policies, procedures, procedure manuals and bylaws annually	POLICIES AND BY-LAWS	MTID08	192	185	196	208
To ensure that municipal buildings and assets are maintained and secured	BUILDINGS	MTID09	7 536	9 961	11 690	10 303
To ensure that Municipal information is kept secure and filed and archived according to legislation	RECORDS MANAGEMENT	MTID10	9 632	10 338	10 947	11 593
To ensure that a system of departmental and individual performance management system is implemented	PERFORMANCE MANAGEMENT AND REPORTING	MTID11	7 406	7 210	5 670	6 004
To develop a new SDF and implement SPLUMA regulations / To ensure adherence to town planning and building control legislation / To manage urbanisation of existing urban areas	SPATIAL PLANNING	MTID12	3 828	4 653	4 982	3 672
To ensure capital infrastructure management and reporting	PMU REPORTING	MTID14	3 260	3 368	3 512	3 670
Total Expenditure			289 017	308 640	320 771	336 036

Table 31 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Current Year 2020/21	2021/22 Medium Term Revenue & Expenditure Framework		
			Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand						
To ensure that the traffic section operates effectively and efficiently	TRAFFIC	BSD01	688	7 128	5 728	–
To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water	ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE	BSD02	24 060	19 471	29 969	9 200
To ensure effective management and maintenance of indoor recreational community facilities	INDOOR RECREATIONAL COMMUNITY FACILITIES	BSD03	4 500	5 904	–	–
To ensure effective management, construction and maintenance of cemeteries and pauper burials	CEMETRIES AND PAUPER BURIAL	BSD04	9 382	8 899	8 143	22 291
To improve the quality of life for residents by increasing the % of households receiving basic refuse collection/ To reduce waste through awareness campaigns/To effectively manage and reduce waste	WASTE MANAGEMENT	BSD09	14 690	29 068	11 471	–
To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment in order to reduce losses and ensure compliance/To reduce Senqu electricity backlogs by assisting Eskom with electrification of rural areas as identified by Council.	ELECTRICITY AND STREET LIGHTING	BSD11	4 179	2 743	5 243	12 242
To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report/ To ensure that Council and ExCo meetings are held quarterly and to track Council resolutions taken / To ensure good governance through the monitoring of the implementation of the OPCAR and Audit action plan	OVERSIGHT	GGPP03	1 415	–	–	–
To promote and attract development in the local economy through implementation of the LED strategy	Local Economic Development	LED02	–	4 217	19 485	15 000
To ensure compliance with the MFMA and MSA requirements regarding the adjustment budget and annual budget development and submission requirements	BUDGET COMPILATION	MFMV05	2 945	2 109	2 365	3 000
To ensure that the organisational structure of the Municipality is aligned to its present and future staffing needs and requirements / To ensure effective management of staff and policy and procedure processes through job descriptions, leave management and clock in systems	RERUITMENT,SELECTION AND EMPLOYEE MANAGEMENT	MTID03	785	–	–	–
To ensure that municipal buildings and assets are maintained and secured	BUILDINGS	MTID09	6 939	380	–	–
To ensure that Municipal information is kept secure and filed and archived according to legislation	RECORDS MANAGEMENT	MTID10	1 000	843	–	–
To ensure that a system of departmental and individual performance management system is implemented	PERFORMANCE MANAGEMENT AND REPORTING	MTID11	336	–	–	–
Total Capital Expenditure			70 919	80 763	82 403	61 733

**Measurable performance objectives and indicators**

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

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

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

Table 32 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	Current Year 2020/21	2021/22 Medium Term Revenue & Expenditure Framework		
		Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Vote 3 - Corporate Services					
Function 1 - Buildings					
Sub-function 1 - Other Buildings					
<i>Upgrading of Municipal Office in Lady Grey Ward 14</i>	Completion of project	3 228	–	–	–
Vote5 - Road Transport					
Function 1 - Roads					
Sub-function 1 - Access Roads					
<i>Tienbank Property Access Construction</i>	Completion of project to the specification of the engineers	800	–	–	–
Sub-function 2 - Surfaced Roads					
<i>New Rest Construction - Paving</i>	Completion of project to the specification of the engineers	7 735	15 000	14 309	9 200
<i>Construction of Bus Route in Boyce Nondala Township Barkly East</i>	Completion of project to the specification of the engineers	4 598	–	–	–
<i>Construction of Speed bumps in Lady Grey</i>	Completion of project to the specification of the engineers	1 000	–	–	–
<i>Construction of Speed bumps in Rhodes</i>	Completion of project to the specification of the engineers	300	–	–	–
<i>Construction of interlock paved streets in Khewzi Naledi (Steve Tswete) W 14</i>	Completion of project to the specification of the engineers	–	337	4 224	–
<i>Resurface of existing paved roads (asphalt) & upgrade of storm water in Barkly East.</i>	Completion of project to the specification of the engineers	–	422	8 447	–
Function 2 - Road Structures					
Sub-function 1 - Bridges					
<i>Transwilger Bridge</i>	Completion of project to the specification of the engineers	912	3 374	–	–
<i>Construction of a pedestrian bridge between Esilindini and Frans (W12)</i>	Completion of project to the specification of the engineers	–	337	2 989	–
Function 3 - Road and Traffic Regulation					
Sub-function 1 - Municipal Offices					
<i>Driving Licence and Testing Centre Sterkspruit</i>	Completion of project to the specification of the engineers	400	6 748	5 728	–
Vote 6 - Waste Water Management					
Function 1 - Storm water					
Sub-function 1 - Storm water Conveyance					
<i>Lining, fencing and upgrading of primary storm water channel through Lady Grey.</i>	Completion of project to the specification of the engineers	–	2 109	9 742	15 000
<i>Lining, fencing and upgrading of primary storm water channel through Khwezi Naledi and upgrade of two motor bridges..</i>	Completion of project to the specification of the engineers	–	2 109	9 742	–



Description	Unit of measurement	Current Year 2020/21	2021/22 Medium Term Revenue & Expenditure Framework		
		Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Vote9 - Community & Social Services					
Function 1 - Community Halls					
Sub-function 1 - Buildings					
<i>Renovations (Barkly East Town Hall)</i>	Renovation of the hall to specifications	4 500	5 061	–	–
<i>Upgrade of MPCC in Sterkspruit</i>	Renovation of the hall to specifications	–	843	–	–
Function 2 - Cemeteries					
Sub-function 1 - Cemeteries					
<i>Construction of New Cemetery in Barkly East</i>	Completion of project to the specification of the engineers	7 500	6 748	–	–
<i>Construction of New Cemetery in Sterkspruit</i>	Completion of project to the specification of the engineers	442	993	2 906	22 291
<i>Fencing of existing cemeteries at Joveleni, Hinana and Voyizana</i>	Completion of project to the specification of the engineers	–	1 158	–	–
<i>Senqu Cemeteries</i>	Completion of project to the specification of the engineers	1 440	–	5 237	–
Vote12 - Electricity					
Function 1 - Electricity distribution					
Sub-function 1 - Infrastructure					
<i>Pre-Paid Electricity Meters</i>	Completion of project to the specification of the engineers	1 426	2 699	2 703	3 200
<i>DOE Projects - Pre Engineering Costs - Rural Connections</i>	Completion of project to the specification of the engineers	2 283	–	2 000	1 000
<i>High Mast Lights</i>	Completion of project to the specification of the engineers	–	–	500	8 000
Vote13 - Waste Management					
Function 1 - Refuse					
Sub-function 1 - Waste sites Infrastructure					
<i>Solid Waste Site - Sterkspruit</i>	Completion of project to satisfy specifications of the engineers	500	8 906	11 471	–
<i>Solid Waste Site - Herschel</i>	Completion of project to satisfy specifications of the engineers	3 000	9 619	–	–
<i>Solid Waste Site - Rossouw</i>	Completion of project to satisfy specifications of the engineers	4 000	7 507	–	–
<i>Solid Waste Site - Rhodes</i>	Completion of project to satisfy specifications of the engineers	500	–	–	–
<i>Upgrading of Existing Solid Waste Site in Lady Grey</i>	Completion of project to satisfy specifications of the engineers	4 000	2 530	–	–

The following table sets out the municipalities main performance objectives and benchmarks for the 2021/22 MTREF. (Derived from the National Treasury formats)

