

MASILONYANA LOCAL MUNICIPALITY



DRAFT BUDGET AND MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2021/2022



Acronyms and abbreviations

CFO	Chief Financial Officer
CPI	Consumer Price Index
CoGTA	Cooperative Governance and Traditional Affairs
CRRF	Capital Replacement Reserve Fund
EEDSM	Energy Efficiency and Demand Side Management
DoJ	Department of Justice
DoRA	Division of Revenue Act
DWA	Department of Water
EXCO	Executive Committee
FBS	Free basic services
GVA	Gross Value Added
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
IBT	Inclining Block Tariff
IDP	Integrated Development Plan
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt hour
ℓ	litre
LED	Local Economic Development
MBBR	Local Government: Municipal Budget and Reporting Regulations
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act (56 of 2003)
MFMG	Municipal Finance Management Grant
MIG	Municipal Infrastructure Grant
MLM	Masilonyana Local Municipality
MM	Municipal Manager
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MSIG	Municipal Systems Improvement Grant
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Energy Regulator of South Africa
PBO	Public Benefit Organisations
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
RBIG	Regional Bulk Infrastructure Grant
SALGA	South African Local Government Association
SARS	South African Revenue Services
SAPS	South African Police Services
SDBIP	Service Delivery Budget Implementation Plan
SMMEs	Small Macro-Medium Enterprises
VAT	Value Added Tax



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PART 1 – ANNUAL BUDGET

1.1 Mayor's report

Budget allocation in terms of the operations and capital budget:

The municipality's total operating expenditure and capital budget is estimated to be R381 million. Operating expenditure has been projected at R344 million. The Municipality's capital expenditure amounts to R36.5 million that the 99% is funded from grants. This is supported with a revenue base of R 381 million from service charges, property rates and operational grants. The budget has a surplus of R577 thousands, and non-cash items that constitutes a big chunk of the expenditure amounting to R108 million.

The municipality has a history of financial constraints due to low collection rate but is currently implementing the prepaid smart meters to enhance the revenue.

All tariffs will increase by 3.9% as guided by National Treasury MFMA Circular 108, however electricity tariffs will increase by 12% pending the guideline on increases and tariff approval from NERSA.

Commonage tariff are aligned to the Provincial Commonage Policy, and Rental of Land tariff are aligned to the market value.

Key priorities for the municipality towards the 2021/22 as per the IDP, SDBIP and its linkage with the Province and National priorities.

MLM exists within the Free State province which is the non-urban municipality, with a low revenue generation. In this regards the Municipality has aligned its budget and operations towards National and the Provincial key performance areas.

Radical economic transformation

MLM will conducts workshops with existing and potential SMMEs and empower them to access the entrepreneurial opportunities offered by the municipality through its Supply Chain Management (SCM) processes. These include:

1. Inviting a larger pool of SMMEs to register on the municipal database of service providers together with the National Treasury CSD. Invitations will be made through, for example, placement of adverts at local township shops and halls over and above advertising in the local media; also through the sessions that are called by the LED office
2. Constant engagement are made for the purpose of information sharing through LED office and SCM unit
3. Training SMMEs on completion of the bid documents. As support, the municipality also assisted the local SMMEs to get matters of their tax clearances to be resolved. The municipality provided transport for our small business enterprises to get assistance. local South African Revenue Service (SARS) office will be invited at these workshops to empower them on SARS requirements; and



4. Settle the accounts of the SMMEs within the prescribed thirty (30) days period as they are small business, where in there challenges in this regard, prompt communication is made to make arrangements

1.2 Council Budget Resolution

The Council of Maseko Local Municipality will have a sitting by the 30 June 2021 where the Mayor presented the Final Budget 2021/22 Budget and Medium Term Revenue and Expenditure Framework (MTREF) in terms of section 16(2) of the Municipal Finance Management Act (56 of 2003), subsequently be tabled to council 90 days before start of budget year.

- 1.2.1 That cognisance be taken of the report of the Mayor regarding the 2021/2022 budget.
- 1.2.2 That Council of Maseko Local Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, 2003 (No. 56 of 2003) tabling the Draft Budget
- 1.2.3 that the annual draft budget of the municipality for the financial year 2021/22 as set out in the tables below be noted
- 1.2.4 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 12. The operating budget is summarised as follows;

DESCRIPTION	BUDGET 2021/2022 '000	BUDGET 2022/2023 '000	BUDGET 2023/2024 '000
Operational Revenue	344 730	367 259	354 805
Operational Expenditure	344 152	352 480	366 094
Surplus/Deficit	578	14 779	11 957

That cognisance be taken that the operational budget is inclusive of the non-cash items which are Depreciation and assets impairment of R18.3 million and Debt impairment of R89.8 million, and the debt impairment amount is due to the anticipated revenue collection of 62% on average, broken down as follow:

- Property Rates – 50%
- Electricity Conventional - 75%
- Electricity prepaid – 95%
- Water – 50%
- Sewerage – 50%
- Refuse – 50%



- 1.2.5 Budgeted Financial Performance (revenue and expenditure by municipal vote);
- 1.2.6 Budgeted Financial Performance (revenue by source and expenditure by type);
- 1.2.7 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source. The capital budget is summarized as follows:

FUNDING SOURCE	CAPITAL BUDGET 2021/2022 '000	CAPITAL BUDGET 2022/2023 '000	CAPITAL BUDGET 2023/2024 '000
Municipal Infrastructure Grant	24 552	26 257	27 276
Water Services Infrastructure Grant	12 000	17 576	13 800
Internal Funding	310	0	0
TOTAL CAPEX	35 148	42 520	42 810

The is also an amount of R 80 million Gazetted on the DORA for Regional Bulk Infrastructure Grant transfers and an additional R 10 million for Water Services Infrastructure Grant, and R420 thousand for Intergrated National Electrification Programme however these are Gazetted as in-kind capital grants and will not be reflected in the 2021/2022 Draft Municipal MTREF.

1.2.8 That the Council of Maseko Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act 2000 (No.32 of 2000) approve and adopt with effect from 1 July 2019 the following tariffs and rates:

1.2.8.1 Consolidated Final Tariff book 2020/2021 (per department) - **Annexure "1"**

1.2.9 That the Council of Maseko Local Municipality approves the following 2019/20 revised budget related policies and tariffs:

- 1.2.9.1 *Municipal Property rates policy*
- 1.2.9.2 *Budget policy*
- 1.2.9.3 *Tariff policy*



- 1.2.9.4 *Indigent policy*
- 1.2.9.5 *Fixed Asset management policy*
- 1.2.9.6 *Cash management & investment policy*
- 1.2.9.7 *Credit control & Debt Collection policy*
- 1.2.9.8 *Supply Chain Management policy*
- 1.2.9.9 *Unauthorized, Irregular Fruitless and Wasteful policy*
- 1.2.9.10 *Bad debt write-off policy*
- 1.2.9.11 *Policy governing payments of creditors, councilors and officials*
- 1.2.9.12 *Subsistence and Travel policy*
- 1.2.9.13 *Disclosure Related parties' policies*
- 1.2.9.14 *Events after reporting date policy and procedure manual*
- 1.2.9.15 *Virements Policy*

1.2.10 That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of section 8 of the Municipal Budget and Reporting Regulations;

1.2.11 that the municipality did not budget to raise long term loans to fund the capital budget, and does not have any existing loans as the DBSA loan was settled in the July 2019,

1.2.12 that the Accounting Officer adheres to all prescribed requirements in terms of legislation regarding the submission of the budget document to the various institutions.

1.3 Executive summary

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

Masilonyana has committed itself to respond to the people's legitimate demand for a better life as reflected in our budget in which the key priorities are water, and related critical infrastructure maintenance. In a continued effort to create jobs for the inhabitants of MLM and to encourage private sector investment, the capital budget is being focused on addressing the backlog of the aging infrastructure of the municipality and also to address the capacity in terms distribution of water at the areas in Winburg through funding from DWA.

Masilonyana has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers; and to also ensure that the indigent register is up-to-date. The intervention of the Mayor and Council was requested to communicate this message to the community for the campaigns of indigents to be a success.

National Treasury's MFMA Circular No. 107 & 108 were used to guide the compilation of the 2021/22 MTREF

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



1. The on-going difficulties in the national and local economy;
2. Aging and poor water, electricity and roads infrastructure;
3. Poor water supply in most towns of the Municipality.
4. The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
5. The increased cost of bulk water and electricity (17%) (due to tariff increases from Department of Water and Sanitation and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable – we are fast reaching a point where services are will no longer be affordable; and as a result of this, the debt is growing
6. Wage increases for municipal staff
7. COVID-19 pandemic

The following budget principles and guidelines directly informed the compilation of the 2021/22 MTREF:

- Tariff and property rate increases should be affordable. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address Infrastructure backlogs; and are increased by 3.9% as per the Circular 108.

