

OVERBERG DISTRICT MUNICIPALITY



Medium Term Revenue and Expenditure Framework (MTREF)

BUDGET:

2020/2021 – 2022/2023

Report

(Draft)

OVERBERG DISTRICT MUNICIPALITY
26 LONG STREET / PRIVATE BAG X22
BREDASDORF 7280



25 MAR 2020

TEL: 029 425 1157 • FAX: 029 425 1014
info@odm.org.za • www.odm.org.za

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OVERBERG DISTRICT MUNICIPALITY
26 LONG STREET, BLOEMFONTEIN 9400
051 435 1234

25 MAR 2020

TEL: 051 435 1234 • FAX: 051 435 1014
info@odm.org.za • www.odm.org.za

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 26 LANGE STREET, MIDVALE, BAG X22
 7611 (029 425 7280)

 25 MAR 2020

TEL: 029 425 1017 • FAX: 029 425 1014
 info@odm.org.za • www.odm.org.za

Glossary

Adjustments Budgets – Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a municipality may revise its budget during a financial year.

Allocations – Money received from Provincial and National Treasury.

Budget – The financial plan of a municipality.

Budget related policy – Policy of a municipality affecting or affected by the budget.

Capital Expenditure – Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality, and the month end balances of cash and short-term investments. Cash receipts and payments do not always coincide with budgeted revenue and expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month that the services or goods are received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. The annual piece of legislation that indicate the allocations from National Government to Local Government.



Equitable Share – A general grant paid to municipalities. It is predominantly targeted to assist with free basic services.

GDFI - Gross Domestic Fixed Investment

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates comparisons between municipalities.

ICT – Information Communication Technology

IDP – Integrated Development Plan. The main strategic planning document of a municipality.

KPI – Key Performance Indicators. Measures of service output and/or outcome.

MBBR - Municipal Budget Reporting Regulations

MFMA - Municipal Finance Management Act (No 53 of 2003). The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework as prescribed by the MFMA sets out indicative revenue and projected expenditure for the budget year plus two outer financial years to determine the affordability level.

ODM – Overberg District Municipality

Operating Expenditure – Spending on the day to day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

Rates – Local Government tax based on assessed valuation of a property.

TMA – Total Municipal Account

SDBIP – Service Delivery Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

OVERBERG DISTRICT MUNICIPALITY
26 LONG STREET / PRIVAATSTRAAT X22
BERGAMOESPOORT 7200
25 MAR 2020
TEL: 0522 456 1167 • FAX: 0522 425 1014
WWW.ODM.ORG.ZA

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Strategic Objectives – The main priorities of a municipality as set out in the IDP
Budgeted spending must contribute towards achievement of these strategic objectives.

Vote – One of the main segments into which a budget is divided, usually at department level.

PART 1 – ANNUAL BUDGET

1. Mayors Report

To be included.

OVERBERG DISTRICT MUNICIPALITY
26 LONG STREET | GERMATE GAO X22
BETHANSBURG 7300



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TEL: 029 426 1017 • FAX: 029 426 1014
info@odm.org.za • www.odm.org.za

2. Resolutions

MTREF BUDGET 2020/2021

The resolution tabled at Council for consideration upon approval of the adjustment budget is:

RECOMMENDATION:

That Council approves the following:

- 1) That the consolidated Operating budget of R 241 413 338, Capital budget of R8 465 000, and budgeted cash flows, as set out in the Municipal Budget be adopted and approved by Council and that it constitutes the Budget of the Council for 2020/2021 financial year as well as the medium term (indicative) budgets for the 2021/2022 and 2022/2023 financial years.
- 2) That the Integrated Development Plan and related documents and any amendments thereto, be approved.
- 3) That the Spatial Development Framework and any amendments thereto, be approved.
- 4) That the tariffs as per tariff list be approved.
- 5) That all other matters prescribed in sections 17(1) (a-e); 17(2) and 17(3) (a-m) of the Municipal Finance Management Act are included in or accompany the budget document be approved.
- 6) That the measurable performance objectives for 2020/2021 for operating revenue by source and by vote be approved.
- 7) That the following budget related policies be approved:

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- Asset Management Policy
- Credit Control and Debt Collection Policy
- Cash Management and Investment Policy
- Tariff Policy
- Supply Chain Management Policy
- Virement Policy
- Borrowing Policy
- Funding and Reserves Policy
- Budget Policy
- Customer Care Policy
- Demand Management Policy
- Infrastructure and delivery Management Policy
- Infrastructure investment and Capital projects Policy
- Liquidity Policy
- Long term Financial Planning Policy
- Management and Admin of Immovable Assets Policy
- Payroll Management and Administration Policy
- Preferential Procurement Policy
- Travelling and Subsistence Policy
- Cost containment Policy

OVERBERG DISTRICT MUNICIPALITY
 26 LONG STREET / PO BOX 111 BAG X02
 BRITAINSDORP 7800



25 MAR 2020

TEL: 028 426 1957 • FAX: 028 426 1914
 info@dm.gov.za • www.dm.gov.za

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3. Executive Summary

The Municipality's 2020/2021 budget amounts to R 249 878 338, represented by a Capital Budget of R 8 465 000 and an Operating Budget of R 241 413 338.

Primary Operating Budget revenue- and expenditure categories reflect the following year-on-year budget value increases (estimated 2020/21 vs. adjusted 2019/2020 budget):

Revenue

Total operating revenue increased with 6,1%. Breakdown of main revenue increases:

- Equitable Share allocation: 4%
- Agency fee for Road function: 7.1%
- Karwyderskraal (Landfill Site): 11.9%
- Resorts: 7%
- Fire brigade: -1,4%

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26 LONG STREET / PRIVATE BAG 122
ENDELSIGORIP 7200



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TEL: 028 425 4157 • FAX: 028 425 4156
info@dm.muni.org.za • www.dm.muni.org.za

Expenditure category increases

DEPARTMENT/ SERVICE	ADJUSTMENT BUDGET 2019/2020	DRAFT BUDGET 2020/2021	INCREASE/ DECREASE	%
Contracted Service	R21 976 028	R20 721 370	-R1 254 658	-5.7%
Depreciation&Amortisation	R3 575 545	R3 575 545	R0	0.0%
Employee Related	R107 998 869	R128 810 595	R20 811 726	19.3%
Interest Paid		R466 184	R466 184	100.0%
Inventory Consumed	R47 219 423	R43 467 247	-R3 752 176	-7.9%
Operational Cost	R43 864 786	R38 031 215	-R5 833 571	-13.3%
Remuneration Councillors	R6 617 599	R6 341 182	-R276 417	-4.2%
Grand Total	R231 252 250	R241 413 338	R10 161 088	4.4%

Several amendments have been made to ensure that expenditure is correctly allocated in terms of General Accepted Accounting Practice and the MCSOA requirements. Included in the Employment related costs for 2020/21 is the following which distorts the increase in employee related cost:

- Employee cost funded by Operational Grants
- Non-cash provisions
- Roads Agency employee related allocations

As per the second table below, the actual increase in Employment related costs is 8,64%. This includes the employee cost portion of previous years that will be funded by cash back reserves as reflected in the table below. An amount of R2 017 834 were also reduced from the 2020/21 Employee cost related to overtime and identified vacancies not to be filled.

EMPLOYEE RELATED COST (Including Roads Agency)

FUNDING SOURCE	ADJUSTMENT BUDGET	DRAFT BUDGET 2020/21	DIFFERENCE	%
EPWP	1 243 000	1 188 000	- 55 000	-4.4%
Management&Staff	104 739 158	121 045 027	16 305 869	15.6%
Cash Backed Reserves	2 409 853	2 756 728	346 875	14.4%
Equitable Share	67 689 393	71 362 699	3 673 306	5.4%
FMG	500 035	400 000	- 100 035	-20.0%
Prov LGIS Grant-OPEX	92 261	-	- 92 261	-100.0%
Roads Agency funds	34 047 616	46 525 600	12 477 984	36.6%
Provisions	2 016 711	6 577 568	4 560 857	226.2%
Equitable Share	1 866 711	6 356 037	4 489 326	240.5%
Roads Agency funds	1 050 000	2 518 524	1 468 524	139.9%
Grand Total	107 998 869	128 810 595	20 811 726	19.3%

