



Draft Budget Medium Term Revenue and Expenditure Forecasts

MFMA Section 16 Report

2021/2022

Govan Mbeki Municipality

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1. OVERVIEW

1.1 Purpose

The purpose of the report is to table the draft 2021/22 Medium-term Revenue and Expenditure Framework (MTREF) before Council in terms of Section 16(2) of the Local Government: Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003) prior to the community consultation process.

1.2 Background

Section 16(1) of the Municipal Finance Management Act (MFMA) stipulates that the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. Section 16(2) stipulates that in order to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

Section 22 of the MFMA also stipulates that immediately after an annual budget is tabled in a municipal council the accounting officer must make public the annual budget and documents in terms of Section 17 and invite the local community to submit representations in connection with the budget; and submit the annual budget to the National Treasury and the relevant provincial treasury in printed and electronic formats.

Section 23(2) of the MFMA stipulates further that “after considering all budget submissions, the Council must give the Executive Mayor an opportunity –

- a) To respond to the submissions; and
- b) If necessary, to revise the budget and table amendments for consideration by the council”.

The tabling of the Draft Budget and IDP will be followed by public consultation meetings with various stakeholders.

The 2021/22 MTREF will be considered for approval by Council in 31 May 2021 after taking into account the outcome of public consultation.

1.3 Long Term Financial Sustainability (LTFS)

The purpose of the long-term financial strategy is to ensure that the municipality is financially sustainable and able to respond to the Municipal Growth and Development Strategy, policies, priorities and infrastructure needs.

The objectives of the LTFS are:

- Prudent and sound medium-term to long-term financial framework.
- Resilience and able to absorb future shocks.
- Ensure sustainability of services.
- Investment in infrastructure.
- Adequate maintenance of infrastructure.
- Identify strategies that will ensure long-term financial sustainability:
- Operational efficiency initiatives,
- Sustainable and alternative revenue streams.
- Respond to the long-term strategy of the municipality.
- Improve the municipality’s credit rating.

Owing to the limited revenue base (municipal rates, user charges and grants/subsidies) the Municipality has to be proactive in the minimization of costs and the maximisation of efficiencies in order to respond to increased service delivery requirements.

The strategies and measures already implemented to ensure sustainability are:

- The Budget Policy;
- The Revenue Enhancement Strategy;
- Budget Principles and guidelines; and
- The Cash-Flow Management Intervention Initiatives.

Long-term Financial Model (LTFM)

The long-term Financial Model essentially informs the compilation of the MTREF with the emphasis on affordability and long-term sustainability. Although the LTFM is predominantly a financial planning tool to ensure long-term financial sustainability for the organisation, the financial planning process and LTFM run parallel to ensure the strategies and direction of the Municipality are at all times informed by best practice. The municipality is in a process of reviewing its plans and developing a long-term financial strategy.

1.4 2021/2022 MTREF Policy statements and guidelines

The IDP is the primary point of reference for preparation of the MTREF. Accordingly the budget addresses the following strategic objectives:

- Provide basic services, roads and storm water.
- Economic growth and development and job creation.
- Sustainable communities with clean, healthy and safe environments and integrated social services.
- Participatory democracy and Batho Pele.
- Promote sound governance.
- Ensure financial sustainability.
- Organisational development and transformation.

The 2021/22 MTREF reflects the reality of the current budgetary pressures. The following budget guidelines directly informed the compilation of the budget;

- Scale down on baseline allocation as indicated by National Government.
- Approve a balanced budget and create cash surplus over the Medium-term.
- The budget must be funded in accordance with the funding compliance procedure set out in MFMA Circular 42 and the Funding Compliance Guideline.
- Reprioritise competing needs within the allocations.
- Ensure the timely delivery of the capital programmes (eliminate under spending of capital budget).
- Tariff and Property Rate increases should take into account the need to address infrastructure backlogs and other strategies and affordability of services.
- The percentage salary increases according SALGA guideline
 - *2021/22 Financial Year – 6.25%*
- Special attention needs to be given to efficiency gains and the principle of value for money.
- Filling of vacancies should be reviewed within the available budget.

2. EXECUTIVE SUMMARY

2.1 Executive Summary

The preparation of the 2021/2022 Budget and Medium Term Revenue and Expenditure Framework (MTREF) is based on the guidelines contained in the MFMA **Circular No.107 and 108** issued by National Treasury.

The other fundamental principles underlying the preparation of this draft budget is the application of sound Financial Management to ensure Financial Viability, and that municipal services provide sustainable, economically and equitable to all communities.

The main challenges experienced during compilation of the draft 2021/22 MTREF can be summarized as follows:

- Significant increase in operating expenditure with limited increase in operating revenue resulting in huge deficits.
- Cash flow constraints
- The increased cost of bulk purchases (due to increase from Rand Water and Eskom).
- The need to re-prioritise expenditure within the existing resource given the cash flow realities and declining cash position.
- Unavailability of own-funding for capital budget; and
- Inability to raise capital/borrowing.

The following principles and guidelines will directly inform the draft 2021/2022 MTREF:

- The budget of 2021/2022 budget was used as baseline and was appropriate as upper limits.
- CPI guidelines from National Treasury except where specific sector increases are prescribed.
- Ensuring that drinking water meets the required quality standards at all times
- Identification of inefficiencies and elimination of no-priority spending
- Securing health of the assets by increasing the spending on repairs and maintenance
- Developing strategies in reducing water and electricity losses
- Developing tariffs that are cost reflective
- Maintaining a long financially sustainable environment
- Protect the poor from the worst impacts of the economic downturn at all times
- Job creation and poverty reduction

For the municipality to be able to deliver efficient and effective public services within the existing fiscal purse, tough decisions will have to be taken on the expenditure side. Priority ought to be given to the following areas:

- A performance culture where all the people are held accountable for their actions, accompanied by clear, measurable outcomes related to key developmental priorities.
- Limit outsourcing of work
- Procurement reforms
- Limit wastage and inefficient systems
- Strengthen the collection to reduce the debt book

The budget has been prepared with a vision of sustaining the financial capability of the municipality in the long term. A special effort was taken to improve the credibility of the budget. The tariffs have been set in line with tariff policy and the following factors were considered:

- The current collection rate
- The affordability of the community
- The social package
- The direct cost drivers

The tariffs for service charges have been increased as follows:

- Water	5.8%
- Electricity	14.5%
- Rates	4.1%
- Waste management	
o Refuse removal	4.1%
- Sewer	5.8%
- Miscellaneous	4.1%

The social package is proposed as follows:

DESCRIPTION	2019/2020 VAT Inclusive	2020/2021 VAT Inclusive	2021/2022 VAT Inclusive
Free Electricity	58.12	59.04	67.65
Free Water	224.91	250.47	264.96
Equitable Share	253.63	263.00	273.78
TOTAL	536.66	572.51	606.39

The municipality is implementing the inclining block tariffs on electricity and water. The IBT for the electricity is in-line with the NERSA guidelines. The water tariffs are also designed using the inclining block model to promote conservative approach to the domestic consumers.

The municipality will still ensure that the poor are protected through the indigent support scheme as per the indigent policy and debt collection strategy. The threshold for increasing free basic services for a household will be reviewed. The increase on the package indicates the municipality's commitment to protect the poor and also to ensure that those who cannot afford to pay are not burden with the unpaid accounts.

The council is committed in creating employment and reducing poverty as part of National Initiative, through meaningful local economic developmental initiatives and labour intensive projects. Furthermore, the municipality will on the continuous basis engage with the service providers to ensure that labour intensive approaches are utilized. The municipality will also ensure that it implements the intern programs to provide the young people with on the job training.

A conservative approach in spending will be adopted to ensure financial sustainability. As a municipality we should also all pay serious attention to managing revenue and any cash streams effectively through revenue management processes and procedures.

2.2 Consolidated overview

The budget has been prepared in terms of guidelines as contained in Circular 107 and 108 of the MFMA. The contents and format of the budget are in line with the requirements of the Municipal Budget and Reporting Regulations and any applicable legislation.

The 2021/2022 draft budget comprises of R 2.6 billion for operating expenditure and R 294.6 million for capital investment programs. The total operating income budget is R2.5 billion resulting in an operating deficit of R 69.2 million.

Municipal revenues and cash flows are expected to remain under pressure as we still continue to have low income revenue growth with a continued increase in expenditure.

Table 1: Consolidated overview of the 2021/2022 Draft Budget

Description	Original Budget 2020/2021	Adjusted Budget	Budget 2021/2022	Budget 2022/2023	Budget 2023/2024
		2020/2021			
Total Operating Revenue	2 432 912 000	2 432 912 000	2 534 606 727	2 646 129 390	2 765 205 213
Total Operating Expenditure	2 382 411 000	2 405 774 000	2 603 881 162	2 718 451 933	2 840 782 270
Surplus /(Deficit) for the year before capital grants	50 501 000	27 138 000	(69 274 435)	(72 322 543)	(75 577 057)
Grants revenue -Capital	172 422 000	181 872 000	124 693 000	130 179 492	136 037 569
Surplus /(Deficit)for the year	222 923 000	209 010 000	55 418 565	57 856 949	60 460 512
Total Capital Expenditure	253 274 900	309 111 710	296 580 325	308 264 338	324 895 712

Operating budget

The operating budget deals with day to day operations of the municipality to ensure that service delivery is sustained.