Table 33 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	Current Year 2020/21	2021/22 Medium Term Revenue & Expenditure Framework		
		Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<u>Borrowing Management</u>					
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.4%	1.4%	1.4%	1.4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	4.6%	4.4%	4.4%	4.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>					
Gearing	Long Term Borrowing/ Funds & Reserves	2.6%	2.6%	2.8%	3.1%
<u>Liquidity</u>					
Current Ratio	Current assets/current liabilities	6.4	5.1	3.9	2.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	4.9	3.7	2.5	1.5
Liquidity Ratio	Monetary Assets/Current Liabilities	6.0	4.6	3.4	2.3
<u>Revenue Management</u>					
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	78.5%	78.5%	77.2%	77.1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		78.5%	77.2%	77.1%	76.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	7.3%	8.7%	9.7%	11.0%
<u>Creditors Management</u>					
Creditors to Cash and Investments		3.6%	5.0%	6.9%	10.4%
<u>Other Indicators</u>					
	Total Volume Losses (kW)	3 303	2 973	2 676	2 408
	Total Cost of Losses (Rand '000)	3 173	2 856	2 570	2 313
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	13.33%	12.00%	10.80%	9.72%
Employee costs	Employee costs/(Total Revenue - capital revenue)	35.4%	39.2%	41.0%	43.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	40.5%	44.9%	46.8%	49.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.5%	5.1%	5.8%	5.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	8.6%	9.3%	9.4%	9.7%
<u>IDP regulation financial viability indicators</u>					
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	4.5	4.0	4.0	4.2
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	32.9%	34.2%	36.7%	39.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	14.9	11.3	8.1	5.5

Performance indicators and benchmarks

2.2.1.1 *Borrowing Management*

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Senqu Municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2021/22 MTREF:

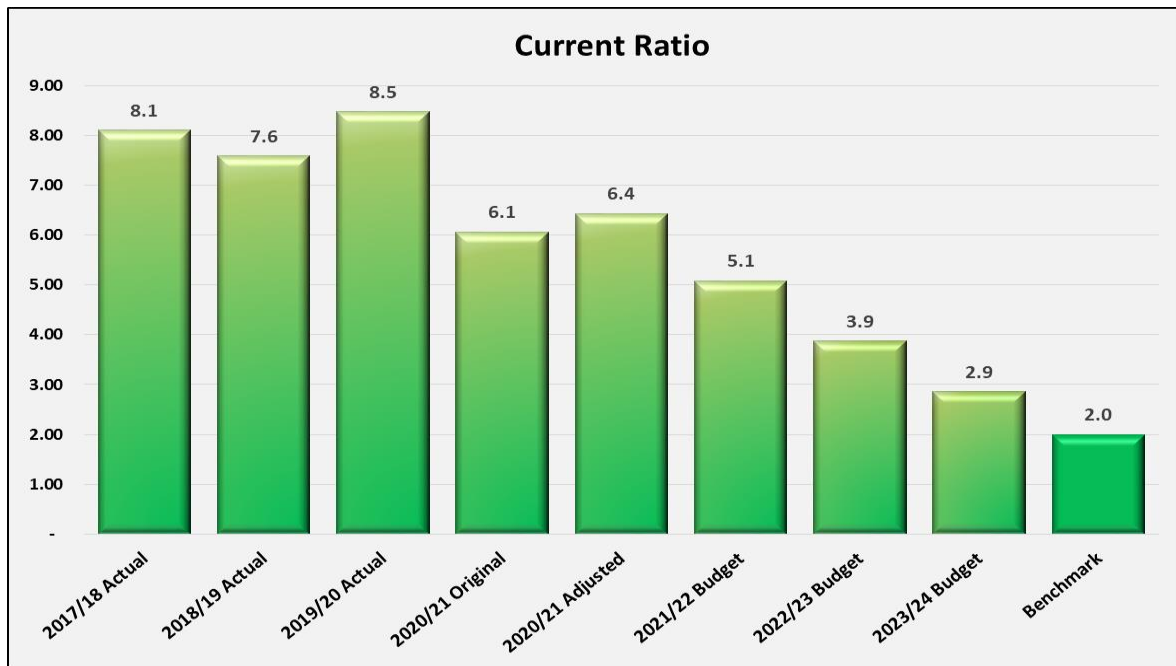
- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has remain constant at 1,4 per cent over the MTREF.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality does not intend borrowing any money during the MTREF period.

2.2.1.2 *Safety of Capital*

The *gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.2.1.3 *Liquidity*

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 2, hence at no point in time should this ratio be less than 2. This ratio is above this norm set for the entire MTREF as depicted on the graph on the next page. There is however a decline as a result of the declining cash resources over the MTREF at the Senqu Municipality. This could significantly impact on the long term sustainability of the entity.



- The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2021/22 financial year the ratio is 4,6 and this ratio is projected to decline to 2,3 in 2023/24. Although these ratios are still considered to be healthy, the municipality should put in place measures to stem the downward trend in the liquidity ratio.

2.2.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. Payment levels and credit control is considered to be favorable.

2.2.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favorable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.2.1.6 Other Indicators

- Employee costs as a percentage of operating revenue increase slightly over the MTREF from 39,2 per cent to 43,3 per cent. As discussed previously in this report, the employee related costs at the municipality is slightly above the industry norms and the room for any upward adjustments are very restricted.
- Repairs and maintenance as percentage of operating revenue is increasing slightly over the MTREF. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only be determined when a costing system is implemented.

2.3 Overview of budget related-policies and municipal by-laws

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies as well as by-laws. As per section 21 of the MFMA, all budget related policies were reviewed and in certain cases amended. Municipal by-laws were also reviewed during the year, but no amendments were made.

Table 34 - List of all budget related policies

<u>Policy Name</u>	<u>Date Reviewed</u>	<u>Amendments Made</u>
Asset Management and Insurance Policy	March 2021	No
Borrowing & Funding & Reserves Policy	March 2021	No
Cash Management Banking Investment Policy	March 2021	No
Credit Control & Debt Collection Policy	March 2021	No
Free Basic Services & Indigent Subsidy Support Policy	March 2021	No
Property Rates & Valuation Policy	March 2021	No
Supply Chain Management Policy	March 2021	No
Tariff & Services Policy	March 2021	No



<u>Policy Name</u>	<u>Date Reviewed</u>	<u>Amendments Made</u>
Virement Policy	March 2021	No
Cost Containment Policy	March 2021	No
Liquidity Policy	March 2021	No
Debt Incentive Scheme Policy	March 2021	No
Debt Write-off Policy	March 2021	No

2.3.1 Challenges

Potential Service Delivery inefficiencies may result if proposed amendments are not adopted.

2.3.2 Financial Implications

Potential Financial losses may occur if policies are not amended due to inefficiencies left unaddressed.

2.3.3 Legal Implications

To comply with Section 21 (1) (b) (ii) of the Municipal Finance Management Act 56 of 2003

2.3.4 Recommendations

That the Committee Members take note of the Review of all the Budget Related Policies and that the amendments be adopted with the approval of the 2021/22 MTREF.

2.4 Overview of budget assumptions

2.4.1 External factors

The South African economy contracted by an estimated 7.2 per cent in 2020 compared with the 7.8 per cent contraction projected in the 2020 Medium Term Budget Policy Statement (MTBPS). The revised estimate results from easing lockdown restrictions in the third quarter and a faster-than-expected resumption of global growth, especially in China. The National Treasury projects real economic growth of 3.3 per cent in 2021, following an estimated contraction of 7.2 per cent in 2020. Real GDP growth is expected to moderate to 1.9 per cent in 2022 and 2023.

2.4.2 General inflation outlook and its impact on the municipal activities

The inflation outlook for South Africa is indicated below and has been taken into consideration in the compilation of the 2021/22 MTREF.

Table 1: Macroeconomic performance and projections, 2019 - 2023

Fiscal year	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Estimate	Forecast		
CPI Inflation	4.1%	3.3%	3.9%	4.2%	4.4%

Source: 2021 Budget Review.

2.4.3 Credit rating outlook

As of October 2021, South Africa's credit rating is BB with a negative outlook, the second highest tier of junk status and 2 notches below investment grade. This is the lowest rating since September 1994.

Interest rates for borrowing and investment of funds

The Reserve Bank has cut the repo rate by another 25 basis points to 3.50% in order to promote growth. This follows three earlier decreases to help arrest the economy's downward spiral.

2.4.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage of annual billings. This percentage was reduced to 80 per cent to accommodate the effect of the Covid-19 pandemic on revenue collection. The performance of any increased collections or arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.4.5 Growth or decline in tax base of the municipality

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

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

2.4.6 Salary increases

The Salary and Wage Collective Agreement for the period 01 July 2018 to 31 June 2020 has come to an end. A new agreement is under consultation, therefore, in the absence of other information from the South African Local Government Bargaining Council communication will be provided at a later stage.

The previous years were:

- 2018/19 Financial Year – 7 per cent
- 2019/20 Financial Year – average CPI + 1,5 per cent
- 2020/21 Financial Year – average CPI + 1,25 per cent

2.4.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

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

It is estimated that a spending rate of at least 89 per cent is achieved on operating expenditure and 60 per cent on the capital programme for the 2019/20 MTREF of which performance has been factored into the cash flow budget.