EMPLOYEE RELATED COST (Excluding Roads Agency) – Only ODM

FUNDING SOURCE	ADJUSTMENT BUDGET 2019/2020	DRAFT BUDGET 2020/21	DIFFERENCE	%
EPWP	R1 243 000	R1 188 000	-R55 000	-4.42%
Management&Staff	R70 691 542	R74 519 427	R3 827 885	5.41%
Cash Backed Reserves	R2 409 853	R2 756 728	R346 875	14.39%
Equitable Share	R67 689 393	R71 362 699	R3 673 306	5.43%
FMG	R500 035	R400 000	-R100 035	-20.01%
Prov LGIS Grant-OPEX	R92 261	R0	-R92 261	-100.00%
Provisions	R1 866 711	R4 468 644	R2 601 933	139.39%
Grand Total	R73 801 253	R80 176 071	R6 374 818	8.64%

EMPLOYEE RELATED COST – Roads Agency

Row Labels	Sum of ADJUSTMENT	Sum of DRAFT BUD	DIFFERENCE	%
Management&Staff	R34 047 616	R46 525 600	R12 477 984	36.65%
Provisions	R1 050 000	R2 518 524	R1 468 524	139.9%
Grand Total	R34 197 616	R48 634 524	R14 436 908	42.22%

26 LONG STREET / PRIVATE BAG 722
 BREDASDORP 7260
 25 MAR 2020
 TEL: 033 625 1147 • FAX: 033 425 1014
 info@cam.org.za • www.cam.org.za

The projected increase results from a combination of factors such as (relatively low) generic growth to core tariff-based services, operational efficiencies and revenue-related policies aimed at optimising and sustaining all revenue sources.

The financing of capital expenditure from own funds (CRR) totals R 1 465 000. This amount represents a decrease to originally planned values and is earmarked to address the fire brigade office at Grabouw and other operational needs. This level is considered to be affordable over the MTREF 3-year period.

OVERBERG DISTRICT MUNICIPALITY
26 LONG STREET / PRIVATE BAG 222
BERENSBURG 7300



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TEL: 052 456 4457 • FAX: 052 421 1944
WWW.OVERBERG.MUNICIPALITY.GOV.ZA

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4. Budget Tables

The adjustment budget tables compiled in terms of the Municipal Budgeting and Reporting Regulations (MBRR) (Schedule B), are attached per annexure "A" and listed below:

TABLE A1 – Budget Summary

TABLE A2 – Budget Financial Performance (Standard Classification)

TABLE A3 - Budget Financial Performance (Rev & Exp by Municipal Vote)

TABLE A4 - Budget Financial Performance (Revenue & Expenditure)

TABLE A5 – Capital Expenditure Budget by Vote and Funding

TABLE A6 – Budget Position

TABLE A7 – Budget Cash flows

TABLE A8 – Cash back reserves/accumulated surplus provision

TABLE A9 – Asset Management

TABLE A10 – Service Delivery Measurement

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28 LONG STREET / PRIVATE BAG 322
BREDASDORP 7250



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TEL: 022 426 4457 • FAX: 022 426 4014
info@overberg.gov.za • www.overberg.gov.za

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DC3 Overberg - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	801	75	2 102	10 723	10 723	10 723	10 723	12 000	12 480	12 979
Investment revenue	2 311	2 937	2 159	2 500	2 500	2 500	2 500	1 800	1 872	1 947
Transfers recognised - operational	58 277	63 400	73 376	169 423	80 152	80 152	80 152	80 881	81 767	84 584
Other own revenue	95 610	118 714	138 206	36 240	131 235	131 235	131 235	144 364	160 139	156 144
Total Revenue (excluding capital transfers and contributions)	167 000	185 125	215 842	218 886	224 610	224 610	224 610	239 045	246 258	255 654
Employee costs	83 193	91 113	101 195	103 201	108 405	108 405	108 405	124 756	128 495	133 618
Remuneration of councillors	5 150	6 142	6 264	6 607	6 618	6 618	6 618	6 341	6 595	6 859
Depreciation & asset impairment	3 254	4 653	4 068	3 576	3 576	3 576	3 576	3 576	3 719	3 867
Finance charges	7 778	7 999	9 081	9 165	8 905	8 905	8 905	11 038	11 479	11 939
Materials and bulk purchases	32 868	43 286	48 585	52 931	47 712	47 712	47 712	43 455	45 191	46 996
Transfers and grants	120	120	360	380	484	484	484	401	-	-
Other expenditure	29 609	35 381	43 186	46 553	55 485	55 485	55 485	51 844	53 174	55 328
Total Expenditure	161 971	186 693	212 740	222 412	231 185	231 185	231 185	241 411	248 653	258 607
Surplus/(Deficit)	(4 971)	(3 568)	3 102	(3 527)	(6 575)	(6 575)	(6 575)	(2 366)	(2 395)	(2 953)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2 303	890	1 483	1 100	2 650	2 650	2 650	2 100	2 323	2 435
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	111	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(2 557)	(2 678)	4 585	(2 427)	(3 925)	(3 925)	(3 925)	(266)	(72)	(518)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(2 557)	(2 678)	4 585	(2 427)	(3 925)	(3 925)	(3 925)	(266)	(72)	(518)
Capital expenditure & funds sources										
Capital expenditure	6 782	5 332	36 982	11 353	5 652	5 652	5 652	8 465	8 163	3 090
Transfers recognised - capital	2 303	890	1 483	1 100	2 650	2 650	2 650	2 100	2 323	2 435
Borrowing	2 074	-	22 316	6 128	-	-	-	4 900	-	-
Internally generated funds	2 404	4 442	13 183	4 125	3 002	3 002	3 002	1 465	5 840	655
Total sources of capital funds	6 782	5 332	36 982	11 353	5 652	5 652	5 652	8 465	8 163	3 090
Financial position										
Total current assets	38 232	42 098	44 313	39 249	38 542	38 542	38 542	36 899	35 836	39 101
Total non current assets	88 028	88 087	117 215	118 736	119 292	119 292	119 292	124 181	128 626	127 848
Total current liabilities	23 090	33 015	31 882	29 519	29 617	29 617	29 617	30 734	31 939	33 241
Total non current liabilities	82 561	79 238	107 129	116 540	109 625	109 625	109 625	112 021	114 269	116 973
Community wealth/Equity	20 609	17 932	22 516	11 926	18 591	18 591	18 591	18 325	18 253	17 735
Cash flows										
Net cash from (used) operating	15 666	9 441	(735)	4 750	153	153	153	352	599	209
Net cash from (used) investing	(4 596)	(3 795)	(23 509)	(6 253)	(552)	(552)	(552)	955	1 634	7 098
Net cash from (used) financing	(1 169)	(1 206)	25 976	(2 872)	(2 872)	(2 872)	(2 872)	(2 949)	(3 296)	(4 042)
Cash/cash equivalents at the year end	32 276	36 715	36 448	35 153	35 177	35 177	35 177	33 534	32 471	35 736
Cash backing/surplus reconciliation										
Cash and investments available	32 276	36 715	36 448	35 153	35 177	35 177	35 177	33 534	32 471	35 736
Application of cash and investments	(20 545)	(10 854)	(13 304)	(16 978)	(12 958)	(12 958)	(12 958)	(16 713)	(16 134)	(15 554)
Balance - surplus (shortfall)	52 821	47 570	51 752	52 131	48 135	48 135	48 135	50 248	48 605	51 291
Asset management										
Asset register summary (WDV)	59 595	59 654	88 783	83 414	90 859	90 859	90 859	95 749	100 193	99 416
Depreciation	3 254	4 653	4 068	3 576	3 576	3 576	3 576	3 576	3 719	3 867
Renewal and Upgrading of Existing Assets	5 425	2 387	34 414	6 783	3 435	3 435	3 435	5 165	4 233	560
Repairs and Maintenance	4 418	5 579	5 960	96 626	13 067	13 067	13 067	9 644	10 030	10 431
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