The draft operating budget has increased to R2.6 billion compared to the current adjusted budget of R2.4 billion.

The trend is that the operating expenditure has been increasing over the years driven by:

- salary increments
- the need to repair infrastructure
- the need to adequately budget for debt impairment and depreciation,
- Inflation

Capital budget

An amount of R296.5 million has been allocated for the capital investment program for 2021/2022 financial year. This is a decrease from the R253 million budget for 2020/21. The main reason for this decrease is no adequate internal funding is available for capital program.

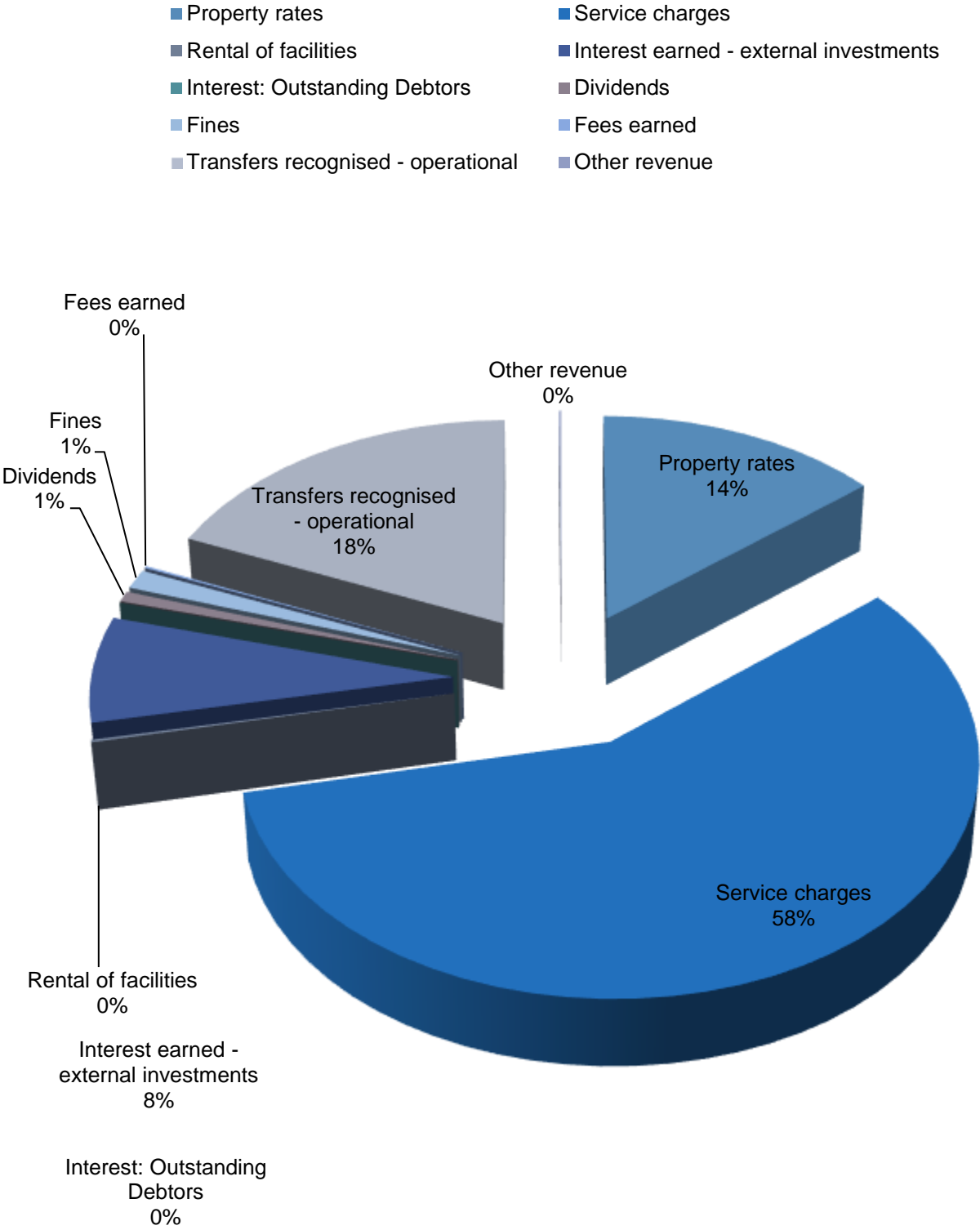
3. DETAILED OVERVIEW OF BUDGET

3.1 Total Revenue

REVENUE	Adjusted Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Exchange Revenue	1 647 426 792.00	1 744 237 214.50	1 820 983 618.94	1 902 927 881.79
Interest Dividend and Rent on Land	191 223 144.00	199 063 292.90	207 822 077.79	217 174 071.29
Operational Revenue	2 590 872.00	2 837 097.75	2 961 930.05	3 095 216.91
Rental from Fixed Assets	4 728 216.00	4 922 072.86	5 138 644.06	5 369 883.04
Sales of Goods and Rendering of Services	3 721 008.00	4 093 753.08	4 273 878.21	4 466 202.73
Service Charges	1 445 163 552.00	1 533 320 997.91	1 600 787 088.82	1 672 822 507.82
Non exchange Revenue	967 357 738.00	915 062 512.54	955 325 263.09	998 314 899.93
Fines Penalties and Forfeits	34 646 220.00	36 076 715.02	37 664 090.48	39 358 974.55
Interest Dividend and Rent on Land	18 878 688.00	19 652 714.21	20 517 433.63	21 440 718.15
Property Rates	346 777 380.00	371 135 083.31	387 465 026.98	404 900 953.19
Transfers and Subsidies	567 055 450.00	488 198 000.00	509 678 712.00	532 614 254.04
Total	2 614 784 530.00	2 659 299 727.04	2 776 308 882.03	2 901 242 781.72

3.2 Revenue

Revenue 2021-2022



Comments on Operating Revenue

The property rates

The property rates amounts to R 371.1 million for the 2021/2022 financial year. This revenue stream has been increased by 4.19%. An amount of R 28 million is budgeted for the income forgone in terms of rebates and discounts that are offered by the municipality for the indigents, pensioners and the areas where the municipality is not providing services. This revenue stream contributes 14% of the total revenue.

Service charges

Service charges include electricity, refuse, sewer and water. The service charges for 2021/2022 amount to R 1 533.3 billion, 2022/2023 R 1 600.7 billion and 2023/2024 amounts to R 1 672.8 billion. The R 1 533.3 billion is made up of the following, water R 468.2 million, Refuse R 104.7 million, Sewerage R 139.3 million and electricity R820.9 million. The service charges contribute 58% of the operating revenue.

Included in the revenue is free basic services for electricity, water, refuse and sewerage services to the value of R 61million

Rental income

The rental income amounts to R4.9 million. The stream contributes 0.2% of the total revenue.

Fines

The revenue estimates for the fines have been increased from R 34.6 million to R 36 million, this was done to make a provision as required by iGRAP1.

Grants and Subsidies – operating

The grants subsidies refer to the Division of Revenue Act allocations in the 2021/22 financial year, the operational grants allocations are as follows:

DESCRIPTION	Budget 2021/22	Budget 2022/23	Budget 2023/24
Energy Efficiency and Demand Side Management Grant	4 200 000	4 384 800	4 582 116
Equitable Share	331 028 000	345 593 232	361 144 927
Expanded Public Works Programme Integrated Grant	1 677 000	1 750 788	1 829 573
Financial Management Grant	2 100 000	2 192 400	2 291 058
Infrastructure Skills Development Grant	24 500 000	25 578 000	26 729 010
TOTAL	363 505 000.00	379 499 220.00	396 576 684.90

Grants and Subsidies – operating

The grants subsidies refer to the Division of Revenue Act allocations in the 2021/22 financial year, the capital grants allocations are as follows. The grants are allocated to serve specific purpose to the community which is improvement and/or construction of infrastructure.