1.4 Charting the Way Forward

In view of the aforementioned, the following table is a consolidated overview of the proposed 2021/2022 Medium-term Revenue and Expenditure Framework:

1.4 ANNUAL BUDGET TABLES

Table 1: Consolidated Overview of the 2021/2022 MTREF

2021/22 MTREF BUDGET SUMMARY			
Description	BUDGET 2021/2022 '000	BUDGET 2022/2023 '000	BUDGET 2023/2024 '000
Total Operating Revenue	344 730	367 259	354 805
Total Operating Expenditure	344 152	352 480	366 094
Surplus/(Deficit) of the year	578	14 779	11 957
Total Capital Expenditure	35 148	42 520	42 810

The total capital budget is exclusive of the in-kind capital budget



Total operating revenue stands at 344.7 million for the 2021/22 financial year while total operating expenditure has been appropriated at R344.1 million, R353 million in 2022/2023 and R366 in 2023/2024. The municipality has a surplus on the budget of R578 thousands. The operating expenditure budget is inclusive of non-cash item as reported above on 1.2.4.

MFMA Circular no. 58-79 stated that, in preparation for 2012/2013 budget, municipalities that have chosen the 'revaluation model' when implementing GRAP 17 must exclude the depreciation resulting from the revaluation of PPE when preparing their budgets and calculating any tariff increases. When implementing GRAP 17 in 2008/09 financial year.

However, there continues to be a focus to reduce the deficit for the municipality in line with National Treasury circular 72 requirements, to produce a funded surplus budget which is now not the case due to the high non-cash items and low revenue collection estimates. In line with this requirement and with implementation of financial turnaround strategy the municipality projects to achieve moderate surpluses in the years following 2020/2021. This would be achieved through the restructuring of tariffs that are cost reflective and improved collection of revenue which is estimated at 60% for this budget year. The collection rate is anticipated to improve as a result of installation of SMART Prepaid Electricity meters water meters, and the project for electricity has started with installation for commercial users and have to start generating revenue from the project from May 2020.

Masilonyana Local Municipality has had to take a more conservative approach in the manner in which it approaches the budgeting. This approach includes giving consideration in the budget to the cost containment measures suggested by National Treasury in Circular 80 and 82 in line with the Municipality's revenue enhancement strategy.

These measures will be implemented in an attempt to ensure the future viability of the institution and to focus on reducing the impact on the residents within our community.

Table 2: Summary of revenue classified by main revenue source



MLM: FS181 DRAFT BUDGET AND MTREF 2021/2022

FS181 Masilonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue By Source											
Property rates	2	71 523	75 684	70 996	12 897	64 486	64 486	64 486	65 653	73 284	76 547
Service charges - electricity revenue	2	25 853	24 632	24 787	38 855	38 855	38 855	38 855	44 524	48 467	50 594
Service charges - water revenue	2	40 871	34 626	29 428	40 004	40 004	40 004	40 004	41 564	43 310	45 215
Service charges - sanitation revenue	2	20 234	19 639	19 943	22 421	22 421	22 421	22 421	23 295	24 274	25 342
Service charges - refuse revenue	2	13 797	14 467	15 911	13 893	13 893	13 893	13 893	24 698	25 735	26 867
Rental of facilities and equipment		247	257	286	174	174	174	(216)	260	271	283
Interest earned - external investments		496	184	-	659	659	659	(1 388)	685	713	745
Interest earned - outstanding debtors		99	8 889	1 722	5 570	5 570	5 570	16	5 787	6 030	6 295
Dividends received		-	-	-	9	9	9	-	9	10	10
Fines, penalties and forfeits		34	-	6	554	554	554	-	576	600	626
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		92 843	90 719	-	131 350	149 424	149 424	(102 742)	137 104	143 949	142 848
Other revenue	2	1 755	226	91	369	369	369	(243)	575	617	2 678
Gains		(9 359)	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		258 393	269 323	163 170	266 755	336 418	336 418	75 086	344 730	367 259	378 052

Services charges forms the largest component of the revenue basket for the municipality which amounts to R134 million. The second largest source is property rates at R66 million when we are not considering grant and subsidies.

Operational Transfers and subsidies constitutes R 137 million of the operating budget.

Table 3 Operating Transfers and Grant Receipts

FS181 Masilonyana - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
RECEIPTS:											
Operating Transfers and Grants											
National Government:		92 334	97 714	110 412	121 876	121 876	121 876	131 350	140 671	150 213	
Local Government Equitable Share		79 723	86 054	103 492	114 822	114 822	114 822	127 950	138 071	147 413	
Finance Management		1 825	1 900	1 970	1 970	1 970	1 970	2 400	2 600	2 800	
Municipal Systems Improvement		-	-	-	-	-	-	-	-	-	
EPWP Incentive		1 147	1 000	1 000	1 000	1 000	1 000	1 000	-	-	
Energy Efficiency and Demand Management		6 000	5 000	-	-	-	-	-	-	-	
Councillors support Grant		3 639	3 760	3 950	4 084	4 084	4 084	-	-	-	
Provincial Government:		-	12 576	-	-	-	-	-	-	-	
Cogla Financial Relief grant		-	12 576	-	-	-	-	-	-	-	
Councillors support Grant		-	-	-	-	-	-	-	-	-	
District Municipality:		-	-	-	-	-	-	-	-	-	
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-	
Other grant providers:		-	-	-	-	-	-	-	-	-	
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-	
Total Operating Transfers and Grants	5	92 334	110 290	110 412	121 876	121 876	121 876	131 350	140 671	150 213	



Summary of Rates and Service Charge Tariff implications to the 2021/22 MTREF Budget

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, the wage agreements with unions, other input costs of services provided by the municipality, the municipality's indigent policy and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

The percentage increases of both Eskom and Water bulk tariffs are beyond the South African Reserve Bank inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality are largely outside the control of the municipality. The Eskom price increase of bulk electricity supplied to municipalities will increase by 17 percent on bulk electricity, as approved by Nersa.

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 CPIX 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, materials and chemicals.

The current challenge that will face MLM is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows:

1.3.2 Operating Expenditure Framework

The Council's expenditure framework for the 2021/22 budget and MTREF is informed by the following:

1. repairs and maintenance plan;
2. Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA
3. The capital programs (capital budget implementation plan).
4. Operational gains and efficiencies will be directed to funding the capital budget and other capital projects that not budgeted but needs to be prioritised and other core services; and
5. Strict adherences to the principle of no project plan no budget. If there is no business plan, procurement plans, no funding allocation can be made.

The following table is a high level summary of the 2021/2022 budget and MTREF

Figure 2: Expenditure by major type for the 2021/2022 financial year



FS181 Masilonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Expenditure By Type											
Employee related costs	2	84 042	86 265	39 364	109 949	109 949	109 949	-	114 065	118 856	123 848
Remuneration of councillors		7 001	56	584	7 275	7 275	7 275	7 275	7 559	8 965	8 162
Debt impairment	3	105 847	51	-	89 829	89 829	89 829	89 829	89 829	93 602	97 533
Depreciation & asset impairment	2	58 955	-	-	-	18 393	18 393	-	18 393	19 166	19 970
Finance charges		7 324	652	-	1 546	1 546	1 546	1 546	546	569	593
Bulk purchases - electricity	2	31 045	9 198	324	42 500	42 500	42 500	21 025	60 466	63 005	65 652
Inventory consumed	8	-	-	-	-	-	-	-	2 500	(2 610)	(2 730)
Contracted services		11 744	7 268	4 601	20 104	21 104	21 104	16 929	28 935	28 151	29 333
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	12 012	5 870	2 512	23 280	23 530	23 530	3 361	21 859	22 777	23 734
Losses		60	-	-	-	-	-	-	-	-	-
Total Expenditure		318 031	109 359	47 384	294 483	314 126	314 126	139 965	344 152	352 480	366 094

Expenditure: 2021/2022

The budgeted allocation for employee related costs for the financial year amounts to R114 million, which equals 33 percent of the total operating expenditure; Employee related cost overall will increase by 3.9 percent. Overall the total employee related cost and councillor's remuneration of R7.5 million totals to 35 percent of the budget.

The following are highlights of the components of operating expenditure:

- As per MFMA circular 86T respectively, overtime is only being provided for emergency services and other critical functions; this is an item that was growing as management did not have proper monitoring and control over it, however, the policy that will regulate overtime and procedures has been develop to address it.
- 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 (No. 20 of 1998).
- The most recent proclamation (Government Gazette no. 35962) in this regard has been taken into account in compiling the municipality's budget and an increase of 3.9 percent has factored in as per the MFMA circular 108 taking into consideration grading number 3 of the municipality;
- The provision of debt impairment was determined based on an annual collection rate of 62 percent, and the 38 percent of the debt has been impaired against the bad debtors and the remainder on revenue foregone (Exempt property rates, discounts/incentives and interest write offs). For the 2021/2022 financial year this amount equates to R89 million. While this expenditure is considered to be a non-cash flow item; it informs the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.
- Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management. Depreciation is widely considered a proxy for the measurement of the rate asset of



consumption of assets. Budget appropriations in this regard total R18 million for the 2021/22 financial year and equates to 5 percent of the total operating expenditure.

