

**ANNEXURE A
(DMS 1341505)**

ANNUAL BUDGET OF
CITY OF
uMHLATHUZE

2019/20 TO 2021/22
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS (ADOPTED - FINAL)



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Abbreviations and Acronyms

CFO	Chief Financial Officer	km	kilometre
CPI	Consumer Price Index	KPA	Key Performance Area
CRR	Capital Replacement Reserve	KPI	Key Performance Indicator
DoRA	Division of Revenue Act	kWh	kilowatt
DWA	Department of Water Affairs	ℓ	litre
EEDG	Energy Efficiency Demand Side Management Grant	LED	Local Economic Development
EPWP	Expanded public works programme integrated grant	MBRR	Municipal Budget Reporting Regulations
FBS	Free basic services	MFMA	Municipal Financial Management Act Programme
FMG	Financial Management Grant	mSCOA	Municipal Standard Chart of Accounts
GAMAP	Generally Accepted Municipal Accounting Practice	MIG	Municipal Infrastructure Grant
GFS	Government Financial Statistics	MPRA	Municipal Properties Rates Act
GRAP	General Recognised Accounting Practice	MSA	Municipal Systems Act
IDP	Integrated Development Strategy	MTREF	Medium-term Revenue and Expenditure Framework
INEP	Integrated National Electrification Programme Grant	NERSA	National Electricity Regulator South Africa
ISDG	Infrastructure Skills Development Grant	PMS	Performance Management System
IUDG	Integrated Urban Development Grant	PPE	Property Plant and Equipment
ICT	Information Communication Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SDBIP	Service Delivery Budget Implementation Plan
		SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

A Sustainable Budget during Tough Economic Times

Madam Speaker and the august house I take pleasure in presenting to you the Draft 2019/2020 MTREF. I will reflect on the South African economy and the impact it has on our local economy. Also this is a draft budget that I am presenting which requires endorsement from this house before it's taken to the public for their input. Council is also allowed during this consultation process to make suggestions which will then be consolidated and approved by Council in May 2019.

SOUTH AFRICAN ECONOMY

For some time, the South African government has been spending more than it can afford, leading to rising debt. The economy has also been growing at a slow pace as a result of low business confidence and falling private investment.

At the time of the October Medium Term Budget Policy Statement last year, government presented an unsustainable debt outlook. The 2018 Budget presented proposals to rebuild confidence and put the public finances on a more sustainable path.

South Africa has an opportunity to build on the positive developments that have emerged in recent months. The economy has performed slightly faster than expected, with economic growth now projected to be 1 per cent in 2017, 1.5 per cent in 2018 and 2.1 per cent by 2020.

This pace of economic growth is welcomed, but is still too slow to address unemployment and poverty. This will make it difficult for government to achieve its targets for public finances. The central budget proposals involve boosting the public finances by raising taxes, reducing spending and reprioritising.

We need to acknowledge that the government need to foster a relationship with the private sector which is the key engine for job creation, and government ministries must be hard at work to end policy uncertainty and align their policies to allow business to operate in a conducive environment.

Beyond the directly political, it is a matter of common cause among all of us that our economy is experiencing great difficulties.

LOCAL ECONOMY

Coming closer to home, in our municipality, we have always advanced for a pro poor budget that resonates with the needs of our people and have their well-being in mind.

It is equally important to sharply raise that our budget is not done out of a thumb-sucking practice but it is derived from a process which largely includes inputs from our IDP, which forms the back bone of the budget.

The tough economic climate that is experienced throughout the country does not in any way exempt our municipality as we exist in a country of a unitary government.

It is with this reality that we ought to critically analyse what should be the next steps moving forward in being able to come up with a sustainable budget whilst we weather the tough economic storm.

It would be important that for the future we support and strengthen the small up and coming businesses because that's the only way we will get our local economy going.

THE DRAFT 2019/20 MTREF

Today we table a R3,8 billion budget for the City of uMhlathuze which has been put together against the backdrop of sluggish economy. We are however confident that this draft budget will be in a position to change the lives of the people of uMhlathuze.

If we are also true to ourselves, we need to change how we have been doing things and be ambassadors of implementing austerity measures without negatively affecting service delivery. We all know that affordability of municipal bills is a key area of concern, and already we can see this in our collection rate. Therefore, the only area where we can reduce is in the expenditure environment. I therefore implore administration to focus on austerity measures. Austerity management is about restoring the equilibrium between income and expenditure, especially during these difficult economic times.

I further challenge administration to on monthly basis review the top 20 items of expenditure. I am aware that such costs would be around costs of travelling, conferences, accommodation, vehicle hire, catering, consultants etc.

While looking at the expenditure patterns, administration must also come up with innovative ways of alternative revenue for the municipality. I think it is a known fact that what is legislated as our functions is becoming limited based on the services that we provide.

Also when implementing this budget administration must strive towards meeting the five pillars of procurement as envisaged in the Municipal Finance Management Act. They need to consider the following:

- Value for money
- Open and effective competition
- Ethics and fair dealing
- Accountability and Reporting
- Equity

All these pillars are there for a reason, and if implemented accordingly there will be no wasteful and irregular expenditure in this municipality.

One of the most important aspect of a municipality is the effective asset management which then in turn improves service delivery. I am pleased that this municipality started a project which looks at all infrastructure assets and maintenance of those assets. This project is extremely important and because the ability to manage these assets effectively will also stretch the service potential to the community.

This budget is no different from the previous budget that I presented to this council when it comes to looking after the poor. We have managed to ensure that those in need are catered for through our Indigent Policy and other incentives.

Madam Speaker, having said all of the above I am asking this house to consider approving this draft budget so that we can start consulting our communities. For the community it is important to have your say in this budget. Also note this budget will have an independent person assessing it as to whether its sustainable and credible.

Thank you

Mayor Mdu Mhlongo

1.2 Council Resolutions

On 29th May 2019, the Council of the City of uMhlathuze will meet in the Council Chambers to adopt the annual budget of the Municipality for the financial year 2019/20. The Council will approve and adopt the following resolutions:

1. the Adopted Multi-year Medium Term Revenue and Expenditure Framework (MTREF) of the Municipality for the Financial Year 2019/20 and indicative for the projected outer years 2020/21 and 2021/22 be approved as set out in the Budget Report **(DMS 1341505)** and in the Budget tables A1 - A10 **(Annexure B1 - B13) (DMS 1341506)**;
2. the Final Integrated Development Plan (IDP) Review for 2018/2019 **(DMS 1277053)** be incorporated into the Adopted 2019/20 Multi-year Medium Term Revenue and Expenditure Framework (MTREF);
3. the Adopted 2019/20 Medium Term Revenue and Expenditure Framework aligned with the IDP's Developmental Objectives and Goals and the Municipal Regulation on Standard Chart of Accounts (mSCOA) (Government Gazette 37577 dated 22 April 2014) for the City of uMhlathuze be approved as follows:

Description R thousands	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Total Operating Revenue	2 990 431	3 208 768	3 442 772	3 654 227
Total Operating Expenditure	3 049 313	3 234 247	3 426 024	3 625 932
Surplus/ (Deficit) for the year	(58 882)	(25 479)	16 749	28 294
Total Capital Expenditure	586 328	597 533	589 991	598 794
TOTAL OPERATING & CAPITAL BUDGET	3 635 642	3 831 780	4 016 015	4 253 020

It be further noted that this Budget in as far as the Municipal's administration ability and financial system capability allowed, is Project based.

4. the following table setting out the surplus/(deficit) across the services be approved:

Description R thousand	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Electricity and Energy Sources				
Surplus/(Deficit) for the year	185 458	218 249	263 220	301 631
Water Management				
Surplus/(Deficit) for the year	(2 224)	5 873	19 498	19 737
Waste water management				
Surplus/(Deficit) for the year	9 074	(11 866)	(9 213)	(5 023)
Waste management				
Surplus/(Deficit) for the year	(16 608)	11 173	16 183	19 342
Other Services				
Surplus/(Deficit) for the year	(234 583)	(248 908)	(272 940)	(307 392)
Total				
Surplus/(Deficit) for the year	(58 882)	(25 479)	16 749	28 294

5. the Adopted Service Delivery and Budget Implementation Plan (SDBIP) 2019/20 (**DMS 1339632**) as submitted be approved;
6. in terms of Section 2(3) of the Local Government: Municipal Property Rates Act the following property rates for the 2019/20 financial year be approved:

Category	Proposed tariff (from 1 July 2019)	Ratio to Residential Tariff
	C	
Residential Properties	0,0103	1:1
Business / Commercial	0,0217	1:2,10
Industrial	0,0227	1:2,20
Agricultural Properties	0,0026	1:0,25
Public Service Purposes (State Owned)	0,0114	1:1,10
Public Service Infrastructure	0,0026	1:0,25
Public Benefit Organisation Properties	0,0026	1:0,25
Mining Properties	0,0237	1:2,30
Vacant Land	0,0217	1:2,10

7. on application by the relevant rate payers the following rebates be applied subject to the provisions contained in the Rates Policy:
 - Agricultural properties - 5%
 - Non Profit Organisations - 20%
8. The following in terms of the 2019/20 Property Rates Ratios be approved-
 - Vacant Land Category – Revised ratio 1: 2,10
9. the Rates Policy as contained in **Annexure D1 (DMS 1344595)** be approved;
10. in addition to the statutory R15 000 reduction in the valuation on residential properties a further reduction of R115 000 of the valuation on all developed residential properties valued at R 400 000 and below be made;
11. in addition to the reductions in recommendation (9) above and subject to the criteria set out in the Property Rates Policy an additional R200 000 reduction in the value of the primary residential property belonging to a pensioner or a social grantee be made;
12. in accordance with the implementation of the universal approach of the indigent policy improved residential property valued at R130 000 or less will be exempted from refuse and sewer charges. The following sliding scale will be applied for charges on improved residential properties higher than R130 000 on the following basis:
 - a) Properties valued between R130 001 and R170 000 will receive a rebate of 25% in respect of the sewer and refuse charges.
 - b) Properties valued at R170 001 and higher will pay the normal tariff;
13. the amendment of the Tariff of Charges as per Annexure C (**DMS 1335718**) be approved;
14. the Tariff Policy as per Annexure D2 (**DMS 1342652**) be approved;
15. any work function or tariff not accommodated in the Tariff of Charges be dealt with as cost plus 20%;
16. in addition to the free 50 units, the indigent customers to be granted additional 300 units that can be bought per month but be capped at 350 units each month;
17. the property rates and tariff adjustments as set out above be dealt in terms of Section 14 of the Local Government: Property Rates Act and Section 24 of the Municipal Finance Management Act 2003;
18. the contribution of R 218 million from Electricity Trading Service to Rates and General and other Trading Services referred to in the Electricity Tariff of Charges, as per Annexure C (**DMS 1335718**) as the Local Government Levy, be approved;
19. the profit on sale of all erven be allocated 100% to the Rates and General Capital Replacement Reserve account;

20. in terms of various policies the following increases in allowances are submitted to Council for approval:

	Approved 2018/19 Tariffs	Proposed Tariffs - 2019/20
	R	R
Standby - Travel allowance	101	104
Standby - Subsistence allowance	66	68
Subsistence allowances		
Daily allowance	143	147
Overnight allowance	191	197
Own accommodation	263	271
Interview candidates	69	71
Accommodation		
All employees	1 196	1 232
All councillors and Section 56 employees	2 005	2 065
Municipal Manager, Mayor/ Deputy Mayor, Speaker and Municipal Chief Whip	3 344	3 444
Ward committee members	1 344	1 384
Indigent Burial Assistance		
Adult	2 638	2 717
Child (1 day to 15 years)	2 005	2 065
Stillborn / foetus	1 372	1 413

21. should there be any unspent conditional grants received from the National Fiscus at year end, Council hereby requests that the Municipal Manager via letters to the respective transferring officers apply for a roll-over of funds received in **2018/19** financial year to the next financial year, namely the 2019/20 financial year;
22. Council note the two cents per kilowatt hour tariff on **all business** consumers for the purposes of an Energy Saving Reserve. These reserves shall only be used strictly for energy saving initiatives as per Council Resolution number 10872 dated 25 May 2016 (RPT 160350), that are included in the approved Budget;
23. although Council has an approved Virement Policy, in terms of this 2019/20 MTREF Budget appropriation, no virements (transfers) will be allowed out of:
- All Repairs and Maintenance Projects unless approval has been sort jointly between the Municipal Manager and the Chief Financial Officer;
 - Purchase of Bulk Electricity and Bulk Water Projects;
 - Operations and Maintenance Contracts provisions for Water and Sanitation services; and
 - Other virements (transfers) from line items indicated as impermissible in terms of the approved virement policy;

24. Council resolution 12892 dated 5 December 2018, resolved that funding for the SEDA Construction Incubator Partnership be considered during the budget process, although the request for this programme amounted to R 5.7 million, an amount of R 1.5 million could only be provided; and
25. The electricity tariffs be determined and calculated as per the instruction from NERSA from 7 March 2019 at 9.41% for municipalities, subject to a possible new higher approved tariff increase received from NERSA. Council will then incorporate the effect in 2019/20 MTREF new tariff approval.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the City's financial plan is essential and critical to ensure that the City remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The City's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

In the process of compiling the Tabled 2019/20 MTREF the submissions received from the Departments which were all project based could be broken down into the following categories:

Scenario	Capital (Own funding)		
	2018/19	2019/20	2020/21
	R 000	R 000	R 000
Initial Departmental Submissions	885 697	645 184	823 494
Departmental reductions	(489 760)	(278 913)	(449 515)
DRAFT TABLE BUDGET	395 937	366 271	373 979

Scenario	Operating Budget		
	Revenue	Expenditure	Deficit
	R 000	R 000	R 000
First (incl tariff increases)	3 151 599	3 515 441	(363 842)
Second (incl tariff increases)	3 151 599	3 240 790	(89 191)
TABLED BUDGET	3 208 768	3 234 247	(25 479)

Furthermore, a critical review was undertaken of expenditure on non-core and non-priority spending items in line with NT's Cost containment measures outlined in NT's MFMA circular number 82. Emphasis was placed on providing of funds for the repairs and maintenance expenditure line items.

The **main challenges** experienced during the compilation of the 2019/20 MTREF can be summarised as follows:

- At the top of the list by far is the **lack of growth** in economic activity, but with an increase in domestic households, evidenced by a drop in Commercial and Industrial use of electricity and water, but a growth in the number of domestic water connections (cannot look at domestic electricity as jurisdiction is confined to urban areas only)
- The need to reprioritise projects and expenditure within the existing resource envelope. For both the Capital and Operating, financial budget allocations for the 2019/20 MTREF given to the Departments, are far exceeded. This leaves the unenviable difficult task for the CFO to cut the budget, as it is up to the Service and Support Departments to prioritize appropriately, not the CFO.
- As a comparison between Functions over all, by far the greatest concern here lies with all the services financed by Property Tax (Rates). This tabled budget has the Rates Services sitting with a R 249 million deficit;
- The majority of domestic households in uMhlathuze are not levied Property Rates. This because the individual properties within the Ingonyama Trust land are not separately valued and not subject to the Municipal Property Rates Act. This despite the same communities enjoying most of the municipal services that are funded by Property Rates Revenue. This flaw in the current legislation is also applicable to those commercial and business activities taking place within the Ingonyama Trust;
- There is no Equitable Share allocation for properties that do not pay Property Rates. The significance here that the delivery of basic services is very dependent on Property Rates in yet there is zero allocation from the National Equitable Share allocation for Property Rates itself. This weakness in the financial structure of the Municipal MTREF needs to be addressed at a National level as it cannot be resolved at a local level. This is a National Policy matter. As an interim measure National Treasury has been requested to increase Equitable Share to the equal extent that the Municipal Property Rates Act cannot be applied to the residents of the Ingonyama Trust land as they hold no legal title;
- Although Council has received Level II Accreditation, the subsidisation of Housing services which is not a Constitutional mandate can be construed as an “unfunded” mandate due to the fact the Property Rates must now fund the deficit of R15.5m – refer to Table 23 for details;
- Council resolution 12892 dated 5 December 2018, resolved that funding for the Seda Construction Incubator Partnership be considered during the budget process, although the request for this programme amounted to R 5.7 million, an amount of R 1.5 million could only be provided;
- Service Revenue from Water has dropped significantly due to reduction in usage from the effects of the down-turn in the economy in the last few years and a reduction in consumer behaviour, due to drought restrictions. The consequential water revenue loss is countered by the Level 4 Drought Tariffs. The challenge here is that based on the fact that the bulk of the costs are fixed, the Water Service which is a trading service and is making a slight surplus of meant to be making a surplus of R 5.9 million, this surplus is not sustainable in the long term. The Administration has to look at cutting costs in this service to make it self-sustaining. This endeavour is further handicapped by both the Department of Water and Sanitation Abstraction Fee increases and the Water Boards Bulk Water Purchases being above inflation rate targets.

- Waste Water Management Service shows a deficit of R 11.9 million on Waste Water Management, this is a concern and efforts will need to be made to reduce this deficit in the coming MTREF by reducing costs therefore the introduction of more efficient and effective operations;
- Waste Management is now trading at a surplus of R 11.27 million from a surplus of R 83.9 million on 2018/19 Adjusted Budget;
- Financial implications through the incorporation of the additional three wards from the de-established Ntambanana Municipality could only be properly assessed re-actively and are only taken account of properly in future budget years. The challenge is that as with the rest of the Ingonyama Trust wards, there is no Rates collected and very little service revenue;
- Although Employee related costs as a percentage of total Expenditure amounts to 26.6% and appears to be below the 30% industry standard, it is not realistic for specifically uMhlathuze Municipality to be comfortable with this figure because of the high electricity purchase cost which distorts Council's budget figures when compared to other secondary cities. Without a properly researched formula in place, it is difficult to guide Council to a specific benchmark, but in COU situation that figure should be no more than the current 26.6% given the distortion in COU budget caused by the high Electricity Turnover. More significantly with a number of services outsourced, a more conservative approach would be to add the Contracted Services costs (10%) together with Employee related Costs. This figure amounts to 36.6% (26.6% +10%). Therefore, and un-researched, but professional estimate target for Council is to ensure that both Employees Related Costs plus Contracted Services, to not exceed 33.3%. This implies that the Administration is exceeding this target by 3.3% and needs to bring this down;
- Owing to the economic slowdown, financial resources are limited due to reduced Revenue generation from the current consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the City's finances. This comment may appear very contradictory to the very clear improvement in Cash Flows overall, however that is simply due to the accumulations for the Capital Replacement Reserves (Capital Funds), funds of which disguise the very tight situation the Municipality finds itself with the Operating Budget. In other words, the financial position we find ourselves in is fairly positive for increasing capital allocations (on condition that they on revenue generating), versus a fairly negative outlook for operating activities.
- Preparation of an mSCOA project based budget without a budgeting tool within the financial system meant that the information had to be prepared manually which left room for possible errors to arise. The imminent light in the tunnel here is that the new ERP system does have such a module, which should be available for use for the preparation of the 2020/21 MTREF in the 2019/20 financial year;
- Furthermore, this manual process is time consuming and utilises a lot of resources which puts unnecessary strain on the employees involved in preparing the budget document and budget tables; and
- The Municipal Budget and Reporting Tables for the 2019/20 MTREF has been prepared using version 6.3.

The following budget principles, guidelines and assumptions directly informed the compilation of the 2019/20 MTREF:

- An energy savings fund has been set up as from the 2015/16 electricity tariffs. Two cents per Kilowatt hour is levied on all Enerflex tariffs. Funds made available for this initiative amount to the actual recoveries made during the 2018/19 financial year.
- No organic growth in the revenue base;
- Revenue cash flow assumes a 96 recovery;
- Capital from own funding (Capital Replacement Reserve and Borrowing) allocated on a prioritized model between Functions using asset values and Income generating ability;
- The basket of municipal services tariffs collectively has been kept below 7%.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- Repairs and Maintenance provisions reach the best practice parameters of 8% of Asset Cost and 13% of Operating Expenditure target; and

National Treasury's MFMA Circular No. 93 and 94 were used to guide the compilation of the 2019/20 MTREF.

Following the tabling of the MTREF, National Treasury will review and make comments on the Tabled budget. This assists the Municipality in ensuring quality when preparing the budget in terms of the MFMA. As indicated in the MFMA Budget Circular no. 94, this review was undertaken on the 9th May 2019.

From a quality perspective, the budget is assessed in accordance with three criteria, namely:

- **Credibility:** to determine if the budget is **funded** in terms of Section 18 of the MFMA and whether the City adopted a budget process with evidence of sufficient political oversight and public participation. Political oversight and guidance is crucial for the budget process as the approval of the budget is the responsibility of Council and not that of the Budget and Treasury Office. In assessing the credibility of the budget, the revenue planning framework and associated assumptions are interrogated to determine if they are realistic and indicative of multi-year budgeting.
- **Relevance:** The municipality's performance against the governance KPA is satisfactory considering that it conducts regular strategic public participation meetings.
- **Sustainability:** to determine whether the budget gives effect to the long-term financial and operational sustainability of the municipality. This is crucial that the budget is a **multi-year budget** over the MTREF.
- **mSCOA:** to determine if the tabled budget was prepared directly on the financial system and whether the A1 schedule is aligned to the data strings.

Furthermore, National Treasury has evaluated Council as an emerging metro and the following aspects were applied as a measurement tool:

- Financial health
- Service delivery
- Institutional
- Governance

The following are the outcomes of NT's assessment:

Financial health: Sound

- The budget is funded and sustainable, with a collection rate above 95%.
- Positive cost coverage ratio which is within the norm (1-3 months).
- Budget assumptions are credible and budget is multi year.
- The municipality budgeted for operating deficit which is not sustainable over the long term (negative impact on own funding of capital budgets).
- The municipality's major revenue source is electricity, therefore Eskom's restructuring in relation to distribution can have a negative effect on the finances if the existing licences are not considered.
- Other trading services are operating at a deficit, only electricity generating surpluses.
- Non-payment of rates by rural areas poses a sustainability challenge to the municipality
- Unfunded mandates –Ingonyama Trust areas, multi-nationals receiving water and electricity directly from parastatals.
- Eskom supply areas have a negative impact on implementation of credit control policy (a basket of services required to implement this effectively).
- Various revenue management initiatives are in place which includes considering installation of prepaid water meters and intensified customer education.
- Land claims results in uncertainty by investors therefore impacting on the economy.
- Circular 89 poses a challenge to the municipality's approach towards borrowing, therefore the inconsistencies over the MTREF.
- The budget module was not used to prepare the 2019/20 MTREF and budget tables are not generated from the system.

Service delivery: Sound

- The performance to provide access to basic services is satisfactory.
- However, there is a challenge where the community demands waterborne sanitation instead of VIP.
- The municipality reported 100% access to electricity, however, Eskom needs to invest in other areas to ensure access to the whole community.
- The municipality has a challenge to upgrade the existing infrastructure previously in Kwa-Zulu government and district area due to poor quality and ageing assets.
- The community in rural areas is demanding tarred roads which requires the municipality to review the funding model considering the non-payment of rates in this areas (ideally rates revenue is used to fund roads).
- The increased demand for waste management in rural areas has a negative impact on finances considering the cost drivers e.g. fuel
- Provision for Repairs and Maintenance is above the norm of 8% and renewal at 25.6%
- There are asset management plans in place and the municipality undertook conditional assessments for infrastructure assets (water, electricity and roads)
- Electricity and Water distribution losses very low and within set norms at 6 per cent and 21 per cent respectively
- Financial and infrastructure services working together to address electricity and water losses (e.g. faulty meters and theft)

Institutional: Sound

- The institution is stable considering that there were no changes in senior management and all posts are filled.
- However, there is a risk as the contracts of senior management will end in a year's time.
- Reliance on finance officials to implement *mSCOA* (business reform).

Governance: Sound

- The municipality's performance against the governance KPA is satisfactory considering that it conducts regular strategic public participation meetings.
- There are policies and structures in place to address fraud and corruption e.g. quarterly reports to risk committee, Council and MPAC.

Conclusion:

- *Credibility*
 - Budget assumptions are credible.
 - Insufficient provision for debt impairment.
 - Capital and operating budget is multi-year.
 - Budget funded as per Section 18 of MFMA.
- *Relevance*
 - Budget is aligned to the IDP.
 - Evidence of alignment of the capital budget as illustrated in narratives of budget document.
 - MFMA circulars were considered with the drafting of the budget.
- *Sustainability*
 - Cash flow sustainable over MTREF.
 - Adequate cash coverage.
 - Collection rate is very good.
 - Budget over the MTREF is cash backed.

Arising from the engagement the following **recommendations** were proposed:

- The municipality to provide multiyear tariff increases
- Cost reflective tariffs should be implemented to ensure that not only the electricity and water service (small surplus) is operating on a surplus.
- Provision for debt impairment should be increased to a higher level in order to match collection rate.
- The high payment level should be maintained in order to avoid that the accumulated reserves are depleted to finance high portion of the capital budget.
- Monitor the application of high allocation of internal funds to finance the capital budget, consider split between borrowing and internal funds over the MTREF.
- The municipality to manage the *mSCOA* implementation to ensure seamless integration.

National Treasury's recommendations or resolutions arising from the Benchmark Engagement were responded to by Municipal Manager and the Chief Financial Officer during the engagement. Some of these recommendations will be implemented in the in the 2019/20 financial year.

1.4 Procurement and supply chain management reform

In support of the Batho Pele Budget towards improved service delivery, the Supply Chain Management Unit (SCMU) will continue to put in framework agreements for panel of services and works in line with the MTREF.

Framework agreements are agreements between an organ of state and one or more contractors, with a purpose to establish the terms governing the purchase orders to be awarded during a given period, in particular with regards to price and, where appropriate, the quantity envisaged. This framework can be activated immediately without any procurement delays or delays in the market response.

1.5 Operating Revenue Framework

The minister of Finance in his 2019 budget speech highlighted the following key points in relation to the country's GDP: "We now expect a slower but still steady recovery after the 2018 technical recession. It is expected that real GDP growth in 2019 will rise to 1.5 per cent, and then strengthen moderately to 2.1 per cent in 2021" (Source – 2019 Budget Speech, NT).

Statistics South Africa declared the country entered in a technical recession, when the country's real gross domestic product decreased by 0.7% in the second quarter of 2018. This followed a GDP contraction of 2.2% in the first quarter. A technical recession is a result of two consecutive quarters of negative growth.

The decline in GDP was led by agriculture production that fell by 29 per cent in the second quarter of 2018, following a 34 per cent plunge in the first quarter. This was largely driven by a decline in the production of field crops and horticultural products, continued drought conditions in large part of the country, resulted in extensive crop damage. (Source – Financial News24, SA in technical recession as second quarter GDP falls, Sept 2018).

This has ultimately affected the city in making a strategic decision to provide more consumer support in its 2019/20 budget by providing more rebates for consumers falling within the pensioners category and houses with the market value of R400 000. These consumers will benefit with a rebates of more than R200 000 a year in Property Rates levies. This is to cushion consumers falling below the affluent category.

The South African economy however, in the third quarter of the 2018, grew by 2,2% bringing to an end the country's second recession since 1994. Higher contributions to growth in a number of industries, most notably in manufacturing, transport as well as finance and business services were enough to lift economic growth back into positive territory. (Source- <http://www.statssa.gov.za>)

The minister of Finance in his 2019 budget speech also emphasised on the need to build a strong culture of payment in our country. "Collecting the revenue due to the state is the underlying foundation of our democracy, of building a nation, and it is our duty to pay for services especially if we can afford to do so." (Source – 2019 Budget Speech, NT).

The City of uMhlathuze has taken strides towards fostering the consumer relations by embarking on Consumer Education Campaigns under the theme: "Thuma Mina, Siyasizana" (Help-Us-Help-you) where municipal services are brought closer to the community. The drive is aimed at encouraging the community to pay their accounts and thereby assisting the government with accelerating service delivery backlogs.

This ideology was also highlighted in the 2019 budget speech: "Thuma Mina. Pay your municipal bills on time". The drive has had positive impact towards recovery of outstanding debt thus far.

The City must continuously review revenue management processes to ensure that revenue is protected and the municipality has an ability to maximize the revenue generating potential of all revenue sources through adequate and effective controls and allow for investment opportunities that will accelerate economic growth in the city.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the City and continued economic development;
- Efficient revenue management, which aims to ensure an above 96 per cent annual collection rate for property rates and other key service charges;

- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by calculating the revenue requirement of each service this had to be adjusted to cater for affordable tariffs;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA); and
- Increase ability to extend new services and recover costs where economically possible;
- The municipality's Indigent Policy and rendering of free basic services and subsidized services to both the destitute and poor consumers.

It is also imperative when preparing Revenue projections, tariff increases must be a reflective the country's economic performance in order to be able to project credible and realistic revenue forecasts.

Economy Data	2013	2014	2015	2016	2017
Population (million)	53.1	53.9	54.8	55.6	56.5
GDP per capita (USD)	6.7	6.6	6.1	5.3	6.2
GDP (USD bn)	357	358	334	297	355
Economic Growth (GDP, annual variation in %)	2.5	1.8	1.3	0.6	1.3
Consumption (annual variation in %)	2.0	0.8	1.8	0.7	2.2
Investment (annual variation in %)	7.2	0.7	3.4	-4.1	0.4
Industrial Production (annual variation in %)	1.3	0.1	-	0.7	-0.5
Unemployment Rate	24.7	25.1	25.4	26.7	27.5

The above indicates that South Africa as a country was at its peak in 2013 when compared with 2017. Revenue streams cannot be expected to be expanded when the economy is constraint.

More concerning is the reduction of Industrial production in 2017, indicating that less was produced; inevitably, less was derived back by industries. Consequently, this has an impact on the high unemployment rate which affects the community's affordability on basic services.

The following table is a summary of the 2019/20 MTREF (classified by main revenue source):

Table 1 Summary of revenue classified by main revenue source

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source									
Property rates	371 074	397 694	442 661	474 453	495 732	495 732	520 380	556 806	584 647
Service charges - electricity revenue	1 330 889	1 515 882	1 289 012	1 579 530	1 443 739	1 443 739	1 573 324	1 696 060	1 800 796
Service charges - water revenue	235 785	336 986	378 129	337 842	366 612	366 612	388 299	415 408	436 157
Service charges - sanitation revenue	79 788	82 058	70 317	99 625	123 455	123 455	101 068	108 092	113 481
Service charges - refuse revenue	68 478	73 883	98 095	80 372	84 372	84 372	113 268	121 189	127 249
Rental of facilities and equipment	9 024	8 301	6 793	8 449	8 599	8 599	10 802	11 212	11 682
Interest earned - external investments	32 411	60 875	76 056	55 000	55 000	55 000	58 000	60 000	65 000
Interest earned - outstanding debtors	2 221	3 212	103	3 398	86	86	109	113	117
Fines, penalties and forfeits	14 461	17 190	15 818	4 087	7 698	7 698	7 981	8 260	8 590
Licences and permits	3 305	3 701	3 756	3 808	3 308	3 308	3 407	3 526	3 667
Agency services	6 250	6 595	6 356	7 797	5 797	5 797	5 970	6 179	6 427
Transfers and subsidies	263 848	284 193	329 088	356 638	354 985	354 985	390 676	419 116	458 058
Other revenue	54 395	112 276	156 965	43 875	40 290	40 290	35 484	36 812	38 357
Gains on disposal of PPE	15 553	1 368	2 405	-	759	759	-	-	-
Total Revenue (excluding capital transfers and contributions)	2 487 482	2 904 214	2 875 554	3 054 874	2 990 431	2 990 431	3 208 768	3 442 772	3 654 227

Table 2 Percentage proportion in revenue by main revenue source

Description R thousand	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2019/20	%	Budget Year +1 2020/21	%	Budget Year +2 2021/22	%
Revenue By Source								
Property rates	495 732	16.6%	520 380	16.2%	556 806	16.2%	584 647	16.0%
Service charges - electricity revenue	1 443 739	48.3%	1 573 324	49.0%	1 696 060	49.3%	1 800 796	49.3%
Service charges - water revenue	366 612	12.3%	388 299	12.1%	415 408	12.1%	436 157	11.9%
Service charges - sanitation revenue	123 455	4.1%	101 068	3.1%	108 092	3.1%	113 481	3.1%
Service charges - refuse revenue	84 372	2.8%	113 268	3.5%	121 189	3.5%	127 249	3.5%
Rental of facilities and equipment	8 599	0.3%	10 802	0.3%	11 212	0.3%	11 682	0.3%
Interest earned - external investments	55 000	1.8%	58 000	1.8%	60 000	1.7%	65 000	1.8%
Interest earned - outstanding debtors	86	0.0%	109	0.0%	113	0.0%	117	0.0%
Fines, penalties and forfeits	7 698	0.3%	7 981	0.2%	8 260	0.2%	8 590	0.2%
Licences and permits	3 308	0.1%	3 407	0.1%	3 526	0.1%	3 667	0.1%
Agency services	5 797	0.2%	5 970	0.2%	6 179	0.2%	6 427	0.2%
Transfers and subsidies	354 985	11.9%	390 676	12.2%	419 116	12.2%	458 058	12.5%
Other revenue	40 291	1.3%	35 484	1.1%	36 812	1.1%	38 357	1.0%
Total Revenue (excluding capital transfers and contributions)	2 990 431	100%	3 208 768	100%	3 442 772	100%	3 654 227	100%
Total revenue from rates and service charges	2 513 909	84.1%	2 696 339	84.0%	2 897 555	84.2%	3 062 329	83.8%

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.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the City. The municipality will continue to significantly generate its own revenue and will only depend on the operational transfers to the equivalent of 12 per cent.

Rates and service charges revenue comprise of 84 per cent of total operating revenue mix. In 2018/19, revenue from rates and service charges totalled R2.5 billion and is projected to increase to R2.7 billion in 2019/20 and steadily increase to R2.9 billion and R3 billion in 2020/21 and 2021/22 respectively.

Electricity service charges are the largest contributor towards municipal revenue in terms of turnover amounting to an average of 49 per cent over the MTREF. However, it needs to be noted that the actual revenue contributed by Electricity Service to municipal service delivery is the gross profit of Electricity Turnover Less Bulk purchase cost this amounts to R 583 million in the 2019/20 financial year.

The second largest revenue source in the City is Property rates at a constant 16 per cent over the MTREF. The municipality is still prejudiced by the Traditional Authorities not yet forming part of the MPRA while geographically representing 47 per cent of the municipal jurisdiction.

The City has developmental projects in the pipeline to boost the property rates base of the City, The Ridge Estate Project, Relocation of Richards Bay Airport project, Richards Bay IDZ Phase 1F development and Richards Bay Waterfront development. All these projects are expected to inject a significant amount of revenue through property rates levies and service charges.

The trading service water is the third largest revenue, contributing 12 per cent towards the total revenue projected at R388 million in 2019/20. The severe drought in the country has resulted in lower patterns of consumptions by both the households and industries in the area. The challenge is that based on the fact that the bulk of the costs are fixed, the Water Service which is a trading service and meant to be making a surplus is now making a deficit.

Operating grants and transfers totals R390 million in the 2019/20 financial year, steadily increases to R419 million in 2020/21 and to R458 million in 2021/22. Local Government Equitable Share will grow at an average annual rate of above 8.2 per cent over the MTREF. This covers the likely above-inflation increases in the costs of bulk water and electricity. This also allows for faster increases in the allocations to poorer and rural municipalities through the redistributive components of the equitable share formula.

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

Table 3 Operating Transfers and Grant Receipts

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	245 591	275 248	314 327	344 324	342 679	342 679	377 106	404 938	443 194
Local Government Equitable Share	229 925	251 497	292 009	326 255	326 255	326 255	362 965	396 640	434 454
Finance Management	1 600	2 537	2 650	2 650	2 650	2 650	2 650	2 650	2 650
Municipal Systems Improvement	930	–	–	–	1 055	1 055	–	–	–
EPWP Incentive	2 961	5 055	4 143	5 189	5 189	5 189	4 492	–	–
Project Management Unit	2 675	3 344	5 437	5 230	5 230	5 230	6 999	5 648	6 090
Infrastructure Skills Development Grant	7 500	6 500	3 879	5 000	2 300	2 300	–	–	–
Municipal Demarcation Transition Grant	–	6 314	6 209	–	–	–	–	–	–
Provincial Government:	11 929	10 017	12 652	12 314	12 306	12 306	13 570	14 178	14 864
Museums	166	175	183	192	192	192	202	214	225
Provincialisation of Libraries	6 789	7 506	7 881	8 275	8 275	8 275	8 689	9 123	9 625
Libraries	1 020	1 432	1 504	1 576	1 576	1 576	2 283	2 445	2 618
Housing	3 829	904	1 316	2 213	2 213	2 213	2 396	2 396	2 396
Enhanced Extended Discount Benefit Scheme	25	–	16	–	–	–	–	–	–
Cleanest Town Awards	100	–	–	–	–	–	–	–	–
Hostels	–	–	152	–	–	–	–	–	–
Sport and Recreational	–	–	–	58	50	50	–	–	–
Career Exp - Dept of Public Works	–	–	800	–	–	–	–	–	–
Richards Bay Airport Feasibility Study	–	–	800	–	–	–	–	–	–
District Municipality:	200	318	100	–	–	–	–	–	–
Beach Festival	200	–	–	–	–	–	–	–	–
Refuse Removal Grant	–	318	–	–	–	–	–	–	–
Speakers Funeral	–	–	100	–	–	–	–	–	–
Other grant providers:	681	319	2 359	–	–	–	–	–	–
Umhlathuze Village Beneficiaries Contribution	51	26	24	–	–	–	–	–	–
Chiefta Funding	630	199	534	–	–	–	–	–	–
Absa Bank - SCM Indaba	–	5	–	–	–	–	–	–	–
SM Xulu Chartered Accountants - Strategic Session	–	15	–	–	–	–	–	–	–
EOH Mthombo (Pty) Ltd - Strategic Session	–	10	–	–	–	–	–	–	–
Joat Consulting - Strategic Session	–	25	–	–	–	–	–	–	–
Deloitte La Lucia - Strategic Session	–	20	–	–	–	–	–	–	–
Absa Bank - Strategic Session	–	20	–	–	–	–	–	–	–
Other	–	–	240	–	–	–	–	–	–
State of the City - Various	–	–	740	–	–	–	–	–	–
Mayor Back to school - Various	–	–	78	–	–	–	–	–	–
LG Seta	–	–	742	–	–	–	–	–	–
Total Operating Transfers and Grants	258 401	285 902	329 438	356 638	354 985	354 985	390 676	419 116	458 058

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the City.

The City has strived to ensure that affordability takes preference over the just achieving the desired income from a tariff increases which would be counterproductive. The level of debt collection for the municipality has remained relatively consistent throughout the years and continuous improvement in this area is continuously sort.

The “traditional area customer base” has a notable outstanding debt increase which has been accumulative over the years. Indigent Support effective from 2017/18 is rolled out to target those who cannot afford services who meet the requirements of an indigent consumer.

NERSA has approved 9.41 per cent increase for Eskom tariff charges which will result in higher costs being transferred to the consumer as the bulk purchases incurred by the municipality will increase significantly when compared to the previous year’s average increase of 6.8per cent on bulk purchases.

Mhlathuze Water bulk tariffs have increase by an average of 10.75 per cent which is far beyond the inflation target of 5.4 per cent. The drought and capital infrastructure planned upgrades by the Water board, has resulted in the tariff hike beyond CPI. This means consumer will continue to pay more on water if water conservations are not applied by the consumers.

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 utilised 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 City 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.

1.5.1 Property Rates

The property rates are levied in accordance with the Municipal Property Rates Act, 2004 (Act No.6 of 2004), (MPRA) and the Local Government Municipal Finance Management Act.

Property rates are levied per individual property depending on the property value compared with the valuation of all rateable properties in the municipal area.

Rebates and concessions are granted to certain property categories based on usage or ownership as guided by the MPRA.

Property rates base is expected to increase moderately in 2019/20 MTREF due to housing projects underway and future planned city development projects that will increase the city’s rate base.

The following table stipulates the Property Rates Policy exemptions and rebates summary:

Table 4 Property Rates Policy exemptions and rebates

Rates Category	Rebates, Exemptions and reductions
RES	R 15 000 Impermissible to all Developed Residential Properties
	R 115 000 Reduction to all Residential Properties with a value below R 400 000
	R 200 000 Reduction to Pensioners
	Places of Worship Exempted as part of Legislation
BUS	No rebates, exemptions or reductions
	Public Benefit Organisations – Regulated Ratio 1:0,25
	Non-profit organisations – 20% Rebate upon successful application
Agricultural	5% Rebate upon successful application
PBO's	Non-profit organisations – 20% Rebate upon successful application
PSI	30% reduction as per Legislation
Mining	No rebates, exemptions or reductions
Industrial	No rebates, exemptions or reductions
Vacant Land	No rebates, exemptions or reductions

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2019/20 financial year based on a 6.5 per cent increase from 1 July 2019 is contained below:

Table 5 Comparison of proposed rates to levied for the 2019/20 financial year and the two outer years

Category	Current Tariff (1 July 2018)	Proposed tariff (from 1 July 2019)	2020/2021	2021/2022	Ratio to Resident ial Tariff
	C	c	C	C	
Residential Properties - Private	0.0097	0.0103	0.0108	0.0114	1 : 1
Residential Properties - Municipal	0.0097	0.0103	0.0108	0.0114	1 : 1
Residential Properties - State	0.0097	0.0103	0.0108	0.0114	1 : 1
Business / Commercial - Private	0.0204	0.0217	0.0228	0.0239	1 : 2,1
Business / Commercial - Municipal	0.0204	0.0217	0.0228	0.0239	1 : 2,1
Business / Commercial - State	0.0204	0.0217	0.0228	0.0239	1 : 2,1
Agricultural Properties - Private	0.0024	0.0026	0.0027	0.0029	1 : 0,25
Agricultural Properties - Municipal	0.0024	0.0026	0.0027	0.0029	1 : 0,25
Agricultural Properties - State	0.0024	0.0026	0.0027	0.0029	1 : 0,25
Industrial Properties - Private	0.0213	0.0227	0.0238	0.0250	1:2,2
Industrial Properties - Municipal	0.0213	0.0227	0.0238	0.0250	1:2,2
Industrial Properties - State	0.0213	0.0227	0.0238	0.0250	1:2,2
Mining - Private	0.0224	0.0226	0.0249	0.0261	1:2,3
Mining - Municipal	0.0224	0.0226	0.0249	0.0261	1:2,3
Mining - State	0.0224	0.0226	0.0249	0.0261	1:2,3
Public Service Purposes (State Owned)	0.0107	0.0114	0.0120	0.0126	1:1,1
Vacant Land - Private	0.0194	0.0217	0.0228	0.0239	1: 2,1
Vacant Land - Municipal	0.0194	0.0217	0.0228	0.0239	1: 2,1
Vacant Land - State	0.0194	0.0217	0.0228	0.0239	1: 2,1
Public Service Infrastructure - Private	0.0024	0.0026	0.0027	0.0029	1:0,25
Public Service Infrastructure - Municipal	0.0024	0.0026	0.0027	0.0029	1:0,25
Public Service Infrastructure - State	0.0024	0.0026	0.0027	0.0029	1:0,25
Public Benefit Organisations	0.0024	0.0026	0.0027	0.0029	1:0,25
Municipal Properties	0.0097	0.0103	0.0108	0.0114	1 : 1

The two outer years are increased by 5%.

1.5.2 Sale of Water and Impact of Tariff Increases

The resource scarcity on water due to drought that has hit the entire country is a challenge in the municipal revenue stream. It is therefore expected that due to changes in the consumption patterns downwards by consumers, revenue budgeted to be generated will also be downsized over the MTREF. The resource scarcity in water has had a direct impact on escalated input cost far beyond the inflation forecast of 5.2 per cent (**Source - NT 2019/20 Budget Circular No. 94 – Annexure L2 – DMS 1332895**).

The traditional areas are the second challenge in terms of recovering the service provided in these arrears. The majority of the outstanding consumer debt is owed by the consumers from the traditional arrears for water consumed.

The City took a decision to find alternative ways in recovering the ever increasing debt in traditional areas and the concept of introducing an alternative way in billing these consumers for water consumption is being investigated and may lead towards a decision of replacing all conventional water meters into Pre-Paid water meters in the forthcoming financial years.

In line with the initiative to ensure that residents pay for water and as the revenue enhancement strategy, the city has applied a targeted approach where the 6 kilolitre is provided to consumers who only use not more than 6 kl over 30 days' period.

Indigent support policy was reviewed and approved in 2017 and the indigent support has been extended to consumers under the traditional authority which has assisted towards only billing consumers who can afford to pay for services.

On average the cost of providing water is R44 per litre, and on average revenue charged to both business and households is R38 per litre. The city subsidises by R6 per litre on all units sold to the community. Water Service need to save approximately R74 million on its cost drivers to break even or through the economies of scope by expansion of the units sold.

The high cost drivers are attributed by the bulk costs from uMhlathuze Water which constitute about 18 per cent of the total main cost drivers, followed by Depreciation at 16.7 per cent and Repairs and Maintenance at 16.2 per cent.

In light of the current drought experienced in the city, water tariffs are punitive and the penalty tariffs are incorporated in the Inclining Block Tariff (IBT) structure. Due to the climatic conditions, the city will continue to institute water restrictions as guided by the department of Water Affairs.

The restrictions are as follows as per department of Water Affairs recommendation:

Category	Level one Restrictions	Level two Restrictions	Level three Restrictions	Level four Restrictions
Industries	5%	10%	15%	15%
Domestic Use	10%	20%	30%	60%
Agricultural Use	50%	60%	70%	90%

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2018/19	PROPOSED TARIFFS 2019/20	2020/2021	2021/2022
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	Rand per kℓ	Rand per kℓ	Rand per kℓ	Rand per kℓ
RESIDENTIAL	Prices excluding VAT	Prices excluding VAT	Prices excluding VAT	Prices excluding VAT
0 - 0.2 kℓ per day (0 - 6 kℓ)	0	0	0	0
0 - 0.2 kℓ per day (0 - 6 kℓ)	4,8139	5,1509	5.5115	5.8973
0.2 - 0.5 kℓ per day (7 - 15 kℓ)	5,7766	6,1810	6.6137	7.0766
0.5 - 1.0 kℓ per day (16 - 30 kℓ)	13,5227	14,4693	15.4822	16.5659
1.0 - 2.0 kℓ per day (31 - 60 kℓ)	17,9197	19,1741	20.5163	21.9524
2 and above kℓ per day (60+ kℓ)	23,3727	25,0088	26.7594	28.6326
NON-RESIDENTIAL				
0,0 - 0,5 kℓ per day	10,5924	11,3339	12.1273	12.9762
0,5 - 1,0 kℓ per day	15,4463	16,5275	17.6844	18.9223
1,0 - 2,0 kℓ per day	18,2420	19,5189	20.8852	22.3472
above 2,0 kℓ per day	18,0190	19,2803	20.6299	22.0740

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 7 Comparison between current water charges and increases (Domestic)

Monthly consumption kℓ	Current amount 2018/19 Payable R	Proposed amount 2019/20 payable R	Difference (Increase) R	Percentage change
20	270,45	289,39	18,93	7,00%
30	405,68	434,08	28,40	7,00%
40	716,79	766,96	50,18	7,00%
50	895,99	958,71	62,72	7,00%
80	1 869,82	2 000,70	130,89	7,00%
100	2 337,27	2 500,88	163,61	7,00%

Water tariffs increased by 7 per cent in the proposed 2019/2020 and the two outer years as shown above.

1.5.3 Sale of Electricity and Impact of Tariff Increases

The electricity tariff increases which the City has applied as per NERSA tariff guideline for 2019/20 have an increase of 9.41 per cent effective from the 1st of July 2019.

Registered indigents will again be granted 50 kWh per month.

In addition to the free 50 units, the indigent customers to be granted additional 300 units that can be bought per month but be capped at 350 units each month;

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

Table 8 Comparison between current electricity charges and increases (Domestic)

Monthly Consumption kWh	Current amount 2018/19 payable R	Proposed amount 2019/20 payable R	Difference (Increase) R	Percentage change
100	114,68	124,26	11,56	10,08%
250	286,70	315,60	28,90	10,08%
500	809,25	891,50	82,25	10,16%
750	1 268,25	1 397,25	129,00	10,17%
1 000	1 691,00	1 863,00	172,00	10,17%
2 000	3 849,40	4 242,00	392,60	10,20%

The municipality implements the inclining block tariff and this stepped tariff structure has a higher tariff as customer consumption increases. The aim is to subsidise the lower consumption users (mostly the poor) and to use the benchmark as provided by NERSA. The City has been implementing this inclining block tariff for the past three years and it causes an increase in the volumes of sales to be experienced during the first days of the month when the tariffs are in their first scale for prepaid customers. The municipality has opened third party channels to ensure convenience to those customers who wish to not be inconvenienced by long queues during these peak times.

The electricity tariff increases which the City has applied as per NERSA tariff guideline for 2019/20 have an increase of 9.41 per cent effective from the 1st of July 2019. The budget costs for electricity make up a significant portion of the municipal budget, hence the tariffs to be levied on the municipal consumers for electricity are influenced accordingly.

The draft municipal budget was tabled before Council on the 27th of March 2019 and the National Electricity Regulator of South Africa (NERSA) published new tariffs on the 29th of March 2019, which is two days after City of uMhlathuze Council has adopted the budget. The new tariffs proposed 13.07 per cent for municipalities. Council has at this stage published the 9.41 per cent increase with some local newspapers and had already printed budget inserts to be distributed to the public.

Council is of the view that the second increase is in contravention with section 42 (5) which reads as follows:

- "(5) Unless approved otherwise by the Minister, an amendment to a pricing structure which is tabled in Parliament or the relevant provincial legislature—*
- (a) on or before 15 March in any year, does not take effect for the affected municipalities or municipal entities before 1 July in that year; or*
 - (b) after 15 March in any year, does not take effect for the affected municipalities or municipal entities before 1 July the next year"*

The decision to increase tariffs after they are adopted has serious financial consequences for the municipality, which must be kept in mind should NERSA go ahead with the increase of 13.07 per cent.

To this effect the Financial Services Department has drafted a letter dated 26 April 2019 to National treasury conveying a serious concern and seeking a solution to the lack of adherence by Eskom/ NERSA.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the City. Most of the suburbs and inner city reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the City's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Electrical Supply Services strives to provide sustainable and cost effective networks to support the forecast load growth. This is achieved by providing network-strengthening investment decisions to ensure network integrity and to maintain quality of supply criteria during normal and abnormal network configurations.

The City requires an estimated funding of R600 million over the MTREF for infrastructure asset upgrades and renewals to minimise the risk of revenue losses as a result of network or plant failure. It will also minimize the cost associated with loss of supply and injury or death to the public. Department of Energy and DBSA have been approached to assist with the funding in some of the critical projects identified as per council report **RPT 153971**.

The capital requirement mentioned above cannot be funded through municipal tariffs alone. Funding these necessary upgrades and renewals through increases in the municipal electricity tariff would be unaffordable for the consumers; hence, additional loans are necessary to fund the critical municipal infrastructure renewals.

1.5.4 Sanitation and Impact of Tariff Increases

A tariff increase of 5 per cent for sanitation from 1 July 2019 is proposed. This is based on the input cost assumptions related to water. Properties below the market value of R130 000 are not charged for sewerage discharged.

The following table compares the current and proposed tariffs:

Table 9 Comparison between current sanitation charges and increases

Tariff Code	Detail	2018/19		2019/20		2020/21		2021/22		%
		Excl VAT	Incl VAT	Excl VAT	Incl VAT	Excl VAT	Incl VAT	Excl VAT	Incl VAT	
SN	Rebate = 100%									
	Valuation of Residential property value < R 130 000	(8,83)	(10,15)	(9,27)	(10,66)	(9,73)	(11,19)	(10,22)	(11,75)	5,00
SO	Rebate = 25%									
	Valuation of Residential property value R 130 001 to R 170 000	(2,21)	(2,54)	(2,32)	(2,67)	(2,43)	(2,80)	(2,56)	(2,94)	5,00
IA	Rebate = 25%									
	Valuation of Residential property value R 170 001 and above per kℓ as per bylaw	8,83	10,15	9,27	10,66	9,73	11,19	10,22	11,75	5,00

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

Table 10 Comparison between current sanitation charges and increases, single dwelling-houses

Monthly sanitation consumption kℓ	Current amount 2018/19 Payable R	Proposed amount 2019/20 payable R	Difference (5% increase) R
20	176,60	185,40	8,80

Refer to the comprehensive Tariff of Charges contained on **Annexure C (DMS 1335718)** for residential, business and undeveloped sites tariffs.

1.5.5 Waste Removal and Impact of Tariff Increases

Solid waste removal is operating marginally below break-even and is currently being subsidised by the Equitable Share Grant over the MTREF. The City will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term.

The city uses the property valuation sliding scales to charge Waste Removal for households. Properties in the city's valuation roll are a total of 28 960, majority (49.8 per cent) of which is within R200 000 to R600 000 property values.

The city operates business waste removal based on the number of times (demand based) the service is required by the business. The city has approximately 4600 businesses that are serviced by council and in 2019/20 financial year, this service will be expanded.

The waste removal is proposed to increase by 12 per cent effective from 1 July 2019. The increase when converted to monetary value is R18 including VAT. Cost drivers analyses was

conducted and based on the high cos drivers, the double digit increase was necessary to bridge the gap of grant reliance within the service from equitable share.

The following table compares current and proposed amounts payable from 1 July 2019:

Table 11 Comparison between current waste removal fees and increases

Tariff Code	Detail	2018/19		2019/20		2020/21		2020/21		%
		Excl VAT	Incl VAT	Excl VAT	Incl VAT	Excl VAT	Incl VAT	Excl VAT	Incl VAT	
RK	Rebate = 100%	129,29 – 100% = 0,00	148,68 – 100% = 0,00	144,80 – 100% = 0,00	166,52 – 100% = 0,00	153,49 – 100% = 0,00	176,51 – 100% = 0,00	161,16 – 100% = 0,00	185,34 – 100% = 0,00	0%
	Refuse valuation sliding scale, Residential property value < R 120 000									
RL	Rebate = 25%	129,86 – 25% = 97,40	148,68 – 25% = 111,51	144,80 – 25% = 108,60	166,52 – 25% = 124,89	166,52 – 25% = 115,12	176,51 – 25% = 132,38	161,16 – 25% = 120,87	185,34 – 25% = 139,00	8%
	Refuse valuation sliding scale Residential property value R 120 001 to R 170 000 for									
IA	Refuse valuation sliding scale Residential property value R 170 001 – R 400 000	129,29	148,68	144,80	166,52	153,49	176,51	161,16	185,34	12%
IA	Refuse valuation sliding scale Residential property value R 400 001 – R 600 000	129,86	149,34	146,74	168,75	155,54	178,88	163,32	187,82	13%
IA	Refuse valuation sliding scale Residential property value R 600 001 – R 800 000	130,43	149,99	148,69	170,99	157,61	181,25	165,49	190,32	14%
IA	Refuse valuation sliding scale Residential property value R 800 001 – R 1 000 000	131,01	150,66	149,35	171,75	158,31	182,06	166,23	191,16	14%
IA	Refuse valuation sliding scale Residential property value R 1 000 001 – R 1 500 000	131,58	151,32	150,00	172,50	159,00	182,85	166,95	191,99	14%
IA	Refuse valuation sliding scale Residential property value R 1 500 001 and above	132,14	151,96	151,96	174,75	161,08	185,24	169,13	194,50	15%
RM	Residential – Basic Tariff	129,29	148,68	144,80	166,52	153,49	176,51	161,16	185,34	12%

Waste removal fees increased by average of 13 per cent in 2019/2020 then 6 and 5 per cent in 2020/2021 and 2021/2022 respectively.

1.5.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a medium and an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at an average of 7 per cent including indigent households, excluding electricity tariffs.

Middle income household range is defined as:

- *property value of R700 000;*
- *1 000 kWh electricity; and*
- *30kl water.*

Affordable household range is defined as:

- *property value of R500 000;*
- *500 kWh electricity; and*
- *25kl water*

Indigent household is defined as:

- property value of R 300 000;
- 350 kWh electricity; and
- 20kl water (50 kWh electricity and 6 kl water free).