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DC3 Overberg - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional	1									
<i>Governance and administration</i>		73 239	81 736	94 770	94 141	98 760	98 760	104 341	107 548	111 423
Executive and council		8 605	10 871	10 097	14 681	14 797	14 797	19 981	20 780	21 611
Finance and administration		64 634	70 865	84 673	79 459	83 963	83 963	84 361	86 768	89 812
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		15 026	18 923	19 717	23 158	22 896	22 896	23 379	23 071	23 986
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		13 531	15 843	16 313	17 658	18 308	18 308	18 744	18 258	18 989
Public safety		1 176	2 591	3 120	5 184	4 084	4 084	4 135	4 300	4 472
Housing		-	-	-	-	-	-	-	-	-
Health		320	490	285	315	504	504	500	512	524
<i>Economic and environmental services</i>		70 410	84 287	96 302	91 964	94 866	94 866	101 410	105 466	109 685
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		70 391	84 259	96 282	91 821	94 723	94 723	101 210	105 258	109 469
Environmental protection		19	28	21	143	143	143	200	208	216
<i>Trading services</i>		740	1 069	6 534	10 723	10 738	10 738	12 015	12 498	12 995
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		740	1 069	6 534	10 723	10 738	10 738	12 015	12 498	12 995
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	159 414	186 015	217 325	219 986	227 260	227 260	241 145	248 581	258 089
Expenditure - Functional										
<i>Governance and administration</i>		42 469	44 671	47 913	51 593	55 265	55 265	57 428	58 546	60 896
Executive and council		11 755	11 367	10 599	11 191	11 023	11 023	10 878	11 311	11 763
Finance and administration		29 596	32 177	36 086	39 035	42 569	42 569	44 647	45 254	47 072
Internal audit		1 118	1 137	1 227	1 366	1 673	1 673	1 905	1 981	2 061
<i>Community and public safety</i>		45 931	56 684	60 172	64 657	66 081	66 081	67 114	68 583	71 305
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		13 452	18 573	18 205	18 820	19 970	19 970	18 365	17 865	18 579
Public safety		20 524	25 708	28 130	30 876	29 961	29 961	31 390	32 646	33 951
Housing		-	-	-	-	-	-	-	-	-
Health		11 955	12 403	13 837	14 962	16 151	16 151	17 358	18 053	18 775
<i>Economic and environmental services</i>		70 257	84 420	99 514	95 923	98 883	98 883	104 926	109 123	113 488
Planning and development		1 475	1 086	1 223	1 312	1 331	1 331	1 404	1 460	1 518
Road transport		66 952	81 276	95 937	91 821	94 706	94 706	100 852	104 886	109 081
Environmental protection		1 830	2 058	2 354	2 790	2 845	2 845	2 671	2 778	2 889
<i>Trading services</i>		3 315	2 919	5 142	10 239	10 956	10 956	11 943	12 421	12 918
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		3 315	2 919	5 142	10 239	10 956	10 956	11 943	12 421	12 918
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	161 971	188 693	212 740	222 412	231 185	231 185	241 411	248 653	258 607
Surplus/(Deficit) for the year		(2 557)	(2 678)	4 585	(2 427)	(3 925)	(3 925)	(266)	(72)	(518)

OVERBERG DISTRICT MUNICIPALITY
26 LONG STREET / PRIVATE BAG X22
BERIDABONG 7180



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TEL: 053 928 1087 • FAX: 053 928 1014
www.overberg.gov.za

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DC3 Overberg - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote										
Vote 1 - Municipal Manager	1	8 605	11 402	10 481	15 220	15 335	15 335	20 748	21 578	22 441
Vote 2 - Management Services		49	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	28	25	24	64	64	64	66	69
Vote 4 - Finance		64 585	70 306	84 265	79 998	83 362	83 362	83 530	85 904	88 913
Vote 5 - Community Services		86 175	104 279	122 554	124 745	128 500	128 500	136 804	141 033	146 665
Total Revenue by Vote	2	159 414	186 015	217 325	219 986	227 260	227 260	241 145	248 581	258 089
Expenditure by Vote (to be appropriated)										
Vote 1 - Municipal Manager	1	12 873	14 915	14 168	15 563	15 689	15 689	16 200	16 848	17 522
Vote 2 - Management Services		11 632	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		1 751	8 291	8 581	11 620	13 417	13 417	14 357	14 932	15 529
Vote 4 - Finance		17 682	22 464	25 349	24 521	26 272	26 272	26 689	26 577	27 648
Vote 5 - Community Services		118 034	143 023	164 642	170 708	175 807	175 807	184 165	190 296	197 908
Total Expenditure by Vote	2	161 971	188 693	212 740	222 412	231 185	231 185	241 411	248 653	258 607
Surplus/(Deficit) for the year	2	(2 557)	(2 678)	4 585	(2 427)	(3 925)	(3 925)	(266)	(72)	(518)

OVERBERG DISTRICT MUNICIPALITY
 26 LONG STREET / PO BOX 122
 BERENSBURG 7200



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TEL: 053 406 1087 - FAX: 053 422 1014
 info@overberg.gov.za - www.overberg.gov.za

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DC3 Overberg - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	254	15	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	548	60	2 102	10 723	10 723	10 723	10 723	12 000	12 480	12 979
Rental of facilities and equipment		13 257	15 737	15 201	12 024	12 039	12 039	12 039	11 919	12 395	12 891
Interest earned - external investments		2 311	2 937	2 159	2 500	2 500	2 500	2 500	1 800	1 872	1 947
Interest earned - outstanding debtors		-	-	-	100	100	100	100	100	104	108
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-
Licences and permits		171	326	123	300	300	300	300	300	312	324
Agency services		8 115	9 388	9 215	9 581	9 697	9 697	9 697	10 561	10 983	11 423
Transfers and subsidies		58 277	63 400	73 375	169 423	80 152	80 152	80 152	80 881	61 767	84 584
Other revenue	2	74 067	91 780	112 785	9 134	103 999	103 999	103 999	112 065	116 548	121 210
Gains		-	1 483	882	5 100	5 100	5 100	5 100	9 420	9 797	10 188
Total Revenue (excluding capital transfers and contributions)		157 000	185 425	215 842	218 886	224 610	224 610	224 610	239 045	246 258	255 554
Expenditure By Type											
Employee related costs	2	83 193	91 113	101 195	103 201	108 405	108 405	108 405	124 756	128 495	133 618
Remuneration of councillors		5 150	6 142	6 264	6 607	6 618	6 618	6 618	6 341	6 595	6 859
Debt impairment	3	110	15	61	-	-	-	-	-	-	-
Depreciation & asset impairment	2	3 254	4 653	4 068	3 576	3 576	3 576	3 576	3 576	3 719	3 867
Finance charges		7 778	7 999	9 081	9 166	8 905	8 905	8 905	11 038	11 479	11 939
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	32 868	43 286	48 585	52 931	47 712	47 712	47 712	43 455	45 191	46 996
Contracted services		12 793	14 517	15 512	20 994	22 537	22 537	22 537	22 386	22 544	23 478
Transfers and subsidies		120	120	360	380	484	484	484	401	-	-
Other expenditure	4, 5	16 547	20 833	24 768	25 560	32 948	32 948	32 948	29 458	30 631	31 850
Losses		160	17	2 844	-	-	-	-	-	-	-
Total Expenditure		161 971	188 693	212 740	222 412	231 185	231 185	231 185	241 411	248 653	258 607
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(4 971)	(3 568)	3 102	(3 527)	(6 575)	(6 575)	(6 575)	(2 366)	(2 395)	(2 853)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	2 303	890	1 483	1 100	2 650	2 650	2 650	2 100	2 323	2 435
Transfers and subsidies - capital (in-kind - all)		111	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(2 557)	(2 678)	4 585	(2 427)	(3 925)	(3 925)	(3 925)	(266)	(72)	(518)
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(2 557)	(2 678)	4 585	(2 427)	(3 925)	(3 925)	(3 925)	(266)	(72)	(518)
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(2 557)	(2 678)	4 585	(2 427)	(3 925)	(3 925)	(3 925)	(266)	(72)	(518)
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(2 557)	(2 678)	4 585	(2 427)	(3 925)	(3 925)	(3 925)	(266)	(72)	(518)

OVERBERG DISTRICT MUNICIPALITY
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MONTAGERSBURG 7250



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TEL: 029 425 1007 • FAX: 029 425 1014
info@overberg.gov.za • www.overberg.gov.za

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DC3 Overberg A5 Budgeted Capital Expenditure by vote functional classification and funding