6. Finance charges consist primarily of interest on Eskom outstanding debt and other charges
7. Bulk purchases are directly informed by the purchase of electricity from Eskom and water boards. The Eskom and Water payment plans has been taken into consideration for this years budgeted.
8. The Bulk purchase constitutes 17.5 percent of the total operating budget. It is therefore imperative that the municipality prioritise the reduction of the distribution losses to maximum income generation from this expenditure item which has already been prioritized.
9. In line with the Masilonyana's repairs and maintenance plan, this group of expenditure has been prioritized to ensure sustainability of the infrastructure. For this financial year a provision of R15.5 million has been secured. The municipality has been granted 5% of the MIG projects to be allocated to the repairs and maintenance. This is still under the MFMA circular 74 Guideline which stipulates that the Municipality must budget for at least 8% of the total asset carrying value, which in these case the Municipality does not comply due to financial constraints but will eventually meet the target.
10. Contracted services takes into consideration the cost of mSCOA support, government garage, compilation of AFS and Repairs & Maintenance (as classified by mSCOA as contracted services). In the 2020/21 financial year, this expenditure category totals 28.9 million which constitutes 8.4% of the operating budget.
11. Other general expenses have been identified as one of the highest cost drivers for the municipality. In the 2020/2021 financial year, this group of expenditure totals R21.8 million or 6 percent of the total operational budget.

12.

1.3.2.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the MLM Indigent Management Policy. The target is to register 5000 or more indigents households during the 2021/2022 over MTREF financial year, a process reviewed annually, roadshows were held in All towns in January 2021 to ensure that qualifying consumers are encouraged to register . The Indigent is an ongoing process where if anyone can lose their jobs as a result of this they may be declared as indigent , we will however be adjusting the budget if we reach that target. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 23 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share of R133 million receivable in terms of the annual Division of Revenue Bill.



Table 5: Capital expenditure by vote

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

Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		241 447	241 447	241 447	-	-	-	241 042	-	-	-
Vote 2 - Finance & Administration		3 670	3 671	3 671	100	-	-	3 671	-	-	-
Vote 3 - Finance & Administration		-	4	4	476	-	-	4	310	-	-
Vote 4 - Planning & Development		-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		927	1 273	4 375	13 665	2 365	2 365	12 256	24 058	33 250	13 800
Vote 6 - Sports & Recreation		529 843	529 964	531 970	21 792	21 792	21 792	535 375	5 942	-	11 036
Vote 7 - Road Transport		-	-	-	334	-	-	-	45	-	-
Vote 8 - Waste Management		3 614	3 614	5 234	-	-	-	5 234	1 983	4 144	5 007
Vote 9 - Community & Social Services		227	227	227	-	-	-	463	-	-	-
Vote 10 - Community & Social Services		-	-	415	5 278	-	-	827	991	1 182	1 227
Vote 11 - Community & Social Services		470 864	470 864	470 864	-	-	-	470 864	1 705	3 944	5 998
Vote 12 - Energy Sources		3 347	3 347	3 347	-	-	-	3 347	-	-	-
Vote 13 - Environmental Protection		-	-	-	205	-	-	-	-	-	-
Vote 14 - 0		-	-	-	3 302	9 182	9 182	-	-	-	-
Vote 15 - 0		138 384	138 384	138 384	7	-	-	138 384	-	-	-
Capital single-year expenditure sub-total		1 392 325	1 392 796	1 399 939	45 159	33 340	33 340	1 411 466	35 035	42 520	37 069
Total Capital Expenditure - Vote		1 392 325	1 392 796	1 399 939	45 159	33 340	33 340	1 411 466	35 035	42 520	37 069

Table 6: Capital expenditure by Standard Classification

Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Capital Expenditure - Functional											
Governance and administration		383 502	383 502	383 502	107	-	-	-	-	-	-
Executive and council		3 670	3 671	3 671	100	-	-	-	-	-	-
Finance and administration		379 832	379 832	379 832	7	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		30 008	30 012	30 971	16 939	16 860	16 860	16 860	1 415	1 182	6 969
Community and social services		-	4	4	3 778	9 182	9 182	9 182	310	-	-
Sport and recreation		-	-	959	9 600	4 322	4 322	4 322	1 105	1 182	1 227
Public safety		26 661	26 661	26 661	3 356	3 356	3 356	3 356	-	-	5 741
Housing		-	-	-	205	-	-	-	-	-	-
Health		3 347	3 347	3 347	-	-	-	-	-	-	-
Economic and environmental services		471 092	471 092	471 092	-	-	-	-	1 705	3 944	5 998
Planning and development		227	227	227	-	-	-	-	-	-	-
Road transport		470 864	470 864	470 864	-	-	-	-	1 705	3 944	5 998
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		534 384	534 851	541 579	35 791	24 157	24 157	24 157	32 029	37 394	29 843
Energy sources		3 614	3 614	5 234	-	-	-	-	1 983	4 144	5 007
Water management		927	1 273	4 375	13 665	2 365	2 365	2 365	24 058	33 250	13 800
Waste water management		529 843	529 964	531 970	21 792	21 792	21 792	21 792	5 942	-	11 036
Waste management		-	-	-	334	-	-	-	45	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	1 418 986	1 419 457	1 427 144	52 837	41 017	41 017	41 017	35 148	42 520	42 810
Funded by:											
National Government		1 029 349	1 029 815	1 037 502	51 715	41 017	41 017	41 017	34 838	42 520	42 810
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	1 029 349	1 029 815	1 037 502	51 715	41 017	41 017	41 017	34 838	42 520	42 810
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		389 637	389 642	389 642	1 122	-	-	-	310	-	-
Total Capital Funding	7	1 418 986	1 419 457	1 427 144	52 837	41 017	41 017	41 017	35 148	42 520	42 810



In the 2021/2022 an amount of R32 million has been appropriated for the trading services which represents 91 percent of the total capital.

a. 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 2018/19 budget and MTREF as approved by Council. Each table is accompanied by explanatory notes on the facing page.

Table8: MBRR A1-Consolidated Budget Summary



Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance);
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs;
3. Financial management reforms 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;
4. After all consultation with the community and the provincial government and Provincial Treasury, the municipality has budgeted for a balanced budget which will force the municipality to better manage the cash-flow and also radically implement the cost containment measures from 1 July 2016 over the MTREF;
5. Capital expenditure is balanced by capital funding sources funded by National Government.
6. Internally generated funds will mainly provide for Township establishment infrastructure.
7. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year.
8. 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 community and 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. In addition, the municipality continues to make progress in addressing service delivery backlogs



Table 9: MBRR A-2 Consolidated Budget Financial Performance (Revenue and Expenditure by Standard Classification)

FS181 Masilonyana - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue - Functional	1									
Governance and administration		167 423	187 071	88 272	164 479	244 142	244 142	283 255	308 958	312 505
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		167 423	187 071	88 272	164 479	244 142	244 142	283 255	308 958	312 505
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		117 585	110 145	115 015	102 276	91 383	91 383	98 027	141 823	148 155
Energy sources		21 635	20 327	19 968	25 958	25 958	25 958	35 816	77 008	80 495
Water management		50 830	48 951	52 051	40 004	40 004	40 004	41 564	43 310	45 215
Waste water management		25 267	26 404	27 114	22 421	22 421	22 421	20 136	20 970	21 886
Waste management		19 853	14 463	15 882	13 893	3 000	3 000	511	535	559
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	285 008	297 216	203 288	266 755	335 525	335 525	381 282	450 780	460 660
Expenditure - Functional										
Governance and administration		122 791	59 138	26 542	114 965	116 091	116 091	114 719	120 625	124 512
Executive and council		28 012	18 238	2 692	24 708	24 708	24 708	25 379	27 534	27 510
Finance and administration		94 779	40 901	23 850	89 131	90 257	90 257	88 169	91 872	95 731
Internal audit		-	-	-	1 126	1 126	1 126	1 170	1 219	1 270
Community and public safety		4 526	2 963	10 694	11 695	13 445	13 445	22 563	19 511	20 330
Community and social services		2 343	834	5 331	6 607	8 357	8 357	12 322	8 840	9 211
Sport and recreation		882	756	102	2 327	2 327	2 327	2 372	2 472	2 575
Public safety		1 160	1 373	2 159	1 278	1 278	1 278	6 328	6 594	6 871
Housing		134	-	3 102	1 483	1 483	1 483	1 541	1 606	1 673
Health		6	-	-	-	-	-	-	-	-
Economic and environmental services		12 948	11 748	4 111	6 928	5 802	5 802	4 360	4 544	4 734
Planning and development		4 616	4 709	2 353	3 514	3 514	3 514	3 639	3 792	3 952
Road transport		8 332	7 039	1 758	3 414	2 288	2 288	721	751	783
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		184 123	38 817	12 138	163 889	182 782	182 782	206 641	215 320	224 363
Energy sources		142 252	11 148	1 198	94 422	94 422	94 422	116 846	121 753	126 867
Water management		20 659	15 574	8 412	46 274	64 667	64 667	65 473	68 222	71 088
Waste water management		16 104	7 597	1 649	17 175	17 175	17 175	17 659	18 401	19 173
Waste management		5 108	4 499	878	6 018	6 518	6 518	6 664	6 943	7 235
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	324 388	112 667	53 485	297 478	318 120	318 120	348 283	359 999	373 940
Surplus/(Deficit) for the year		(39 380)	184 549	149 803	(30 722)	17 405	17 405	32 999	90 781	86 720

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

- 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;



- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. However the expenditure are higher than the revenue as a result of the Debt impairment and Depreciation and assets impairment which are non-cash items. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Finance and Admin.