Table 12 MBRR SA14 – Household bills

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20 % incr.	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	445.25	473.79	521.17	555.82	555.82	555.82	5.8%	587.96	608.54	632.88
Electricity: Consumption	1 274.06	1 366.66	1 391.85	1 470.10	1 470.10	1 470.10	10.1%	1 619.20	1 675.87	1 742.91
Water: Basic levy	17.54	18.60	20.27	22.70	22.70	22.70	2.2%	23.21	24.02	24.98
Water: Consumption	219.24	232.40	253.31	283.71	283.71	283.71	7.0%	303.57	314.20	326.77
Sanitation	145.60	154.40	165.20	176.76	176.76	176.76	4.9%	185.40	191.89	199.56
Refuse removal	106.48	112.87	120.77	130.43	130.43	130.43	14.0%	148.69	153.89	160.05
sub-total	2 208.17	2 358.72	2 472.57	2 639.52	2 639.52	2 639.52	8.7%	2 868.03	2 968.41	3 087.15
VAT on Services	246.81	263.89	273.20	312.56	312.56	312.56		342.01	353.98	368.14
Total large household bill:	2 454.98	2 622.61	2 745.77	2 952.08	2 952.08	2 952.08	8.7%	3 210.04	3 322.39	3 455.29
% increase/-decrease		6.8%	4.7%	7.5%	-	-		8.7%	3.5%	4.0%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	315.25	335.46	369.00	393.54	393.54	393.54	5.8%	416.29	430.86	448.10
Electricity: Consumption	689.46	739.10	752.65	793.70	793.70	793.70	10.1%	874.00	904.59	940.77
Water: Basic levy	17.54	18.60	20.27	22.70	22.70	22.70	2.2%	23.21	24.02	24.98
Water: Consumption	167.00	177.01	192.95	216.10	216.10	216.10	7.0%	231.23	239.32	248.89
Sanitation	145.60	154.40	165.20	176.76	176.76	176.76	4.9%	185.40	191.89	199.56
Refuse removal	106.01	112.37	120.24	129.86	129.86	129.86	13.0%	146.74	151.88	157.95
sub-total	1 440.86	1 536.94	1 620.31	1 732.66	1 732.66	1 732.66	8.3%	1 876.87	1 942.56	2 020.25
VAT on Services	157.59	168.21	175.18	200.87	200.87	200.87		219.09	226.75	235.82
Total small household bill:	1 598.45	1 705.15	1 795.49	1 933.53	1 933.53	1 933.53	8.4%	2 095.96	2 169.31	2 256.07
% increase/-decrease		6.7%	5.3%	7.7%	-	-		8.4%	3.5%	4.0%
Monthly Account for Household - 'Indigent'										
Household receiving free basic services										
Rates and services charges:										
Property rates	123.50	131.42	144.56	145.50	145.50	145.50	0.3%	145.92	151.02	157.06
Electricity: Consumption	9.99	10.72	10.91	11.47	11.47	11.47	10.0%	12.62	13.07	13.59
Water: Basic levy	17.54	18.60	20.27	22.70	22.70	22.70	2.2%	23.21	24.02	24.98
Water: Consumption	92.43	97.97	106.79	119.60	119.60	119.60	7.0%	127.98	132.45	137.75
Sanitation	145.60	154.40	165.20	176.76	176.76	176.76	4.9%	185.40	191.89	199.56
Refuse removal	105.55	111.88	119.71	129.29	129.29	129.29	12.0%	144.80	149.87	155.86
sub-total	494.61	524.99	567.44	605.32	605.32	605.32	5.7%	639.93	662.32	688.80
VAT on Services	51.96	55.10	59.20	68.97	68.97	68.97		74.10	76.69	79.76
Total small household bill:	546.57	580.09	626.64	674.29	674.29	674.29	5.9%	714.03	739.01	768.56
% increase/-decrease		6.1%	8.0%	7.6%	-	-		5.9%	3.5%	4.0%

1.6 Operating Expenditure Framework

The City's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- Given that one of the primary drivers of this budget is to keep tariff increases with the inflationary envelope of 7 per cent, expenditure allocations in excess of the 2018/19 Adjustments budget are very limited;
- Despite the above restriction the Chief Financial Officer has ensured that Repairs and Maintenance provisions are within best practice parameters of 8 per cent of Asset Cost and 13 per cent of Operating Expenditure. The weakness here however is that there is no Municipal wide asset repairs and maintenance plan. Repairs and Maintenance is done in silo's hence it lacks in synergistic benefit of ensuring budget allocations are used efficiently and effectively;
- Related to the above weakness the capital programme carries the risk of not ensuring that the asset renewal strategy and backlog eradication is achieved in this budget;
- Funding of the budget over the medium-term is informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of "no project plans no budget". If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2019/20 MTREF (classified per main type of operating expenditure):

Table 13 Summary of operating expenditure by standard classification item

Description	2015/16	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand								
Expenditure By Type								
Employee related costs	635 594	644 245	701 054	812 123	810 018	859 550	921 962	994 157
Remuneration of councillors	23 891	25 542	29 342	31 881	31 488	32 404	34 033	35 744
Debt impairment	36 646	8 891	27 154	26 513	29 730	31 454	33 027	34 678
Depreciation & asset impairment	351 346	352 389	348 561	376 066	376 066	408 532	446 488	484 885
Finance charges	58 694	68 940	67 691	67 884	59 359	70 846	79 421	86 950
Bulk purchases	1 025 277	1 173 350	927 274	1 000 945	974 726	1 096 949	1 153 378	1 201 977
Other materials	103 488	97 320	105 039	114 233	126 546	121 110	124 675	129 661
Contracted services	228 681	298 686	338 720	312 731	366 946	323 135	333 509	346 849
Transfers and subsidies	18 149	9 319	11 517	12 534	15 179	12 087	12 511	13 011
Other expenditure	112 555	154 209	165 712	261 588	259 257	278 181	287 022	298 022
Loss on disposal of PPE	2 296	1 296	1 449	–	–	–	–	–
Total Expenditure	2 596 617	2 834 188	2 723 512	3 016 497	3 049 313	3 234 247	3 426 024	3 625 932

The budgeted allocation for **employee related costs** for the 2019/20 financial year totals R 859,6 million, which equals 27 per cent of the total operating expenditure.

The collective agreement regarding salaries/wages came into operation on 1 July 2018 and shall remain in force until 30 June 2021. In terms of the agreement, the year one increase as been calculated as an across the board increase of 6.5 per cent.

For budget purposes a 6.5 per cent increase has been utilised. An annual increase of 6 and 6 per cent has been included in the two outer years of the MTREF.

The challenge with the organizational structure is that it is designed for that of an aspirant metro and hence has many vacancies (R163m worth) which cannot be filled as there is no corresponding increase in the economy i.e. in the tax base. Consequently, the associated risk is that there may be many organizational and municipal service delivery activities, which pre-structuring were performed by one official and with the current vacuum of vacancies some of those functions may now not be performed.

The possible risk in the total Human Resource structure is if one adds both contracted services and employee related costs together, this figure amounts to 37 per cent of the operating budget, which although the 33 per cent norm for local government, does indicate a lack of skills within the Administration and a tendency to outsource.

One of the overriding solutions here is that of a Municipal Grading in the first instance and an organogram suited for such grading for the administration. Since 2000 the structure of the organogram is dictated by the influences of the different Councils over the years and different managers, hence no collectively and best practice structured staff structure. The correct grading will rationalize this anomaly and ensure the trajectory of future posts created and filled is done properly.

A revised wage curve has been received from the South African Local Government Bargaining Council. It is apparent that this revised wage curve will be accepted by both SALGA and the unions and therefore implementation is imminent. Based on Draft calculations it is expected that the additional annual amount required will be R 20 million, however no provision was made on the 2019/20 MTREF for this implementation.

A provision of R 10 million was however made on the 2019/20 to fund previously unfunded vacant posts. The senior management has been tasked with determining the list of critical operational posts will be funded from these funds.

The cost associated with the **remuneration of councillors** is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). An increase of 5 per cent has been budgeted for the 2019/20 financial year.

The provision of debt impairment was determined based on an annual collection rate of 96 per cent and the Debt Write-off Policy of the City. For the 2019/20 financial year this amount is R32.4 million. 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. The accounting requirement of not writing bad debt to the provision but rather depicting an actual expense in the year of the write off may cause the City to review the estimates upwards in line with actual consumer trends at period reviews of the debtors. The amounts budgeted for also do not include the subsequent measure of Traffic fines which was a material impairment with the implementation of iGRAP 1.

Council has performed an assessment of the Debt impairment and revised its method of calculating the budgeted outstanding debtors. The change is reflected on Table 27 - A6 Budgeted Financial Position and Table 72 SA3 - Supporting detail to Statement of Financial Position

In terms of the debt impairment, the municipality is of the view that the provision that it currently has is sufficient to cover the risk of non-payment. Included in the debtors outstanding is the portion that will have not reached 90 days and therefore may still be recoverable. The trend is that about 50% of the outstanding debt is between current and 60 days. The Municipality is of the view that budgeting 3% of the annual budgeted billing will be an overstatement of expenditure as sufficient provision is available as reflected in table 72 SA3 - Supporting detail to Statement of

Financial Position. Also the Municipality's actual write off has for the past years has never reached R32 million annually which is in line with the proposed budget for 2019/20 financial year.

Provision for depreciation and asset impairment has been informed by the Municipality's Financial Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R408.5 million for the 2019/20 financial and equates to 12.6 per cent of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges on the budget make up 2.1 per cent (R70.8 million) of operating expenditure excluding annual redemption.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Mhlathuze Water Board. The annual price increases have been factored into the budget appropriations. Of the R989 million total electricity comprises R 990 million and water R107 million. The expenditure includes distribution losses.

Other materials comprise the purchase, of materials for maintenance. In line with the City's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the City's infrastructure. The appropriation against this group of expenditure has grown, however further effort will be made in the outer years to increase this appropriation over and above the inflationary boundaries.

Contracted Services has decreased by 12 per cent as administration needs to place lesser reliance on contracted services. Contracted services together with Employee Related Costs amount to 37% (27 % + 10%) of total operating cost. There is a direct relationship between the efficiency and effectiveness of personnel versus that of the private sector, with the common fact between both sectors lying with level of management of resources they have at their disposal.

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

Further details relating to contracted services can be seen in Table 70 MBRR SA1 (see pages 199 to 204).

The following figure gives a breakdown of the main expenditure categories for the 2019/20 financial year.

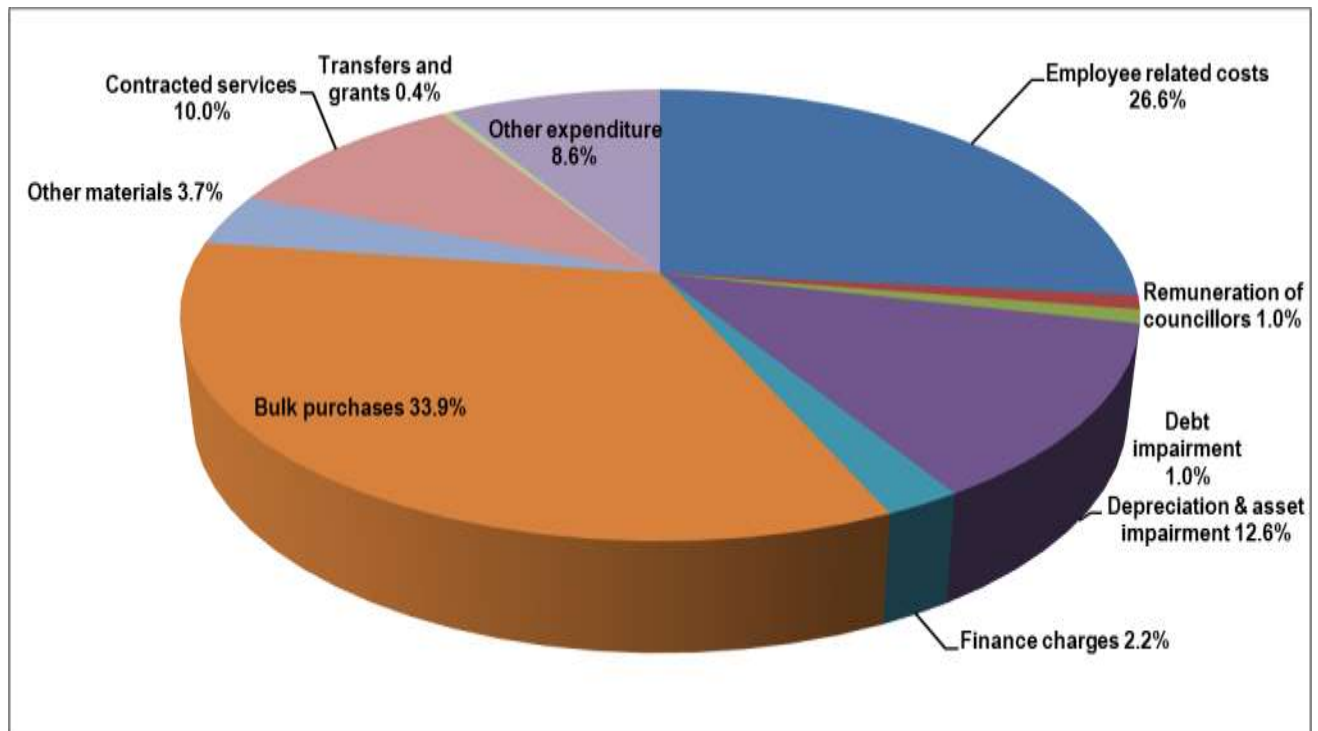


Figure 1 Main operational expenditure categories for the 2019/20 financial year

1.6.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2019/20 budget and MTREF provide for extensive growth in the area of asset maintenance. The weakness however in this environment is that there is no Municipal wide asset renewal strategy and repairs and maintenance plan of the City. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 14 Operational repairs and maintenance

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and Maintenance by Expenditure Item									
Employee related costs	226 610	208 536	209 087	431 151	431 151	431 151	494 275	525 825	557 422
Other materials	42 626	50 483	73 130	77 717	88 647	88 647	84 738	86 993	90 473
Contracted Services	99 985	120 804	134 906	99 341	100 361	100 361	103 585	107 309	111 602
Total Repairs and Maintenance Expenditure	369 221	379 822	417 124	608 208	620 158	620 158	682 598	720 127	759 497

During the compilation of the 2019/20 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the City's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was increased marginally by 10 per cent in the 2019/20 financial year, from R 620 million to R 683 million. In relation to the total operating expenditure, **repairs and maintenance** as a percentage of Total operating expenditure comprises the following **22.4; 22.3 and 22.2 per cent** of the respective financial years MTREF. In addition, repairs and maintenance as a percentage of PPE comprises of **12.3; 12.5 and 12.9 per cent** of the respective financial years MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 15 Repairs and maintenance per asset class

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	256 209	247 665	302 041	471 241	472 528	472 528	486 649	513 889	541 803
Roads Infrastructure	70 826	75 976	69 391	95 313	95 441	95 441	98 921	105 151	111 809
Storm water Infrastructure	8 918	–	40 209	38 687	39 714	39 714	39 930	41 879	43 917
Electrical Infrastructure	45 546	53 744	65 780	160 750	161 468	161 468	170 117	180 737	190 554
Water Supply Infrastructure	87 402	81 723	92 452	105 918	104 952	104 952	109 014	113 846	119 299
Sanitation Infrastructure	42 223	34 816	29 989	65 303	65 684	65 684	63 219	66 636	70 359
Solid Waste Infrastructure	–	–	–	–	–	–	–	–	–
Rail Infrastructure	–	1 385	853	1 175	1 175	1 175	1 211	1 253	1 303
Information and Communication Infrastructure	1 293	21	3 369	4 095	4 095	4 095	3 208	3 321	3 453
Community Assets	69 026	59 882	73 421	98 193	97 037	97 037	112 239	118 537	125 540
Other assets	20 121	25 097	250	897	2 152	2 152	5 355	5 568	5 813
Computer Equipment	–	–	–	–	–	–	1 010	1 045	1 087
Furniture and Office Equipment	–	–	527	616	617	617	27	28	29
Machinery and Equipment	4 449	17 225	1 308	1 478	1 478	1 478	21 413	22 163	23 049
Transport Assets	19 415	29 954	39 474	35 784	46 346	46 346	55 793	58 779	62 050
Total Repairs and Maintenance Expenditure	369 221	379 822	417 124	608 208	620 158	620 158	682 598	720 127	759 497
R&M as a % of PPE	7.6%	7.3%	7.7%	11.0%	11.2%	11.2%	12.3%	12.5%	12.9%
R&M as % Operating Expenditure	14.2%	13.4%	15.3%	20.2%	20.3%	20.3%	22.4%	22.3%	22.2%

For the 2019/20 financial year, 71 per cent or R 486 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling at 25 per cent (R 170 million) followed by water infrastructure at 16 per cent (R 109 million), road transport infrastructure at 14 per cent (R 99 million) and sanitation at 9 per cent (R63 million). Community assets has been allocated R 112 million of total repairs and maintenance equating to 16 per cent. Transport assets has been allocated R 55.8 million (8 per cent).

1.7 Capital expenditure

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

Table 16 2019/20 Medium-term capital budget per vote

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional									
<i>Governance and administration</i>	57 206	81 039	128 345	102 236	131 256	131 256	37 500	41 382	40 848
Executive and council	—	182	20	—	—	—	—	—	—
Finance and administration	148	80 857	128 325	102 236	131 256	131 256	37 500	41 382	40 848
Internal audit	57 058	—	—	—	—	—	—	—	—
<i>Community and public safety</i>	136 016	72 544	43 331	80 981	89 431	89 431	64 058	43 414	48 710
Community and social services	16 382	24 017	26 027	55 463	62 072	62 072	31 533	22 688	25 586
Sport and recreation	22 831	20 564	10 584	24 958	26 860	26 860	32 525	19 926	22 874
Public safety	6 253	17 433	6 926	559	499	499	—	800	250
Housing	86 815	9 576	(206)	—	—	—	—	—	—
Health	3 736	954	—	—	—	—	—	—	—
<i>Economic and environmental services</i>	11 542	126 626	97 197	137 876	146 929	146 929	144 408	115 644	122 569
Planning and development	16	3 531	19 313	3 953	4 838	4 838	33 000	—	—
Road transport	11 526	123 095	77 183	133 723	141 852	141 852	111 408	115 644	122 569
Environmental protection	—	—	701	200	239	239	—	—	—
<i>Trading services</i>	187 690	227 700	231 648	204 068	218 713	218 713	351 567	389 551	386 667
Energy sources	17 822	60 270	57 776	85 472	95 773	95 773	96 910	107 052	121 960
Water management	115 923	104 593	84 873	68 773	70 710	70 710	175 540	170 727	185 027
Waste water management	52 450	59 354	87 895	48 123	49 215	49 215	75 517	105 342	75 930
Waste management	1 495	3 484	1 103	1 700	3 015	3 015	3 600	6 431	3 750
<i>Other</i>	1 327	—	—	—	—	—	—	—	—
Total Capital Expenditure - Functional	393 781	507 909	500 521	525 161	586 328	586 328	597 533	589 991	598 794
Funded by:									
National Government	136 565	125 534	134 821	121 374	121 374	121 374	182 989	161 078	172 723
Provincial Government	85 773	10 365	541	7 850	7 850	7 850	8 243	8 655	8 750
District Municipality	—	5 625	—	—	—	—	—	—	—
Other transfers and grants	4 740	1 686	2 849	—	—	—	—	—	—
Transfers recognised - capital	227 079	143 210	138 212	129 224	129 224	129 224	191 232	169 733	181 473
Borrowing	96 520	204 961	9 969	310 000	310 000	310 000	—	310 000	—
Internally generated funds	70 183	159 738	352 341	85 937	147 105	147 105	406 301	110 258	417 321
Total Capital Funding	393 781	507 909	500 521	525 161	586 328	586 328	597 533	589 991	598 794

For 2019/20 an amount of R490 million has been appropriated for the development of infrastructure which represents 82 per cent of the total capital budget. In the outer years this amount totals R504 million, 85 per cent and R 508 million, 85 per cent respectively for each of the financial years. Water infrastructure receives the highest allocation of R 169 million in 2019/20 which equates to 35 per cent followed by road transport infrastructure at 29 per cent, R142 million, electricity infrastructure at 20 per cent, R95.6 million and then waste water infrastructure at 15 per cent, R76 million.

Total new assets represent 65 per cent or R 387 million of the total capital budget, asset renewal equates to 9 per cent or R 52 million and upgrade of existing assets 9 per cent or R 51 million.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 30 MBRR A9 (Asset Management) on page 89. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c, d and e provides a detailed breakdown of the capital programme relating to new asset construction; capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 168 to 183).

Furthermore, pages 187 to 196 contain a detail breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

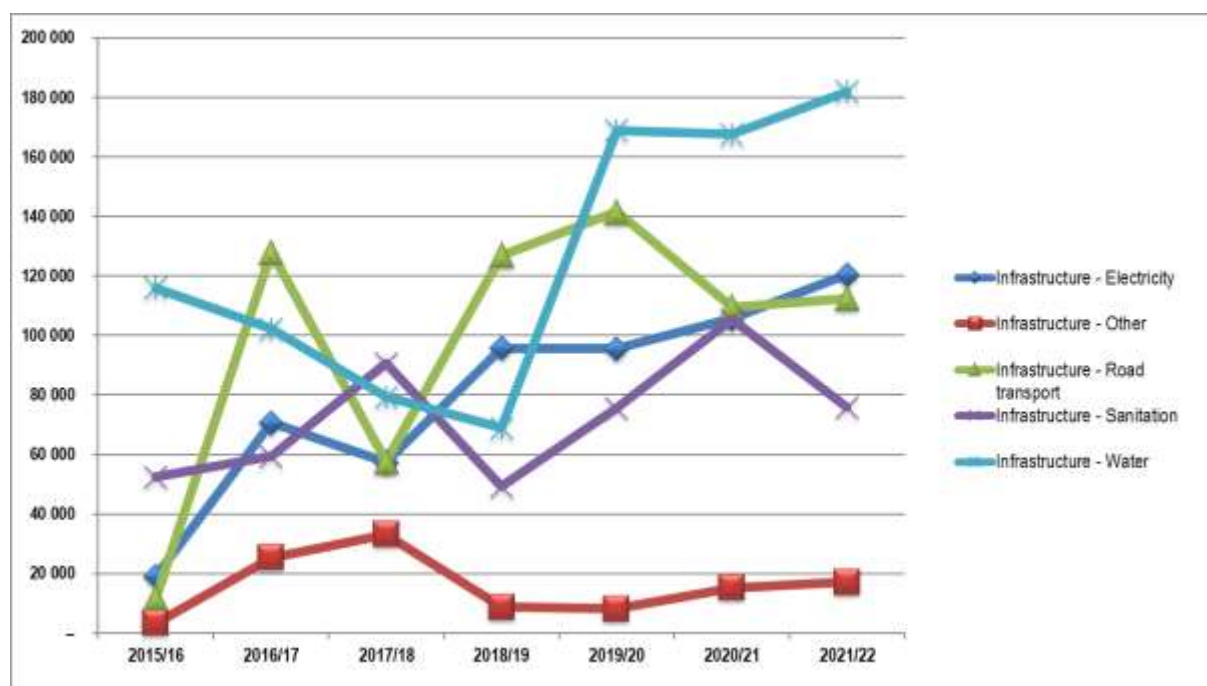


Figure 2 Capital Infrastructure Programme

1.8 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 2019/20 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the following page.

Table 17 MBRR Table A1 - Budget Summary

Description R thousands	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Financial Performance									
Property rates	371 074	397 694	442 661	474 453	495 732	495 732	520 380	556 806	584 647
Service charges	1 714 940	2 008 809	1 835 553	2 097 369	2 018 177	2 018 177	2 175 960	2 340 749	2 477 682
Investment revenue	32 411	60 875	76 056	55 000	55 000	55 000	58 000	60 000	65 000
Transfers recognised - operational	263 848	284 193	329 088	356 638	354 985	354 985	390 676	419 116	458 058
Other own revenue	105 209	152 643	192 197	71 413	66 536	66 536	63 753	66 101	68 840
Total Revenue (excluding capital transfers and contributions)	2 487 482	2 904 214	2 875 554	3 054 874	2 990 431	2 990 431	3 208 768	3 442 772	3 654 227
Employee costs	635 594	644 245	701 054	812 123	810 018	810 018	859 550	921 962	994 157
Remuneration of councillors	23 891	25 542	29 342	31 881	31 488	31 488	32 404	34 033	35 744
Depreciation & asset impairment	351 346	352 389	348 561	376 066	376 066	376 066	408 532	446 488	484 885
Finance charges	58 694	68 940	67 691	67 884	59 359	59 359	70 846	79 421	86 950
Materials and bulk purchases	1 128 765	1 270 670	1 032 313	1 115 178	1 101 272	1 101 272	1 218 059	1 278 052	1 331 638
Transfers and grants	18 149	9 319	11 517	12 534	15 179	15 179	12 087	12 511	13 011
Other expenditure	380 178	463 082	533 034	600 831	655 933	655 933	632 770	653 557	679 548
Total Expenditure	2 596 617	2 834 188	2 723 512	3 016 497	3 049 313	3 049 313	3 234 247	3 426 024	3 625 932
Surplus/(Deficit)	(109 135)	70 025	152 042	38 377	(58 882)	(58 882)	(25 479)	16 749	28 294
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	222 338	143 210	135 362	129 224	129 224	129 224	191 232	169 733	181 473
Contributions recognised - capital & contributed assets	4 740	–	2 849	–	–	–	–	–	–
Surplus/(Deficit) for the year	117 943	213 235	290 254	167 601	70 341	70 341	165 753	186 482	209 767

Table MBRR Table A1 - Budget Summary (continued)

Description R thousands	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Capital expenditure & funds sources</u>									
Capital expenditure	393 781	507 909	500 521	525 161	586 328	586 328	597 533	589 991	598 794
Transfers recognised - capital	227 079	143 210	138 212	129 224	129 224	129 224	191 232	169 733	181 473
Borrowing	96 520	204 961	9 969	310 000	310 000	310 000	–	310 000	–
Internally generated funds	70 183	159 738	352 341	85 937	147 105	147 105	406 301	110 258	417 321
Total sources of capital funds	393 781	507 909	500 521	525 161	586 328	586 328	597 533	589 991	598 794
<u>Financial position</u>									
Total current assets	964 980	1 297 323	1 043 037	1 208 936	1 114 187	1 114 187	884 250	1 116 700	1 072 148
Total non current assets	4 992 812	5 389 214	5 599 874	5 731 941	5 810 156	5 810 156	5 999 134	6 142 638	6 256 546
Total current liabilities	718 433	852 781	712 303	657 177	649 437	649 437	580 268	633 431	666 529
Total non current liabilities	689 374	872 144	614 245	946 204	852 257	852 257	799 203	1 037 584	960 366
Community wealth/Equity	4 549 985	4 961 612	5 316 363	5 337 496	5 422 650	5 422 650	5 503 913	5 588 323	5 701 800
<u>Cash flows</u>									
Net cash from (used) operating	435 791	470 138	318 828	543 235	435 084	435 084	518 656	572 239	630 574
Net cash from (used) investing	(309 768)	(504 538)	(499 378)	(525 179)	(542 910)	(542 910)	(589 340)	(589 894)	(597 459)
Net cash from (used) financing	(85 254)	287 110	(74 144)	153 856	166 801	166 801	(84 326)	225 308	(102 090)
Cash/cash equivalents at the year end	462 406	715 116	460 422	638 788	525 851	525 851	370 841	578 494	509 519
<u>Cash backing/surplus reconciliation</u>									
Cash and investments available	462 406	715 116	460 422	638 748	525 851	525 851	370 841	578 494	509 519
Application of cash and investments	182 589	120 052	196 521	458 125	423 642	423 642	128 357	491 984	158 875
Balance - surplus (shortfall)	279 818	595 064	263 901	180 623	102 209	102 209	242 484	86 510	350 644

Table MBRR Table A1 - Budget Summary (continued)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands									
<u>Asset management</u>									
Asset register summary (WDV)	4 992 740	5 389 166	5 599 871	5 731 918	5 810 133	5 810 133	5 999 134	6 142 638	6 256 546
Depreciation	351 346	352 390	348 561	376 066	376 066	376 066	408 532	446 488	484 885
Renewal and Upgrading of Existing Assets	70 327	30 555	132 950	173 760	144 714	144 714	136 573	151 642	110 101
Repairs and Maintenance	369 221	379 822	417 124	608 208	620 158	620 158	682 598	720 127	759 497
<u>Free services</u>									
Cost of Free Basic Services provided	106 764	105 749	131 695	173 350	175 754	187 755	193 108	199 911	207 859
Revenue cost of free services provided	9 231	14 050	188 703	205 074	205 074	205 074	230 342	245 628	258 022
<u>Households below minimum service level</u>									
Water:	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–
Energy:	0	0	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the City'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 emphasises 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 operating surplus/deficit (after Total Expenditure) 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 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 that the municipality has been paying attention to managing this aspect of its finances, and consequently its obligations are cash-backed. This places the municipality in a very positive financial position. To strengthen this favourable position, Council has adopted an Investment, Working Capital and Capital Replacement Reserves Policy.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase however it needs to be noted that this table does not cater for the cross subsidisation value of the lower end tariffs in the tiered structure of basic service charges. **This implies that the values reflected as Free Basic Services and the revenue cost are in reality much higher should one include the cross-subsidisation that takes place within the lower end of the tariffs. In addition, the municipality continues to make progress in addressing service delivery backlogs.**

Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description	2015/16	2016/17	2017/18	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional									
<i>Governance and administration</i>	434 532	546 803	587 146	549 465	570 892	570 892	595 656	634 654	668 152
Executive and council	1 083	6 762	10 271	191	191	191	197	204	212
Finance and administration	433 449	540 035	576 876	549 274	570 701	570 701	595 459	634 450	667 939
Internal audit	–	6	–	–	–	–	–	–	–
<i>Community and public safety</i>	132 576	55 494	64 569	46 875	47 006	47 006	36 284	37 849	39 260
Community and social services	12 960	12 641	19 915	20 302	19 378	19 378	15 360	16 119	16 983
Sport and recreation	11 656	13 737	18 094	20 464	21 565	21 565	14 617	15 285	15 669
Public safety	12 223	16 604	22 466	2 305	2 205	2 205	2 273	2 354	2 449
Housing	95 738	12 512	4 095	3 804	3 858	3 858	4 034	4 092	4 159
<i>Economic and environmental services</i>	46 484	51 387	55 338	50 332	45 188	45 188	78 202	41 294	43 971
Planning and development	32 630	17 072	26 205	18 676	16 047	16 047	47 915	9 193	9 777
Road transport	13 854	34 285	28 751	30 647	28 132	28 132	30 277	32 092	34 184
Environmental protection	–	30	382	1 009	1 009	1 009	10	10	11
<i>Trading services</i>	2 100 163	2 393 101	2 304 124	2 536 681	2 455 829	2 455 829	2 689 095	2 897 918	3 083 495
Energy sources	1 355 667	1 532 818	1 311 215	1 596 982	1 461 231	1 461 231	1 598 975	1 724 492	1 831 063
Water management	428 199	501 980	568 945	518 720	546 190	546 190	608 157	652 521	693 064
Waste water management	201 821	233 258	255 696	275 326	298 756	298 756	296 071	320 354	345 192
Waste management	114 476	125 045	168 268	145 652	149 652	149 652	185 893	200 551	214 175
<i>Other</i>	806	638	2 589	744	740	740	763	790	821
Total Revenue - Functional	2 714 560	3 047 423	3 013 766	3 184 097	3 119 655	3 119 655	3 400 000	3 612 505	3 835 700

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

Functional Classification Description R thousand	2015/16	2016/17	2017/18	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure - Functional									
<i>Governance and administration</i>	375 003	182 999	415 938	61 001	115 025	115 025	95 940	105 900	117 415
Executive and council	85 396	36 884	106 118	21 843	32 150	32 150	23 807	27 160	30 536
Finance and administration	283 052	146 886	298 011	39 114	76 287	76 287	72 086	78 689	86 824
Internal audit	6 555	(771)	11 810	44	6 588	6 588	47	51	55
<i>Community and public safety</i>	276 026	283 118	290 938	395 746	406 517	406 517	437 277	465 646	497 744
Community and social services	72 036	58 852	84 495	92 392	94 092	94 092	101 866	109 979	119 197
Sport and recreation	98 612	120 759	116 606	161 009	161 914	161 914	175 293	184 970	196 403
Public safety	82 415	90 304	77 151	124 535	132 232	132 232	140 595	150 169	160 360
Housing	22 964	13 203	12 686	17 810	18 279	18 279	19 523	20 528	21 784
<i>Economic and environmental services</i>	264 544	260 048	267 001	329 494	330 408	330 408	359 833	379 385	405 104
Planning and development	62 934	70 407	78 373	91 739	91 700	91 700	96 204	97 647	103 642
Road transport	196 219	182 427	182 609	226 705	227 659	227 659	251 870	268 721	287 167
Environmental protection	5 391	7 214	6 020	11 050	11 049	11 049	11 760	13 016	14 295
<i>Trading services</i>	1 677 690	2 101 976	1 744 397	2 224 173	2 191 182	2 191 182	2 335 303	2 468 215	2 597 799
Energy sources	1 066 399	1 294 876	997 222	1 292 648	1 269 773	1 269 773	1 364 243	1 442 759	1 509 929
Water management	382 189	483 166	455 051	477 952	498 941	498 941	525 344	551 171	585 576
Waste water management	156 426	228 704	207 776	289 067	256 209	256 209	270 996	289 918	307 462
Waste management	72 676	95 230	84 349	164 506	166 260	166 260	174 720	184 368	194 833
<i>Other</i>	3 353	6 048	5 237	6 082	6 181	6 181	5 894	6 877	7 870
Total Expenditure - Functional	2 596 617	2 834 188	2 723 512	3 016 497	3 049 313	3 049 313	3 234 247	3 426 024	3 625 932
Surplus/(Deficit) for the year	117 943	213 235	290 254	167 601	70 341	70 341	165 753	186 482	209 767

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 the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.**
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions and the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure. However, if the capital revenues (Transfers recognised – capital) is removed from the calculation of the surpluses for each trading service, water service is running at an R 5.8m surplus and sanitation at a R 11.9m deficit.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources. **The major concern here is that all services are now running at an R 249 million deficit. You will not notice this in Table A2 as the capital transfers distort the actual revenue. Refer to Table 27 for the actual calculation. This implies that the whole Municipality has a high risk dependency on Electricity Revenue, Water Revenue and Waste Management, given that Sanitation Trading services has a deficit.**

Table 19 MBRR Table A2A - Budgeted Financial Performance (revenue and expenditure by standard classification - Detail)

Functional Classification Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional									
Municipal governance and administration	434 532	546 803	587 146	549 465	570 892	570 892	595 656	634 654	668 152
Executive and council	1 083	6 762	10 271	191	191	191	197	204	212
Mayor and Council	1 083	388	3 279	191	191	191	197	204	212
Municipal Manager, Town Secretary and Chief Executive	–	6 374	6 992	–	–	–	–	–	–
Finance and administration	433 449	540 035	576 876	549 274	570 701	570 701	595 459	634 450	667 939
Administrative and Corporate Support	–	190	2 445	–	–	–	–	–	–
Asset Management	–	17	220	–	–	–	–	–	–
Finance	417 744	531 527	553 671	541 455	562 839	562 839	588 051	626 725	659 858
Fleet Management	9 712	655	2 822	1 790	2 553	2 553	1 897	2 012	2 131
Human Resources	1 017	1 351	3 649	13	13	13	14	15	16
Information Technology	9	111	1 425	352	352	352	373	395	419
Legal Services	0	34	432	0	1	1	1	1	1
Marketing, Customer Relations, Publicity and Media Co-ordination	3 250	2 560	3 743	2 823	2 481	2 481	2 587	2 677	2 785
Property Services	1 465	1 490	1 496	1 715	1 316	1 316	1 356	1 404	1 460
Risk Management	–	11	140	–	–	–	–	–	–
Security Services	–	277	1 328	–	–	–	–	–	–
Supply Chain Management	252	1 796	5 301	1 125	1 145	1 145	1 180	1 221	1 270
Valuation Service	–	16	203	–	–	–	–	–	–
Internal audit	–	6	–	–	–	–	–	–	–
Governance Function	–	6	–	–	–	–	–	–	–
Community and public safety	132 576	55 494	64 569	46 875	47 006	47 006	36 284	37 849	39 260
Community and social services	12 960	12 641	19 915	20 302	19 378	19 378	15 360	16 119	16 983
Cemeteries, Funeral Parlours and Crematoriums	512	517	1 093	526	476	476	490	508	528
Community Halls and Facilities	3 695	2 694	5 795	9 301	8 301	8 301	3 120	3 233	3 366
Disaster Management	–	12	154	–	–	–	–	–	–
Libraries and Archives	8 586	9 227	12 497	10 275	10 401	10 401	11 539	12 154	12 853
Museums and Art Galleries	167	192	375	201	201	201	211	224	235

Table A2A - Budgeted Financial Performance (revenue and expenditure by standard classification - Detail) (continued)

Functional Classification Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional									
Community and public safety	132 576	55 494	64 569	46 875	47 006	47 006	36 284	37 849	39 260
Sport and recreation	11 656	13 737	18 094	20 464	21 565	21 565	14 617	15 285	15 669
<i>Beaches and Jetties</i>	144	1 253	1 239	48	48	48	51	54	57
<i>Community Parks (including Nurseries)</i>	2 806	4 155	6 799	3 268	4 377	4 377	5 541	5 766	6 019
<i>Recreational Facilities</i>	1 453	1 685	4 030	751	751	751	774	801	833
<i>Sports Grounds and Stadiums</i>	7 254	6 645	6 026	16 397	16 389	16 389	8 251	8 664	8 760
Public safety	12 223	16 604	22 466	2 305	2 205	2 205	2 273	2 354	2 449
<i>Fire Fighting and Protection</i>	644	1 436	8 379	1 102	1 002	1 002	1 033	1 070	1 114
<i>Police Forces, Traffic and Street Parking Control</i>	11 579	15 168	14 087	1 204	1 204	1 204	1 240	1 284	1 335
Housing	95 738	12 512	4 095	3 804	3 858	3 858	4 034	4 092	4 159
<i>Housing</i>	95 738	12 512	4 095	3 804	3 858	3 858	4 034	4 092	4 159
Economic and environmental services	46 484	51 387	55 338	50 332	45 188	45 188	78 202	41 294	43 971
Planning and development	32 630	17 072	26 205	18 676	16 047	16 047	47 915	9 193	9 777
<i>Billboards</i>	–	5	68	–	–	–	–	–	–
<i>Corporate Wide Strategic Planning (IDPs, LEDs)</i>	965	102	–	–	–	–	–	–	–
<i>Development Facilitation</i>	16 892	1 841	3 727	1 893	1 992	1 992	2 052	2 124	2 209
<i>Economic Development/Planning</i>	–	1 051	2 783	–	–	–	33 000	–	–
<i>Town Planning, Building Regulations and Enforcement, and City Engineer</i>	1 696	1 531	2 561	1 293	1 293	1 293	1 329	1 375	1 431
<i>Project Management Unit</i>	13 076	12 541	17 065	15 491	12 761	12 761	11 534	5 693	6 137
Road transport	13 854	34 285	28 751	30 647	28 132	28 132	30 277	32 092	34 184
<i>Road and Traffic Regulation</i>	9 547	10 457	11 988	11 662	9 122	9 122	9 385	9 714	10 103
<i>Roads</i>	3 620	23 815	16 599	18 978	19 004	19 004	20 885	22 370	24 073
<i>Taxi Ranks</i>	687	13	164	7	7	7	7	7	8
Environmental protection	–	30	382	1 009	1 009	1 009	10	10	11
<i>Pollution Control</i>	–	30	382	1 009	1 009	1 009	10	10	11
Trading services	2 100 163	2 393 101	2 304 124	2 536 681	2 455 829	2 455 829	2 689 095	2 897 918	3 083 495
Energy sources	1 355 667	1 532 818	1 311 215	1 596 982	1 461 231	1 461 231	1 598 975	1 724 492	1 831 063
<i>Electricity</i>	1 355 667	1 532 670	1 309 303	1 596 968	1 461 217	1 461 217	1 598 960	1 724 476	1 831 047
<i>Street Lighting and Signal Systems</i>	–	149	1 912	14	14	14	15	16	17

Table A2A - Budgeted Financial Performance (revenue and expenditure by standard classification - Detail) (continued)

Functional Classification Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year 2021/22
Revenue - Functional									
Trading services	2 100 163	2 393 101	2 304 124	2 536 681	2 455 829	2 455 829	2 689 095	2 897 918	3 083 400
Water management	428 199	501 980	568 945	518 720	546 190	546 190	608 157	652 521	693 000
<i>Water Treatment</i>	25 393	5 508	11 611	5 709	4 409	4 409	4 027	4 168	4 300
<i>Water Distribution</i>	402 805	496 473	557 333	513 011	541 781	541 781	604 130	648 353	688 700
Waste water management	201 821	233 258	255 696	275 326	298 756	298 756	296 071	320 354	345 100
<i>Public Toilets</i>	–	10	134	–	–	–	–	–	–
<i>Severage</i>	201 821	233 240	255 468	275 326	298 756	298 756	296 071	320 354	345 100
<i>Storm Water Management</i>	–	7	95	–	–	–	–	–	–
Waste management	114 476	125 045	168 268	145 652	149 652	149 652	185 893	200 551	214 100
<i>Solid Waste Removal</i>	114 476	124 604	162 571	145 646	149 646	149 646	185 886	200 543	214 100
<i>Street Cleaning</i>	–	441	5 698	7	7	7	7	7	7
Other	806	638	2 589	744	740	740	763	790	800
Air Transport	786	611	384	736	736	736	758	785	800
Licensing and Regulation	20	18	2 087	9	5	5	5	5	5
Tourism	–	9	118	–	–	–	–	–	–
Total Revenue - Functional	2 714 560	3 047 423	3 013 766	3 184 097	3 119 655	3 119 655	3 400 000	3 612 505	3 835 700
Expenditure - Functional									
Municipal governance and administration	375 003	182 999	415 938	61 001	115 025	115 025	95 940	105 900	117 400
Executive and council	85 396	36 884	106 118	21 843	32 150	32 150	23 807	27 160	30 500
<i>Mayor and Council</i>	67 852	847	84 925	653	10 407	10 407	564	598	600
<i>Municipal Manager, Town Secretary and Chief Executive</i>	17 544	36 037	21 193	21 190	21 744	21 744	23 243	26 561	29 900
Finance and administration	283 052	146 886	298 011	39 114	76 287	76 287	72 086	78 689	86 800
<i>Administrative and Corporate Support</i>	17 478	(1 237)	19 660	484	1 183	1 183	1 703	1 795	1 800
<i>Asset Management</i>	1 068	1 249	1 138	1 701	1 754	1 754	1 961	2 076	2 200
<i>Finance</i>	87 620	15 214	97 846	19 535	29 844	29 844	19 790	19 704	20 700
<i>Fleet Management</i>	85 398	61 283	59 953	(27 150)	(13 886)	(13 886)	(4 448)	(4 209)	(3 700)

Table A2A - Budgeted Financial Performance (revenue and expenditure by standard classification - Detail) (continued)

Functional Classification Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure - Functional									
Municipal governance and administration	375 003	182 999	415 938	61 001	115 025	115 025	95 940	105 900	117 415
Human Resources	23 311	3 783	26 874	5 749	7 316	7 316	7 150	7 604	8 098
Information Technology	33 773	2 834	51 346	4 659	14 934	14 934	8 569	9 095	9 671
Legal Services	3 984	4 346	4 212	6 180	6 084	6 084	6 516	7 534	8 556
Marketing, Customer Relations, Publicity and Media Co-ordination	9 442	27 807	8 782	9 228	7 772	7 772	7 836	8 846	9 890
Property Services	1 120	1 698	1 370	2 017	2 050	2 050	2 063	2 808	3 574
Risk Management	1 028	20 282	908	1 439	1 674	1 674	2 058	2 822	3 575
Security Services	5 404	7 025	7 435	10 318	12 571	12 571	13 200	14 625	16 085
Supply Chain Management	12 018	(687)	15 479	948	901	901	1 300	1 373	1 453
Valuation Service	1 410	3 289	3 008	4 008	4 090	4 090	4 386	4 617	4 873
Internal audit	6 555	(771)	11 810	44	6 588	6 588	47	51	55
Governance Function	6 555	(771)	11 810	44	6 588	6 588	47	51	55
Community and public safety	276 026	283 118	290 938	395 746	406 517	406 517	437 277	465 646	497 744
Community and social services	72 036	58 852	84 495	92 392	94 092	94 092	101 866	109 979	119 197
Cemeteries, Funeral Parlours and Crematoriums	7 263	8 880	9 097	12 541	12 719	12 719	14 264	15 740	17 281
Community Halls and Facilities	43 010	21 935	50 321	43 904	42 597	42 597	48 692	51 173	55 138
Cultural Matters	–	–	–	–	5 516	5 516	3 663	3 811	3 980
Disaster Management	1 137	1 701	1 460	3 031	2 639	2 639	2 471	3 238	4 001
Libraries and Archives	15 366	19 830	18 142	24 970	26 496	26 496	28 983	32 024	34 581
Museums and Art Galleries	5 260	6 505	5 475	4 464	4 126	4 126	3 794	3 994	4 217
Provincial Cultural Matters	–	–	–	3 483	–	–	–	–	–
Sport and recreation	98 612	120 759	116 606	161 009	161 914	161 914	175 293	184 970	196 403
Beaches and Jetties	11 720	13 479	12 740	18 169	18 537	18 537	22 173	23 342	24 783
Community Parks (including Nurseries)	45 235	51 510	53 459	70 795	69 803	69 803	74 863	79 073	83 778
Recreational Facilities	21 465	27 063	23 817	35 906	36 231	36 231	38 896	41 026	43 576
Sports Grounds and Stadiums	20 191	28 707	26 591	36 139	37 343	37 343	39 361	41 530	44 266

Table A2A - Budgeted Financial Performance (revenue and expenditure by standard classification - Detail) (continued)

Functional Classification Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure - Functional									
Community and public safety	276 026	283 118	290 938	395 746	406 517	406 517	437 277	465 646	497 744
Public safety	82 415	90 304	77 151	124 535	132 232	132 232	140 595	150 169	160 360
<i>Fire Fighting and Protection</i>	41 966	52 603	46 400	71 238	75 081	75 081	80 328	85 720	91 476
<i>Police Forces, Traffic and Street Parking Control</i>	40 449	37 700	30 751	53 298	57 151	57 151	60 267	64 449	68 884
Housing	22 964	13 203	12 686	17 810	18 279	18 279	19 523	20 528	21 784
<i>Housing</i>	22 964	13 203	12 686	17 810	18 279	18 279	19 523	20 528	21 784
Economic and environmental services	264 544	260 048	267 001	329 494	330 408	330 408	359 833	379 385	405 104
Planning and development	62 934	70 407	78 373	91 739	91 700	91 700	96 204	97 647	103 642
<i>Billboards</i>	755	1 793	1 103	1 889	1 937	1 937	2 096	2 338	2 499
<i>Corporate Wide Strategic Planning (IDPs, LEDs)</i>	8 784	11 159	14 392	19 552	18 558	18 558	24 952	27 051	28 581
<i>Development Facilitation</i>	3 100	6 730	6 270	6 573	7 340	7 340	7 539	7 705	8 240
<i>Economic Development/Planning</i>	10 402	17 197	19 195	24 800	22 577	22 577	21 025	22 300	23 691
<i>Town Planning, Building Regulations and Enforcement, and City Engineer</i>	10 138	10 578	9 528	13 434	14 743	14 743	15 276	16 180	17 187
<i>Project Management Unit</i>	29 755	22 951	27 886	25 490	26 546	26 546	25 316	22 074	23 444
Road transport	196 219	182 427	182 609	226 705	227 659	227 659	251 870	268 721	287 167
<i>Road and Traffic Regulation</i>	8 501	11 028	9 120	14 564	14 263	14 263	14 982	15 915	16 900
<i>Roads</i>	186 033	169 675	171 251	208 770	210 074	210 074	234 231	249 985	267 220
<i>Taxi Ranks</i>	1 685	1 725	2 237	3 371	3 322	3 322	2 657	2 822	3 046
Environmental protection	5 391	7 214	6 020	11 050	11 049	11 049	11 760	13 016	14 295
<i>Pollution Control</i>	5 391	7 214	6 020	11 050	11 049	11 049	11 760	13 016	14 295
Trading services	1 677 690	2 101 976	1 744 397	2 224 173	2 191 182	2 191 182	2 335 303	2 468 215	2 597 799
Energy sources	1 066 399	1 294 876	997 222	1 292 648	1 269 773	1 269 773	1 364 243	1 442 759	1 509 929
<i>Electricity</i>	1 054 220	1 255 785	956 211	1 226 847	1 199 897	1 199 897	1 285 433	1 359 902	1 424 049
<i>Street Lighting and Signal Systems</i>	12 179	39 091	41 011	65 801	69 876	69 876	78 811	82 857	85 880

Table A2A - Budgeted Financial Performance (revenue and expenditure by standard classification - Detail) (continued)

Functional Classification Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure - Functional									
<i>Trading services</i>	1 677 690	2 101 976	1 744 397	2 224 173	2 191 182	2 191 182	2 335 303	2 468 215	2 597 799
Water management	382 189	483 166	455 051	477 952	498 941	498 941	525 344	551 171	585 576
<i>Water Treatment</i>	199 134	23 439	22 680	28 213	26 520	26 520	27 914	29 740	31 732
<i>Water Distribution</i>	183 055	459 727	432 371	449 739	472 420	472 420	497 430	521 431	553 844
Waste water management	156 426	228 704	207 776	289 067	256 209	256 209	270 996	289 918	307 462
<i>Public Toilets</i>	1 001	2 419	1 957	5 289	3 473	3 473	3 869	4 079	4 378
<i>Sewerage</i>	113 832	153 804	124 029	176 911	145 374	145 374	151 013	165 423	176 438
<i>Storm Water Management</i>	6 133	36 948	37 444	43 181	44 141	44 141	47 623	49 165	52 190
<i>Waste Water Treatment</i>	35 460	35 533	44 346	63 686	63 220	63 220	68 491	71 251	74 457
Waste management	72 676	95 230	84 349	164 506	166 260	166 260	174 720	184 368	194 833
<i>Solid Waste Removal</i>	49 353	67 003	58 231	122 701	122 672	122 672	132 516	139 714	147 459
<i>Street Cleaning</i>	23 323	28 227	26 118	41 806	43 588	43 588	42 204	44 654	47 374
<i>Other</i>	3 353	6 048	5 237	6 082	6 181	6 181	5 894	6 877	7 870
Air Transport	681	120	840	115	161	161	291	302	315
Licensing and Regulation	877	1 692	915	1 342	1 379	1 379	1 462	2 193	2 912
Tourism	1 795	4 235	3 483	4 625	4 640	4 640	4 142	4 382	4 643
Total Expenditure - Functional	2 596 617	2 834 188	2 723 512	3 016 497	3 049 313	3 049 313	3 234 247	3 426 024	3 625 932
Surplus/(Deficit) for the year	117 943	213 235	290 254	167 601	70 341	70 341	165 753	186 482	209 767

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

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote									
Vote 1 - CITY DEVELOPMENT	115 291	17 068	15 338	6 989	7 143	7 143	40 415	7 591	7 799
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	115 807	126 586	178 002	147 776	151 676	151 676	186 949	201 645	215 315
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	21 126	25 903	27 403	12 866	10 326	10 326	10 626	10 998	11 438
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	22 707	24 231	34 248	32 172	33 349	33 349	27 586	28 926	30 071
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	5 263	4 766	10 512	11 245	9 842	9 842	4 707	4 876	5 075
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	9	111	1 425	352	352	352	373	395	419
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	1 017	1 311	3 129	7	7	7	7	8	8
Vote 8 - FINANCIAL SERVICES	417 995	533 340	559 752	542 580	564 315	564 315	589 231	627 947	661 128
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	1 365 379	1 533 473	1 313 761	1 598 772	1 463 984	1 463 984	1 600 872	1 726 504	1 833 194
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	630 020	735 220	824 129	794 047	844 416	844 416	904 227	972 875	1 038 257
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	3 620	23 823	16 694	18 978	19 004	19 004	20 885	22 370	24 073
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	13 076	12 641	18 354	15 491	12 761	12 761	11 534	5 693	6 137
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	3 250	8 950	11 019	2 823	2 481	2 481	2 587	2 677	2 785
Total Revenue by Vote	2 714 560	3 047 423	3 013 766	3 184 097	3 119 655	3 119 655	3 400 000	3 612 505	3 835 700

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

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Expenditure by Vote to be appropriated</u>									
Vote 1 - CITY DEVELOPMENT	58 592	68 184	68 560	90 803	90 241	90 241	96 843	102 763	109 000
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	129 731	198 700	149 450	259 678	263 034	263 034	277 366	294 899	313 791
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	54 353	18 052	47 305	78 180	84 041	84 041	88 449	94 989	101 869
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	139 492	177 790	166 760	232 752	238 257	238 257	256 051	272 345	290 206
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	111 469	(6 095)	133 784	11 813	19 873	19 873	11 600	13 594	16 779
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	33 773	2 834	51 346	4 659	14 877	14 877	8 569	9 095	9 671
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	17 435	3 675	19 848	4 556	6 105	6 105	5 588	5 947	6 337
Vote 8 - FINANCIAL SERVICES	100 706	15 776	114 462	22 184	32 493	32 493	23 052	23 153	24 358
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	1 151 797	1 356 159	1 057 174	1 265 498	1 255 887	1 255 887	1 359 795	1 438 550	1 506 181
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	531 481	672 503	623 425	718 550	707 935	707 935	744 848	787 845	836 470
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	192 167	206 623	208 696	251 950	254 215	254 215	281 853	299 150	319 410
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	40 295	36 631	38 905	42 085	42 648	42 648	44 953	43 076	45 943
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	35 325	83 355	43 796	33 790	39 706	39 706	35 279	40 618	45 920
Total Expenditure by Vote	2 596 617	2 834 188	2 723 512	3 016 497	3 049 313	3 049 313	3 234 247	3 426 024	3 625 932
Surplus/(Deficit) for the year	117 943	213 235	290 254	167 601	70 341	70 341	165 753	186 482	209 767

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

1. 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 organisational structure of the City. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 21 MBRR Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote									
Vote 1 - CITY DEVELOPMENT	115 291	17 068	15 338	6 989	7 143	7 143	40 415	7 591	7 799
1.1 - FX005001014 - Valuation Service (Finance and Administration)	–	16	203	–	–	–	–	–	–
1.2 - FX007001001 - Housing (Housing)	95 738	12 512	4 019	3 804	3 858	3 858	4 034	4 092	4 159
1.3 - FX009002006 - Tourism (Other)	–	9	118	–	–	–	–	–	–
1.4 - FX010001002 - Corporate Wide Strategic Planning (IDPs, LEDs) (Planning and Development)	965	107	1 927	–	–	–	–	–	–
1.5 - FX010001004 - Development Facilitation (Planning and Development)	16 892	1 841	3 727	1 893	1 992	1 992	2 052	2 124	2 209
1.6 - FX010001005 - Economic Development/Planning (Planning and Development)	–	1 051	2 783	–	–	–	33 000	–	–
1.7 - FX010001006 - Town Planning, Building Regulations and Enforcement, and City Engineer (Planning and Development)	1 696	1 531	2 561	1 293	1 293	1 293	1 329	1 375	1 431
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	115 807	126 586	178 002	147 776	151 676	151 676	186 949	201 645	215 315
2.1 - FX001002008 - Disaster Management (Community and Social Services)	–	12	154	–	–	–	–	–	–
2.2 - FX003001003 - Pollution Control (Environmental Protection)	–	30	382	1 009	1 009	1 009	10	10	11
2.3 - FX005001006003 - Occupational Clinic (Finance and Administration)	–	40	520	7	7	7	7	7	8
2.4 - FX011001005 - Fire Fighting and Protection (Public Safety)	644	1 436	8 379	1 102	1 002	1 002	1 033	1 070	1 114
2.5 - FX012001005 - Taxi Ranks (Road Transport)	687	13	164	7	7	7	7	7	8
2.6 - FX014001003 - Solid Waste Removal (Waste Management)	114 476	124 604	162 571	145 646	149 646	149 646	185 886	200 543	214 167
2.7 - FX014001004 - Street Cleansing (Waste Management)	–	441	5 698	7	7	7	7	7	8
2.8 - FX015001001 - Public Toilets (Waste Water Management)	–	10	134	–	–	–	–	–	–
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	21 126	25 903	27 403	12 866	10 326	10 326	10 626	10 998	11 438
3.1 - FX005001012 - Security Services (Finance and Administration)	–	277	1 328	–	–	–	–	–	–
3.2 - FX012001001 - Police Forces, Traffic and Street Parking Control (Road Transport)	11 579	15 168	14 087	1 204	1 204	1 204	1 240	1 284	1 335
3.3 - FX012002001 - Road and Traffic Regulation (Road Transport)	9 547	10 457	11 988	11 662	9 122	9 122	9 385	9 714	10 103

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) (continued)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote									
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	22 707	24 231	34 248	32 172	33 349	33 349	27 586	28 926	30 071
4.1 - FX001001003 - Cemeteries, Funeral Parlours and Crematoriums (Community and Social Services)	512	517	1 093	526	476	476	490	508	528
4.2 - FX001001005002 - Halls (Community and Social Services)	1 786	559	2 189	707	707	707	729	755	786
4.3 - FX001001006001- Libraries and Archives (Community and Social Services)	7 532	8 134	11 145	8 699	8 825	8 825	9 256	9 709	10 235
4.4 - FX001001006002 - Cyber Cadets (Community and Social Services)	1 054	1 093	1 352	1 576	1 576	1 576	2 283	2 445	2 618
4.5 - FX001001008 - Museums and Art Galleries (Community and Social Services)	167	192	375	201	201	201	211	224	235
4.6 - FX001002007 - Cultural Matters (Community and Social Services)	-	-	-	-	-	-	-	-	-
4.7 - FX013001001 - Beaches and Jetties (Community and Social Services)	144	1 253	1 239	48	48	48	51	54	57
4.8 - FX013001002 - Community Parks (including Nurseries) (Sport and Recreation)	2 806	4 155	6 799	3 268	4 377	4 377	5 541	5 766	6 019
4.9 - FX013002003001 - Recreational Facilities - Caravan Park (Sport and Recreation)	774	841	893	259	259	259	267	276	287
4.10 - FX013002003002 - Recreational Facilities - Parks Administration (Sport and Recreation)	-	84	955	-	-	-	-	-	-
4.11 - FX013002003003 - Recreational Facilities - Swimming Pools (Sport and Recreation)	679	759	2 181	492	492	492	507	525	546
4.12 - FX013002004001 - Sport Development and Sportfields (Sport and Recreation)	7 254	6 645	6 026	16 397	16 389	16 389	8 251	8 664	8 760
4.13 - FX013002004002 - Sports Grounds and Stadiums -Stadiums (Sport and Recreation)	-	-	-	-	-	-	-	-	-
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	5 263	4 766	10 512	11 245	9 842	9 842	4 707	4 876	5 075
5.1 - FX001001005003 - Municipal Buildings (Community and Social Services)	1 909	2 035	2 317	8 594	7 594	7 594	2 391	2 478	2 581
5.2 - FX004001001001 - Mayor and Council (Executive and Council)	1 083	388	3 279	191	191	191	197	204	212
5.3 - FX005001001 - Administrative and Corporate Support (Finance and Administration)	-	190	2 445	-	-	-	-	-	-
5.4 - FX005001008 - Legal Services (Finance and Administration)	0	34	432	0	1	1	1	1	1
5.5 - FX005001010 - Property Services (Finance and Administration)	1 465	1 490	1 496	1 715	1 316	1 316	1 356	1 404	1 460
5.6 - FX009001002 - Air Transport (Other)	786	611	384	736	736	736	758	785	816
5.7 - FX009001004 - Licensing and Regulation (Other)	20	18	160	9	5	5	5	5	5