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 2 - Management Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Finance		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	1 164	22 316	6 128	-	-	-	4 900	-	-
Capital multi-year expenditure sub-total	7	-	1 164	22 316	6 128	-	-	-	4 900	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Municipal Manager		3	36	11	-	-	-	-	40	500	-
Vote 2 - Management Services		2 722	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	95	303	300	450	450	450	225	3 180	500
Vote 4 - Finance		-	779	32	65	115	115	115	-	-	-
Vote 5 - Community Services		4 056	3 257	14 320	4 860	5 087	5 087	5 087	3 300	4 483	2 590
Capital single-year expenditure sub-total		6 782	4 168	14 666	5 225	5 652	5 652	5 652	3 565	8 163	3 090
Total Capital Expenditure - Vote		6 782	5 332	36 982	11 353	5 652	5 652	5 652	8 465	8 163	3 090
Capital Expenditure - Functional											
Governance and administration		2 708	897	348	365	565	565	565	265	3 680	500
Executive and council		3	16	-	-	-	-	-	40	500	-
Finance and administration		2 705	881	342	365	565	565	565	225	3 180	500
Internal audit		-	-	2	-	-	-	-	-	-	-
Community and public safety		3 687	3 227	3 066	4 860	5 087	5 087	5 087	3 300	4 483	2 590
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		340	265	364	360	540	540	540	200	1 085	80
Public safety		3 347	2 896	2 347	4 500	4 547	4 547	4 547	3 100	3 323	2 435
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	66	355	-	-	-	-	-	75	75
Economic and environmental services		276	43	21	-	-	-	-	-	-	-
Planning and development		17	13	2	-	-	-	-	-	-	-
Road transport		137	6	3	-	-	-	-	-	-	-
Environmental protection		122	25	16	-	-	-	-	-	-	-
Trading services		111	1 164	33 550	6 128	-	-	-	4 900	-	-
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		111	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	1 164	33 550	6 128	-	-	-	4 900	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	6 782	5 332	36 982	11 353	5 652	5 652	5 652	8 465	8 163	3 090
Funded by:											
National Government		-	-	-	-	-	-	-	-	-	-
Provincial Government		2 303	890	1 483	1 100	2 650	2 650	2 650	2 100	2 323	2 435
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	2 303	890	1 483	1 100	2 650	2 650	2 650	2 100	2 323	2 435
Borrowing	6	2 074	-	22 316	6 128	-	-	-	4 900	-	-
Internally generated funds		2 404	4 442	13 183	4 125	3 002	3 002	3 002	1 465	5 840	655
Total Capital Funding	7	6 782	5 332	36 982	11 353	5 652	5 652	5 652	8 465	8 163	3 090

OVERBERG DISTRICT MUNICIPALITY
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DC3 Overberg - Table A6 Budgeted Financial Position

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
ASSETS											
Current assets											
Cash		32 276	36 715	38 448	35 153	35 177	35 177	35 177	13 534	12 471	15 736
Call Investment deposits	1	-	-	-	-	-	-	-	20 000	20 000	20 000
Consumer debtors	1	1 106	3 097	3 733	1 282	1 233	1 233	1 233	1 233	1 233	1 233
Other debtors		3 861	1 260	1 343	1 789	1 343	1 343	1 343	1 343	1 343	1 343
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	989	1 026	788	1 026	788	788	788	788	788	788
Total current assets		38 232	42 098	44 313	39 249	38 542	38 542	38 542	36 899	35 836	39 101
Non current assets											
Long-term receivables		28 433	28 433	28 433	28 433	28 433	28 433	28 433	28 433	28 433	28 433
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		13 114	13 060	12 880	1 199	12 880	12 880	12 880	12 880	12 880	12 880
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	46 031	46 206	75 598	81 990	77 756	77 756	77 756	82 696	87 194	86 473
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		450	388	305	226	224	224	224	172	119	63
Other non-current assets		-	-	-	6 889	-	-	-	-	-	-
Total non current assets		88 028	88 087	117 215	118 736	119 292	119 292	119 292	124 181	128 626	127 848
TOTAL ASSETS		126 260	130 185	161 528	157 985	157 833	157 833	157 833	161 080	164 461	166 949
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	1 206	2 556	2 872	2 949	2 949	2 949	2 949	3 296	3 684	4 120
Consumer deposits		12	12	8	12	8	8	8	8	8	8
Trade and other payables	4	12 045	19 672	16 881	14 450	13 811	13 811	13 811	13 811	13 811	13 811
Provisions		9 827	10 776	12 121	12 108	12 848	12 848	12 848	13 619	14 436	15 302
Total current liabilities		23 090	33 015	31 882	29 519	29 617	29 617	29 617	30 734	31 939	33 241
Non current liabilities											
Borrowing		2 815	258	25 161	22 211	22 211	22 211	22 211	18 916	15 232	10 753
Provisions		79 746	78 980	81 968	94 329	87 414	87 414	87 414	93 106	99 037	105 219
Total non current liabilities		82 561	79 238	107 129	116 540	109 625	109 625	109 625	112 021	114 269	115 973
TOTAL LIABILITIES		105 650	112 253	139 012	146 059	139 242	139 242	139 242	142 755	146 208	149 214
NET ASSETS	5	20 609	17 932	22 516	11 926	18 591	18 591	18 591	18 325	18 253	17 735
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)	-	20 609	17 932	22 516	11 926	18 591	18 591	18 591	18 325	18 253	17 735
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	20 609	17 932	22 516	11 926	18 591	18 591	18 591	18 325	18 253	17 735

OVERBERG DISTRICT MUNICIPALITY
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TEL: 028 425 1187 • FAX: 028 425 1014
info@odm.org.za • www.odm.org.za

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DC3 Overberg - Table A7 Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	-	-	-	-	-	-	-	-
Service charges		802	73	2 103	10 723	10 723	10 723	10 723	12 000	12 480	12 979
Other revenue		93 273	109 135	119 948	31 040	128 535	128 535	128 535	134 845	140 238	145 848
Transfers and Subsidies - Operational	1	59 586	63 834	74 152	169 423	79 532	79 532	79 532	80 881	81 767	84 584
Transfers and Subsidies - Capital	1	2 303	890	4 183	1 100	200	200	200	2 100	2 323	2 435
Interest		2 311	2 901	2 228	2 600	2 600	2 600	2 600	1 900	1 976	2 055
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(141 995)	(166 866)	(200 779)	(206 679)	(217 943)	(217 943)	(217 943)	(228 214)	(235 317)	(244 708)
Finance charges		(495)	(406)	(2 209)	(3 076)	(3 009)	(3 009)	(3 009)	(2 758)	(2 869)	(2 983)
Transfers and Grants	1	(120)	(120)	(360)	(380)	(484)	(484)	(484)	(401)	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		15 666	9 441	(735)	4 750	153	153	153	352	599	209
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	1 537	1 062	5 100	5 100	5 100	5 100	9 420	9 797	10 188
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(4 596)	(5 332)	(24 571)	(11 353)	(5 652)	(5 652)	(5 652)	(8 465)	(8 163)	(3 090)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(4 596)	(3 795)	(23 509)	(6 253)	(552)	(552)	(552)	955	1 634	7 098
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	28 393	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	(4)	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(1 169)	(1 206)	(2 413)	(2 872)	(2 872)	(2 872)	(2 872)	(2 949)	(3 296)	(4 042)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1 169)	(1 206)	25 976	(2 872)	(2 872)	(2 872)	(2 872)	(2 949)	(3 296)	(4 042)
NET INCREASE/ (DECREASE) IN CASH HELD		9 900	4 439	1 733	(4 375)	(3 271)	(3 271)	(3 271)	(1 642)	(1 063)	3 265
Cash/cash equivalents at the year begin:	2	22 376	32 276	36 715	39 528	38 448	38 448	38 448	35 177	33 534	32 471
Cash/cash equivalents at the year end:	2	32 276	36 715	38 448	35 153	35 177	35 177	35 177	33 534	32 471	35 736

OVERBERG DISTRICT MUNICIPALITY
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DC3 Overberg - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and investments available											
Cash/cash equivalents at the year end	1	32 276	36 715	38 448	35 153	35 177	35 177	35 177	33 534	32 471	35 736
Other current investments > 90 days		0	0	0	-	0	0	0	0	0	0
Non current assets - investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		32 276	36 715	38 448	35 153	35 177	35 177	35 177	33 534	32 471	35 736
Application of cash and investments											
Unspent conditional transfers		1 755	2 189	4 332	10 794	1 261	1 261	1 261	1 261	1 261	1 261
Unspent borrowing		-	-	-	-	4 912	4 912	4 912	12	12	12
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(22 300)	(13 044)	(17 635)	(27 772)	(19 855)	(19 855)	(19 855)	(19 290)	(19 290)	(19 290)
Other provisions		-	-	-	-	724	724	724	1 304	1 883	2 483
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(20 545)	(10 854)	(13 304)	(16 978)	(12 958)	(12 958)	(12 958)	(16 713)	(16 134)	(15 554)
Surplus(shortfall)		52 821	47 570	51 752	52 131	48 135	48 135	48 135	50 248	48 605	51 291

OVERBERG DISTRICT MUNICIPALITY
 26 LONG STREET - BLOEMFONTEIN, ORANGE-FREE STATE
 BLOEMFONTEIN 9700



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TEL: 020 628 1447 • FAX: 020 428 1014
 info@overberg.gov.za • www.overberg.gov.za

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DC3 Overberg - Table A9 Asset Management