2.5 Overview of budget funding

2.5.1 Medium-term outlook: operating revenue

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

Table 35 Operating revenue over medium-term

Description	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted	%	Budget Year	%	Budget Year	%	Budget Year	%
	Budget		2021/22		2022/23		2023/24	
Revenue By Source								
Property rates	9 048	3.2%	9 602	3.5%	10 178	3.7%	10 789	3.9%
Service charges - electricity revenue	43 365	15.2%	48 567	17.8%	51 481	18.6%	54 570	19.7%
Service charges - refuse revenue	10 226	3.6%	10 840	4.0%	11 490	4.1%	12 179	4.4%
Rental of facilities and equipment	123	0.0%	131	0.0%	139	0.1%	147	0.1%
Interest earned - external investments	18 800	6.6%	19 834	7.3%	21 024	7.6%	22 285	8.0%
Interest earned - outstanding debtors	2 546	0.9%	2 686	1.0%	2 847	1.0%	3 018	1.1%
Fines, penalties and forfeits	166	0.1%	175	0.1%	186	0.1%	197	0.1%
Licences and permits	1 184	0.4%	1 249	0.5%	1 324	0.5%	1 404	0.5%
Agency services	996	0.3%	1 050	0.4%	1 113	0.4%	1 180	0.4%
Transfers and subsidies	196 750	69.0%	176 705	64.8%	175 166	63.2%	169 744	61.1%
Other revenue	1 850	0.6%	1 952	0.7%	2 069	0.7%	2 193	0.8%
Total Revenue (excluding capital transfers and contributions)	285 055	100.0%	272 791	100%	277 018	100%	277 706	100%
Total Revenue from Rates and Service Charges	65 309	22.9%	71 826	26.3%	76 135	27.5%	80 704	29.1%

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

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

The tables below provide detailed investment information and investment particulars by maturity.

Table 36 MBRR SA15 – Detail Investment Information

Investment type	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand					
<u>Parent municipality</u>					
Deposits - Bank	232 774	232 774	197 858	158 286	110 800
Total	232 774	232 774	197 858	158 286	110 800

Table 37 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Type of Investment	Opening balance	Interest to be realised	Closing Balance
Name of institution & investment ID				
<u>Parent municipality</u>				
Standard Bank 38 848 973 1 - 005	32 day	47 946	6 057	54 004
Standard Bank 38 848 606 6 - 001	Call Deposit	5 189	530	5 719
Standard Bank 38 848 916 2 - 002	Call Deposit	124 888	13 247	138 135
TOTAL INVESTMENTS AND INTEREST		178 024	19 834	197 858

2.5.2 Cash Flow Management

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

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

Table 38 MBRR Table A7 - Budget cash flow statement

Description R thousand	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	7 100	7 100	7 414	7 848	8 297
Service charges	42 053	42 053	45 871	48 557	51 332
Other revenue	4 561	6 291	4 528	4 799	5 087
Transfers and Subsidies - Operational	166 246	196 750	176 705	175 166	169 744
Transfers and Subsidies - Capital	36 332	37 623	46 112	43 457	44 216
Interest	20 798	18 800	21 908	23 220	24 606
Payments					
Suppliers and employees	(237 860)	(243 948)	(267 627)	(275 692)	(288 486)
Finance charges	(3 188)	(3 188)	(3 380)	(3 582)	(3 797)
Transfers and Grants	(48)	(48)	(42)	(45)	(47)
NET CASH FROM/(USED) OPERATING ACTIVITIES	35 992	61 432	31 489	23 728	10 952
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	-	-	-	-	-
Payments					
Capital assets	(76 792)	(70 919)	(80 763)	(82 403)	(61 733)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(76 792)	(70 919)	(80 763)	(82 403)	(61 733)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Increase (decrease) in consumer deposits	86	86	91	95	100
Payments					
Repayment of borrowing	(871)	(871)	(886)	(904)	(923)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(784)	(784)	(796)	(809)	(823)
NET INCREASE/ (DECREASE) IN CASH HELD	(41 584)	(10 272)	(50 070)	(59 485)	(51 604)
Cash/cash equivalents at the year begin:	295 647	295 647	285 375	235 305	175 821
Cash/cash equivalents at the year end:	254 063	285 375	235 305	175 821	124 216

2.5.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

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

It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 39 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description R thousand	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Cash and investments available					
Cash/cash equivalents at the year end	254 063	285 375	235 305	175 821	124 216
Cash and investments available:	254 063	285 375	235 305	175 821	124 216
Application of cash and investments					
Unspent conditional transfers	12 766	12 766	12 766	12 766	12 766
Other working capital requirements	(4 771)	527	522	(1 484)	(3 410)
Other provisions	15 100	15 100	16 934	17 899	18 900
Reserves to be backed by cash/investments	212 389	237 507	197 547	141 413	93 004
Total Application of cash and investments:	235 484	265 899	227 769	170 593	121 261
Surplus(shortfall)	18 579	19 476	7 537	5 227	2 956

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

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors.

High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be at least 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations. The municipality's levels are for 11 months.

- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the Capital Replacement Reserve, Employee Benefits Reserves and the Valuation Roll Reserve.

2.5.4 Funding compliance measurement

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

Table 40 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Funding measures						
Cash/cash equivalents at the year end - R'000	18(1)b	254 063	285 375	235 305	175 821	124 216
Cash + investments at the yr end less applications - R'000	18(1)b	18 579	19 476	7 537	5 227	2 956
Cash year end/monthly employee/supplier payments	18(1)b	13.8	14.9	11.3	8.1	5.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	15 467	33 660	10 264	(297)	(14 113)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	(7.3%)	(6.0%)	4.2%	0.0%	(0.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	77.0%	79.8%	75.8%	75.7%	75.5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	12.2%	20.2%	19.4%	19.4%	19.4%
Capital payments % of capital expenditure	18(1)c;19	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a			100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	(9.7%)	(22.5%)	14.4%	13.7%	13.4%
Long term receivables % change - incr(decr)	18(1)a	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	2.5%	2.5%	2.4%	2.5%	2.2%
Asset renewal % of capital budget	20(1)(vi)	5.3%	12.2%	10.4%	0.0%	0.0%

2.5.4.1 Cash/cash equivalent position

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

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable. This could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2021/22 MTREF shows R235,51 million, R175,82 million and R124,22 million for each respective financial year.

2.5.4.2 Cash plus investments less application of funds

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

2.5.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. The ratio is at 11.3, well above the benchmark indicators.

2.5.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

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

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

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



2.5.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 80 per cent performance target, the cash flow statement has been conservatively determined. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.5.4.7 Debt impairment expense as a percentage of billable revenue

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

2.5.4.8 Capital payments percentage of capital expenditure

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

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

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers and therefore no percentage is being shown as outstanding.

2.5.4.10 Consumer debtors change (Current and Non-current)

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



2.5.4.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained elsewhere in this report.

2.5.4.12 Asset renewal/rehabilitation expenditure level

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

2.6 Expenditure on grants and reconciliations of unspent funds

Table 41 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand					
EXPENDITURE:					
<u>Operating expenditure of Transfers and Grants</u>					
National Government:	164 746	195 250	170 005	173 531	168 035
Local Government Equitable Share	151 263	181 767	157 093	163 187	157 764
Finance Management	1 700	1 700	1 650	1 650	1 700
Nat Gov: Councillor Remuneration	7 254	7 254	6 269	6 512	6 296
Municipal Infrastructure Grant (MIG)	1 912	1 912	2 427	2 182	2 275
EPWP Incentive	2 617	2 617	2 566	–	–
Provincial Government:	1 500	1 500	6 700	1 635	1 709
Libraries	1 500	1 500	1 500	1 635	1 709
EPWP	–	–	5 200	–	–
Total operating expenditure of Transfers and Grants:	166 246	196 750	176 705	175 166	169 744
<u>Capital expenditure of Transfers and Grants</u>					
National Government:	36 332	37 623	46 112	43 457	44 216
Municipal Infrastructure Grant (MIG)	36 332	36 332	46 112	41 457	43 216
Integrated National Electrification Programme	–	1 291	–	2 000	1 000
Total capital expenditure of Transfers and Grants	36 332	37 623	46 112	43 457	44 216
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	202 578	234 373	222 817	218 623	213 960