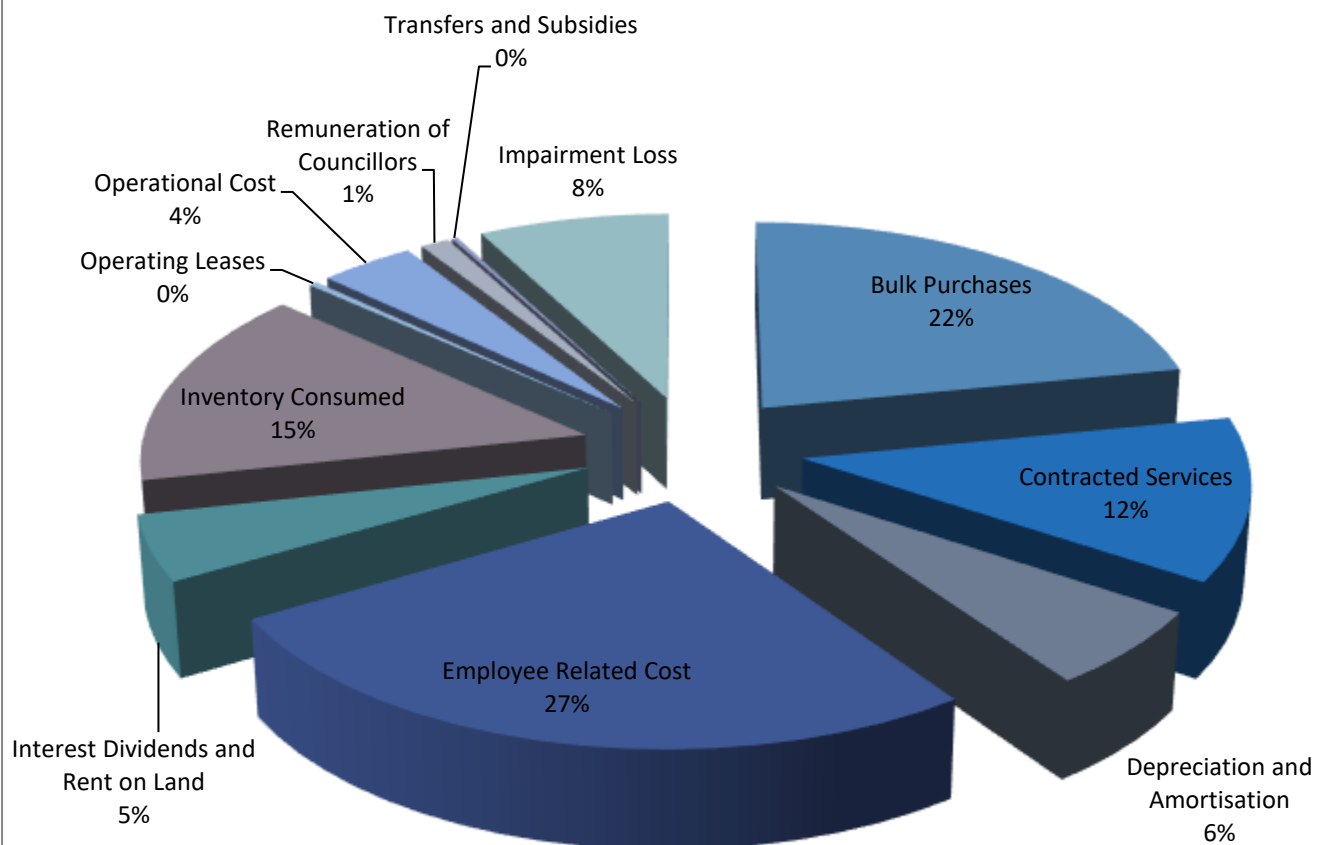
DESCRIPTION	Budget 2021/22	Budget 2022/23	Budget 2023/24
National Government: Water Services Infrastructure Grant	16 000 000	16 704 000	17 455 680
National Government: Regional Bulk Infrastructure Grant	40 000 000	41 760 000	43 639 200
National Government: Municipal Infrastructure Grant	61 043 000	63 728 892	66 596 692
National Government: Integrated National Electrification Programme Grant	7 650 000	7 986 600	8 345 997
TOTAL	124 693 000	130 179 492	136 037 569

3.3 Operating Expenditure

EXPENDITURE	Adjusted budget 2021/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Bulk Purchases	547 627 776.00	570 080 514.82	595 164 057.47	621 946 440.05
Contracted Services	260 897 798.00	320 809 104.16	334 924 704.74	349 996 316.45
Depreciation and Amortisation	148 449 084.00	154 535 496.44	161 335 058.29	168 595 135.91
Employee Related Cost	629 364 972.00	689 558 966.79	719 899 561.32	752 295 041.58
Interest Dividends and Rent on Land	123 974 904.00	129 057 875.06	134 736 421.57	140 799 560.54
Impairment Loss	194 222 640.00	202 185 768.24	211 081 942.04	220 580 629.43
Inventory Consumed	61 243 284.96	390 191 904.61	407 360 348.41	425 691 564.09
Operating Leases	5 361 856.00	9 161 692.10	9 564 806.55	9 995 222.84
Operational Cost	82 687 851.00	101 466 182.41	105 930 694.44	110 697 575.69
Remuneration of Councillors	29 385 756.00	30 590 572.00	31 936 557.16	33 373 702.24
Transfers and Subsidies	7 371 200.00	6 243 085.20	6 517 780.95	6 811 081.09
TOTAL	2 090 587 121.96	2 603 881 161.82	2 718 451 932.94	2 840 782 269.92

EXPENDITURE 2021-2022

- Bulk Purchases
- Depreciation and Amortisation
- Interest Dividends and Rent on Land
- Operating Leases
- Remuneration of Councillors
- Impairment Loss
- Contracted Services
- Employee Related Cost
- Inventory Consumed
- Operational Cost
- Transfers and Subsidies



Comments on Operating Expenditure:

Employee related costs

The employee related costs and remuneration of councillors indicate a percentage of 28% of the total operating budget. The average salary increase 6.25%. The overtime will have to be controlled and filling of vacant positions will have to be fast tracked.

General expenditure

In a bid to cut cost and ensure the funding of the overall budget was increased to R101.4 million. The transport cost still needs to be controlled. General expenditure takes 4% of the total operating expenditure.

Bulk purchases: Electricity

The bulk purchases for electricity amounts to R 570.0 million, which contributes 22% of the operating budget. The Eskom will increase the bulk purchases to the municipality by 14.59%

Repairs and maintenance

The repairs and maintenance plan for the departments must be aligned with their budget and monthly reports should indicate how the departments are progressing. The repairs and maintenance contributes 4.63% of the operating budget. The revenue generating assets should be to an adequate level ensuring that quality services are sustained.

Depreciation

Depreciation constitutes 9% of the budget. The budget increase was informed by historical trends as well as budgeted and forecasted additions.

Inventory Consumed

Inventory consumed is inclusive of Bulk purchases for water which amounts to R327.4, Rand water will increase bulk purchases to municipality by 5.8%

Contracted services

In a bid to cut cost and ensure the funding of the overall budget, contracted services budget was increased to R320.8. Contracted services constitute 12% of total operating expenditure. Increase in contracted services is also related to increase of contract values and new services that are required by the institution.

Main increase in contracted are on security services, meter services, sewerage services, services for distribution network on and prepaid vending. Over and above the increase is on new contracts in relation to Vetting of Qualifications, Designs of Transfer stations at Landfill sites, VAT recovery services, Relocation costs, Township Establishment

Included in the R 320million of contracted services is repairs and maintenance amounting to R120 million and outsourced services amounting to R 200million. The contract management will have to be improved for the contracted services. The outsourcing of work will need to be controlled to ensure skill transfer.

DRAFT CONTRACTED SERVICES BUDGET FOR 2021/22							
ProjectLongDesc	Function	Department	Final adjusted budget	Final Budget 2022	Final Budget 2023	Final Budget 2024	SegmentDescription
Waste Transfer Stations:Civil Structures:Designs For Transfer Stations and Landfill Sites	Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409)	Community Services	-	1 000 000	1 044 000	1 090 980	Design of transfer stations for Landfillsites
Operational:Municipal Running Cost	Security Services:Security and Compliance (Dept 0410)	Community Services	31 919 992	35 728 712	37 300 775	38 979 310	Outsourced Services:Security Services
Operational:Municipal Running Cost	Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409)	Community Services	500 004	520 504	543 406	567 860	Business and Advisory:Accounting and Auditing
Operational:Typical Work Streams:Sport Development:Municipal Games:Sports and Recreation	Sports Grounds and Stadiums:Sports Grounds and Facilities (Dept 0408)	Community Services	453 000	453 573	473 530	494 839	Contractors:Sports and Recreation
Operational:Municipal Running Cost	Security Services:Security and Compliance (Dept 0410)	Community Services	397 668	413 972	432 187	451 636	Outsourced Services:Professional Staff
Operational:Municipal Running Cost	Cemeteries Funeral Parlours and Crematoriums:Cemeteries (Dept 0407)	Community Services	261 504	261 226	272 720	284 992	Outsourced Services:Burial Services
Operational:Municipal Running Cost	Community Parks (including Nurseries):Parks (Dept 0408)	Community Services	220 500	229 541	239 640	250 424	Outsourced Services:Alien Vegetation Control
Operational:Typical Work Streams:Expanded Public Works Programme:Project:Paper Picking Phase II (EPWP)	Street Cleaning:Street Cleaning (Dept 0409)	Community Services	111 100	115 655	120 744	126 177	Outsourced Services:Litter Picking and Street Cleaning
Operational:Typical Work Streams:Expanded Public Works Programme:Project:Grass Cutting Phase II (EPWP)	Street Cleaning:Street Cleaning (Dept 0409)	Community Services	111 100	115 655	120 744	126 177	Outsourced Services:Litter Picking and Street Cleaning
Operational:Municipal Running Cost	Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409)	Community Services	110 244	114 764	119 814	125 205	Business and Advisory:Valuer and Assessors