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) (continued)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote									
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	9	111	1 425	352	352	352	373	395	419
6.1 - FX005001007 - Information Technology (Finance and Administration)	9	111	1 425	352	352	352	373	395	419
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	1 017	1 311	3 129	7	7	7	7	8	8
7.1 - FX005001006001 - Human Resources (Finance and Administration)	–	103	1 329	–	–	–	–	–	–
7.2 - FX005001006002 - Management Services (Finance and Administration)	–	19	246	–	–	–	–	–	–
7.3 - FX005001006004 - Training and Industrial Relations (Finance and Administration)	1 017	1 188	1 554	7	7	7	7	8	8
Vote 8 - FINANCIAL SERVICES	417 995	533 340	559 752	542 580	564 315	564 315	589 231	627 947	661 128
8.1 - FX005001003001 - Financial Management Grant Interns (Finance and Administration)	1 600	2 537	2 650	2 650	2 650	2 650	2 650	2 650	2 650
8.2 - FX005001003002 - Revenue and Expenditure (Finance and Administration)	416 144	528 958	551 173	538 805	560 519	560 519	585 401	624 075	657 208
8.3 - FX005001004 - Finance (Finance and Administration)	–	32	408	–	–	–	–	–	–
8.4 - FX005001013 - Supply Chain Management (Finance and Administration)	252	1 796	5 301	1 125	1 145	1 145	1 180	1 221	1 270
8.5 - FX005002001 - Asset Management (Finance and Administration)	–	17	220	–	–	–	–	–	–
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	1 365 379	1 533 473	1 313 761	1 598 772	1 463 984	1 463 984	1 600 872	1 726 504	1 833 194
9.1 - FX002001001001 - Marketing and Customer relations (Energy Sources)	–	126	1 627	–	–	–	–	–	–
9.2 - FX002001001002 - Administration (Energy Sources)	–	8	108	–	–	–	–	–	–
9.3 - FX002001001004 - Electricity Distribution (Energy Sources)	1 355 667	1 532 535	1 307 284	1 596 968	1 461 417	1 461 417	1 598 960	1 724 476	1 831 047
9.4 - FX002001001005 - Electricity Planning (Energy Sources)	–	–	7	–	–	–	–	–	–
9.5 - FX002001002001 - Street Lighting (Energy Sources)	–	97	1 247	–	–	–	–	–	–
9.6 - FX002001002002 - Process Control Systems (Energy Sources)	–	52	665	14	14	14	15	16	17
9.7 - FX005001005 - Fleet Management (Finance and Administration)	9 712	655	2 822	1 790	2 553	2 553	1 897	2 012	2 131

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) (continued)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote									
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	630 020	735 220	824 129	794 047	844 416	844 416	904 227	972 875	1 038 257
10.1 - FX015001002001 - Sewerage - Industrial Effluent Pipeline (Waste Water Management)	1 903	1 951	1 977	2 265	1 865	1 865	1 921	1 988	2 068
10.2 - FX015001002002 - Sewerage - Pumpstations (Waste Water Management)	–	109	5 013	33	33	33	35	37	39
10.3 - FX015001002003 - Sewerage - Sewerage Network (Waste Water Management)	199 918	231 179	248 194	273 028	296 328	296 328	294 115	318 329	343 085
10.4 - FX015001004 - Treatment (Waste Water Management)	–	–	–	–	–	–	–	–	–
10.5 - FX016001002004 - Water Distribution (Clarified Water)	20 772	–	38 557	27 219	27 219	27 219	30 422	32 159	33 651
10.6 - FX016001002005 - Water Distribution (Purification Works)	–	–	–	7	7	7	7	7	8
10.7 - FX016001001003 - Water Treatment - Scientific Services (Water Management)	4 621	5 508	11 611	5 709	4 409	4 409	4 027	4 168	4 335
10.8 - FX016001002001 - Water Distribution - Rural Water (Water Management)	58 475	23 069	30 248	33 480	33 480	33 480	36 947	39 660	42 760
10.9 - FX016001002002 - Water Distribution - Urban Water (Water Management)	344 330	451 197	487 995	452 305	481 075	481 075	536 754	576 527	612 311
10.10 - FX016001002003 - Water Distribution - Water Demand Management (Water Management)	–	22 207	533	–	–	–	–	–	–
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	3 620	23 823	16 694	18 978	19 004	19 004	20 885	22 370	24 073
11.1 - FX012001004001 - Roads - Railway Sidings (Road Transport)	1 207	1 017	1 202	1 111	1 111	1 111	1 144	1 184	1 232
11.2 - FX012001004002 - Roads - Urban Roads (Road Transport)	1 069	301	3 869	17 867	17 893	17 893	116	122	129
11.3 - FX012001004003 - Roads - Rural Roads (Road Transport)	1 343	22 497	11 529	0	0	0	19 625	21 064	22 713
11.4 - FX015001003 - Storm Water Management (Waste Water Management)	–	7	95	–	–	–	–	–	–

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) (continued)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote									
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	13 076	12 641	18 354	15 491	12 761	12 761	11 534	5 693	6 137
12.1 - FX001001005001 - Buildings Maintenance (Community and Social Services)	–	100	1 289	–	–	–	–	–	–
12.2 - FX010001007001 - Project Management Unit - Administration (Planning and Development)	–	35	452	–	–	–	–	–	–
12.3 - FX010001007002 - Project Management Unit - Asset Management (Planning and Development)	50	130	1 097	65	35	35	36	38	39
12.4 - FX010001007003 - Project Management Unit - Expanded Public Works Programme (Planning and Development)	2 955	5 061	4 143	5 189	5 189	5 189	4 492	–	–
12.5 - FX010001007004 - Project Management Unit - Infrastructure Skills Development Grant (Planning and Development)	7 396	3 879	5 533	5 000	2 300	2 300	–	–	–
12.6 - FX010001007005 - Project Management Unit - PMU (Planning and Development)	2 675	3 437	5 840	5 237	5 237	5 237	7 006	5 656	6 098
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	3 250	8 950	11 019	2 823	2 481	2 481	2 587	2 677	2 785
13.1 - FX004001002001 - DMM - Corporate Services (Executive and Council)	–	12	150	–	–	–	–	–	–
13.2 - FX004001002002 - DMM - ITS (Executive and Council)	–	24	306	–	–	–	–	–	–
13.3 - FX004001002003 - DMM - City Development (Executive and Council)	–	2	32	–	–	–	–	–	–
13.4 - FX004001002004 - DMM - Community Services (Executive and Council)	–	6	75	–	–	–	–	–	–
13.5 - FX004001002005 - Municipal Manager (Executive and Council)	–	1	18	–	–	–	–	–	–
13.6 - FX004001002006 - Municipal Demarcation Transition Grant (Executive and Council)	–	6 314	6 209	–	–	–	–	–	–
13.7 - FX004001002007 - Performance Management (Executive and Council)	–	16	201	–	–	–	–	–	–
13.8 - FX005001009 - Marketing, Customer Relations, Publicity and Media Co-ordination (Finance and Administration)	3 250	2 560	3 743	2 823	2 481	2 481	2 587	2 677	2 785
13.9 - FX004001002008 - DMM - Chief Operations Officer	–	–	–	–	–	–	–	–	–
13.10 - FX005001011 - Risk Management (Finance and Administration)	–	11	140	–	–	–	–	–	–
13.11 - FX008001001 - Governance Function (Internal Audit)	–	6	75	–	–	–	–	–	–
13.12 - FX010001001 - Billboards (Planning and Development)	–	–	68	–	–	–	–	–	–
Total Revenue by Vote	2 714 560	3 047 423	3 013 766	3 184 097	3 119 655	3 119 655	3 400 000	3 612 505	3 835 700

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) (continued)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure by Vote									
Vote 1 - CITY DEVELOPMENT	58 592	68 184	68 560	90 803	90 241	90 241	96 843	102 763	109 000
1.1 - FX005001014 - Valuation Service (Finance and Administration)	1 410	3 289	3 008	4 008	4 090	4 090	4 386	4 617	4 873
1.2 - FX007001001 - Housing (Housing)	22 964	13 203	12 686	17 810	18 279	18 279	19 523	20 528	21 784
1.3 - FX009002006 - Tourism (Other)	1 795	4 235	3 483	4 625	4 630	4 630	4 142	4 382	4 643
1.4 - FX010001002 - Corporate Wide Strategic Planning (IDPs, LEDs) (Planning and Development)	8 784	12 952	14 392	19 552	18 558	18 558	24 952	27 051	28 581
1.5 - FX010001004 - Development Facilitation (Planning and Development)	3 100	6 730	6 270	6 573	7 340	7 340	7 539	7 705	8 240
1.6 - FX010001005 - Economic Development/Planning (Planning and Development)	10 402	17 197	19 195	24 800	22 602	22 602	21 025	22 300	23 691
1.7 - FX010001006 - Town Planning, Building Regulations and Enforcement, and City Engineer (Planning and Development)	10 138	10 578	9 528	13 434	14 743	14 743	15 276	16 180	17 187
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	129 731	198 700	149 450	259 678	263 034	263 034	277 366	294 899	313 791
2.1 - FX001002008 - Disaster Management (Community and Social Services)	1 137	1 701	1 460	3 031	2 639	2 639	2 471	3 238	4 001
2.2 - FX003001003 - Pollution Control (Environmental Protection)	5 391	7 214	6 020	11 050	11 049	11 049	11 760	13 016	14 295
2.3 - FX005001006003 - Occupational Clinic (Finance and Administration)	5 876	108	7 026	1 193	1 210	1 210	1 562	1 657	1 761
2.4 - FX011001005 - Fire Fighting and Protection (Public Safety)	41 966	90 304	46 400	71 238	75 081	75 081	80 328	85 720	91 476
2.5 - FX012001005 - Taxi Ranks (Road Transport)	1 685	1 725	2 237	3 371	3 322	3 322	2 657	2 822	3 046
2.6 - FX014001003 - Solid Waste Removal (Waste Management)	49 352	67 003	58 231	122 701	122 672	122 672	132 516	139 714	147 459
2.7 - FX014001004 - Street Cleansing (Waste Management)	23 323	28 227	26 118	41 806	43 588	43 588	42 204	44 654	47 374
2.8 - FX015001001 - Public Toilets (Waste Water Management)	1 001	2 419	1 957	5 289	3 473	3 473	3 869	4 079	4 378
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	54 353	18 052	47 305	78 180	84 041	84 041	88 449	94 989	101 869
3.1 - FX005001012 - Security Services (Finance and Administration)	5 404	7 025	7 435	10 318	12 217	12 217	13 200	14 625	16 085
3.2 - FX012001001 - Police Forces, Traffic and Street Parking Control (Road Transport)	40 449	–	30 751	53 298	57 505	57 505	60 267	64 449	68 884
3.3 - FX012002001 - Road and Traffic Regulation (Road Transport)	8 501	11 028	9 120	14 564	14 320	14 320	14 982	15 915	16 900

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) (continued)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure by Vote									
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	139 492	177 790	166 760	232 752	238 257	238 257	256 051	272 345	290 206
4.1 - FX001001003 - Cemeteries, Funeral Parlours and Crematoriums (Community and Social Services)	7 263	–	9 097	12 541	12 719	12 719	14 264	15 740	17 281
4.2 - FX001001005002 - Halls (Community and Social Services)	12 992	30 696	17 439	26 285	27 887	27 887	30 055	31 808	33 745
4.3 - FX001001006001- Libraries and Archives (Community and Social Services)	14 312	18 679	16 786	23 394	24 920	24 920	26 700	29 579	31 963
4.4 - FX001001006002 - Cyber Cadets (Community and Social Services)	1 054	1 151	1 356	1 576	1 576	1 576	2 283	2 445	2 618
4.5 - FX001001008 - Museums and Art Galleries (Community and Social Services)	5 260	6 505	5 475	4 464	4 126	4 126	3 794	3 994	4 217
4.6 - FX001002007 - Cultural Matters (Community and Social Services)	–	–	–	3 483	5 516	5 516	3 663	3 811	3 980
4.7 - FX013001001 - Beaches and Jetties (Community and Social Services)	11 720	13 479	12 740	18 169	18 537	18 537	22 173	23 342	24 783
4.8 - FX013001002 - Community Parks (including Nurseries) (Sport and Recreation)	45 235	51 510	53 459	70 795	69 803	69 803	74 863	79 073	83 778
4.9 - FX013002003001 - Recreational Facilities - Caravan Park (Sport and Recreation)	45	–	0	–	–	–	–	–	–
4.10 - FX013002003002 - Recreational Facilities - Parks Administration (Sport and Recreation)	7 885	9 261	7 392	10 357	9 254	9 254	9 737	10 329	10 971
4.11 - FX013002003003 - Recreational Facilities - Swimming Pools (Sport and Recreation)	13 535	17 822	16 425	25 549	26 977	26 977	29 159	30 697	32 605
4.12 - FX013002004001 - Sport Development and Sportfields (Sport and Recreation)	19 755	24 648	22 481	31 928	32 732	32 732	34 869	36 750	39 081
4.13 - FX013002004002 - Sports Grounds and Stadiums -Stadiums (Sport and Recreation)	435	4 040	4 110	4 211	4 211	4 211	4 492	4 779	5 184
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	111 469	(6 095)	133 784	11 813	19 873	19 873	11 600	13 594	16 779
5.1 - FX001001005003 - Municipal Buildings (Community and Social Services)	19 478	(13 560)	21 863	1 023	(1 392)	(1 392)	(1 000)	(1 637)	(1 106)
5.2 - FX004001001001 - Mayor and Council (Executive and Council)	67 852	847	84 925	653	10 407	10 407	564	598	634
5.3 - FX005001001 - Administrative and Corporate Support (Finance and Administration)	17 478	(1 237)	19 660	484	1 183	1 183	1 703	1 795	1 895
5.4 - FX005001008 - Legal Services (Finance and Administration)	3 984	4 346	4 212	6 180	6 084	6 084	6 516	7 534	8 556
5.5 - FX005001010 - Property Services (Finance and Administration)	1 120	1 698	1 370	2 017	2 050	2 050	2 063	2 808	3 574
5.6 - FX009001002 - Air Transport (Other)	681	120	840	115	161	161	291	302	315
5.7 - FX009001004 - Licensing and Regulation (Other)	877	1 692	915	1 342	1 379	1 379	1 462	2 193	2 912

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) (continued)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure by Vote									
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	33 773	2 834	51 346	4 659	14 877	14 877	8 569	9 095	9 671
6.1 - FX005001007 - Information Technology (Finance and Administration)	33 773	2 834	51 346	4 659	14 877	14 877	8 569	9 095	9 671
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	17 435	3 675	19 848	4 556	6 105	6 105	5 588	5 947	6 337
7.1 - FX005001006001 - Human Resources (Finance and Administration)	6 917	651	7 241	836	1 402	1 402	1 163	1 234	1 311
7.2 - FX005001006002 - Management Services (Finance and Administration)	1 488	1 894	1 628	2 367	2 441	2 441	2 518	2 689	2 874
7.3 - FX005001006004 - Training and Industrial Relations (Finance and Administration)	9 029	1 131	10 979	1 352	2 263	2 263	1 908	2 024	2 151
Vote 8 - FINANCIAL SERVICES	100 706	15 776	114 462	22 184	32 493	32 493	23 052	23 153	24 358
8.1 - FX005001003001 - Financial Management Grant Interns (Finance and Administration)	1 485	2 444	2 344	2 650	3 256	3 256	2 650	2 650	2 650
8.2 - FX005001003002 - Revenue and Expenditure (Finance and Administration)	78 240	5 316	87 871	10 197	20 025	20 025	8 843	9 347	9 892
8.3 - FX005001004 - Finance (Finance and Administration)	7 895	7 455	7 631	6 689	6 557	6 557	8 298	7 707	8 161
8.4 - FX005001013 - Supply Chain Management (Finance and Administration)	12 018	(687)	15 479	948	901	901	1 300	1 373	1 453
8.5 - FX005002001 - Asset Management (Finance and Administration)	1 068	1 249	1 138	1 701	1 754	1 754	1 961	2 076	2 203
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	1 151 797	1 356 159	1 057 174	1 265 498	1 255 887	1 255 887	1 359 795	1 438 550	1 506 181
9.1 - FX002001001001 - Marketing and Customer relations (Energy Sources)	12 323	13 643	13 746	22 975	22 851	22 851	24 631	25 997	27 530
9.2 - FX002001001002 - Administration (Energy Sources)	912 413	1 159 932	837 954	1 044 124	1 017 836	1 017 836	1 081 956	1 138 599	1 187 140
9.3 - FX002001001004 - Electricity Distribution (Energy Sources)	115 416	121 301	97 199	151 759	151 333	151 333	166 537	182 284	195 564
9.4 - FX002001001005 - Electricity Planning (Energy Sources)	-	-	7 311	7 989	7 877	7 877	12 308	13 022	13 814
9.5 - FX002001002001 - Street Lighting (Energy Sources)	12 190	-	19 159	39 808	42 711	42 711	43 294	44 741	47 154
9.6 - FX002001002002 - Process Control Systems (Energy Sources)	14 056	-	21 852	25 993	27 165	27 165	35 517	38 116	38 726
9.7 - FX005001005 - Fleet Management (Finance and Administration)	85 398	61 283	59 953	(27 150)	(13 886)	(13 886)	(4 448)	(4 209)	(3 748)

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) (continued)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure by Vote									
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	531 481	672 503	623 425	718 550	707 935	707 935	744 848	787 845	836 470
10.1 - FX015001002001 - Sewerage - Industrial Effluent Pipeline (Waste Water Management)	394	709	583	799	715	715	876	992	1 098
10.2 - FX015001002002 - Sewerage - Pumpstations (Waste Water Management)	27 987	38 340	36 172	39 794	46 568	46 568	48 535	51 358	54 474
10.3 - FX015001002003 - Sewerage - Sewerage Network (Waste Water Management)	85 451	114 755	87 273	136 318	98 491	98 491	101 602	113 073	120 867
10.4 - FX015001004 - Treatment (Waste Water Management)	35 460	35 533	44 346	63 686	63 220	63 220	68 491	71 251	74 457
10.5 - FX016001002004 - Water Distribution (Clarified Water)	19 711	–	18 245	15 216	15 216	15 216	14 823	15 450	16 083
10.6 - FX016001002005 - Water Distribution (Purification Works)	163 077	–	166 088	190 337	216 126	216 126	216 651	224 486	234 450
10.7 - FX016001001003 - Water Treatment - Scientific Services (Water Management)	16 346	23 439	22 680	28 213	26 520	26 520	27 914	29 740	31 732
10.8 - FX016001002001 - Water Distribution - Rural Water (Water Management)	53 083	75 083	63 406	55 812	56 311	56 311	61 307	64 494	69 092
10.9 - FX016001002002 - Water Distribution - Urban Water (Water Management)	125 278	189 416	179 641	180 990	178 000	178 000	192 811	200 600	216 572
10.10 - FX016001002003 - Water Distribution - Water Demand Management (Water Management)	4 693	195 228	4 992	7 385	6 769	6 769	11 839	16 403	17 647
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	192 167	206 623	208 696	251 950	254 215	254 215	281 853	299 150	319 410
11.1 - FX012001004001 - Roads - Railway Sidings (Road Transport)	903	1 165	1 026	1 405	1 405	1 405	1 393	1 436	1 501
11.2 - FX012001004002 - Roads - Urban Roads (Road Transport)	141 926	117 818	111 299	146 774	144 507	144 507	159 090	170 673	183 555
11.3 - FX012001004003 - Roads - Rural Roads (Road Transport)	43 205	50 692	58 927	60 591	64 162	64 162	73 748	77 876	82 165
11.4 - FX015001003 - Storm Water Management (Waste Water Management)	6 133	36 948	37 444	43 181	44 141	44 141	47 623	49 165	52 190

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) (continued)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure by Vote									
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	40 295	36 631	38 905	42 085	42 648	42 648	44 953	43 076	45 943
12.1 - FX001001005001 - Buildings Maintenance (Community and Social Services)	10 541	13 680	11 019	16 595	16 102	16 102	19 637	21 002	22 500
12.2 - FX010001007001 - Project Management Unit - Administration (Planning and Development)	3 059	4 817	3 773	7 628	7 022	7 022	7 856	8 320	8 820
12.3 - FX010001007002 - Project Management Unit - Asset Management (Planning and Development)	7 652	8 382	7 968	12 768	12 191	12 191	12 898	13 679	14 544
12.4 - FX010001007003 - Project Management Unit - Expanded Public Works Programme (Planning and Development)	2 955	5 061	4 371	–	5 189	5 189	4 492	–	–
12.5 - FX010001007004 - Project Management Unit - Infrastructure Skills Development Grant (Planning and Development)	7 397	3 879	5 420	5 000	2 300	2 300	–	–	–
12.6 - FX010001007005 - Project Management Unit - PMU (Planning and Development)	8 692	812	6 354	93	(155)	(155)	71	75	80
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	35 325	83 355	43 796	33 790	39 706	39 706	35 279	40 618	45 920
13.1 - FX004001002001 - DMM - Corporate Services (Executive and Council)	2 118	2 497	2 475	3 161	3 165	3 165	3 529	3 740	3 964
13.2 - FX004001002002 - DMM - ITS (Executive and Council)	6 020	2 238	2 954	4 630	4 599	4 599	4 668	4 944	5 239
13.3 - FX004001002003 - DMM - City Development (Executive and Council)	2 532	2 469	2 368	3 127	3 296	3 296	3 510	3 714	3 935
13.4 - FX004001002004 - DMM - Community Services (Executive and Council)	2 145	1 480	1 760	2 959	2 936	2 936	3 295	3 489	3 699
13.5 - FX004001002005 - Municipal Manager (Executive and Council)	2 978	(799)	3 394	–	(124)	(124)	–	–	–
13.6 - FX004001002006 - Municipal Demarcation Transition Grant (Executive and Council)	–	6 314	6 209	–	–	–	–	–	–
13.7 - FX004001002007 - Performance Management (Executive and Council)	1 750	21 838	2 032	3 186	3 727	3 727	3 383	4 219	5 051
13.8 - FX005001009 - Marketing, Customer Relations, Publicity and Media Co-ordination (Finance and Administration)	9 442	27 807	8 782	9 228	7 772	7 772	7 836	8 846	9 890
13.9 - FX004001002008 - DMM - Chief Operations Officer	–	–	–	4 126	4 137	4 137	4 858	6 455	8 014
13.10 - FX005001011 - Risk Management (Finance and Administration)	1 028	20 282	908	1 439	1 674	1 674	2 058	2 822	3 575
13.11 - FX008001001 - Governance Function (Internal Audit)	6 555	(771)	11 810	44	6 588	6 588	47	51	55
Total Expenditure by Vote	2 596 617	2 834 188	2 723 512	3 016 497	3 049 313	3 049 313	3 234 247	3 426 024	3 625 932
Surplus/(Deficit) for the year	117 943	213 235	290 254	167 601	70 341	70 341	165 753	186 482	209 767

Table 22 Surplus/ (Deficit) calculations for the trading services

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Electricity and Energy Sources									
Total revenue (excl capital grants and transfers)	1 354 718	1 532 818	1 303 785	1 590 982	1 455 231	1 455 231	1 582 492	1 705 979	1 811 559
Operating Expenditure	1 066 399	1 294 876	997 222	1 292 648	1 269 773	1 269 773	1 364 243	1 442 759	1 509 929
Surplus/(Deficit) for the year	288 319	237 943	306 563	298 334	185 458	185 458	218 249	263 220	301 631
Percentage Surplus	21.3%	15.5%	23.5%	18.8%	12.7%	12.7%	13.8%	15.4%	16.7%
Water Management									
Total revenue (excl capital grants and transfers)	326 342	438 419	501 637	469 247	496 717	496 717	531 217	570 669	605 312
Operating Expenditure	382 189	483 166	455 051	477 952	498 941	498 941	525 344	551 171	585 576
Surplus/(Deficit) for the year	(55 847)	(44 747)	46 587	(8 705)	(2 224)	(2 224)	5 873	19 498	19 737
Percentage Surplus	(17.1%)	(10.2%)	9.3%	(1.9%)	(0.4%)	(0.4%)	1.1%	3.4%	3.3%
Waste water management									
Total revenue (excl capital grants and transfers)	181 170	192 242	207 742	241 853	265 283	265 283	259 130	280 705	302 438
Operating Expenditure	156 426	228 704	207 776	289 067	256 209	256 209	270 996	289 918	307 462
Surplus/(Deficit) for the year	24 743	(36 462)	(34)	(47 214)	9 074	9 074	(11 866)	(9 213)	(5 023)
Percentage Surplus	13.7%	(19.0%)	(0.0%)	(19.5%)	3.4%	3.4%	(4.6%)	(3.3%)	(1.7%)
Waste management									
Total revenue (excl capital grants and transfers)	114 476	125 045	168 268	145 652	149 652	149 652	185 893	200 551	214 175
Operating Expenditure	72 676	95 230	84 349	164 506	166 260	166 260	174 720	184 368	194 833
Surplus/(Deficit) for the year	41 800	29 815	83 919	(18 854)	(16 608)	(16 608)	11 173	16 183	19 342
Percentage Surplus	36.5%	23.8%	49.9%	(12.9%)	(11.1%)	(11.1%)	6.0%	8.1%	9.0%

1. It needs to be noted that surpluses/deficits reflected above **exclude** capital revenues (Transfers recognised – capital), which shows the real picture of the actual operational surpluses for all trading services.
2. The electricity trading surplus is fairly constant over the 2019/20 MTREF from 13.8 per cent or R218 million in 2019/20 to 16.7 per cent by 2021/22.
3. The surplus on the water management account amounts to R 5.9 million (1.1 per cent) in the 2019/20 financial year and improves slightly to a surplus of R 19.7 million in 2021/22. The challenge here is that based on the fact that the bulk of the costs are fixed, the Water Service which is a trading service and meant to be making a significant surplus and is only making a margin surplus. The Administration has to look at reducing costs in this service to make it self-sustaining in the long term.
4. The deficit of R 11.9 million on Waste Water Management is of concern and efforts will need to be made to reduce this deficit in the coming MTREF by reducing costs therefore the introduction of more efficient and effective operations.
5. The surplus on the waste management amounts to R 11.2 million (6 per cent) in the 2019/20 financial year and improves slightly to a surplus of R 19.3 million in 2021/22.

6. Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, and used to cross-subsidise other municipal services.

Table 23 Surplus/ (Deficit) calculations for other services

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Governance and administration									
Total revenue (excl capital grants and transfers)	425 314	546 706	586 728	549 465	570 892	570 892	595 656	634 654	668 152
Operating Expenditure	375 003	182 999	415 938	61 001	115 025	115 025	95 940	105 900	117 415
Surplus/(Deficit) for the year	50 311	363 708	170 790	488 464	455 867	455 867	499 716	528 754	550 737
Percentage Surplus	11.8%	66.5%	29.1%	88.9%	79.9%	79.9%	83.9%	83.9%	83.3%
Community and public safety									
Total revenue (excl capital grants and transfers)	29 327	36 368	54 774	20 577	20 654	20 654	24 007	25 103	26 351
Operating Expenditure	253 062	269 915	278 252	377 937	388 238	388 238	417 754	445 117	475 960
Surplus/(Deficit) for the year	(223 735)	(233 547)	(223 478)	(357 360)	(367 584)	(367 584)	(393 748)	(420 014)	(449 609)
Percentage Surplus/ (Deficit)	(762.9%)	(642.2%)	(408.0%)	(1736.7%)	(1779.8%)	(1779.8%)	(1640.2%)	(1640.2%)	(1673.2%)
Economic and environmental services									
Total revenue (excl capital grants and transfers)	43 253	28 699	46 289	32 549	27 405	27 405	25 577	20 230	21 258
Operating Expenditure	264 544	260 048	267 001	329 494	330 408	330 408	359 833	379 385	405 104
Surplus/(Deficit) for the year	(221 291)	(231 349)	(220 712)	(296 945)	(303 003)	(303 003)	(334 256)	(359 155)	(383 846)
Percentage Surplus/ (Deficit)	(511.6%)	(806.1%)	(476.8%)	(912.3%)	(1105.6%)	(1105.6%)	(1306.9%)	(1306.9%)	(1775.3%)
Housing									
Total revenue (excl capital grants and transfers)	12 476	3 278	3 741	3 804	3 858	3 858	4 034	4 092	4 159
Operating Expenditure	22 964	13 203	12 686	17 810	18 279	18 279	19 523	20 528	21 784
Surplus/(Deficit) for the year	(10 488)	(9 926)	(8 945)	(14 006)	(14 421)	(14 421)	(15 489)	(16 437)	(17 625)
Percentage Surplus/ (Deficit)	(84.1%)	(302.8%)	(239.1%)	(368.3%)	(373.9%)	(373.9%)	(383.9%)	(383.9%)	(401.7%)
Other									
Total revenue (incl capital grants and transfers)	404	638	2 589	744	740	740	763	790	821
Operating Expenditure	3 353	6 048	5 237	6 082	6 181	6 181	5 894	6 877	7 870
Surplus/(Deficit) for the year	(2 949)	(5 410)	(2 648)	(5 337)	(5 440)	(5 440)	(5 131)	(6 088)	(7 049)
Percentage Surplus/ (Deficit)	(729.6%)	(848.5%)	(102.3%)	(717.0%)	(734.8%)	(734.8%)	(672.7%)	(672.7%)	(770.9%)
Consolidated Surplus/(Deficit) for the year	(408 152)	(116 523)	(284 993)	(185 184)	(234 583)	(234 583)	(248 908)	(272 940)	(307 392)

1. This table highlights the extent of cross-subsidisation from the trading services to the Community and public safety, Economic and environmental and Housing services.
2. **The major concern here is that all services are now running at an R 249 million deficit. This implies that the whole Municipality has a high risk dependency on Electricity, Water and Waste Management Revenue given that Sanitation trading service has a deficit.**
3. **Although Council has received Level II Accreditation, the subsidisation of Housing services can be construed as an “unfunded” mandate.**

Table 24 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
Revenue By Source									
Property rates	371 074	397 694	442 661	474 453	495 732	495 732	520 380	556 806	584 647
Service charges - electricity revenue	1 330 889	1 515 882	1 289 012	1 579 530	1 443 739	1 443 739	1 573 324	1 696 060	1 800 796
Service charges - water revenue	235 785	336 986	378 129	337 842	366 612	366 612	388 299	415 408	436 157
Service charges - sanitation revenue	79 788	82 058	70 317	99 625	123 455	123 455	101 068	108 092	113 481
Service charges - refuse revenue	68 478	73 883	98 095	80 372	84 372	84 372	113 268	121 189	127 249
Rental of facilities and equipment	9 024	8 301	6 793	8 449	8 599	8 599	10 802	11 212	11 682
Interest earned - external investments	32 411	60 875	76 056	55 000	55 000	55 000	58 000	60 000	65 000
Interest earned - outstanding debtors	2 221	3 212	103	3 398	86	86	109	113	117
Fines, penalties and forfeits	14 461	17 190	15 818	4 087	7 698	7 698	7 981	8 260	8 590
Licences and permits	3 305	3 701	3 756	3 808	3 308	3 308	3 407	3 526	3 667
Agency services	6 250	6 595	6 356	7 797	5 797	5 797	5 970	6 179	6 427
Transfers and subsidies	263 848	284 193	329 088	356 638	354 985	354 985	390 676	419 116	458 058
Other revenue	54 395	112 276	156 965	43 875	40 290	40 290	35 484	36 812	38 357
Total Revenue (excluding capital transfers and contributions)	2 487 482	2 904 214	2 875 554	3 054 874	2 990 431	2 990 431	3 208 768	3 442 772	3 654 227
Expenditure By Type									
Employee related costs	635 594	644 245	701 054	812 123	810 018	810 018	859 550	921 962	994 157
Remuneration of councillors	23 891	25 542	29 342	31 881	31 488	31 488	32 404	34 033	35 744
Debt impairment	36 646	8 891	27 154	26 513	29 730	29 730	31 454	33 027	34 678
Depreciation & asset impairment	351 346	352 389	348 561	376 066	376 066	376 066	408 532	446 488	484 885
Finance charges	58 694	68 940	67 691	67 884	59 359	59 359	70 846	79 421	86 950
Bulk purchases	1 025 277	1 173 350	927 274	1 000 945	974 726	974 726	1 096 949	1 153 378	1 201 977
Other materials	103 488	97 320	105 039	114 233	126 546	126 546	121 110	124 675	129 661
Contracted services	228 681	298 686	338 720	312 731	366 946	366 946	323 135	333 509	346 849
Transfers and subsidies	18 149	9 319	11 517	12 534	15 179	15 179	12 087	12 511	13 011
Other expenditure	112 555	154 209	165 712	261 588	259 257	259 257	278 181	287 022	298 022
Total Expenditure	2 596 617	2 834 188	2 723 512	3 016 497	3 049 313	3 049 313	3 234 247	3 426 024	3 625 932
Surplus/(Deficit)	(109 135)	70 025	152 042	38 377	(58 882)	(58 882)	(25 479)	16 749	28 294
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	222 338	143 210	135 362	129 224	129 224	129 224	191 232	169 733	181 473
Surplus/(Deficit) after capital transfers & contributions	117 943	213 235	290 254	167 601	70 341	70 341	165 753	186 482	209 767
Surplus/(Deficit) for the year	117 943	213 235	290 254	167 601	70 341	70 341	165 753	186 482	209 767

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

1. Total revenue is R3.2 billion in 2019/20 and escalates to R3.4 billion by 2020/21 and R3.7 billion by 2021/22. This represents a year-on-year increase of 7.3 per cent for the 2019/20 financial year from the 2018/19 Adjusted Budget and 7.2 per cent for the 2020/21 financial year and 6.1 per cent for the 2021/22 financial year.
2. Revenue to be generated from Property Rates is R 520 million in the 2019/20 financial year and increases to R 585 million by 2021/22 which represents 16 per cent of the operating revenue base of the City and therefore remains significant short of funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 16 per cent and 17 per cent for the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R 2.2 billion for the 2019/20 financial year and increasing to R2.5 billion by 2021/22. For the 2019/20 financial year services charges amount to 68 per cent of the total revenue base, however **no** economic growth has been built into these revenue figures. The growth that is reflected here is mainly be attributed to the increase tariffs to compensate for increase in expenditure.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real term the grants receipts from national government having only increased marginally over the MTREF by 7.3 per cent and 7.3 per cent and 6.1 per cent for the two outer years.
5. The following graph illustrates the major expenditure items per type.

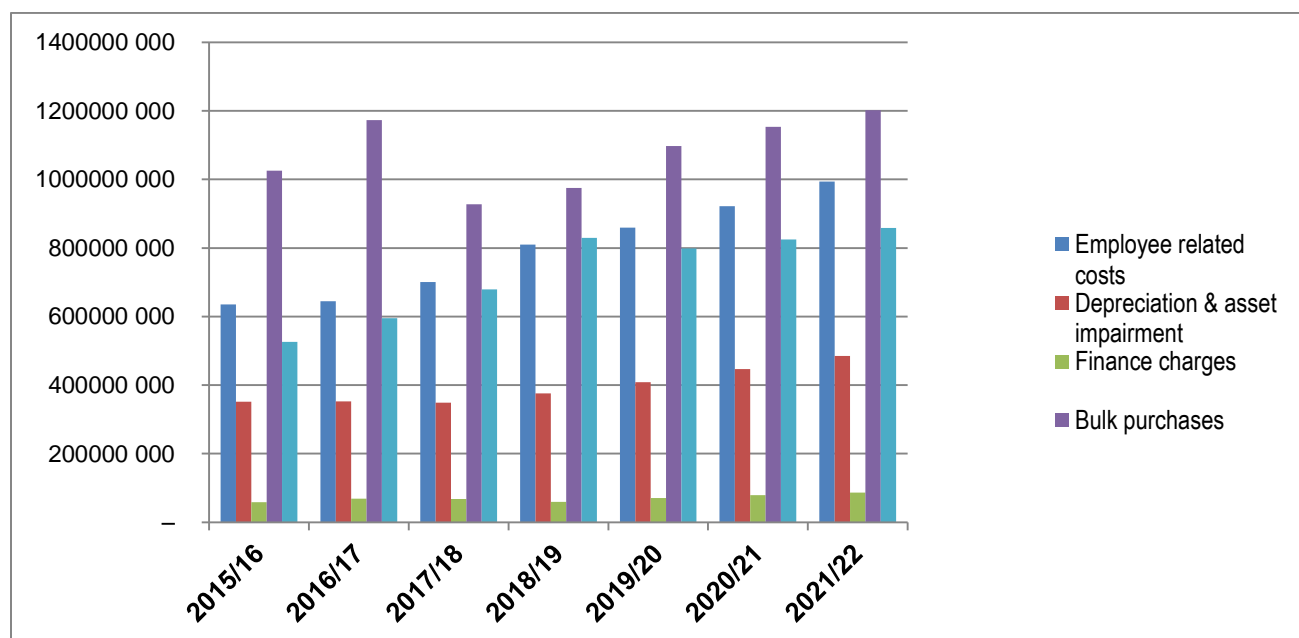


Figure 3 Expenditure by major type

Table 25 MBRR Table A5 - Budgeted Capital Expenditure by vote, functional classification and funding source

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - CITY DEVELOPMENT	86 858	12 650	9 935	3 326	4 065	4 065	33 000	–	–
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	8 092	13 024	25 038	798	14 091	14 091	–	3 335	783
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	1 898	–	–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	27 725	25 165	9 794	10 190	17 948	17 948	27 943	21 246	25 052
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	1 285	9 682	14 707	44 073	45 741	45 741	21 820	12 551	13 302
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	16 063	49 093	27 887	67 954	72 361	72 361	6 633	6 340	6 718
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	–	–	–	–	–	–	–	–	–
Vote 8 - FINANCIAL SERVICES	11	–	–	354	91	91	–	–	–
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	18 112	19 187	27 439	76 523	79 806	79 806	87 974	97 803	112 387
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	160 073	140 968	163 021	115 396	118 425	118 425	240 557	268 442	253 330
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	11 259	123 061	57 844	112 972	108 197	108 197	108 008	115 044	121 069
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	–	–	–	–	–	–	–	–	–
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	–	–	34	427	427	427	–	–	–
Capital multi-year expenditure sub-total	331 376	392 830	335 700	432 013	461 152	461 152	525 935	524 761	532 642

Table A5 - Budgeted Capital Expenditure by vote, functional classification and funding source (continued)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote									
Single-year expenditure to be appropriated									
Vote 1 - CITY DEVELOPMENT	938	457	8 553	–	–	–	–	–	–
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	2 139	2 393	2 743	2 459	3 753	3 753	4 100	4 831	4 000
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	–	383	495	315	535	535	272	356	459
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	4 526	791	3 440	19 942	17 420	17 420	8 842	6 017	7 172
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	4 290	4 129	8 689	6 216	7 710	7 710	3 261	2 448	2 478
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	59	2 542	45 291	4 416	5 220	5 220	4 498	2 820	2 845
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	1	–	–	–	35	35	40	40	20
Vote 8 - FINANCIAL SERVICES	394	182	578	–	700	700	217	–	–
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	41 570	80 769	84 030	38 017	67 951	67 951	36 469	40 493	40 051
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	8 220	22 979	9 747	1 500	1 500	1 500	10 500	7 627	7 627
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	268	–	621	20 083	20 006	20 006	3 400	600	1 500
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	–	454	565	200	346	346	–	–	–
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	–	–	68	–	–	–	–	–	–
Capital single-year expenditure sub-total	62 405	115 079	164 821	93 148	125 176	125 176	71 598	65 231	66 152
Total Capital Expenditure - Vote	393 781	507 909	500 521	525 161	586 328	586 328	597 533	589 991	598 794

Table A5 - Budgeted Capital Expenditure by vote, functional classification and funding source (continued)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional									
Governance and administration	57 206	81 039	128 345	102 236	131 256	131 256	37 500	41 382	40 848
Executive and council	–	182	20	–	–	–	–	–	–
Finance and administration	148	80 857	128 325	102 236	131 256	131 256	37 500	41 382	40 848
Internal audit	57 058	–	–	–	–	–	–	–	–
Community and public safety	136 016	72 544	43 331	80 981	89 431	89 431	64 058	43 414	48 710
Community and social services	16 382	24 017	26 027	55 463	62 072	62 072	31 533	22 688	25 586
Sport and recreation	22 831	20 564	10 584	24 958	26 860	26 860	32 525	19 926	22 874
Public safety	6 253	17 433	6 926	559	499	499	–	800	250
Housing	86 815	9 576	(206)	–	–	–	–	–	–
Health	3 736	954	–	–	–	–	–	–	–
Economic and environmental services	11 542	126 626	97 197	137 876	146 929	146 929	144 408	115 644	122 569
Planning and development	16	3 531	19 313	3 953	4 838	4 838	33 000	–	–
Road transport	11 526	123 095	77 183	133 723	141 852	141 852	111 408	115 644	122 569
Environmental protection	–	–	701	200	239	239	–	–	–
Trading services	187 690	227 700	231 648	204 068	218 713	218 713	351 567	389 551	386 667
Energy sources	17 822	60 270	57 776	85 472	95 773	95 773	96 910	107 052	121 960
Water management	115 923	104 593	84 873	68 773	70 710	70 710	175 540	170 727	185 027
Waste water management	52 450	59 354	87 895	48 123	49 215	49 215	75 517	105 342	75 930
Waste management	1 495	3 484	1 103	1 700	3 015	3 015	3 600	6 431	3 750
Other	1 327	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	393 781	507 909	500 521	525 161	586 328	586 328	597 533	589 991	598 794
Funded by:									
National Government	136 565	125 534	134 821	121 374	121 374	121 374	182 989	161 078	172 723
Provincial Government	85 773	10 365	541	7 850	7 850	7 850	8 243	8 655	8 750
District Municipality	–	5 625	–	–	–	–	–	–	–
Transfers recognised - capital	227 079	143 210	138 212	129 224	129 224	129 224	191 232	169 733	181 473
Borrowing	96 520	204 961	9 969	310 000	310 000	310 000	–	310 000	–
Internally generated funds	70 183	159 738	352 341	85 937	147 105	147 105	406 301	110 258	417 321
Total Capital Funding	393 781	507 909	500 521	525 161	586 328	586 328	597 533	589 991	598 794

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by functional 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. In relation to multi-year appropriations, for 2019/20 R526 million has been allocated of the total R597.5 million capital budget, which totals 85 per cent. This allocation decreases slightly to R 525 million in 2020/21 and increases to R 532.6 million in 2021/22.
3. Single-year capital expenditure has been appropriated at R 72 million for the 2019/20 financial year and reduces slightly over the MTREF to levels of R 68 million and R 66 million respectively for the two outer years.
4. 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 City. 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.
5. The capital programme is funded from national and provincial grants and transfers, borrowing and internally generated funds from current year surpluses. For 2019/20, capital transfers totals R 191.2 million (32 per cent) and decreases to R 169.7 million in the 2020/21 financial year (28 per cent). Borrowing has been provided at R 310 million over the MTREF with internally generated funding totaling R 406.3 million, R 110.3 million and R 417.3 million for each of the respective financial years of the MTREF.

Table 26 MBRR Table A5A - Budgeted Capital Expenditure by vote, Municipal classification

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 1 - CITY DEVELOPMENT	86 858	12 650	9 935	3 326	4 065	4 065	33 000	-	-
1.1 - FX005001014 - Valuation Service (Finance and Administration)	-	-	-	-	-	-	-	-	-
1.2 - FX007001001 - Housing (Housing)	86 815	9 576	-	-	-	-	-	-	-
1.3 - FX009002006 - Tourism (Other)	-	-	-	-	-	-	-	-	-
1.4 - FX010001002 - Corporate Wide Strategic Planning (IDPs, LEDs) (Planning and Development)	-	-	699	-	-	-	-	-	-
1.5 - FX010001004 - Development Facilitation (Planning and Deveopment)	43	-	-	-	-	-	-	-	-
1.6 - FX010001005 - Economic Development/Planning (Planning and Development)	-	3 074	9 236	3 326	4 065	4 065	33 000	-	-
1.7 - FX010001006 -Town Planning, Building Regulations and Enforcement, and City Engineer (Planning and Development)	-	-	-	-	-	-	-	-	-
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	8 092	13 024	25 038	798	14 091	14 091	-	3 335	783
2.1 - FX001002008 - Disaster Management (Community and Social Services)	-	-	-	-	-	-	-	-	-
2.2 - FX003001003 - Pollution Control (Environmental Protection)	-	-	-	-	-	-	-	-	-
2.3 - FX005001006003 - Occupational Clinic (Finance and Administration)	3 496	591	585	444	442	442	-	735	783
2.4 - FX011001005 - Fire Fighting and Protection (Public Safety)	-	5 910	5 745	-	-	-	-	-	-
2.5 - FX012001005 - Taxi Ranks (Road Transport)	-	4 996	18 442	354	13 649	13 649	-	-	-
2.6 - FX014001003 - Solid Waste Removal (Waste Management)	4 595	1 526	267	-	-	-	-	2 600	-
2.7 - FX014001004 - Street Cleansing (Waste Management)	-	-	-	-	-	-	-	-	-
2.8 - FX015001001 - Public Toilets (Waste Water Management)	-	-	-	-	-	-	-	-	-
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	1 898	-	-	-	-	-	-	-	-
3.1 - FX005001012 - Security Services (Finance and Administration)	-	-	-	-	-	-	-	-	-
3.2 - FX012001001 - Police Forces, Traffic and Street Parking Control (Road Transport)	-	-	-	-	-	-	-	-	-
3.3 - FX012002001 - Road and Traffic Regulation (Road Transport)	1 898	-	-	-	-	-	-	-	-

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification (continued)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	27 725	25 165	9 794	10 190	17 948	17 948	27 943	21 246	25 052
4.1 - FX001001003 - Cemeteries, Funeral Parlours and Crematoriums (Community and Social Services)	636	-	-	-	-	-	-	-	-
4.2 - FX001001005002 - Halls (Community and Social Services)	5 431	4 920	1 935	-	3 941	3 941	2 000	3 320	3 500
4.3 - FX001001006001- Libraries and Archives (Community and Social Services)	1 841	43	84	-	-	-	-	-	1 500
4.4 - FX001001006002 - Cyber Cadets (Community and Social Services)	-	-	-	-	-	-	-	-	-
4.5 - FX001001008 - Museums and Art Galleries (Community and Social Services)	-	-	-	-	-	-	-	-	-
4.6 - FX001002007 - Cultural Matters (Community and Social Services)	-	-	-	-	-	-	-	-	-
4.7 - FX013001001 - Beaches and Jetties (Community and Social Services)	9 130	1 375	213	-	-	-	-	-	-
4.8 - FX013001002 - Community Parks (including Nurseries) (Sport and Recreation)	2 292	3 403	411	1 440	2 095	2 095	1 000	2 000	3 500
4.9 - FX013002003001 - Recreational Facilities - Caravan Park (Sport and Recreation)	-	-	-	-	-	-	-	-	-
4.10 - FX013002003002 - Recreational Facilities - Parks Administration (Sport and Recreation)	-	-	-	-	-	-	-	-	-
4.11 - FX013002003003 - Recreational Facilities - Swimming Pools (Sport and Recreation)	-	-	-	-	2 162	2 162	12 200	2 371	2 525
4.12 - FX013002004001 - Sport Development and Sportfields (Sport and Recreation)	8 396	15 424	6 375	8 750	8 750	8 750	8 243	8 655	8 750
4.13 - FX013002004002 - Sports Grounds and Stadiums -Stadiums (Sport and Recreation)	-	-	776	-	1 000	1 000	4 500	4 900	5 277
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	1 285	9 682	14 707	44 073	45 741	45 741	21 820	12 551	13 302
5.1 - FX001001005003 - Municipal Buildings (Community and Social Services)	761	9 682	14 707	44 073	45 741	45 741	21 820	12 551	13 302
5.2 - FX004001001001 - Mayor and Council (Executive and Council)	-	-	-	-	-	-	-	-	-
5.3 - FX005001001 - Administrative and Corporate Support (Finance and Administration)	120	-	-	-	-	-	-	-	-
5.4 - FX005001008 - Legal Services (Finance and Administration)	-	-	-	-	-	-	-	-	-
5.5 - FX005001010 - Property Services (Finance and Administration)	-	-	-	-	-	-	-	-	-
5.6 - FX009001002 - Air Transport (Other)	405	-	-	-	-	-	-	-	-
5.7 - FX009001004 - Licensing and Regulation (Other)	-	-	-	-	-	-	-	-	-

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification (continued)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	16 063	49 093	27 887	67 954	72 361	72 361	6 633	6 340	6 718
6.1 - FX005001007 - Information Technology (Finance and Administration)	16 063	49 093	27 887	67 954	72 361	72 361	6 633	6 340	6 718
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	-	-	-	-	-	-	-	-	-
7.1 - FX005001006001 - Human Resources (Finance and Administration)	-	-	-	-	-	-	-	-	-
7.2 - FX005001006002 - Management Services (Finance and Administration)	-	-	-	-	-	-	-	-	-
7.3 - FX005001006004 - Training and Industrial Relations (Finance and Administration)	-	-	-	-	-	-	-	-	-
Vote 8 - FINANCIAL SERVICES	11	-	-	354	91	91	-	-	-
8.1 - FX005001003001 - Financial Management Grant Interns (Finance and Administration)	-	-	-	-	-	-	-	-	-
8.2 - FX005001003002 - Revenue and Expenditure (Finance and Administration)	-	-	-	354	91	91	-	-	-
8.3 - FX005001004 - Finance (Finance and Administration)	-	-	-	-	-	-	-	-	-
8.4 - FX005001013 - Supply Chain Management (Finance and Administration)	11	-	-	-	-	-	-	-	-
8.5 - FX005002001 - Asset Management (Finance and Administration)	-	-	-	-	-	-	-	-	-
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	18 112	19 187	27 439	76 523	79 806	79 806	87 974	97 803	112 387
9.1 - FX002001001001 - Marketing and Customer relations (Energy Sources)	-	-	-	-	-	-	500	518	536
9.2 - FX002001001002 - Administration (Energy Sources)	-	-	-	-	-	-	-	-	-
9.3 - FX002001001004 - Electricity Distribution (Energy Sources)	15 880	5 940	25 282	61 889	62 839	62 839	71 674	88 397	101 064
9.4 - FX002001001005 - Electricity Planning (Energy Sources)	-	-	-	-	-	-	-	-	-
9.5 - FX002001002001 - Street Lighting (Energy Sources)	1 345	11 099	2 157	14 000	16 333	16 333	14 500	7 518	9 369
9.6 - FX002001002002 - Process Control Systems (Energy Sources)	-	-	-	634	634	634	1 300	1 370	1 418
9.7 - FX005001005 - Fleet Management (Finance and Administration)	887	2 149	-	-	-	-	-	-	-

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification (continued)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	160 073	140 968	163 021	115 396	118 425	118 425	240 557	268 442	253 330
10.1 - FX015001002001 - Sewerage - Industrial Effluent Pipeline (Waste Water Management)	-	-	-	-	-	-	-	-	-
10.2 - FX015001002002 - Sewerage - Pumpstations (Waste Water Management)	-	-	6 745	5 350	2 950	2 950	6 576	42 993	7 376
10.3 - FX015001002003 - Sewerage - Sewerage Network (Waste Water Management)	44 150	50 147	72 746	42 773	46 265	46 265	68 941	62 349	68 554
10.4 - FX015001004 - Treatment (Waste Water Management)	-	-	-	-	-	-	-	-	-
10.5 - FX016001002004 - Water Distribution (Clarified Water)	-	-	-	-	-	-	-	-	-
10.6 - FX016001002005 - Water Distribution (Purification Works)	-	-	-	-	-	-	-	-	-
10.7 - FX016001001003 - Water Treatment - Scientific Services (Water Management)	-	-	4 079	300	440	440	-	-	-
10.8 - FX016001002001 - Water Distribution - Rural Water (Water Management)	49 067	15 156	35 535	33 473	33 473	33 473	36 940	39 652	42 752
10.9 - FX016001002002 - Water Distribution - Urban Water (Water Management)	66 761	75 665	39 290	29 700	32 057	32 057	126 100	72 548	77 748
10.10 - FX016001002003 - Water Distribution - Water Demand Management (Water Management)	94	-	4 626	3 800	3 240	3 240	2 000	50 900	56 900
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	11 259	123 061	57 844	112 972	108 197	108 197	108 008	115 044	121 069
11.1 - FX012001004001 - Roads - Railway Sidings (Road Transport)	-	-	-	-	-	-	-	-	-
11.2 - FX012001004002 - Roads - Urban Roads (Road Transport)	11 259	94 393	49 707	112 972	108 197	108 197	88 383	93 980	98 356
11.3 - FX012001004003 - Roads - Rural Roads (Road Transport)	-	28 668	8 137	-	-	-	19 625	21 064	22 713
11.4 - FX015001003 - Storm Water Management (Waste Water Management)	-	-	-	-	-	-	-	-	-

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification (continued)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	-	-	-	-	-	-	-	-	-
12.1 - FX001001005001 - Buildings Maintenance (Community and Social Services)	-	-	-	-	-	-	-	-	-
12.2 - FX010001007001 - Project Management Unit - Administration (Planning and Development)	-	-	-	-	-	-	-	-	-
12.3 - FX010001007002 - Project Management Unit - Asset Management (Planning and Development)	-	-	-	-	-	-	-	-	-
12.4 - FX010001007003 - Project Management Unit - Expanded Public Works Programme (Planning and Development)	-	-	-	-	-	-	-	-	-
12.5 - FX010001007004 - Project Management Unit - Infrastructure Skills Development Grant (Planning and Development)	-	-	-	-	-	-	-	-	-
12.6 - FX010001007005 - Project Management Unit - PMU (Planning and Development)	-	-	-	-	-	-	-	-	-
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	-	-	34	427	427	427	-	-	-
13.1 - FX004001002001 - DMM - Corporate Services (Executive and Council)	-	-	-	-	-	-	-	-	-
13.2 - FX004001002002 - DMM - ITS (Executive and Council)	-	-	-	-	-	-	-	-	-
13.3 - FX004001002003 - DMM - City Development (Executive and Council)	-	-	-	-	-	-	-	-	-
13.4 - FX004001002004 - DMM - Community Services (Executive and Council)	-	-	-	-	-	-	-	-	-
13.5 - FX004001002005 - Municipal Manager (Executive and Council)	-	-	-	-	-	-	-	-	-
13.6 - FX004001002006 - Municipal Demarcation Transition Grant (Executive and Council)	-	-	-	-	-	-	-	-	-
13.7 - FX004001002007 - Performance Management (Executive and Council)	-	-	-	-	-	-	-	-	-
13.8 - FX005001009 - Marketing, Customer Relations, Publicity and Media Co-ordination	-	-	-	-	-	-	-	-	-
13.9 - FX004001002008 - DMM - Chief Operations Officer	-	-	-	-	-	-	-	-	-
13.10 - FX005001011 - Risk Management (Finance and Administration)	-	-	-	-	-	-	-	-	-
13.11 - FX008001001 - Governance Function (Internal Audit)	-	-	-	-	-	-	-	-	-
13.12 - FX010001001 - Billboards (Planning and Development)	-	-	34	427	427	427	-	-	-
Capital multi-year expenditure sub-total	331 376	392 830	335 700	432 013	461 152	461 152	525 935	524 761	532 642