Table 42 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description R thousand	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<u>Operating transfers and grants:</u>					
National Government:					
Balance unspent at beginning of the year	2 010	2 010	2 010	2 010	2 010
Current year receipts	164 746	195 250	170 005	173 531	168 035
Conditions met - transferred to revenue	164 746	195 250	170 005	173 531	168 035
Conditions still to be met - transferred to liabilities	2 010	2 010	2 010	2 010	2 010
Provincial Government:					
Balance unspent at beginning of the year	10 756	10 756	10 756	10 756	10 756
Current year receipts	1 500	1 500	6 700	1 635	1 709
Conditions met - transferred to revenue	1 500	1 500	6 700	1 635	1 709
Conditions still to be met - transferred to liabilities	10 756	10 756	10 756	10 756	10 756
Total operating transfers and grants revenue	166 246	196 750	176 705	175 166	169 744
Total operating transfers and grants - CTBM	12 766	12 766	12 766	12 766	12 766
<u>Capital transfers and grants:</u>					
National Government:					
Balance unspent at beginning of the year	–	1 291	–	–	–
Current year receipts	36 332	36 332	46 112	43 457	44 216
Conditions met - transferred to revenue	36 332	37 623	46 112	43 457	44 216
Conditions still to be met - transferred to liabilities	–	–	–	–	–
Total capital transfers and grants revenue	36 332	37 623	46 112	43 457	44 216
TOTAL TRANSFERS AND GRANTS REVENUE	202 578	234 373	222 817	218 623	213 960
TOTAL TRANSFERS AND GRANTS - CTBM	12 766	12 766	12 766	12 766	12 766



2.7 Allocations and Grants made by the municipality

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

Table 43 Allocations and Grants made by the municipality

Description R thousand	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Cash Transfers to Organisations					
<i>Grants and donations in aid</i>	48	48	42	45	47
Total Cash Transfers To Organisations	48	48	42	45	47
TOTAL CASH TRANSFERS AND GRANTS	48	48	42	45	47

2.8 Councilor and employee benefits

Table 44 MBRR SA22 - Summary of councilor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<u>Councillors (Political Office Bearers plus Other)</u>					
Basic Salaries and Wages	12 456	12 456	13 203	13 995	14 835
Cellphone Allowance	1 811	1 811	1 920	2 035	2 157
Other benefits and allowances	201	201	213	226	240
Sub Total - Councillors	14 468	14 468	15 336	16 256	17 232
% increase	13.9%	-	6.0%	6.0%	6.0%
<u>Senior Managers of the Municipality</u>					
Basic Salaries and Wages	11 555	11 555	12 249	12 984	13 763
Pension and UIF Contributions	36	36	38	40	43
Performance Bonus	1 925	1 925	2 041	2 163	2 293
Cellphone Allowance	71	71	75	80	85
Payments in lieu of leave	167	167	177	188	199
Sub Total - Senior Managers of Municipality	13 755	13 755	14 580	15 455	16 382
% increase	44.9%	-	6.0%	6.0%	6.0%
<u>Other Municipal Staff</u>					
Basic Salaries and Wages	64 492	64 492	68 361	72 463	76 811
Pension and UIF Contributions	10 815	10 815	11 463	12 151	12 880
Medical Aid Contributions	5 365	5 365	5 687	6 028	6 389
Overtime	73	73	77	82	87
Performance Bonus	818	818	868	920	975
Cellphone Allowance	466	466	494	524	555
Housing Allowances	445	445	471	500	530
Other benefits and allowances	599	599	635	673	713
Payments in lieu of leave	2 426	2 426	2 571	2 726	2 889
Long service awards	413	413	438	464	492
Post-retirement benefit obligations	1 323	1 323	1 403	1 487	1 576
Sub Total - Other Municipal Staff	87 234	87 234	92 469	98 017	103 898
% increase	3.7%	-	6.0%	6.0%	6.0%
TOTAL SALARY, ALLOWANCES & BENEFITS	115 457	115 457	122 385	129 728	137 512
% increase	8.6%	-	6.0%	6.0%	6.0%
TOTAL MANAGERS AND STAFF	100 989	100 989	107 049	113 472	120 280

Table 45 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	Total Package
Rand per annum					
<u>Councillors</u>					
Speaker	852 706	–	62 739	–	915 445
Chief Whip	442 843	–	62 739	–	505 582
Executive Mayor	1 066 572	–	62 739	–	1 129 311
Executive Committee	1 534 158	–	250 959	–	1 785 117
Total for all other councillors	9 306 757	–	1 693 966	–	11 000 723
Total Councillors	13 203 036	–	2 133 142		15 336 178
<u>Senior Managers of the Municipality</u>					
Municipal Manager (MM)	2 621 725	72 796	–	441 132	3 135 653
Chief Finance Officer	1 731 558	53 425	15 320	361 399	2 161 702
Technical Services	1 692 373	20 290	13 886	251 734	1 978 283
Community and Social Services	2 561 771	3 116	16 617	348 601	2 930 105
Corporate and Support Services	1 883 369	31 592	16 329	320 927	2 252 217
Development and Town Planning Services	1 757 995	34 083	13 075	316 987	2 122 140
Total Senior Managers of the Municipality	12 248 791	215 302	75 227	2 040 780	14 580 100
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	25 451 827	215 302	2 208 369	2 040 780	29 916 278



Table 46 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2019/20			Current Year 2020/21			Budget Year 2021/22		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	–	–	34	–	–	34	–	–	34
Municipal employees									
Municipal Manager and Senior Managers	–	–	5	–	–	5	–	–	6
Other Managers	–	16	1	–	16	1	–	18	–
Professionals	–	35	–	–	35	–	–	35	–
<i>Finance</i>	–	11	–	–	11	–	–	11	–
<i>Other</i>	–	24	–	–	24	–	–	24	–
Technicians	–	21	–	–	21	–	–	43	–
<i>Finance</i>	–	–	–	–	–	–	–	13	–
<i>Spatial/town planning</i>	–	2	–	–	2	–	–	2	–
<i>Information Technology</i>	–	2	–	–	2	–	–	1	–
<i>Roads</i>	–	1	–	–	1	–	–	1	–
<i>Electricity</i>	–	3	–	–	3	–	–	3	–
<i>Refuse</i>	–	6	–	–	6	–	–	6	–
<i>Other</i>	–	7	–	–	7	–	–	17	–
Clerks (Clerical and administrative)	–	59	–	–	59	–	–	44	–
Service and sales workers	–	7	–	–	7	–	–	7	–
Plant and Machine Operators	–	23	–	–	23	–	–	32	–
Elementary Occupations	–	115	–	–	115	–	–	96	–
TOTAL PERSONNEL NUMBERS	–	276	40	–	276	40	–	275	40
% increase				–	–	–	–	(0.4%)	–
Total municipal employees headcount									
Human Resources personnel headcount	–	37	1	–	37	1	–	37	–

2.9 Monthly targets for revenue, expenditure and cash flow

Table 47 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand															
Revenue By Source															
Property rates	4 801	436	436	436	436	436	436	436	436	436	436	436	9 602	10 178	10 789
Service charges - electricity revenue	4 047	4 047	4 047	4 047	4 047	4 047	4 047	4 047	4 047	4 047	4 047	4 047	48 567	51 481	54 570
Service charges - refuse revenue	903	903	903	903	903	903	903	903	903	903	903	903	10 840	11 490	12 179
Rental of facilities and equipment	11	11	11	11	11	11	11	11	11	11	11	11	131	139	147
Interest earned - external investments	1 653	1 653	1 653	1 653	1 653	1 653	1 653	1 653	1 653	1 653	1 653	1 653	19 834	21 024	22 285
Interest earned - outstanding debtors	224	224	224	224	224	224	224	224	224	224	224	224	2 686	2 847	3 018
Fines, penalties and forfeits	15	15	15	15	15	15	15	15	15	15	15	15	175	186	197
Licences and permits	104	104	104	104	104	104	104	104	104	104	104	104	1 249	1 324	1 404
Agency services	88	88	88	88	88	88	88	88	88	88	88	88	1 050	1 113	1 180
Transfers and subsidies	58 318	3 297	215	–	1 004	–	–	–	113 870	–	–	–	176 705	175 166	169 744
Other revenue	163	163	163	163	163	163	163	163	163	163	163	163	1 952	2 069	2 193
Total Revenue (excluding capital transfers and contributions)	70 326	10 940	7 859	7 643	8 648	7 643	7 643	7 643	121 514	7 643	7 643	7 643	272 791	277 018	277 706
Expenditure By Type															
Employee related costs	8 472	8 472	8 472	8 472	13 852	8 472	8 472	8 472	8 472	8 472	8 472	8 472	107 049	113 472	120 280
Remuneration of councillors	1 278	1 278	1 278	1 278	1 278	1 278	1 278	1 278	1 278	1 278	1 278	1 278	15 336	16 256	17 232
Debt impairment	–	–	–	–	–	–	–	–	–	–	–	13 391	13 391	14 195	15 046
Depreciation & asset impairment	–	–	–	–	–	10 961	–	–	–	–	–	10 961	21 922	22 409	23 012
Finance charges	–	–	698	–	–	–	–	–	698	–	–	1 983	3 380	3 582	3 797
Bulk purchases - electricity	3 980	3 980	3 980	3 980	3 980	3 980	3 980	3 980	3 980	3 980	3 980	3 980	47 758	50 623	53 661
Inventory consumed	1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554	18 644	19 839	21 131
Contracted services	3 462	3 462	3 462	3 462	3 462	3 092	3 462	3 462	3 112	3 407	3 462	4 239	41 550	37 531	36 178
Transfers and subsidies	–	–	–	–	–	–	–	–	42	–	–	–	42	45	47
Other expenditure	3 297	3 297	3 297	3 297	3 297	2 897	3 097	3 097	2 841	3 047	3 047	5 054	39 568	42 819	45 652
Total Expenditure	22 044	22 044	22 742	22 044	27 423	32 234	21 844	21 844	21 977	21 739	21 794	50 912	308 640	320 771	336 036
Surplus/(Deficit)	48 282	(11 103)	(14 883)	(14 400)	(18 775)	(24 591)	(14 200)	(14 200)	99 537	(14 095)	(14 150)	(43 268)	(35 848)	(43 754)	(58 329)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	–	–	8 090	8 090	–	8 090	–	–	8 631	–	6 606	6 606	46 112	43 457	44 216
Surplus/(Deficit)	48 282	(11 103)	(6 794)	(6 310)	(18 775)	(16 501)	(14 200)	(14 200)	108 168	(14 095)	(7 545)	(36 663)	10 264	(297)	(14 113)