Operational:Typical Work Streams:Environmental:Biodiversity and Climate Change:Grass Cutting Phase II	Community Parks (including Nurseries):Parks (Dept 0408)	Community Services	20 000	112 636	117 592	122 884	Outsourced Services:Clearing and Grass Cutting Services
Operational:Municipal Running Cost	Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409)	Community Services	90 396	94 102	98 243	102 664	Business and Advisory:Business and Financial Management
Operational:Typical Work Streams:City Cleanliness and Clean-up:Clean-up Actions:Paper Picking Phase II	Street Cleaning:Street Cleaning (Dept 0409)	Community Services	70 000	72 870	76 076	79 500	Outsourced Services:Litter Picking and Street Cleaning
Operational:Municipal Running Cost	Community Parks (including Nurseries):Parks (Dept 0408)	Community Services	27 552	28 682	29 944	31 291	Contractors:Pest Control and Fumigation
Operational:Municipal Running Cost	Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409)	Community Services	11 604	12 080	12 611	13 179	Contractors:Removal of Hazardous Waste
Operational:Typical Work Streams:Expanded Public Works Programme:Project:Waste Removal Team (EPWP)	Solid Waste Removal:Waste Management (Dept 0409)	Community Services	111 100	0	0	0	Outsourced Services:Refuse Removal
Operational:Municipal Running Cost	Community Parks (including Nurseries):Parks (Dept 0408)	Community Services	88 200	-	-	-	Outsourced Services:Clearing and Grass Cutting Services
Operational:Typical Work Streams:Capacity Building Training and Development:Capacity Building Unemployed:Training by Rand Water (Interns)	Human Resources:Development and Transformation (Dept 0202)	Corporate Services	24 225 000	25 218 225	26 327 827	27 512 579	Business and Advisory:Human Resources
Operational:Municipal Running Cost	Legal Services:Legal (Dept 0204)	Corporate Services	10 138 428	12 054 104	12 584 484	13 150 786	Legal Cost:Legal Advice and Litigation
Operational:Typical Work Streams:Capacity Building Training and Development:Workshops Seminars and Subject Matter Training:1% Percent SDL Trainings	Human Resources:Development and Transformation (Dept 0202)	Corporate Services	999 996	6 840 996	7 142 000	7 463 390	Outsourced Services:Professional Staff
Operational:Municipal Running Cost	Human Resources:Development and Transformation (Dept 0202)	Corporate Services	-	3 000 000	3 132 000	3 272 940	Vetting of Qualifications
Operational:Typical Work Streams:Capacity Building Training and Development:Workshops Seminars and Subject Matter Training:LG SETA Trainings	Human Resources:Development and Transformation (Dept 0202)	Corporate Services	-	3 000 000	3 132 000	3 272 940	Outsourced Services:Professional Staff
Operational:Municipal Running Cost	Administrative and Corporate Support:OHS and IR (Dept 0206)	Corporate Services	-	2 000 000	2 088 000	2 181 960	Legal Cost:Legal Advice and Litigation
Operational:Typical Work Streams:Capacity Building Training and Development:Workshops Seminars and Subject Matter Training:LG SETA Trainings	Human Resources:Development and Transformation (Dept 0202)	Corporate Services	999 996	1 040 996	1 086 800	1 135 706	Outsourced Services:Professional Staff
Operational:Municipal Running Cost	Administrative and Corporate Support:OHS and IR (Dept 0206)	Corporate Services	306 988	1 019 575	1 064 436	1 112 335	Business and Advisory:Medical Examinations
Operational:Typical Work Streams:Human Resources:Disciplinary Committee:Disciplinary Committee Services	Governance Function:Internal Audit (Dept 0110)	Executive and Council		160 000	167 040	174 557	
Operational:Typical Work Streams:AIDS/HIV Tuberculosis and Cancer:Awareness and Information:HIV/AIDS Awareness Campaigns	Cultural Matters:Special Projects Unit (Dept 0102)	Executive and Council	60 996	63 497	66 291	69 274	Outsourced Services:Professional Staff
Operational:Municipal Running Cost	Finance:Financial Services Administration (Dept 0501)	Financial Services	21 167 688	22 035 563	23 005 128	24 040 359	Outsourced Services:Meter Management

Operational:Municipal Running Cost	Asset Management:Asset Management (Dept 0508)	Financial Services	6 785 312	7 063 510	7 374 304	7 706 148	Business and Advisory:Accounting and Auditing
Operational:Municipal Running Cost	Finance:Financial Services Administration (Dept 0501)	Financial Services	2 729 996	2 841 926	2 966 971	3 100 484	Outsourced Services:Security Services
Operational:Typical Work Streams:Strategic Management and Governance:Strategic Planning:Revenue Protection Program:Data Cleansing Project	Finance:Revenue Services Billing and Cash (Dept 0507)	Financial Services	2 000 000	2 082 000	2 173 608	2 271 420	Business and Advisory:Business and Financial Management
Operational:Typical Work Streams:Strategic Management and Governance:Administrative Strategy and Planning:VAT Recovery Services	Finance:Financial Services Administration (Dept 0501)	Financial Services		2 000 000	2 088 000	2 181 960	VAT Recovery Services
Operational:Municipal Running Cost	Finance:Credit Control (Dept 0506)	Financial Services	1 301 204	1 354 553	1 414 154	1 477 791	Connection/Dis-connection:Electricity
Operational:Municipal Running Cost	Finance:Credit Control (Dept 0506)	Financial Services	1 009 628	1 051 023	1 097 268	1 146 645	Legal Cost:Issue of Summons
Operational:Typical Work Streams:Financial Management Grant:Financial Statements:Review of Financial Statements	Finance:Budget and Treasury Office (Dept 0505)	Financial Services	200 004	675 000	704 700	736 412	Business and Advisory:Business and Financial Management
Operational:Municipal Running Cost	Finance:Credit Control (Dept 0506)	Financial Services	559 812	582 764	608 406	635 784	Legal Cost:Collection
Operational:Municipal Running Cost	Finance:Financial Services Administration (Dept 0501)	Financial Services	540 984	563 164	587 944	614 401	Outsourced Services:Administrative and Support Staff
Operational:Typical Work Streams:Financial Management Grant:Financial Systems:mSCOA Alignment & Systems	Finance:Budget and Treasury Office (Dept 0505)	Financial Services	399 996	535 527	559 090	584 249	Outsourced Services:Professional Staff
Operational:Typical Work Streams:Financial Management Grant:Training Minimum Competency:Training Towards Minimum Competencies	Finance:Budget and Treasury Office (Dept 0505)	Financial Services	477 600	497 182	519 058	542 415	Outsourced Services:Professional Staff
Operational:Typical Work Streams:Financial Management Grant:Budget and Treasury Office:Training of Various Finance Employees	Finance:Budget and Treasury Office (Dept 0505)	Financial Services	249 996	260 246	271 697	283 923	Outsourced Services:Professional Staff
Operational:Municipal Running Cost	Governance Function:Internal Audit (Dept 0110)	Municipal Manager	217 706	226 632	236 604	247 251	Business and Advisory:Audit Committee
Operational:Municipal Running Cost	Risk Management:Risk Management(0111)	Municipal Manager	30 000	101 230	105 684	110 440	Business and Advisory:Commissions and Committees
Operational:Typical Work Streams:Financial Management Grant:Audit Outcomes:Training for Internal Audit	Governance Function:Internal Audit (Dept 0110)	Municipal Manager	49 996	52 046	54 336	56 781	Outsourced Services:Professional Staff
Operational:Municipal Running Cost	Risk Management:Risk Management(0111)	Municipal Manager	-	15 000	15 660	16 365	Outsourced Services:Professional Staff
Operational:Municipal Running Cost	Property Services:Property Services (Dept 0306)	Planning and Development	5 428 996	5 651 585	5 900 255	6 165 766	Business and Advisory:Valuer and Assessors
Operational:Typical Work Streams:Spatial Planning:Township Establishment	Town Planning Building Regulations and Enforcement and City Engineer:Building Control (Dept 0307)	Planning and Development	2 865 000	5 082 465	5 306 093	5 544 868	Infrastructure and Planning:Town Planner
Operational:Municipal Running Cost	Housing:Human Settlement (Dept 0305)	Planning and Development		3 000 000	3 132 000	3 272 940	Relocation fees

Operational:Municipal Running Cost	Town Planning Building Regulations and Enforcement and City Engineer:Building Control (Dept 0307)	Planning and Development	95 616	1 699 536	1 774 316	1 854 160	Infrastructure and Planning:Town Planner
Operational:Typical Work Streams:Spatial Planning:SPLUMA Compliance	Town Planning Building Regulations and Enforcement and City Engineer:Building Control (Dept 0307)	Planning and Development	600 000	624 600	652 082	681 426	Infrastructure and Planning:Town Planner
Operational:Typical Work Streams:Environmental:Development of Standards to Set Environmental By-laws:By-Law Promulgation	Housing:Human Settlement (Dept 0305)	Planning and Development		500 000	522 000	545 490	Promulgation of By_Laws_Humansettlement
Operational:Municipal Running Cost	Town Planning Building Regulations and Enforcement and City Engineer:Building Control (Dept 0307)	Planning and Development	116 960	201 755	210 633	220 111	Infrastructure and Planning:Land and Quantity Surveyors
Operational:Municipal Running Cost	Town Planning Building Regulations and Enforcement and City Engineer:GIS (Dept 0308)	Planning and Development		50 000	52 200	54 549	Professional fees_GIS
Operational:Typical Work Streams:Strategic Management and Governance:IDP Implementation and Monitoring:IDP Consultation	Corporate Wide Strategic Planning (IDPs LEDs):IDP and PMS (Dept 0303)	Planning and Development	4	4	4	5	Contractors:Catering Services
Operational:Municipal Running Cost	Sewerage:Sewerage (Dept 0608)	Technical Services	14 445 264	17 037 520	17 787 171	18 587 593	Outsourced Services:Sewerage Services
Operational:Municipal Running Cost	Electricity:Energy Operations (Dept 0609)	Technical Services	14 643 996	15 244 400	15 915 153	16 631 335	Contractors:Prepaid Electricity Vendors
Operational:Typical Work Streams:Electrification:Electrification	Electricity:Energy Operations (Dept 0609)	Technical Services		4 200 000	4 384 800	4 582 116	Energy Efficiency and Demand Side Management. Grant_Expendit
Operational:Municipal Running Cost	Waste Water Treatment:Waste Water Treatment (Dept 0603)	Technical Services	871 740	3 507 481	3 661 811	3 826 592	Outsourced Services:Cleaning Services
Operational:Typical Work Streams:Efficient and Effective Public Service:Water and Sanitation Master Plan	Water Distribution:Water Distribution (Dept 0604)	Technical Services	3 000 000	3 123 000	3 260 412	3 407 131	Outsourced Services:Professional Staff
Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Electrical Infrastructure:MV Substations:MV Substation Equipment:MV Substation Maintenance of Equipment - Region 2 (Energy Operations)	Electricity:Energy Operations (Dept 0609)	Technical Services	2 978 636	3 100 760	3 237 194	3 382 867	Contractors:Electrical
Operational:Municipal Running Cost	Roads:Technical Services Administration (Dept 0601)	Technical Services	968 916	1 008 642	1 053 022	1 100 408	Outsourced Services:Personnel and Labour
Operational:Municipal Running Cost	Waste Water Treatment:Waste Water Treatment (Dept 0603)	Technical services		500 000	522 000	545 490	Professional fees _Waste Water
Operational:Municipal Running Cost	Waste Water Treatment:Waste Water Treatment (Dept 0603)	Technical Services	55 512	0	0	0	Contractors:Sewerage Services
Operational:Typical Work Streams:Expanded Public Works Programme:Project:Road and Storm Water Phase II (EPWP)	Sewerage:Sewerage (Dept 0608)	Technical Services	111 100	-	-	-	Contractors:Sewerage Services
			155 137 030	200 140 477	208 946 658	218 349 257	