Table 10: MBRR A-3 Consolidated Budgeted Financial Performance By Municipal Vote.

FS181 Masilonyana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue by Vote	1									
Vote 1 - Executive & Council		162 762	182 723	82 886	181 576	261 239	261 239	278 474	301 873	305 246
Vote 2 - Finance & Administration		-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Administration		-	-	-	-	-	-	-	-	-
Vote 4 - Planning & Development		-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		50 830	48 951	52 051	40 004	40 004	40 004	41 564	43 310	45 215
Vote 6 - Sports & Recreation		25 267	26 404	27 114	22 421	22 421	22 421	20 136	20 970	21 886
Vote 7 - Road Transport		19 853	14 463	15 882	13 893	3 000	3 000	511	535	559
Vote 8 - Waste Management		21 635	20 327	19 968	25 958	25 958	25 958	35 816	77 008	80 495
Vote 9 - Community & Social Services		-	-	-	-	-	-	-	-	-
Vote 10 - Community & Social Services		-	-	-	-	-	-	-	-	-
Vote 11 - Community & Social Services		-	-	-	-	-	-	-	-	-
Vote 12 - Energy Sources		-	-	-	-	-	-	-	-	-
Vote 13 - Environmental Protection		-	-	-	-	-	-	-	-	-
Vote 14 - 0		-	-	-	-	-	-	-	-	-
Vote 15 - 0		4 661	4 349	5 386	(17 096)	(17 097)	(17 097)	4 781	7 085	7 259
Total Revenue by Vote	2	285 008	297 216	203 288	266 755	335 525	335 525	381 282	450 780	460 660
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive & Council		13 600	16 022	18 859	50 671	50 671	50 671	49 242	51 310	53 465
Vote 2 - Finance & Administration		28 012	18 238	2 692	24 708	24 708	24 708	25 379	27 534	27 510
Vote 3 - Finance & Administration		1 714	244	5 091	4 830	5 980	5 980	9 886	6 301	6 566
Vote 4 - Planning & Development		-	-	-	1 126	1 126	1 126	1 170	1 219	1 270
Vote 5 - Public Safety		20 659	15 574	8 412	46 274	64 667	64 667	65 473	68 222	71 088
Vote 6 - Sports & Recreation		16 104	7 597	1 649	17 175	17 175	17 175	17 659	18 401	19 173
Vote 7 - Road Transport		5 108	4 499	878	6 018	6 518	6 518	6 664	6 943	7 235
Vote 8 - Waste Management		142 252	11 148	1 198	94 422	94 422	94 422	116 846	121 753	126 867
Vote 9 - Community & Social Services		4 657	4 709	2 353	3 514	3 514	3 514	3 639	3 792	3 952
Vote 10 - Community & Social Services		882	756	102	2 177	2 177	2 177	2 222	2 315	2 413
Vote 11 - Community & Social Services		8 332	7 039	1 758	3 414	2 288	2 288	5 721	5 961	6 212
Vote 12 - Energy Sources		6	-	-	-	-	-	-	-	-
Vote 13 - Environmental Protection		134	-	3 102	1 483	1 483	1 483	1 541	1 606	1 673
Vote 14 - 0		629	590	240	2 433	3 033	3 033	3 118	3 249	3 386
Vote 15 - 0		81 179	24 879	4 991	37 804	38 930	38 930	38 246	39 852	41 526
Total Expenditure by Vote	2	323 269	111 294	51 326	296 049	316 692	316 692	346 805	358 459	372 335
Surplus/(Deficit) for the year	2	(38 261)	185 922	151 962	(29 294)	18 833	18 833	34 477	92 321	88 325

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

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of Masilonyana Local Municipality. 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 11: MBRR A-4 Consolidated Budgeted Financial Performance (Revenue and Expenditure by type)

FS181 Masilonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue By Source											
Property rates	2	71 523	75 684	70 996	12 897	64 486	64 486	64 486	65 653	73 284	76 547
Service charges - electricity revenue	2	25 853	24 632	24 787	38 855	38 855	38 855	38 855	44 524	48 467	50 594
Service charges - water revenue	2	40 871	34 626	29 428	40 004	40 004	40 004	40 004	41 564	43 310	45 215
Service charges - sanitation revenue	2	20 234	19 639	19 943	22 421	22 421	22 421	22 421	23 295	24 274	25 342
Service charges - refuse revenue	2	13 797	14 467	15 911	13 893	13 893	13 893	13 893	24 698	25 735	26 867
Rental of facilities and equipment		247	257	286	174	174	174	(216)	260	271	283
Interest earned - external investments		496	184	-	659	659	659	(1 388)	685	713	745
Interest earned - outstanding debtors		99	8 889	1 722	5 570	5 570	5 570	16	5 787	6 030	6 295
Dividends received		-	-	-	9	9	9	-	9	10	10
Fines, penalties and forfeits		34	-	6	554	554	554	-	576	600	626
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		92 843	90 719	-	131 350	149 424	149 424	(102 742)	137 104	143 949	142 848
Other revenue	2	1 755	226	91	369	369	369	(243)	575	617	2 678
Gains		(9 359)	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		258 393	269 323	163 170	266 755	336 418	336 418	75 086	344 730	367 259	378 052
Expenditure By Type											
Employee related costs	2	84 042	86 265	39 364	109 949	109 949	109 949	-	114 065	118 856	123 848
Remuneration of councillors		7 001	56	584	7 275	7 275	7 275	7 275	7 559	8 965	8 162
Debt impairment	3	105 847	51	-	89 829	89 829	89 829	89 829	89 829	93 602	97 533
Depreciation & asset impairment	2	58 955	-	-	-	18 393	18 393	-	18 393	19 166	19 970
Finance charges		7 324	652	-	1 546	1 546	1 546	1 546	546	569	593
Bulk purchases - electricity	2	31 045	9 198	324	42 500	42 500	42 500	21 025	60 466	63 005	65 652
Inventory consumed	8	-	-	-	-	-	-	-	2 500	(2 610)	(2 730)
Contracted services		11 744	7 268	4 601	20 104	21 104	21 104	16 929	28 935	28 151	29 333
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	12 012	5 870	2 512	23 280	23 530	23 530	3 361	21 859	22 777	23 734
Losses		60	-	-	-	-	-	-	-	-	-
Total Expenditure		318 031	109 359	47 384	294 483	314 126	314 126	139 965	344 152	352 480	366 094
Surplus/(Deficit)		(59 638)	159 964	115 786	(27 728)	22 292	22 292	(64 879)	578	14 779	11 957
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		4 532	-	-	-	-	-	-	36 552	43 833	41 076
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(55 106)	159 964	115 786	(27 728)	22 292	22 292	(64 879)	37 130	58 612	53 033
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(55 106)	159 964	115 786	(27 728)	22 292	22 292	(64 879)	37 130	58 612	53 033
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(55 106)	159 964	115 786	(27 728)	22 292	22 292	(64 879)	37 130	58 612	53 033
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(55 106)	159 964	115 786	(27 728)	22 292	22 292	(64 879)	37 130	58 612	53 033

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

- Total revenue is R344.7 million in 2021/22, R336 million and R367 million in 2022/2023 and 2023/2024 respectively.



2. Revenue to be generated from property rates is R65.6 million for 2021/2022 which constitutes 19% of the operating revenue base of the municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling 134 million (39%) million for the budget year.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government and they amount to R137 million.