Table 48 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand															
Revenue by Vote															
Vote 1 - Executive & Council	5 452	—	—	—	—	—	—	—	818	—	—	—	6 269	6 512	6 296
Vote 2 - Planning & Development	5	5	5	5	5	5	5	5	7 632	5	5	5	7 690	2 248	2 345
Vote 3 - Corporate Services	16	16	16	16	16	16	16	16	16	16	16	16	193	204	217
Vote 4 - Budget & Treasury	6 533	3 603	2 383	2 168	2 168	2 168	2 168	2 168	96 424	2 168	2 168	2 168	126 287	131 766	130 495
Vote 5 - Road Transport	224	782	8 314	8 314	1 228	8 314	224	224	9 859	224	6 829	6 829	51 363	44 303	46 233
Vote 9 - Community & Social Services	13	1 317	13	13	13	13	13	13	209	13	13	13	1 655	1 800	1 884
Vote 10 - Sport & Recreation	1	1	1	1	1	1	1	1	1	1	1	1	10	10	11
Vote 11 - Public Safety	8	8	8	8	8	8	8	8	8	8	8	8	93	98	104
Vote 12 - Electricity	31 487	4 166	4 166	4 166	4 166	4 166	4 166	4 166	8 264	4 166	4 166	4 166	81 415	87 634	88 729
Vote 13 - Waste Management	26 589	1 043	1 043	1 043	1 043	1 043	1 043	1 043	6 915	1 043	1 043	1 043	43 929	45 899	45 610
Total Revenue by Vote	70 326	10 940	15 949	15 733	8 648	15 733	7 643	7 643	130 145	7 643	14 249	14 249	318 904	320 475	321 923
Expenditure by Vote to be appropriated															
Vote 1 - Executive & Council	2 484	2 484	2 484	2 484	3 194	2 797	2 484	2 484	2 484	2 484	2 484	2 947	31 291	33 014	34 855
Vote 2 - Planning & Development	2 076	2 076	2 076	2 076	2 919	2 445	2 076	2 076	2 118	2 076	2 076	2 445	26 533	20 597	20 134
Vote 3 - Corporate Services	3 569	3 569	4 076	3 569	4 531	3 595	3 369	3 369	3 269	3 264	3 319	1 208	40 706	44 242	44 775
Vote 4 - Budget & Treasury	2 780	2 780	2 780	2 780	3 745	3 227	2 780	2 780	2 780	2 780	2 780	11 614	43 611	46 920	49 822
Vote 5 - Road Transport	1 471	1 471	1 471	1 471	1 897	7 276	1 471	1 471	1 471	1 471	1 471	7 276	29 687	31 433	33 324
Vote 6 - Waste Water Management	275	275	275	275	505	1 058	275	275	275	275	275	1 058	5 094	5 405	5 738
Vote 9 - Community & Social Services	929	929	929	929	1 222	1 557	929	929	929	929	929	1 557	12 700	13 498	14 361
Vote 10 - Sport & Recreation	185	185	185	185	219	524	185	185	185	185	185	524	2 929	3 111	3 307
Vote 11 - Public Safety	93	93	93	93	171	93	93	93	93	93	93	93	1 189	993	1 053
Vote 12 - Electricity	5 054	5 054	5 246	5 054	5 334	5 944	5 054	5 054	5 246	5 054	5 054	13 248	70 400	74 555	78 989
Vote 13 - Waste Management	3 128	3 128	3 128	3 128	3 685	3 718	3 128	3 128	3 128	3 128	3 128	8 941	44 500	47 003	49 679
Total Expenditure by Vote	22 044	22 044	22 742	22 044	27 423	32 234	21 844	21 844	21 977	21 739	21 794	50 912	308 640	320 771	336 036
Surplus/(Deficit)	48 282	(11 103)	(6 794)	(6 310)	(18 775)	(16 501)	(14 200)	(14 200)	108 168	(14 095)	(7 545)	(36 663)	10 264	(297)	(14 113)

Table 49 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand															
Revenue - Functional															
<i>Governance and administration</i>	11 991	3 609	2 390	2 174	2 174	2 174	2 174	2 174	97 248	2 174	2 174	2 174	132 633	138 359	136 877
Executive and council	5 452	–	–	–	–	–	–	–	818	–	–	–	6 269	6 512	6 296
Finance and administration	6 539	3 609	2 390	2 174	2 174	2 174	2 174	2 174	96 430	2 174	2 174	2 174	126 363	131 847	130 580
<i>Community and public safety</i>	245	1 549	245	245	245	245	245	245	440	245	245	245	4 437	4 748	5 009
Community and social services	13	1 317	13	13	13	13	13	13	208	13	13	13	1 652	1 796	1 880
Sport and recreation	1	1	1	1	1	1	1	1	1	1	1	1	10	10	11
Public safety	231	231	231	231	231	231	231	231	231	231	231	231	2 775	2 942	3 118
<i>Economic and environmental services</i>	15	573	8 105	8 105	1 019	8 105	15	15	12 077	15	6 621	6 621	51 286	43 831	45 695
Planning and development	15	15	15	15	15	15	15	15	2 442	15	15	15	2 606	2 372	2 476
Road transport	0	558	8 090	8 090	1 004	8 090	0	0	9 635	0	6 606	6 606	48 680	41 459	43 219
<i>Trading services</i>	58 075	5 209	5 209	5 209	5 209	5 209	5 209	5 209	15 180	5 209	5 209	5 209	125 345	133 532	134 339
Energy sources	31 487	4 166	4 166	4 166	4 166	4 166	4 166	4 166	8 264	4 166	4 166	4 166	81 415	87 634	88 729
Waste management	26 589	1 043	1 043	1 043	1 043	1 043	1 043	1 043	6 915	1 043	1 043	1 043	43 929	45 899	45 610
<i>Other</i>	0	0	0	0	0	0	0	0	5 200	0	0	0	5 203	3	3
Total Revenue - Functional	70 326	10 940	15 949	15 733	8 648	15 733	7 643	7 643	130 145	7 643	14 249	14 249	318 904	320 475	321 923
Expenditure - Functional															
<i>Governance and administration</i>	8 933	8 933	9 439	8 933	11 605	9 724	8 733	8 733	8 632	8 627	8 683	15 874	116 849	125 488	130 842
Executive and council	2 262	2 262	2 262	2 262	2 903	2 558	2 262	2 262	2 262	2 262	2 262	2 708	28 532	30 096	31 770
Finance and administration	6 449	6 449	6 956	6 449	8 411	6 927	6 249	6 249	6 149	6 144	6 199	12 927	85 557	92 475	95 987
Internal audit	221	221	221	221	290	239	221	221	221	221	221	239	2 760	2 917	3 085
<i>Community and public safety</i>	1 441	1 441	1 441	1 441	1 869	2 436	1 441	1 441	1 441	1 441	1 441	2 436	19 713	20 667	21 966
Community and social services	864	864	864	864	1 105	1 492	864	864	864	864	864	1 492	11 870	12 618	13 428
Sport and recreation	185	185	185	185	219	524	185	185	185	185	185	524	2 929	3 111	3 307
Public safety	392	392	392	392	545	420	392	392	392	392	392	420	4 914	4 937	5 231
<i>Economic and environmental services</i>	2 638	2 638	2 638	2 638	3 793	8 764	2 638	2 638	2 638	2 638	2 638	8 764	45 066	45 734	46 796
Planning and development	1 454	1 454	1 454	1 454	2 227	1 802	1 454	1 454	1 454	1 454	1 454	1 802	18 912	18 043	17 436
Road transport	1 171	1 171	1 171	1 171	1 524	6 949	1 171	1 171	1 171	1 171	1 171	6 949	25 963	27 488	29 145
Environmental protection	13	13	13	13	43	13	13	13	13	13	13	13	191	203	215
<i>Trading services</i>	8 458	8 458	8 649	8 458	9 525	10 720	8 458	8 458	8 649	8 458	8 458	23 247	119 993	126 964	134 406
Energy sources	5 054	5 054	5 246	5 054	5 334	5 944	5 054	5 054	5 246	5 054	5 054	13 248	70 400	74 555	78 989
Waste water management	275	275	275	275	505	1 058	275	275	275	275	275	1 058	5 094	5 405	5 738
Waste management	3 128	3 128	3 128	3 128	3 685	3 718	3 128	3 128	3 128	3 128	3 128	8 941	44 500	47 003	49 679
<i>Other</i>	574	574	574	574	631	590	574	574	616	574	574	590	7 019	1 919	2 026
Total Expenditure - Functional	22 044	22 044	22 742	22 044	27 423	32 234	21 844	21 844	21 977	21 739	21 794	50 912	308 640	320 771	336 036
Surplus/(Deficit)	48 282	(11 103)	(6 794)	(6 310)	(18 775)	(16 501)	(14 200)	(14 200)	108 168	(14 095)	(7 545)	(36 663)	10 264	(297)	(14 113)