REPAIRS AND MAINTANANCE BUDGET 2021/22

ProjectShortDesc	Function	Department	Final adjusted budget	Final Budget 2022	Final Budget 2023	Final Budget 2024
Land:Landfill Site Maintenance Contract (landfill)	Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409)	Community Services	13 999 996.00	15 573 995.84	16 259 251.65	16 990 917.98
Pavements:Roads Speed Humps Maintenance (Roads)	Roads:Roads (Dept 0608)	Technical Services	-	10 000 000.00	10 440 000.00	10 909 800.00
MV Transformers Repairs and Maintenance: Materials (Energy Operations)	Electricity:Energy Operations (Dept 0609)	Technical Services	7 582 284.00	7 893 157.64	8 240 456.58	8 611 277.13
MV Mini-substations:MV Networks Mini-Substations Repairs and Maintenance (Energy Operations)	Electricity:Energy Operations (Dept 0609)	Technical Services	7 326 276.00	7 626 653.32	7 962 226.06	8 320 526.23
MV Transformers:MV Networks Transformers Repairs (Energy Operations)	Electricity:Energy Operations (Dept 0609)	Technical Services	6 999 996.00	7 286 995.84	7 607 623.65	7 949 966.72
Pipe Work:Hiring of Septic Tank Trucks (Sewerage)	Sewerage:Sewerage (Dept 0608)	Technical Services	6 174 720.00	6 427 883.52	6 710 710.39	7 012 692.36
MV Networks Equipment Repairs and Maintenance: Materials (Energy Operations)	Electricity:Energy Operations (Dept 0609)	Technical Services	6 012 420.00	6 258 929.22	6 534 322.11	6 828 366.60
Earthworks:Roads Maintenance (Roads)	Roads:Roads (Dept 0608)	Technical Services	15 500 004.00	6 135 504.16	6 405 466.35	6 693 712.33
Mechanical Equipment:Maintanance of Pump Station Mechanical Equipment (Sewerage)	Sewerage:Sewerage (Dept 0608)	Technical Services	1 775 616.00	4 848 416.26	5 061 746.57	5 289 525.17
MV Networks Equipment: Materials (Energy Operations)	Electricity:Energy Operations (Dept 0609)	Technical Services	4 656 000.00	4 846 896.00	5 060 159.42	5 287 866.60
Transport Assets:Vehicles Maintenance (Community Services Administration)	Community Halls and Facilities:Community Services Administration (Dept 0401)	Community Services	845 452.00	3 880 115.53	4 050 840.62	4 233 128.44
Mechanical Equipment:Maintenance of Halls Mechanical Equipment (Community Halls)	Community Halls and Facilities:Facilities (Dept 0403)	Community Services	1 204 976.00	3 754 380.02	3 919 572.74	4 095 953.51
Drainage:Strom Water Drainange Maintenance (Storm Water Management)	Storm Water Management:Storm Water Management (Dept 0608)	Technical Services	3 000 000.00	3 123 000.00	3 260 412.00	3 407 130.54
Transport Assets:Vehicles Maintenance (Technical Services Administration)	Roads:Technical Services Administration (Dept 0601)	Technical Services	1 038 768.00	3 081 357.49	3 216 937.22	3 361 699.39
Public Lighting:Lights - Materials (Energy Operations)	Electricity:Energy Operations (Dept 0609)	Technical Services	2 899 536.00	3 018 416.98	3 151 227.32	3 293 032.55
Pipe Work:Repairs of Damaged Newtwork System (Sewerage)	Sewerage:Sewerage (Dept 0608)	Technical Services	1 319 620.00	3 003 724.42	3 135 888.29	3 277 003.27
Public Lighting:Highmast lights Maintanance	Electricity:Energy Operations (Dept 0609)	Technical Services		2 414 728.58	2 520 976.64	2 634 420.59
Pavements:Roads Patching and Resealing (Roads)	Roads:Roads (Dept 0608)	Technical Services	2 061 892.00	2 146 429.57	2 240 872.47	2 341 711.73
MV Networks Mini-Substations Repairs and Maintenance: Materials (Energy Operations)	Electricity:Energy Operations (Dept 0609)	Technical Services	1 927 848.00	2 006 889.77	2 095 192.92	2 189 476.60
Mechanical Equipment:Mechanical Equipment Maintenance (Water Distribution)	Water Distribution:Water Distribution (Dept 0604)	Technical Services	1 440 988.00	1 500 068.51	1 566 071.52	1 636 544.74
Pipe Work:Repairs (Waste Water Treatment)	Waste Water Treatment:Waste Water Treatment (Dept 0603)	Technical Services	1 394 608.00	1 451 786.93	1 515 665.55	1 583 870.50
Pipe Work:PVR Stations Maintenance (Water Distribution)	Water Distribution:Water Distribution (Dept 0604)	Technical Services	1 204 976.00	1 254 380.02	1 309 572.74	1 368 503.51