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification (continued)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Municipal Vote									
Single-year expenditure appropriation									
Vote 1 - CITY DEVELOPMENT	938	457	8 553	-	-	-	-	-	-
1.1 - FX005001014 - Valuation Service (Finance and Administration)	-	-	-	-	-	-	-	-	-
1.2 - FX007001001 - Housing (Housing)	-	-	(206)	-	-	-	-	-	-
1.3 - FX009002006 - Tourism (Other)	-	-	-	-	-	-	-	-	-
1.4 - FX010001002 - Corporate Wide Strategic Planning (IDPs, LEDs) (Planning and Development)	922	-	-	-	-	-	-	-	-
1.5 - FX010001004 - Development Facilitation (Planning and Development)	-	-	-	-	-	-	-	-	-
1.6 - FX010001005 - Economic Development/Planning (Planning and Development)	-	457	8 758	-	-	-	-	-	-
1.7 - FX010001006 - Town Planning, Building Regulations and Enforcement, and City Engineer (Planning and Development)	16	-	-	-	-	-	-	-	-
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	2 139	2 393	2 743	2 459	3 753	3 753	4 100	4 831	4 000
2.1 - FX001002008 - Disaster Management (Community and Social Services)	-	-	-	-	-	-	500	-	-
2.2 - FX003001003 - Pollution Control (Environmental Protection)	962	341	701	200	239	239	-	-	-
2.3 - FX005001006003 - Occupational Clinic (Finance and Administration)	1 025	23	24	-	-	-	-	200	-
2.4 - FX011001005 - Fire Fighting and Protection (Public Safety)	-	73	1 181	559	499	499	-	800	250
2.5 - FX012001005 - Taxi Ranks (Road Transport)	-	-	-	-	-	-	-	-	-
2.6 - FX014001003 - Solid Waste Removal (Waste Management)	72	1 957	814	1 700	3 015	3 015	3 600	3 831	3 750
2.7 - FX014001004 - Street Cleansing (Waste Management)	-	-	22	-	-	-	-	-	-
2.8 - FX015001001 - Public Toilets (Waste Water Management)	80	-	-	-	-	-	-	-	-
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	-	383	495	315	535	535	272	356	459
3.1 - FX005001012 - Security Services (Finance and Administration)	-	174	219	-	173	173	-	-	-
3.2 - FX012001001 - Police Forces, Traffic and Street Parking Control (Road Transport)	-	175	176	215	194	194	219	300	400
3.3 - FX012002001 - Road and Traffic Regulation (Road Transport)	-	34	100	100	168	168	53	56	59

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification (continued)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Municipal Vote									
Single-year expenditure appropriation									
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	4 526	791	3 440	19 942	17 420	17 420	8 842	6 017	7 172
4.1 - FX001001003 - Cemeteries, Funeral Parlours and Crematoriums (Community and Social Services)	–	219	305	641	1 230	1 230	900	936	1 050
4.2 - FX001001005002 - Halls (Community and Social Services)	1 158	209	(452)	2 196	–	–	–	–	–
4.3 - FX001001006001- Libraries and Archives (Community and Social Services)	356	–	778	2 450	2 450	2 450	1 130	1 400	1 500
4.4 - FX001001006002 - Cyber Cadets (Community and Social Services)	–	–	–	–	–	–	–	–	–
4.5 - FX001001008 - Museums and Art Galleries (Community and Social Services)	–	–	–	245	245	245	–	–	–
4.6 - FX001002007 - Cultural Matters (Community and Social Services)	–	–	–	–	–	–	–	–	–
4.7 - FX013001001 - Beaches and Jetties (Community and Social Services)	144	–	–	642	642	642	380	1 681	1 800
4.8 - FX013001002 - Community Parks (including Nurseries) (Sport and Recreation)	–	177	484	200	185	185	200	800	822
4.9 - FX013002003001 - Recreational Facilities - Caravan Park (Sport and Recreation)	–	–	–	–	–	–	–	–	–
4.10 - FX013002003002 - Recreational Facilities - Parks Administration (Sport and Recreation)	43	–	38	–	–	–	–	–	–
4.11 - FX013002003003 - Recreational Facilities - Swimming Pools (Sport and Recreation)	–	–	–	1 100	200	200	150	–	–
4.12 - FX013002004001 - Sport Development and Sportfields (Sport and Recreation)	2 826	185	2 287	12 468	12 468	12 468	6 082	1 200	2 000
4.13 - FX013002004002 - Sports Grounds and Stadiums -Stadiums (Sport and Recreation)	–	–	–	–	–	–	–	–	–
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	4 290	4 129	8 689	6 216	7 710	7 710	3 261	2 448	2 478
5.1 - FX001001005003 - Municipal Buildings (Community and Social Services)	4 290	3 947	8 670	6 216	7 254	7 254	3 257	2 444	2 475
5.2 - FX004001001001 - Mayor and Council (Executive and Council)	–	182	20	–	389	389	–	–	–
5.3 - FX005001001 - Administrative and Corporate Support (Finance and Administration)	–	–	–	–	68	68	–	–	–
5.4 - FX005001008 - Legal Services (Finance and Administration)	–	–	–	–	–	–	3	3	4
5.5 - FX005001010 - Property Services (Finance and Administration)	–	–	–	–	–	–	–	–	–
5.6 - FX009001002 - Air Transport (Other)	–	–	–	–	–	–	–	–	–
5.7 - FX009001004 - Licensing and Regulation (Other)	–	–	–	–	–	–	–	–	–

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification (continued)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Municipal Vote									
Single-year expenditure appropriation									
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	59	2 542	45 291	4 416	5 220	5 220	4 498	2 820	2 845
6.1 - FX005001007 - Information Technology (Finance and Administration)	59	2 542	45 291	4 416	5 220	5 220	4 498	2 820	2 845
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	1	-	-	-	35	35	40	40	20
7.1 - FX005001006001 - Human Resources (Finance and Administration)	1	-	-	-	35	35	-	-	-
7.2 - FX005001006002 - Management Services (Finance and Administration)	-	-	-	-	-	-	-	-	-
7.3 - FX005001006004 - Training and Industrial Relations (Finance and Administration)	-	-	-	-	-	-	40	40	20
Vote 8 - FINANCIAL SERVICES	394	182	578	-	700	700	217	-	-
8.1 - FX005001003001 - Financial Management Grant Interns (Finance and Administration)	118	97	307	-	-	-	-	-	-
8.2 - FX005001003002 - Revenue and Expenditure (Finance and Administration)	30	13	271	-	700	700	217	-	-
8.3 - FX005001004 - Finance (Finance and Administration)	-	-	-	-	-	-	-	-	-
8.4 - FX005001013 - Supply Chain Management (Finance and Administration)	-	72	-	-	-	-	-	-	-
8.5 - FX005002001 - Asset Management (Finance and Administration)	246	-	-	-	-	-	-	-	-
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	41 570	80 769	84 030	38 017	67 951	67 951	36 469	40 493	40 051
9.1 - FX002001001001 - Marketing and Customer relations (Energy Sources)	-	-	-	45	45	45	36	38	39
9.2 - FX002001001002 - Administration (Energy Sources)	-	-	-	4	4	4	-	-	-
9.3 - FX002001001004 - Electricity Distribution (Energy Sources)	1 912	54 157	30 338	8 900	15 917	15 917	8 900	9 212	9 534
9.4 - FX002001001005 - Electricity Planning (Energy Sources)	-	-	-	-	-	-	-	-	-
9.5 - FX002001002001 - Street Lighting (Energy Sources)	-	2	-	-	-	-	-	-	-
9.6 - FX002001002002 - Process Control Systems (Energy Sources)	30	173	-	-	-	-	-	-	-
9.7 - FX005001005 - Fleet Management (Finance and Administration)	39 628	26 437	53 693	29 068	51 985	51 985	27 533	31 244	30 479

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification (continued)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Municipal Vote									
Single-year expenditure appropriation									
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	8 220	22 979	9 747	1 500	1 500	1 500	10 500	7 627	7 627
10.1 - FX015001002001 - Sewerage - Industrial Effluent Pipeline (Waste Water	-	-	-	-	-	-	-	-	-
10.2 - FX015001002002 - Sewerage - Pumpstations (Waste Water Management)	-	-	279	-	-	-	-	-	-
10.3 - FX015001002003 - Sewerage - Sewerage Network (Waste Water Management)	8 220	9 208	8 125	-	-	-	-	-	-
10.4 - FX015001004 - Treatment (Waste Water Management)	-	-	-	-	-	-	-	-	-
10.5 - FX016001002004 - Water Distribution (Clarified Water)	-	-	-	-	-	-	-	-	-
10.6 - FX016001002005 - Water Distribution (Purification Works)	-	-	-	-	-	-	-	-	-
10.7 - FX016001001003 - Water Treatment - Scientific Services (Water Management)	-	-	1 539	-	-	-	6 000	3 000	3 000
10.8 - FX016001002001 - Water Distribution - Rural Water (Water Management)	-	-	665	-	-	-	1 000	800	800
10.9 - FX016001002002 - Water Distribution - Urban Water (Water Management)	-	13 772	(861)	1 500	1 500	1 500	1 500	827	827
10.10 - FX016001002003 - Water Distribution - Water Demand Management (Water	-	-	-	-	-	-	2 000	3 000	3 000
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	268	-	621	20 083	20 006	20 006	3 400	600	1 500
11.1 - FX012001004001 - Roads - Railway Sidings (Road Transport)	-	-	-	-	-	-	-	-	-
11.2 - FX012001004002 - Roads - Urban Roads (Road Transport)	268	-	1 249	2 300	2 224	2 224	3 400	600	1 500
11.3 - FX012001004003 - Roads - Rural Roads (Road Transport)	-	-	(628)	17 783	17 783	17 783	-	-	-
11.4 - FX015001003 - Storm Water Management (Waste Water Management)	-	-	-	-	-	-	-	-	-

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification (continued)

Vote Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Municipal Vote									
Single-year expenditure appropriation									
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	-	454	565	200	346	346	-	-	-
12.1 - FX001001005001 - Buildings Maintenance (Community and Social Services)	-	-	-	-	-	-	-	-	-
12.2 - FX010001007001 - Project Management Unit - Administration (Planning and Development)	-	-	-	-	-	-	-	-	-
12.3 - FX010001007002 - Project Management Unit - Asset Management (Planning and Development)	-	454	454	200	346	346	-	-	-
12.4 - FX010001007003 - Project Management Unit - Expanded Public Works	-	-	-	-	-	-	-	-	-
12.5 - FX010001007004 - Project Management Unit - Infrastructure Skills Development	-	-	111	-	-	-	-	-	-
12.6 - FX010001007005 - Project Management Unit - PMU (Planning and Development)	-	-	-	-	-	-	-	-	-
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	-	-	68	-	-	-	-	-	-
13.1 - FX004001002001 - DMM - Corporate Services (Executive and Council)	-	-	-	-	-	-	-	-	-
13.2 - FX004001002002 - DMM - ITS (Executive and Council)	-	-	-	-	-	-	-	-	-
13.3 - FX004001002003 - DMM - City Development (Executive and Council)	-	-	-	-	-	-	-	-	-
13.4 - FX004001002004 - DMM - Community Services (Executive and Council)	-	-	-	-	-	-	-	-	-
13.5 - FX004001002005 - Municipal Manager (Executive and Council)	-	-	-	-	-	-	-	-	-
13.6 - FX004001002006 - Municipal Demarcation Transition Grant (Executive and Council)	-	-	-	-	-	-	-	-	-
13.7 - FX004001002007 - Performance Management (Executive and Council)	-	-	-	-	-	-	-	-	-
13.8 - FX005001009 - Marketing, Customer Relations, Publicity and Media Co-ordination (Finance and Administration)	-	-	-	-	-	-	-	-	-
13.9 - FX004001002008 - DMM - Chief Operations Officer	-	-	-	-	-	-	-	-	-
13.10 - FX005001011 - Risk Management (Finance and Administration)	-	-	48	-	-	-	-	-	-
13.11 - FX008001001 - Governance Function (Internal Audit)	-	-	-	-	-	-	-	-	-
13.12 - FX010001001 - Billboards (Planning and Development)	-	-	20	-	-	-	-	-	-
Capital single-year expenditure sub-total	62 405	115 079	164 821	93 148	125 176	125 176	71 598	65 231	66 152
Total Capital Expenditure	393 781	507 909	500 521	525 161	586 328	586 328	597 533	589 991	598 794

Table 27 MBRR Table A6 - Budgeted Financial Position

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS										
Current assets										
Cash	172 406	70 116	45 422	138 748	25 851	25 851	25 851	70 841	78 494	109 519
Call investment deposits	290 000	645 000	415 000	500 000	500 000	500 000	500 000	300 000	500 000	400 000
Consumer debtors	288 063	350 981	412 171	456 033	477 955	477 955	477 955	334 889	355 316	375 135
Other debtors	146 799	156 427	97 606	33 479	33 479	33 479	33 479	97 606	97 606	97 606
Current portion of long-term receivables	39	30	46	34	34	34	34	48	51	54
Inventory	67 672	74 768	72 792	80 642	76 868	76 868	76 868	80 865	85 232	89 835
Total current assets	964 980	1 297 323	1 043 037	1 208 936	1 114 187	1 114 187	1 114 187	884 250	1 116 700	1 072 148
Non current assets										
Long-term receivables	72	48	–	24	24	24	24	–	–	–
Investment property	125 125	124 379	123 373	124 144	123 364	123 364	123 364	123 195	123 018	122 825
Property, plant and equipment	4 857 716	5 230 609	5 406 836	5 515 086	5 558 092	5 558 092	5 558 092	5 746 904	5 892 753	6 009 422
Intangible	7 132	31 411	66 898	89 676	125 665	125 665	125 665	126 023	123 855	121 287
Other non-current assets	2 767	2 767	2 767	3 012	3 012	3 012	3 012	3 012	3 012	3 012
Total non current assets	4 992 812	5 389 214	5 599 874	5 731 941	5 810 156	5 810 156	5 810 156	5 999 134	6 142 638	6 256 546
TOTAL ASSETS	5 957 792	6 686 537	6 642 911	6 940 877	6 924 343	6 924 343	6 924 343	6 883 384	7 259 337	7 328 695
LIABILITIES										
Current liabilities										
Borrowing	122 346	155 996	145 259	84 326	84 326	84 326	84 326	84 692	102 090	99 429
Consumer deposits	45 197	67 947	82 040	52 876	55 837	55 837	55 837	86 306	90 967	95 879
Trade and other payables	528 311	614 938	469 828	494 097	494 097	494 097	494 097	392 973	422 875	452 430
Provisions	22 579	13 900	15 176	25 878	15 176	15 176	15 176	16 296	17 499	18 790
Total current liabilities	718 433	852 781	712 303	657 177	649 437	649 437	649 437	580 268	633 431	666 529
Non current liabilities										
Borrowing	348 100	539 613	394 166	608 787	608 787	608 787	608 787	528 708	736 618	637 189
Provisions	341 275	332 532	220 079	337 417	243 470	243 470	243 470	270 495	300 966	323 177
Total non current liabilities	689 374	872 144	614 245	946 204	852 257	852 257	852 257	799 203	1 037 584	960 366
TOTAL LIABILITIES	1 407 807	1 724 925	1 326 548	1 603 381	1 501 694	1 501 694	1 501 694	1 379 471	1 671 015	1 626 895
NET ASSETS	4 549 985	4 961 612	5 316 363	5 337 496	5 422 650	5 422 650	5 422 650	5 503 913	5 588 323	5 701 800
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	4 420 396	4 958 862	5 122 977	4 968 313	5 053 467	5 053 467	5 053 467	5 382 711	5 161 610	5 573 878
Reserves	129 588	2 750	193 386	369 183	369 183	369 183	369 183	121 202	426 712	127 921
TOTAL COMMUNITY WEALTH/EQUITY	4 549 985	4 961 612	5 316 363	5 337 496	5 422 650	5 422 650	5 422 650	5 503 913	5 588 323	5 701 800

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 which can be found on page 206 to 208 providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 28 MBRR Table A7 - Budgeted Cash Flow Statement

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates	373 295	400 906	444 674	464 964	485 818	485 818	499 565	534 534	561 261
Service charges	1 710 852	2 003 818	1 823 520	1 957 076	1 891 528	1 891 528	2 003 004	2 158 195	2 286 094
Other revenue	94 538	51 247	64 700	64 868	65 691	65 691	63 644	65 989	68 723
Government - operating	267 494	279 992	321 424	356 638	354 985	354 985	390 676	419 116	458 058
Government - capital	225 014	144 868	141 903	129 224	129 224	129 224	191 232	169 733	181 473
Interest	32 465	60 921	76 159	58 398	55 086	55 086	58 109	60 113	65 117
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(2 191 024)	(2 393 352)	(2 474 344)	(2 407 516)	(2 472 711)	(2 472 711)	(2 604 640)	(2 743 509)	(2 890 192)
Finance charges	(58 694)	(68 940)	(67 691)	(67 884)	(59 359)	(59 359)	(70 846)	(79 421)	(86 950)
Transfers and Grants	(18 149)	(9 319)	(11 517)	(12 534)	(15 179)	(15 179)	(12 087)	(12 510)	(13 011)
NET CASH FROM/(USED) OPERATING ACTIVITIES	435 791	470 138	318 828	543 235	435 084	435 084	518 656	572 239	630 574
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	1 066	3 335	680	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	48	36	33	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-
Payments									
Capital assets	(310 882)	(507 909)	(500 090)	(525 179)	(542 910)	(542 910)	(589 340)	(589 894)	(597 459)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(309 768)	(504 538)	(499 378)	(525 179)	(542 910)	(542 910)	(589 340)	(589 894)	(597 459)

Table A7 - Budgeted Cash Flow Statement (continued)

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Borrowing long term/refinancing	–	385 500	–	310 000	310 000	310 000	–	310 000	–
Increase (decrease) in consumer deposits	45 197	67 947	82 040	–	8 500	8 500	–	–	–
Payments									
Repayment of borrowing	(130 451)	(166 337)	(156 185)	(156 144)	(151 699)	(151 699)	(84 326)	(84 692)	(102 090)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(85 254)	287 110	(74 144)	153 856	166 801	166 801	(84 326)	225 308	(102 090)
NET INCREASE/ (DECREASE) IN CASH HELD	40 769	252 709	(254 694)	171 912	58 975	58 975	(155 010)	207 653	(68 975)
Cash/cash equivalents at the year begin:	421 638	462 406	715 116	466 876	466 876	466 876	525 851	370 841	578 494
Cash/cash equivalents at the year end:	462 406	715 116	460 422	638 788	525 851	525 851	370 841	578 494	509 519

Table 29 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Cash and investments available</u>									
Cash/cash equivalents at the year end	462 406	715 116	460 422	638 788	525 851	525 851	370 841	578 494	509 519
Other current investments > 90 days	0	–	–	(40)	–	–	–	–	–
Cash and investments available:	462 406	715 116	460 422	638 748	525 851	525 851	370 841	578 494	509 519
<u>Application of cash and investments</u>									
Unspent conditional transfers	18 127	10 596	15 676	11 629	11 629	11 629	20 232	20 232	20 232
Unspent borrowing	–	9 969	–	46 500	46 500	46 500	–	46 500	–
Statutory requirements	(52 772)	(34 246)	10 602	(16 949)	(16 949)	(16 949)	4 845	16 507	26 751
Other working capital requirements	74 647	117 084	(38 319)	21 885	(1 897)	(1 897)	(34 218)	(35 466)	(34 819)
Other provisions	12 998	13 900	15 176	25 878	15 176	15 176	16 296	17 499	18 790
Reserves to be backed by cash/investments	129 588	2 750	193 386	369 183	369 183	369 183	121 202	426 712	127 921
Total Application of cash and investments:	182 589	120 052	196 521	458 125	423 642	423 642	128 357	491 984	158 875
Surplus(shortfall)	279 818	595 064	263 901	180 623	102 209	102 209	242 484	86 510	350 644

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. It can be seen that the cash levels of the City improved from previous financial years to 2019/20 period and the years thereafter owing directly to a myriad of cash flow interventions introduced over the past years.
4. The 2019/20 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R 371 million as at the end of the 2019/20 financial year and increases to R 510 million by 2021/22 as more reliance is being placed on borrowings for capital projects instead of internal funds.

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".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. The surplus improved to R 242 million in the 2019/20 financial year from the deficit of previous financial years namely 2009/10.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2019/20 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 30 MBRR Table A9 - Asset Management

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	323 454	477 354	367 571	351 401	441 615	441 615	460 960	438 349	488 693
<i>Roads Infrastructure</i>	8 048	128 057	14 504	75 214	121 680	121 680	132 208	86 044	93 069
<i>Electrical Infrastructure</i>	7 933	69 444	19 188	28 900	39 642	39 642	72 124	95 760	114 202
<i>Water Supply Infrastructure</i>	86 608	91 257	69 794	53 173	59 370	59 370	136 940	150 879	162 779
<i>Sanitation Infrastructure</i>	52 526	59 354	80 259	38 473	41 965	41 965	42 941	48 649	55 754
<i>Solid Waste Infrastructure</i>	3 334	1 526	267	–	1 325	1 325	–	2 600	–
<i>Information and Communication Infrastructure</i>	–	23 869	32 312	2 731	2 933	2 933	2 764	553	571
Infrastructure	158 450	373 507	216 324	198 492	266 915	266 915	386 977	390 484	436 374
Community Facilities	16 008	14 254	32 778	3 186	19 982	19 982	13 019	3 400	5 000
Sport and Recreation Facilities	20 484	20 202	7 413	21 118	25 519	25 519	28 063	14 555	15 027
Community Assets	36 492	34 455	40 192	24 304	45 501	45 501	41 082	17 955	20 027
Heritage Assets	43	–	–	–	245	245	–	–	–
Revenue Generating	–	–	–	–	148	148	–	–	–
Non-revenue Generating	405	–	–	–	–	–	–	–	–
Investment properties	405	–	–	–	148	148	–	–	–
Operational Buildings	17 995	9 417	14 622	38 363	33 119	33 119	545	792	1 842
Housing	86 815	–	–	–	4 478	4 478	–	–	–
Other Assets	104 810	9 417	14 622	38 363	37 597	37 597	545	792	1 842
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–
Servitudes	–	–	3 552	–	–	–	–	–	–
Licences and Rights	3 185	26 613	31 956	60 706	37 263	37 263	5 074	2 828	2 857
Intangible Assets	3 185	26 613	35 509	60 706	37 263	37 263	5 074	2 828	2 857
Computer Equipment	160	1 244	1 242	570	1 582	1 582	–	–	–
Furniture and Office Equipment	192	566	2 058	1 437	1 639	1 639	540	40	20
Machinery and Equipment	10 318	19 275	34 986	6 721	17 811	17 811	11 360	10 329	11 093
Transport Assets	9 398	12 277	22 638	20 808	32 916	32 916	15 383	15 921	16 479

Table MBRR Table A9 - Asset Management (continued)

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CAPITAL EXPENDITURE									
<u>Total Renewal of Existing Assets</u>	70 327	30 555	116 031	158 319	142 301	142 301	75 482	76 741	57 107
<i>Roads Infrastructure</i>	3 757	–	39 734	44 800	5 300	5 300	6 000	23 000	18 000
<i>Electrical Infrastructure</i>	11 235	1 168	36 406	55 889	56 081	56 081	20 600	6 675	3 301
<i>Water Supply Infrastructure</i>	29 314	10 899	12 383	13 300	9 500	9 500	10 000	2 711	2 711
<i>Sanitation Infrastructure</i>	(77)	–	6 163	9 650	7 250	7 250	15 576	10 876	11 576
<i>Solid Waste Infrastructure</i>	72	–	–	–	–	–	–	–	–
<i>Information and Communication Infrastructure</i>	–	–	–	3 500	4 424	4 424	–	–	–
Infrastructure	44 301	12 067	94 686	127 139	82 556	82 556	52 176	43 262	35 588
Community Facilities	655	412	1 432	4 287	4 173	4 173	2 300	3 320	5 000
Sport and Recreation Facilities	12	–	387	900	1 062	1 062	1 200	2 371	2 525
Community Assets	667	412	1 820	5 187	5 234	5 234	3 500	5 691	7 525
Heritage Assets	–	–	–	245	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Operational Buildings	1 063	4 817	5 976	11 797	14 815	14 815	7 714	11 938	641
Housing	–	9 576	–	–	–	–	–	–	–
Other Assets	1 063	14 393	5 976	11 797	14 815	14 815	7 714	11 938	641
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–
Licences and Rights	–	–	–	–	24 960	24 960	–	–	–
Intangible Assets	–	–	–	–	24 960	24 960	–	–	–
Computer Equipment	2 436	237	–	5 391	5 361	5 361	242	765	790
Furniture and Office Equipment	–	–	–	380	605	605	–	–	–
Machinery and Equipment	19 360	2 735	13 549	8 180	8 770	8 770	11 850	14 163	12 563
Transport Assets	2 500	711	–	–	–	–	–	922	–

Table MBRR Table A9 - Asset Management (continued)

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CAPITAL EXPENDITURE									
<u>Total Upgrading of Existing Assets</u>	-	-	16 919	15 441	2 413	2 413	61 091	74 901	52 994
<i>Roads Infrastructure</i>	-	-	3 356	11 740	-	-	3 400	600	1 500
<i>Electrical Infrastructure</i>	-	-	1 701	-	-	-	2 850	3 209	3 000
<i>Water Supply Infrastructure</i>	-	-	(2 880)	200	-	-	22 100	14 137	16 537
<i>Sanitation Infrastructure</i>	-	-	4 261	-	-	-	17 000	45 817	8 600
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	1 400	-	-
<i>Information and Communication Infrastructure</i>	-	-	529	-	-	-	4 000	6 077	6 455
Infrastructure	-	-	6 967	11 940	-	-	50 750	69 840	36 092
Community Facilities	-	-	301	600	2 413	2 413	1 330	1 136	1 300
Sport and Recreation Facilities	-	-	1 817	2 901	-	-	3 012	900	1 500
Community Assets	-	-	2 117	3 501	2 413	2 413	4 342	2 036	2 800
Heritage Assets	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	114	-	-	-	-	-	-
Investment properties	-	-	114	-	-	-	-	-	-
Operational Buildings	-	-	7 000	-	-	-	5 999	3 000	14 076
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	7 000	-	-	-	5 999	3 000	14 076
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	721	-	-	-	-	25	26
Transport Assets	-	-	-	-	-	-	-	-	-

Table MBRR Table A9 - Asset Management (continued)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
CAPITAL EXPENDITURE									
Total Capital Expenditure	393 781	507 909	500 521	525 161	586 328	586 328	597 533	589 991	598 794
Roads Infrastructure	11 805	128 057	57 594	131 754	126 980	126 980	141 608	109 644	112 569
Electrical Infrastructure	19 168	70 611	57 295	84 789	95 724	95 724	95 574	105 644	120 503
Water Supply Infrastructure	115 923	102 157	79 297	66 673	68 870	68 870	169 040	167 727	182 027
Sanitation Infrastructure	52 450	59 354	90 683	48 123	49 215	49 215	75 517	105 342	75 930
Solid Waste Infrastructure	3 406	1 526	267	–	1 325	1 325	1 400	2 600	–
Coastal Infrastructure	–	–	–	–	–	–	–	6 000	10 000
Information and Communication Infrastructure	–	23 869	32 841	6 231	7 357	7 357	6 764	6 630	7 026
Infrastructure	202 751	385 574	317 977	337 571	349 470	349 470	489 903	503 586	508 054
Community Facilities	16 663	14 666	34 511	8 073	26 567	26 567	16 649	7 856	11 300
Sport and Recreation Facilities	20 496	20 202	9 617	24 919	26 581	26 581	32 275	17 826	19 052
Community Assets	37 159	34 867	44 129	32 992	53 148	53 148	48 924	25 682	30 352
Heritage Assets	43	–	–	245	245	245	–	–	–
Revenue Generating	–	–	–	–	148	148	–	–	–
Non-revenue Generating	405	–	114	–	–	–	–	–	–
Investment properties	405	–	114	–	148	148	–	–	–
Operational Buildings	19 059	14 234	27 598	50 160	47 934	47 934	14 258	15 730	16 560
Housing	86 815	9 576	–	–	4 478	4 478	–	–	–
Other Assets	105 873	23 810	27 598	50 160	52 412	52 412	14 258	15 730	16 560
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–
Servitudes	–	–	3 552	–	–	–	–	–	–
Licences and Rights	3 185	26 613	31 956	60 706	62 222	62 222	5 074	2 828	2 857
Intangible Assets	3 185	26 613	35 509	60 706	62 222	62 222	5 074	2 828	2 857
Computer Equipment	2 596	1 481	1 242	5 961	6 942	6 942	242	765	790
Furniture and Office Equipment	192	566	2 058	1 817	2 244	2 244	540	40	20
Machinery and Equipment	29 678	22 010	49 256	14 901	26 581	26 581	23 210	24 517	23 682
Transport Assets	11 898	12 988	22 638	20 808	32 916	32 916	15 383	16 844	16 479
TOTAL CAPITAL EXPENDITURE - Asset class	393 781	507 909	500 521	525 161	586 328	586 328	597 533	589 991	598 794

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Table MBRR Table A9 - Asset Management (continued)

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSET REGISTER SUMMARY - PPE (WDV)	4 992 740	5 389 166	5 599 871	5 731 918	5 810 133	5 810 133	5 999 134	6 142 638	6 256 546
<i>Roads Infrastructure</i>	1 125 261	927 820	929 585	1 010 897	988 475	988 475	1 057 959	1 089 683	1 117 632
<i>Storm water Infrastructure</i>	–	244 580	227 860	226 920	210 200	210 200	192 539	174 703	155 333
<i>Electrical Infrastructure</i>	408 118	482 500	516 370	564 589	575 863	575 863	629 605	685 464	751 901
<i>Water Supply Infrastructure</i>	1 299 825	1 314 797	1 295 087	1 265 372	1 235 566	1 235 566	1 272 544	1 304 326	1 338 718
<i>Sanitation Infrastructure</i>	709 183	880 673	913 898	912 862	926 834	926 834	964 905	1 024 989	1 051 768
<i>Solid Waste Infrastructure</i>	–	2 899	6 756	1 398	6 172	6 172	5 229	5 056	2 044
<i>Rail Infrastructure</i>	–	1 941	1 778	1 765	1 603	1 603	1 428	1 253	1 063
<i>Coastal Infrastructure</i>	–	–	–	–	–	–	–	6 000	16 000
<i>Information and Communication Infrastructure</i>	15 605	23 618	76 566	60 416	82 201	82 201	82 057	81 429	80 659
Infrastructure	3 557 992	3 878 829	3 967 901	4 044 220	4 026 915	4 026 915	4 206 267	4 372 903	4 515 117
Community Assets	257 403	300 005	332 160	349 857	365 164	365 164	393 963	397 817	404 464
Heritage Assets	2 767	2 767	2 767	3 012	3 012	3 012	3 012	3 012	3 012
Investment properties	125 125	124 379	123 373	124 144	123 364	123 364	123 195	123 018	122 825
Other Assets	947 863	855 798	864 119	901 468	898 783	898 783	885 598	869 164	850 793
Intangible Assets	7 132	31 411	66 898	89 676	125 665	125 665	126 023	123 855	121 287
Computer Equipment	13 994	22 832	13 214	23 033	13 526	13 526	9 314	5 304	824
Furniture and Office Equipment	3 498	10 030	9 375	10 914	8 956	8 956	6 376	4 815	2 424
Machinery and Equipment	38 483	120 773	161 861	117 619	172 593	172 593	178 044	180 641	181 190
Transport Assets	38 483	42 342	58 203	67 976	72 156	72 156	67 343	62 108	54 610
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	4 992 740	5 389 166	5 599 871	5 731 918	5 810 133	5 810 133	5 999 134	6 142 638	6 256 546

Table MBRR Table A9 - Asset Management (continued)

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
EXPENDITURE OTHER ITEMS	720 567	732 211	765 685	984 274	996 224	996 224	1 091 130	1 166 615	1 244 382
<u>Depreciation</u>	351 346	352 390	348 561	376 066	376 066	376 066	408 532	446 488	484 885
<u>Repairs and Maintenance by Asset Class</u>	369 221	379 822	417 124	608 208	620 158	620 158	682 598	720 127	759 497
<i>Roads Infrastructure</i>	70 826	75 976	69 391	95 313	95 441	95 441	98 921	105 151	111 809
<i>Storm water Infrastructure</i>	8 918	–	40 209	38 687	39 714	39 714	39 930	41 879	43 917
<i>Electrical Infrastructure</i>	45 546	53 744	65 780	160 750	161 468	161 468	170 117	180 737	190 554
<i>Water Supply Infrastructure</i>	87 402	81 723	92 452	105 918	104 952	104 952	109 014	113 846	119 299
<i>Sanitation Infrastructure</i>	42 223	34 816	29 989	65 303	65 684	65 684	63 219	66 636	70 359
<i>Rail Infrastructure</i>	–	1 385	853	1 175	1 175	1 175	1 211	1 253	1 303
<i>Coastal Infrastructure</i>	–	–	–	–	–	–	1 030	1 066	1 109
<i>Information and Communication Infrastructure</i>	1 293	21	3 369	4 095	4 095	4 095	3 208	3 321	3 453
Infrastructure	256 209	247 665	302 041	471 241	472 528	472 528	486 649	513 889	541 803
Community Facilities	57 322	6 028	68 532	88 266	87 111	87 111	102 021	107 759	114 134
Sport and Recreation Facilities	11 704	53 854	4 888	9 927	9 927	9 927	10 218	10 778	11 406
Community Assets	69 026	59 882	73 421	98 193	97 037	97 037	112 239	118 537	125 540
Heritage Assets	–	–	103	–	–	–	113	119	127
Investment properties	–	–	–	–	–	–	–	–	–
Operational Buildings	19 922	24 940	188	299	1 554	1 554	4 732	4 907	5 112
Housing	199	157	62	598	598	598	624	661	701
Other Assets	20 121	25 097	250	897	2 152	2 152	5 355	5 568	5 813
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–
Intangible Assets	–	–	–	–	–	–	–	–	–
Computer Equipment	–	–	–	–	–	–	1 010	1 045	1 087
Furniture and Office Equipment	–	–	527	616	617	617	27	28	29
Machinery and Equipment	4 449	17 225	1 308	1 478	1 478	1 478	21 413	22 163	23 049
Transport Assets	19 415	29 954	39 474	35 784	46 346	46 346	55 793	58 779	62 050
TOTAL EXPENDITURE OTHER ITEMS	720 567	732 211	765 685	984 274	996 224	996 224	1 091 130	1 166 615	1 244 382

Table MBRR Table A9 - Asset Management (continued)

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	17.9%	6.0%	26.6%	33.1%	24.7%	24.7%	22.9%	25.7%	18.4%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	20.0%	8.7%	38.1%	46.2%	38.5%	38.5%	33.4%	34.0%	22.7%
<i>R&M as a % of PPE</i>	7.6%	7.3%	7.7%	11.0%	11.2%	11.2%	11.9%	12.2%	12.6%
<i>Renewal and upgrading and R&M as a % of PPE</i>	9.0%	8.0%	10.0%	14.0%	13.0%	13.0%	14.0%	14.0%	14.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.
3. Although the City will only spend 25.6 per cent of the capital budget on the renewal of existing assets, this is as a result an initiative to promote economic development by the construction of various SMME structures as well as infrastructure for a new housing development.
4. Repairs and maintenance as a per cent age of PPE equates to 11.9 per cent, this is above the National norm and is encouraging as additional resources are allocated to aging infrastructure.
5. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the City's strategy to address the maintenance backlog.

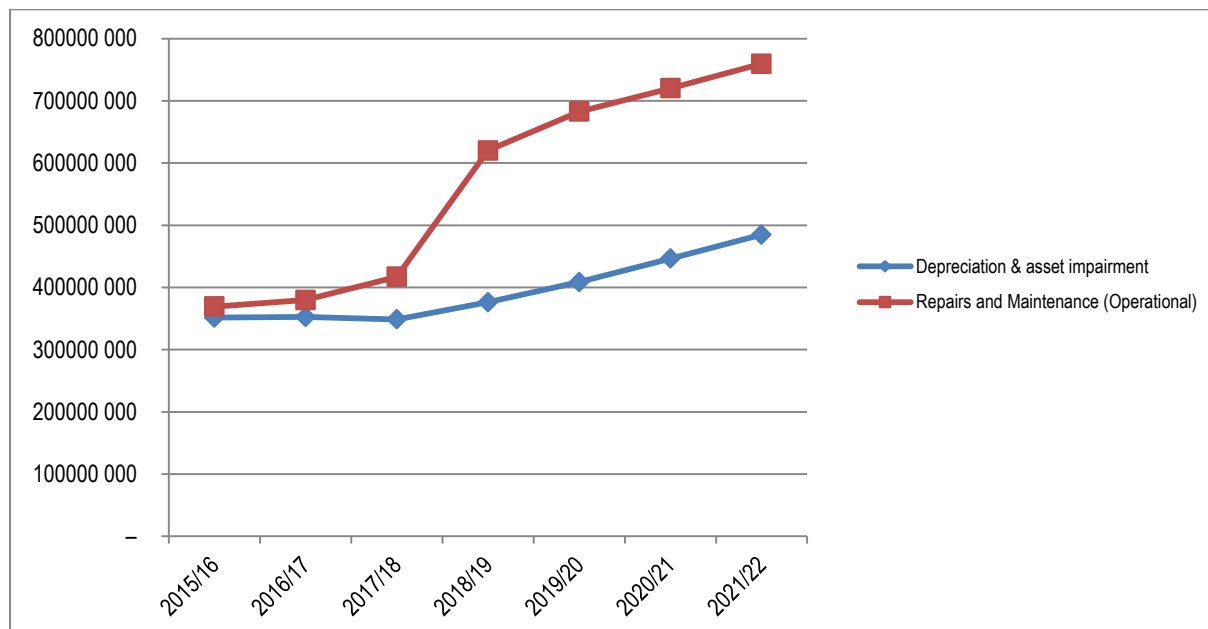


Figure 4 Depreciation in relation to repairs and maintenance over the MTREF

Table 31 MBRR Table A10 - Basic Service Delivery Measurement

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets									
<u>Water:</u>									
Piped water inside dwelling	44 308	44 308	47 511	47 511	47 511	47 511	47 511	47 511	47 511
Piped water inside yard (but not in dwelling)	41 301	41 846	55 276	56 276	56 276	56 276	57 276	58 276	59 275
<i>Minimum Service Level and Above sub-total</i>	85 609	86 154	102 787	103 787	103 787	103 787	104 787	105 787	106 786
Total number of households	85 609	86 154	102 787	103 787	103 787	103 787	104 787	105 787	106 786
<u>Sanitation/sewerage:</u>									
Flush toilet (connected to sewerage)	43 068	43 068	43 068	43 068	43 068	43 068	43 068	43 068	43 068
Pit toilet (ventilated)	34 063	35 860	49 397	48 778	58 131	58 131	60 631	63 131	65 631
<i>Minimum Service Level and Above sub-total</i>	77 131	78 928	92 465	91 846	101 199	101 199	103 699	106 199	108 699
Total number of households	77 131	78 928	92 465	91 846	101 199	101 199	103 699	106 199	108 699
<u>Energy:</u>									
Electricity - prepaid (min.service level)	33 810	34 285	35 316	35 396	35 443	35 443	35 543	35 643	35 743
<i>Minimum Service Level and Above sub-total</i>	33 810	34 285	35 316	35 396	35 443	35 443	35 543	35 643	35 743
Electricity - prepaid (< min. service level)	221	132	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	221	132	–	–	–	–	–	–	–
Total number of households	34 031	34 417	35 316	35 396	35 443	35 443	35 543	35 643	35 743
<u>Refuse:</u>									
Removed at least once a week	66 000	73 356	74 856	76 856	76 856	76 856	78 856	80 856	82 856
<i>Minimum Service Level and Above sub-total</i>	66 000	73 356	74 856	76 856	76 856	76 856	78 856	80 856	82 856
Total number of households	66 000	73 356	74 856	76 856	76 856	76 856	78 856	80 856	82 856

Table MBRR A10 - Basic Service Delivery Measurement (continued)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	58 822	49 665	50 835	55 743	55 743	55 743	60 843	66 043	71 343
Sanitation (free minimum level service)	34 535	38 063	40 695	41 201	41 201	41 201	46 301	51 501	56 801
Electricity/other energy (50kwh per household per month)	540	545	518	475	475	475	521	539	561
Refuse (removed at least once a week)	17 823	18 470	18 470	29 049	29 049	29 049	34 149	39 349	44 649
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	70 373	69 858	89 055	128 948	128 948	128 948	132 816	137 465	142 963
Sanitation (free sanitation service to indigent households)	20 302	18 698	21 537	20 039	22 442	22 442	23 115	23 924	24 881
Electricity/other energy (50kwh per indigent household per month)	822	921	921	1 173	1 173	1 173	1 278	1 367	1 436
Refuse (removed once a week for indigent households)	15 267	16 271	20 182	23 192	23 192	23 192	23 887	24 723	25 712
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	–	–	–	–	–	12 002	12 011	12 431	12 866
Total cost of FBS provided	106 764	105 749	131 695	173 350	175 754	187 755	193 108	199 911	207 859
Highest level of free service provided per household									
Property rates (R value threshold)	110	120	120	120	120	120	130	130	130
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	20	20	20	20	20	20	20	20	20
Sanitation (Rand per household per month)	146	154	165	177	177	177	185	192	200
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	240	240	240	240	240	240	240	240	240
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)	3 255	3 523	3 550	4 219	4 219	4 219	4 346	4 498	4 678
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)	–	3 212	52 129	54 057	54 057	54 057	70 492	75 426	79 198
Water (in excess of 6 kilolitres per indigent household per month)	1 828	3 071	121 226	131 997	131 997	131 997	141 237	150 417	157 938
Sanitation (in excess of free sanitation service to indigent households)	2 270	2 306	5 830	5 633	5 633	5 633	4 473	4 786	5 025
Electricity/other energy (in excess of 50 kwh per indigent household per month)	255	267	4 776	7 555	7 555	7 555	8 084	8 731	9 342
Refuse (in excess of one removal a week for indigent households)	1 623	1 671	1 192	1 612	1 612	1 612	1 710	1 770	1 841
Total revenue cost of subsidised services provided	9 231	14 050	188 703	205 074	205 074	205 074	230 342	245 628	258 022

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The City continues to make progress with the eradication of backlogs.
3. The budget provides for a universal approach to the provision of free subsidised services to both indigent and poor households for the 2019/20 MTREF.
4. **This Municipality is of the view that following the strict Indigent route of free basic services for indigent consumers only and ignoring the plight of the poor and less wealthy is not the correct approach in the application of the Equitable Share. Instead equitable distribution that arises from a dual tiered or block tariffs structure accommodating seamless both indigent and poor households, but not providing subsidized (below cost) service tariffs to the middle to higher income consumers would be the fairest and equitable approach.**
5. Cost of Free Basic Services provided - Informal Formal Settlements – After an internal consultation with the Management of the Revenue Section it has been agreed that the cost of Free Basic Services provided for Informal Formal Settlements will be extracted from the financial System in preparation for the 2019/20 MTREF (Adopted).
6. City of uMhlathuze does not at the present moment have a system that automates the reporting of the Cost of Free Basic Services.
7. uM-SAP system is currently under way and will be effective from 1 July 2019, this will assist with providing Council with solutions to such challenges.
8. Equitable share is not a conditional grant, hence some of its funds are used to fund the community services, services that cannot be funded by rates and general.

2 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 following Councillors and officials:

- Mayor
- Deputy Mayor
- Speaker
- Municipal Chief Whip
- Municipal Manager
- Chief Financial Officer – Chairperson
- Deputy Municipal Managers
- Any other official on invitation

The primary aim 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 City'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 Budget Process Overview

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 2018) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled at the Executive Committee the required the budget time schedule on 22 August 2018. The report was adopted by Council on 22 August 2018. Key dates applicable to the process were:

- **August 2018** – Joint strategic planning session of the Financial Services Management team and the Budget Office. Aim: to assess Council's 2017/18 Financial Statements and current year's (2018/19) revised results and capacity, to determine the impact on future strategies and budgets;
- **September 2018** – Issuing of the 2019/20 Medium Term Revenue and Expenditure Framework (MTREF) guideline memorandum and budget policy document addressing various budget assumptions, internal budget processes, policies and requirements in terms of the Municipal Budgeting and Reporting Regulations etc.;
- **November 2018** - Submission of the Adjusted Capital and Operating Budget for the 2018/19 Medium Term Revenue and Expenditure Framework Plan (MTREF),

analysed according to activities aligned to Council's strategic objectives, as set out in the draft IDP as well as the Capital and Operating Budget for the 2019/20 Medium Term Revenue and Expenditure Framework Plan (MTREF);

- **25 January 2019** - Council considered the 2018/19 Mid-year Review;
- **18 to 19 February 2019** – National Treasury's 2018/19 Mid-year Budget and Performance Assessment Visit;
- **28 February 2019** – Council considered the 2018/19 Adjusted Budget;
- **27 March 2019** - Tabling in Council of the Draft 2019/20 IDP and 2019/20 MTREF for public consultation;
- **April 2019** – Public consultation;
- **6 May 2019** - Closing date for written comments;
- **9 May 2019** – National Treasury's 2019/20 Tabled MTREF Engagement and Municipal Benchmarking Exercise;
- **6 to 17 May 2019** – finalisation of the 2019/20 IDP and 2019/20 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Act and financial framework; and
- **29 May 2019** - Adopting of the 2019/20 MTREF before Council for consideration and approval.

There have been no significant deviations from the key dates set out in the Budget Time Schedule adopted by Council.

However, challenges have been experienced as a large number of officials directly responsible for budget compilation have been directly involved with SAP implementation since November 2017. This has placed a considerable burden on the affected officials in ensuring that the daily tasks and the budget preparation and the target dates are met.

2.1.2 Enterprise Resource Planning (ERP) uM-SAP

uMhlathuze Municipality in 2014 took a decision to do away with multi-systems that existed within the municipality and to have one single system. During that time the Municipality went out on Tender for a company that was going to assist the Municipality in finding a solution that was going to meet the business requirements of uMhlathuze. In 2015 the Municipality eventually went out on Tender for an ERP solution and the solution of choice was SAP which was proposed by EOH in their Bid document through a Bidding process.

The Scope of work for the ERP at a high level was as follows:

- Time and attendance integration with Human Resources and Payroll
- Maintaining the data integrity of all master data shared across IT environments
- Reduction in the number of manual processes and Controls that are currently in place
- Improvement in the level of and timeliness of reporting
- Increase in the use of automated controls and notification
- A move towards a more electronic based environment
- Consolidation, optimisation and integration initiative that will focus on detailed business process re-alignment, systems enhancement and the implementation of the listed SAP applications that can aid the resolution of challenges and support the Municipality towards mSCOA compliance.

The implementation of the SAP solution started in October 2017 with an initial date of going live in December 2018. There were however delays in the system going live due to a number of reasons. The new planned date of going live on the system is July 2019. The system is currently at 88% completion, and in some modules training is currently taking place. The payroll is currently being run parallel to the existing municipal payroll to eliminate mistakes.

This implementation has also come at a time where National Treasury is also introducing some reforms and those embedded in this new system. The system also required the municipality to make some changes to how certain things were done and to move into an environment that has very little manual intervention. In that case because of anxiety, administration needed to have a Change Management Specialist to allay the fears of staff, and the Unions were also consulted in order to ensure that every employee understands the objective of having to change ways of doing things.

The Municipality will implement the approved 2019/20 budget in the new SAP environment and administration is implementing ways and means of having a smooth transition without affecting both internal and external customers.

2.1.3 IDP and Service Delivery and Budget Implementation Plan

Integrated Development Planning is an approach to planning that involves the entire municipality and its citizens in finding the best solutions to achieve good long-term development.

uMhlathuze's Integrated Development Plan is a super plan for the organisation which gives an overall framework for development, it's a strategic tool that guides and informs planning, budgeting and managing. Our IDP aims 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 our jurisdiction. It takes into account the existing conditions and problems and resources available for development. The plan looks at economic and social development for the area as a whole. Amongst other things it also sets a framework for how land should be used (SDF), what infrastructure and services are needed and provided.

The 2017/2022 Fourth Generation IDP is a five year IDP for the term of office which is reviewed on an annual basis. Council is in a process of drafting the first review of the 2017/2022 which is 2018/19 IDP Review. Like the third generation IDP, the Fourth Generation is outcome based and built on the foundations of Government Priorities which includes National Development Plan, Provincial Development Plan, State of the Nation Address, State of the Province Address, Integrated Urban Development Framework and other important government imperatives.

Through the IDP, Government priorities are translated in our strategic framework and escalated to Strategic Goals, Strategic Objectives, Strategies, Key Performance indicators, which are then further developed into programs and projects. This directly informs the municipal Service Delivery and Budget Implementation Plan. This fair alignment between IDP and Government priorities is confirmed through our budgeting, which takes into serious consideration the strategic objectives when budgeting.

The fourth generation IDP was developed with special consideration to the following aspects:

- Development of new council strategic agenda for long term aligned to NDP and PGDS;
- Development and review of IDP core sector plans;

- Implementation of the Economic Transformation Roadmap for uMhlathuze Municipality;
- Alignment with Government Priorities e.g. State of the Nation Address, KZN State of the Province Address, NDP, PGDP, DGDG, IUUDF etc.;
- Community inputs received during the community outreach programs (IDP Roadshows);
- MEC Letter with assessment comments on the Final IDP Review 2016/17;
- Self-Assessment;
- Different stakeholder comments and requirements; and
- Legislative compliance in terms of chapter, 4, 5 and 6 of MSA Act No 32 of 2000.

Council engaged with all relevant stakeholders to solicit views and inputs for the uMhlathuze Fourth Generation IDP (2017/2022).

The IDP has been taken into a business and financial planning process leading up to the 2019/20 MTREF, based on the approved 2017/2022 MTREF, Mid-year Review and adjusted budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2019/20 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and second quarter performance against the 2018/19 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.4 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2019/20 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2019/20 MTREF:

- City growth – None put into this three year MTREF;
- Policy priorities and strategic objectives;
- In absence of an IDP prioritization model, capital allocations are based on a arithmetic calculation using historic distribution of assets and income generation per function proportionately;
- Asset maintenance resource allocations based on best practice;
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns);
- Performance trends;
- The approved 2018/19 adjustments budget and performance against the SDBIP;
- Cash Flow Management Strategy;
- Debtor payment levels;
- Loan and investment possibilities;
- The need for tariff increases versus the ability of the community to pay for services; and
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 93 and 94 has been taken into consideration in the planning and prioritisation process.

2.1.5 Community Consultation

The 2019/20 MTREF that was tabled before Council on 27th March 2019 was presented to the community for consultation.

An insert was included in the local newspapers highlighting the Tabled 2019/20 Medium Term Revenue and Expenditure Framework (MTREF) thereby inviting comments from the public.

Furthermore, the Executive Committee approved a schedule of public meetings that were held at various locations to provide an opportunity for the public to comment on the budget.

A meeting was also scheduled with the AmaKhosi and their leadership in order to strengthen Council's relationship with traditional leaders.

The dual approach that provides for the engagement of Ward Committees firstly and thereafter the broad community, proved to be a success in the previous years' budget public participation processes. It created a sense of ownership and belonging to the Ward Committees and allowed them to assist in various ways during the process of broader community participation.

The administrative planning process also took into consideration the cluster approach that was used in the previous years' budget public participation. The advantage and benefit for the use of clusters is that it creates a shared sense of belonging amongst the citizens as well as an understanding of the diverse issues and needs amongst the community of the Municipality.

The following table set out the meetings that were proposed and prepared by the Community Facilitation section for the 2019/20 budget public participation meetings:

CLUSTER	WARDS	AREA	VENUE	PROPOSED DATES	TIME
	Amakhosi	Amakhosi	R/Bay Civic Centre (Council Chambers)	04 April 2019 (Thursday)	11:00
1	Ward Committees	Ward Committees	Veldenvlei Community Hall	04 April 2019 (Thursday)	17:00
2, 3 & 5	1, 2, 3, 4, 5, 6, 7, 8 & 26	Richards Bay and Nseleni	Mzuvukile Sportsfield	7 April 2019 (Sunday)	13:00
12	Stakeholders	Stakeholders	R/Bay Civic Centre (Council Chambers)	11 April 2019 (Thursday)	17:00
4, 7, 8 & 9	10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 30 & 34	eSikhaleni and Vulindela	eSikhaleni TVET (College)	14 April 2019 (Sunday)	13:00
6, 10 & 11	9, 23, 24, 25, 27, 28, 29, 31, 32, 33	Empangeni, Ngwelezane and Ntambanana	Macekane Sportsfield	17 April 2019 (Wednesday)	10:00

Table 32 Dates for the 2019/20 budget public participation meetings

The programme is an endeavour to ensure maximum participation, particularly by Council's role-players. The programme is rigorous, extensive and gruelling due to time constraints as previously mentioned, largely exacerbated by public holidays that in the main create extended weekends that would make it difficult to hold meetings on those days, i.e. Easter Weekend, Freedom Day and Workers' Day etc.

The Tabled Budget was also published on the municipality's website, and detailed copies of the 2019/20 Medium Term Revenue and Expenditure Framework (MTREF) were made available for inspection at all municipal offices and libraries within the City of uMhlathuze.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Submissions that were received during the community consultation process have been addressed, and where relevant, were considered as part of the finalisation of the 2019/20 MTREF.

The following pertinent issues were raised during the community consultation process. Minutes of the various meetings have been prepared and have been included as **Annexure M (DMS 1344954)**.

- Pedestrian bridges and bus shelters;
- Rural sports facilities;

- Provision of community sportfields;
- Community Waste Skips;
- Streetlights in high crime areas;
- Provision of speed humps and traffic calming measures;
- Improved communication with regards to water interruption etc.;
- Multi-purpose centres to be fully utilised;
- Electricity supply in Eskom supply areas;
- Provision of halls clinics and libraries;
- Lack of housing;
- Water storage tanks (Jo-Jo tanks);
- Additional water tankers provision required;
- Roads maintenance and upgrading of existing roads and rural roads;
- Cleaning of greenbelts to improve security and reduce crime; and
- Public W-Fi in rural areas.

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 City, issues of national and provincial importance are reflected in the IDP uMhlathuze municipality. The City of uMhlathuze has a clear understanding of such intent, and is therefore consistently ensuring that strategically it complies with the key national and provincial priorities.

The IDP drives the strategic development of the Municipality. The Municipality's budget is fully influenced by the strategic objectives identified in the IDP. The service delivery budget implementation plan (SDBIP) ensures that the Municipality implements programmes and projects based on the IDP targets and associated budgets. The performance of the Municipality is tabled in its Annual report.

Below is the table which shows the link between IDP, Budget and National and Provincial objectives.