Table 50 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand															
Multi-year expenditure to be appropriated															
Vote 3 - Corporate Services	-	-	-	675	-	-	-	-	-	-	-	-	675	-	-
Vote 5 - Road Transport	-	-	3 189	9 937	127	3 315	-	127	3 189	-	3 358	3 358	26 599	35 697	9 200
Vote 6 - Waste Water Management	-	-	-	-	-	-	-	-	1 406	1 406	1 406	-	4 217	19 485	15 000
Vote 9 - Community & Social Services	-	-	2 134	2 134	-	2 134	-	-	2 134	-	2 134	2 134	12 802	8 143	22 291
Vote 12 - Electricity	-	-	450	450	-	450	-	-	450	-	450	450	2 699	5 203	12 200
Vote 13 - Waste Management	-	-	4 760	4 760	-	4 760	-	-	5 302	-	4 219	4 760	28 562	11 471	-
Capital multi-year expenditure sub-total	-	-	10 533	17 956	127	10 659	-	127	12 480	1 406	11 566	10 701	75 554	79 999	58 691
Single-year expenditure to be appropriated															
Vote 3 - Corporate Services	-	-	-	548	-	-	-	-	-	-	-	-	548	-	-
Vote 4 - Budget & Treasury	-	-	-	2 109	-	-	-	-	-	-	-	-	2 109	2 365	3 000
Vote 9 - Community & Social Services	-	-	334	334	-	334	-	-	334	-	334	334	2 002	-	-
Vote 12 - Electricity	-	-	-	44	-	-	-	-	-	-	-	-	44	40	42
Vote 13 - Waste Management	-	-	-	506	-	-	-	-	-	-	-	-	506	-	-
Capital single-year expenditure sub-total	-	-	334	3 541	-	334	-	-	334	-	334	334	5 209	2 405	3 042
Total Capital Expenditure	-	-	10 866	21 497	127	10 993	-	127	12 814	1 406	11 899	11 035	80 763	82 403	61 733

Table 51 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description R thousand	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Capital Expenditure - Functional															
<i>Governance and administration</i>	-	-	-	3 332	-	-	-	-	-	-	-	-	3 332	2 365	3 000
Finance and administration	-	-	-	3 332	-	-	-	-	-	-	-	-	3 332	2 365	3 000
<i>Community and public safety</i>	-	-	2 467	9 215	127	2 594	-	127	2 467	-	2 467	2 467	21 931	13 871	22 291
Community and social services	-	-	2 467	2 467	-	2 467	-	-	2 467	-	2 467	2 467	14 804	8 143	22 291
Public safety	-	-	-	6 748	127	127	-	127	-	-	-	-	7 128	5 728	-
<i>Economic and environmental services</i>	-	-	3 189	3 189	-	3 189	-	-	3 189	-	3 358	3 358	19 471	29 969	9 200
Road transport	-	-	3 189	3 189	-	3 189	-	-	3 189	-	3 358	3 358	19 471	29 969	9 200
<i>Trading services</i>	-	-	5 210	5 761	-	5 210	-	-	7 158	1 406	6 074	5 210	36 029	36 199	27 242
Energy sources	-	-	450	494	-	450	-	-	450	-	450	450	2 743	5 243	12 242
Waste water management	-	-	-	-	-	-	-	-	1 406	1 406	1 406	-	4 217	19 485	15 000
Waste management	-	-	4 760	5 266	-	4 760	-	-	5 302	-	4 219	4 760	29 068	11 471	-
Total Capital Expenditure - Functional	-	-	10 866	21 497	127	10 993	-	127	12 814	1 406	11 899	11 035	80 763	82 403	61 733
Funded by:															
National Government	-	-	8 090	8 090	-	8 090	-	-	8 631	-	6 606	6 606	46 112	43 457	44 216
Transfers recognised - capital	-	-	8 090	8 090	-	8 090	-	-	8 631	-	6 606	6 606	46 112	43 457	44 216
Internally generated funds	-	-	2 777	13 407	127	2 903	-	127	4 182	1 406	5 294	4 430	34 651	38 946	17 517
Total Capital Funding	-	-	10 866	21 497	127	10 993	-	127	12 814	1 406	11 899	11 035	80 763	82 403	61 733

Table 52 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand															
Cash Receipts By Source													1		
Property rates	3 707	337	337	337	337	337	337	337	337	337	337	337	7 414	7 848	8 297
Service charges - electricity revenue	3 125	3 125	3 125	3 125	3 125	3 125	3 125	3 125	3 125	3 125	3 125	3 125	37 501	39 697	41 966
Service charges - refuse revenue	697	697	697	697	697	697	697	697	697	697	697	697	8 370	8 860	9 366
Rental of facilities and equipment	8	8	8	8	8	8	8	8	8	8	8	8	101	107	113
Interest earned - external investments	1 653	1 653	1 653	1 653	1 653	1 653	1 653	1 653	1 653	1 653	1 653	1 653	19 834	21 024	22 285
Interest earned - outstanding debtors	173	173	173	173	173	173	173	173	173	173	173	173	2 074	2 196	2 321
Fines, penalties and forfeits	15	15	15	15	15	15	15	15	15	15	15	15	175	186	197
Licences and permits	104	104	104	104	104	104	104	104	104	104	104	104	1 249	1 324	1 404
Agency services	88	88	88	88	88	88	88	88	88	88	88	88	1 050	1 113	1 180
Transfers and Subsidies - Operational	58 318	3 297	215	—	1 004	—	—	—	113 870	—	—	—	176 705	175 166	169 744
Other revenue	163	163	163	163	163	163	163	163	163	163	163	163	1 952	2 069	2 193
Cash Receipts by Source	68 051	9 660	6 578	6 363	7 367	6 363	6 363	6 363	120 233	6 363	6 363	6 363	256 426	259 591	259 066
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	—	—	8 090	8 090	—	8 090	—	—	8 631	—	6 606	6 606	46 112	43 457	44 216
Increase (decrease) in consumer deposits	8	8	8	8	8	8	8	8	8	8	8	8	91	95	100
Total Cash Receipts by Source	68 058	9 667	14 675	14 460	7 374	14 460	6 370	6 370	128 872	6 370	12 976	12 976	302 629	303 143	303 382
Cash Payments by Type															
Employee related costs	8 346	8 346	8 346	8 346	13 645	8 346	8 346	8 346	8 346	8 346	8 346	8 346	105 450	109 342	115 672
Remuneration of councillors	1 278	1 278	1 278	1 278	1 278	1 278	1 278	1 278	1 278	1 278	1 278	1 278	15 336	16 256	17 232
Finance charges	—	—	698	—	—	—	—	—	698	—	—	1 983	3 380	3 582	3 797
Bulk purchases - electricity	3 941	3 941	3 941	3 941	3 941	3 941	3 941	3 941	3 941	3 941	3 941	3 941	47 294	50 483	53 407
Acquisitions - water & other inventory	1 539	1 539	1 539	1 539	1 539	1 539	1 539	1 539	1 539	1 539	1 539	1 539	18 463	19 784	21 032
Contracted services	3 429	3 429	3 429	3 429	3 429	3 062	3 429	3 429	3 082	3 374	3 429	4 198	41 146	37 427	36 007
Transfers and grants - other	—	—	—	—	—	—	—	—	42	—	—	—	42	45	47
Other expenditure	3 328	3 328	3 328	3 328	3 328	2 924	3 126	3 126	2 867	3 076	3 076	5 101	39 938	42 400	45 136
Cash Payments by Type	21 861	21 861	22 559	21 861	27 160	21 090	21 659	21 659	21 793	21 554	21 608	26 386	271 049	279 319	292 330
Other Cash Flows/Payments by Type															
Capital assets	—	—	10 866	21 497	127	10 993	—	127	12 814	1 406	11 899	11 035	80 763	82 403	61 733
Repayment of borrowing	—	—	443	—	—	—	—	—	443	—	—	—	886	904	923
Total Cash Payments by Type	21 861	21 861	33 869	43 357	27 286	32 083	21 659	21 785	35 050	22 959	33 508	37 421	352 698	362 627	354 986
NET INCREASE/(DECREASE) IN CASH HELD	46 198	(12 194)	(19 193)	(28 897)	(19 912)	(17 623)	(15 289)	(15 415)	93 822	(16 589)	(20 532)	(24 445)	(50 070)	(59 485)	(51 604)
Cash/cash equivalents at the month/year begin:	285 375	331 573	319 379	300 186	271 288	251 377	233 754	218 465	203 050	296 872	280 282	259 750	285 375	235 305	175 821
Cash/cash equivalents at the month/year end:	331 573	319 379	300 186	271 288	251 377	233 754	218 465	203 050	296 872	280 282	259 750	235 305	235 305	175 821	124 216



2.10 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.11 Capital expenditure details

The following five tables present details of the Municipality's capital expenditure program, firstly on new assets, then the renewal of assets, then the repair and maintenance of assets, then the depreciation per asset class and finally the upgrade of assets.