Table 12: MBRR A5 Consolidated Budgeted Capital Expenditure by Vote



MLM: FS181 DRAFT BUDGET AND MTREF 2021/2022

Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance & Administration		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Administration		-	-	-	-	-	-	-	-	-	-
Vote 4 - Planning & Development		-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 6 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 8 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 9 - Community & Social Services		-	-	-	-	-	-	-	-	-	-
Vote 10 - Community & Social Services		-	-	-	-	-	-	-	-	-	-
Vote 11 - Community & Social Services		-	-	-	-	-	-	-	-	-	-
Vote 12 - Energy Sources		-	-	-	-	-	-	-	-	-	-
Vote 13 - Environmental Protection		-	-	-	-	-	-	-	-	-	-
Vote 14 - 0		-	-	-	-	-	-	-	-	-	-
Vote 15 - 0		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		241 447	241 447	241 447	-	-	-	241 042	-	-	-
Vote 2 - Finance & Administration		3 670	3 671	3 671	100	-	-	3 671	-	-	-
Vote 3 - Finance & Administration		-	4	4	476	-	-	4	310	-	-
Vote 4 - Planning & Development		-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		927	1 273	4 375	13 665	2 365	2 365	12 256	24 058	33 250	13 800
Vote 6 - Sports & Recreation		529 843	529 964	531 970	21 792	21 792	21 792	535 375	5 942	-	11 036
Vote 7 - Road Transport		-	-	-	334	-	-	-	45	-	-
Vote 8 - Waste Management		3 614	3 614	5 234	-	-	-	5 234	1 983	4 144	5 007
Vote 9 - Community & Social Services		227	227	227	-	-	-	463	-	-	-
Vote 10 - Community & Social Services		-	-	415	5 278	-	-	827	991	1 182	1 227
Vote 11 - Community & Social Services		470 864	470 864	470 864	-	-	-	470 864	1 705	3 944	5 998
Vote 12 - Energy Sources		3 347	3 347	3 347	-	-	-	3 347	-	-	-
Vote 13 - Environmental Protection		-	-	-	205	-	-	-	-	-	-
Vote 14 - 0		-	-	-	3 302	9 182	9 182	-	-	-	-
Vote 15 - 0		138 384	138 384	138 384	7	-	-	138 384	-	-	-
Capital single-year expenditure sub-total		1 392 325	1 392 796	1 399 939	45 159	33 340	33 340	1 411 466	35 035	42 520	37 069
Total Capital Expenditure - Vote		1 392 325	1 392 796	1 399 939	45 159	33 340	33 340	1 411 466	35 035	42 520	37 069
Capital Expenditure - Functional											
Governance and administration		383 502	383 502	383 502	107	-	-	-	-	-	-
Executive and council		3 670	3 671	3 671	100	-	-	-	-	-	-
Finance and administration		379 832	379 832	379 832	7	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		30 008	30 012	30 971	16 939	16 860	16 860	16 860	1 415	1 182	6 969
Community and social services		-	4	4	3 778	9 182	9 182	9 182	310	-	-
Sport and recreation		-	-	959	9 600	4 322	4 322	4 322	1 105	1 182	1 227
Public safety		26 661	26 661	26 661	3 356	3 356	3 356	3 356	-	-	5 741
Housing		-	-	-	205	-	-	-	-	-	-
Health		3 347	3 347	3 347	-	-	-	-	-	-	-
Economic and environmental services		471 092	471 092	471 092	-	-	-	-	1 705	3 944	5 998
Planning and development		227	227	227	-	-	-	-	-	-	-
Road transport		470 864	470 864	470 864	-	-	-	-	1 705	3 944	5 998
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		534 384	534 851	541 579	35 791	24 157	24 157	24 157	32 029	37 394	29 843
Energy sources		3 614	3 614	5 234	-	-	-	-	1 983	4 144	5 007
Water management		927	1 273	4 375	13 665	2 365	2 365	2 365	24 058	33 250	13 800
Waste water management		529 843	529 964	531 970	21 792	21 792	21 792	21 792	5 942	-	11 036
Waste management		-	-	-	334	-	-	-	45	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	1 418 986	1 419 457	1 427 144	52 837	41 017	41 017	41 017	35 148	42 520	42 810

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the



funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. All capital projects falls under the single year capital
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital programmes are funded from national capital grants and internally generated funds.

Table 13: MBRR A6 consolidated Budgeted Financial Position

FS181 Masilonyana - Table A6 Budgeted Financial Position

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand											
ASSETS											
Current assets											
Cash		(234)	28 088	22 279	780	780	780	153 869	(1 000)	(1 076)	11 303
Call investment deposits	1	15	471	471	-	-	-	471	-	-	-
Consumer debtors	1	368 210	533 008	707 656	45 110	45 110	45 110	45 110	69 024	71 923	75 088
Other debtors		77 698	79 772	82 053	-	-	-	85 344	7 843	8 172	8 532
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	477	311	(310)	8 780	8 780	8 780	(14 474)	15 069	10 631	11 217
Total current assets		446 166	641 649	812 148	54 670	54 670	54 670	270 319	90 936	89 650	106 141
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		85	85	85	-	-	-	85	-	-	-
Investment property		(5 105)	(5 105)	(5 105)	-	-	-	(5 105)	-	-	-
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	725 883	727 871	735 558	826 845	796 632	796 632	2 115 093	827 099	42 520	42 810
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		-	-	-	-	-	-	-	-	-	-
Other non-current assets		-	-	-	-	-	-	-	-	-	-
Total non current assets		720 863	722 851	730 538	826 845	796 632	796 632	2 110 073	827 099	42 520	42 810
TOTAL ASSETS		1 167 029	1 364 500	1 542 686	881 515	851 302	851 302	2 380 392	918 035	132 171	148 951
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	-	-	-	-	-	-	-	681	709	741
Consumer deposits		1 054	1 222	1 459	(1 325)	(1 325)	(1 325)	1 543	(1 191)	(1 241)	(1 296)
Trade and other payables	4	539 612	561 982	592 158	104 217	104 217	104 217	(650 752)	146 532	152 686	159 405
Provisions		40 752	40 752	40 752	-	-	-	40 752	176	(89)	(376)
Total current liabilities		581 418	603 956	634 370	102 892	102 892	102 892	(608 457)	146 197	152 066	158 473
Non current liabilities											
Borrowing		2 950	2 659	2 659	-	-	-	(2 659)	(2 394)	(2 494)	(2 604)
Provisions		-	-	-	-	-	-	-	34 879	36 344	37 943
Total non current liabilities		2 950	2 659	2 659	-	-	-	(2 659)	32 486	33 850	35 339
TOTAL LIABILITIES		584 369	606 615	637 029	102 892	102 892	102 892	(611 116)	178 683	185 916	193 813
NET ASSETS	5	582 661	757 884	905 657	778 623	748 411	748 411	2 991 508	739 352	(53 745)	(44 862)
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		783 289	773 487	771 623	658 141	712 599	712 599	(1 060 550)	362 681	434 309	445 364
Reserves	4	-	-	-	693 354	693 354	693 354	-	167 670	174 712	182 399
TOTAL COMMUNITY WEALTH/EQUITY	5	783 289	773 487	771 623	1 351 495	1 405 953	1 405 953	(1 060 550)	530 351	609 022	627 764



Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet);
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. This is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 1. Call investments deposits;
 2. Consumer debtors;
 3. Property, plant and equipment;
 4. Trade and other payables;
 5. Provisions non-current;
 6. Changes in net assets; and
 7. 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 14: MBRR A7 Consolidated Budgeted Cash Flow



FS181 Masilonyana - Table A7 Budgeted Cash Flows

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		42 213	28 893	24 003	32 243	32 243	32 243	-	32 701	34 075	35 574
Service charges		107 569	73 523	60 859	62 155	62 155	62 155	-	71 885	75 120	78 501
Other revenue		4 325	757	521	922	922	922	-	1 302	1 360	1 422
Transfers and Subsidies - Operational	1	89 833	110 412	121 876	131 350	131 350	131 350	-	138 332	145 262	144 212
Transfers and Subsidies - Capital	1	30 913	24 019	44 000	41 017	41 017	41 017	-	35 324	42 520	39 712
Interest		4 757	3 850	3 037	-	-	-	-	-	-	-
Dividends		6	8	8	8	8	8	-	4 126	4 311	4 505
Payments											
Suppliers and employees		(176 362)	(192 092)	(216 535)	-	-	-	-	(235 923)	(239 706)	(248 585)
Finance charges		(1 335)	(1 406)	(1 479)	-	-	-	-	(546)	(569)	(593)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		101 919	47 963	36 289	267 695	267 695	267 695	-	47 201	62 374	54 748
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		1 240	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(34 808)	(34 019)	(44 000)	-	-	-	-	(35 324)	(42 520)	(39 712)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(33 568)	(34 019)	(44 000)	-	-	-	-	(35 324)	(42 520)	(39 712)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		68 351	13 944	(7 711)	267 695	267 695	267 695	-	11 876	19 854	15 036
Cash/cash equivalents at the year begin:	2	980	789	650	-	-	-	-	-	11 876	31 730
Cash/cash equivalents at the year end:	2	69 331	14 733	(7 061)	267 695	267 695	267 695	-	11 876	31 730	46 766

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2020/20221 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term; and as a result the budget is funded in the current year with a surplus of R2.5 million, R49 million and 119 959 million respectively for the outer years
4. Cash and cash equivalents totals to a positive R2.5 million as at the end of the 2020/2021 financial year due to the measures that the municipality are going to implement.