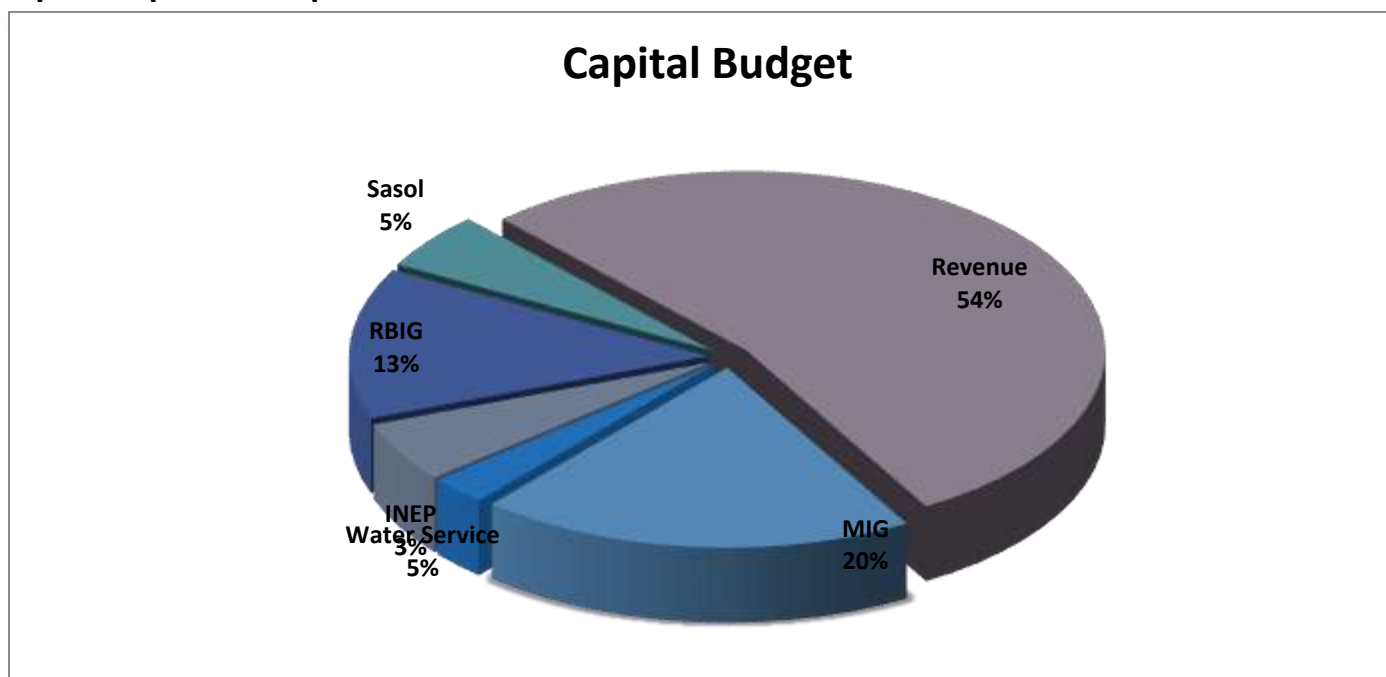
MV Substation Equipment: MV Substations Maintenance of Equipment - Materials (Energy Operations)	Electricity: Energy Operations (Dept 0609)	Technical Services	1 163 148.00	1 210 837.07	1 264 113.90	1 320 999.02
Buildings: Water Treatment Plant Building Maintenance (Water Distribution)	Water Distribution: Water Distribution (Dept 0604)	Technical Services	1 098 004.00	1 143 022.16	1 193 315.14	1 247 014.32
MV Conductors: MV Networks Conductors Materials (Energy Operations)	Electricity: Energy Operations (Dept 0609)	Technical Services	1 010 004.00	1 051 414.16	1 097 676.39	1 147 071.82
Public Lighting: Repairs and Maintenance of Traffic Lights (Public Signals and Lighting)	Police Forces Traffic and Street Parking Control: Traffic (Dept 0405)	Community Services	80 000.00	1 003 280.00	1 047 424.32	1 094 558.41
Land: Water Treatment Plant Maintenance Hiring of Plant (Water Distribution)	Water Distribution: Water Distribution (Dept 0604)	Technical Services	960 924.00	1 000 321.88	1 044 336.05	1 091 331.17
Electrical Equipment: Maintenance of Electrical Equipment at the Offices (Facilities Maintenance)	Community Halls and Facilities: Facilities Maintenance (0602)	Technical Services	399 996.00	916 395.84	956 717.25	999 769.53
Electrification: Electrical Assistance Programme	Electricity: Energy Operations (Dept 0609)	Technical Services	760 000.00	791 160.00	825 971.04	863 139.74
Mechanical Equipment: Mechanical Equipment Maintenance Reservoirs (Water Distribution)	Water Distribution: Water Distribution (Dept 0604)	Technical Services	617 376.00	642 688.42	670 966.71	701 160.21
Furniture and Office Equipment: Repairs & Maintenance of Office Furniture and Equipment (Corporate Services Administration)	Administrative and Corporate Support: Administrative Services (Dept 0203)	Corporate Services	596 264.00	620 710.82	648 022.10	677 183.09
Mechanical Equipment: Maintenance of Fire Extinguishers (Fire)	Fire Fighting and Protection: Fire Fighting (Dept 0404)	Community Services	125 612.00	600 762.09	627 195.62	655 419.43
Pipe Work: Pipe Work Materials (Sewerage)	Sewerage: Sewerage (Dept 0608)	Technical Services	420 504.00	587 744.66	613 605.43	641 217.67
Computer Equipment: Repairing Computers & Computer Equipment (ICT)	Information Technology: ICT (Dept 0205)	Corporate Services	496 112.00	516 452.59	539 176.51	563 439.45
Operational: Municipal Running Cost	Community Halls and Facilities: Facilities Maintenance (0602)	Technical Services	300 000.00	400 000.00	417 600.00	436 392.00
Communal Standpipes: Communal Standpoint Maintenance (Water Distribution)	Water Distribution: Water Distribution (Dept 0604)	Technical Services	353 732.00	368 235.01	384 437.35	401 737.03
Civil Structures: Maintenance of Civil Sewerage Equipment (Sewerage)	Sewerage: Sewerage (Dept 0608)	Technical Services	315 648.00	328 589.57	343 047.51	358 484.65
Municipal Service Connection: Repairing of Service Points (Sewerage)	Sewerage: Sewerage (Dept 0608)	Technical Services	284 540.00	296 206.14	309 239.21	323 154.97
DC Systems: DC Systems Maintenance Region 1 (Energy Operations)	Electricity: Energy Operations (Dept 0609)	Technical Services	231 960.00	241 470.36	252 095.06	263 439.33
Machinery and Equipment: Maintenance of Generators (Fire)	Fire Fighting and Protection: Fire Fighting (Dept 0404)	Community Services	-	200 000.00	208 800.00	218 196.00
Machinery and Equipment: Maintenance of Generators (Fire)	Fire Fighting and Protection: Fire Fighting (Dept 0404)	Community Services	-	200 000.00	208 800.00	218 196.00
Mechanical Equipment: Reservoirs Maintenance (Water Distribution)	Water Distribution: Water Distribution (Dept 0604)	Technical Services	137 236.00	142 862.68	149 148.63	155 860.32
Pipe Work: Pump Station System Maintenance (Water Distribution)	Water Distribution: Water Distribution (Dept 0604)	Technical Services	115 980.00	120 735.18	126 047.53	131 719.67
Project: Waste Water operations (EPWP)	Storm Water Management: Storm Water Management (Dept 0608)	Technical Services	111 100.00	115 655.10	120 743.92	126 177.40
Project: Plumber Assistance Phase II (EPWP)	Water Distribution: Water Distribution (Dept 0604)	Technical Services	111 100.00	115 655.10	120 743.92	126 177.40
Buildings: Sewerage Buildings Maintenance (Sewerage)	Sewerage: Sewerage (Dept 0608)	Technical Services	99 996.00	104 095.84	108 676.05	113 566.48
Buildings: Theatre Museum Sports and Recreation Programmes_Maintenance	Recreational Facilities: Sports Recreation Arts and Culture (0406)	Community Services	0	100 000.00	104 400.00	109 098.00

Operational:Municipal Running Cost	Storm Water Management:Storm Water Management (Dept 0608)	Technical Services	77 000.00	80 157.00	83 683.91	87 449.68
Drainage:Plumber Assistance Phase II	Water Distribution:Water Distribution (Dept 0604)	Technical Services	60 000.00	62 460.00	65 208.24	68 142.61
Mechanical Equipment:Lifting Equipment Inspection & Maintenance (Corporate)	Administrative and Corporate Support:Corporate Services Administration (Dept 0201)	Corporate Services	57 756.00	60 124.00	62 769.45	65 594.08
Civil Structure:Civil Structure Maintenance Reservoirs (Water Distribution)	Water Distribution:Water Distribution (Dept 0604)	Technical Services	40 984.00	42 664.34	44 541.58	46 545.95
Transport Assets:Vehicles Maintenance (Planning and Development Administration)	Development Facilitation:Planning and Development Administration (Dept 0301)	Planning and Development	23 364.00	24 321.92	25 392.09	26 534.73
Operational:Municipal Running Cost	Mayor and Council:Council Administration (Dept 0101)	Executive and Council	19 344.00	20 137.10	21 023.14	21 969.18
Transport Assets:Vehicles Maintenance (Financial Administration)	Finance:Financial Services Administration (Dept 0501)	Financial Services	12 900.00	13 428.90	14 019.77	14 650.66
Transport Assets:Vehicles Maintenance (Corporate Services Administration)	Administrative and Corporate Support:Corporate Services Administration (Dept 0201)	Corporate Services	12 804.00	13 328.96	13 915.44	14 541.63
Land:Land Maintenance (Waste Water Treatment)	Waste Water Treatment:Waste Water Treatment (Dept 0603)	Technical Services	4 409 940.00	0.54	0.56	0.59
Land:Maintenance of Fences at the Waste Water Treatment Plant (Waste Water Treatment)	Waste Water Treatment:Waste Water Treatment (Dept 0603)	Technical Services	430 740.00	0.34	0.35	0.37
Project:Electrical Assistance Programme (EPWP)	Electricity:Energy Operations (Dept 0609)	Technical Services	111 100.00	0.10	0.10	0.11
Public Lighting:Lights - Region 3 (Energy Operations)	Electricity:Energy Operations (Dept 0609)	Technical Services	2 319 624.00	0.00	0.00	0.00
Buildings:Waste Water Treatment Building Maintenance (Waste Water Treatment)	Waste Water Treatment:Waste Water Treatment (Dept 0603)	Technical Services	30 000.00	-	-	-
			105 760 768.00	120 668 627.49	125 978 047.10	131 647 059.22

Capital Expenditure per source

Description	2020/21 Adjustment Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget
Equitable Share	40 670 364	-	-	-
Gert Sibande District Municipality	20 000	-	-	-
INEP	25 000 000	7 650 000.00	19 000 000	22000000-
MIG	56 850 900	57 990 850.00	62 385 390	67 376 221
Revenue	89 420 000	159 823 000.00	166 036 720	198 978 989
RBIG	60 000 000	40 000 000.00	70 000 000	96 793 000
Water Service Infrastructure	37 150 446	16 000 000.00	-	-
Sasol	-	15 116 475.00	-	-
Grand Total	309 111 710	296 580 325.00	317 422 110.00	363 148 209.80

Capital Expenditure per source



Included in the capital projects are the following budgeted expenditures for 2022