Table 53 MBRR SA34a - Capital expenditure on new assets by asset class

Description R thousand	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Capital expenditure on new assets by Asset Class/Sub-class								
Infrastructure	33 384	46 812	30 079	40 085	28 330	34 424	51 818	27 200
Roads Infrastructure	24 190	22 450	18 732	9 469	16 453	1 097	15 659	–
Roads	21 080	21 735	18 732	9 469	14 453	759	12 671	–
Road Structures	3 110	715	–	–	2 000	337	2 989	–
Storm water Infrastructure	–	–	–	–	–	4 217	19 485	15 000
Storm water Conveyance	–	–	–	–	–	4 217	19 485	15 000
Electrical Infrastructure	6 176	7 734	2 422	2 288	3 877	3 079	5 203	12 200
MV Networks	3 769	5 769	2 133	–	2 283	–	2 000	1 000
LV Networks	2 406	1 965	289	2 288	1 594	3 079	3 203	11 200
Solid Waste Infrastructure	3 018	16 628	8 925	28 329	8 000	26 031	11 471	–
Landfill Sites	3 018	16 628	8 925	28 329	8 000	26 031	11 471	–
Community Assets	3 392	4 608	2 426	10 082	9 382	8 899	8 143	22 291
Community Facilities	2 619	4 385	2 426	10 082	9 382	8 899	8 143	22 291
Halls	1 795	366	–	–	–	–	–	–
Centres	438	3 718	1 730	–	–	–	–	–
Cemeteries/Crematoria	–	183	105	10 082	9 382	8 899	8 143	22 291
Public Open Space	386	118	590	–	–	–	–	–
Sport and Recreation Facilities	774	223	–	–	–	–	–	–
Outdoor Facilities	774	223	–	–	–	–	–	–
Other assets	3 279	3 954	8 853	672	400	6 748	5 728	–
Operational Buildings	3 279	3 954	8 853	672	400	6 748	5 728	–
Municipal Offices	251	3 703	8 853	672	400	6 748	5 728	–
Yards	3 028	251	–	–	–	–	–	–
Intangible Assets	32	49	–	88	88	–	–	–
Licences and Rights	32	49	–	88	88	–	–	–
Computer Software and Applications	32	49	–	88	88	–	–	–
Computer Equipment	487	1 260	–	3 370	3 370	2 277	2 365	3 000
Computer Equipment	487	1 260	–	3 370	3 370	2 277	2 365	3 000
Furniture and Office Equipment	304	53	27	300	300	169	–	–
Furniture and Office Equipment	304	53	27	300	300	169	–	–
Machinery and Equipment	3 492	885	1 123	5 496	6 046	761	40	42
Machinery and Equipment	3 492	885	1 123	5 496	6 046	761	40	42
Transport Assets	1 610	–	1 304	1 178	1 628	–	–	–
Transport Assets	1 610	–	1 304	1 178	1 628	–	–	–
Total Capital Expenditure on new assets	45 981	57 623	43 812	61 271	49 544	53 279	68 094	52 533

Table 54 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description R thousand	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Capital expenditure on renewal of existing assets by Asset Class/Sub-class								
Infrastructure	-	-	-	912	912	3 374	-	-
Roads Infrastructure	-	-	-	912	912	3 374	-	-
Road Structures	-	-	-	912	912	3 374	-	-
Community Assets	-	-	-	982	4 500	5 061	-	-
Community Facilities	-	-	-	982	4 500	5 061	-	-
Halls	-	-	-	982	4 500	5 061	-	-
Other assets	-	-	-	2 200	3 228	-	-	-
Operational Buildings	-	-	-	2 200	3 228	-	-	-
Municipal Offices	-	-	-	2 200	3 228	-	-	-
Total Capital Expenditure on renewal of existing assets	-	-	-	4 094	8 640	8 435	-	-
Renewal of Existing Assets as % of total capex	0.0%	0.0%	0.0%	5.3%	12.2%	10.4%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"	0.0%	0.0%	0.0%	19.1%	40.3%	38.5%	0.0%	0.0%

Table 55 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description R thousand	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Repairs and maintenance expenditure by Asset Class/Sub-class								
Infrastructure	2 816	3 179	2 940	4 396	4 132	4 274	4 600	4 970
Roads Infrastructure	1 843	1 898	1 769	2 697	2 697	2 827	3 053	3 312
<i>Roads</i>	1 843	1 898	1 769	2 697	2 697	2 827	3 053	3 312
Storm water Infrastructure	14	272	272	336	336	303	327	355
<i>Storm water Conveyance</i>	14	272	272	336	336	303	327	355
Electrical Infrastructure	752	868	830	1 025	731	822	878	941
<i>MV Networks</i>	255	329	306	464	439	355	384	416
<i>LV Networks</i>	497	538	525	560	292	467	495	524
Solid Waste Infrastructure	208	141	68	339	369	323	342	363
<i>Landfill Sites</i>	146	141	68	99	99	87	92	97
<i>Waste Transfer Stations</i>	62	–	–	240	270	236	251	266
Community Assets	1 426	1 825	1 380	2 602	2 795	2 913	2 870	3 111
Community Facilities	1 368	1 434	1 094	2 373	2 471	2 491	2 416	2 620
<i>Halls</i>	528	752	601	1 347	1 445	1 310	1 413	1 532
<i>Libraries</i>	2	–	–	5	5	5	5	5
<i>Cemeteries/Crematoria</i>	827	682	493	996	996	898	970	1 052
<i>Public Open Space</i>	12	–	–	15	15	268	16	17
<i>Taxi Ranks/Bus Terminals</i>	–	–	–	10	10	11	11	12
Sport and Recreation Facilities	58	391	286	229	324	422	454	491
<i>Outdoor Facilities</i>	58	391	286	229	324	422	454	491
Other assets	500	759	761	1 116	916	1 953	3 200	1 301
Operational Buildings	500	759	761	1 116	916	1 953	3 200	1 301
<i>Municipal Offices</i>	352	500	504	844	644	1 741	2 970	1 053
<i>Stores</i>	148	260	257	272	272	212	229	249
Furniture and Office Equipment	362	465	201	677	477	672	721	776
Furniture and Office Equipment	362	465	201	677	477	672	721	776
Machinery and Equipment	1 023	270	442	1 883	2 033	1 810	1 945	2 096
Machinery and Equipment	1 023	270	442	1 883	2 033	1 810	1 945	2 096
Transport Assets	1 771	3 263	2 897	2 491	2 571	2 410	2 600	2 817
Transport Assets	1 771	3 263	2 897	2 491	2 571	2 410	2 600	2 817
Total Repairs and Maintenance Expenditure	7 898	9 760	8 621	13 165	12 924	14 032	15 936	15 072
R&M as a % of PPE	2.2%	2.4%	2.0%	2.5%	2.5%	2.7%	2.8%	2.4%
R&M as % Operating Expenditure	3.9%	4.2%	3.8%	4.8%	4.5%	4.9%	5.2%	4.7%