Table 15: MBRR A8 Consolidated Cash Backed Accumulated Surplus Reconciliation

FS181 Masingao - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Cash and investments available											
Cash/cash equivalents at the year end	1	69 331	14 733	(7 061)	267 695	267 695	267 695	-	11 876	31 730	46 766
Other current investments > 90 days		(69 550)	13 825	29 810	(266 915)	(266 915)	(266 915)	154 340	(12 877)	(32 806)	(35 463)
Non current assets - Investments	1	85	85	85	-	-	-	85	-	-	-
Cash and investments available:		(134)	28 643	22 834	780	780	780	154 424	(1 000)	(1 076)	11 303
Application of cash and investments											
Unspent conditional transfers		32 452	40 066	40 066	-	-	-	(84 778)	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(264 994)	(229 517)	(279 735)	72 304	81 140	81 140	(132 546)	107 198	112 904	118 211
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(232 542)	(189 452)	(239 669)	72 304	81 140	81 140	(217 324)	107 198	112 904	118 211
Surplus(shortfall)		232 408	218 094	262 503	(71 524)	(80 360)	(80 360)	371 748	(108 198)	(113 981)	(106 907)

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

- The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
 - 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.
 - 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”. In Masingao Local Municipality’s case, there’s negative balance of R108 million for budget year, R113 million for 2022/23 and a positive R106 million for 2023/2024 respectively
 - Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
- Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2021/22 MTREF is not funded owing to the significant deficit.



Table 16: MBRR A9 Consolidated Asset Measurement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	16,497	3,046	33,057	40,345	38,752	38,752	40,590	21,026	36,000
<i>Roads Infrastructure</i>		-	2,696	3,822	-	-	-	3,070	5,948	-
<i>Storm water Infrastructure</i>		-	-	2,006	-	-	-	4,840	-	5,004
<i>Electrical Infrastructure</i>		-	-	1,000	3,510	3,510	3,510	-	-	-
<i>Water Supply Infrastructure</i>		-	346	14,050	11,951	11,951	11,951	11,000	12,644	26,338
<i>Sanitation Infrastructure</i>		-	-	6,770	12,655	12,655	12,655	9,287	1,010	-
<i>Solid Waste Infrastructure</i>		13,841	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		13,841	3,042	27,648	28,116	28,116	28,116	28,197	19,602	31,343
Community Facilities		-	-	-	-	-	-	7,044	-	3,098
Sport and Recreation Facilities		-	-	3,188	8,451	8,451	8,451	3,000	-	-
Community Assets		-	-	3,188	8,451	8,451	8,451	10,044	-	3,098
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	2,151	-	-	-	1,227	1,250	1,313
Intangible Assets		-	-	2,151	-	-	-	1,227	1,250	1,313
Computer Equipment		2,656	4	70	95	296	296	-	-	-
Furniture and Office Equipment		-	-	-	3,397	1,602	1,602	1,123	174	246
Machinery and Equipment		-	-	-	287	287	287	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	1,603	1,603	1,603	1,550	16,095	3,079
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	6,501	3,079
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	6,501	3,079
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	1,603	1,603	1,603	1,550	9,594	-
Community Assets		-	-	-	1,603	1,603	1,603	1,550	9,594	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-



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Total Upgrading of Existing Assets	6	1,414	-	-	-	-	-	-	7,589	6,178
Roads Infrastructure		9,215	-	-	-	-	-	-	6,501	3,079
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		(6,602)	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		2,612	-	-	-	-	-	-	6,501	3,079
Community Facilities		(1,198)	-	-	-	-	-	-	1,088	3,098
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		(1,198)	-	-	-	-	-	-	1,088	3,098
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	17,911	3,046	33,057	41,948	40,355	40,355	42,140	44,710	45,257
Roads Infrastructure		9,215	2,696	3,822	-	-	-	3,070	18,949	6,159
Storm water Infrastructure		-	-	2,006	-	-	-	4,840	-	5,004
Electrical Infrastructure		-	-	1,000	3,510	3,510	3,510	-	-	-
Water Supply Infrastructure		(6,602)	346	14,050	11,951	11,951	11,951	11,000	12,644	26,338
Sanitation Infrastructure		-	-	6,770	12,655	12,655	12,655	9,287	1,010	-
Solid Waste Infrastructure		13,841	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		16,453	3,042	27,648	28,116	28,116	28,116	28,197	32,603	37,502
Community Facilities		(1,198)	-	-	-	-	-	7,044	1,088	6,196
Sport and Recreation Facilities		-	-	3,188	10,054	10,054	10,054	4,550	9,594	-
Community Assets		(1,198)	-	3,188	10,054	10,054	10,054	11,594	10,682	6,196
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	2,151	-	-	-	1,227	1,250	1,313
Intangible Assets		-	-	2,151	-	-	-	1,227	1,250	1,313
Computer Equipment		2,656	4	70	95	296	296	-	-	-
Furniture and Office Equipment		-	-	-	3,397	1,602	1,602	1,123	174	246
Machinery and Equipment		-	-	-	287	287	287	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		17,911	3,046	33,057	41,948	40,355	40,355	42,140	44,710	45,257



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ASSET REGISTER SUMMARY - PPE (WDV)	5	625,700	451,044	416,921	697,177	569,184	569,184	470,181	469,233	469,305
<i>Roads Infrastructure</i>			92,382	102,301	202,368	202,368	202,368	202,368	202,368	202,368
<i>Storm water Infrastructure</i>										
<i>Electrical Infrastructure</i>			22,068	26,660	56,460	56,460	56,460	56,460	56,460	56,460
<i>Water Supply Infrastructure</i>			167,502	177,818	88,643	88,643	88,643	88,643	88,643	88,643
<i>Sanitation Infrastructure</i>			98,247	103,454	112,597	112,597	112,597	112,597	112,597	112,597
<i>Solid Waste Infrastructure</i>		597,053	(1,661)	25	4,205	4,205	4,205	4,205	4,205	4,205
<i>Rail Infrastructure</i>					4,787	4,787	4,787	4,787	4,787	4,787
<i>Coastal Infrastructure</i>										
<i>Information and Communication Infrastructure</i>										
Infrastructure		597,053	378,538	410,258	469,059	469,059	469,059	469,059	469,059	469,059
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other Assets		15,870	-	-	127,994	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	2,151	-	-	-	-	-	-
Computer Equipment		1,440	3,879	4,085	1,440	1,440	1,440	100	105	181
Furniture and Office Equipment		2,188	405	427	2,188	2,188	2,188	1,022	70	66
Machinery and Equipment		706	-	-	706	706	706	-	-	-
Transport Assets		8,443	68,221	-	8,433	8,433	8,433	-	-	-
Land		-	-	-	87,358	87,358	87,358	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	625,700	451,044	416,921	697,177	569,184	569,184	470,181	469,233	469,305
EXPENDITURE OTHER ITEMS		90,066	39,814	41,893	62,919	22,296	22,296	33,951	39,451	41,191
Depreciation	7	76,017	26,534	27,941	51,624	11,001	11,001	18,393	23,178	24,171
Repairs and Maintenance by Asset Class	3	14,049	13,281	13,952	11,295	11,295	11,295	15,557	16,273	17,021
<i>Roads Infrastructure</i>		3,332	2,130	828	872	872	872	5,627	5,886	6,156
<i>Storm water Infrastructure</i>		-	1,415	875	922	922	922	963	1,007	1,054
<i>Electrical Infrastructure</i>		1,783	-	3,343	3,520	3,520	3,520	2,721	2,847	2,977
<i>Water Supply Infrastructure</i>		2,191	2,331	2,977	3,134	3,134	3,134	3,276	3,426	3,584
<i>Sanitation Infrastructure</i>		2,088	2,222	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	1,000	1,053	1,053	1,053	1,100	1,151	1,204
<i>Rail Infrastructure</i>		2,088	2,222	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		11,482	10,320	9,023	9,501	9,501	9,501	13,687	14,317	14,975
Community Facilities		-	-	349	73	73	73	100	105	109
Sport and Recreation Facilities		-	-	-	541	541	541	565	591	618
Community Assets		-	-	349	613	613	613	665	696	728
Heritage Assets		-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>		-	1,064	1,095	1,153	1,153	1,153	1,205	1,260	1,318
<i>Housing</i>		-	-	-	-	-	-	-	-	-
Other Assets		-	1,064	1,095	1,153	1,153	1,153	1,205	1,260	1,318
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
<i>Servitudes</i>		-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		2,567	-	26	28	28	28	-	-	-
Machinery and Equipment		-	-	21	-	-	-	-	-	-
Transport Assets		-	-	1,932	-	-	-	-	-	-
Land		-	1,897	1,505	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		90,066	39,814	41,893	62,919	22,296	22,296	33,951	39,451	41,191
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		7.9%	0.0%	0.0%	3.8%	4.0%	4.0%	3.7%	53.0%	20.5%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		1.9%	0.0%	0.0%	3.1%	14.6%	14.6%	8.4%	102.2%	38.3%
<i>R&M as a % of PPE</i>		2.0%	1.9%	2.0%	124.3%	1.6%	1.6%	2.1%	2.1%	2.1%
<i>Renewal and upgrading and R&M as a % of PPE</i>		2.0%	3.0%	3.0%	2.0%	2.0%	2.0%	4.0%	9.0%	6.0%



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 previously 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.