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	1 357	2 945	2 568	4 570	2 217	2 217	3 300	3 930	2 540
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community Facilities		-	125	-	2 900	-	-	1 000	1 000	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	125	-	2 900	-	-	1 000	1 000	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	13	78	-	-	-	-	-	30
Other Assets		-	13	78	-	-	-	-	-	30
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		174	-	-	-	-	-	-	-	-
Intangible Assets		174	-	-	-	-	-	-	-	-
Computer Equipment		-	14	-	-	-	-	-	32	-
Furniture and Office Equipment		804	(1)	289	30	80	80	-	75	75
Machinery and Equipment		111	2 794	493	1 640	720	720	2 300	2 823	2 435
Transport Assets		267	-	1 707	-	1 417	1 417	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	5 425	2 336	11 872	235	2 685	2 685	240	1 935	550
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	200	200	200	-	-	-
<i>Sanitation Infrastructure</i>		-	-	105	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	105	200	200	200	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	660	-
Housing		-	169	410	-	-	-	-	885	-
Other Assets		-	169	410	-	-	-	-	1 635	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	6	-	-	-	-	-	-	-
Intangible Assets		-	6	-	-	-	-	-	-	-
Computer Equipment		-	133	-	-	-	-	200	200	100
Furniture and Office Equipment		2 602	123	122	35	35	35	40	-	400
Machinery and Equipment		-	-	-	-	2 450	2 450	-	200	50
Transport Assets		2 823	740	-	-	-	-	-	-	-
Land		-	1 164	11 234	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

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Total Upgrading of Existing Assets	6	-	51	22 542	6 548	750	750	4 925	2 298	-
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>	-	-	22 316	6 128	-	-	-	4 900	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	22 316	6 128	-	-	-	4 900	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	2 298	-
Housing	-	-	-	120	300	300	-	-	-	-
Other Assets	-	-	-	120	300	300	-	-	2 298	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	49	225	300	450	450	-	-	-	-
Furniture and Office Equipment	-	2	-	-	-	-	-	25	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	6 782	5 332	36 982	11 353	5 652	5 652	8 465	8 163	3 090
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	-	-	-	200	200	200	-	-	-	-
<i>Sanitation Infrastructure</i>	-	-	105	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>	-	-	22 316	6 128	-	-	-	4 900	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	22 421	8 328	200	200	-	4 900	-	-
Community Facilities	-	125	-	2 900	-	-	-	1 000	1 000	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-	-
Community Assets	-	125	-	2 900	-	-	-	1 000	1 000	-
Heritage Assets	-	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	2 948	-
Housing	-	182	489	120	300	300	-	885	30	30
Other Assets	-	182	489	120	300	300	-	3 833	30	30
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-	-
Licences and Rights	-	174	6	-	-	-	-	-	-	-
Intangible Assets	-	174	6	-	-	-	-	-	-	-
Computer Equipment	-	-	196	225	300	450	450	200	232	100
Furniture and Office Equipment	3 406	-	124	411	65	115	115	65	75	475
Machinery and Equipment	111	-	2 794	493	1 640	3 170	3 170	2 300	3 023	2 485
Transport Assets	3 091	-	740	1 707	-	1 417	1 417	-	-	-
Land	-	-	1 164	11 234	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		6 782	5 332	36 982	11 353	5 652	5 652	8 465	8 163	3 090

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ASSET REGISTER SUMMARY - PPE (WDV)	5	59 595	59 654	88 783	83 414	90 859	90 859	95 749	100 193	99 416
Roads Infrastructure		2 344	2 120	1 508	1 811	1 353	1 353	1 199	1 038	871
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		382	326	217	260	184	184	151	117	82
Water Supply Infrastructure		1 019	973	1 581	1 899	1 744	1 744	1 707	1 669	1 629
Sanitation Infrastructure		2 986	2 456	1 628	1 955	1 328	1 328	1 028	715	391
Solid Waste Infrastructure		4 871	5 013	27 893	33 496	27 893	27 893	32 793	32 793	32 793
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		11 602	10 887	32 826	39 423	32 502	32 502	38 878	36 333	35 766
Community Assets		30	29	28	5 800	14	14	999	1 985	1 989
Heritage Assets		-	-	-	-	-	-	-	-	-
Investment properties		13 114	13 060	12 880	1 199	12 880	12 880	12 880	12 880	12 880
Other Assets		16 808	16 069	24 181	16 320	24 271	24 271	24 060	27 674	27 477
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		450	388	305	226	224	224	172	119	63
Computer Equipment		1 589	1 367	1 315	1 563	1 493	1 493	1 421	1 370	1 176
Furniture and Office Equipment		5 192	4 385	2 589	3 329	2 030	2 030	1 390	732	445
Machinery and Equipment		6 296	8 315	2 018	11 032	3 877	3 877	4 866	6 526	7 594
Transport Assets		4 515	5 154	12 640	4 523	13 569	13 569	13 081	12 574	12 046
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	59 595	59 654	88 783	83 414	90 859	90 859	95 749	100 193	99 416
EXPENDITURE OTHER ITEMS		7 672	10 231	10 028	100 202	16 642	16 642	13 220	13 749	14 299
Depreciation	7	3 254	4 653	4 068	3 576	3 576	3 576	3 576	3 719	3 867
Repairs and Maintenance by Asset Class	3	4 418	5 579	5 960	96 626	13 067	13 067	9 644	10 030	10 431
Roads Infrastructure		-	-	-	81 686	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	4 028	4 039	4 039	4 696	4 884	5 079
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	85 714	4 039	4 039	4 696	4 884	5 079
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		1 169	873	1 399	1 328	1 148	1 148	1 054	1 096	1 140
Other Assets		1 169	873	1 399	1 328	1 148	1 148	1 054	1 096	1 140
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	73	50	-	-	-	-	-	-
Machinery and Equipment		1 136	2 539	2 000	3 160	2 527	2 527	1 438	1 496	1 556
Transport Assets		2 113	2 093	2 510	6 423	5 353	5 353	2 456	2 555	2 657
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		7 672	10 231	10 028	100 202	16 642	16 642	13 220	13 749	14 299
Renewal and upgrading of Existing Assets as % of total capex		80.0%	44.8%	93.1%	59.7%	60.8%	60.8%	61.0%	51.9%	17.8%
Renewal and upgrading of Existing Assets as % of deprecn		166.7%	51.3%	846.0%	189.7%	96.1%	96.1%	144.5%	113.8%	14.2%
R&M as a % of PPE		9.6%	12.1%	7.9%	117.9%	16.8%	16.8%	11.7%	11.5%	12.1%
Renewal and upgrading and R&M as a % of PPE		17.0%	13.0%	45.0%	124.0%	18.0%	18.0%	15.0%	14.0%	11.0%

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DC3 Overberg - Table A10 Basic service delivery measurement

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

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PART 2 – SUPPORTING DOCUMENTATION

1. Overview of Annual Budget Process

1.1 Political oversight of the budget process

Section 53 (1) of the MFMA stipulates that the mayor of a municipality must provide general political guidance over the budget process and the priorities that guides the preparation of the budget.

Section 21(1) of the MFMA states that the Mayor of a municipality must co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible.

Furthermore, this section also states that the Mayor must at least 10 months before the start of the budget year, table in municipal council, a time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget.

This time schedule provides for political input from formal organisations such as portfolio committees.

1.2 Schedule of Key Deadlines relating to budget process [MFMA s21 (1) (b)]

The IDP and Budget time schedule of the 2020/2021 budget cycle was approved by Council in August 2019, ten months before the start of the budget year in compliance with legislative directives.

1.3 Process used to integrate the review of the IDP and preparation of the Budget

Updating the IDP and Budget is an evolving and re-iterative process over a 10 month period. The initial parallel process commenced with the consultative process of the IDP in 2017 and the update of the MTREF to determine the affordability and sustainability framework at the same time. A review of the approved 2017/2018 IDP was undertaken in 2020.

1.4 Process for consultation with each group of stakeholders and outcomes

Following the tabling of the draft budget in March 2020, local input will be solicited via notices published in all major newspapers across the region. while the budget will also be placed on the municipal website at www.odm.org.za.

Comments on the IDP and Budget as made by the public via verbal presentations, facsimiles, emails and in the form of correspondence to the municipality will be considered for incorporation as part of the final budget approval process.

1.5 Stakeholders involved in consultations

The tabled budget will be provided to National Treasury and Provincial Treasury for their consideration in line with S23 of the MFMA.

1.6 Process and media used to provide information on the Budget to the community

Following the tabling of the draft budget in March 2020, local input will be solicited via notices published in all major newspapers across the region while the budget will also be placed on the municipal website at www.odm.org.za.