Description	Quantity	Funding	Section	Final 2022	Final 2023	Finalt 2024
Rehabilitation of Tarred roads in Embalenhle		MIG	PMU	15 000 000		
Construction of WWTW in Charl Cilliers.		MIG	PMU	5 000 000		
Refurbishment of 3 waste water pump stations in Trichardt	a	MIG	PMU	4 194 925		
Trichardt Waste Water Treatment Works	a	MIG	PMU	3 989 855		
Construction of Bulk line and reticulation to Charl Cilliers		MIG	PMU	10 000 000		
Installation of Sewer Reticulation, Pump Station and Rising Main in Eendracht	a	MIG	PMU	19 806 070		
Municipal Infrastructure Grants _Projects					62 385 390	67 376 221
Upgrade of Embalenhle Bulk Sewer Pipeline and Pumpstation (Ext 5)		WSIG	Waste Water	16 000 000		
Upgrade of Embalenhle Bulk Sewer Pipeline and Pumpstation (Ext 24)		RBIG	Waste Water	40 000 000	70 000 000	96 793 000
Electrification of houses Embalenhle Ext 22		INEP	Energy	7 650 000	19 000 000	22 000 000
Embalenhle Electrification (Substation)		Sasol	Energy	15 116 475	-	-
Insurance Assets Replacement		Revenue	Assets Management	2 000 000	2 080 000	2 163 200
Tractors 4x4	4	Revenue	Biodiversity	2 800 000	2 912 000	3 028 480
Slashers for the tractors	6	Revenue	Biodiversity	300 000	312 000	324 480
Chain Saws	7	Revenue	Biodiversity	70 000	72 800	75 712
Pole pruner	5	Revenue	Biodiversity	25 000	26 000	27 040
Cherry Picker	1	Revenue	Biodiversity	1 500 000	1 560 000	1 622 400
Fencing of Cemeteries and Guard Houses @Secunda, New Bethal and Trichardt	3	Revenue	Biodiversity	5 000 000	5 200 000	5 408 000
Water Cart	1	Revenue	Biodiversity	100 000	104 000	108 160
Poison Spray Tank	1	Revenue	Biodiversity	100 000	104 000	108 160
Bakkies x 4	4	Revenue	Building Control	2 000 000	2 080 000	2 163 200
Bakkies - CrewCab	2	Revenue	Building Maintanace and Facilities	900 000	936 000	973 440
Impounding Yard (Vehicles and Goods)		Revenue	BY-Laws & Law Enforcement	2 000 000	2 080 000	2 163 200
Bakkie with CANOPY and TowBar	2	Revenue	BY-Laws & Law Enforcement	800 000	832 000	865 280
Airconditioners at facilities		Revenue	Community Services: Facilities and Community Halls	600 000	624 000	648 960
Sports field Line Marking Machines	3	Revenue	Community Services: Facilities and Community Halls	250 000	260 000	270 400
Industrial Washing and Dryer Machines		Revenue	Community Services: Facilities and Community Halls	100 000	104 000	108 160
Vehicles		Revenue	Corporate Services	1 000 000	1 040 000	1 081 600
TLB (Tractor Loader Backhole)	2	Revenue	Energy	3 000 000	3 120 000	3 244 800
Cherry pickers	2	Revenue	Energy	3 000 000	3 120 000	3 244 800
Double Cab - 3tons trucks	3	Revenue	Energy	2 520 000	2 620 800	2 725 632
Electrical Boxes Enclosures		Revenue	Energy	5 000 000	5 200 000	5 408 000
Electrical Network Restructuring (As per attcahed plan)		Revenue	Energy	20 000 000	20 800 000	21 632 000
Office chairs	5	Revenue	Expenditure	30 000	31 200	32 448
Fire Engines	2	Revenue	Fire Fighting and Protection:Fire Fighting	11 000 000	11 440 000	11 897 600
4x4 _Single Cab Bakkies with tow-bars	2	Revenue	Fire Fighting and Protection:Fire Fighting	1 500 000	1 560 000	1 622 400
Jaw of Life	2	Revenue	Fire Fighting and Protection:Fire Fighting	1 500 000	1 560 000	1 622 400
Breathing Equipment	42	Revenue	Fire Fighting and Protection:Fire Fighting	500 000	520 000	540 800
Refurbishment of Secunda Fire Station	1	Revenue	Fire Fighting and Protection:Fire Fighting	5 000 000	5 200 000	5 408 000
Purchase of Radio Communication Equipment		Revenue	Fire Fighting and Protection:Fire Fighting	500 000	520 000	540 800
Trucks - 2 Ton Trucks	2	Revenue	Fleet	1 400 000	1 456 000	1 514 240
Chairs	4	Revenue	Fleet	6 000	6 240	6 490
Server (Back Up -Server)		Revenue	GIS	200 000	208 000	216 320
Internal Auditing Management System	1	Revenue	Governance	550 000	572 000	594 880
Bakkies - Normal cabs	3	Revenue	Housing(0305)	750 000	780 000	811 200
Time Management System		Revenue	Human Resources	1 200 000	1 248 000	1 297 920
PMS Reporting System		Revenue	IDP/PMS	2 000 000	2 080 000	2 163 200

Office chairs		Revenue	IDP/PMS	15 000	15 600	16 224
Disastery Recovery Site		Revenue	IT	2 000 000	2 080 000	2 163 200
Computer budget _municipal officials		Revenue	IT	2 800 000	2 800 000	5 600 000
Library software system		Revenue	Library	1 000 000	1 040 000	1 081 600
Airconditioners at facilities	3	Revenue	Library	100 000	104 000	108 160
Public Parcticipation Truck		Revenue	Mayor and Council:Speaker's Office (Dept 0106)	2 500 000	2 600 000	2 704 000
4X4 Bakkies	2	Revenue	Mayor and Council:Speaker's Office (Dept 0106)	1 000 000	1 040 000	1 081 600
Hailing system	2	Revenue	Mayor and Council:Speaker's Office (Dept 0106)	350 000	364 000	378 560
Renovation of Chamber		Revenue	Mayor and Council:Speaker's Office (Dept 0106)	2 000 000	2 080 000	2 163 200
Councillors tools of trade/laptops	63	Revenue	Mayor and Council:Speaker's Office (Dept 0106)	1 960 000	2 038 400	2 119 936
Fencing of Municipal Properties		Revenue	Municipal Facilities	5 000 000	5 200 000	5 408 000
Roller compactor - 12 tons	3	Revenue	Roads	4 500 000	4 680 000	4 867 200
TLB (Tractor Loader Backhole)	2	Revenue	Roads	3 000 000	3 120 000	3 244 800
Jet Patcher Trucker	1	Revenue	Roads	3 500 000	3 640 000	3 785 600
Double Cab - 3tons trucks	2	Revenue	Roads	1 680 000	1 747 200	1 817 088
Office chairs	3	Revenue	SCM	10 000	10 400	10 816
Office desk	2	Revenue	SCM	7 000	7 280	7 571
Sercurity Guard houses	10	Revenue	Security	150 000	156 000	162 240
Chemical Toilets for Security Guard Houses	10	Revenue	Security	50 000	52 000	54 080
Firearms	15	Revenue	Security	225 000	234 000	243 360
Bullet Proof Vests	60	Revenue	Security	240 000	249 600	259 584
Alarm System	1	Revenue	Security	300 000	312 000	324 480
Card Printing Machine	1	Revenue	Security	20 000	20 800	21 632
Refurbishment of Johannes Stegman Theatre - Roofing and Ceiling		Revenue	Sports and Recreation	1 000 000	1 040 000	1 081 600
Purchasing of Sound and Light Equipment		Revenue	Sports and Recreation	800 000	832 000	865 280
Combi	2	Revenue	Traffic	1 000 000	1 040 000	1 081 600
Bakkie with CANOPY and TowBar		Revenue	Traffic	500 000	520 000	540 800
Traffic Blue Lights	40	Revenue	Traffic	180 000	187 200	194 688
Speed Camera	3	Revenue	Traffic	505 000	525 200	546 208
Compactor Trucks	5	Revenue	Waste Management	12 500 000	13 000 000	13 520 000
Fencing of Kinross Landfill sirte		Revenue	Waste Management	2 000 000	2 080 000	2 163 200
Fencing of Leandra Landfill sirte		Revenue	Waste Management	3 000 000	3 120 000	3 244 800
D6 Dozer	2	Revenue	Waste Management	9 000 000	9 360 000	9 734 400
LDV Bakkies with Canopies & TowBars	3	Revenue	Waste Management	1 050 000	1 092 000	1 135 680
Skip Loader Trucks	2	Revenue	Waste Management	4 000 000	4 160 000	4 326 400
Skip Containers	25	Revenue	Waste Management	500 000	520 000	540 800
Combi's for Transporting of Shift Workers	5	Revenue	Waste Management	2 350 000	2 444 000	2 541 760
Installation of Boreholes @ WWTW	2	Revenue	Waste Water Treatment Works	900 000	936 000	973 440
Testing equipment @Charl cilliers WWTW		Revenue	Waste Water Treatment Works	500 000	520 000	540 800
Furniture @ CharlCilliers WWTW		Revenue	Waste Water Treatment Works	200 000	208 000	216 320
Double Cab - 3tons trucks	2	Revenue	waste Water Treatment Works	1 680 000	1 747 200	1 817 088
Construction of Security Guard House	9	Revenue	Waste Water Treatment Works	1 000 000	1 040 000	1 081 600
Grass cutter	6	Revenue	Waste Water Treatment Works	120 000	124 800	129 792
Jack Hammer	3	Revenue	Waste Water Treatment Works	250 000	260 000	270 400
Installation of Boreholes@Farms	3	Revenue	Water	3 500 000	3 640 000	3 785 600
Double Cab - 3tons trucks	2	Revenue	Water	1 680 000	1 680 000	3 360 000
Total capital budget				296 580 325	317 422 110	363 148 210

4. CONSULTATION PROCESS

Section 22 of the Municipal Finance Management Act requires that after tabling of the Draft Budget, the municipality must make the budget available to the public and conduct community participation. Council to advice on how the community will be consulted in the midst of the pandemic.