Table 17: MBRR consolidated Basic Service Delivery Measurement

Municipal in-house services	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework			
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24	
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	11 297	11 297	11 297	11 297	11 297	11 297	14 348	11 297	11 297
		Piped water inside yard (but not in dwelling)	18 829	18 829	18 829	18 829	18 829	18 829	18 829	18 829	18 829
	8	Using public tap (at least min.service level)	-	-	-	-	-	-	-	-	-
	10	Other water supply (at least min.service level)	7 532	7 532	7 532	7 532	7 532	7 532	7 532	7 532	7 532
		<i>Minimum Service Level and Above sub-total</i>	37 658	37 658	37 658	37 658	37 658	37 658	40 709	37 658	37 658
	9	Using public tap (< min.service level)	19	19	19	19	19	19	19	19	19
	10	Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-
		No water supply	-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>	19	19	19	19	19	19	19	19	19
		Total number of households	37 677	37 677	37 677	37 677	37 677	37 677	40 728	37 677	37 677
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	14 762	14 762	14 762	14 762	14 762	14 762	14 762	14 762	14 762
		Flush toilet (with septic tank)	572	572	572	572	572	572	572	572	572
		Chemical toilet	-	-	-	-	-	-	-	-	-
		Pit toilet (ventilated)	-	-	-	-	-	-	-	-	-
		Other toilet provisions (> min.service level)	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529
		<i>Minimum Service Level and Above sub-total</i>	16 863	16 863	16 863	16 863	16 863	16 863	16 863	16 863	16 863
		Bucket toilet	-	-	-	-	-	-	-	-	-
		Other toilet provisions (< min.service level)	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529
		No toilet provisions	-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529
		Total number of households	18 392	18 392	18 392	18 392	18 392	18 392	18 392	18 392	18 392
		Energy:									
		Electricity (at least min.service level)	2 918	2 918	2 918	2 918	2 918	2 918	2 918	2 918	2 918
		Electricity - prepaid (min.service level)	11 695	11 695	11 695	11 695	11 695	11 695	11 695	11 695	11 695
		<i>Minimum Service Level and Above sub-total</i>	14 613	14 613	14 613	14 613	14 613	14 613	14 613	14 613	14 613
		Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
		Electricity - prepaid (< min.service level)	-	-	-	-	-	-	-	-	-
		Other energy sources	-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	14 613	14 613	14 613	14 613	14 613	14 613	14 613	14 613	14 613
		Refuse:									
		Removed at least once a week	18 554	18 554	18 554	18 554	18 554	18 554	18 554	18 554	18 554
		<i>Minimum Service Level and Above sub-total</i>	18 554	18 554	18 554	18 554	18 554	18 554	18 554	18 554	18 554
		Removed less frequently than once a week	-	-	-	-	-	-	-	-	-
		Using communal refuse dump	-	-	-	-	-	-	-	-	-
		Using own refuse dump	-	-	-	-	-	-	-	-	-
		Other rubbish disposal	-	-	-	-	-	-	-	-	-
		No rubbish disposal	-	-	-	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	18 554	18 554	18 554	18 554	18 554	18 554	18 554	18 554	18 554

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 budget provides for 5000 households to be registered as indigent in the current financial year, and therefore entitled to receiving Free Basic Services. The number is set to increase/decrease given the the open door policy that is in place.



3. It is anticipated that these Free Basic Services will cost the municipality over R 14 million in 2021/2022. This is covered by the municipality's equitable share allocation from national government.

PART 2 – SUPPORTING DOCUMENTATION

Section 53 of the Municipal Finance Management Act 2003 (No. 56 of 2003) requires the Executive 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 Executive 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 Municipal Finance Management Act; 2003(No. 56 of 2003)

2.1 IDP and Service Delivery and Budget Implementation Plan

The Municipality's Integrated Development Plan (IDP) is its principal strategic planning instrument which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

1. Registration of community needs;
2. Compilation of departmental business plans including key performance indicators and targets;
3. Financial planning and budgeting process;
4. Public participation process;
5. Compilation of the SDBIP, and
6. The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2018/2019 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

During the compilation of the 2020/2021 MTREF, each department/function will have to review the business planning process, including the setting of priorities and targets after reviewing the mid-year.

2.1.1 Community Consultation

The 2021/2022 MTREF was planned to be tabled by 31 March 2021. The Budget Process Plan was tabled before council in August 2020 where the budget activities of the 2021/2022 were presented. Council must take note although this has been tabled, and as a result of the COVID-19 pandemic it



is unlikely that physical consultations will take place, however measures will be communicated on how consultations will be held in order to comply with MFMA.

All documents in the appropriate format will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the Municipal Finance Management Act, as evidence that the budget processes and public participation indeed took place.

2.2 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2021/22 MTREF, extensive financial modelling was undertaken to ensure affordability in the long-term and financial sustainability. The following key factors and planning strategies have informed the compilation of the 2020/21 MTREF and adjustments budgets:

1. The municipality growth;
2. Policy priorities and strategic objectives;
3. Asset maintenance;
4. Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns);
5. Performance trends;
6. The approved 2020/2021 budget and performance against the SDBIP;
7. Cash Flow Management;
8. Debtor payment levels;
9. Investment possibilities;
10. The need for tariff increases versus the ability of the community to pay for services; and
11. Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's Municipal Finance Management Act Circulars 51, 54, 68, 70 and 72 has been taken into consideration in the planning and prioritisation process.

2.3 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 utilize 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 the municipality correlates with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality's strategically complies with the key national and provincial priorities. The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance.

One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipalities response to these requirements. The national and provincial priorities, policies and strategies of importance include amongst others:

1. Green Paper on National Strategic Planning of 2009;
2. Government Programme of Action;
3. Development Facilitation Act of 1995;
4. Provincial Growth and Development Strategy (GGDS);
5. National and Provincial spatial development perspectives;
6. Relevant sector plans such as transportation, legislation and policy;
7. National Key Performance Indicators (NKPIs);
8. Accelerated and Shared Growth Initiative (ASGISA);
9. National 2014 Vision;
10. National Spatial Development Perspective (NSDP) and
11. The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

The following highlights the IDP's five strategic objectives for the 2020/2021 MTREF and further planning refinements that have directly informed the compilation of the budget;

Build better communities and good governance - Strive to build a united, non-racial, non-sexist, competitive and prosperous community.



Enhance financial sustainability -Strategies to ensure financial stability by raising revenue strategies, asset management, and financial management, enhance cost effectiveness and capital investment programmes.

Accelerate an inclusive growing economy - Encouraging the creation of job opportunities, SMME's development, provide for proper service to all the resident, and land use management for all the community of Masilonyana and promote agricultural and tourism development.

Plan for the future

Masilonyana must create an environment conducive for economic growth through investments in socio economic infrastructure to trigger local economic growth and forge partnership with stakeholders to invest in the local economy.

Develop a learning organization

Masilonyana Municipality needs to acquire highly competent workforce to successfully implement its newly developed strategic intent. And has already took its workforce for vast training from Technical Services, for plant operations courses ABET, Municipal Finance Management Programme etc.

Establish effective and efficient services - Provide quality and sustainable electrical services, maintain road networks and storm water drainage system for all the community of Masilonyana effective on-going water and sanitation services, waste -management services in an effective manner, and parks and cemetery development in order to protect human health and well-being environment as aligned to government and national key objectives

Enhance effective, accountable and clean institutional management and corporate, governance. Accelerated provision of effective, efficient and quality services and encourage cooperative governance and the involvement of all other stakeholders to provide a better life for all.

In order to ensure integrated and focused service delivery between all spheres of government, it was important for the Masilonyana Local Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

- a) Provision of quality basic services and infrastructure which includes, amongst others:
1. Provide electricity;
 2. Provide water;
 3. Provide sanitation;
 4. Provide waste removal;
 5. Provide roads and storm water; and