Table 33 Link between Budget and National and Provincial Macroeconomic Objectives

National NPA	uMhlathuze Goals	uMhlathuze Mission	SDG	National Plan Priorities	12 National Outcomes	5 National Priorities	PGDS Goals	Municipal Intervention/ Programme
Good Governance and Public Participation	Democratic, responsible, transparent, objective and equitable Municipal Governance	Good governance, capable and developmental municipality	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institutions at all levels	Inclusive Planning	Responsive, accountable, effective and efficient local government system	Nation Building and Good Governance	Governance and Policy	Clean Audit Customer Care Policy and Service Standards Anti-Fraud and Corruption Policy including whistle bower hotline
				Unite the Nation				
				Fight Corruption				
Basic Service Delivery and Infrastructure Provision	Integrated infrastructure and efficient services	Good governance, capable and developmental municipality	Ensure availability and sustainable management of water and sanitation for all; ensure access to affordable, reliable and modern energy for all	Expand Infrastructure	An efficient, competitive and responsive infrastructure network		Strategic Infrastructure	City of uMhlathuze 2030 Long Term Strategic Plan including infrastructure investment
			End hunger achieve food security and improved nutrition and promote sustainable agriculture		Vibrant, equitable, sustainable rural communities contributing towards food security for all			Strategic Roadmap for Economic Development, Transformation and Job creation
	Integrated urban and rural development	Promotion and maintenance of spatial equity and transformation	Make cities and human settlement inclusive, safe, resilient and sustainable		Sustainable human settlements and improved quality of household life		Spatial Equity	Integrated Human Settlement Plan and Spatial Development Framework for 2017/2022
		Optimal management of natural resources and commitment to sustainable environmental management	Take urgent action to combat climate change and its impacts		Protect and enhance our environmental assets and natural resources		Environmental sustainability	City of uMhlathuze Climate Change Strategy and Action Plan
Local Economic Development	Viable economic growth and development	Job Creation through and inclusive economic growth	Promote sustained, inclusive and sustainable economic growth, full and production employment and decent work for all	Create Jobs		Job Creation	Inclusive economic growth	Strategic Roadmap for Economic Development, Transformation and Job creation
		Enhancing industry based skills development and strategic support to education priority programs	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Quality Education	Skilled and capable workforce to support an inclusive growth path	Education		City of uMhlathuze Operation Sukuma Sakhe and War Rooms Strategic partnership with institutions of higher learning including SETAs
					Quality basic education			
	Safe and healthy living environment	Community based initiatives to improve quality of citizens health and well-being	Ensure healthy lifestyles and promote well-being for all at all ages	Quality Healthcare	A long and healthy life for all South Africans	Health		City of uMhlathuze Operation Sukuma Sakhe and War Rooms
			Reduce Child Mortality					
	Job Creation through and inclusive economic growth				Decent employment through inclusive economic growth	Rural development, food security and land reform		Strategic Roadmap for Economic Development, Transformation and Job creation
	Public safety and security	Creating a safer city through integrated and community based public safety	Achieve gender equality and empower all women and girls		All people in South Africa are and feel safe	Fighting crime and corruption		City of uMhlathuze Crime Prevention Strategy
Municipal Institutional Development and Transformation	Municipality that is resources and committed to attaining the vision and mission of the organisation	Use of ICT to improve productivity and efficiencies in line with Smart City principles		Build a Capable State	Create a better South Africa, a better Africa, and a better world		Human Resource Development	uMhlathuze Human Resources Development Strategy
					An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship		Human and Community Development	
Municipal Financial Viability and Management	Sound financial and supply chain management	Good governance, capable and developmental municipality		Use Resources Properly				Supply Chain Management Policy Revenue Enhancement Plan 15 Catalytic Projects Capex Project Steering Committee Operation Clean Audit

The 2019/20 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 34 MBRR SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
National KPA 1: Good Governance and Public Participation											
1.1 Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	To ensure effective and efficient administration complying with its Legal Mandates	1.1.1	1 084	6 988	13 307	191	2 189	2 189	35 254	2 334	2 427
	To maintain an organizational performance management system as a tool to monitor progress of service delivery	1.1.2	–	16	–	–	–	–	–	–	–
	Ensure Institutionalisation of Batho Pele Culture	1.1.3	–	–	–	–	–	–	–	–	–
	To promote a municipal governance system that enhances and embraces the system of participatory Governance	1.1.4	20	2 560	1 425	2 823	352	352	373	395	419
	To promote Access to Information and Accountability	1.1.5	9	111	3 743	352	2 481	2 481	2 587	2 677	2 785
	To bring the organisation to an enabled risk maturity level	1.1.6	3 250	11	140	–	–	–	–	–	–
	Ensure reliability and maintain independence of internal audit activity	1.1.7	–	6	75	–	–	–	–	–	–
National KPA 2: Basic Services and Infrastructure Provision											
2.1 Efficient and integrated infrastructure and services	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	2.1.1	2 002 708	2 455 085	2 369 461	2 589 414	2 525 310	2 525 310	2 749 617	2 961 691	3 150 619
	To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality	2.1.2	102 060	–	4 019	–	3 858	3 858	4 034	4 092	4 159
	To ensure effective Fleet Management	2.1.3	9 712	655	2 822	1 790	2 553	2 553	1 897	2 012	2 131
National KPA 3: Local Economic Development											
3.1 Viable Economic Growth And Development	To develop and promote the agricultural potential of uMhlathuze Municipality	3.1.1	–	–	–	3 194	–	–	–	–	–
	Enhanced sectoral development trough trade investment and business retention)	3.1.2	22 508	4 525	22 823	–	–	–	–	–	–
	To create enabling environment for the informal economy	3.1.3	786	–	186	–	1 293	1 293	1 329	1 375	1 431
	Clear City identity	3.1.4	11 579	14	–	–	–	–	–	–	–
	To Improve the efficiency, innovation and variety of government-led jobs	3.1.5	644	–	–	–	–	–	–	–	–
	Promote SMME and Entrepreneurial development	3.1.6	–	–	–	–	–	–	–	–	–

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

Strategic Objective R thousand	Goal	Goal Code	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
National KPA 3: Local Economic Development											
3.2 Public Safety and Security	Provision of efficient and effective security services	3.2.1	114 476	15 446	15 415	1 204	1 204	1 204	1 240	1 284	1 335
	To ensure Provision of fire and rescue services	3.2.2	–	1 436	8 379	1 102	1 002	1 002	1 033	1 070	1 114
3.3 Safe and Healthy Living Environment	Efficient an effective waste management services	3.3.1	512	–	–	–	1 009	1 009	10	10	11
	To ensure air quality management	3.3.2	11 656	30	382	1 009	–	–	–	–	–
	Cater for alternate future burial option	3.3.3	–	617	1 093	526	–	–	490	508	528
3.4 Social Cohesion	To promote social cohesion	3.4.1	8 753	23 714	–	38 184	–	–	–	–	–
National KPA 4 : Municipal Institutional Development and Transformation											
4.1 Municipality Resourced and Committed to attaining the vision and mission of the organisation	To create an appropriate organisational climate that will attract and ensure retention of staff	4.1.1	8 413	1 351	3 649	13	13	13	14	15	16
National KPA 5: Municipal Financial Viability and Management											
5.1 Sound Financial And Supply Chain Management	Compliance with financial legislation and policies	5.1.1	414 675	531 608	554 231	541 455	563 169	563 169	588 051	626 725	659 858
	Sustainable Financial and supply chain Management	5.2.1.	252	1 813	5 521	1 125	1 145	1 145	1 180	1 221	1 270
National KPA 6: Cross Cutting											
6.1 Integrated Urban and Rural Development	To plan and manage existing and future development	6.1.1	–	–	–	–	–	–	–	–	–
6.2 Immovable Property Management	To ensure fair valuation of properties	6.2.1	–	16	–	–	–	–	–	–	–
	Effective Management of Council owned Immovable properties.	6.2.2	1 465	1 409	6 938	1 715	14 077	14 077	12 890	7 097	7 597
6.3 Disaster Management	To prevent and mitigate disaster incidents	6.3.1	–	12	154	–	–	–	–	–	–
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			2 714 560	3 047 423	3 013 766	3 184 097	3 119 655	3 119 655	3 400 000	3 612 505	3 835 700

Table 35 MBRR SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
National KPA 1: Good Governance and Public Participation 1.1 Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	To ensure effective and efficient administration complying with its Legal Mandates	1.1.1	106 858	19 846	130 905	23 444	40 788	40 788	33 488	38 682	43 899
	To maintain an organizational performance management system as a tool to monitor progress of service delivery	1.1.2	6 555	21 838	–	7 313	–	–	–	–	–
	Ensure Institutionalisation of Batho Pele Culture	1.1.3	877	–	–	–	–	–	–	–	–
	To promote a municipal governance system that enhances and embraces the system of participatory Governance	1.1.4	–	27 807	51 346	9 228	14 877	14 877	8 569	9 095	9 671
	To promote Access to Information and Accountability	1.1.5	33 773	2 834	8 782	4 659	7 772	7 772	7 836	8 846	9 890
	To bring the organisation to an enabled risk maturity level	1.1.6	9 442	20 282	908	1 439	1 674	1 674	2 058	2 822	3 575
	Ensure reliability and maintain independence of internal audit activity	1.1.7	1 028	(771)	11 810	44	6 588	6 588	47	51	55
National KPA 2: Basic Services and Infrastructure Provision 2.1 Efficient and integrated infrastructure and services	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	2.1.1	1 864 193	2 320 798	2 119 232	2 511 909	2 659 704	2 659 704	2 847 888	3 013 210	3 179 599
	To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	2.1.2	23 419	–	12 686	–	18 279	18 279	19 523	20 528	21 784
	To ensure effective Fleet Management	2.1.3	85 419	61 283	59 953	(27 150)	(13 886)	(13 886)	(4 448)	(4 209)	(3 748)
National KPA 3: Local Economic Development 3.1 Viable Economic Growth And Development	To develop and promote the agricultural potential of uMhlathuze Municipality	3.1.1	32 424	45 664	–	64 363	70 113	70 113	–	–	–
	Enhanced sectoral development trough trade investment and business retention)	3.1.2	2 955	–	58 669	–	6 567	6 567	76 719	81 631	86 599
	To create enabling environment for the informal economy	3.1.3	3 232	–	4 585	–	–	–	6 237	6 720	7 143
	Clear City identity	3.1.4	45 853	6 028	–	6 514	–	–	–	–	–
	To Improve the efficiency, innovation and variety of government-led jobs	3.1.5	42 011	–	–	–	–	–	–	–	–
	Promote SMME and Entrepreneurial development	3.1.6	–	–	–	–	–	–	–	–	–

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

Strategic Objective R thousand	Goal	Goal Code	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
National KPA 3: Local Economic Development											
3.2 Public Safety and Security	Provision of efficient and effective security services	3.2.1	73 778	44 725	38 185	63 616	69 722	69 722	73 467	79 074	84 968
	To ensure Provision of fire and rescue services	3.2.2	5 391	52 603	46 400	71 238	75 081	75 081	80 328	85 720	91 476
3.3 Safe and Healthy Living Environment	Efficient an effective waste management services	3.3.1	7 267	–	–	–	–	–	11 760	13 016	14 295
	To ensure air quality management	3.3.2	99 432	7 214	6 020	11 050	11 049	11 049	–	–	–
	Cater for alternate future burial option	3.3.3	20 660	8 880	9 097	12 541	12 719	12 719	14 264	15 740	17 281
3.4 Social Cohesion	To promote social cohesion	3.4.1	–	168 910	–	219 302	–	–	–	–	–
National KPA 4 : Municipal Institutional Development and Transformation											
4.1 Municipality Resourced and Committed to attaining the vision and mission of the organisation	To create an appropriate organisational climate that will attract and ensure retention of staff	4.1.1	30 713	3 783	26 874	5 749	7 316	7 316	7 150	7 604	8 098
National KPA 5: Municipal Financial Viability and Management											
5.1 Sound Financial And Supply Chain Management	Compliance with financial legislation and policies	5.1.1	97 644	15 214	97 846	19 535	29 838	29 838	19 790	19 704	20 702
	Sustainable Financial and supply chain Management	5.2.1.	–	562	16 616	2 649	2 655	2 655	3 261	3 449	3 656
National KPA 6: Cross Cutting											
6.1 Integrated Urban and Rural Development	To plan and manage existing and future development	6.1.1	–	–	–	–	–	–	–	–	–
6.2 Immovable Property Management	To ensure fair valuation of properties	6.2.1	1 410	3 289	–	4 008	–	–	–	–	–
	Effective Management of Council owned Immovable properties.	6.2.2	1 147	1 698	22 137	2 017	25 819	25 819	23 839	21 104	22 990
6.3 Disaster Management	To prevent and mitigate disaster incidents	6.3.1	1 137	1 701	1 460	3 031	2 639	2 639	2 471	3 238	4 001
Allocations to other priorities											
Total Expenditure			2 596 617	2 834 188	2 723 512	3 016 497	3 049 313	3 049 313	3 234 247	3 426 023	3 625 932

Table 36 MBRR SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
National KPA 1: Good Governance and Public Participation 1.1 Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	To ensure effective and efficient administration complying with its Legal Mandates	1.1.1	120	815	20	444	–	–	–	–	–
	To maintain an organizational performance management system as a tool to monitor progress of service delivery	1.1.2	–	–	–	–	–	–	–	–	–
	Ensure Institutionalisation of Batho Pele Culture	1.1.3	–	–	–	–	–	–	–	–	–
	To promote a municipal governance system that enhances and embraces the system of participatory Governance	1.1.4	–	–	73 168	–	77 310	77 310	11 131	9 160	9 563
	To promote Access to Information and Accountability	1.1.5	16 213	49 093	–	72 370	–	–	–	–	–
	To bring the organisation to an enabled risk maturity level	1.1.6	–	–	48	–	–	–	–	–	–
	Ensure reliability and maintain independence of internal audit activity	1.1.7	2 774	72	–	–	–	–	–	–	–
National KPA 2: Basic Services and Infrastructure Provision											
2.1 Efficient and integrated infrastructure and services	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	2.1.1	204 715	331 878	344 971	375 835	402 135	402 135	512 005	546 788	557 502
	To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	2.1.2	86 815	–	(206)	2 000	10 056	10 056	–	–	–
	To ensure effective Fleet Management	2.1.3	40 515	2 149	53 693	29 068	54 742	54 742	27 533	31 244	30 479
National KPA 3: Local Economic Development											
3.1 Viable Economic Growth And Development	To develop and promote the agricultural potential of uMhlathuze Municipality	3.1.1	4 908	29 686	–	2 561	2 195	2 195	–	–	–
	Enhanced sectoral development trough trade investment and business retention)	3.1.2	1 397	–	18 805	10 000	971	971	43 364	–	–
	To create enabling environment for the informal economy	3.1.3	–	–	54	–	–	–	500	–	–
	Clear City identity	3.1.4	–	54 157	–	–	3 001	3 001	–	–	–
	To Improve the efficiency, innovation and variety of government-led jobs	3.1.5	–	–	–	1 192	–	–	–	–	–
	Promote SMME and Entrepreneurial development	3.1.6	–	–	–	–	–	–	–	–	–

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

Strategic Objective	Goal	Goal Code	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
National KPA 3: Local Economic Development											
3.2 Public Safety and Security	Provision of efficient and effective security services	3.2.1	–	–	395				–	–	–
	To ensure Provision of fire and rescue services	3.2.2	–	5 910	6 926	559	499	499	2 500	2 800	1 250
3.3 Safe and Healthy Living Environment	Efficient an effective waste management services	3.3.1	3 092	–	–	–	–	–	–	–	–
	To ensure air quality management	3.3.2	–	174	701	200	239	239			
	Cater for alternate future burial option	3.3.3	–	–	305	641	1 230	1 230			
3.4 Social Cohesion	To promote social cohesion	3.4.1	32 697	26 076	–	30 291	33 953	33 953			
National KPA 4 : Municipal Institutional Development and Transformation									–	–	–
4.1 Municipality Resourced and Committed to attaining the vision and mission of the organisation	To create an appropriate organisational climate that will attract and ensure retention of staff	4.1.1	9	4 720	609	–	–	–	–	–	–
National KPA 5: Municipal Financial Viability and Management						–	–	–	–	–	–
5.1 Sound Financial And Supply Chain Management	Compliance with financial legislation and policies	5.1.1	–	185	578	–	–	–	–	–	–
	Sustainable Financial and supply chain Management	5.2.1	527	13	–	–	–	–	–	–	–
National KPA 6: Cross Cutting				–		–	–	–	500	–	–
6.1 Integrated Urban and Rural Development	To plan and manage existing and future development	6.1.1	–	–	–	–	–	–	–	–	–
6.2 Immovable Property Management	To ensure fair valuation of properties	6.2.1	–	97	–	–	–	–	–	–	–
	Effective Management of Council owned Immoveable properties.	6.2.2	–	2 542	454	–	–	–	–	–	–
6.3 Disaster Management	To prevent and mitigate disaster incidents	6.3.1	–	341	–	–	–	–	–	–	–
Allocations to other priorities											
Total Capital Expenditure			393 781	507 909	500 521	525 161	586 328	586 328	597 533	589 991	598 794

2.3 Measurable performance objectives and indicators

Legislative requirements

Outlined in Section 40 of the Municipal Systems Act of 2000 (MSA), Municipalities must establish mechanisms to monitor and review its Performance Management System (PMS) so as to measure, monitor, review, evaluate and improve performance at organisational, departmental and employee levels. Section 34 of the MSA furthermore point out that the Integrated Development Plan (IDP) has to be reviewed on an annual basis, and that during the IDP review process the Key Performance Areas, Key Performance Indicators and Performance Targets be reviewed and this review will form the basis for the review of the Organisational Performance Management and Performance Contracts of Senior Managers.

The Municipal Planning and Performance Management Regulations (2001) stipulates that a "municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players" (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001).

Section 46 of the Municipal Systems Act (Act 32 of 2000), stipulates the following: -

"Annual performance reports

46. (1) *A municipality must prepare for each financial year a performance report reflecting -*
- (a) the performance of the municipality and of each external service provider during that financial year;*
 - (b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and*
 - (c) measures taken to improve performance.*
- (2) *An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act."*

Performance Management framework

The first performance management framework was adopted by the uMhlathuze Municipality on 28 May 2002. The framework was reviewed and amended during 2012/2013 financial year to align with the best practice guidelines suggested by the then Department of Provincial and Local Government and Traditional Affairs of Kwazulu-Natal.

The framework/policy was again reviewed in May 2015 to address the Auditor General's finding that the municipality did not have documented and approved internal policies and procedures to address the process of collection, recording, processing, monitoring and reporting of performance information.

The Reviewed Performance Management Framework and Policy has been enhanced to include the National Treasury Communications Directive: Framework for Managing Programme Performance Information (FMPPI). The Local Government Regulations on the appointment and conditions of employment of Senior Managers (Reg. 21 of 17 January

2014) were also included in the reviewed framework, since it was promulgated after the adoption of the previous Performance Management Framework and Policy.

The reviewed Performance Management Framework/Policy has been adopted in June 2016, per item on RPT 160112 and framework/policy document on DMS 1122026 together with the newly established Standard Operating Procedure (DMS 1077198) to clarify the processes to collect, collate, verify and store of performance information and documents are available on Councils official website (www.umhlathuze.gov.za under the “Performance Management” link).

The Organisational Performance Management function of uMhlathuze Municipality is delivered by an internal Performance Management Unit within the Office of the Municipal Manager under the direct supervision of the Chief Operations Officer. The Performance Management unit consists of two permanent employees, i.e. one post of Manager: Performance Management and one post of Performance Management Specialist.

Organisational Performance Management Process

The legislative framework as set out above provides for performance management at various levels in a municipality including organisational (sometimes also referred to as municipal, corporate or strategic) level, operational (also referred to as services, departmental or section/team level) and lastly, at individual level as. These levels are however integrated and interdependent on each other.

The following diagram illustrates performance at various levels in the organisation:

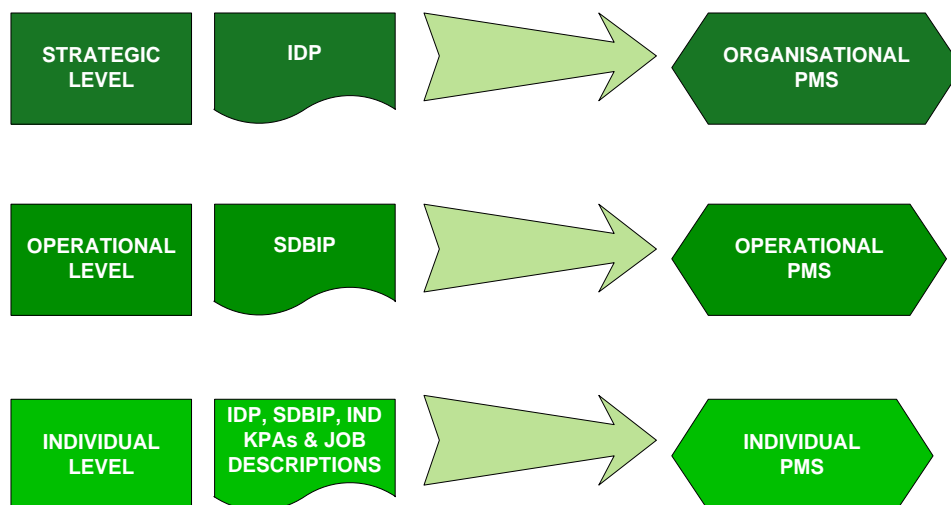


Figure 5 Performance at various levels

The process of managing performance at organisational level in the uMhlathuze Municipality involves the stages as set out in the following diagram:

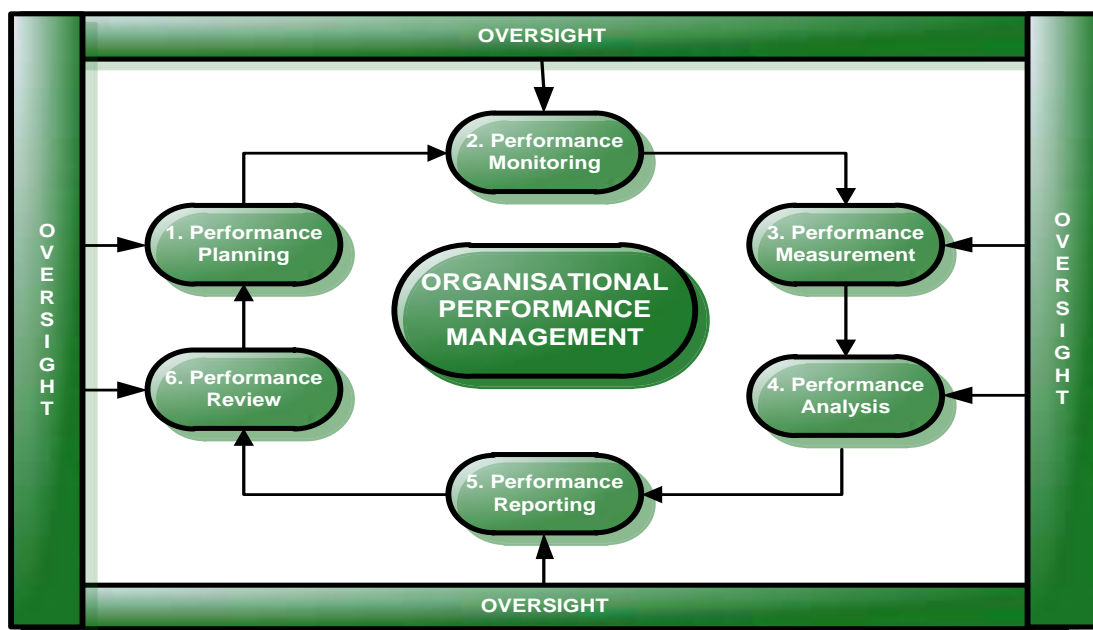


Figure 6 Performance process

Key performance indicators have been refined in support of the municipality's development priorities and objectives as set out in the revised IDP framework (aligned with the organizational structure and Council's priorities) for the five year IDP period to ensure consistency in measuring and reporting on long terms strategies and projects. Measurable performance targets with regard to each of these development priorities and objectives were established and are reflected on the 2015/2016 OPMS Scorecard. A process to ensure regular reporting is in place and gets reported quarterly to the Council via the Performance Audit Committee.

Individual performance agreements and performance plans were prepared in line with provisions prescribed in the Performance Regulations (Notice 805, published on 1 August 2006 in the official gazette) and signed by the Municipal Manager and Deputy Municipal Managers (Heads of Department). These agreements are fully implemented and aligned with the Service Delivery and Budget Implementation Plan as required in terms of the Municipal Finance Management Act (No 56 of 2003)

The following diagram illustrates a summary of the reviewed performance management framework for the City of uMhlathuze for performance measurement and reporting, adhering to the guidelines suggested by KwaZulu-Natal Province, Department for Cooperative Governance and Traditional Affairs:

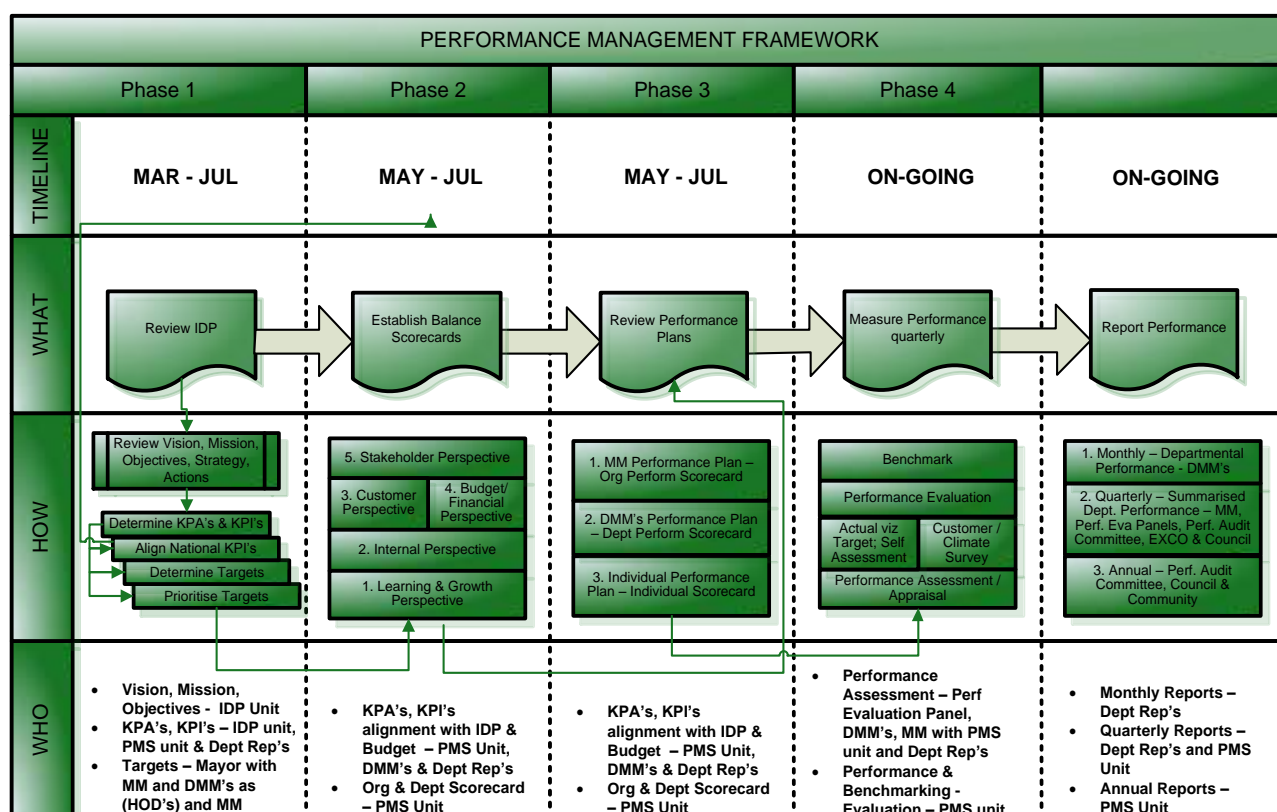


Figure 7 uMhlatuze Performance Management Framework

Performance Audit Committee

The Performance Audit Committee established in 2003 in terms of of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 and membership changed over time. The appointment of Performance Audit Committee for the period 1 February 2019 to 30 June 2022 was adopted by Council on the 28 February 2019, Council Resolution 13065 (Item on RPT 165088).

- Dr M J Ndlovu – Chairperson (external member);
- Mr R M J Baloyi (external member);
- Cllr K D Sibiya (Deputy Mayor) or;
- Cllr R M Zikhali

The Performance Audit Committee is meeting on a quarterly basis for each financial year to consider the reported quarterly performance achievements reported on the OPMS Scorecard (Top Layer of the Service Delivery Budget Implementation Plan) as well as the Non-Financial Performance Achievements reported in terms of the Departmental Service Delivery Budget Implementation Plans (Component 3).

Auditing of Performance Information

The MFMA and the Municipal Planning and Performance Management Regulations require that the Municipal Council establish an audit committee consisting of a minimum of three members, where the majority of members are not employees of the municipality. No Councillor may be a member of an audit committee. Council shall also appoint a chairperson who is not an employee.

The Regulations give municipalities the option to establish a separate performance audit committee whereas the MFMA provides for a single audit committee as further being recommended by National Treasury in terms of their MFMA Circular no. 65 of November 2012. The municipal Council has however taken a decision to continue with a separate Performance Audit Committee and Audit Committee to allow for Councillors to serve on the Performance Audit Committee to enable Councillors to provide input towards Performance Management related matters.

The Audit Committee relies on the work done by the Performance Audit Committee in terms of the Audit Committee charter and receives and considers reports presented to it by the Performance Audit Committee at its scheduled meetings.

In carrying out its mandate, the Audit Committee and Performance Audit Committee must have a good understanding of the strategic goals of the Municipality, strategic focus areas as outlined in the Integrated Development Plan (IDP) and the Service Delivery Budget Implementation Plan (SDBIP) and should:

- Review and comment on compliance with statutory requirements and performance management best practices and standards.
- Review and comment on the alignment of the Integrated Development Plan, the Budget, Service Delivery and Budget Implementation Plan and performance agreements.
- Review and comment on relevance of indicators to ensure they are measureable and relate to services performed by the Municipality.
- Review compliance with in-year reporting requirements.
- Review the quarterly performance reports submitted by internal audit.
- Review and comment on the Municipality's annual reports within the stipulated timeframes. Review and comment on the Municipality's performance management system and make recommendations for its improvement at least twice a year.
- At least twice during a financial year submit an audit report to the municipal council concerned.

In reviewing the municipality's performance management system, the Performance Audit Committee focus on economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by the municipality are concerned.

The Internal Audit Unit within the office of the Municipal Manager coordinates and manages the Internal Audit function within the municipality.

As part of their scope, auditing of the Performance Management System and Predetermined Objectives are performed and reported on for each quarter in terms of the following internal audit plan:

Audit Project	Focus Area
Review of Performance Information - Quarter 1	<ul style="list-style-type: none"> • Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Performance score verification (Municipal Manager and Deputy Municipal Managers); • Compliance with relevant laws and regulations.
Review of Performance Information - Quarter 2	<ul style="list-style-type: none"> • Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Compliance with relevant laws and regulations
Review of Performance Information - Quarter 3	<ul style="list-style-type: none"> • Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Compliance with relevant laws and regulations
Review of Performance Information - Quarter 4 (Annual Performance Report)	<ul style="list-style-type: none"> • Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Compliance with relevant laws and regulations

Figure 8 Performance Management internal audit plan

The Auditor General finally audits all achievements reported in the Organisational Performance Management System Scorecard as reported in the Draft Annual Performance Report that is submitted together with the Draft Annual Financial Statements at the end of August of each year. Their findings are reported in their management letter and are included in the Annual Report. The information reported therefore is validated for correctness.

Customer Satisfaction

Council has appointed Siloam People Development Agency to conduct the 2017 Customer Satisfaction Survey. The comprehensive analysis feedback report is available in the GroupWise document management system on DMS 1214687 as well as on Council's official website (www.umhlathuze.gov.za) under the "Performance Management" link. Provision was made on the 2018/19 Adjusted Budget for a Customer Satisfaction Survey.

Annual Organisational Performance Information

The annual Organisational Performance Targets are compiled in a table format (as prescribed by KZN CoGTA) and reported on a quarterly basis to track performance. The Organisational Performance report is presented to the Auditor General for auditing together with the Annual Financial Statements by 31 August of each year.

The Organisational Performance Scorecard (Tables) once finalized and approved is read in conjunction with the uMhlathuze Annual Report, including the Annual Financial Statements as well as Auditor General Report on the Annual Financial Statements and Performance Information.

The number of households served with basic services as reflected in the table also includes the performance of external service providers delivering basic services to the community as contemplated in section 46(1)(a) of the Municipal Systems Act (No. 32 of 2000). Water distribution to the community by uMhlathuze is delivered through water purification by WSSA and through purified water purchased from the Mhlathuze Water Board. Electricity is distributed to communities by uMhlathuze Municipality in the municipal licensed area, through purchasing electricity from ESKOM. Also other Basic Services delivered by uMhlathuze Municipality include, solid waste removal (refuse collection) and sanitation. The uMhlathuze municipality is fortunate not to become reliant on external service providers, i.e. water, sanitation, solid waste removal services delivered by the district municipality like most other local municipalities do.

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

Table 37 MBRR SA7 - Measurable performance objectives

Description	Unit of measurement	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Vote 1 - Water and Sanitation Services										
Function 1 - Delivery of Basic Water Services										
Sub-function 1 - House Connection										
Connection	% of household	51.0%	48.0%	43.0%	43.0%	43.0%	43.0%	43.0%	43.0%	43.0%
Sub-function 2 - Yard Connection										
Connection	% of household	46.5%	45.3%	50.0%	50.9%	50.9%	50.9%	51.8%	52.7%	53.6%
Sub-function 3 - Communal Supply >200m										
Water Connection	% of household	0.8%	6.7%	5.2%	6.1%	6.1%	6.1%	5.2%	4.3%	3.4%
Function 2 - Basic Sanitation Services										
Sub-function 1 - Waterborne Sewerage										
Sewerage Services	% of household	49.7%	46.7%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%
Sub-function 2 - VIP's										
Sewerage	% of household	35.1%	38.9%	44.7%	44.1%	52.6%	52.6%	54.9%	57.1%	59.4%
Vote 2 - Electricity Supply										
Function 1 - Electricity Connection										
Sub-function 1 - Household Connection										
Municipality Household Connection	% of household	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Sub-function 2 - Free Household										
Free Connections	% of household	0.6%	1.7%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Sub-function 3 - Eskom Supply										
Household Connections	% of household	87.0%	93.0%	94.0%	94.0%	94.0%	94.0%	94.0%	94.0%	94.0%
Vote 3 - Solid Waste Removal										
Function 1 - Weekly Refuse Removal Services										
Sub-function 1 - Urban 240 litre Bin										
Litre Refuse Bin Services	% of household	53.6%	50.3%	42.2%	42.2%	42.2%	42.2%	42.2%	42.2%	42.2%
Sub-function 2 - Basic Refuse Removal										
Communal bins	% of household	21.4%	29.3%	25.1%	27.6%	27.6%	27.6%	29.4%	31.2%	33.0%

The following table sets out the municipalities main performance objectives and benchmarks for the 2019/20 MTREF.

Table 38 MBRR SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Borrowing Management</u>										
Credit Rating		Ba1/A1.za	Ba1/A1.za	Ba1/A1.za	Ba1/A1.za	Ba1/A1.za	Ba1/A1.za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	7.3%	8.3%	8.2%	7.4%	6.9%	6.9%	4.8%	4.8%	5.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	8.5%	9.0%	8.8%	8.3%	8.0%	8.0%	5.5%	5.4%	5.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	105.7%	0.0%	78.3%	67.8%	67.8%	0.0%	73.8%	0.0%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	7.7%	10.9%	7.4%	11.4%	11.2%	11.2%	9.6%	13.2%	11.2%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	1.3	1.5	1.5	1.8	1.7	1.7	1.5	1.8	1.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.3	1.5	1.5	1.8	1.7	1.7	1.5	1.8	1.6
Liquidity Ratio	Monetary Assets/Current Liabilities	0.6	0.8	0.6	1.0	0.8	0.8	0.6	0.9	0.8
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		99.9%	99.9%	99.6%	94.2%	94.6%	94.6%	92.8%	92.9%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		99.9%	99.9%	99.6%	94.2%	94.6%	94.6%	92.8%	92.9%	93.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	17.5%	17.5%	17.7%	16.0%	17.1%	17.1%	13.5%	13.2%	12.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		84.2%	60.6%	72.0%	57.0%	69.3%	69.3%	65.7%	44.1%	52.5%

MBRR SA8 - Performance indicators and benchmarks (continued)

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	94229183	87249273	63838475	63838475	638368475	63838475	63838475	63838475	63838475
	Total Cost of Losses (Rand '000)	64 274	92 484	79 798	79 798	79 798	79 798	79 798	79 798	79 798
	% Volume (units purchased and generated less units sold)/units purchased and generated	7	8	6	6	6	6	6	6	6
Water Distribution Losses (2)	Total Volume Losses (kℓ)	9 247	8 502	7 662	7 662	7 662	7 662	7 662	7 662	7 662
	Total Cost of Losses (Rand '000)	37078605	34006624	39615021	39615021	39615021	39615021	39615021	39615021	39615021
	% Volume (units purchased and generated less units sold)/units purchased and generated	26	26	21	21	21	21	21	21	21
Employee costs	Employee costs/(Total Revenue - capital revenue)	25.6%	22.2%	24.4%	26.6%	27.1%	27.1%	26.8%	26.8%	27.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	26.5%	23.1%	25.4%	27.6%	28.1%	28.1%	27.8%	27.8%	28.2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	14.8%	13.1%	14.5%	19.9%	20.7%	20.7%	21.3%	20.9%	20.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	16.5%	14.5%	14.5%	14.5%	14.6%	14.6%	14.9%	15.3%	15.6%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	9.8	11.3	11.9	13.0	13.0	13.0	19.5	18.1	19.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	20.8%	21.0%	22.3%	19.0%	20.3%	20.3%	16.0%	15.6%	15.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.8	4.0	2.7	3.4	2.8	2.8	1.8	2.6	2.2

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, City of uMhlathuze's borrowing strategy is primarily informed by the Finance charges to Operating Expenditure. The structure of the City's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2019/20 MTREF:

- **Finance Charges and redemption to Operating Expenditure and to own Revenue** is a measure of the cost of borrowing in relation to the operating expenditure and own revenue. It can be seen that the cost of borrowing is 5.5 per cent in 2019/20 and rise marginally to 5.9 per cent in 2021/22. In addition the mix of capital funding for the MTREF is remaining constant whereby borrowed funds over capital expenditure excluding grant expenditure, remains at a favourable average level of 73.8 per cent over the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development such funding will be confined to assets with a useful life exceeding 10 years as well as limiting such financing to assets that generate revenue.

2.3.1.2 Safety of Capital

The gearing ratio is a measure of the total long term borrowings over funds and reserves. During the 2012/13 financial year this ratio peaked at 17.7 per cent however has stabilised to between 9.6 and 11.2 per cent over the MTREF.

2.3.1.3 Liquidity

- **Current ratio** is a measure of the current assets divided by the current liabilities and as a benchmark the City has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2019/20 MTREF the current ratio is 1.5:1 and 1.8:1 and 1.6:1 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- **The liquidity ratio** is a measure of the ability of the municipality to utilize cash and cash equivalents to meet 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 2012/13 financial year the ratio was 0.5 and as part of the financial planning strategy this ratio has been maintained and increased slightly in the 2021/22 financial year to 0.7. This slight increase is mainly due to the decision to use own funding to fund capital expenditure in the 2018/19 financial year. As the debtors' collection rate is at 94.6 per cent it is envisaged that cash will be available to meet its monthly current liabilities.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been continued from previous years to maintain cash inflow. The intention of the strategy is to streamline the

revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection with specific focus in the “traditional areas”.

2.3.1.5 Creditors Management

- The City has managed to ensure that creditors are settled within the legislated 30 days of invoice. By maintaining stringent cash flow recovery interventions introduced in 2009/10, the Municipality has managed to this legislative obligation. It is expected that with the introduction of an ERP system, the management of creditors will become easier.

2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue increases slightly over the MTREF. Although the ratio is 26.8 per cent for the 2019/20 MTREF, this may appear favourable however needs to be read in conjunction with the comments under section 1.6 – Operating Expenditure Framework as well as the comments under the Executive Summary.
- Repairs and maintenance as percentage of operating revenue remains constant over the MTREF owing directly to continued effort to ensure that resources in the repairs and maintenance cost centres are maximised.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. These are done in a universal and targeted approach. The universal approach is through the tariff structures and provides for 6kl free water and 50 kWh electricity free for users below a threshold. In addition, no rates and no refuse removal and no sewer are debited against consumers that have a property valued below the prescribed threshold.

The targeted approach is applied as well where individual customers are found destitute completely that despite the universal approach still cannot afford their accounts. These customers' accounts are administered on a dedicated personal basis and then written off according to the Credit Control and Debt Collection 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 31 MBRR A10 (Basic Service Delivery Measurement) on page 98.

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

The only weakness in the current service charge can be found in the residential Water and Electricity Tiered (Block) Tariff structure, where medium to upper income consumers are payment below cost tariffs for the bottom scales. A solution here has been proposed to the National Treasury through a Policy document on Free & Subsidized Services they are working on.

2.4 Overview of budget related-policies

The City's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Credit Control & Debt Collection Policy was last reviewed and approved by Council in July 2012. A revised Credit Control Policy approved by Council during the 2017/18 budget year in terms of Council Resolution number 11979 dated 21 November 2017 and is available on **DMS 1158108**.

A major change to the policy is the policy principle where, the municipality will enter into service agreement with owners of the property and have personal surety-ships with business owners. This will assist the municipality with recoverability of outstanding debtors.

The 2019/20 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 96 per cent on current billings.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

The consumption of assets is measured with their level of depreciation. To ensure future sustainability of the Municipality's infrastructure, service delivery and revenue base; investment in existing infrastructure is paramount. The strategy in the framework is to give more priority and emphasis on renewal of existing infrastructure. Over the next three years, there is a decrease in investment on new assets in order to give effect to priority of renewing existing assets. In addition to the renewal of existing assets, the need for the repairs and maintenance of existing assets is considered in the framework hence a move by the Municipality to invest more in repairs and maintenance.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance. In addition, the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

No amendments are proposed for this policy in the 2019/20 financial year.

2.4.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the City continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

No amendments are proposed for this policy in the 2019/20 financial year.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council on the 4 October 2005. The sixth amendment of the Supply Chain Management Policy was done in terms of Supply Chain Management Regulations clause 3(1) (b) and was adopted by Council on 19 September 2017 in terms of Council Resolution number 11867 and incorporates the relevant Code of Conduct to the Supply Chain Management.

2.4.5 Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the City's system of delegations. The Virement Policy was approved by Council via resolution 6737 on 6 July 2010 and was subsequently amended on 4 October 2011 and again on 28 May 2013. A further amendment was necessary in the 2017/18 Budget year to ensure compliance with mSCOA regulations. The revised policy was approved in terms of Council resolution number 11645 dated 31 May 2017.

There are a number of challenges which the Virement Policy brings about. It allows room for funds from very important Repairs and Maintenance projects to be moved around, simply because of no proper maintenance plans informing the very generous allocation of resources to this activity in the first instance. It generally allows the too liberal movement of funds from one project to another where there is no proper mandate/planning but emergency/ad hoc perceived needs/wants arise.

No amendments are proposed for this policy in the 2019/20 financial year.

2.4.6 Investment, Working Capital and Capital Replacement Reserves Policy

The City's Investment, Working Capital and Capital Replacement Reserves Policy was amended by Council on 10 October 2013. The aim of the policy is to ensure that the City's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

No amendments are proposed for this policy in the 2019/20 financial year.

2.4.7 Tariff of Charges Policy

The City's tariff policy provides a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. **The policy is amended and approved annually with the MTREF.**

All the above policies are available on the City's website, as well as the following budget related policies:

- Property Rates Policy;
- Trade Effluent Management Policy and
- Fraud Prevention policy.

2.5 Overview of budget assumptions

2.5.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the City's finances. This comment may appear contradictory to the very clear improvement in Cash Flows overall, however that is simply due to the accumulations for the Capital Replacement Reserves (Capital Funds), funds of which disguise the very tight situation the Municipality finds itself with the Operating Budget.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2019/20 MTREF:

- National Government macro-economic targets as per MFMA circular 93 and 94;
- The general inflationary outlook and the impact on City's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 27 per cent of total operating expenditure in the 2019/20 MTREF.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2019/20 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments.

2.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate 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 (96 per cent) of annual billings. Cash flow is assumed to be 96 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.5 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 debtors' collection rate, tariff/rate pricing, real growth rate of the City, household formation growth rate and the poor household change rate.

2.5.6 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2018 and shall remain in force until 30 June 2021. In terms of the agreement, the year one increase as been calculated as an across the board increase of 6.5 per cent. For budget purposes a 6.5 per cent increase has been utilised.

2.5.7 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. See relevant section in the Integrated Development Plan.

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

The slow spend on the 2018/19 Adjusted Capital Budget was of serious concern to Administration, however procurement plan will be prepared to expedite the implementation of the procurement process for the 2019/20 MTREF. Despite a monthly monitoring of the procurement plan being undertaken through the Capital Spend Project Team, spending in the 2018/19 financial year still remains a challenge. Executive Management Committee (EMCO) is investigating mechanisms to try to resolve numerous internal and external factors hindering performance here.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

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

Table 39 Breakdown of the operating revenue over the medium-term

Description R thousand	2018/19 Medium Term Revenue & Expenditure Framework					
	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21	%
Revenue By Source						
Property rates	520 380	16.2%	556 806	16.2%	584 647	16.0%
Service charges	2 175 960	67.8%	2 340 749	68.0%	2 477 682	67.8%
Interest earned - external investments	58 000	1.8%	60 000	1.7%	65 000	1.8%
Transfers recognised - operational	390 676	12.2%	419 116	12.2%	458 058	12.5%
Other own revenue	63 753	2.0%	66 101	1.9%	68 840	1.9%
Total Operating Revenue (excluding capital transfers and contributions)	3 208 768	100.0%	3 442 772	100.0%	3 654 227	100.0%
Total OperatingExpenditure	3 234 247		3 426 024		3 625 932	
Surplus/(Deficit)	(25 479)		16 749		28 294	

The following graph is a breakdown of the operational revenue per main category for the 2019/20 financial year.

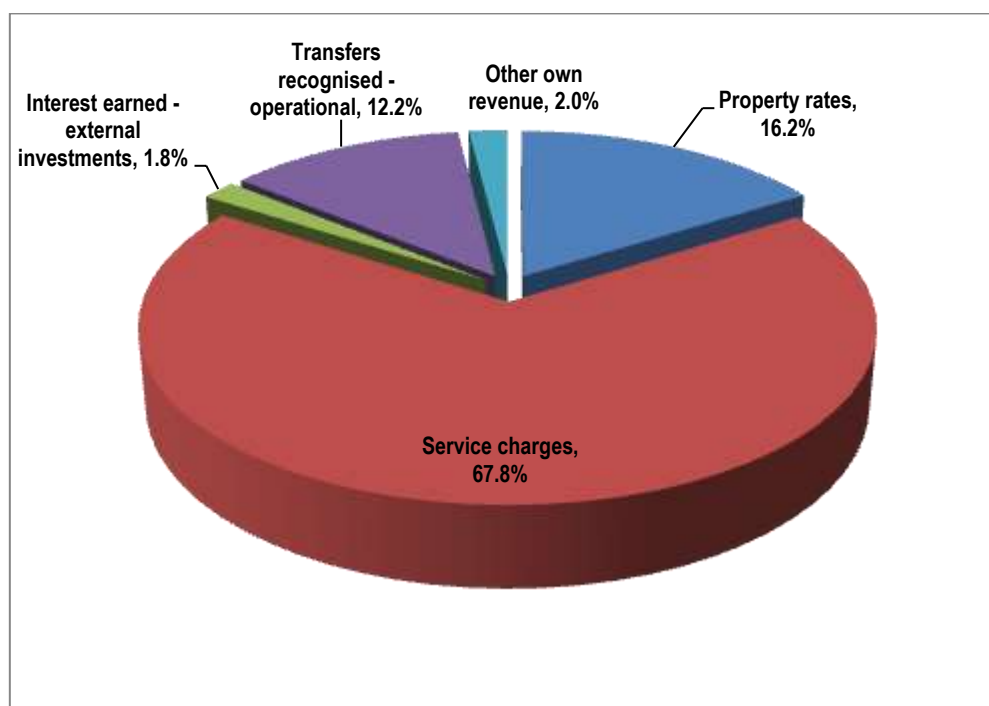


Figure 9 Breakdown of operating revenue over the 2019/20 MTREF

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 City derives most of its operational revenue from the provision of goods and services such as water, electricity,

sanitation 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.).

The municipality's revenue strategy is built around the following key components:

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the City and continued economic development;
- Efficient revenue management, which aims to ensure an above 94 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by calculating the revenue requirement of each service this had to be adjusted to cater for affordable tariffs;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs where economically possible;
- Revenue enhancement, investment and cash management;
- Pricing risk strategy to ensure that rates and general grows to a level that can sustain the municipality;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the City which has been extensively reviewed to ensure that customer are clear on how the municipality will raise revenue

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2019/20 MTREF on the different revenue categories are:

Table 40 Proposed tariff increases over the medium-term

Revenue category	2018/19 current revenue increase	2019/20 proposed revenue increase	2019/20 additional revenue for each 1% increase	2019/20 additional revenue per service	2019/20 Total Budgeted revenue
	%	%	R'000	R'000	R'000
Property rates	7,00	7,00	5 204	45 926	520 380
Sanitation	7,00	7,00	1 306	30 991	130 616
Solid Waste	8,00	12,60	893	8 894	89 265
Water	7,00	7,00	3 879	50 033	387 875
Electricity	5,09	9,05	15 275	52 055	1 527 476
TOTAL			26 556	187 899	2 655 612

Revenue to be generated from property rates is R520.4 million in the 2019/20 financial year which represents 16 per cent of the operating revenue base of the City. The rate base has remained constant when compared to the previous year.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R 2.1 billion for the 2019/20 financial year.

As reflected in table 40 above, the City has projected about R187.9 million as additional revenue, with electricity service charges being the biggest contributor at 80% of the additional revenue expected.

Operational grants and subsidies amount to R391 million, R419 million and R458 million for each of the respective financial years of the MTREF, or 12.2, 12.2 and 12.5 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing over the MTREF by 10.1 per cent and increases to 7.3 and 9.3 per cent for the two outer years.

Investment revenue contributes negligibly to the revenue base of the City with a budget allocation of R58 million, R60 million and R65 million for the respective three financial years of the 2019/20 MTREF. It needs to be noted that whilst a healthy working capital is important for a Municipality, the practise in this Municipality comes from a historical trend of utilising cash reserves to fund service delivery initiatives instead of generating interest returns.

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

Table 41 MBRR SA15 – Detail Investment Information

Investment type	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
Parent municipality									
Deposits - Bank	290 000	645 000	415 000	500 000	500 000	500 000	300 000	500 000	400 000
Municipality sub-total	290 000	645 000	415 000	500 000	500 000	500 000	300 000	500 000	400 000
Entities sub-total	-	-	-	-	-	-	-	-	-
Consolidated total:	290 000	645 000	415 000	500 000	500 000	500 000	300 000	500 000	400 000

Table 42 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate ^a	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	Yrs/Months												
Parent municipality													
Nedbank	4 Months	Fixed	No	Fixed	8.21%	0	0	30/07/2019	80 000	2 393	(82 393)	-	-
Unknown					unknown				300 000	-	-	-	300 000
													-

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2019/20 medium-term capital programme:

Table 43 Sources of capital revenue over the MTREF

Vote Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Funded by:									
National Government	136 565	125 534	134 821	121 374	121 374	121 374	182 989	161 078	172 723
Provincial Government	85 773	10 365	541	7 850	7 850	7 850	8 243	8 655	8 750
District Municipality	–	5 625	–	–	–	–	–	–	–
Other transfers and grants	4 740	1 686	2 849	–	–	–	–	–	–
Transfers recognised - capital	227 079	143 210	138 212	129 224	129 224	129 224	191 232	169 733	181 473
Borrowing	96 520	204 961	9 969	310 000	310 000	310 000	–	310 000	–
Internally generated funds	70 183	159 738	352 341	85 937	147 105	147 105	406 301	110 258	417 321
Total Capital Funding	393 781	507 909	500 521	525 161	586 328	586 328	597 533	589 991	598 794

The above table is graphically represented as follows for the 2019/20 financial year.

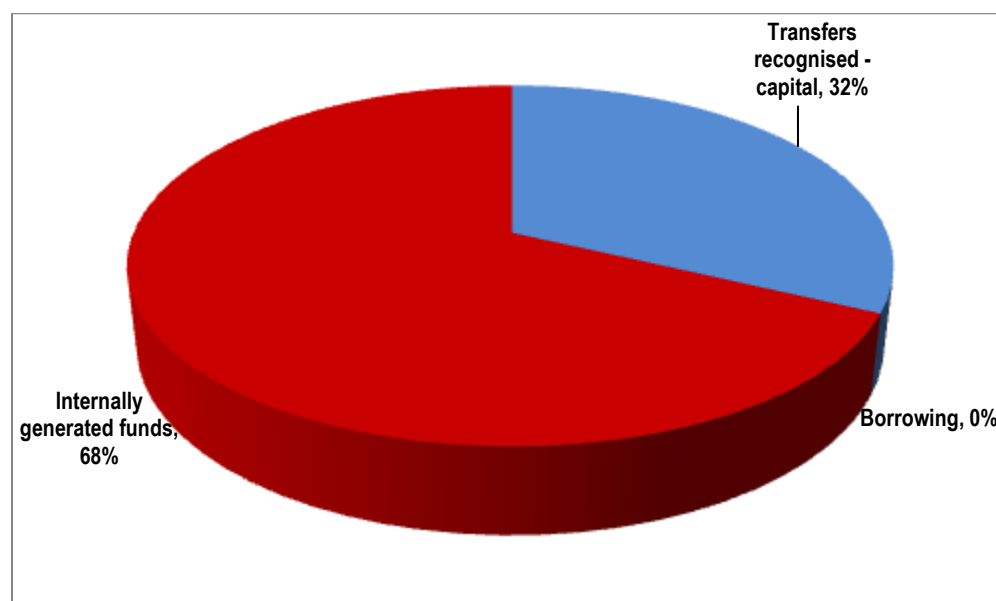


Figure 10 Sources of capital revenue for the 2019/20 financial year

Capital grants and receipts equates to 32 per cent of the total funding source which represents R191.2 million for the 2019/20 financial year and decrease to R 181.5 million or 30 per cent by 2021/22.

The following table is a detailed analysis of the City's borrowing liability.

Table 44 MBRR SA17 - Detail of borrowings

Borrowing - Categorised by type	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality									
Annuity and Bullet Loans	470 446	695 609	539 424	693 113	697 726	697 726	613 400	838 708	736 618
Municipality sub-total	470 446	695 609	539 424	693 113	697 726	697 726	613 400	838 708	736 618
Total Borrowing	470 446	695 609	539 424	693 113	697 726	697 726	613 400	838 708	736 618
Unspent Borrowing - Categorised by type									
Parent municipality									
Long-Term Loans (annuity/reducing balance)	-	9 969	-	46 500	46 500	46 500	-	46 500	-
Municipality sub-total	-	9 969	-	46 500	46 500	46 500	-	46 500	-
Entities sub-total	-	-	-	-	-	-	-	-	-
Total Unspent Borrowing	-	9 969	-	46 500	46 500	46 500	-	46 500	-

The following graph illustrates the growth in outstanding borrowing for the 2015/16 to 2021/22 period.

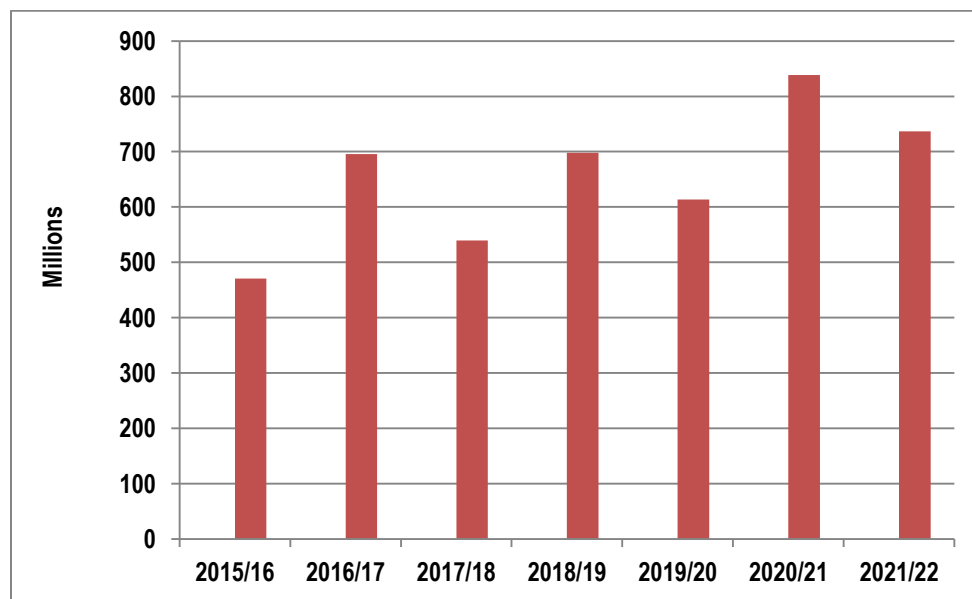


Figure 11 Growth in outstanding borrowing (long-term liabilities)

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R406.3 million in 2019/20, R110 million in 2020/21 and R417 million in 2021/22.

Table 45 MBRR SA18 - Capital transfers and grant receipts

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
RECEIPTS:									
Capital Transfers and Grants									
National Government:	154 129	126 466	152 305	121 374	121 374	121 374	182 989	161 078	172 723
Municipal Infrastructure Grant (MIG)	90 479	96 473	103 305	99 374	99 374	99 374	–	–	–
Integrated Urban Development Grant	–	–	–	–	–	–	132 989	107 324	115 723
Integrated National Electrification Programme Grant	9 000	(349)	10 000	–	–	–	–	–	–
Water Service Infrastructure Grant	46 761	31 392	34 000	16 000	16 000	16 000	40 000	42 200	45 000
Rural Households Infrastructure	2 148	–	–	–	–	–	–	–	–
Department of Water Affairs	5 743	(1 049)	–	–	–	–	–	–	–
Energy Efficiency and Demand Management	–	–	5 000	6 000	6 000	6 000	10 000	11 554	12 000
Provincial Government:	83 897	1 643	2 087	7 850	7 850	7 850	8 243	8 655	8 750
Housing	1 041	643	–	–	–	–	–	–	–
Libraries	356	–	–	–	–	–	–	–	–
Human Settlement - Waterstone Estates	82 500	–	–	–	–	–	–	–	–
Richards Bay Airport Feasibility Study	–	1 000	–	–	–	–	–	–	–
Sport and Recreation	–	–	1 546	7 850	7 850	7 850	8 243	8 655	8 750
Dept of Arts and Culture	–	–	541	–	–	–	–	–	–
District Municipality:	–	5 625	–	–	–	–	–	–	–
Donated Assets - Ntambanana Water Treatment	–	5 625	–	–	–	–	–	–	–
Other grant providers:	6 700	–	5 135	–	–	–	–	–	–
National Lotto - Sports Development	6 700	–	4 070	–	–	–	–	–	–
Engen Garage Durban - Fire Water Tanker	–	–	415	–	–	–	–	–	–
Lotto Ntambanana	–	–	650	–	–	–	–	–	–
Total Capital Transfers and Grants	244 726	133 733	159 527	129 224	129 224	129 224	191 232	169 733	181 473
TOTAL RECEIPTS OF TRANSFERS & GRANTS	503 127	419 635	488 966	485 862	484 209	484 209	581 908	588 849	639 531

In 2019/20 a new integrated urban development grant (IUDG) for urban local municipalities has been created to support spatially aligned public infrastructure investment that will lead to functional and efficient urban spaces. This grant is administered by the Department of Cooperative Governance and extends some of the fiscal reforms already implemented in metropolitan municipalities to non-metropolitan cities. The integrated urban development grant recognises that municipalities differ in terms of their context and introduces a differentiated approach to encourage integrated development in cities. The grant aims to enable and incentivize municipalities to invest more non-grant funding in infrastructure projects in intermediate cities.

The conditions for this grant were piloted in two cities in the 2018/19 financial year at uMhlathuze Municipality. Under the IUDG municipalities will no longer require approval for individual projects to be funded through the grant. Instead, their capital investments must be aligned to a three-year capital programme that is aligned with a 10-year capital expenditure framework.