1.7 Methods employed to make the Budget document available (including websites)

In compliance with the Municipal Finance Management Act and the Municipal Systems Act with regards to the advertising of Budget Documents (including the Tariffs for 2019/2020), advertisements will be placed in the local newspapers across the region and the municipal website. The information relating to the budget documentation will be displayed at the notice boards in the municipal offices, Thusong centres and libraries in the district.

In compliance with S 22 of the MFMA, the Budget documentation will be published on the municipality's website following the tabling thereof at Council in March 2020 and the approval thereof in May 2020. There were no changes to the Budget Assumptions

OVERSEAS DISTRICT MUNICIPALITY
26 LONG STREET
SPRINGSIDE 7230

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TEL: 028 425 1167 • FAX: 028 425 1014
info@odm.org.za • www.odm.org.za

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2. Overview of Alignment of budget to IDP

- **The Vision of the Municipality**

The Municipality's long-term vision:

"Overberg – the opportunity gateway to Africa through sustainable services"

- **Alignment with Provincial and National Government**

Overberg District Municipality's development plan needs to be aligned with National and Provincial initiatives to ensure optimal impact from the combined efforts of government. In this regard there are six critical elements: Accelerated and Shared Growth-South Africa (ASGI-SA), National Spatial Development Perspective (NSDP), National Strategy for Sustainable Development (NSSD), Provincial Growth and Development Strategy (PGDS) and Provincial Spatial Development Framework (PSDF).

All these feed into and influence the Integrated Development Plan.

- **Overberg District Municipality Budget Priorities (Key Performance areas)**

The Municipality's 2017/18 to 2021/2022 Integrated Development Plan focuses on five strategic focus areas. The concrete objectives for each strategic focus area have been outlined and elaborated on in the Strategic Plan for 2017-2022. These objectives will be used to further develop key performance indicators against which performance implementation monitoring and reporting will be done. The corporate scorecard outlines these indicators and targets.

The five strategic outcomes are:

1. *To ensure the well-being of all in the Overberg through the provision of efficient **basic services and infrastructure**.*
2. *To promote **regional economic development** by supporting initiatives in the district for the development of a sustainable district economy.*
3. *To ensure **municipal transformation and institutional development** by creating a staff structure that would adhere to the principles of employment equity and promote skill development.*
4. *To attain and maintain **financial viability** and sustainable by executing accounting services in accordance with National policy and guidelines.*

OVERBERG DISTRICT MUNICIPALITY
24 LONG STREET / PRIVATE BAG 822
WELLESBURG 7250
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TEL: 029 425 1167 • FAX: 029 425 1014
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5. To ensure **good governance** practices by providing a democratic and pro-active accountable government and ensuring community participation through IGR structures.

Amendments to the Integrated Development Plan

Amendments were made to the Integrated Development Plan.

The complete Integrated Development Plan will be distributed at the Council Meeting of 25 March 2020.

3. Measurable performance Objectives and Indicators

(a) KEY FINANCIAL INDICATORS AND RATIOS


Information regarding key financial indicators and ratios are provided on Supporting Table SA 8.

(b) MEASURABLE PERFORMANCE OBJECTIVES

Information regarding revenue are provided as follows:

- Revenue for each vote - SA 26
- Revenue for each source - SA 25

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4. Overview of Budget related Policies

The following budget related policies was approved by Council, and are currently being reviewed / amended, in line with National Guidelines and Legislation.

- Asset Management Policy
- Credit Control and Debt Collection Policy
- Cash Management and Investment Policy
- Tariff Policy
- Supply Chain Management Policy
- Virement Policy (amended)
- Borrowing Policy
- Funding and Reserves Policy
- Budget Policy
- Customer Care Policy
- Demand Management Policy
- Infrastructure and delivery Management Policy
- Infrastructure investment and Capital projects Policy
- Liquidity Policy
- Long term Financial Planning Policy
- Management and Admin of Immovable Assets Policy
- Payroll Management and Administration Policy
- Preferential Procurement Policy
- Travelling and Subsistence Policy
- Cost containment Policy

Policies will be available at the municipal offices, libraries and Thusong centres in the district as well as on the website of the municipality.

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26 LONG STREET | PHOENIX PARK A.C.2
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5. Overview of Budget Assumptions

Expenditure

Salaries and Allowances

Wage negotiations have been finalised between the Unions and the South African Local Government Association and the municipality budgeted for an 8% increase. That is CPIX of 5% in terms of the Budget Circular 94, plus 1,5% as negotiated plus 1,5% for notch increases.

It is also assumed that the current employees will not resign and therefore notch increases for all employees are budgeted for.

General expenditure

It is assumed that costs for services and fuel will increase above the current inflation rate. It is also assumed that the capital projects for 2020/2021 will be completed during the financial year as depreciation are budgeted on these projects as per General Recognized Accounting Practice (GRAP) principles.

Depreciation on new capital expenditure is calculated at a varying rate ranging between 3 and 50 years depending on the nature of the assets. The useful life's of assets were reviewed during the current year which impacted the depreciation forecast.

Repairs and Maintenance

It is assumed that municipal infrastructure and assets will be maintained as per previous years and that no major breakages will take place during the financial year.

Capital costs

It is assumed that interest rates will be stable during the financial year, but the provision for capital has not been decreased.

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26 LONG STREET - WYKATE LINDA AZZ
BREDASPOORT 7800



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TEL: 022 426 1167 • FAX: 022 426 1914
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Revenue

Grants

It is assumed that the National and Provincial grants as per the Division of Revenue Bill (DORA Bill) which has been included in the budget will be received during the 2020/2021 financial year.

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26 LONG STREET (PRIVATE BAG 102)
BREDASDORP 7200



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TEL: 028 425 1157 • FAX: 028 425 1014
info@odm.org.za • www.odm.org.za

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6. Overview of Budget Funding



25 MAR 2020

Summary

The operating budget for 2020/2021 will be financed as follows:

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DEPARTMENT/ SERVICE	DRAFT BUDGET 2020/2021
Equitable Share Allocation	R74 636 000
Agency fee for Roads function	R10 561 025
Roads Subsidy	R101 209 821
Provincial and National Grants	R6 147 000
Sundry charges / Other	R31 940 517
Land Sales	R9 419 772
Cost Recovery from Local Mun's	R4 742 475
Cash Back reserves	R2 756 728
TOTAL	R241 413 338

The capital programme for 2020/2021-2022/23 will be financed as follows:

FUNDING SOURCES	BUDGET 2020/21	BUDGET 2021/22	BUDGET 2022/23	TOTAL BUDGET
REVENUE	R465 000	R1 007 000	R655 000	R2 127 000
CAPITAL RESERVE	R1 000 000	R4 833 000	R0	R5 833 000
EXTERNAL LOANS	R4 900 000	R0	R0	R4 900 000
GRANTS	R2 100 000	R2 323 000	R2 435 000	R6 858 000
TOTAL	R8 465 000	R8 163 000	R3 090 000	R19 718 000

Reserves

The accumulated surplus will be used to finance the depreciation on assets as the full provision for depreciation is not cash-backed. The financing of the depreciation will be phased in over a medium to long term period, if possible.

Sustainability of municipality

The funding of the budget will ensure that the municipality will be sustainable on the short term. The current funding model for Overberg District Municipality is however not sustainable and will surely have a negative impact on the cash flow and liquidity of the municipality. Overberg District Municipality will therefore have to make difficult/important choices to ensure sustainability on the medium and long term.

Planned savings and efficiencies

The following areas were identified for possible savings after the efficiency of the usage of the assets/services has been evaluated:

- Security services
- Overtime
- Attendance of meetings/congresses
- Printing costs

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Investments

Particulars of monetary investments as at 29 February 2020:

INVESTMENTS	AMOUNT
ABSA Deposito Plus	16 646 057
ABSA Deposito Plus	419 902
NEDBANK Call Account	16 126 827
TOTAL	33 192 787

Planned proceeds of sale of assets

The municipality budgeted R 9 419 772 in 2020/2021 as revenue for municipal property that will be sold.

Planned use of previous year's cash backed accumulated surplus

It is planned to use the previous year's cash backed surpluses to finance important/critical service delivery and income generated projects.

Particulars of existing and any new borrowing proposed to be raised

An external loan of R 28 M was secured to finance the construction of the regional landfill site at Karwyderskraal.