The following are the key deadlines to be achieved through this process:

Detail	Date
Approval of Draft Budget	25 March 2021
Budget Workshop	To be confirmed
Public Consultation	To be confirmed
Approval of Budget	31 May 2021

5. BUDGET RELATED POLICIES AND OVERVIEW OF TARIFF ADJUSTMENTS

The municipality's budgeting process is guided and governed by the relevant legislation and related policies.

The purpose of the budget related policies is to govern and guide the budget process and inform the projections of the medium term.

Listed below with a brief description are the municipalities budget related policies. The budget and accounting policies were reviewed during the year.

The accounting policy is reviewed on an on-going basis to incorporate changes required by the relevant Accounting Standards, apart from the changes to these policies as part of the budget process.

- Budget related policies are attached for review as follows:

5.1 Virement Policy (Annexure D)

The Virement policy establishes the framework for managers to manage their respective budgets within limitations, and also to ensure good budgeting practice and effective financial management.

5.2 Accounting policy (Annexure E)

The accounting policy guides the preparation of the Annual Financial Statements and is reviewed each year during the preparation to ensure compliance with Generally Recognized Accounting standards and other guiding principles such as International Financial Reporting.

5.3 Supply Chain Management Policy (Annexure F)

The supply chain management policy was adopted and amendments are as result of council resolution.

5.4 Credit control and Debt collection policy (Annexure G)

5.5 Investment policy (Annexure H)

The intention of the investment policy is to ensure investments are made in an efficient and effective manner which generates the best returns for the municipality while considering preservation and safety of the principal and appropriate liquidity.

5.6 Property Rates policy (Annexure I)

Section 3(1) of the Local Government Property Rates Act, 2004 (Act 6 of 2004) and Section 62 (1) (f) of the Municipal Finance Management Act, determines that a municipality must adopt and implement a rates policy on the levying.

5.7 Tariff policy (Annexure J)

The tariff policy covers levying of tariffs, fees and charges for municipal services. The tariff policy details electricity, water, sewer, refuse removal and miscellaneous tariffs.

5.8 Fixed Asset Management Policy (Annexure K)

The asset policy is designed to ensure management of Municipal assets in efficient and effective manner with regard to acquisition, utilization, control maintenance and disposal of assets. The policy guides Directorates in their responsibility and duties for control of their assets.

5.9 Short Term Risk and Liabilities Policy (Annexure L)

5.10 Funding and Reserves Policy (Annexure M)

5.11 Budget Policy (Annexure N)

5.12 Borrowing Policy (Annexure O)

5.13 Blacklisting Policy (Annexure P)

5.14 Indigent Management Policy (Annexure Q)

5.15 Travelling and Subsistence Policy (Annexure R)

5.16 Provision for Doubtful Debt and Debt Write-Off Policy (Annexure S)

5.17 Unclaimed Deposit Policy (Annexure T)

5.18 Retention Policy (Annexure U)

5.19 Cost Containment Policy (Annexure V)

6. OVERVIEW OF BUDGET ASSUMPTIONS

The budget assumptions are determined before the budget process, guided by the economic outlook, movements in terms of the markets and by the national treasury guidelines.

The assumptions are devised in such a way that they support the short and long term finances and strategy of the municipality.

6.1 Key Financial indicators

The growth parameters set by National treasury are set between 3 and 6 percent which are also target range for the inflation rate. All steps have been taken to be in line with these National Treasury guidelines however the following factors affect the municipal operations and the budget accordingly:

- Anticipated high fuel prices
- Higher salaries
- Increase by Eskom and Rand water
- Job creation and protecting the poor

The 2021/2022 budget has been guided by the following inflation forecast:

Fiscal Year	2020 Actual	2021 Estimate	2022 Forecast	2023 Forecast	2024 Forecast
Real GDP Growth	0.5%	3.3%	1.7%	1.5%	2.1%
CPI Inflation	4.1%	3.3%	3.9%	4.2%	4.4%

6.2 Credit Rating

The municipality has not had a credit rating and with National Treasury support, the municipality will have to undertake it.

6.3 Borrowing and Investment of funds

The MFMA permits the borrowing for long term if it is for the acquisition of capital goods such plant and equipment and infrastructure. The municipality will consider the unsecured loan in the medium term, as this is backed up by the acknowledgement from the lender, that the municipality is showing sound financial management and an ability to meet short term obligations.

The municipality has a total amount of R 606 thousand external loans.

The investments amount to R293.6 million, R606 thousands of these investments are securities for the DBSA loans and due to negative cash flow the municipality is unable to build more reserves.

6.4 Rates, tariffs, charges and timing of revenue collection

Accounts for rates, refuse, electricity, water and sanitation are issued on a monthly basis and are due and payable before the 7th of the month. Recovery procedures for non-payment may be commenced within 7 days of payment default. The electricity supply is cut and water supply is restricted when a client defaults. The municipality is committed in ensuring that collection levels are improved and that credit control will be enforced on those who can afford and not honouring their municipal accounts.

6.5 Collection rates for each revenue source

The collection rate for all the services is expected to be 87% average throughout; this is due to credit control actions that are taken against the defaulters. Where ESKOM is a service delivery agent, consumers who are not paying will be restricted water.

6.6 Price movements on specifics

The cost of bulk purchases amounts to R897.5 million for both electricity and water. The projections are informed by the increases from the Rand water and Eskom. Eskom has advised there will be an increase across the board of 14.59% on the bulk purchases of electricity.

The increase on both electricity and water tariff has been pegged at 14.59% and 5.8% respectively per NERSA and Rand Water.

6.7 Average salary increases

Circular issued by National Treasury was taken into account in budgeting for employee related costs it recommends an increase of average CPI + 1%

6.8 Changing Demand characteristics

The demand for services is increasing yearly as the municipality is expected to deliver services to the indigent and pressure to reduce poverty.

6.9 Ability to the municipality to spend and deliver on programs

The 2021/2022 operating budget will be spent in line with the cost curtailment policy and all expenditures will be in line with the service delivery projects and deliverables. The challenges are still there in terms of maintaining the infrastructure and managing the breakaways of vehicles especially revenue generating.

7. ALIGNMENT OF BUDGET TO THE INTEGRATED DEVELOPMENT PLAN

7.1 IDP Review and stakeholder participation

The IDP has been prepared for the medium term to 2021/22. In the current financial year the IDP has /undergone the review as required by the Municipal Systems Act and MFMA. Community needs and inputs were sought and the stake holders were consulted.

The IDP takes cognizance of the National, provincial and district priorities. The key focus and IDP priorities are:

- To provide , improve and sustain infrastructure
- To promote socio economic development in rural and urban areas
- To enable and speed up institutional transformation
- To strengthen democracy and good governance
- To improve and sustain financial management

7.2 IDP link to the budget

In compliance with Systems Act of 2000 and the Municipal Finance Management Act the budget is informed and aligned to the IDP priorities.

The budget will be fully aligned to the IDP.

8. BUDGET RECOMMENDATIONS

1. That the report on the Draft Medium Term Revenue and Expenditure Framework for 2021/2022 and two outer years **BE ACKNOWLEDGED**.
2. That the budget comprising of operating Income budget of **R 2 534 606 727** operating expenditure budget of R 2 603 881 162 and capital budget of **R 296 582 325** as set out in the to be **BE CONSIDERED** for the adoption to ensure compliance with section 16 (2) of the Municipal Finance Management Act (No 56 of 2003):
3. That the budget related policies of Council mentioned in the report **BE REVIEWED**.
4. That the new policy on “Cost Curtailment Policy” to be **REVIEWED** in detail in addition to the existing budget related policies.
5. That the budget workshop **BE HELD** 2018 for all Councillors and senior staff from various departments **TO DISCUSS** the tabled budget in details
6. That Office of the Speaker **TO CO-ORDINATE** budget consultation with communities after the approval of the tabled budget.
7. That proposed tariff increases **BE ADOPTED** as follows:
 - 7.1 *ASSESSMENT RATES*
All property taxes as per the 2020/2021 tariff book increased by 4.1%.
 - 7.2 *SEWERAGE*
All sewerage charges as per the 2020/2021 tariff book increased by 5.8%.
 - 7.3 *REFUSE*
All refuse charges as per the 2020/2021 tariff book increased by 4.1%.
 - 7.4 *WATER*
All basic water charges as per the 2020/2021 tariff book increased by 5.8%
 - 7.5 *ELECTRICITY*
All basic electricity charges Increase with 14.59% in line with NERSA
 - 7.6 *DEPOSITS*
Increase with 4.1%
 - 7.7 *MISCELLANEOUS TARIFFS*
 - As per the 2020/21 tariff book increased by 4.1%.
 - These are tariffs that are used on a needs basis.

- All tariffs exclude VAT except in the case of assessment rates that are zero-rate.

7.8

INTEREST / CAPITALIZED ARREARS

- No interest will be levied on those arrears for which the consumer made formal arrangements.
- Interest will only be levied on those arrears for which no formal arrangement exist and/or arrear as a result of not complying with the said arrangements.
- Interest rates will be levied at market related rates.