This is a new type of grant in that municipalities must meet certain qualification criteria in order to participate. The criteria for municipalities to apply is as follows:

- Management stability (low vacancy rates among senior management)
- Audit findings
- Unauthorised, irregular, fruitless and wasteful expenditure
- Capital expenditure
- Reporting in terms of the MFMA

A further five municipalities qualified to participate in the grant from the 2019/20 financial year. To remain in the grant, cities must continue to meet or exceed the entry criteria. If they do not do so, they will be placed on a performance improvement plan. If they still do not meet the criteria in the subsequent year they will be shifted back to receiving grant transfers through the municipal infrastructure grant, which comes with closer oversight and support from national and provincial departments.

In addition to the basic formula based allocation as determined by the MIG formula, municipalities participating in the IUDG are also eligible to receive a performance-based incentive component, which is based on performance against weighted indicators as determined by CoGTA.

Based on the above Council will receive an incentive for the IUDG for the 2019/20 financial year only amounting to R 33 million. This incentive will be used to fast track economic development in the City.

2.6.3 Cash Flow Management

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

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

Table 46 MBRR Table A7 - Budget cash flow statement

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates	373 295	400 906	444 674	464 964	485 818	485 818	499 565	534 534	561 261
Service charges	1 710 852	2 003 818	1 823 520	1 957 076	1 891 528	1 891 528	2 003 004	2 158 195	2 286 094
Other revenue	94 538	51 247	64 700	64 868	65 691	65 691	63 644	65 989	68 723
Government - operating	267 494	279 992	321 424	356 638	354 985	354 985	390 676	419 116	458 058
Government - capital	225 014	144 868	141 903	129 224	129 224	129 224	191 232	169 733	181 473
Interest	32 465	60 921	76 159	58 398	55 086	55 086	58 109	60 113	65 117
Payments									
Suppliers and employees	(2 191 024)	(2 393 352)	(2 474 344)	(2 407 516)	(2 472 711)	(2 472 711)	(2 604 640)	(2 743 509)	(2 890 192)
Finance charges	(58 694)	(68 940)	(67 691)	(67 884)	(59 359)	(59 359)	(70 846)	(79 421)	(86 950)
Transfers and Grants	(18 149)	(9 319)	(11 517)	(12 534)	(15 179)	(15 179)	(12 087)	(12 510)	(13 011)
NET CASH FROM/(USED) OPERATING ACTIVITIES	435 791	470 138	318 828	543 235	435 084	435 084	518 656	572 239	630 574
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	1 066	3 335	680	-	-	-	-	-	-
Decrease (increase) other non-current receivables	48	36	33	-	-	-	-	-	-
Payments									
Capital assets	(310 882)	(507 909)	(500 090)	(525 179)	(542 910)	(542 910)	(589 340)	(589 894)	(597 459)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(309 768)	(504 538)	(499 378)	(525 179)	(542 910)	(542 910)	(589 340)	(589 894)	(597 459)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Borrowing long term/refinancing	-	385 500	-	310 000	310 000	310 000	-	310 000	-
Increase (decrease) in consumer deposits	45 197	67 947	82 040	-	8 500	8 500	-	-	-
Payments									
Repayment of borrowing	(130 451)	(166 337)	(156 185)	(156 144)	(151 699)	(151 699)	(84 326)	(84 692)	(102 090)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(85 254)	287 110	(74 144)	153 856	166 801	166 801	(84 326)	225 308	(102 090)
NET INCREASE/ (DECREASE) IN CASH HELD	40 769	252 709	(254 694)	171 912	58 975	58 975	(155 010)	207 653	(68 975)
Cash/cash equivalents at the year begin:	421 638	462 406	715 116	466 876	466 876	466 876	525 851	370 841	578 494
Cash/cash equivalents at the year end:	462 406	715 116	460 422	638 788	525 851	525 851	370 841	578 494	509 519

The above table shows that cash and cash equivalents of the City. It can be seen that the cash levels of the City improved significantly from previous financial years to 2019/20 period and the years thereafter owing directly to a myriad of cash flow interventions introduced over the past

years. The 2019/20 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term. Cash and cash equivalents totals R 371 million as at the end of the 2019/20 financial year and increases to R 509.5 million by 2021/22.

For the 2019/20 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed R 578 million by 2020/21 and decrease slightly to R 509.5 billion by 2021/22. Until such time that there is real organic growth in the local economy, these cash levels will not increase especially given the capital stance of reducing tendency for external borrowing and rather using internal reserves.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

- What are the predicted cash and investments 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 47 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	462 406	715 116	460 422	638 788	525 851	525 851	370 841	578 494	509 519
Other current investments > 90 days	0	–	–	(40)	–	–	–	–	–
Non current assets - Investments	–	–	–	–	–	–	–	–	–
Cash and investments available:	462 406	715 116	460 422	638 748	525 851	525 851	370 841	578 494	509 519
Application of cash and investments									
Unspent conditional transfers	18 127	10 596	15 676	11 629	11 629	11 629	20 232	20 232	20 232
Unspent borrowing	–	9 969	–	46 500	46 500	46 500	–	46 500	–
Statutory requirements	(52 772)	(34 246)	10 602	(16 949)	(16 949)	(16 949)	4 845	16 507	26 751
Other working capital requirements	74 647	117 084	(38 319)	21 885	(1 897)	(1 897)	(34 218)	(35 466)	(34 819)
Other provisions	12 998	13 900	15 176	25 878	15 176	15 176	16 296	17 499	18 790
Long term investments committed	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	129 588	2 750	193 386	369 183	369 183	369 183	121 202	426 712	127 921
Total Application of cash and investments:	182 589	120 052	196 521	458 125	423 642	423 642	128 357	491 984	158 875
Surplus(shortfall)	279 818	595 064	263 901	180 623	102 209	102 209	242 484	86 510	350 644

From the above table it can be seen that the cash and investments available total R 242 million in the 2019/20 financial year and increases to R 350.6 million by 2021/22, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- 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. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business. Based on the current expenditure patterns and the awarded tenders in which construction has not commenced the municipality will have to approach National Treasury for a roll-over of funds in terms of the DORA requirements.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations.
- 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. 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 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the City to meet its creditor obligations.
- Against other provisions an amount R16 million has been provided for the 2019/20 financial year and this increase to R19 million by 2021/22.

It can be concluded that the City has a surplus against the cash backed and accumulated surpluses reconciliation. The level of non-cash-backing has improved from previous financial years escalating to R 242 million in 2019/20. The 2019/20 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. **Nevertheless, from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible.** The challenge for the City will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven-year perspective.

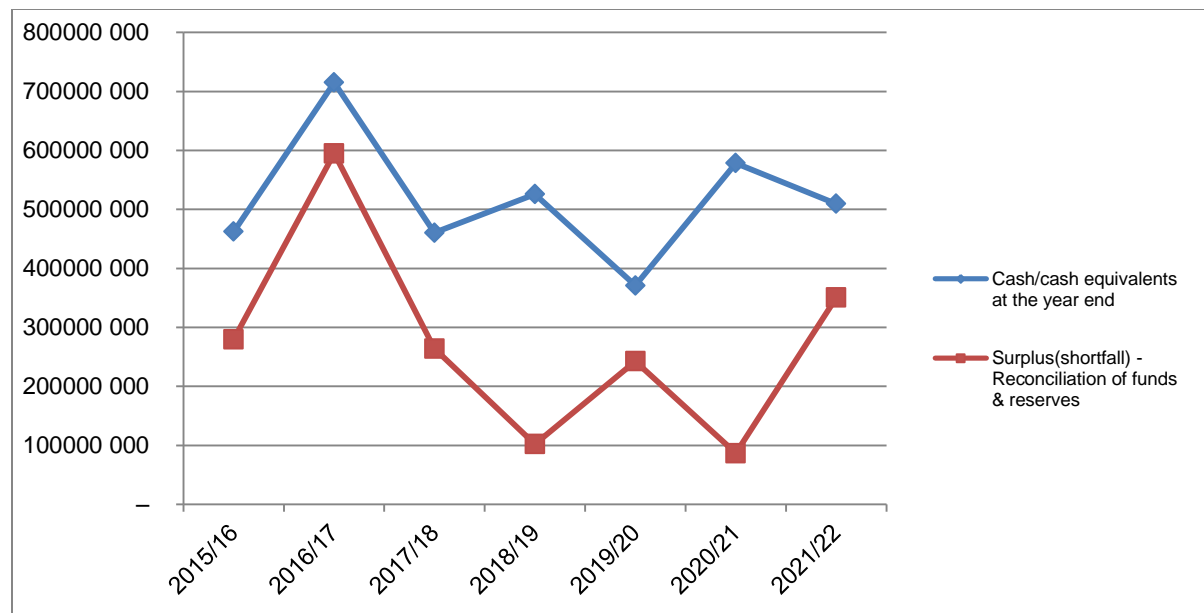


Figure 12 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.6.5 Funding compliance measurement

National Treasury requires that the municipality to 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 48 MBRR SA10 – Funding compliance measurement

Description	MFMA section	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	462 406	715 116	460 422	638 788	525 851	525 851	370 841	578 494	509 519
Cash + investments at the yr end less applications - R'000	18(1)b	279 818	595 064	263 901	180 623	102 209	102 209	242 484	86 510	350 644
Cash year end/monthly employee/supplier payments	18(1)b	2.8	4.0	2.7	3.4	2.8	2.8	1.8	2.6	2.2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	117 943	213 235	290 254	167 601	70 341	70 341	165 753	186 482	209 767
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	9.4%	(11.3%)	6.9%	(8.3%)	(6.0%)	1.3%	1.5%	(0.3%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	100.1%	96.0%	94.5%	94.1%	94.7%	94.7%	93.0%	93.1%	93.1%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	1.8%	0.4%	1.2%	1.0%	1.2%	1.2%	1.2%	1.1%	1.1%
Capital payments % of capital expenditure	18(1)c;19	78.9%	100.0%	99.9%	100.0%	92.6%	92.6%	98.6%	100.0%	99.8%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	105.7%	0.0%	78.3%	67.8%	67.8%	0.0%	73.8%	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	N.A.	16.7%	0.5%	(4.0%)	4.5%	0.0%	(15.4%)	4.7%	4.4%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(33.0%)	(100.0%)	0.0%	0.0%	0.0%	(100.0%)	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	7.6%	7.3%	7.7%	11.0%	11.2%	11.2%	11.9%	12.2%	12.6%
Asset renewal % of capital budget	20(1)(vi)	17.9%	6.0%	23.2%	30.1%	24.3%	24.3%	12.6%	13.0%	9.5%
High Level Outcome of Funding Compliance										
Total Operating Revenue		2 487 482	2 904 214	2 875 554	3 054 874	2 990 431	2 990 431	3 208 768	3 442 772	3 654 227
Total Operating Expenditure		2 596 617	2 834 188	2 723 512	3 016 497	3 049 313	3 049 313	3 234 247	3 426 024	3 625 932
Surplus/(Deficit) Budgeted Operating Statement		(109 135)	70 025	152 042	38 377	(58 882)	(58 882)	(25 479)	16 749	28 294
Surplus/(Deficit) Considering Reserves and Cash Backing		279 818	595 064	263 901	180 623	102 209	102 209	242 484	86 510	350 644
MTREF Funded (1) / Unfunded (0)		1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗		✓	✓	✓	✓	✓	✓	✓	✓	✓

2.6.5.1 Cash/cash equivalent position

The City'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 and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2019/20 MTREF shows R 371 million, R 578 million and R 510 million for each respective financial year.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 29, on page 87. 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.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the City 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. Notably, the ratio has improved significantly for the period 2019/20 MTREF the municipality's improving cash position causes the ratio to at 1.8 and then increases slightly to 2.6 and 2.2 for the outer years respectively. As indicated above the City the Investment, Working Capital and Capital Replacement Reserves Policy requires a ratio of two months' coverage. **The target has been somewhat achieved.**

2.6.5.4 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.

For the 2019/20 MTREF the indicative outcome is a surplus of R166 million, R186 million and R209 million. This however is **not a true reflection** of the Operating performance as this figure includes capital revenues (Transfers recognised – capital).

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

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

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage declines from 1.3, 1.5 and (0.3) per cent for the respective financial year of the 2019/20 MTREF. This is not a reflection of economic growth in the area but rather a reflection of cost drives which have increased more than inflation targets such as bulk water and electricity and employee related costs.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 93 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 96 per cent performance target, it either implies that the Municipality must either increase its' credit control endeavours in the Rural Areas or alternatively lower its collection rate target of 96 per cent to be more realistic. 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?

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 1.2 per cent over the MTREF which is a reflection of the high standard of credit and debt control for the City. Given the comments mentioned above regarding the debtors' situation within the rural environment these provisions may need to be reviewed in the next budget cycle.

Council has performed an assessment of the Debt impairment and revised its method of calculating the budgeted outstanding debtors. The change is reflected on Table 27 - A6 Budgeted Financial Position and Table 72 SA3 - Supporting detail to Statement of Financial Position

In terms of the debt impairment, the municipality is of the view that the provision that it currently has is sufficient to cover the risk of non-payment. Included in the debtors outstanding is the portion that will have not reached 90 days and therefore may still be recoverable. The trend is that about 50% of the outstanding debt is between current and 60 days. The Municipality is of the view that budgeting 3% of the annual budgeted billing will be an overstatement of expenditure as sufficient provision is available as reflected in table 72 SA3 - Supporting detail to Statement of Financial Position. Also the Municipality's actual write off has for the past years has never reached R32 million annually which is in line with the proposed budget for 2019/20 financial year.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. This indicator clearly illustrates the lack of capital spending in the 2018/19 Adjusted budget but does assume that with improved procurement and project management plans, spending will accelerate in the 2019/20 financial year.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm

MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0, 73.8 and 0 per cent of own funded capital. This is both consistent and a good funding mix.

2.6.5.10 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 City has budgeted for all transfers.

2.6.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are 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. Only one indicator is reflected above which illustrates a stable trend in that debtors are only increase by the equivalent increase in revenue not by deterioration in collection rate. The changes in Long term receivables are immaterial and thus no comments are necessary.

2.6.5.12 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 City's strategy pertaining to asset management and repairs and maintenance are contained in Table 65 MBRR SA34c on page 177 to 179.

2.6.5.13 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. Further details in this regard are contained in Table 63 MBRR SA34b on page 172 to 174.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 49 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
EXPENDITURE:									
<u>Operating expenditure of Transfers and Grants</u>									
National Government:	245 363	272 535	314 786	344 324	342 679	342 679	377 106	404 938	443 194
Local Government Equitable Share	229 925	251 497	292 009	326 255	326 255	326 255	362 965	396 640	434 454
Finance Management	1 482	2 440	2 343	2 650	2 650	2 650	2 650	2 650	2 650
Municipal Systems Improvement	930	–	–	–	1 055	1 055	–	–	–
EPWP Incentive	2 955	5 061	4 143	5 189	5 189	5 189	4 492	–	–
Project Management Unit	2 675	3 344	4 650	5 230	5 230	5 230	6 999	5 648	6 090
Infrastructure Skills Development Grant	7 396	3 879	5 422	5 000	2 300	2 300	–	–	–
Municipal Demarcation Transition Grant	–	6 314	6 209	–	–	–	–	–	–
Restructuring Grant	–	–	9	–	–	–	–	–	–
Provincial Government:	18 485	10 322	13 066	12 314	12 306	12 306	13 570	14 178	14 864
Museums	166	175	183	192	192	192	202	214	225
Provincialisation of Libraries	6 789	7 506	7 881	8 275	8 275	8 275	8 689	9 123	9 625
Libraries	1 054	1 093	1 352	1 576	1 576	1 576	2 283	2 445	2 618
Housing	3 829	904	1 316	2 213	2 213	2 213	2 396	2 396	2 396
Enhanced Extended Discount Benefit Scheme	103	97	96	–	–	–	–	–	–
Cleanest Town Awards	–	6	1	–	–	–	–	–	–
Hostels	6 501	526	337	–	–	–	–	–	–
Sport and Recreational	–	–	58	58	50	50	–	–	–
Career Exp - Dept of Public Works	–	–	800	–	–	–	–	–	–
Richards Bay Airport Feasibility Study	–	–	1 000	–	–	–	–	–	–
Community Development Workers Programme	–	–	19	–	–	–	–	–	–
GIS Support	–	–	0	–	–	–	–	–	–
Urban Development Framework Plan Tourism Deve	42	–	20	–	–	–	–	–	–
Land Use Management	–	8	–	–	–	–	–	–	–
Service Delivery On Electrical Services	–	7	4	–	–	–	–	–	–

Table SA19 - Expenditure on transfers and grant programmes (Continued)

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
EXPENDITURE:									
<u>Operating expenditure of Transfers and Grants</u>									
District Municipality:	-	479	114	-	-	-	-	-	-
Beach Festival	-	-	-	-	-	-	-	-	-
Refuse Removal Grant	-	318	-	-	-	-	-	-	-
Speakers Funeral	-	-	100	-	-	-	-	-	-
Museums	-	-	12	-	-	-	-	-	-
Capacity Building	-	-	2	-	-	-	-	-	-
Beach Protection - Alkandstrand	-	161	-	-	-	-	-	-	-
Other grant providers:	-	857	1 123	-	-	-	-	-	-
Umhlathuze Village Beneficiaries Contribution	-	-	-	-	-	-	-	-	-
Chieta Funding	-	752	63	-	-	-	-	-	-
Absa Bank - SCM Indaba	-	5	-	-	-	-	-	-	-
SM Xulu Chartered Accountants - Strategic Session	-	15	-	-	-	-	-	-	-
EOH Mthombo (Pty) Ltd - Strategic Session	-	10	-	-	-	-	-	-	-
Joat Consulting - Strategic Session	-	25	-	-	-	-	-	-	-
Deloitte La Lucia - Strategic Session	-	20	-	-	-	-	-	-	-
Absa Bank - Strategic Session	-	20	-	-	-	-	-	-	-
Speakers Funeral - Various	-	-	240	-	-	-	-	-	-
State of the City - Various	-	-	740	-	-	-	-	-	-
Mayor Back to school - Various	-	-	78	-	-	-	-	-	-
LG Seta	-	-	-	-	-	-	-	-	-
Standard Bank - Wellness Day	-	2	-	-	-	-	-	-	-
WSSA - Youth Awareness Day	-	8	2	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:	263 848	284 193	329 088	356 638	354 985	354 985	390 676	419 116	458 058

Table SA19 - Expenditure on transfers and grant programmes (continued)

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
EXPENDITURE:									
<u>Capital expenditure of Transfers and Grants</u>									
National Government:	136 565	125 534	132 877	121 374	121 374	121 374	182 989	161 078	172 723
Municipal Infrastructure Grant (MIG)	89 342	84 701	91 028	99 374	99 374	99 374	–	–	–
Integrated Urban Development Grant	–	–	–	–	–	–	132 989	107 324	115 723
Intergrated National Eletrification Programme Grant	948	–	7 350	–	–	–	–	–	–
Water Service Infrastrutire Grant	36 437	34 937	34 000	16 000	16 000	16 000	40 000	42 200	45 000
Rural Households Infrastructure	4 500	–	–	–	–	–	–	–	–
Department of Water Affairs	5 220	5 799	–	–	–	–	–	–	–
Energy Efficiency and Demand Management	–	–	80	6 000	6 000	6 000	10 000	11 554	12 000
Finance Management	118	97	307	–	–	–	–	–	–
Infrastructure Skills Development Grant	–	–	111	–	–	–	–	–	–
Provincial Government:	85 773	10 365	2 485	7 850	7 850	7 850	8 243	8 655	8 750
Housing	–	–	–	–	–	–	–	–	–
Libraries	356	–	–	–	–	–	–	–	–
Human Settlement - Waterstone Estates	82 500	–	–	–	–	–	–	–	–
Richards Bay Airport Feasibility Study	–	–	–	–	–	–	–	–	–
Sport and Recreation	–	–	657	7 850	7 850	7 850	8 243	8 655	8 750
Dept of Arts and Culture	–	–	541	–	–	–	–	–	–
Cleanest Town Awards	–	–	22	–	–	–	–	–	–
Informal Trading Stalls	687	–	343	–	–	–	–	–	–
Development	144	1 130	213	–	–	–	–	–	–
Upgrade of Airport	402	–	–	–	–	–	–	–	–
Hostels	762	9 235	353	–	–	–	–	–	–
Urban Development Framework Plan	279	–	–	–	–	–	–	–	–
Municipal Excellence Award	644	–	356	–	–	–	–	–	–

Table SA19 - Expenditure on transfers and grant programmes (continued)

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
EXPENDITURE:									
<u>Capital expenditure of Transfers and Grants</u>									
District Municipality:	-	5 625	-	-	-	-	-	-	-
<i>Donated Assets - Ntambanana Water Treatment</i>	-	5 625	-	-	-	-	-	-	-
Other grant providers:	4 740	1 686	2 849	-	-	-	-	-	-
<i>National Lotto - Sports Development</i>	4 740	1 512	2 434	-	-	-	-	-	-
<i>Engen Garage Durban - Fire Water Tanker</i>	-	-	415	-	-	-	-	-	-
<i>BAC Zululand - CCTV</i>	-	174	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants	227 079	143 210	138 212	129 224	129 224	129 224	191 232	169 733	181 473
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	490 926	427 402	467 300	485 862	484 209	484 209	581 908	588 849	639 531

Table 50 MBRR SA20 - Reconciliation between of transfers, grant receipts and unspent funds

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	74	302	3 015	2 557	2 557	2 557	2 557	2 557	2 557
Current year receipts	245 591	275 248	314 327	344 324	342 679	342 679	377 106	404 938	443 194
Conditions met - transferred to revenue	245 363	272 535	314 786	344 324	342 679	342 679	377 106	404 938	443 194
Conditions still to be met - transferred to liabilities	302	3 015	2 557	2 557	2 557	2 557	2 557	2 557	2 557
Provincial Government:									
Balance unspent at beginning of the year	7 687	1 131	825	412	412	412	412	412	412
Current year receipts	11 929	10 017	12 652	12 314	12 306	12 306	13 570	14 178	14 864
Conditions met - transferred to revenue	18 485	10 322	13 066	12 314	12 306	12 306	13 570	14 178	14 864
Conditions still to be met - transferred to liabilities	1 131	825	412	412	412	412	412	412	412
District Municipality:									
Balance unspent at beginning of the year	14	214	53	39	39	39	39	39	39
Current year receipts	200	318	100	–	–	–	–	–	–
Conditions met - transferred to revenue	–	479	114	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities	214	53	39	39	39	39	39	39	39
Other grant providers:									
Balance unspent at beginning of the year	742	1 423	886	2 121	2 121	2 121	2 121	2 121	2 121
Current year receipts	681	319	2 359	–	–	–	–	–	–
Conditions met - transferred to revenue	–	857	1 123	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities	1 423	886	2 121	2 121	2 121	2 121	2 121	2 121	2 121
Total operating transfers and grants revenue	263 848	284 193	329 088	356 638	354 985	354 985	390 676	419 116	458 058
Total operating transfers and grants - CTBM	3 070	4 779	5 129	5 129	5 129	5 129	5 129	5 129	5 129

Table SA20 - Reconciliation between of transfers, grant receipts and unspent funds (continued)

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	8 199	9 693	(1 146)	5 219	5 219	5 219	5 219	5 219	5 219
Current year receipts	154 129	126 466	152 305	121 374	121 374	121 374	182 989	161 078	172 723
Conditions met - transferred to revenue	136 565	125 534	132 876	121 374	121 374	121 374	182 989	161 078	172 723
Conditions still to be met - transferred to liabilities	9 693	(1 146)	5 219	5 219	5 219	5 219	5 219	5 219	5 219
Provincial Government:									
Balance unspent at beginning of the year	18 448	16 571	7 849	7 450	7 450	7 450	7 450	7 450	7 450
Current year receipts	83 897	1 643	2 087	7 850	7 850	7 850	8 243	8 655	8 750
Conditions met - transferred to revenue	85 773	10 365	2 485	7 850	7 850	7 850	8 243	8 655	8 750
Conditions still to be met - transferred to liabilities	16 571	7 849	7 450	7 450	7 450	7 450	7 450	7 450	7 450
District Municipality:									
Balance unspent at beginning of the year	–	–	–	–	–	–	–	–	–
Current year receipts	–	5 625	–	–	–	–	–	–	–
Conditions met - transferred to revenue	–	5 625	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities	–	–	–	–	–	–	–	–	–
Other grant providers:									
Balance unspent at beginning of the year	(125)	1 834	148	2 434	2 434	2 434	2 434	2 434	2 434
Current year receipts	6 700	–	5 135	–	–	–	–	–	–
Conditions met - transferred to revenue	4 740	1 686	2 849	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities	1 834	148	2 434	2 434	2 434	2 434	2 434	2 434	2 434
Total capital transfers and grants revenue	227 079	143 210	138 211	129 224	129 224	129 224	191 232	169 733	181 473
Total capital transfers and grants - CTBM	28 099	6 850	15 103	15 103	15 103	15 103	15 103	15 103	15 103
TOTAL TRANSFERS AND GRANTS REVENUE	490 926	427 403	467 300	485 862	484 209	484 209	581 908	588 849	639 531
TOTAL TRANSFERS AND GRANTS - CTBM	31 169	11 629	20 232	20 232	20 232	20 232	20 232	20 232	20 232

Table 51 MBRR SA21 - Transfers and grants made by the municipality

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
Cash Transfers to other Organs of State									
Empangeni SPCA	167	–	199	213	213	213	217	224	233
Richards Bay SPCA	167	–	199	213	213	213	217	224	233
School and Uthungulu Forum	–	–	–	422	422	422	–	–	–
Richards Bay Country Club	271	73	205	264	264	264	–	–	–
Other	201	1 078	866	–	–	–	–	–	–
Museums	292	–	–	–	–	–	–	–	–
Cultural Matters	–	–	–	2 756	3 757	3 757	2 839	2 938	3 056
Dolos Festival	100	–	200	–	–	–	–	–	–
Zululand Spelling Bee	–	–	–	25	25	25	–	–	–
Youth Gathering	26	109	73	282	282	282	360	373	385
Women Summit	–	16	95	179	179	179	170	176	183
Policy Formulation - People Living With Disability	–	–	–	119	119	119	114	118	122
Senior Citizens	–	16	401	72	72	72	360	373	388
World Aids Day	–	–	12	128	128	128	–	–	–
Children	–	–	–	77	77	77	180	186	194
Mens Summit	–	–	11	116	116	116	114	119	123
16 Days Activism	13	53	–	61	61	61	150	155	162
Freedom Day	–	–	118	119	119	119	100	104	108
Religious Sector	–	–	–	39	39	39	50	52	54
Operation Sukuma Sakhe Programmes	–	20	201	236	236	236	250	259	269
Disability Sector	–	–	133	131	131	131	150	155	162
Diwali Festival	100	–	50	36	36	36	–	–	–
Public Member Injury - Refuse	–	–	–	–	–	–	–	–	–
Last Dance	700	1 000	1 000	–	1 000	1 000	–	–	–
Community Outreach - Mayor	–	48	342	298	298	298	400	414	431
Thanda Royal Zulu	1 500	2 500	–	1 871	1 871	1 871	–	–	–
University Registrations	489	616	336	660	660	660	500	518	538
Community Outreach - Mandlazini	–	–	–	–	–	–	–	–	–
Mayday Event	–	–	–	–	–	–	–	–	–
Bursaries	–	–	–	–	–	–	–	–	–
Bursaries Employee Children	676	571	632	946	946	946	1 082	1 119	1 164
Zululand Trade Fair	214	–	–	170	170	170	–	–	–
Downstream Aluminium Centre For Technology (DACT)	–	150	150	170	170	170	300	311	323
Profiling Of People With Disabilities	–	51	–	543	543	543	–	–	–

Table SA21 - Transfers and grants made by the municipality (continued)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
Cash Transfers to other Organs of State									
SATMA Awards	1 000	1 500	–	–	–	–	–	–	–
Second Annual Spring Music Tour Festival	81	–	200	–	–	–	–	–	–
Hippo Rally	50	60	50	–	–	–	–	–	–
Umhlathuze Music Festival	100	–	200	–	–	–	–	–	–
Soccer Madness Tournament	384	–	450	–	–	–	–	–	–
Mkhwanazi Traditional Authority Prayer Day	100	–	–	–	–	–	–	–	–
Other	–	–	–	519	519	519	–	–	–
Economic Development and Job Creation	152	–	–	–	–	–	–	–	–
Department Of Human Settlement -Various Housing Projects	10 696	–	–	–	–	–	–	–	–
uThungulu Social Cohesion Summit	350	–	–	–	–	–	–	–	–
Richards Bay FC	–	–	2 500	1 143	1 143	1 143	–	–	–
Umhlathuze Local Football Association	–	179	–	–	–	–	–	–	–
Amenisto Christmas Jam	–	67	–	–	–	–	–	–	–
Keep Girls In School	–	23	–	–	–	–	–	–	–
Black Industrialist Business Breakfast Partnership	–	100	–	–	–	–	–	–	–
Empangeni Rugby Club	–	50	–	–	–	–	–	–	–
Cluster Elimination Games	–	83	–	–	–	–	–	–	–
Netball Athletics	–	11	–	–	–	–	–	–	–
National Rhythmical Gymnastics Championship	–	2	–	–	–	–	–	–	–
Maskanda Festival	–	182	500	–	–	–	–	–	–
eSikhaleni Kyokushin Karate Club	–	16	–	–	–	–	–	–	–
Richards Bay Primary School	–	20	–	–	–	–	–	–	–
Agricultural Co-operatives	–	–	–	–	465	465	–	–	–
Repairs of House Damaged eSikhaleni	–	–	–	–	400	400	–	–	–
Reed Dance	–	–	351	–	–	–	–	–	–
Civic Funeral - Late Cllr Mthenjana	–	–	842	–	–	–	–	–	–
Mayoral School Uniform Campaign	–	–	151	–	–	–	–	–	–
Umhlathuze Tourism Organisation	–	–	150	–	–	–	300	311	323

Table SA21 - Transfers and grants made by the municipality (continued)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
Cash Transfers to other Organs of State									
Phakama Music Festival	-	-	150	-	-	-	-	-	-
Umhlathuze Operation Siyaya Emhlangeni	-	-	71	-	-	-	-	-	-
Kufeziwe Gospel Celebration	-	-	150	-	-	-	-	-	-
Mandela Day Celebrations	-	-	-	-	-	-	152	158	164
Community Outreach - Speaker	-	-	-	-	-	-	75	77	81
Community Outreach -Deputy Mayor	-	-	-	-	-	-	75	78	81
Sport Development - Sport Events	-	-	-	-	-	-	3 427	3 547	3 689
Total Cash Transfers To Other Organs Of State:	17 827	8 593	10 989	11 807	14 672	14 672	11 581	11 986	12 466
TOTAL CASH TRANSFERS AND GRANTS	17 827	8 593	10 989	11 807	14 672	14 672	11 581	11 986	12 466
Groups of Individuals									
Rates Rebates and Exemptions	-	-	-	-	-	-	-	-	-
Disaster Management	322	726	528	727	507	507	507	525	546
	-	-	-	-	-	-	-	-	-
Total Non-Cash Grants To Groups Of Individuals:	322	726	528	727	507	507	507	525	546
TOTAL NON-CASH TRANSFERS AND GRANTS	322	726	528	727	507	507	507	525	546
TOTAL TRANSFERS AND GRANTS	18 149	9 319	11 517	12 534	15 179	15 179	12 087	12 511	13 011

2.8 Councillor and employee benefits

Table 52 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Councillors (Political Office Bearers plus Other)</u>									
Basic Salaries and Wages	15 492	17 480	18 280	19 795	19 204	19 204	20 048	21 050	22 103
Pension and UIF Contributions	2 324	2 604	2 741	2 970	2 848	2 848	2 942	3 089	3 244
Medical Aid Contributions	870	1 146	1 786	1 959	1 942	1 942	1 833	1 925	2 021
Motor Vehicle Allowance	3 748	2 575	3 570	3 695	4 083	4 083	4 181	4 390	4 610
Cellphone Allowance	1 457	1 737	2 966	3 184	3 134	3 134	3 124	3 280	3 445
Housing Allowances	–	–	–	277	277	277	277	298	320
Sub Total - Councillors	23 891	25 542	29 342	31 881	31 488	31 488	32 404	34 033	35 744
% increase		6.9%	14.9%	8.7%	(1.2%)	–	2.9%	5.0%	5.0%
<u>Senior Managers of the Municipality</u>									
Basic Salaries and Wages	8 553	7 011	8 864	11 017	10 795	10 795	11 587	12 929	14 294
Pension and UIF Contributions	631	299	442	680	665	665	715	759	805
Medical Aid Contributions	142	109	175	244	243	243	267	283	300
Performance Bonus	1 241	1 364	982	2 033	1 997	1 997	2 127	2 254	2 390
Motor Vehicle Allowance	1 075	1 003	1 331	1 720	1 720	1 720	1 718	1 821	1 931
Cellphone Allowance	179	159	209	254	252	252	269	286	303
Housing Allowances	–	–	–	–	–	–	–	–	–
Other benefits and allowances	792	121	480	872	885	885	916	971	1 030
Payments in lieu of leave	142	96	56	779	704	704	1 058	1 122	1 189
Sub Total - Senior Managers of Municipality	12 756	10 161	12 540	17 600	17 261	17 261	18 655	20 425	22 243
% increase		(20.3%)	23.4%	40.4%	(1.9%)	–	8.1%	9.5%	8.9%

Table MBRR SA22 - Summary of councillor and staff benefits (continued)

Summary of Employee and Councillor remuneration	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Other Municipal Staff									
Basic Salaries and Wages	346 606	377 798	412 132	453 811	468 097	468 097	471 124	509 549	556 376
Pension and UIF Contributions	59 477	64 872	70 700	91 499	79 724	79 724	95 016	100 725	106 776
Medical Aid Contributions	30 411	33 668	36 148	43 688	38 098	38 098	43 824	46 457	49 247
Overtime	42 096	43 339	44 523	62 467	57 769	57 769	66 124	70 095	74 303
Motor Vehicle Allowance	34 842	39 969	42 733	48 162	48 381	48 381	49 685	52 668	55 832
Cellphone Allowance	2 384	2 714	3 391	5 004	3 781	3 781	5 033	5 339	5 663
Housing Allowances	3 992	4 414	4 316	4 544	4 405	4 405	4 378	4 649	4 931
Other benefits and allowances	84 940	46 965	52 519	49 986	62 667	62 667	68 657	72 779	77 153
Payments in lieu of leave	13 642	14 859	16 176	29 121	23 076	23 076	30 344	32 168	34 101
Long service awards	–	194	156	156	377	377	161	167	173
Post-retirement benefit obligations	4 447	5 291	5 721	6 086	6 382	6 382	6 549	6 942	7 359
Sub Total - Other Municipal Staff	622 838	634 083	688 514	794 524	792 756	792 756	840 895	901 537	971 914
% increase		1.8%	8.6%	15.4%	(0.2%)	–	6.1%	7.2%	7.8%
Total Parent Municipality	659 485	669 787	730 396	844 004	841 505	841 505	891 954	955 995	1 029 900
TOTAL SALARY, ALLOWANCES & BENEFITS	659 485	669 787	730 396	844 004	841 505	841 505	891 954	955 995	1 029 900
% increase		1.6%	9.0%	15.6%	(0.3%)	–	6.0%	7.2%	7.7%
TOTAL MANAGERS AND STAFF	635 594	644 245	701 054	812 123	810 017	810 017	859 550	921 962	994 157

Table 53 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
Councillors							
Speaker	1	685 900	159 900	46 600			892 400
Chief Whip	1	689 400	103 500	46 600			839 500
Executive Mayor	1	845 100	212 100	323 800			1 381 000
Deputy Executive Mayor	1	515 800	118 500	258 100			892 400
Executive Committee	10	3 990 500	964 800	1 760 700			6 716 000
Total for all other councillors	53	13 321 000	3 215 900	5 145 700			21 682 600
Total Councillors	67	20 047 700	4 774 700	7 581 500			32 403 900
Senior Managers of the Municipality							
Municipal Manager (MM)	1	1 466 700	310 400	397 800	299 500		2 474 400
Chief Finance Officer	1	1 531 500	–	367 900	261 000		2 160 400
Deputy Municipal Manager - Infrastructure and Technical Services	1	1 211 000	304 500	383 900	261 000		2 160 400
Deputy Municipal Manager - Corporate Services	1	1 587 100	77 700	234 600	261 000		2 160 400
Deputy Municipal Manager - City Development	1	1 487 100	95 200	317 100	261 000		2 160 400
Deputy Municipal Manager - Community Services	1	1 437 200	41 400	420 800	261 000		2 160 400
Deputy Municipal Manager - Specialised Services	1	1 656 900	50 700	191 800	261 000		2 160 400
Deputy Municipal Manager - Energy and Electrical Services	1	1 209 100	306 700	383 600	261 000		2 160 400
Total Senior Managers of the Municipality	8	11 586 600	1 186 600	2 697 500	2 126 500		17 597 200
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	75	31 634 300	5 961 300	10 279 000	2 126 500		50 001 100

Table 54 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2017/18			Current Year 2018/19			Budget Year 2019/20		
	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)	67	67	–	67	67	–	67	67	–
Board Members of municipal entities	–	–	–	–	–	–	–	–	–
Municipal employees	–	–	–	–	–	–	–	–	–
Municipal Manager and Senior Managers	7	7	–	8	8	–	8	8	–
Other Managers	17	13	–	17	15	–	17	12	–
Professionals	393	297	–	394	304	–	394	346	–
Finance	46	32	–	46	32	–	46	42	–
Spatial/town planning	33	29	–	33	29	–	33	23	–
Information Technology	11	11	–	11	10	–	11	11	–
Roads	22	19	–	22	19	–	22	20	–
Electricity	40	32	–	41	32	–	41	31	–
Water	16	12	–	16	12	–	16	10	–
Sanitation	24	17	–	24	17	–	24	12	–
Refuse	10	10	–	10	10	–	10	8	–
Other	191	135	–	191	143	–	191	189	–
Technicians	533	455	–	533	455	–	533	457	–
Finance	31	22	–	31	22	–	31	19	–
Spatial/town planning	26	23	–	26	23	–	26	22	–
Information Technology	6	5	–	6	5	–	6	5	–
Roads	48	42	–	48	42	–	48	40	–
Electricity	60	49	–	60	49	–	60	53	–
Water	34	37	–	34	37	–	34	34	–
Sanitation	34	25	–	34	25	–	34	23	–
Refuse	13	13	–	13	13	–	13	13	–
Other	281	239	–	281	239	–	281	248	–
Clerks (Clerical and administrative)	315	281	–	315	285	–	315	289	–
Skilled agricultural and fishery workers	2	2	–	2	2	–	2	2	–
Craft and related trades	3	3	–	3	3	–	3	3	–
Plant and Machine Operators	87	82	–	87	82	–	87	81	–
Elementary Occupations	1 592	1 420	–	1 592	1 437	–	1 592	1 478	–
TOTAL PERSONNEL NUMBERS	3 016	2 627	–	3 018	2 658	–	3 018	2 743	–
% increase				0.1%	1.2%	–	–	3.2%	–
Total municipal employees headcount	2 949	2 560	–	2 951	2 591	–	2 951	2 676	–
Finance personnel headcount	235	185	–	237	173	–	237	192	–
Human Resources personnel headcount	41	32	–	42	33	–	42	29	–

2.9 Monthly targets for revenue, expenditure and cash flow

Table 55 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source															
Property rates	88 673	38 968	38 532	39 412	38 985	38 351	39 397	39 064	39 031	38 933	39 011	42 024	520 380	556 806	584 647
Service charges - electricity revenue	155 695	146 292	138 177	128 180	122 048	114 375	125 104	123 465	123 164	112 882	124 793	159 149	1 573 324	1 696 060	1 800 796
Service charges - water revenue	39 896	37 465	33 099	30 653	31 295	32 192	30 015	30 066	30 092	30 113	31 592	31 821	388 299	415 408	436 157
Service charges - sanitation revenue	8 140	8 046	7 632	9 435	8 478	8 034	8 548	8 400	8 503	8 539	8 746	8 566	101 068	108 092	113 481
Service charges - refuse revenue	10 067	10 224	8 822	9 943	8 822	8 825	8 822	8 822	10 230	8 189	10 243	10 260	113 268	121 189	127 249
Rental of facilities and equipment	1 326	1 091	751	812	1 435	786	732	50	1 975	477	507	860	10 802	11 212	11 682
Interest earned - external investments	1 679	5 093	2 539	3 761	4 522	7 319	1 997	3 546	3 460	3 315	2 808	17 962	58 000	60 000	65 000
Interest earned - outstanding debtors	7	6	6	8	7	9	10	10	11	12	11	11	109	113	117
Fines, penalties and forfeits	687	1 134	798	828	873	543	451	549	392	637	34	1 054	7 981	8 260	8 590
Licences and permits	–	578	277	318	228	255	349	338	233	167	364	299	3 407	3 526	3 667
Agency services	65	885	523	458	460	452	589	517	454	376	625	567	5 970	6 179	6 427
Transfers and subsidies	156 145	1 123	8 689	–	6 902	122 578	–	1 348	93 891	–	–	–	390 676	419 116	458 058
Other revenue	2 659	2 370	2 641	2 975	3 002	3 518	2 853	3 147	2 781	3 069	3 191	3 278	35 484	36 812	38 357
Total Revenue (excluding capital transfers and contributions)	465 039	253 275	242 486	226 784	227 057	337 236	218 867	219 321	314 216	206 710	221 926	275 851	3 208 768	3 442 772	3 654 227
Expenditure By Type															
Employee related costs	68 282	72 551	69 016	67 257	68 020	79 680	72 791	69 984	71 371	69 648	73 077	77 873	859 550	921 962	994 157
Remuneration of councillors	2 471	2 469	2 472	2 470	2 469	2 469	4 093	2 679	2 617	2 614	2 683	2 899	32 404	34 033	35 744
Debt impairment	2 621	2 621	2 621	2 621	2 621	2 621	2 621	2 621	2 621	2 621	2 621	2 621	31 454	33 027	34 678
Depreciation & asset impairment	34 045	34 045	34 045	34 045	34 045	34 045	34 045	34 045	34 045	34 045	34 045	34 039	408 532	446 488	484 885
Finance charges	5 904	5 904	5 904	5 904	5 904	5 904	5 904	5 904	5 904	5 904	5 904	5 903	70 846	79 421	86 950
Bulk purchases	138 506	138 957	70 787	76 384	76 069	72 760	78 395	74 506	80 848	74 468	81 275	133 997	1 096 949	1 153 378	1 201 977
Other materials	7 804	9 322	6 948	12 632	11 648	15 613	12 193	7 383	7 098	6 410	6 208	17 851	121 110	124 675	129 661
Contracted services	12 615	17 836	22 922	24 728	25 224	24 506	39 939	24 621	37 745	17 631	27 118	48 249	323 135	333 509	346 849
Transfers and subsidies	238	1 658	298	1 109	259	2 147	139	1 643	1 229	1 542	194	1 631	12 087	12 511	13 011
Other expenditure	16 003	22 609	24 247	21 691	22 374	31 228	19 520	19 798	20 259	24 899	19 423	36 129	278 181	287 022	298 022
Total Expenditure	288 489	307 973	239 259	248 842	248 632	270 974	269 640	243 183	263 736	239 781	252 548	361 192	3 234 247	3 426 024	3 625 932
Surplus/(Deficit)	176 550	(54 699)	3 227	(22 058)	(21 575)	66 262	(50 773)	(23 862)	50 481	(33 071)	(30 622)	(85 340)	(25 479)	16 749	28 294
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	31 948	–	8 243	4 000	–	69 196	–	–	77 845	–	–	–	191 232	169 733	181 473
Surplus/(Deficit) after capital transfers & contributions	208 499	(54 699)	11 470	(18 058)	(21 575)	135 458	(50 773)	(23 862)	128 326	(33 071)	(30 622)	(85 340)	165 753	186 482	209 767
Surplus/(Deficit)	208 499	(54 699)	11 470	(18 058)	(21 575)	135 458	(50 773)	(23 862)	128 326	(33 071)	(30 622)	(85 340)	165 753	186 482	209 767

Table 56 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description R thousand	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote															
Vote 1 - CITY DEVELOPMENT	5 274	495	355	487	2 813	13 621	416	406	15 280	377	373	519	40 415	7 591	7 799
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	40 646	10 287	8 902	10 001	8 980	32 829	8 922	8 874	28 422	8 379	10 337	10 370	186 949	201 645	215 315
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	65	1 463	821	777	830	743	954	899	730	584	1 025	1 736	10 626	10 996	11 438
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	490	1 138	17 636	702	3 817	727	787	(101)	627	456	505	803	27 586	28 926	30 071
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	350	356	352	374	365	354	350	364	1 124	247	229	244	4 707	4 876	5 075
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	-	-	-	-	-	373	-	-	-	-	-	-	373	395	419
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	-	-	-	-	-	0	0	7	-	-	-	(0)	7	8	8
Vote 8 - FINANCIAL SERVICES	93 685	45 375	42 028	44 397	44 686	46 511	42 149	43 369	43 103	42 976	41 979	58 972	589 231	627 947	661 128
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	166 296	146 423	138 307	132 259	122 141	119 923	125 185	124 062	128 049	113 467	125 445	159 316	1 600 872	1 726 506	1 833 194
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	185 369	46 635	42 036	41 566	41 101	180 471	39 877	39 837	161 906	39 960	41 819	43 650	904 227	972 875	1 038 257
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	3 567	(149)	89	-	-	7 850	-	15	9 469	26	-	17	20 885	22 370	24 073
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	1 050	1 128	3	7	2 039	2 802	2	1 350	3 151	2	2	1	11 534	5 695	6 137
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	196	124	199	215	287	228	226	239	201	236	213	224	2 587	2 677	2 785
Total Revenue by Vote	496 988	253 275	250 729	230 784	227 057	406 432	218 867	219 321	392 061	206 710	221 926	275 851	3 400 000	3 612 505	3 835 700
Expenditure by Vote to be appropriated															
Vote 1 - CITY DEVELOPMENT	7 246	7 545	7 717	7 281	7 791	9 080	7 142	7 325	7 897	8 439	7 468	11 912	96 843	102 765	109 000
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	21 352	23 559	21 971	22 353	22 453	24 307	24 178	22 321	22 101	21 847	24 237	26 686	277 366	294 895	313 791
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	6 512	8 362	7 616	7 348	6 560	9 224	7 018	7 512	7 015	6 739	7 105	7 440	88 449	94 989	101 869
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	17 709	21 340	19 563	21 671	20 772	25 165	22 330	20 421	21 609	21 221	20 848	23 402	256 051	272 345	290 206
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	(2 018)	(830)	145	(489)	(197)	10 313	706	(360)	578	(977)	221	4 508	11 600	13 594	16 779
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	(759)	(1 227)	1 654	1 219	(357)	4	(1 211)	(923)	514	4 732	195	4 729	8 569	9 095	9 671
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	54	196	193	342	714	288	225	980	267	9	618	1 703	5 588	5 947	6 337
Vote 8 - FINANCIAL SERVICES	(943)	316	2 108	2 147	1 325	2 892	1 139	1 984	1 390	1 129	1 831	7 735	23 052	23 153	24 358
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	155 563	157 596	88 930	96 301	98 059	94 368	111 389	95 010	99 865	94 497	100 702	167 516	1 359 795	1 438 550	1 506 181
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	54 530	60 998	61 249	62 454	63 404	63 073	70 013	59 679	72 958	51 861	61 047	63 582	744 848	787 845	836 470
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	24 189	23 950	21 315	22 365	21 907	25 338	21 115	23 589	23 476	23 623	21 227	29 760	281 853	299 150	319 410
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	3 490	3 756	3 970	3 627	3 682	4 165	3 513	3 477	3 679	3 638	3 812	4 146	44 953	43 076	45 943
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	1 563	2 413	2 826	2 228	2 521	2 757	2 084	2 169	2 387	3 024	3 234	8 073	35 279	40 618	45 920
Total Expenditure by Vote	288 489	307 973	239 259	248 845	248 632	270 974	269 640	243 183	263 735	239 781	252 546	361 190	3 234 247	3 426 024	3 625 932
Surplus/(Deficit)	208 499	(54 699)	11 470	(18 061)	(21 575)	135 458	(50 773)	(23 861)	128 326	(33 071)	(30 621)	(85 339)	165 753	186 482	209 767

Table 57 MBRR SA27 - Budgeted monthly revenue and expenditure (functional classification)

Description R thousand	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional															
Governance and administration	94 484	45 630	42 356	44 740	45 104	47 719	42 502	44 223	43 431	43 349	42 794	59 324	595 656	634 654	668 152
Executive and council	14	16	15	14	16	15	16	16	16	24	17	17	197	204	212
Finance and administration	94 469	45 613	42 341	44 726	45 088	47 704	42 486	44 207	43 415	43 325	42 777	59 307	595 459	634 450	667 939
Internal audit	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety	939	1 563	18 082	1 135	6 874	1 168	1 261	362	1 095	926	846	2 033	36 284	37 849	39 260
Community and social services	231	554	9 066	421	2 866	383	336	376	411	220	256	241	15 360	16 119	16 983
Sport and recreation	481	810	8 793	527	1 175	565	674	(241)	460	346	349	678	14 617	15 285	15 669
Public safety	90	63	86	51	301	83	115	90	88	224	105	978	2 273	2 354	2 449
Housing	137	137	137	137	2 533	137	137	137	137	137	137	136	4 034	4 092	4 159
Health	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services	9 819	2 800	1 126	1 134	3 006	24 845	1 220	2 490	28 450	818	1 227	1 267	78 202	41 294	43 971
Planning and development	6 187	1 486	222	357	2 319	16 286	281	1 620	18 294	242	238	383	47 915	9 193	9 777
Road transport	3 631	1 314	904	777	688	8 556	939	870	10 156	570	990	884	30 277	32 092	34 184
Environmental protection	–	–	–	–	–	2	–	–	–	7	–	–	10	10	11
Trading services	391 746	203 282	189 165	183 776	172 063	332 700	173 884	172 247	318 332	161 616	177 058	213 227	2 689 095	2 897 918	3 083 495
Energy sources	165 821	146 423	138 307	132 259	122 141	119 448	125 185	123 588	128 049	113 467	124 971	159 316	1 598 975	1 724 492	1 831 063
Water management	106 136	38 381	34 379	32 040	32 597	106 131	31 304	31 412	97 735	31 396	33 048	33 597	608 157	652 521	693 064
Waste water management	79 233	8 255	7 657	9 526	8 503	74 340	8 573	8 425	64 170	8 564	8 771	10 053	296 071	320 354	345 192
Waste management	40 556	10 224	8 822	9 950	8 822	32 780	8 822	8 822	28 378	8 189	10 268	10 260	185 893	200 551	214 175
Other	–	–	–	–	10	–	–	–	752	0	0	0	763	790	821
Total Revenue - Functional	496 988	253 275	250 729	230 784	227 057	406 432	218 867	219 321	392 061	206 710	221 926	275 851	3 400 000	3 612 505	3 835 700

Table MBRR SA27 - Budgeted monthly revenue and expenditure (functional classification) (continued)

Description R thousand	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure - Functional															
<i>Governance and administration</i>	(2 673)	762	7 184	7 156	5 823	18 859	3 913	5 803	5 285	9 515	6 278	28 034	95 940	105 900	117 415
Executive and council	(1 973)	582	1 219	516	1 083	11 029	1 545	694	1 239	348	410	7 115	23 807	27 160	30 536
Finance and administration	(327)	539	6 313	6 976	4 903	8 125	2 748	5 429	4 113	8 854	5 614	18 798	72 086	78 689	86 824
Internal audit	(374)	(359)	(349)	(336)	(163)	(294)	(380)	(320)	(67)	313	253	2 122	47	51	55
<i>Community and public safety</i>	31 891	36 987	34 527	36 604	34 647	42 685	37 273	34 614	36 690	35 364	36 241	39 755	437 277	465 646	497 744
Community and social services	7 330	8 700	7 657	8 335	7 747	9 743	7 856	8 031	9 672	8 147	8 130	10 520	101 866	109 979	119 197
Sport and recreation	11 979	14 297	13 578	15 055	14 551	17 720	15 987	13 750	13 900	14 622	14 550	15 307	175 293	184 970	196 403
Public safety	10 941	12 452	11 699	11 653	10 785	13 486	11 856	11 256	11 445	11 032	11 969	12 023	140 595	150 169	160 360
Housing	1 642	1 539	1 594	1 562	1 565	1 736	1 575	1 576	1 674	1 563	1 593	1 905	19 523	20 528	21 784
<i>Economic and environmental services</i>	30 633	30 897	28 000	28 861	28 046	32 107	27 062	28 716	29 152	27 995	28 572	39 794	359 833	379 385	405 104
Planning and development	7 329	7 837	7 945	7 362	7 645	9 021	7 225	7 314	7 765	7 340	7 445	11 976	96 204	97 647	103 642
Road transport	22 544	22 046	19 246	20 628	19 533	22 163	18 872	20 169	20 542	19 720	20 073	26 335	251 870	268 721	287 167
Environmental protection	760	1 014	809	871	868	924	965	1 233	844	935	1 055	1 483	11 760	13 016	14 295
<i>Trading services</i>	228 170	238 887	169 133	175 824	179 458	176 762	200 916	173 583	192 118	166 510	180 899	253 043	2 335 303	2 468 215	2 597 799
Energy sources	157 019	158 989	90 009	95 676	97 785	93 150	111 678	94 783	100 748	95 494	101 805	167 110	1 364 243	1 442 759	1 509 929
Water management	36 796	47 350	46 012	49 132	44 740	42 166	41 792	42 364	47 073	38 756	43 129	46 033	525 344	551 171	585 576
Waste water management	21 061	17 332	19 070	16 790	22 788	25 965	32 321	22 514	30 572	18 764	20 945	22 875	270 996	289 918	307 462
Waste management	13 295	15 216	14 041	14 227	14 146	15 481	15 125	13 923	13 725	13 496	15 020	17 026	174 720	184 368	194 833
<i>Other</i>	468	441	415	400	658	560	477	467	491	397	557	564	5 894	6 877	7 870
Total Expenditure - Functional	288 489	307 973	239 259	248 845	248 632	270 974	269 640	243 183	263 735	239 781	252 546	361 190	3 234 247	3 426 024	3 625 932
Surplus/(Deficit)	208 499	(54 699)	11 470	(18 061)	(21 575)	135 458	(50 773)	(23 861)	128 326	(33 071)	(30 621)	(85 339)	165 753	186 482	209 767

Table 58 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Multi-year expenditure to be appropriated															
Vote 1 - CITY DEVELOPMENT	–	300	2 950	1 250	4 250	5 650	2 150	5 250	10 400	5 600	2 700	(7 500)	33 000	–	–
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	–	–	–	–	–	–	–	–	–	–	–	–	–	3 335	783
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	1 000	1 500	2 250	2 000	2 250	1 000	4 000	4 000	4 500	3 000	2 193	250	27 943	21 246	25 052
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	750	750	750	952	–	–	2 000	–	–	500	500	15 618	21 820	12 551	13 302
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	1 000	500	500	233	1 000	1 000	1 000	1 000	–	–	–	400	6 633	6 340	6 718
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - FINANCIAL SERVICES	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	4 750	13 900	8 300	14 383	9 450	5 000	7 500	7 500	5 500	6 000	5 691	–	87 974	97 803	112 387
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	–	15 500	18 000	27 776	22 400	23 500	6 200	12 000	5 900	12 500	12 800	83 981	240 557	268 442	253 330
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	5 000	10 850	15 650	15 150	13 650	3 333	250	7 250	7 750	3 000	5 500	20 625	108 008	115 044	121 069
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	–	10 000	10 000	7 500	17 500	7 500	–	24 440	6 941	3 500	3 500	(90 881)	–	–	–
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	12 500	53 300	58 400	69 244	70 500	46 983	23 100	61 440	40 991	34 100	32 884	22 493	525 935	524 761	532 642
Single-year expenditure to be appropriated															
Vote 1 - CITY DEVELOPMENT	–	105	92	–	–	–	–	–	–	–	–	(197)	–	–	–
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	–	500	1 424	1 500	1 100	1 500	450	9 700	700	–	–	(12 774)	4 100	4 831	4 000
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	–	–	63	98	50	61	–	–	–	–	–	–	272	356	459
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	–	650	1 330	1 010	1 402	600	–	1 150	1 650	400	–	650	8 842	6 017	7 172
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	–	3	–	–	–	–	–	–	–	–	–	3 257	3 261	2 448	2 478
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	–	5	–	5	–	–	5	–	6	5	–	4 472	4 498	2 820	2 845
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	–	–	14	–	40	25	16	–	–	–	–	(55)	40	40	20
Vote 8 - FINANCIAL SERVICES	–	–	–	67	–	50	–	50	–	50	–	–	217	–	–
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	–	900	7 000	2 086	6 000	78	1 000	5 383	1 000	1 000	1 000	11 022	36 469	40 493	40 051
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	–	1 000	1 000	1 500	2 000	500	500	550	1 050	2 000	2 000	(1 600)	10 500	7 627	7 627
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	–	1 800	–	1 800	1 000	–	–	–	–	–	–	(1 200)	3 400	600	1 500
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	–	–	–	70	–	–	–	–	–	–	–	(70)	–	–	–
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total	–	4 963	10 923	8 136	11 592	2 814	1 971	16 833	4 406	3 455	3 000	3 505	71 598	65 231	66 152
Total Capital Expenditure	12 500	58 263	69 323	77 380	82 092	49 797	25 071	78 273	45 397	37 555	35 884	25 998	597 533	589 991	598 794