Table 56 MBRR SA34d - Depreciation by asset class

Description R thousand	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<u>Depreciation by Asset Class/Sub-class</u>								
<u>Infrastructure</u>	14 027	10 394	11 843	11 714	11 714	12 417	13 162	13 951
Roads Infrastructure	7 668	7 913	8 503	8 918	8 918	9 453	10 020	10 622
<i>Roads</i>	7 668	7 913	8 503	8 918	8 918	9 453	10 020	10 622
Storm water Infrastructure	1 271	1 290	1 398	1 478	1 478	1 567	1 661	1 760
<i>Storm water Conveyance</i>	1 271	1 290	1 398	1 478	1 478	1 567	1 661	1 760
Electrical Infrastructure	810	904	996	1 071	1 071	1 135	1 203	1 276
<i>MV Networks</i>	703	690	780	818	818	867	919	974
<i>LV Networks</i>	107	214	216	253	253	269	285	302
Solid Waste Infrastructure	4 277	286	947	247	247	261	277	294
<i>Landfill Sites</i>	4 277	286	947	247	247	261	277	294
<u>Community Assets</u>	1 956	1 796	2 124	2 275	2 275	2 411	2 556	2 709
Community Facilities	1 430	1 192	1 685	1 663	1 663	1 763	1 868	1 981
<i>Halls</i>	528	286	778	614	614	651	690	731
<i>Cemeteries/Crematoria</i>	460	460	460	535	535	567	601	637
<i>Public Open Space</i>	56	60	60	65	65	69	73	77
<i>Taxi Ranks/Bus Terminals</i>	386	386	386	449	449	476	504	535
Sport and Recreation Facilities	526	604	439	612	612	648	687	729
<i>Outdoor Facilities</i>	526	604	439	612	612	648	687	729
<u>Other assets</u>	650	607	855	873	873	925	981	1 039
Operational Buildings	650	607	855	873	873	925	981	1 039
<i>Municipal Offices</i>	650	607	855	756	756	801	850	901
<i>Yards</i>	–	–	–	84	84	89	94	100
<i>Stores</i>	–	–	–	33	33	35	37	39
<u>Intangible Assets</u>	106	102	90	124	124	70	60	50
Licences and Rights	106	102	90	124	124	70	60	50
<i>Computer Software and Applications</i>	106	102	90	124	124	70	60	50
<u>Computer Equipment</u>	755	816	753	879	879	931	987	1 046
Computer Equipment	755	816	753	879	879	931	987	1 046
<u>Furniture and Office Equipment</u>	755	921	599	667	667	534	374	224
Furniture and Office Equipment	755	921	599	667	667	534	374	224
<u>Machinery and Equipment</u>	2 082	2 663	2 308	2 742	2 742	2 906	3 081	3 266
Machinery and Equipment	2 082	2 663	2 308	2 742	2 742	2 906	3 081	3 266
<u>Transport Assets</u>	2 234	1 181	286	2 160	2 160	1 728	1 209	726
Transport Assets	2 234	1 181	286	2 160	2 160	1 728	1 209	726
Total Depreciation	22 565	18 480	18 858	21 432	21 432	21 922	22 409	23 012

Table 57 MBRR SA34e - Capital expenditure on the upgrade of existing assets by asset class

Description R thousand	2017/18	2018/19	2019/20	Current Year 2020/21		2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class								
Infrastructure	-	-	-	11 427	11 735	17 531	14 309	9 200
Roads Infrastructure	-	-	-	9 200	7 735	15 000	14 309	9 200
Roads	-	-	-	9 200	7 735	15 000	14 309	9 200
Solid Waste Infrastructure	-	-	-	2 227	4 000	2 530	-	-
Landfill Sites	-	-	-	2 227	4 000	2 530	-	-
Community Assets	-	-	-	-	-	843	-	-
Community Facilities	-	-	-	-	-	843	-	-
Halls	-	-	-	-	-	843	-	-
Other assets	-	-	-	-	1 000	675	-	-
Operational Buildings	-	-	-	-	1 000	675	-	-
Municipal Offices	-	-	-	-	1 000	675	-	-
Total Capital Expenditure on upgrading of existing assets	-	-	-	11 427	12 735	19 049	14 309	9 200
Upgrading of Existing Assets as % of total capex	0.0%	0.0%	0.0%	14.9%	18.0%	23.6%	17.4%	14.9%
Upgrading of Existing Assets as % of deprecn"	0.0%	0.0%	0.0%	53.3%	59.4%	86.9%	63.9%	40.0%

Table 58 MBRR SA35 - Future financial implications of the capital budget

No future implications identified on the capital budget beyond the MTREF period.

Table 59 MBRR SA36 - Detailed capital budget per municipal vote

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

Table 60 MBRR SA37 - Projects delayed from previous financial year/s

No projects delayed from previous financial years were identified on the capital budget over the MTREF period.

Table 61 MBRR SA38 - Consolidated detailed operational projects

Full detail with regards to the Consolidated detailed operational is available in Table SA 38 accompanying this report.

2.12 Legislation compliance status

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

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and employs on average seven interns every year, undergoing training in various divisions of the Financial Services Department, risk management and Internal audit unit.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detailed SDBIP document will be finalised after approval of the 2021/22 MTREF in May 2021, directly aligned and informed by the 2021/22 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
Budget related policies were reviewed and updated, if so required, for final submission with the approval of the 2021/22 MTREF.



2.13 Other supporting documents

All other supporting schedules are included in the A-Schedules accompanying this report.

2.14 Service Delivery Standards

Below is the Schedule of Service Delivery Standards for Senqu Municipality.



Table 62 Schedule of Service Delivery Standards

Standard	Description	Ref	Year C-2	Year C-1	Year C-0	Current year			Service Level
			Actual Outcome	Actual Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	
Solid Waste Removal									
	Premise based removal (Residential Frequency)								
	Premise based removal (Business Frequency)								
	Bulk Removal (Frequency)								
	Removal Bags provided(Yes/No)								
	Garden refuse removal Included (Yes/No)								
	Street Cleaning Frequency in CBD								
	Street Cleaning Frequency in areas excluding CBD								
	How soon are public areas cleaned after events (24hours/48hours/longer)								
	Clearing of illegal dumping (24hours/48hours/longer)								
	Recycling or environmentally friendly practices(Yes/No)								
	Licensed landfill site(Yes/No)								
Electricity Service									
	What is your electricity availability percentage on average per month?								
	Do your municipality have a ripple control in place that is operational? (Yes/No)								
	How much do you estimate is the cost saving in utilizing the ripple control system?								
	What is the frequency of meters being read? (per month, per year)								
	Are estimated consumption calculated at consumption over (two month's/three month's/longer period)								
	On average for how long does the municipality use estimates before reverting back to actual readings? (months)								
	Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)								
	Are accounts normally calculated on actual readings? (Yes/no)								
	Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)								
	How long does it take to replace faulty meters? (days)								
	Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)								
	How effective is the action plan in curbing line losses? (Good/Bad)								
	How soon does the municipality provide a quotation to a customer upon a written request? (days)								
	How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)								
	How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)								
	How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)								
Road Infrastructure Services									
	Time taken to repair a single pothole on a major road? (Hours)								
	Time taken to repair a single pothole on a minor road? (Hours)								
	Time taken to repair a road following an open trench service crossing? (Hours)								
	Time taken to repair walkways? (Hours)								
Property valuations									
	How long does it take on average from completion to the first account being issued? (one month/three months or longer)								
	Do you have any special rating properties? (Yes/No)								



Standard	Description	Ref	Year C-2	Year C-1	Year C-0	Current year			Service Level
			Actual Outcome	Actual Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	
Financial Management									
Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/increase)									
Are the financial statement outsources? (Yes/No)									
Are there Council adopted business process structuing the flow and managemet of documentation feeding to Trial Balance?									
How long does it take for an Tax/Invoice to be paid from the date it has been received?									
Is there advance planning from SCM unit linking all departmental plans quaterly and annually including for the next two to three years procurement plans?									
Administration									
Reaction time on enquiries and requests?									
Time to respond to a verbal customer enquiry or request? (working days)									
Time to respond to a written customer enquiry or request? (working days)									
Time to resolve a customer enquiry or request? (working days)									
What percentage of calls are not answered? (5%,10% or more)									
How long does it take to respond to voice mails? (hours)									
Does the municipality have control over locked enquiries? (Yes/No)									
Is there a reduction in the number of complaints or not? (Yes/No)									
How long does in take to open an account to a new customer? (1 day/ 2 days/ a week or longer)									
How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?									
Community safety and licensing services									
How long does it take to register a vehicle? (minutes)									
How long does it take to renew a vehicle license? (minutes)									
How long does it take to issue a duplicate registration certificate vehicle? (minutes)									
How long does it take to de-register a vehicle? (minutes)									
How long does it take to renew a drivers license? (minutes)									
What is the average reaction time of the fire service to an incident? (minutes)									
What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)									
What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)									
Economic development									
How many economic development projects does the municipality drive?									
How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?									
What percentage of the projects have created sustainable job security?									
Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No)									
Other Service delivery and communication									
Is a information package handed to the new customer? (Yes/No)									
Does the municipality have training or information sessions to inform the community? (Yes/No)									
Are customers treated in a professional and humanly manner? (Yes/No)									



2.15 Municipal Manager's quality certificate

I, Municipal Manager of Senqu 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 _____

Municipal Manager of Senqu Municipality

Signature _____

Date _____



Part 3 – Appendices

3.1 Appendix A – A-schedules

Attached

3.2 Appendix B – Annual Procurement Plan

Attached