Particulars of budgeted allocations and grants over the MTREF period:

Operating Budget

GRANT DESCRIPTION	GOVERNMENT	2020/2021	2021/2022	2022/2023
	SPHERE			
Equitable Share *	NATIONAL	R74 636 000	R77 695 000	R60 349 000
Expanded Public Works Programme Integrated Grant	NATIONAL	R1 188 000	R0	R0
Rural roads assets management systems Grant	NATIONAL	R2 670 000	R2 818 000	R2 981 000
Financial Management Capacity Building Grant	PROVINCIAL	R401 000	R0	R0
Community Development Worker Operational Support	PROVINCIAL	R56 000	R56 000	R56 000
Fire Service Capacity Building Grant	PROVINCIAL	R732 000	R0	R0
Total Operating Grants		R79 683 000	R80 569 000	R83 386 000

Capital Budget

GRANT DESCRIPTION	GOVERNMENT	2020/2021	2021/2022	2022/2023
	SPHERE			
Safety initiative implementation (WOSA)	PROVINCIAL	R2 100 000	R2 323 000	R2 435 000
Total Capital Grants		R2 100 000	R2 323 000	R2 435 000

FUNDING ASSESSMENT FOR 2020/2021

The following table lists the factors that have been reviewed. Each of the factors is then further described below.

No. Funding Compliance

OVERBERG DISTRICT MUNICIPALITY
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- 1 Cash/cash equivalent position
- 2 Cash plus investments less applications
- 3 Monthly average payments covered by cash or cash equivalents
- 4 Surplus/deficit excluding depreciation offsets
- 5 Property Rates/service charge revenue % increase less macro inflation target
- 6 Cash receipts % of ratepayer and other revenue
- 7 Debt impairment expense % of billable revenue
- 8 Capital payments % of capital expenditure
- 9 Borrowing as a % of capital expenditure (less transfers/grants/contributions)
- 10 Transfers/grants revenue as a % of Government transfers/grants available
- 11 Consumer debtors' change (Current and Non-current)
- 12 Repairs & maintenance expenditure level
- 13 Asset renewal/rehabilitation expenditure level
- 14 Financial Performance Budget result
- 15 Financial Position Budget
- 16 Cash Flow Budget
- 17 Other key performance measures
- 18 Summary question

Funding compliance factor description

Each of these 'funding factors' have been analysed and reviewed in their entirety prior to undertaking any analysis. Where the factor appears unfavourable and cannot be adequately motivated, the budget has been adjusted appropriately.

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(a) Cash/cash equivalent position

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The municipality foresees a positive cash position for the short term, as the working capital are cash-backed. The reserves are however not cash-backed. The cash situation seems as if it is deteriorating, as the increase in revenue (grants) is less than inflation rate while expenditure increase with more than the inflation rate. The cash flow is

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currently positive and the total Cash and Cash Equivalents at 28 February 2020 is R38,998 M.

(b) Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments identified at factor 1. Below are commitments against Cash and Cash equivalents as at 28 February 2020:

CASH SITUATION AS AT 29 FEBRUARY 2020		
Available cash as per Ledger		R5 800 760.39
Plus: Cash Float		R5 400.00
Plus: Investments		R33 192 786.79
		R38 998 947.18
Minus: Unspend Grants	Include Roads	-R15 202 148.71
Minus : Commitments	Shadow cost	-R6 440 591.84
Adjusted cash balance		R17 356 206.63

(c) Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk (ability to meet monthly payments as and when they fall due) should the municipality be under stress.

The municipality does recover enough cash via grants/agency fee and income from resorts to cover its monthly average payments on the short term, but it is foreseen that, with the fact that the percentage increase in expenditure is more than the increase in revenue pose a serious risk for the municipality. Further financial risks arises if (a) the ruling by SARS indicates that VAT may not be claimed on the roads maintenance function and (b) unforeseen circumstances occur, which negatively impacts the recovery of landfill site revenue.

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TEL: 021 428 1167 • FAX: 021 428 1014
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(d) Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand whether revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets.

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This exercise indicates that there will be a surplus if the depreciation has been offset.

(e) Property Rates/service charge revenue % increase less macro inflation target

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

The revenue streams for Overberg District Municipality is not sufficient to achieve national inflation target.

(f) Cash receipts % of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse an underlying assumed collection rate; i.e. how much cash is expected to be collected from current billing, charges and arrear debtors.

The only billing at ODM is for rental at the resorts and for the dumping at the regional landfill site at Karwyderskraal.

(g) Debt impairment expense % of billable revenue

The purpose is to measure whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection.

No debt impairment is currently done.

(h) Capital payments % of capital expenditure

The purpose of this measure is to mainly understand whether the timing of payments is being taken into consideration when forecasting the cash position. The measure focuses on the capital budget, because expenditure levels for this component of the budget can

OVERBERG DISTRICT MUNICIPALITY
26 LANGE STREET | FRUITIE BAG K12
BREDASDORP 7160
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TEL: 028 428 1167 • FAX: 028 425 1014
info@odm.org.za • www.odm.org.za

vary significantly from month to month, as there tends to be monthly consistency for operational budgets.

The capital budget for 2020/21 have been limited to equipment needed to ensure the continuation of the administration and service delivery.

(i) Borrowing as a % of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) should be excluded. No loan funding will be utilized for the capital expenditure in the 2020/21 financial year.

(j) Transfers/grants revenue as a % of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from other government (national, provincial or district municipalities) have been included in the municipal budget, or that the transfer/grant budgets do not exceed available funds. A percentage less than 100 per cent could indicate that all Division of Revenue Bill (DORA Bill), provincial transfers or district transfers have not been budgeted and should be immediately reviewed.

The transfers/grants as per Division of Revenue Bill (DORA Bill) (100%) have been included in the revenue budget.

(k) Consumer debtors change (Current and Non-current):

The purposes of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic.

The amounts of outstanding debtors are regarded as realistic.

(l) Repairs & maintenance (R&M) expenditure level

This measure is included within the funding measures criteria because a trend which indicates that insufficient funds are being committed to asset repair could also indicate

OVERBERG DISTRICT MUNICIPALITY
26 LONG STREET, VERBODENWATERDAM 422
2770
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TEL: 020 426 1987 • FAX: 020 426 1014
info@overberg.gov.za • www.overberg.gov.za

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that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

The budgeted amount for Repairs and Maintenance amounts to R 105 009 812 which includes Repairs and Maintenance performed on the Roads agency function, amounting to R96 385 050.

(m) Asset renewal/rehabilitation expenditure level

This measure has a similar objective to the R&M measures, but focus on the credibility of the levels of asset renewal plans.

(n) Financial Performance Budget result (surplus/deficit)

The purpose of this measure is to assess the overall budget. The municipality forecast's a positive cash position for the short term as the working capital are cash-backed. The reserves are not cash-backed. The cash situation seems to be deteriorating, as the increase in revenue (grants) is less than inflation rate while expenditure increase with more than the inflation rate.

A further financial risk arises if unforeseen circumstances occur, which negatively impacts the recovery of landfill site revenue.

(o) Financial Position Budget

The purpose of this measure is to also assess the overall budget.

(p) Cash Flow Budget

The purpose of this measure is to also assess the overall budget. The municipality does recover enough cash on a monthly and quarterly basis(Equitable Share) to cover its monthly average payments. A further financial risk arises if unforeseen circumstances occur, which negatively impacts the recovery of landfill site revenue.

(q) Summary

The municipality currently do have enough funds but will not generate enough cash to meets its operational requirements on the medium to long term. The financial position of the municipality is monitored on a daily basis by the relevant finance officials and reports

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26 LINDSAY STREET / LINDSAY ROAD 422
DURBAN 4001
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are submitted to the Finance Portfolio Committee and if needed correction steps are taken.

7. Expenditure on allocations and Grant Programmes

Particulars of budgeted allocations and grants over the MTREF period:

Operating Budget

GRANT DESCRIPTION	GOVERNMENT	2020/2021	2021/2022	2022/2023
	SPHERE			
Equitable Share *	NATIONAL	R74 636 000	R77 695 000	R80 349 000
Expanded Public Works Programme Integrated Grant	NATIONAL	R1 188 000	R0	R0
Rural roads assets management systems Grant	NATIONAL	R2 670 000	R2 818 000	R2 981 000
Financial Management Capacity Building Grant	PROVINCIAL	R401 000	R0	R0
Community Development Worker Operational Support	PROVINCIAL	R56 000	R56 000	R56 000
Fire Service Capacity Building Grant	PROVINCIAL	R732 000	R0	R0
Total Operating Grants		R79 683 000	R80 569 000	R83 386 000

Capital Budget

GRANT DESCRIPTION	GOVERNMENT	2020/2021	2021/2022	2022/2023
	SPHERE			
Safety initiative implementation (WOSA)	PROVINCIAL	R2 100 000	R2 323 000	R2 435 000
Total Capital Grants		R2 100 000	R2 323 000	R2 435 000

The above allocations and grants have been included in the operating and capital budgets.