Table 59 MBRR SA29 - Budgeted monthly capital expenditure (functional classification)

Description R thousand	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional															
<i>Governance and administration</i>	1 000	568	6 592	2 805	8 940	1 075	1 021	15 433	6	55	–	5	37 500	41 382	40 848
Executive and council	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance and administration	1 000	568	6 592	2 805	8 940	1 075	1 021	15 433	6	55	–	5	37 500	41 382	40 848
Internal audit	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>	1 750	3 445	7 831	5 880	6 702	5 639	6 950	5 200	8 700	3 900	2 693	5 368	64 058	43 414	48 710
Community and social services	750	1 495	5 881	3 320	4 030	4 039	3 200	550	2 950	700	500	4 118	31 533	22 688	25 586
Sport and recreation	1 000	1 950	1 950	2 560	2 672	1 600	3 750	4 650	5 750	3 200	2 193	1 250	32 525	19 926	22 874
Public safety	–	–	–	–	–	–	–	–	–	–	–	–	–	800	250
Health	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>	5 000	15 450	18 600	18 000	17 900	6 483	2 400	15 000	15 650	12 100	11 700	6 125	144 408	115 644	122 569
Planning and development	–	300	450	1 250	1 750	3 150	2 150	5 250	7 900	5 600	2 700	2 500	33 000	–	–
Road transport	5 000	15 150	18 150	16 750	16 150	3 333	250	9 750	7 750	6 500	9 000	3 625	111 408	115 644	122 569
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>	4 750	38 800	36 300	50 695	48 550	36 600	14 700	42 640	21 041	21 500	21 491	14 500	351 567	389 551	386 667
Energy sources	4 750	14 800	9 300	15 419	10 450	5 000	8 500	7 500	6 500	7 000	6 691	1 000	96 910	107 052	121 960
Water management	–	23 500	23 500	17 700	26 500	20 500	4 000	18 940	4 200	12 000	12 700	12 000	175 540	170 727	185 027
Waste water management	–	500	3 000	17 076	11 000	10 500	2 200	15 500	9 641	2 500	2 100	1 500	75 517	105 342	75 930
Waste management	–	–	500	500	600	600	–	700	700	–	–	–	3 600	6 431	3 750
Total Capital Expenditure - Functional	12 500	58 263	69 323	77 380	82 092	49 797	25 071	78 273	45 397	37 555	35 884	25 998	597 533	589 991	598 794
Funded by:															
National Government	–	17 300	17 450	18 233	30 750	19 650	2 150	31 690	17 341	11 600	8 700	8 125	182 989	161 078	172 723
Provincial Government	–	500	500	1 000	1 000	1 000	500	1 000	1 000	1 000	743	–	8 243	8 655	8 750
Transfers recognised - capital	–	17 800	17 950	19 233	31 750	20 650	2 650	32 690	18 341	12 600	9 443	8 125	191 232	169 733	181 473
Borrowing	–	–	–	–	–	–	–	–	–	–	–	–	–	310 000	–
Internally generated funds	12 500	40 463	51 373	58 147	50 342	29 147	22 421	45 583	27 056	24 955	26 441	17 873	406 301	110 258	417 321
Total Capital Funding	12 500	58 263	69 323	77 380	82 092	49 797	25 071	78 273	45 397	37 555	35 884	25 998	597 533	589 991	598 794

Table 60 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS R thousand	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Receipts By Source															
Property rates	85 126	37 409	36 991	37 835	37 426	36 817	37 821	37 501	37 469	37 375	37 450	40 343	499 565	534 534	561 261
Service charges - electricity revenue	144 969	136 213	128 657	119 349	113 639	106 495	116 485	114 959	114 679	105 105	116 195	148 185	1 464 931	1 581 096	1 679 649
Service charges - water revenue	37 148	34 884	30 819	28 542	29 140	29 975	27 948	27 996	28 020	28 040	29 416	29 629	361 558	387 260	406 826
Service charges - sanitation revenue	6 710	6 633	6 291	7 778	6 989	6 623	7 046	6 924	7 009	7 039	7 210	7 062	83 314	89 577	94 183
Service charges - refuse revenue	8 283	8 413	7 259	8 182	7 259	7 261	7 259	7 259	8 417	6 738	8 428	8 443	93 201	100 262	105 435
Rental of facilities and equipment	1 326	1 091	751	812	1 435	786	732	50	1 975	477	507	860	10 802	11 212	11 682
Interest earned - external investments	1 679	5 093	2 539	3 761	4 522	7 319	1 997	3 546	3 460	3 315	2 808	17 962	58 000	60 000	65 000
Interest earned - outstanding debtors	7	6	6	8	7	9	10	10	11	12	11	11	109	113	117
Fines, penalties and forfeits	687	1 134	798	828	873	543	451	549	392	637	34	1 054	7 981	8 260	8 590
Licences and permits	–	578	277	318	228	255	349	338	233	167	364	299	3 407	3 526	3 667
Agency services	65	885	523	458	460	452	589	517	454	376	625	567	5 970	6 179	6 427
Transfer receipts - operational	156 145	1 123	8 689	–	6 902	122 578	–	1 348	93 891	–	–	–	390 676	419 116	458 058
Other revenue	2 659	2 370	2 641	2 975	3 002	3 518	2 853	3 147	2 781	3 069	3 191	3 278	35 484	36 812	38 357
Cash Receipts by Source	444 805	235 832	226 242	210 847	211 882	322 630	203 541	204 144	298 791	192 352	206 241	257 692	3 014 997	3 237 946	3 439 253
Other Cash Flows by Source															
Transfer receipts - capital	31 948	–	8 243	4 000	–	69 196	–	–	77 845	–	–	–	191 232	169 733	181 473
Borrowing long term/refinancing	–	–	–	–	–	–	–	–	–	–	–	–	–	310 000	–
Total Cash Receipts by Source	476 753	235 832	234 485	214 847	211 882	391 826	203 541	204 144	376 636	192 352	206 241	257 692	3 206 229	3 717 679	3 620 726

Table MBRR SA30 - Budgeted monthly cash flow (continued)

MONTHLY CASH FLOWS R thousand	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Payments by Type															
Employee related costs	66 917	71 100	67 635	65 912	66 660	78 086	71 335	68 584	69 943	68 255	71 615	76 315	842 359	903 523	974 274
Remuneration of councillors	2 471	2 469	2 472	2 470	2 469	2 469	4 093	2 679	2 617	2 614	2 683	2 899	32 404	34 033	35 744
Finance charges	–	–	–	–	–	36 834	–	–	–	–	–	34 011	70 846	79 421	86 950
Bulk purchases - Electricity	129 229	129 526	62 288	68 031	67 833	64 367	69 715	65 952	71 794	65 060	71 893	124 575	990 263	1 042 958	1 087 141
Bulk purchases - Water & Sewer	9 276	9 430	8 499	8 353	8 236	8 393	8 680	8 554	9 053	9 407	9 382	9 422	106 686	110 420	114 836
Other materials	7 847	8 563	6 978	12 632	11 707	15 852	12 423	7 489	7 149	6 411	6 208	17 851	121 110	124 675	129 661
Contracted services	12 532	17 753	22 968	24 923	25 860	24 518	39 864	24 554	37 703	17 363	27 046	48 051	323 135	333 509	346 849
Transfers and grants - other	238	1 658	298	1 109	259	2 147	139	1 643	1 229	1 542	194	1 631	12 087	12 510	13 011
Other expenditure	8 541	15 147	16 785	14 232	14 911	23 766	12 058	12 336	12 797	17 438	11 963	28 709	188 684	194 393	201 688
Cash Payments by Type	237 051	255 647	187 922	197 662	197 934	256 433	218 307	191 790	212 286	188 091	200 985	343 465	2 687 574	2 835 440	2 990 152
Other Cash Flows/Payments by Type															
Capital assets	12 845	59 443	69 775	78 489	85 583	51 235	21 226	75 757	38 955	36 843	37 709	21 480	589 340	589 894	597 459
Repayment of borrowing	–	–	–	–	–	48 879	–	–	–	–	–	35 447	84 326	84 692	102 090
Total Cash Payments by Type	249 895	315 090	257 697	276 151	283 517	356 547	239 533	267 547	251 241	224 933	238 694	400 393	3 361 239	3 510 026	3 689 701
NET INCREASE/(DECREASE) IN CASH HELD	226 858	(79 258)	(23 212)	(61 305)	(71 635)	35 279	(35 992)	(63 403)	125 395	(32 582)	(32 453)	(142 701)	(155 010)	207 653	(68 975)
Cash/cash equivalents at the month/year begin:	525 851	752 708	673 451	650 238	588 933	517 298	552 578	516 585	453 182	578 577	545 995	513 542	525 851	370 841	578 494
Cash/cash equivalents at the month/year end:	752 708	673 451	650 238	588 933	517 298	552 578	516 585	453 182	578 577	545 995	513 542	370 841	370 841	578 494	509 519

2.10 Contracts having future budgetary implications

In terms of the City'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.

Table 61 MBRR SA33 - Contracts having future budgetary implications

Description	Preceding Years	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework			Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Total Contract Value
R thousand	Total	Original Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:													
Expenditure Obligation By Contract													
Medical Waste Removal	83	85	91	95	100	105	110	116	122	128	134	136	1 305
Occupational Doctor	513	512	534	561	572	577	590	600	620	630	640	650	6 998
KZN Sharks Board	2 576	2 751	2 938	3 128	3 351	3 579	3 822	4 082	4 360	4 656	4 967	5 267	45 476
Security Tenders (to be finalised)	48 000	58 520	59 500	60 102	63 708	67 531	71 582	73 877	75 900	76 500	80 000	82 000	817 221
Uniform Fire (to be finalised)	594	635	650	673	700	720	810	850	900	930	970	800	9 232
Umlalazi Animal Pound	–	392	672	–	–	–	–	–	–	–	–	–	1 064
Printing/ printers - Altron Bytes	–	1 416	1 487	1 561	1 639	1 754	1 877	2 008	2 149	2 299	2 460	2 632	21 282
Printing/ printers - Bidvest Konica	–	648	680	714	750	803	859	919	983	1 052	1 126	1 205	9 739
PABX rental (Datacentrix)	–	2 833	2 974	3 123	3 279	3 509	3 754	4 017	4 298	4 599	4 921	5 266	42 574
Network Infrastructure support SLA (Datacentrix)	–	540	567	596	626	669	716	766	820	877	939	1 004	8 121
SAP ERP License fee (EOH)	–	3 799	3 989	4 189	4 398	4 706	5 036	5 388	5 765	6 169	6 601	7 063	57 103
ESRI Enterprise Agreement/ SLA	–	1 183	1 242	1 304	1 369	1 465	1 568	1 677	1 795	1 921	2 055	2 199	17 778
Financial System (Fujitsu Services (Proprietary) Limited)	–	801	841	–	–	–	–	–	–	–	–	–	1 642
Internet services: ADSL	–	50	53	55	58	62	66	71	76	81	87	93	751
SAP Project Management - Liepzig Advisory IT	–	1 669	1 752	–	–	–	–	–	–	–	–	–	3 421
Internet services: Fibre (Liquid Telecommunications)	–	210	221	232	243	260	278	298	319	341	365	390	3 156
Internet services: Fibre (Liquid Telecommunications)	–	121	127	133	140	150	160	171	183	196	210	224	1 814
Internet services: Least Cost Routing (Liquid Telecomm)	–	323	339	356	374	400	428	458	490	525	561	601	4 856
UPS SLA (Magnum Megawatts)	–	73	77	81	85	91	97	104	111	119	128	137	1 104
Micro Focus (Novell) - SITA	–	3 089	3 244	3 406	3 576	3 827	4 095	4 381	4 688	5 016	5 367	5 743	46 433
Microsoft Ireland	–	2 400	2 520	2 646	2 778	2 973	3 181	3 404	3 642	3 897	4 169	4 461	36 071
Audio-visual SLA (Omega Digital)	–	27	29	30	32	34	36	39	42	44	48	51	411
Electrical pre-payment hosting and support (ONTEC)	–	864	907	953	1 000	1 070	1 145	1 225	1 311	1 403	1 501	1 606	12 985
Payroll & HR license (PAYDAY SOFTWARE SYSTEM)	–	320	336	–	–	–	–	–	–	–	–	–	656
HSEC (SARYX)	–	77	81	85	89	95	102	109	117	125	134	143	1 157
Anti Virus renewal (Secure Data)	–	72	76	79	83	89	95	102	109	117	125	134	1 082
Total Operating Expenditure Implication	51 766	83 412	85 927	84 102	88 952	94 469	100 408	104 664	108 800	111 625	117 506	121 804	1 153 435
Total Parent Expenditure Implication	51 766	83 412	85 927	84 102	88 952	94 469	100 408	104 664	108 800	111 625	117 506	121 804	1 153 435

2.11 Capital expenditure details

The following three tables present details of the City's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 62 MBRR SA34a - Capital expenditure on new assets by asset class

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	158 450	373 507	216 324	198 492	266 915	266 915	386 977	390 484	436 374
Roads Infrastructure	8 048	128 057	14 504	75 214	121 680	121 680	132 208	86 044	93 069
<i>Roads</i>	7 163	128 057	12 552	57 614	110 387	110 387	128 208	81 344	85 369
<i>Road Structures</i>	724	–	1 952	9 000	7 779	7 779	2 000	2 200	5 000
<i>Road Furniture</i>	161	–	–	8 600	3 514	3 514	2 000	2 500	2 700
Electrical Infrastructure	7 933	69 444	19 188	28 900	39 642	39 642	72 124	95 760	114 202
<i>HV Substations</i>	–	–	–	–	–	–	500	518	536
<i>HV Transmission Conductors</i>	–	–	11 005	–	–	–	–	–	–
<i>MV Switching Stations</i>	1 825	–	–	–	–	–	–	–	–
<i>MV Networks</i>	4 998	–	–	–	7 008	7 008	38 224	66 959	82 764
<i>LV Networks</i>	1 111	69 444	8 183	28 900	32 634	32 634	33 400	28 283	30 903
Water Supply Infrastructure	86 608	91 257	69 794	53 173	59 370	59 370	136 940	150 879	162 779
<i>Reservoirs</i>	1 732	–	–	2 400	1 840	1 840	–	49 000	55 000
<i>Distribution</i>	82 278	91 257	61 926	50 773	57 530	57 530	133 940	98 079	103 979
<i>Distribution Points</i>	2 598	–	7 249	–	–	–	3 000	3 800	3 800
Sanitation Infrastructure	52 526	59 354	80 259	38 473	41 965	41 965	42 941	48 649	55 754
<i>Pump Station</i>	525	–	–	–	–	–	–	–	–
<i>Reticulation</i>	25 213	59 354	27 525	38 473	37 165	37 165	36 941	39 649	42 754
<i>Waste Water Treatment Works</i>	26 788	–	52 734	–	4 800	4 800	6 000	9 000	13 000

Table MBRR SA34a - Capital expenditure on new assets by asset class (continued)

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	158 450	373 507	216 324	198 492	266 915	266 915	386 977	390 484	436 374
Solid Waste Infrastructure	3 334	1 526	267	–	1 325	1 325	–	2 600	–
<i>Waste Transfer Stations</i>	3 334	1 526	267	–	1 325	1 325	–	2 600	–
Coastal Infrastructure	–	–	–	–	–	–	–	6 000	10 000
<i>Piers</i>	–	–	–	–	–	–	–	6 000	10 000
Information and Communication Infrastructure	–	23 869	32 312	2 731	2 933	2 933	2 764	553	571
<i>Data Centres</i>	–	23 869	32 312	2 731	2 933	2 933	2 264	35	35
<i>Core Layers</i>	–	–	–	–	–	–	500	518	536
Community Assets	36 492	34 455	40 192	24 304	45 501	45 501	41 082	17 955	20 027
Community Facilities	16 008	14 254	32 778	3 186	19 982	19 982	13 019	3 400	5 000
<i>Halls</i>	6 088	4 542	206	–	–	–	–	–	–
<i>Clinics/Care Centres</i>	–	464	–	–	–	–	–	–	–
<i>Fire/Ambulance Stations</i>	4 568	5 910	6 688	–	–	–	–	–	–
<i>Libraries</i>	2 197	43	84	200	1 450	1 450	700	1 400	1 500
<i>Cemeteries/Crematoria</i>	636	219	–	–	95	95	–	–	–
<i>Police</i>	340	–	–	–	–	–	–	–	–
<i>Parks</i>	–	–	–	1 440	2 095	2 095	1 000	2 000	3 500
<i>Public Open Space</i>	2 180	–	–	–	–	–	–	–	–
<i>Markets</i>	–	3 074	–	–	–	–	11 319	–	–
<i>Stalls</i>	–	–	7 227	1 192	2 693	2 693	–	–	–
<i>Taxi Ranks/Bus Terminals</i>	–	–	18 573	354	13 649	13 649	–	–	–
Sport and Recreation Facilities	20 484	20 202	7 413	21 118	25 519	25 519	28 063	14 555	15 027
<i>Outdoor Facilities</i>	20 484	20 202	7 413	21 118	25 519	25 519	28 063	14 555	15 027

Table MBRR SA34a - Capital expenditure on new assets by asset class (continued)

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>									
<u>Heritage assets</u>	43	-	-	-	245	245	-	-	-
Monuments	43	-	-	-	-	-	-	-	-
Historic Buildings	-	-	-	-	245	245	-	-	-
<u>Investment properties</u>	405	-	-	-	148	148	-	-	-
Revenue Generating	-	-	-	-	148	148	-	-	-
<i>Improved Property</i>	-	-	-	-	148	148	-	-	-
Non-revenue Generating	405	-	-	-	-	-	-	-	-
<i>Unimproved Property</i>	405	-	-	-	-	-	-	-	-
<u>Other assets</u>	104 810	9 417	14 622	38 363	37 597	37 597	545	792	1 842
Operational Buildings	17 995	9 417	14 622	38 363	33 119	33 119	545	792	1 842
<i>Municipal Offices</i>	17 995	9 417	14 622	38 363	33 119	33 119	545	792	1 842
Housing	86 815	-	-	-	4 478	4 478	-	-	-
<i>Staff Housing</i>	-	-	-	-	4 478	4 478	-	-	-
<i>Social Housing</i>	86 815	-	-	-	-	-	-	-	-
<u>Biological or Cultivated Assets</u>	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
<u>Intangible Assets</u>	3 185	26 613	35 509	60 706	37 263	37 263	5 074	2 828	2 857
Servitudes			3 552	-		-	-	-	-
Licences and Rights	3 185	26 613	31 956	60 706	37 263	37 263	5 074	2 828	2 857
<i>Computer Software and Applications</i>	3 185	26 613	31 956	60 706	37 263	37 263	5 074	2 828	2 857

Table MBRR SA34a - Capital expenditure on new assets by asset class (continued)

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>									
<u>Computer Equipment</u>	160	1 244	1 242	570	1 582	1 582	–	–	–
Computer Equipment	160	1 244	1 242	570	1 582	1 582	–	–	–
<u>Furniture and Office Equipment</u>	192	566	2 058	1 437	1 639	1 639	540	40	20
Furniture and Office Equipment	192	566	2 058	1 437	1 639	1 639	540	40	20
<u>Machinery and Equipment</u>	10 318	19 275	34 986	6 721	17 811	17 811	11 360	10 329	11 093
Machinery and Equipment	10 318	19 275	34 986	6 721	17 811	17 811	11 360	10 329	11 093
<u>Transport Assets</u>	9 398	12 277	22 638	20 808	32 916	32 916	15 383	15 921	16 479
Transport Assets	9 398	12 277	22 638	20 808	32 916	32 916	15 383	15 921	16 479
Total Capital Expenditure on new assets	323 454	477 354	367 571	351 401	441 615	441 615	460 960	438 349	488 693

Table 63 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	44 301	12 067	94 686	127 139	82 556	82 556	52 176	43 262	35 588
Roads Infrastructure	3 757	–	39 734	44 800	5 300	5 300	6 000	23 000	18 000
Roads	3 682	–	39 305	44 800	3 600	3 600	500	1 500	6 000
Road Structures	75	–	415	–	–	–	5 000	20 000	10 000
Road Furniture	–	–	14	–	1 700	1 700	500	1 500	2 000
Electrical Infrastructure	11 235	1 168	36 406	55 889	56 081	56 081	20 600	6 675	3 301
HV Substations	–	–	–	8 300	21 601	21 601	1 000	1 000	1 035
HV Switching Station	899	–	–	–	–	–	–	–	–
HV Transmission Conductors	674	–	9 713	10 000	1 500	1 500	12 500	518	536
MV Switching Stations	4 269	–	–	–	–	–	–	–	–
MV Networks	2 247	–	8 108	19 089	16 589	16 589	2 500	1 588	588
LV Networks	3 146	1 168	18 585	18 500	16 391	16 391	4 600	3 570	1 142
Water Supply Infrastructure	29 314	10 899	12 383	13 300	9 500	9 500	10 000	2 711	2 711
Reservoirs	879	–	–	–	–	–	–	–	–
Pump Stations	–	–	–	–	–	–	–	158	158
Water Treatment Works	1 759	–	–	–	–	–	–	–	–
Distribution	26 676	10 899	12 129	12 300	9 500	9 500	10 000	2 553	2 553
Distribution Points	–	–	254	–	–	–	–	–	–
Sanitation Infrastructure	(77)	–	6 163	9 650	7 250	7 250	15 576	10 876	11 576
Pump Station	(59)	–	2 687	6 500	4 950	4 950	14 576	8 876	9 576
Reticulation	(18)	–	3 476	2 300	2 300	2 300	1 000	2 000	2 000
Capital Spares	–	–	–	850	–	–	–	–	–

Table SA34b - Capital expenditure on the renewal of existing assets by asset class (continued)

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	44 301	12 067	94 686	127 139	82 556	82 556	52 176	43 262	35 588
Solid Waste Infrastructure	72	-	-	-	-	-	-	-	-
Waste Transfer Stations	72	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	3 500	4 424	4 424	-	-	-
Data Centres	-	-	-	3 500	4 424	4 424	-	-	-
Community Assets	667	412	1 820	5 187	5 234	5 234	3 500	5 691	7 525
Community Facilities	655	412	1 432	4 287	4 173	4 173	2 300	3 320	5 000
Halls	500	412	1 140	2 196	1 920	1 920	2 000	3 320	3 500
Libraries	-	-	-	1 000	608	608	-	-	1 500
Cemeteries/Crematoria	-	-	-	591	1 145	1 145	-	-	-
Public Open Space	155	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals	-	-	293	500	500	500	300	-	-
Sport and Recreation Facilities	12	-	387	900	1 062	1 062	1 200	2 371	2 525
Outdoor Facilities	12	-	387	900	1 062	1 062	1 200	2 371	2 525
Heritage assets	-	-	-	245	-	-	-	-	-
Historic Buildings	-	-	-	245	-	-	-	-	-
Other assets	1 063	14 393	5 976	11 797	14 815	14 815	7 714	11 938	641
Operational Buildings	1 063	4 817	5 976	11 797	14 815	14 815	7 714	11 938	641
Municipal Offices	1 063	4 817	5 976	11 797	14 815	14 815	7 514	11 938	641
Depots	-	-	-	-	-	-	200	-	-
Housing	-	9 576	-	-	-	-	-	-	-
Staff Housing	-	9 576	-	-	-	-	-	-	-

Table SA34b - Capital expenditure on the renewal of existing assets by asset class (continued)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–
Intangible Assets	–	–	–	–	24 960	24 960	–	–	–
Licences and Rights	–	–	–	–	24 960	24 960	–	–	–
Computer Software and Applications	–	–	–	–	24 960	24 960	–	–	–
Computer Equipment	2 436	237	–	5 391	5 361	5 361	242	765	790
Computer Equipment	2 436	237	–	5 391	5 361	5 361	242	765	790
Furniture and Office Equipment	–	–	–	380	605	605	–	–	–
Furniture and Office Equipment	–	–	–	380	605	605	–	–	–
Machinery and Equipment	19 360	2 735	13 549	8 180	8 770	8 770	11 850	14 163	12 563
Machinery and Equipment	19 360	2 735	13 549	8 180	8 770	8 770	11 850	14 163	12 563
Transport Assets	2 500	711	–	–	–	–	–	922	–
Transport Assets	2 500	711	–	–	–	–	–	922	–
Total Capital Expenditure on renewal of existing assets	70 327	30 555	116 031	158 319	142 301	142 301	75 482	76 741	57 107
Renewal of Existing Assets as % of total capex	0.0%	6.0%	23.2%	30.1%	24.3%	24.3%	13.7%	13.5%	9.6%
Renewal of Existing Assets as % of deprecn"	20.0%	8.7%	33.3%	42.1%	37.8%	37.8%	20.0%	18.1%	12.0%

Table 64 MBRR SA34e – Capital expenditure on the upgrading of existing assets by asset class

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class									
Infrastructure	–	–	6 967	11 940	–	–	50 750	69 840	36 092
Roads Infrastructure	–	–	3 356	11 740	–	–	3 400	600	1 500
<i>Roads</i>	–	–	3 356	11 740	–	–	3 400	600	1 500
Electrical Infrastructure	–	–	1 701	–	–	–	2 850	3 209	3 000
<i>MV Switching Stations</i>	–	–	1 701	–	–	–	–	–	–
<i>MV Networks</i>	–	–	–	–	–	–	2 850	3 209	3 000
Water Supply Infrastructure	–	–	(2 880)	200	–	–	22 100	14 137	16 537
<i>Reservoirs</i>	–	–	–	–	–	–	–	4 000	–
<i>Distribution</i>	–	–	(2 880)	200	–	–	22 100	10 137	16 537
Sanitation Infrastructure	–	–	4 261	–	–	–	17 000	45 817	8 600
<i>Pump Station</i>	–	–	–	–	–	–	1 700	40 117	4 500
<i>Reticulation</i>	–	–	2 279	–	–	–	6 300	2 000	2 000
<i>Waste Water Treatment Works</i>	–	–	1 982	–	–	–	9 000	3 700	2 100
Solid Waste Infrastructure	–	–	–	–	–	–	1 400	–	–
<i>Waste Transfer Stations</i>	–	–	–	–	–	–	1 400	–	–
Information and Communication Infrastructure	–	–	529	–	–	–	4 000	6 077	6 455
<i>Data Centres</i>	–	–	529	–	–	–	4 000	6 077	6 455

Table SA34e – Capital expenditure on the upgrading of existing assets by asset class (continued)

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class									
Community Assets	–	–	2 117	3 501	2 413	2 413	4 342	2 036	2 800
Community Facilities	–	–	301	600	2 413	2 413	1 330	1 136	1 300
Halls	–	–	(4)	–	2 021	2 021	–	–	–
Fire/Ambulance Stations	–	–	–	–	–	–	–	200	250
Libraries	–	–	–	600	392	392	430	–	–
Cemeteries/Crematoria	–	–	305	–	–	–	900	936	1 050
Sport and Recreation Facilities	–	–	1 817	2 901	–	–	3 012	900	1 500
Outdoor Facilities	–	–	1 817	2 901	–	–	3 012	900	1 500
Investment properties	–	–	114	–	–	–	–	–	–
Non-revenue Generating	–	–	114	–	–	–	–	–	–
Improved Property	–	–	114	–	–	–	–	–	–
Other assets	–	–	7 000	–	–	–	5 999	3 000	14 076
Operational Buildings	–	–	7 000	–	–	–	5 999	3 000	14 076
Municipal Offices	–	–	7 000	–	–	–	5 999	3 000	14 076
Depots	–	–	–	–	–	–	–	–	–
Machinery and Equipment	–	–	721	–	–	–	–	25	26
Machinery and Equipment	–	–	721	–	–	–	–	25	26
Total Capital Expenditure on upgrading of existing assets	–	–	16 919	15 441	2 413	2 413	61 091	74 901	52 994
Upgrading of Existing Assets as % of total capex	0.0%	0.0%	3.4%	2.9%	0.4%	0.4%	10.2%	12.7%	8.9%
Upgrading of Existing Assets as % of deprecn"	0.0%	0.0%	4.9%	4.1%	0.6%	0.6%	15.0%	16.8%	10.9%

Table 65 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	256 209	247 665	302 041	471 241	472 528	472 528	486 649	513 889	541 803
Roads Infrastructure	70 826	75 976	69 391	95 313	95 441	95 441	98 921	105 151	111 809
<i>Roads</i>	53 106	75 976	68 537	83 694	83 694	83 694	84 484	90 000	94 747
<i>Road Structures</i>	6 611	–	–	2 884	3 012	3 012	4 207	4 421	5 842
<i>Road Furniture</i>	11 109	–	854	8 735	8 735	8 735	10 230	10 730	11 221
Storm water Infrastructure	8 918	–	40 209	38 687	39 714	39 714	39 930	41 879	43 917
<i>Drainage Collection</i>	201	–	4 489	5 784	7 701	7 701	13 208	12 910	13 451
<i>Storm water Conveyance</i>	8 718	–	35 720	32 903	32 014	32 014	26 722	28 969	30 466
Electrical Infrastructure	45 546	53 744	65 780	160 750	161 468	161 468	170 117	180 737	190 554
<i>HV Transmission Conductors</i>	10 697	–	9 357	9 846	9 556	9 556	52 087	55 042	58 204
<i>MV Substations</i>	–	–	–	–	–	–	4 625	4 787	4 978
<i>MV Networks</i>	25 008	7 911	32 882	101 928	105 718	105 718	72 712	80 354	86 130
<i>LV Networks</i>	9 841	45 833	23 541	48 976	46 193	46 193	40 693	40 554	41 242
Water Supply Infrastructure	87 402	81 723	92 452	105 918	104 952	104 952	109 014	113 846	119 299
<i>Water Treatment Works</i>	–	–	–	–	–	–	1 000	1 040	1 092
<i>Distribution</i>	82 029	81 723	92 452	102 051	100 902	100 902	103 536	108 171	113 387
<i>Distribution Points</i>	5 374	–	–	3 868	4 049	4 049	4 478	4 635	4 820
Sanitation Infrastructure	42 223	34 816	29 989	65 303	65 684	65 684	63 219	66 636	70 359
<i>Pump Station</i>	18 051	–	16 756	37 428	37 428	37 428	33 915	35 744	37 754
<i>Reticulation</i>	23 801	34 816	13 233	27 875	28 256	28 256	29 304	30 892	32 605
<i>Toilet Facilities</i>	371	–	–	–	–	–	–	–	–
Rail Infrastructure	–	1 385	853	1 175	1 175	1 175	1 211	1 253	1 303
<i>Rail Lines</i>	–	1 385	853	1 175	1 175	1 175	1 211	1 253	1 303
Coastal Infrastructure	–	–	–	–	–	–	1 030	1 066	1 109
<i>Piers</i>	–	–	–	–	–	–	1 030	1 066	1 109

Table MBRR SA34c - Repairs and maintenance expenditure by asset class (continued)

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>									
<u>Infrastructure</u>	256 209	247 665	302 041	471 241	472 528	472 528	486 649	513 889	541 803
Information and Communication Infrastructure	1 293	21	3 369	4 095	4 095	4 095	3 208	3 321	3 453
<i>Data Centres</i>	1 293	21	3 369	4 095	4 095	4 095	3 208	3 321	3 453
<u>Community Assets</u>	69 026	59 882	73 421	98 193	97 037	97 037	112 239	118 537	125 540
Community Facilities	57 322	6 028	68 532	88 266	87 111	87 111	102 021	107 759	114 134
<i>Halls</i>	4 289	3 507	13 634	20 288	20 288	20 288	21 117	22 339	23 676
<i>Clinics/Care Centres</i>	–	–	–	155	–	–	–	–	–
<i>Fire/Ambulance Stations</i>	269	78	146	370	370	370	392	415	440
<i>Museums</i>	38	140	–	105	105	105	–	–	–
<i>Libraries</i>	893	656	949	890	890	890	948	1 003	1 065
<i>Cemeteries/Crematoria</i>	2 029	1 640	2 451	3 078	3 078	3 078	3 905	4 114	4 340
<i>Police</i>	27	7	–	–	–	–	–	–	–
<i>Parks</i>	49 749	–	51 295	62 723	61 723	61 723	74 863	79 044	83 718
<i>Public Ablution Facilities</i>	–	–	58	616	616	616	752	797	844
<i>Taxi Ranks/Bus Terminals</i>	27	–	–	42	42	42	44	47	50
Sport and Recreation Facilities	11 704	53 854	4 888	9 927	9 927	9 927	10 218	10 778	11 406
<i>Outdoor Facilities</i>	11 704	53 854	4 888	9 927	9 927	9 927	10 218	10 778	11 406
<u>Heritage assets</u>	–	–	103	–	–	–	113	119	127
Historic Buildings	–	–	103	–	–	–	113	119	127
<u>Investment properties</u>	–	–	–	–	–	–	–	–	–

Table MBRR SA34c - Repairs and maintenance expenditure by asset class (continued)

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and maintenance expenditure by Asset Class/Sub-class									
Other assets	20 121	25 097	250	897	2 152	2 152	5 355	5 568	5 813
Operational Buildings	19 922	24 940	188	299	1 554	1 554	4 732	4 907	5 112
Municipal Offices	19 922	24 940	188	299	1 554	1 554	4 732	4 907	5 112
Housing	199	157	62	598	598	598	624	661	701
Social Housing	199	157	62	598	598	598	624	661	701
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	1 010	1 045	1 087
Computer Equipment	-	-	-	-	-	-	1 010	1 045	1 087
Furniture and Office Equipment	-	-	527	616	617	617	27	28	29
Furniture and Office Equipment	-	-	527	616	617	617	27	28	29
Machinery and Equipment	4 449	17 225	1 308	1 478	1 478	1 478	21 413	22 163	23 049
Machinery and Equipment	4 449	17 225	1 308	1 478	1 478	1 478	21 413	22 163	23 049
Transport Assets	19 415	29 954	39 474	35 784	46 346	46 346	55 793	58 779	62 050
Transport Assets	19 415	29 954	39 474	35 784	46 346	46 346	55 793	58 779	62 050
Total Repairs and Maintenance Expenditure	369 221	379 822	417 124	608 208	620 158	620 158	682 598	720 127	759 497
R&M as a % of PPE	7.6%	7.3%	7.7%	11.0%	11.2%	11.2%	12.3%	12.5%	12.9%
R&M as % Operating Expenditure	14.2%	13.4%	15.3%	20.2%	20.3%	20.3%	22.4%	22.3%	22.2%

Table 66 MBRR SA34d – Depreciation by asset class

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Depreciation by Asset Class/Sub-class</u>									
<u>Infrastructure</u>	285 909	272 546	267 628	290 457	290 457	290 457	310 551	336 949	365 840
Roads Infrastructure	89 279	67 032	61 085	68 089	68 089	68 089	72 125	77 920	84 621
<i>Roads</i>	83 922	58 903	57 273	60 009	60 009	60 009	63 392	68 529	74 422
<i>Road Structures</i>	4 464	695	–	496	496	496	536	576	626
<i>Road Furniture</i>	893	7 434	3 812	7 585	7 585	7 585	8 197	8 815	9 573
Storm water Infrastructure	–	17 433	17 432	17 661	17 661	17 661	17 661	17 836	19 370
<i>Drainage Collection</i>	–	17 433	1 610	1 631	1 631	1 631	–	–	–
<i>Storm water Conveyance</i>	–	–	15 823	16 029	16 029	16 029	17 661	17 836	19 370
Electrical Infrastructure	32 086	29 590	30 053	36 230	36 230	36 230	41 832	49 784	54 066
<i>HV Substations</i>	–	–	4 923	7 637	7 637	7 637	8 858	10 423	11 319
<i>HV Switching Station</i>	1 283	–	–	–	–	–	–	–	–
<i>HV Transmission Conductors</i>	963	217	1 864	21 122	21 122	21 122	24 497	28 825	31 304
<i>MV Switching Stations</i>	9 305	982	20 665	1 164	1 164	1 164	1 351	1 589	1 726
<i>MV Networks</i>	14 118	18 225	9	814	814	814	945	1 112	1 207
<i>LV Networks</i>	6 417	10 167	2 592	5 492	5 492	5 492	6 182	7 836	8 510
Water Supply Infrastructure	120 342	111 157	111 558	128 392	128 392	128 392	132 062	135 944	147 635
<i>Boreholes</i>	–	41	–	–	–	–	–	–	–
<i>Reservoirs</i>	2 407	11 233	2 779	14 465	14 465	14 465	3 209	3 293	3 576
<i>Pump Stations</i>	–	–	9 552	3 130	3 130	3 130	–	–	–
<i>Water Treatment Works</i>	1 203	–	–	–	–	–	114 263	117 932	128 074
<i>Bulk Mains</i>	–	–	60 606	–	–	–	–	–	–
<i>Distribution</i>	113 122	99 626	281	110 796	110 796	110 796	14 590	14 720	15 986
<i>Distribution Points</i>	3 610	258	38 340	–	–	–	–	–	–

Table MBRR SA34d – Depreciation by asset class (continued)

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Depreciation by Asset Class/Sub-class</u>									
<u>Infrastructure</u>	285 909	272 546	267 628	290 457	290 457	290 457	310 551	336 949	365 840
Sanitation Infrastructure	41 864	44 888	44 561	36 280	36 280	36 280	37 446	45 259	49 151
<i>Pump Station</i>	6 698	5 329	22 613	5 997	5 997	5 997	7 996	8 672	9 418
<i>Reticulation</i>	18 839	18 511	21 948	29 013	29 013	29 013	29 372	36 508	39 648
<i>Waste Water Treatment Works</i>	16 327	21 048	–	78	78	78	78	78	85
<i>Toilet Facilities</i>	–	–	–	1 192	1 192	1 192	–	–	–
Solid Waste Infrastructure	1 380	87	528	1 909	1 909	1 909	2 343	2 774	3 012
<i>Waste Transfer Stations</i>	1 380	87	528	1 909	1 909	1 909	2 343	2 774	3 012
Rail Infrastructure	800	–	162	175	175	175	175	175	190
<i>Rail Lines</i>	800	–	162	175	175	175	175	175	190
Information and Communication Infrastructure	158	2 359	2 249	1 722	1 722	1 722	6 907	7 258	7 796
<i>Data Centres</i>	158	2 359	2 249	1 722	1 722	1 722	6 907	7 258	7 796
<u>Community Assets</u>	14 497	16 344	18 116	20 144	20 144	20 144	20 125	21 828	23 705
Community Facilities	4 557	6 769	7 888	6 862	6 862	6 862	6 330	7 456	8 097
<i>Halls</i>	962	1 419	1 517	2 569	2 569	2 569	2 724	2 903	3 153
<i>Centres</i>	–	146	–	–	–	–	–	–	–
<i>Crèches</i>	–	229	422	–	–	–	–	–	–
<i>Clinics/Care Centres</i>	–	183	130	–	–	–	–	–	–
<i>Fire/Ambulance Stations</i>	689	280	673	591	591	591	609	629	684
<i>Museums</i>	(87)	–	–	–	–	–	–	–	–
<i>Libraries</i>	963	871	867	1 078	1 078	1 078	1 205	1 952	2 120
<i>Cemeteries/Crematoria</i>	776	765	734	881	881	881	930	1 006	1 093
<i>Police</i>	163	–	–	–	–	–	–	–	–
<i>Parks</i>	–	–	1 958	745	745	745	799	881	956
<i>Public Open Space</i>	1 092	1 865	–	–	–	–	–	–	–

Table MBRR SA34d – Depreciation by asset class (continued)

Description R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Depreciation by Asset Class/Sub-class</u>									
<u>Community Assets</u>	14 497	16 344	18 116	20 144	20 144	20 144	20 125	21 828	23 705
<i>Public Ablution Facilities</i>	–	825	741	–	–	–	–	–	–
<i>Markets</i>	–	–	149	–	–	–	–	–	–
<i>Taxi Ranks/Bus Terminals</i>	–	186	697	998	998	998	64	84	91
Sport and Recreation Facilities	9 940	9 574	10 228	13 282	13 282	13 282	13 795	14 372	15 608
<i>Indoor Facilities</i>	–	13	–	–	–	–	–	–	–
<i>Outdoor Facilities</i>	9 940	9 562	10 228	13 282	13 282	13 282	13 795	14 372	15 608
<u>Heritage assets</u>	–	–	–	–	–	–	–	–	–
<u>Investment properties</u>	738	746	746	157	157	157	168	177	193
Non-revenue Generating	738	746	746	157	157	157	168	177	193
<i>Improved Property</i>	738	746	746	157	157	157	168	177	193
<u>Other assets</u>	14 344	14 796	16 623	17 749	17 749	17 749	27 443	32 165	34 931
Operational Buildings	12 504	12 901	14 451	15 842	15 842	15 842	25 536	30 258	32 860
<i>Municipal Offices</i>	12 504	12 901	14 380	15 842	15 842	15 842	25 536	30 258	32 860
<i>Laboratories</i>	–	–	71	–	–	–	0	0	0
Housing	1 839	1 896	2 172	1 907	1 907	1 907	1 907	1 907	2 071
<i>Social Housing</i>	1 839	1 896	2 172	1 907	1 907	1 907	1 907	1 907	2 071
<u>Biological or Cultivated Assets</u>	–	–	–	–	–	–	–	–	–
<u>Intangible Assets</u>	2 319	2 431	2 335	3 455	3 455	3 455	4 716	4 996	5 425
Licences and Rights	2 319	2 431	2 335	3 455	3 455	3 455	4 716	4 996	5 425
<i>Computer Software and Applications</i>	2 319	2 431	2 335	3 455	3 455	3 455	4 716	4 996	5 425
<u>Computer Equipment</u>	5 875	5 838	4 564	6 630	6 630	6 630	4 454	4 774	5 271
Computer Equipment	5 875	5 838	4 564	6 630	6 630	6 630	4 454	4 774	5 271

Table MBRR SA34d – Depreciation by asset class (continued)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
<u>Depreciation by Asset Class/Sub-class</u>									
<u>Furniture and Office Equipment</u>	1 143	3 963	3 101	2 663	2 663	2 663	3 120	2 101	1 911
Furniture and Office Equipment	1 143	3 963	3 101	2 663	2 663	2 663	3 120	2 101	1 911
<u>Machinery and Equipment</u>	1 170	23 595	23 937	15 849	15 849	15 849	17 758	21 420	23 633
Machinery and Equipment	1 170	23 595	23 937	15 849	15 849	15 849	17 758	21 420	23 633
<u>Transport Assets</u>	25 351	12 130	11 510	18 963	18 963	18 963	20 196	22 078	23 977
Transport Assets	25 351	12 130	11 510	18 963	18 963	18 963	20 196	22 078	23 977
Total Depreciation	351 346	352 390	348 561	376 066	376 066	376 066	408 532	446 488	484 885

Table 67 MBRR SA35 - Future financial implications of the capital budget

Vote Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Present value
Capital expenditure							
Vote 1 - CITY DEVELOPMENT	33 000	–	–	–	–	–	–
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	4 100	8 166	4 783	4 974	5 173	5 380	5 595
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	272	356	459	477	497	516	537
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	36 785	27 263	32 224	33 513	34 854	36 248	37 698
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	25 081	14 999	15 780	16 411	17 068	17 751	18 461
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	11 131	9 160	9 563	9 946	10 344	10 757	11 188
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	40	40	20	21	22	23	23
Vote 8 - FINANCIAL SERVICES	217	–	–	–	–	–	–
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	124 443	138 295	152 439	158 536	164 877	171 473	178 331
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	251 057	276 069	260 957	271 395	282 251	293 541	305 282
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	111 408	115 644	122 569	127 472	132 571	137 874	143 388
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	–	–	–	–	–	–	–
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	–	–	–	–	–	–	–
Total Capital Expenditure	597 533	589 991	598 794	622 745	647 655	673 561	700 504

Table MBRR SA35 - Future financial implications of the capital budget (continued)

Vote Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Present value
Future operational costs by vote							
Vote 1 - CITY DEVELOPMENT	96 843	102 763	109 000	113 360	117 894	122 610	127 514
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	277 366	294 899	313 791	326 342	339 396	352 972	367 091
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	88 449	94 989	101 869	105 943	110 181	114 588	119 172
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	256 051	272 345	290 206	301 814	313 886	326 442	339 499
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	11 600	13 594	16 779	17 451	18 149	18 874	19 629
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	8 569	9 095	9 671	10 058	10 460	10 879	11 314
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	5 588	5 947	6 337	6 590	6 854	7 128	7 413
Vote 8 - FINANCIAL SERVICES	23 052	23 153	24 358	25 332	26 345	27 399	28 495
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	1 359 795	1 438 550	1 506 181	1 566 428	1 629 085	1 694 248	1 762 018
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	744 848	787 845	836 470	869 929	904 726	940 915	978 552
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	281 853	299 150	319 410	332 187	345 474	359 293	373 665
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	44 953	43 076	45 943	47 781	49 692	51 680	53 747
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	35 279	40 618	45 920	47 756	49 667	51 653	53 719
Total future operational costs	3 234 247	3 426 024	3 625 932	3 770 970	3 921 808	4 078 681	4 241 828

Table MBRR SA35 - Future financial implications of the capital budget (continued)

Vote Description	2019/20 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Present value
R thousand							
<u>Future revenue by source</u>							
Property rates	520 380	556 806	584 647	608 033	632 354	657 648	683 954
Service charges - electricity revenue	1 573 324	1 696 060	1 800 796	1 872 828	1 947 741	2 025 650	2 106 676
Service charges - water revenue	388 299	415 408	436 157	453 603	471 747	490 617	510 242
Service charges - sanitation revenue	101 068	108 092	113 481	118 020	122 741	127 651	132 757
Service charges - refuse revenue	113 268	121 189	127 249	132 338	137 632	143 137	148 863
Rental of facilities and equipment	10 802	11 212	11 682	12 150	12 636	13 141	13 667
Interest earned - external investments	58 000	60 000	65 000	67 600	70 304	73 116	76 041
Interest earned - outstanding debtors	109	113	117	122	127	132	137
Fines, penalties and forfeits	7 981	8 260	8 590	8 934	9 291	9 663	10 049
Licences and permits	3 407	3 526	3 667	3 814	3 966	4 125	4 290
Agency services	5 970	6 179	6 427	6 684	6 951	7 229	7 518
Transfers and subsidies	390 676	419 116	458 058	476 380	495 436	515 253	535 863
Insurance Refunds	3 431	3 637	3 855	4 009	4 169	4 336	4 510
Building Plan Approval/Clause Levy/Encroachment Fees	1 008	1 043	1 085	1 129	1 174	1 221	1 269
Cemetery and Burial	483	500	520	541	562	585	608
Clearance Certificates	457	473	492	511	532	553	575
Development Charges	13 175	13 636	14 181	14 748	15 338	15 952	16 590
Entrance Fees	495	513	533	554	576	600	624
Escort Fees	328	340	353	367	382	397	413
Fire Services	564	583	607	631	656	682	710
Housing Staff/Private	1 352	1 399	1 455	1 513	1 574	1 637	1 702
Photocopies and Faxes	255	264	275	286	297	309	321
Other Revenue	13 938	14 426	15 002	15 603	16 227	16 876	17 551
Total future revenue	3 208 768	3 442 772	3 654 227	3 800 396	3 952 411	4 110 508	4 274 928
Net Financial Implications	623 012	573 243	570 499	593 319	617 052	641 734	667 403

Table 68 MBRR SA36 - Detailed capital budget per municipal vote

R thousand		2019/20 Medium Term Revenue & Expenditure Framework		
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Function	Project Description			
Parent municipality:				
Community and Social Services	DESIGN AND CONSTRUCTION OF SMME RETAIL PARKS (ESIKHALENI) - PHASE 1	11 319	–	–
Community and Social Services	ENSELENI LIBRARY - BUILDING EXTENSION	500	1 400	1 500
Community and Social Services	ENSELENI LIBRARY RFID SECURITY SYSTEM	200	–	–
Community and Social Services	BUILDING & STRUCTURE REPAIR WORK	–	1 000	1 000
Community and Social Services	DISASTER MANAGEMENT BUILDING FURNITURE	500	–	–
Community and Social Services	DISASTER MANAGEMENT BUILDING COMMUNICATION SYSTEM	1 274	–	–
Community and Social Services	PORTABLE TOWER X 2	150	–	–
Community and Social Services	RESCUE EQUIPMENT	200	681	800
Community and Social Services	HIGH PRESSURE HOSE	30	–	–
Community and Social Services	SUPPLY AND INSTALLATION OF ROLLERS DOORS	45	–	–
Community and Social Services	LAND AND BUILDING - AIRCONS	–	57	59
Community and Social Services	ROAD MARKINGS & SIGNAGE STOREROOM	–	–	1 000
Community and Social Services	CONSTRUCTION OF DMV HALL	1 000	1 660	1 750
Community and Social Services	REFURBISHMENT OF HLANGANANI HALL	1 000	1 660	1 750
Community and Social Services	RENOVATIONS / IMPROVEMENTS TO VARIOUS LIBRARIES	–	–	1 500
Community and Social Services	RENOVATIONS TO eNSELENI MULTI-PURPOSE SERVICE CENTRE	3 000	11 339	–
Community and Social Services	RENOVATION OF VULINDLELA MULTI-PURPOSE SERVICE CENTRE	–	–	–
Community and Social Services	RENOVATION TO RICHARDS BAY CIVIC CENTRE	4 000	–	–
Community and Social Services	RENOVATIONS TO COUNCILLOR OFFICES	202	212	226
Community and Social Services	UPGRADE AND RENOVATION TO ROADS AND STORM WATER DEPOT	200	–	–
Community and Social Services	RENOVATION OF RECEPTION	–	80	100
Community and Social Services	REPLACEMENT OF AIRCONDITIONER (LABOUR RELATIONS)	14	–	–
Community and Social Services	REFURBISHMENT OF INSTALLING COUNTERS OF ELECTRICITY CUSTOMER SERVICES	128	133	137

Table SA36 - Detailed capital budget per municipal vote (continued)

R thousand	Function	Project Description	2019/20 Medium Term Revenue & Expenditure Framework		
			Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	Community and Social Services	AIR CONDITIONERS FOR ENGINEERING SUPPORT SERVICES	70	74	78
	Community and Social Services	AIRCONDITIONER - WATER AND SANITATION SERVICES	100	100	100
	Community and Social Services	RENOVATE AND UPGRADE OFFICES FOR ALL DEPOTS:NORTH,SOUTH, WEST, MECHANICAL	1 500	1 000	1 000
	Community and Social Services	CONSTRUCTION - EMPANGENI FINANCE OFFICE	1 799	–	12 076
	Community and Social Services	RENOVATIONS - NGWELEZANE MULTI-PURPOSE SERVICE CENTRE (DESIGNS)	–	–	–
	Community and Social Services	NEW CEMETERY DEVELOPMENT- EXTENSION OF RICHARDS BAY CEMETERY AND ESIKHALENI CEMETERY	900	936	1 050
	Community and Social Services	RICHARDS BAY LIBRARY - UPGRADING AND RENOVATION	430	–	–
	Community and Social Services	DISASTER MANAGEMENT RENOVATIONS TO BUILDINGS	2 500	2 000	1 000
	Community and Social Services	RENOVATE GENERAL WORKER'S STAFF ROOM	200	–	–
	Community and Social Services	EQUIPMENT FOR TRAFFIC	111	300	400
	Community and Social Services	CAMERAS FOR EVIDENCE COLLECTION	10	–	–
	Community and Social Services	EQUIPMENT FOR TRAFFIC LICENSING	53	56	59
	Community and Social Services	INDUSTRIAL PRINTER FOR TRAFFIC ADMIN	98	–	–
	Energy Sources	METERING OF 132KV AND 11KV FEEDERS	–	518	–
	Energy Sources	METERING OF 132KV AND 11KV FEEDERS	500	–	536
	Energy Sources	HIGH MAST LIGHTING INSTALLATION (TRADITIONAL AREAS)	–	7 000	–
	Energy Sources	HIGH MAST LIGHTING INSTALLATION (TRADITIONAL AREAS)	14 000	–	8 619
	Energy Sources	INSTALLATION OF STREETLIGHTING IN VARIOUS AREAS	–	518	–
	Energy Sources	INSTALLATION OF STREETLIGHTING IN VARIOUS AREAS	500	–	750
	Energy Sources	REPLACEMENT OF NON-ENERGY EFFICIENT ELECTRICAL EQUIPMENT	10 000	11 554	12 000
	Energy Sources	ELECTRIFICATION OF EMPANGENI MEGA HOUSING - PHASE 1	–	60 000	–
	Energy Sources	ELECTRIFICATION OF EMPANGENI MEGA HOUSING - PHASE 1	31 741	–	75 260

Table SA36 - Detailed capital budget per municipal vote (continued)

R thousand	Function	Project Description	2019/20 Medium Term Revenue & Expenditure Framework		
			Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Energy Sources		ELECTRIFICATION OF EMPANGENI MEGA HOUSE PROJECT PHASE 1	6 483	–	–
Energy Sources		ELECTRIFICATION OF EMPANGENI MEGA HOUSE PROJECT PHASE 2	–	6 959	7 504
Energy Sources		INSTALLATION OF TELECOMMUNICATION NETWORK FOR ENTIRE COU	–	518	–
Energy Sources		INSTALLATION OF TELECOMMUNICATION NETWORK FOR ENTIRE COU	500	–	536
Energy Sources		INSTALLATION OF APN CONNECTIVITY SYSTEM	–	828	–
Energy Sources		INSTALLATION OF APN CONNECTIVITY SYSTEM	800	–	857
Energy Sources		FURNITURE FOR ELECTRICITY SERVICES	–	–	–
Energy Sources		ENERGY SAVING INITIATIVE	8 900	9 212	9 534
Energy Sources		EQUIPMENT FOR ELECTRICITY SERVICES	–	–	–
Energy Sources		TOOLS FOR CUSTOMER SERVICES AND PLANNING	36	38	39
Energy Sources		132 kV STATION REFURBISHMENT	–	1 000	–
Energy Sources		132 kV STATION REFURBISHMENT	1 000	–	1 035
Energy Sources		132kV OVERHEAD LINE REFURBISHMENT	–	518	–
Energy Sources		132KV OIL FILLED CABLES IN THE SOUTH DUNES BETWEEN HYDRA AND CAPELLA SUBSTATIONS	12 000	–	–
Energy Sources		132kV OVERHEAD LINE REFURBISHMENT	500	–	536
Energy Sources		POLARIS 11kV SWITCHING SWITCHGEAR REPLACEMENT	–	1 500	–
Energy Sources		JOHN ROSS/EMPANGENI MAIN ROAD STREETLIGHTING INSTALLATION	–	1 553	–
Energy Sources		QUALITY OF SUPPLY	–	518	–
Energy Sources		11kV FORMALHAULT SWITCHING SWITCHGEAR REPLACEMENT	3 100	–	–
Energy Sources		JOHN ROSS/EMPANGENI MAIN ROAD STREETLIGHTING INSTALLATION	1 500	–	607
Energy Sources		QUALITY OF SUPPLY	–	–	536
Energy Sources		MV ELECTRICAL NETWORK REFUBISHMENT	2 500	1 588	588
Energy Sources		AQUADENE DEVELOPMENT	–	3 209	–
Energy Sources		AQUADENE DEVELOPMENT	2 850	–	3 000

Table SA36 - Detailed capital budget per municipal vote (continued)

R thousand	Function	Project Description	2019/20 Medium Term Revenue & Expenditure Framework		
			Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	Energy Sources	PROCESS CONTROL :PORTABLE DIGITAL RADIO SYSTEM CUSTOMER SERVICES ELECTRICITY	–	25	–
	Energy Sources	PROCESS CONTROL PORTABLE DIGITAL RADIO SYSTEM CUSTOMER SERVICES ELECTRICITY	–	–	26
	Finance and Administration	PUBLIC WIFI	2 233	–	–
	Finance and Administration	OCCUPATIONAL HEALTH CLINIC	–	735	783
	Finance and Administration	EVACUATION CHAIR (OHS)	40	40	20
	Finance and Administration	DATA POINTS NEW / ADDITIONAL	31	35	35
	Finance and Administration	WATER QUALITY EQUIPMENT (SOFTWARE)	3 000	2 000	2 000
	Finance and Administration	3 x 10 TON TIPPER TRUCK	1 000	1 000	2 000
	Finance and Administration	OFFICE EQUIPMENT (BLOW BREATHALIZER)	16	20	20
	Finance and Administration	EQUIPMENT FOR LEGAL SERVICES	3	3	4
	Finance and Administration	REPLACEMENT VEHICLES	–	15 921	–
	Finance and Administration	REPLACEMENT VEHICLES	15 383	–	16 479
	Finance and Administration	MOBILE GIS DATABASE ENHANCEMENTS AND CAPTURING	400	263	263
	Finance and Administration	REPLACEMENT EQUIPMENT ALL FS SECTIONS	217	–	–
	Finance and Administration	LAPTOPS AND 2 SCREENS (EAP)	25	25	–
	Finance and Administration	LAPTOPS AND DOCKING STATION HR ADMIN & OD)	–	25	25
	Finance and Administration	NEW & REPLACEMENT OF IT RELATED EQUIPMENT	–	465	515
	Finance and Administration	COMPUTER EQUIPMENT FOR WATER AND SANITATION	–	250	250
	Finance and Administration	REFUSE TRUCKS	–	11 900	–
		2 X TLB 4 X 4 (URBAN WATER & SANITATION)			
		1 X 4TON TIPPER TRUCK WITH CRANE			
		1 X 10 TON TRUCK 4X4 JETTING MACHINE -			
	Finance and Administration	4 X 1500 LITRE WATER TANKER 4X4 TRUCK	–	1 500	–
		1 X 3TON 4X4 HONEYSUCKER			
		4 X DOUBLE CAB 4X4 WITH CANOPIES AND EXTRA'S (NORTHERN DEPOT)			