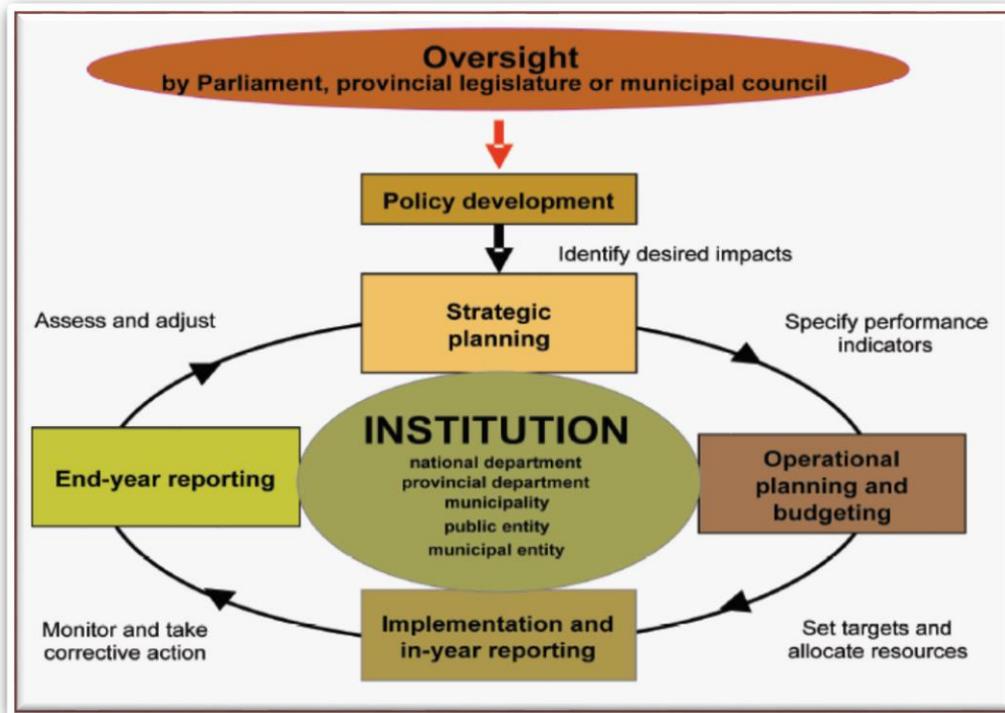
6. Maintaining the infrastructure of the municipality.
- b) Economic growth and development that leads to sustainable job creation by:
1. Ensuring there is a clear structural plan, LED strategy for the Municipality;
 2. Ensuring planning processes function in accordance with set timeframes; and
 3. Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- c) Fight poverty and build clean, healthy, safe and sustainable communities through:
1. Effective implementation of the Indigent Policy;
 2. Working with the provincial department of health to provide primary health care services;
 3. Extending waste removal services and ensuring effective municipal cleansing;
 4. Ensuring all waste water treatment works are operating optimally;
 5. Working with strategic partners such as SAPS to address crime;6
 6. Ensuring save working environments by effective enforcement of building and health regulations;7
 7. Promote viable, sustainable communities through proper zoning; and
 8. Promote environmental sustainability by protecting wetlands and key open spaces

2.4 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds.

The Municipality targets, monitors, assess and reviews organizational performance which in turn is directly linked to individual employee's performance.

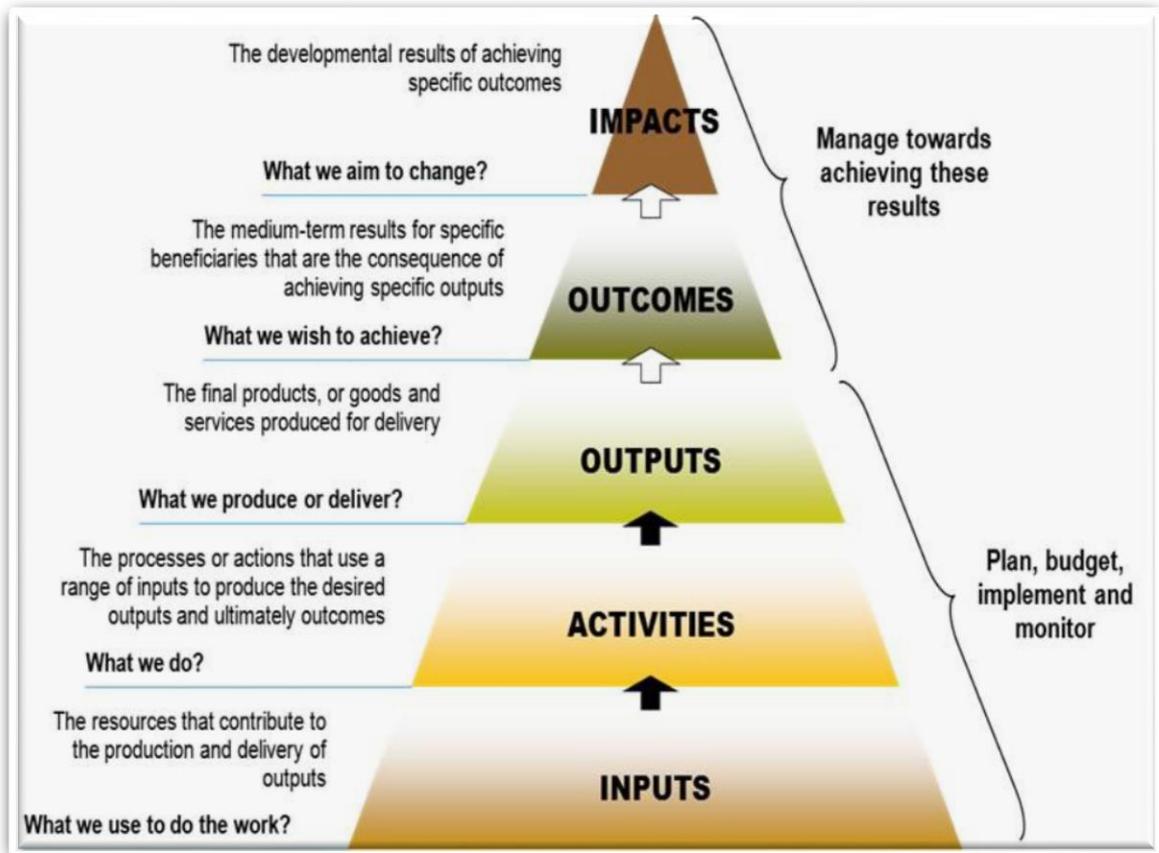
At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information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



The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

1. Planning (setting goals, objectives, targets and benchmarks);
2. Monitoring (regular monitoring and checking on the progress against plan);
3. Measurement (indicators of success);
4. Review (identifying areas requiring change and improvement);
5. Reporting (what information, to whom, from whom, how often and for what purpose); and
6. Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury which is depicted below:



2.5 Budget related policies

Masilonyana Local Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The following policies have been reviewed and tabled to Council with the budget:

- Municipal Property rates policy
- Budget policy
- Tariff policy
- Indigent policy
- Fixed Asset management policy
- Cash management & investment policy
- Credit control & Debt Collection policy
- Supply Chain Management policy
- Unauthorized, Irregular Fruitless and Wasteful policy
- Bad debt write-off policy
- Policy governing payments of creditors, councilors and officials
- Subsistence and Travel policy
- Disclosure Related parties' policies
- Events after reporting date policy and procedure manual



- Virements Policy

The 2021/22 MTREF has been prepared on the basis of achieving an average debtors' collection rate 62 percent in average. In addition, the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels by handing them over to the debt collector appointed. Finally, debt owed by Councillors and municipal staff has been prioritised for speedy recovery and where there's such debt, deductions are made against councillors and officials of the municipality. The credit control and debt collection policy has prioritised this area to show an example of the debt collection initiatives by the Municipality.

2.6 Overview of the budget assumptions

2.6.1 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 2021/2022 MTREF, namely:

1. National Government macro-economic targets;
2. The general inflationary outlook and the impact on the residents and businesses;
3. The impact of municipal cost drivers;
4. The increase in prices for bulk electricity and water; and
5. The increase in the cost of remuneration. Employee related costs comprise 33% of the total operating expenditure in the 2021/2022

2.6.2 Interest Rates on borrowing and Investment of Funds

The MFMA stipulates that borrowing can only be utilized to fund capital or refinancing of borrowing in certain conditions. There are no current loans budgeted for this financial year.

2.6.3 Collection rate for revenue services

The base assumption is that tariff and rates will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is currently expressed as a percentage of annual billings. Cash flow is assumed to be 62 percent of billings in average, due to the SMART prepaid electricity meters that are currently being installed and the project will assist to enhance the revenue collection as it is anticipated to start generating income from commercial users as from May 2020.

2.6.4 Growth or decline in tax base of the municipality

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



2.7 Legislation compliance status

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

2.7.1. In year reporting

Reporting to National Treasury in electronic format will fully be complied with on a monthly basis. mSCOA data strings reporting to the Executive Mayor (within 10 working days) is fully complied with.

2.7.2 Internship programme

Currently the Municipality have 4 interns who resumed duties in July 2018, we have also advertised for 3 more interns that will appointed before the end April 2021.

2.7.3. Audit Committee

There's currently no audit committee in place, however the Municipality has outsourced the service to the Lejweleputswa District Municipality Audit Committee.

2.7.4. Service Delivery and Implementation Plan

A detailed SDBIP document is in place and it is directly aligned and informed by the 2019/2020 MTREF budget and Integrated Development Plan. The 2020/21 SDBIP will also be drafted and aligned to the 2020/21 Draft MTREF. This document will be approved by the Mayor 28 days after the budget is approval by council.

RECOMMENDATIONS:

That council notes:

1. the draft 2021/2022 MTREF Budget,
2. draft budget related policies
3. Draft tariffs for 2021/2022



2.8 QUALITY CERTIFICATE

QUALITY CERTIFICATE

I, Pule Tsekedi, the Municipal Manager of Masilonyana Local Municipality, hereby certify that:

2021/2022 Draft MTREF Budget

has been prepared in accordance with Section 21 & 53 of the Municipal Finance Management Act 56 of 2003 and the relevant regulations.

Name : Pule Tsekedi

Signature : _____

Date : _____