Table SA36 - Detailed capital budget per municipal vote (continued)

R thousand	Function	Project Description	2019/20 Medium Term Revenue & Expenditure Framework		
			Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	Finance and Administration	REFUSE TRUCKS	9 000	–	12 000
	Finance and Administration	TOOLS FOR FLEET MANAGEMENT	2 000	–	–
	Finance and Administration	OCCUPATIONAL HEALTH CLINIC EQUIPMENT	–	200	–
	Finance and Administration	IT EQUIPMENT : BACKUP BATTERY	20	–	–
	Finance and Administration	IT EQUIPMENT : COLOUR PRINTER	40	–	–
	Finance and Administration	PERMIT CARD PRINTER	92	–	–
		3 X DOUBLE CAB 4X4 WITH CANOPIES AND EXTRA'S			
		2X 10 TON TRUCK WITH 2000LTR			
	Finance and Administration	1X TLB (4BY4)	–	922	–
		1 X 4TON TIPPER TRUCK WITH CRANE (WESTERN DEPOT)			
	Finance and Administration	NETWORK INFRASTRUCTURE UPGRADE	4 000	6 077	6 455
	Planning and Development	ALKANDSTRAND DETAILED PLANNING & DESIGN	500	–	–
	Planning and Development	WATER FRONT DETAILED TOWN PLANNING DESIGN	1 500	–	–
	Planning and Development	RURAL FRAMEWORK PLAN IN PORT DURNFORD	500	–	–
	Planning and Development	DESIGN AND CONSTRUCTION OF CENTRAL INDUSTRIAL AREA LINK ROAD	30 000	–	–
	Planning and Development	EMPANGENI BUSINESS HUB	500	–	–
	Public Safety	FIRE FIGHTING EQUIPMENT	–	600	–
	Public Safety	FIRE STATION :UPGRADING AND TILING OF CONTROL ROOM	–	200	250
	Road Transport	COASTAL EROSION PROTECTION	–	6 000	10 000
	Road Transport	TRAFFIC CALMING	500	500	500
	Road Transport	BUS SHELTERS & LAYBYES - ALL AREAS	500	1 000	1 000
	Road Transport	WALKWAYS	1 000	1 000	1 200
	Road Transport	PEDESTRIAN BRIDGES	2 000	2 200	5 000
	Road Transport	ROADS RESEALING	22 783	–	27 656
	Road Transport	ESIKHALENI INTERSECTION	30 500	–	–

Table SA36 - Detailed capital budget per municipal vote (continued)

R thousand	Function	Project Description	2019/20 Medium Term Revenue & Expenditure Framework		
			Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Road Transport		UPGRADE & NEW BULK SERVICES (HUMAN SETTLEMENT PROJECTS)	–	10 000	–
Road Transport		UPGRADE & NEW BULK SERVICES MEGA HOUSING	4 000	–	–
Road Transport		AQUADENE BULK SERVICES (ROADS & STORMWATER)	–	20 000	–
Road Transport		ROADS RESEALING	–	20 280	–
Road Transport		SUSTAINABLE RURAL ROADS	–	158	–
Road Transport		AQUADENE BULK SERVICES (ROADS & STORMWATER)	13 000	–	20 000
Road Transport		ARTERIAL FRAMEWORK PLAN RENEWAL	300	–	–
Road Transport		SUSTAINABLE RURAL ROADS	7 500	9 842	15 000
Road Transport		ROADS PROJECTS - PHASE 3 MZINGAZI	3 550	–	–
Road Transport		ROADS PROJECTS - PHASE 3 KWAKHOZA	16 075	16 564	10 281
Road Transport		ROADS PROJECTS - PHASE 3 MANDLANZINI PHASE 1B	–	4 500	7 932
Road Transport		ROADS PROJECTS - PHASE 3 MADLEBE (NGWELEZANE)	–	–	4 500
Road Transport		EMPANGENI "A" TAXI RANK	300	–	–
Road Transport		ANNUAL WALKWAY REHABILATION	500	1 500	2 000
Road Transport		MZINGAZI/TUZI GAZI STEEL BRIDGE	–	20 000	–
Road Transport		MZINGAZI/TUZI GAZI STEEL BRIDGE	5 000	–	10 000
Road Transport		DUNE ROAD CAPACITY INCREASE	–	–	4 000
Road Transport		ANNUAL KERB REPLACEMENT CONTRACT	500	1 500	2 000
Road Transport		UPGRADE & SIGNALISE OF 1 INTERSECTION WITHIN THE CITY OF UMHLATHUZE	–	–	–
Road Transport		UPGRADE & SIGNALISE OF 1 INTERSECTION WITHIN THE CITY OF UMHLATHUZE KNORHAAN BAAI AND ANGLERS ROD	3 400	–	–
Road Transport		UPGRADE & SIGNALISE OF 1 INTERSECTION WITHIN THE CITY OF UMHLATHUZE TASSELBERRY AND LIRA LINK	–	600	1 500

Table SA36 - Detailed capital budget per municipal vote (continued)

R thousand	Function	Project Description	2019/20 Medium Term Revenue & Expenditure Framework		
			Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	Sport and Recreation	RECREATIONAL FACILITIES - KIDS PARK	1 000	2 000	2 500
	Sport and Recreation	CONSTRUCTION OF NURSERY	–	–	1 000
	Sport and Recreation	UMHLATHUZE STADIUM RENOVATIONS	4 500	4 900	5 277
	Sport and Recreation	NEW/UPGRADE/RENOVATION TO RECREATION FACILITIES	8 243	8 655	8 750
	Sport and Recreation	KWADLANGEZWA SWIMMING POOL	11 000	–	–
	Sport and Recreation	CONSTRUCTION OF KICK-ABOUTS X 2	2 320	–	–
	Sport and Recreation	REPLACEMENT TRAILERS X 2	150	–	–
	Sport and Recreation	VARIOUS SMALL MACHINERY (HORTICULTURE)	–	500	522
	Sport and Recreation	LANE REELS	100	–	–
	Sport and Recreation	CASH REGISTERS	50	–	–
	Sport and Recreation	MACHINERY FOR SPORT FACILITIES MAINTENANCE	750	300	500
	Sport and Recreation	IMPROVEMENTS / RENOVATIONS TO ESIKHALENI POOL	300	593	631
	Sport and Recreation	IMPROVEMENTS / RENOVATIONS TO EMPANGENI POOL	300	593	631
	Sport and Recreation	IMPROVEMENTS / RENOVATIONS TO BRACKENHAM POOL	300	593	631
	Sport and Recreation	IMPROVEMENTS / RENOVATIONS TO MEERENSEE POOL	300	593	631
	Sport and Recreation	REPLACEMENT OF SLASHERS	200	300	300
	Sport and Recreation	RURAL SPORT FIELD UPGRADE	812	900	1 500
	Sport and Recreation	RESURFACE : 4 X VOLLEYBALL COURT - CENTRAL SPORTS COMPLEX	1 200	–	–
	Sport and Recreation	UPGRADE :MAZUVUKILE NSELENI	1 000	–	–
	Waste Management	ESTABLISHMENT OF TRANSFER STATION NGWELEZANE	–	2 600	–
	Waste Management	FURNITURE FOR WASTE DEPOTS	–	–	–
	Waste Management	SKIPS	2 200	3 831	3 750
	Waste Management	UPGRADE ENELENI AND MZINGAZI MATERIAL RECOVERY CENTRES	1 400	–	–

Table SA36 - Detailed capital budget per municipal vote (continued)

R thousand	Function	Project Description	2019/20 Medium Term Revenue & Expenditure Framework		
			Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	Waste Water Management	RURAL SANITATION	36 941	39 649	42 754
	Waste Water Management	REFURBISHMENT WASTE WATER TREATMENT WORKS	–	9 000	–
	Waste Water Management	REFURBISHMENT WASTE WATER TREATMENT WORKS	6 000	–	13 000
	Waste Water Management	REPLACEMENT OF PUMPS	–	2 000	–
	Waste Water Management	VELDENVLEI PUMP STATION	–	6 000	–
	Waste Water Management	REPLACEMENT OF PUMPS	4 000	–	2 000
	Waste Water Management	STANDBY PUMPS	876	876	876
	Waste Water Management	VELDENVLEI PUMP STATION	9 700	–	6 700
	Waste Water Management	MEERENSEE - GARRICK RISE SEWER LINE REPLACEMENT 450MM	1 000	2 000	2 000
	Waste Water Management	FURNITURE - WATER AND SANITATION SECTION	–	–	–
	Waste Water Management	UPGRADING OF BIRDWOOD PUMP STATION CAPACITY	–	13 000	–
	Waste Water Management	UPGRADING OF MS 2 PUMP STATION CAPACITY	–	9 617	–
	Waste Water Management	UPGRADE OF MS9 PUMP STATION CAPACITY	–	17 500	–
	Waste Water Management	UPGRADING OF MS 2 PUMP STATION CAPACITY RICHARDS BAY	1 000	–	3 000
	Waste Water Management	UPGRADE OF MS9 PUMP STATION CAPACITY RICHARDS BAY	500	–	1 500
	Waste Water Management	UPGRADING OF BIRDWOOD PUMP STATION CAPACITY	200	–	–
	Waste Water Management	UPGRADE - VULINDLELA SEWER PIPELINE	6 300	2 000	2 000
	Waste Water Management	EMPANGENI UPGRADE OF WASTE WATER WORKS IN ELECTRICAL INFRASTRUCTURE	–	3 700	–
	Waste Water Management	NGWELEZANE UPGRADE OF WASTE WATER WORKS IN ELECTRICAL INFRASTRUCTURE	–	–	2 100
	Waste Water Management	JOHN ROSS MACERATOR UPGRADE OF WASTE WATER WORKS IN ELECTRICAL INFRASTRUCTURE	1 700	–	–
	Waste Water Management	NSELENI UPGRADE OF WASTE WATER WORKS IN ELECTRICAL INFRASTRUCTURE	2 700	–	–
	Waste Water Management	ARBORETUM UPGRADE OF WASTE WATER WORKS IN ELECTRICAL INFRASTRUCTURE	4 600	–	–

Table SA36 - Detailed capital budget per municipal vote (continued)

R thousand	Function	Project Description	2019/20 Medium Term Revenue & Expenditure Framework		
			Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	Water Management	RURAL/SEMI-URBAN AREAS	36 940	39 652	42 752
	Water Management	NTAMBANANA WATER RETICULATION	–	15 000	–
	Water Management	NTAMBANANA WATER RETICULATION	63 000	–	15 000
	Water Management	REPLACEMENT OF PRESSURE REDUCING VALVES	1 000	400	400
	Water Management	MEERENSEEPIPE REPLACEMENT (WSIG) (PHASE I)	12 000	18 000	18 000
	Water Management	VELDENVLEI PIPE REPLACEMENT (WSIG) (PHASE I)	10 000	5 000	5 000
	Water Management	WELDENWEIDE PIPE REPLACEMENT (WSIG) (PHASE I)	–	5 000	8 000
	Water Management	EMPANGENI PIPE REPLACEMENT WSIG (PHASE 2) NYALA PARK ZONE	–	8 200	8 000
	Water Management	REDUCTION OF NON-REVENUE (WSIG)	10 000	6 000	6 000
	Water Management	CONSTRUCTION OF A SECOND MEERENSEE RESERVOIR (20MI)	–	22 000	–
	Water Management	CONSTRUCTION OF A SECOND MEERENSEE RESERVOIR (20MI)	–	–	25 000
	Water Management	CONSTRUCTION OF A FOURTH ESIKHALENI RESERVOIR	–	4 000	4 000
	Water Management	EMPEMBENI RESERVOIR	–	23 000	–
	Water Management	EMPEMBENI RESERVOIR	–	–	26 000
	Water Management	WATER LOSS AND DROUGHT RELIEF PROJECT	–	300	–
	Water Management	WATER LOSS AND DROUGHT RELIEF PROJECT	1 000	527	827
	Water Management	NEW WATER METERS	–	3 000	–
	Water Management	NEW WATER METERS	2 000	–	3 000
	Water Management	NEW WATER METERS (RURAL) - KWA-DUBE TRADITIONAL AREAS	1 000	800	800
	Water Management	200 STATIC TANKS	500	–	–
	Water Management	LABORATORY EQUIPMENT	–	3 000	–
	Water Management	WATER QUALITY EQUIPMENT	1 000	–	–
	Water Management	LABORATORY EQUIPMENT	5 000	–	3 000

Table SA36 - Detailed capital budget per municipal vote (continued)

R thousand	Function	Project Description	2019/20 Medium Term Revenue & Expenditure Framework		
			Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	Water Management	BULK MASTER PLAN	–	1 500	–
	Water Management	REPLACEMENT OF WATER PIPE RETICULATION IN MEERENSEE	1 000	1 053	1 053
	Water Management	BULK MASTER PLAN	1 000	–	1 500
	Water Management	NSELENI PIPE REPLACEMENT (WSIG) (PHASE II)	8 000	–	–
	Water Management	9 WATER PUMPS 4INCH	–	158	158
	Water Management	UPGRADING OF VALVES IN BIRDSWOOD	700	737	737
	Water Management	UPGRADING OF VALVES IN EMPANGENI	–	3 000	–
	Water Management	UPGRADING OF VALVES IN ESIKHALENI	4 000	–	3 000
	Water Management	ESIKHALENI UPGRADE OF WATER WORKS IN ELECTRICAL INFRASTRUCTURE	–	2 000	4 000
	Water Management	UPGRADING OF VALVES IN RICHARDS BAY	2 000	1 000	1 000
	Water Management	MANDLANZINI UPGRADE OF WATER WORKS IN ELECTRICAL INFRASTRUCTURE	3 400	–	–
	Water Management	PEARCE CRESCENT UPGRADE OF WATER WORKS IN ELECTRICAL INFRASTRUCTURE	–	–	3 700
	Water Management	VULINDLELA UPGRADE OF WATER WORKS IN ELECTRICAL INFRASTRUCTURE	–	3 400	4 100
	Water Management	MZINGAZI UPGRADE OF WATER WORKS IN ELECTRICAL INFRASTRUCTURE	12 000	–	–
	Water Management	NGWELEZANE MADLEBE RESERVOIR UPGRADE OF WATER WORKS IN ELECTRICAL INFRASTRUCTURE	–	4 000	–
Parent Capital expenditure			597 533	589 991	598 794
Total Capital expenditure			597 533	589 991	598 794

Table 69 MBRR SA37 - Projects delayed from previous financial year

R thousand Function	Project name	Project number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Latitude	Previous target year to complete	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
													Original Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality: None																	

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 City's website.

2. Internship programme

The City is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. From the onset of this programme, Council has appointed ten interns on a permanent basis.

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. Enterprise Risk Management Committee

A ERM committee has been established and is fully functional

6. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2019/20 MTREF in May 2019 directly aligned and informed by the 2019/2019 MTREF.

7. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

8. MFMA Training

The MFMA training module in electronic format is presented at the City's internal centre and training is ongoing.

2.13 Other supporting documents

Table 70 MBRR SA1 - Supporting detail to budgeted financial performance

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
REVENUE ITEMS:									
<u>Property rates</u>									
Total Property Rates	371 074	400 906	494 790	528 511	549 790	549 790	590 872	632 233	663 844
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	–	3 212	52 129	54 057	54 057	54 057	70 492	75 426	79 198
Net Property Rates	371 074	397 694	442 661	474 453	495 732	495 732	520 380	556 806	584 647
<u>Service charges - electricity revenue</u>									
Total Service charges - electricity revenue	1 331 965	1 517 070	1 294 708	1 588 258	1 452 467	1 452 467	1 582 687	1 706 159	1 811 574
less Revenue Foregone (in excess of 50 kwh per indigent household per month)	255	267	4 776	7 555	7 555	7 555	8 084	8 731	9 342
less Cost of Free Basis Services (50 kwh per indigent household per month)	822	921	921	1 173	1 173	1 173	1 278	1 367	1 436
Net Service charges - electricity revenue	1 330 889	1 515 882	1 289 012	1 579 530	1 443 739	1 443 739	1 573 324	1 696 060	1 800 796
<u>Service charges - water revenue</u>									
Total Service charges - water revenue	307 986	409 916	588 411	598 787	627 557	627 557	662 352	703 290	737 058
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)	1 828	3 071	121 226	131 997	131 997	131 997	141 237	150 417	157 938
less Cost of Free Basis Services (6 kilolitres per indigent household per month)	70 373	69 858	89 055	128 948	128 948	128 948	132 816	137 465	142 963
Net Service charges - water revenue	235 785	336 986	378 129	337 842	366 612	366 612	388 299	415 408	436 157

Table SA1 - Supporting detail to budgeted financial performance (continued)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
REVENUE ITEMS:									
<u>Service charges - sanitation revenue</u>									
Total Service charges - sanitation revenue	102 360	103 062	97 684	125 297	151 530	151 530	128 656	136 802	143 387
less Revenue Foregone (in excess of free sanitation service to indigent households)	2 270	2 306	5 830	5 633	5 633	5 633	4 473	4 786	5 025
less Cost of Free Basis Services (free sanitation service to indigent households)	20 302	18 698	21 537	20 039	22 442	22 442	23 115	23 924	24 881
Net Service charges - sanitation revenue	79 788	82 058	70 317	99 625	123 455	123 455	101 068	108 092	113 481
<u>Service charges - refuse revenue</u>									
Total refuse removal revenue	85 368	91 826	119 452	105 158	109 158	109 158	138 847	147 664	154 782
Total landfill revenue	–	–	16	17	17	17	18	19	19
less Revenue Foregone (in excess of one removal a week to indigent households)	1 623	1 671	1 192	1 612	1 612	1 612	1 710	1 770	1 841
less Cost of Free Basis Services (removed once a week to indigent households)	15 267	16 271	20 182	23 192	23 192	23 192	23 887	24 723	25 712
Net Service charges - refuse revenue	68 478	73 883	98 095	80 372	84 372	84 372	113 268	121 189	127 249
<u>Other Revenue by source</u>									
Insurance Refunds	4 299	7 572	102	3 237	3 240	3 240	3 431	3 637	3 855
Building Plan Approval/Clause Levy/Encroachment Fees	–	1 141	699	979	979	979	1 008	1 043	1 085
Cemetery and Burial	–	465	433	519	469	469	483	500	520
Clearance Certificates	–	350	364	443	443	443	457	473	492
Development Charges	18 008	18 699	12 370	13 165	12 791	12 791	13 175	13 636	14 181
Entrance Fees	–	638	590	481	481	481	495	513	533
Escort Fees	–	417	287	319	319	319	328	340	353
Fire Services	–	461	443	647	547	547	564	583	607
Housing Staff/Private	–	–	1 470	1 712	1 312	1 312	1 352	1 399	1 455
Photocopies and Faxes	–	215	216	248	248	248	255	264	275
Other Revenue	32 087	82 319	139 989	22 126	19 462	19 462	13 938	14 426	15 002
Total 'Other' Revenue	54 395	112 276	156 965	43 875	40 290	40 290	35 484	36 812	38 357

Table SA1 - Supporting detail to budgeted financial performance (continued)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
EXPENDITURE ITEMS:									
<u>Employee related costs</u>									
Basic Salaries and Wages	355 160	384 809	420 996	464 828	478 892	478 892	482 711	522 478	570 670
Pension and UIF Contributions	69 427	76 124	83 174	105 800	94 037	94 037	109 894	116 500	123 502
Medical Aid Contributions	30 554	33 778	36 322	43 932	38 342	38 342	44 090	46 740	49 547
Overtime	43 038	44 375	45 654	56 259	60 249	60 249	66 803	70 814	75 066
Performance Bonus	1 241	1 364	1 301	2 033	2 033	2 033	2 822	2 992	3 173
Motor Vehicle Allowance	35 917	40 972	44 064	49 883	50 101	50 101	51 403	54 490	57 763
Cellphone Allowance	2 563	2 873	3 600	5 259	4 033	4 033	5 302	5 625	5 966
Housing Allowances	3 992	4 414	4 316	4 544	4 405	4 405	4 378	4 649	4 931
Other benefits and allowances	75 471	35 290	39 517	42 666	47 389	47 389	54 035	57 277	60 717
Payments in lieu of leave	13 784	14 954	16 232	30 679	23 779	23 779	31 402	33 289	35 291
Long service awards	–	–	156	156	377	377	161	167	173
Post-retirement benefit obligations	4 447	5 291	5 721	6 086	6 382	6 382	6 549	6 942	7 359
sub-total	635 594	644 245	701 054	812 123	810 018	810 018	859 550	921 962	994 157
<u>Less: Employees costs capitalised to PPE</u>	–	–	–	–	–	–	–	–	–
Total Employee related costs	635 594	644 245	701 054	812 123	810 018	810 018	859 550	921 962	994 157
<u>Contributions recognised - capital</u>									
National Lotto - Sport Development	4 740	–	2 434	–	–	–	–	–	–
Engen: Donation Of Water Tanker	–	–	415	–	–	–	–	–	–
Total Contributions recognised - capital	4 740	–	2 849	–	–	–	–	–	–
<u>Depreciation & asset impairment</u>									
Depreciation of Property, Plant & Equipment	351 346	352 389	348 561	376 066	376 066	376 066	408 532	446 488	484 885
Total Depreciation & asset impairment	351 346	352 389	348 561	376 066	376 066	376 066	408 532	446 488	484 885

Table SA1 - Supporting detail to budgeted financial performance (continued)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
EXPENDITURE ITEMS:									
<u>Bulk purchases</u>									
Electricity Bulk Purchases	911 692	1 075 471	828 444	897 364	871 144	871 144	990 263	1 042 958	1 087 141
Water Bulk Purchases	113 584	97 879	98 829	103 582	103 582	103 582	106 686	110 420	114 836
Total bulk purchases	1 025 277	1 173 350	927 274	1 000 945	974 726	974 726	1 096 949	1 153 378	1 201 977
<u>Transfers and grants</u>									
Cash transfers and grants	17 827	8 593	10 989	11 807	14 672	14 672	11 581	11 986	12 466
Non-cash transfers and grants	322	726	528	727	507	507	507	525	546
Total transfers and grants	18 149	9 319	11 517	12 534	15 179	15 179	12 087	12 511	13 011
<u>Contracted services</u>									
Aerial Photography	–	–	–	1 055	955	955	–	–	–
Artists and Performers	851	–	–	190	179	179	185	191	199
Catering Services	216	–	5 194	6 189	6 198	6 198	6 181	6 398	6 653
Fire Protection	–	–	–	352	712	712	357	369	384
Safeguard and Security	37 924	47 803	55 535	29 369	52 152	52 152	37 536	38 850	40 404
Stage and Sound Crew	–	–	255	436	353	353	364	376	391
Alien Vegetation Control	–	–	2 052	2 126	2 086	2 086	2 149	2 224	2 313
Burial Services	480	–	866	680	680	680	700	725	754
Occupational Health and Safety	–	–	–	541	541	541	557	577	600
Quality Control	–	–	–	443	549	549	456	472	491
Cleaning Services	1 946	2 805	3 582	3 316	3 557	3 557	3 671	3 799	3 951
Connections/Disconnections Electricity	–	–	173	224	447	447	473	489	509
Connections/Disconnections Water	–	–	6 976	9 223	14 000	14 000	9 522	9 855	10 250

Table SA1 - Supporting detail to budgeted financial performance (continued)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
EXPENDITURE ITEMS:									
<u>Contracted services</u>									
Internal Auditors	5 518	–	10 352	3 652	9 830	9 830	3 762	3 894	4 049
Meter Management	12 475	–	6 325	6 320	11 308	11 308	7 723	7 993	8 313
Sewerage Services	28 113	–	57 975	87 446	87 396	87 396	90 057	93 209	96 937
Traffic Fine Management	580	–	51	538	403	403	42	429	447
Other Contracted Services	140 579	248 078	189 383	160 632	175 599	175 599	159 402	163 658	170 205
sub-total	228 681	298 686	338 720	312 731	366 946	366 946	323 135	333 509	346 849
Total contracted services	228 681	298 686	338 720	312 731	366 946	366 946	323 135	333 509	346 849
<u>Other Expenditure By Type</u>									
Insurance	–	3 883	4 199	5 155	7 272	7 272	6 950	7 100	7 250
Professional Bodies: Membership and Subscription	7 742	7 341	7 545	9 047	9 047	9 047	8 781	9 474	10 228
Remuneration to Ward Committees	–	–	5 112	6 494	5 649	5 649	5 819	6 022	6 263
Skills Developmet Fund Levy	–	5 436	5 892	6 064	6 550	6 550	6 943	7 375	7 817
Bank Charges	4 910	5 966	7 008	8 784	8 784	8 784	9 047	9 364	9 739
Business and Advisory Research and Advisory	–	–	3 007	6 214	6 214	6 214	13 315	13 781	14 332
Workmen's Compensation Fund	–	–	4 175	4 574	4 600	4 600	4 728	5 016	5 320
Uniform and Protective Clothing	–	4 293	5 552	5 469	6 181	6 181	9 078	8 265	9 069
Telephone	1 519	1 965	1 469	2 038	2 366	2 366	2 229	2 307	2 399
Total 'Other' Expenditure	112 555	154 209	165 712	261 588	259 257	259 257	278 181	287 022	298 022

Table SA1 - Supporting detail to budgeted financial performance (Continued)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
Repairs and Maintenance									
by Expenditure Item									
Employee related costs	226 610	208 536	209 087	431 151	431 151	431 151	494 275	525 825	557 422
Other materials	42 626	50 483	73 130	77 717	88 647	88 647	84 738	86 993	90 473
Contracted Services	99 985	120 804	134 906	99 341	100 361	100 361	103 585	107 309	111 602
Total Repairs and Maintenance Expenditure	369 221	379 822	417 124	608 208	620 158	620 158	682 598	720 127	759 497

Table 71 MBRR SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Vote 1 - CITY DEVELOPMENT	Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	Vote 5 - CORPORATE SERVICES - ADMINISTRATION	Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	Vote 8 - FINANCIAL SERVICES	Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	Total
R thousand														
Revenue By Source														
Property rates	-	-	-	-	-	-	-	520 380	-	-	-	-	-	520 380
Service charges - electricity revenue	-	-	-	-	-	-	-	-	1 573 324	-	-	-	-	1 573 324
Service charges - water revenue	-	-	-	-	-	-	-	-	-	388 299	-	-	-	388 299
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	101 068	-	-	-	101 068
Service charges - refuse revenue	-	113 268	-	-	-	-	-	-	-	-	-	-	-	113 268
Rental of facilities and equipment	-	-	-	6 655	3 003	-	-	-	-	-	1 144	-	-	10 802
Interest earned - external investments	-	-	-	-	-	-	-	58 000	-	-	-	-	-	58 000
Interest earned - outstanding debtors	-	-	-	-	-	-	-	109	-	-	-	-	-	109
Fines, penalties and forfeits	0	0	896	25	-	-	-	5 081	1 381	570	-	-	27	7 981
Licences and permits	-	-	3 407	-	-	-	-	-	-	-	-	-	-	3 407
Agency services	-	-	5 970	-	-	-	-	-	-	-	-	-	-	5 970
Other revenue	5 019	1 088	353	1 488	1 704	373	7	3 012	2 424	17 297	116	43	2 560	35 484
Transfers and subsidies	2 396	72 593	-	11 174	-	-	-	2 650	7 259	283 113	-	11 491	-	390 676
Total Revenue (excluding capital transfers and contributions)	7 415	186 949	10 626	19 343	4 707	373	7	589 231	1 584 389	790 346	1 260	11 534	2 587	3 208 768
Expenditure By Type														
Employee related costs	50 433	140 614	60 385	119 129	51 169	14 354	16 958	91 678	87 600	100 378	63 619	35 576	27 656	859 550
Remuneration of councillors	-	-	-	-	32 404	-	-	-	-	-	-	-	-	32 404
Debt impairment	-	1 483	-	-	-	-	-	6 476	15 859	7 637	-	-	-	31 454
Depreciation & asset impairment	7 079	6 579	369	22 055	13 125	16 242	338	486	72 162	177 150	92 519	214	214	406 532
Finance charges	164	858	247	2 717	1 783	1 350	0	2	26 299	24 859	12 566	0	2	70 846
Bulk purchases	-	-	-	-	-	-	-	-	990 263	106 686	-	-	-	1 096 949
Other materials	352	12 383	1 559	8 658	2 544	115	257	1 427	43 857	19 641	28 656	1 450	212	121 110
Contracted services	12 602	7 776	903	26 843	17 903	5 424	3 481	30 893	54 275	128 657	27 126	1 663	5 588	323 135
Transfers and subsidies	600	507	433	6 266	4 282	-	-	-	-	-	-	-	-	12 087
Other expenditure	25 613	107 167	24 552	70 383	(111 609)	(28 916)	(15 446)	(107 910)	69 481	179 841	57 367	6 050	1 608	278 181
Total Expenditure	96 843	277 366	88 449	256 051	11 600	8 569	5 588	23 052	1 359 795	744 848	281 853	44 953	35 279	3 234 247
Surplus/(Deficit)	(89 428)	(90 417)	(77 823)	(236 709)	(6 893)	(8 196)	(5 581)	566 179	224 594	45 499	(280 593)	(33 419)	(32 692)	(25 479)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	33 000	-	-	8 243	-	-	-	-	16 483	113 881	19 625	-	-	191 232
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(56 428)	(90 417)	(77 823)	(228 466)	(6 893)	(8 196)	(5 581)	566 179	241 077	159 380	(260 968)	(33 419)	(32 692)	165 753

Table 72 MBRR SA3 – Supporting detail to Statement of Financial Position

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
ASSETS									
<u>Call investment deposits</u>									
Call deposits	290 000	645 000	415 000	500 000	500 000	500 000	300 000	500 000	400 000
Total Call investment deposits	290 000	645 000	415 000	500 000	500 000	500 000	300 000	500 000	400 000
<u>Consumer debtors</u>									
Consumer debtors	389 848	433 536	471 771	524 330	549 469	549 469	408 128	430 127	451 598
Less: Provision for debt impairment	(101 785)	(82 554)	(59 600)	(68 298)	(71 515)	(71 515)	(73 239)	(74 812)	(76 463)
Total Consumer debtors	288 063	350 981	412 171	456 033	477 955	477 955	334 889	355 316	375 135
<u>Debt impairment provision</u>									
Balance at the beginning of the year	109 661	101 785	51 800	68 173	68 298	68 298	71 515	73 239	74 812
Contributions to the provision	36 646	8 891	18 596	26 513	29 730	29 730	31 454	33 027	34 678
Bad debts written off	(44 523)	(28 121)	(10 796)	(26 388)	(26 513)	(26 513)	(29 730)	(31 454)	(33 027)
Balance at end of year	101 785	82 554	59 600	68 298	71 515	71 515	73 239	74 812	76 463
<u>Property, plant and equipment (PPE)</u>									
PPE at cost/valuation (excl. finance leases)	12 077 408	12 602 747	13 059 634	13 606 978	13 583 344	13 583 344	14 175 803	14 762 966	15 358 903
Leases recognised as PPE	–	–	–	–	–	–	–	–	–
Less: Accumulated depreciation	7 219 692	7 372 139	7 652 798	8 091 892	8 025 252	8 025 252	8 428 899	8 870 213	9 349 480
Total Property, plant and equipment (PPE)	4 857 716	5 230 609	5 406 836	5 515 086	5 558 092	5 558 092	5 746 904	5 892 753	6 009 422

Table MBRR SA3 – Supporting detail to Statement of Financial Position (Continued)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
LIABILITIES									
<u>Current liabilities - Borrowing</u>									
Short term loans (other than bank overdraft)	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities	122 346	155 996	145 259	84 326	84 326	84 326	84 692	102 090	99 429
Total Current liabilities - Borrowing	122 346	155 996	145 259	84 326	84 326	84 326	84 692	102 090	99 429
<u>Trade and other payables</u>									
Trade Payables	389 472	433 411	331 360	364 332	364 332	364 332	243 618	255 146	267 384
Other creditors	120 713	170 931	112 190	118 136	118 136	118 136	124 279	130 990	138 063
Unspent conditional transfers	18 127	10 596	15 676	11 629	11 629	11 629	20 232	20 232	20 232
VAT	–	–	10 602	–	–	–	4 845	16 507	26 751
Total Trade and other payables	528 311	614 938	469 828	494 097	494 097	494 097	392 973	422 875	452 430
<u>Non current liabilities - Borrowing</u>									
Borrowing	348 100	539 613	394 166	608 787	608 787	608 787	528 708	736 618	637 189
Finance leases (including PPP asset element)	–	–	–	–	–	–	–	–	–
Total Non current liabilities - Borrowing	348 100	539 613	394 166	608 787	608 787	608 787	528 708	736 618	637 189
<u>Provisions - non-current</u>									
Retirement benefits	341 275	332 532	220 079	337 417	243 470	243 470	270 495	300 966	323 177
<i>List other major provision items</i>									
Refuse landfill site rehabilitation	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total Provisions - non-current	341 275	332 532	220 079	337 417	243 470	243 470	270 495	300 966	323 177

Table MBRR SA3 – Supporting detail to Statement of Financial Position (Continued)

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand									
CHANGES IN NET ASSETS									
<u>Accumulated Surplus/(Deficit)</u>									
Accumulated Surplus/(Deficit) - opening balance	4 369 740	4 420 396	4 768 538	5 313 301	4 888 855	4 888 855	5 053 467	5 382 711	5 161 610
GRAP adjustments	–	–	–	–	–	–	–	–	–
Restated balance	4 369 740	4 420 396	4 768 538	5 313 301	4 888 855	4 888 855	5 053 467	5 382 711	5 161 610
Surplus/(Deficit)	117 943	213 235	290 254	167 601	70 341	70 341	165 753	186 482	209 767
Appropriations to Reserves	(69 350)	–	–	–	–	–	–	–	–
Transfers from Reserves	–	–	–	–	–	–	–	–	–
Depreciation offsets	–	–	–	–	–	–	–	–	–
Other adjustments	2 063	325 230	64 186	(512 589)	94 271	94 271	163 491	(407 583)	202 501
Accumulated Surplus/(Deficit)	4 420 396	4 958 862	5 122 977	4 968 313	5 053 467	5 053 467	5 382 711	5 161 610	5 573 878
<u>Reserves</u>									
Housing Development Fund	53 916	2 750	3 062	2 912	2 912	2 912	3 063	3 229	3 403
Capital replacement	75 672	–	190 324	366 271	366 271	366 271	118 139	423 484	124 518
Self-insurance	–	–	–	–	–	–	–	–	–
Other reserves	–	–	–	–	–	–	–	–	–
Revaluation	–	–	–	–	–	–	–	–	–
Total Reserves	129 588	2 750	193 386	369 183	369 183	369 183	121 202	426 712	127 921
TOTAL COMMUNITY WEALTH/EQUITY	4 549 985	4 961 612	5 316 363	5 337 496	5 422 650	5 422 650	5 503 913	5 588 323	5 701 800

Table 73 MBRR SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics											
Population	2011 Census	289	332	334	334	334	334	410	410	410	410
Females aged 5 - 14	2011 Census	32	37	31	31	31	31	47	47	47	47
Males aged 5 - 14	2011 Census	32	35	31	31	31	31	45	45	45	45
Females aged 15 - 34	2011 Census	61	38	74	74	74	74	84	84	84	84
Males aged 15 - 34	2011 Census	56	70	69	70	70	70	79	79	79	79
Unemployment	2011 Census	46	46	39	39	39	39	39	39	39	39
Monthly household income (no. of households)											
No income	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	18 231	4 806	136 821	136 821	136 821	136 821	136 821	136 821	136 821	136 821
R1 - R1 600	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	5 310	14 200	93 085	93 085	93 085	93 085	93 085	93 085	93 085	93 085
R1 601 - R3 200	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	10 370	4 597	16 998	16 998	16 998	16 998	16 998	16 998	16 998	16 998
R3 201 - R6 400	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	–	–	13 948	13 948	13 948	13 948	13 948	13 948	13 948	13 948
R6 401 - R12 800	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	–	–	15 364	15 364	15 364	15 364	15 364	15 364	15 364	15 364
R12 801 - R25 600	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	–	–	12 373	12 373	12 373	12 373	12 373	12 373	12 373	12 373
R25 601 - R51 200	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	–	–	4 659	4 659	4 659	4 659	4 659	4 659	4 659	4 659
R52 201 - R102 400	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	–	–	864	864	864	864	864	864	864	864
R102 401 - R204 800	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	–	–	388	388	388	388	388	388	388	388
R204 801 - R409 600	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	–	–	253	253	253	253	253	253	253	253
R409 601 - R819 200	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	–	–	–	–	–	–	–	–	–	–
> R819 200	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	–	–	–	–	–	–	–	–	–	–

Table MBRR SA9 – Social, economic and demographic statistics and assumptions (continued)

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Poverty profiles (no. of households) < R2 060 per household per month	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	-	-	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Household/demographics (000)											
Number of people in municipal area		289 000	332 000	334 000	334	334	334	410	410	410	410
Number of poor people in municipal area	Individual with no income and income below R800pm counted. Increase annually of 1.45% projected	250 709	267 418	267 418	202	202	202	211	211	211	211
Number of households in municipal area	Increase of 1.45% projected	67 127	81 005	81 005	87	87	87	91	91	91	91
Number of poor households in municipal area		-	-	-	52	52	52	54	54	54	54
Definition of poor household (R per month)		>R1100/pmnt	>R1000/pmnt	>R1000/pmnt	>R1000/pmnt	>R1000/pmnt	>R1000/pmnt	>R1000/pmnt	>R1000/pmnt	>R1000/pmnt	>R1000/pmnt
Housing statistics											
Formal	Included census figure not mentioned under informal hereunder. Annual increase of 1.45% applied	51 605	63 803	63 803	76 477	76 477	76 477	79 930	79 930	79 930	79 930
Informal	Included census figure for traditional dwellings, informal dwellings, caravan/tent and other as a possible indication of need/demand. Annual increase of 1.45% applied	5 500	3 082	3 082	10 132	10 132	10 132	10 589	10 589	10 589	10 589
Total number of households		57 105	66 885	66 885	86 609	86 609	86 609	90 519	90 519	90 519	90 519
Economic											
Inflation/inflation outlook (CPIX)					6.0%	6.0%	6.0%	6.0%	3.0%	3.5%	4.0%
Interest rate - borrowing					11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Interest rate - investment					5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Remuneration increases					7.0%	6.0%	7.4%	7.0%	6.5%	6.0%	6.0%
Consumption growth (electricity)					1.0%	1.0%	1.0%	1.5%	1.0%	1.0%	1.0%
Consumption growth (water)					1.0%	1.0%	1.0%	1.5%	1.0%	1.0%	1.0%
Collection rates											
Property tax/service charges					98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Rental of facilities & equipment					98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Interest - external investments					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors					8.5%	8.5%	9.0%	10.5%	10.5%	10.5%	10.5%
Revenue from agency services					98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%

Table 74 MBRR SA32 – List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Security Contract Tender not yet completed	Yrs	3	Security	30 April 2022	55 000
Compass Medical Waste Services (Pty) Ltd	Yrs	3	Medical Waste Removal	31 January 2020	83
Dr NF Molefe	Yrs	3	Occupational Doctor	31 May 2021	513
Kwazulu Natal Sharksboard	Yrs	1	Meshing of Shark Nets	30 June 2020	2 610
Uniform Tender for Fire : Not yet finalised	Yrs	3	Supply Of Uniforms	01 June 2021	2 000
Umlalazi Animal Pound	Yrs	1	Impounding of stray cattle	30 November 2019	672
Altron Bytes	Yrs	3	Office Printers Rental	17/01/2020	1
Bidvest Konica	Yrs	3	High Volume Production Printers and Plotters Rental	17/01/2020	1
Datacentrix	Yrs	3	PABX telephone system: Rental and SLA	01/04/2020	8
Datacentrix	Yrs	3	Network infrastructure maintenance: SLA	17/12/2018 (to be extended until 01/04/2019)	2
Liquid Telecommunications	Yrs	3	Fibre internet 50MB: SUBSCRIPTION	01/04/2019	1
Liquid Telecommunications	Yrs	3	Fibre internet 15MB: SUBSCRIPTION	01/09/2019	0
Liquid Telecommunications	Yrs	3	Least Cost Route	01/08/2021	1
Magnum Megawatts	Yrs	3	UPS MAINTENANCE:SLA	01/01/2021	0
Micro Focus (Novell) - SITA	Yrs	1	Micro Focus Master License Agreement (MLA) renewal	Annual renewal	3
Microsoft Ireland	Yrs	1	MICROSOFT Enterprise Agreement (license renewal)	Annual renewal	2
Omega Digital	Mths	11	Audio Visual Equipment for Committee Rooms: SLA	01/04/2019	0
ONTEC (former ITRON)	Yrs	3	ONTEC prepaid electricity system: Services & Hosting SLA	01/07/2019	3
PAYDAY SOFTWARE SYSTEMS	Yrs	1	PAYROLL and HR (monthly support & licensing)	30/06/2020	0
SARYX	Yrs	1	HSEC Onlice - Safety and Health System: SaaS subscription	30/06/2019	0
Secure Data (Supplier may change annual RFQ)	Yrs	1	Trend Anti-Virus	Annual renewal	0
Bmk	Yrs	3	Consulting Services	30 September 2019	400
Mnatho Trading Enterprise 145 cc	Yrs	3	Hiring of Portable Toilets and Cleaning Services	31 January 2022	196
Wes Railway Construction	Yrs	3	Maintenance and Reinstatement of Private Sidings	31 May 2021	1 078
Isigubhu Civils cc	Yrs	3	Rehabilitation of Walkways as and when required	30 June 2021	3 500
Liwa Construction and Community Development	Yrs	3	Kerb Replacement as and when required	30 June 2021	3 500
Megaphase Trading	Yrs	3	Provision of Road Marking, Road Studs and Sand Blasting as and when required	31 August 2021	1 070
SNA Civil and Structural Engineers	Yrs	3	Quality Testing of Road Construction and Maintenance as and when required	31 January 2022	417
Aqua Transport and Plant Hire	Yrs	3	Supply and Construction of Selected Layer Works on Rural Roads as and when required	30 June 2021	7 500
Amagwaba Construction CC	Yrs	1	Extension of Road Markings Storeroom for Road Signs and New Carport	30 June 2019	1 151
Zai Consulting	Yrs	2	Esikhaleni Intersection	30 June 2020	4 000
Leomat	Yrs	2	Esikhaleni Intersection	30 June 2020	30 500
Ilifa	Yrs	1	Aquadene Stormwater	30 June 2020	2 300
Leomat	Yrs	1	Aquadene Stormwater	30 June 2019	1 700
UWP consulting	Yrs	1	Mzingazi MIG Rural road upgrade	30 June 2019	2 500
Sikoti	Yrs	1	Rural road upgrade	30 June 2019	18 500

Table 75 MBRR SA38 - Consolidated detailed operational projects

R thousand		Prior year outcomes		2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Function	Project Description					
Parent municipality:						
Community and Social Services	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Community Assets:Community	–	–	–	–	–
Community and Social Services	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Community Assets:Community Facilities:Halls:Buildings	31	76	79	82	85
Community and Social Services	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Community Assets:Community Facilities:Libraries:Buildings	1	17	18	18	19
Community and Social Services	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Heritage Assets:Historic Buildings	–	3	3	3	4
Community and Social Services	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Machinery and Equipment	207	102	107	110	115
Community and Social Services	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Other Assets:Operational Buildings:Municipal Offices:Buildings	1 639	1 301	1 491	1 543	1 605
Community and Social Services	Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Community Assets:Community Facilities:Cemeteries/Crematoria:Buildings	1 426	969	998	1 033	1 074
Community and Social Services	Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Community Assets:Community Facilities:Halls:Buildings	160	307	316	328	341
Community and Social Services	Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Community Assets:Community Facilities:Libraries:Buildings	–	44	45	47	49
Community and Social Services	Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Heritage Assets:Historic Buildings	–	1	1	1	2
Community and Social Services	Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Other Assets:Operational Buildings:Municipal Offices:Buildings	957	898	921	953	991
Community and Social Services	Operational:Municipal Running Cost	80 074	103 906	106 186	114 139	123 058

Table MBRR SA38 - Consolidated detailed operational projects (continued)

R thousand	Function	Project Description	Prior year outcomes		2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Energy Sources		Operational:Maintenance:Infrastructure:Corrective Maintenance:Emergency:Electrical Infrastructure:HV Transmission Conductors:HV Cables	1 472	2 182	1 733	1 793	1 865
Energy Sources		Operational:Maintenance:Infrastructure:Corrective Maintenance:Emergency:Electrical Infrastructure:LV Networks:LV Conductors	24	1 128	1 162	1 203	1 251
Energy Sources		Operational:Maintenance:Infrastructure:Corrective Maintenance:Emergency:Electrical Infrastructure:LV Networks:Public Lighting	1 221	2 667	2 771	2 868	2 983
Energy Sources		Operational:Maintenance:Infrastructure:Corrective Maintenance:Emergency:Electrical Infrastructure:MV Networks:MV Mini-substations	6 966	11 218	10 773	11 150	11 596
Energy Sources		Operational:Maintenance:Infrastructure:Corrective Maintenance:Emergency:Electrical Infrastructure:MV Substations:MV Mini-substations	1 332	5 168	4 625	4 787	4 978
Energy Sources		Operational:Maintenance:Infrastructure:Corrective Maintenance:Emergency:Roads Infrastructure:Road Furniture:Traffic Signs	–	315	325	337	350
Energy Sources		Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Electrical Infrastructure:HV Transmission Conductors:HV Cables	3 467	4 637	5 075	5 252	5 462
Energy Sources		Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Electrical Infrastructure:LV Networks:Electricity Meters	1 175	1 464	1 448	1 498	1 558
Energy Sources		Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Electrical Infrastructure:LV Networks:LV Conductors	608	1 702	2 440	1 815	1 887
Energy Sources		Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Electrical Infrastructure:LV Networks:Public Lighting	2 842	4 256	3 996	4 136	4 301
Energy Sources		Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Electrical Infrastructure:MV Networks:MV Mini-substations	5 624	7 829	8 064	8 346	8 680
Energy Sources		Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Electrical Infrastructure:MV Networks:MV Network Equipment	359	739	761	787	819
Energy Sources		Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Roads Infrastructure:Road Furniture:Traffic Signs	732	709	730	756	786
Energy Sources		Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Machinery and Equipment	–	123	132	137	142
Energy Sources		Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Other Assets:Operational Buildings:Municipal Offices:Buildings	–	–	41	43	44
Energy Sources		Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Machinery and Equipment	15 967	15 014	17 530	18 144	18 870
Energy Sources		Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Other Assets:Operational Buildings:Municipal Offices:Buildings	344	612	754	780	811
Energy Sources		Operational:Municipal Running Cost	955 089	1 054 063	1 187 239	1 257 423	1 314 479

Table MBRR SA38 - Consolidated detailed operational projects (continued)

R thousand Function	Project Description	Prior year outcomes		2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Environmental Protection	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Machinery and Equipment	3	10	10	11	11
Environmental Protection	Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Other Assets:Operational Buildings:Municipal Offices:Buildings	–	1 003	1 033	1 070	1 112
Environmental Protection	Operational:Municipal Running Cost	6 017	7 379	7 661	8 715	9 768
Executive and Council	Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Rail Infrastructure:Rail Lines:Rail Lines and Ballast	48	51	53	55	57
Executive and Council	Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Roads Infrastructure:Roads:Land	–	–	–	–	–
Executive and Council	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Machinery and Equipment	1	4	4	4	4
Executive and Council	Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Other Assets:Operational Buildings:Municipal Offices:Buildings	–	–	–	–	–
Executive and Council	Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Transport Assets	–	–	–	–	–
Executive and Council	Operational:Municipal Running Cost	106 069	125 000	123 814	132 118	140 920

Table MBRR SA38 - Consolidated detailed operational projects (continued)

R thousand	Function	Project Description	Prior year outcomes		2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	Finance and Administration	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Information and Communication Infrastructure:Data Centres:Buildings	2 445	3 115	3 208	3 321	3 453
	Finance and Administration	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Computer Equipment	–	–	–	–	–
	Finance and Administration	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Furniture and Office Equipment	–	12	12	12	12
	Finance and Administration	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Machinery and Equipment	15	26	31	32	33
	Finance and Administration	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Other Assets:Operational Buildings:Municipal Offices:Buildings	3	25	21	22	23
	Finance and Administration	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Transport Assets	14 089	9 417	6 285	6 505	6 765
	Finance and Administration	Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Computer Equipment	924	980	1 010	1 045	1 087
	Finance and Administration	Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Other Assets:Operational Buildings:Municipal Offices:Buildings	3	28	27	28	29
	Finance and Administration	Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Transport Assets	1 959	12 089	10 354	10 716	11 145
	Finance and Administration	Operational:Municipal Running Cost	276 230	355 362	356 957	383 039	412 384
	Finance and Administration	Operational:Typical Work Streams:Financial Management Grant:Interns Compensation	2 344	3 256	2 650	2 650	2 650

Table MBRR SA38 - Consolidated detailed operational projects (continued)

R thousand	Function	Project Description	Prior year outcomes		2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	Housing	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Other Assets:Housing:Social Housing:Buildings	–	2	–	–	–
	Housing	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Other Assets:Housing:Social Housing:Electrical Equipment	–	5	–	–	–
	Housing	Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Other Assets:Housing:Social Housing:Buildings	–	2	–	–	–
	Housing	Operational:Municipal Running Cost	12 686	15 258	15 659	16 434	17 433
	Internal Audit	Operational:Municipal Running Cost	11 810	13 030	6 828	7 138	7 484
	Other	Operational:Municipal Running Cost	5 237	4 540	3 862	4 732	5 599
	Planning and Development	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Furniture and Office Equipment	–	6	6	7	7
	Planning and Development	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Machinery and Equipment	–	1	1	1	1
	Planning and Development	Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Other Assets:Operational Buildings:Municipal Offices:Buildings	–	43	44	46	47
	Planning and Development	Operational:Municipal Running Cost	74 002	78 346	78 646	84 291	89 925
	Planning and Development	Operational:Typical Work Streams:Expanded Public Works Programme:Project	4 371	5 189	4 492	–	–

Table MBRR SA38 - Consolidated detailed operational projects (continued)

R thousand	Function	Project Description	Prior year outcomes		2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	Public Safety	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Community Assets:Community Facilities:Fire/Ambulance Stations:Buildings	–	4	5	5	5
	Public Safety	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Furniture and Office Equipment	–	5	5	6	6
	Public Safety	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Machinery and Equipment	323	71	73	76	79
	Public Safety	Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Community Assets:Community Facilities:Fire/Ambulance Stations:Buildings	–	7	7	7	7
	Public Safety	Operational:Municipal Running Cost	76 827	94 804	102 419	109 704	117 395
	Road Transport	Operational:Maintenance:Infrastructure:Corrective Maintenance:Emergency:Roads Infrastructure:Road Structures:Pedestrian Bridges	220	175	180	186	194
	Road Transport	Operational:Maintenance:Infrastructure:Corrective Maintenance:Emergency:Roads Infrastructure:Roads:Land	1 039	1 085	1 117	1 156	1 202
	Road Transport	Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Rail Infrastructure:Rail Lines:Rail Lines and Ballast	805	1 124	1 158	1 198	1 246
	Road Transport	Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Roads Infrastructure:Road Furniture:Traffic Signs	3 180	3 383	3 484	3 605	3 750
	Road Transport	Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Roads Infrastructure:Road Structures:Pedestrian Bridges	495	1 312	1 351	1 399	1 455
	Road Transport	Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Roads Infrastructure:Roads:Land	29 022	24 097	23 790	24 623	25 608

Table MBRR SA38 - Consolidated detailed operational projects (continued)

R thousand	Function	Project Description	Prior year outcomes		2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Road Transport		Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Furniture and Office Equipment	(0)	3	3	4	4
Road Transport		Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Machinery and Equipment	11	18	19	20	20
Road Transport		Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Community Assets:Community Facilities:Taxi Ranks/Bus Terminals:Buildings	–	2	2	2	2
Road Transport		Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Machinery and Equipment	–	1	1	1	1
Road Transport		Operational:Municipal Running Cost	147 837	161 102	171 148	183 845	197 840
Sport and Recreation		Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Community Assets:Sport and Recreation Facilities:Outdoor	0	325	335	346	360
Sport and Recreation		Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Machinery and Equipment	1 200	1 348	1 389	1 437	1 495
Sport and Recreation		Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Community Assets:Community Facilities:Parks:Land	4 758	5 228	5 384	5 573	5 796
Sport and Recreation		Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Community Assets:Sport and Recreation Facilities:Outdoor Facilities:Buildings	2 797	3 368	3 470	3 592	3 735
Sport and Recreation		Operational:Municipal Running Cost	107 850	124 101	130 701	137 742	146 255
Waste Management		Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Machinery and Equipment	–	11	11	12	12
Waste Management		Operational:Municipal Running Cost	84 349	113 769	125 729	132 387	139 627

Table MBRR SA38 - Consolidated detailed operational projects (continued)

R thousand	Function	Project Description	Prior year outcomes		2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	Waste Water Management	Operational:Maintenance:Infrastructure:Corrective Maintenance:Emergency:Sanitation Infrastructure:Pump Station:Buildings	3 631	2 694	2 670	2 763	2 874
	Waste Water Management	Operational:Maintenance:Infrastructure:Corrective Maintenance:Emergency:Sanitation Infrastructure:Reticulation:Pipe Work	9 047	5 311	5 334	5 521	5 742
	Waste Water Management	Operational:Maintenance:Infrastructure:Corrective Maintenance:Emergency:Storm water Infrastructure:Drainage Collection:Drainage	999	3 740	3 852	3 987	4 146
	Waste Water Management	Operational:Maintenance:Infrastructure:Corrective Maintenance:Emergency:Storm water Infrastructure:Storm water Conveyance:Pipe Work	4 477	1 865	1 921	1 988	2 068
	Waste Water Management	Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Coastal Infrastructure:Revetments:Earthworks	–	1 000	1 030	1 066	1 109
	Waste Water Management	Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Sanitation Infrastructure:Pump Station:Buildings	2 409	1 727	1 779	1 841	1 915
	Waste Water Management	Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Sanitation Infrastructure:Pump Station:Electrical Equipment	5 669	3 724	3 835	3 970	4 128
	Waste Water Management	Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Sanitation Infrastructure:Reticulation:Pipe Work	(4 055)	1 748	1 453	1 503	1 563
	Waste Water Management	Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Storm water Infrastructure:Drainage Collection:Drainage	8 592	7 944	8 177	7 673	7 980
	Waste Water Management	Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Storm water Infrastructure:Storm water Conveyance:Pipe Work	20 354	7 589	7 816	8 978	9 337
	Waste Water Management	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Community Assets:Community Facilities:Public Ablution	–	5	6	6	6
	Waste Water Management	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Machinery and Equipment	108	135	139	144	149
	Waste Water Management	Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Community Assets:Community Facilities:Public Ablution Facilities:Buildings	–	10	11	11	12
	Waste Water Management	Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Machinery and Equipment	1	–	–	–	–
	Waste Water Management	Operational:Municipal Running Cost	156 546	183 908	184 868	199 404	212 160

Table MBRR SA38 - Consolidated detailed operational projects (continued)

R thousand Function	Project Description	Prior year outcomes		2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Water Management	Operational:Maintenance:Infrastructure:Corrective Maintenance:Emergency:Water Supply Infrastructure:Distribution Points:Pipe Work	953	760	–	–	–
Water Management	Operational:Maintenance:Infrastructure:Corrective Maintenance:Emergency:Water Supply Infrastructure:Distribution:Pipe Work	19 737	6 994	7 316	7 572	7 875
Water Management	Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Water Supply Infrastructure:Boreholes:Mechanical Equipment	–	480	494	512	532
Water Management	Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Water Supply Infrastructure:Distribution Points:Pipe Work	4 109	3 289	3 984	4 123	4 288
Water Management	Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Water Supply Infrastructure:Distribution:Pipe Work	18 879	6 218	5 322	5 503	5 713
Water Management	Operational:Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Water Supply Infrastructure:Water Treatment:Land	–	–	1 000	1 040	1 092
Water Management	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Machinery and Equipment	165	217	223	231	240
Water Management	Operational:Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Machinery and Equipment	3 071	1 694	1 745	1 806	1 878
Water Management	Operational:Municipal Running Cost	408 138	417 294	437 065	457 960	486 881
Parent Operational expenditure		2 723 512	3 049 313	3 234 247	3 426 023	3 625 932
Total Operational expenditure		2 723 512	3 049 313	3 234 247	3 426 023	3 625 932

2.14 Municipal manager's quality certificate



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Your ref: KZN 282
Contact: Municipal Manager

Our file ref: 5/1/1 - 2019/20
In response to DMS No: DMS 1332947
Date: 21/05/2019

QUALITY CERTIFICATE

I, Nhlanhla Sibeko, Municipal Manager of the City of uMhlathuze, hereby certify that the Adopted Medium Term Revenue and Expenditure Framework Plan (MTREF) and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Adopted Medium Term Revenue and Expenditure Framework and supporting documentations are consistent with the Integrated Development Plan of the municipality.

DR NJ SIBEKO

MUNICIPAL MANAGER OF CITY OF uMHLATHUZE KZN282

SIGNATURE: _____

DATE: _____



ALL CORRESPONDENCE MUST BE ADDRESSED TO THE MUNICIPAL MANAGER