8. Allocations and Grants made by the municipality

No allocations or grants was made by the municipality

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 26 LOUÏS TRUENI (GEBUREDE DAAT) 322
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 TEL: 022 425 1111 • FAX: 022 425 1014
 info@cedim.gov.za • www.cedim.gov.za

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9. Councillor member allowances and employee benefits

Allowances and employee benefits:

Councillors

- Salary
- Allowances for Cell phones
- Allowances for Transport
- Contributions

Senior Managers of the Municipality

- Salary
- Allowances for transport
- Contributions
- Performance Bonuses

Other Employees

- Salary
- Housing Subsidy
- Long service bonuses
- Allowances for Transport
- 13th Cheque
- Contributions to medical and pension fund

Costs to Municipality:

Councillors

• Speaker (1)	R 809 878
• Executive Mayor (1)	R 988 649
• Deputy Executive Mayor (1)	R 809 878
• Executive Committee (4)	R 1 651 459
• Other Councillors (14)	R 2 434 317
	<u>R 6 694 181</u>


Senior Managers

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28 LONG STREET / CENTRAL CAPE TOWN
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- Municipal Manager R 1 853 150
 - Chief Financial Officer R 1 216 234
 - Director: Corporate Services R 1 058 477
 - Director: Community Services R 1 216 234
- R 5 344 095

<u>Number of Councillors</u>	21
<u>Number of personnel employed</u>	
• Senior Managers	4
• Other Managers	9
• Technical Staff	188
• Other staff members	131


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 26 LANGE STREET | FRANKIE MAG 122
 BASTIAANSBURG 7130
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 TEL: 022 425 1477 • FAX: 022 425 1000
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10. Monthly targets for revenue, expenditure and cash flow

The monthly targets for revenue, expenditure and cash flows is provided in SA 25 - Section B Supporting Tables.

11. Budget and SDBIP implementation plans

Information/detail regarding capital projects by vote is provided in Section B – Capital Budget.

12. Contracts having future budgetary implications

Loan agreement with Standard Bank to the value of R 28 million for the construction of the regional landfill site at Karwyderskraal.

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13. Capital expenditure details

Information/detail regarding capital projects by vote is provided in Section B – Capital Budget.

14. Legislation compliance status

Overberg District Municipality complies in general with legislation applicable to municipalities.

15. Other supporting documents

None

16. Municipal Manager Quality Certification

Municipal Manager's quality certificate

I DAVID BERETTI, Municipal Manager of Overberg District Municipality, hereby certify that the annual budget and supporting documents have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name DAVID BERETTI

Municipal Manager of the Overberg District Municipality

Signature 

Date 25.3.2020.

OVERBERG DISTRICT MUNICIPALITY
26 LONG STREET / PEWATE BURG K22
BREDASDORP 7280
25 MAR 2020
TEL: 022 425 4167 • FAX: 022 425 1014
info@odm.org.za • www.odm.org.za



SECTION B – BUDGET

OVERBERG DISTRICT MUNICIPALITY
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25 MAR 2020

1. Operating Budget

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DC3 Overberg - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	254	15	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	548	60	2 102	10 723	10 723	10 723	10 723	12 000	12 480	12 979
Rental of facilities and equipment		13 257	15 737	15 201	12 024	12 039	12 039	12 039	11 919	12 395	12 991
Interest earned - external investments		2 311	2 937	2 159	2 500	2 500	2 500	2 500	1 800	1 872	1 947
Interest earned - outstanding debtors		-	-	-	100	100	100	100	100	104	108
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-
Licences and permits		171	326	123	300	300	300	300	300	312	324
Agency services		8 115	9 388	9 215	9 581	9 697	9 697	9 697	10 561	10 983	11 423
Transfers and subsidies		58 277	63 400	73 375	169 423	80 152	80 152	80 152	60 881	81 767	84 584
Other revenue	2	74 067	91 780	112 785	9 134	103 999	103 999	103 999	112 085	116 548	121 210
Gains		-	1 483	882	5 100	5 100	5 100	5 100	9 420	9 797	10 188
Total Revenue (excluding capital transfers and contributions)		157 000	185 125	215 842	218 886	224 610	224 610	224 610	239 045	246 258	255 654
Expenditure By Type											
Employee related costs	2	83 193	91 113	101 195	103 201	108 405	108 405	108 405	124 756	128 495	133 618
Remuneration of councillors		5 150	6 142	6 264	6 607	6 618	6 618	6 618	6 341	6 595	6 859
Debt impairment	3	110	15	61	-	-	-	-	-	-	-
Depreciation & asset impairment	2	3 254	4 653	4 068	3 576	3 576	3 576	3 576	3 576	3 719	3 867
Finance charges		7 778	7 999	9 081	9 166	8 905	8 905	8 905	11 038	11 479	11 939
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	32 868	43 286	48 685	52 931	47 712	47 712	47 712	43 456	45 191	46 996
Contracted services		12 793	14 517	15 512	20 994	22 537	22 537	22 537	22 386	22 544	23 478
Transfers and subsidies		120	120	360	380	484	484	484	401	-	-
Other expenditure	4, 5	16 547	20 833	24 768	25 560	32 948	32 948	32 948	29 458	30 631	31 950
Losses		160	17	2 844	-	-	-	-	-	-	-
Total Expenditure		161 971	188 693	212 740	222 412	231 185	231 185	231 185	241 411	248 653	258 607
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(4 971)	(3 568)	3 102	(3 527)	(6 575)	(6 575)	(6 575)	(2 366)	(2 395)	(2 953)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	890	1 483	1 100	2 650	2 650	2 650	2 100	2 323	2 435
Transfers and subsidies - capital (in-kind - all)		111	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(2 557)	(2 678)	4 585	(2 427)	(3 925)	(3 925)	(3 925)	(266)	(72)	(518)
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(2 557)	(2 678)	4 585	(2 427)	(3 925)	(3 925)	(3 925)	(266)	(72)	(518)
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(2 557)	(2 678)	4 585	(2 427)	(3 925)	(3 925)	(3 925)	(266)	(72)	(518)
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(2 557)	(2 678)	4 585	(2 427)	(3 925)	(3 925)	(3 925)	(266)	(72)	(518)

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25 MAR 2020

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2. Capital Budget

CAPITAL PROGRAMME FOR 2020/21 - 2022/23

DEPARTMENT	DESCRIPTION	BUDGET 2020/21	BUDGET 2021/22	BUDGET 2022/23	TOTAL BUDGET	DETAILS	FUNDING SOURCE
Corporate Services	Removal of Asbestos Roofs & Replacement of Roofs		R2 298 000		R2 298 000	ODM Head Offices & Council House	2
Corporate Services	Erecting of perimeter fence and access gates		R650 000		R650 000	Around ODM Head Office	2
Council General	Furniture & Equipment	R40 000			R40 000	For all Departments	1
Council General	Alternative Power Outage solution		R500 000		R500 000	For ODM Head Office	1
Health Services	Mobile Air conditioners		R75 000		R75 000	Ten for Depots	1
Information Technology	Secondary air conditioner for Server Room	R25 000			R25 000	Crucial for Server functioning	1
Information Technology	Replacement of old and broken computer equipment	R200 000			R200 000	For all Departments	1
Information Technology	Replacement of Council chambers microphone system		R32 000		R32 000	Current system malfunctioning	1
Information Technology	Installation of Microwave Internet Connection		R515 000		R515 000	For Office 365-Add monthly OPEX	1
Holiday Resorts	Renewal of Bungalows		R370 000		R370 000	Uilenkraalsmond	2
Holiday Resorts	Renewal of Ablution Blocks				R50 000	De Dam & Uilenkraalsmond	2
Holiday Resorts	Plant & Equipment		R200 000		R200 000	De Dam	1
Holiday Resorts	Sewage Truck Wastewater Disposal System				R30 000	De Dam	1
Holiday Resorts	Erect Bund Walls at Ablution Blocks						
Holiday Resorts	Refuse removal - 2 Auto Skips and Trailer	R200 000			R200 000	Will save on operational cost	1
Emergency Services	Fire Station - Caledon	R1 000 000			R1 000 000	Finance from Sale of Land	2
Emergency Services	Safety Initiative Implementation - Infrastructure	R2 100 000			R2 323 000	Provincial Grant	4
Waste Services	Karweiderskraal Dumping Site	R4 900 000			R4 900 000	Additional Cell	3
	TOTAL	R8 465 000	R8 163 000	R3 090 000	R19 718 000		

TYPE	FUNDING SOURCES	BUDGET 2020/21	BUDGET 2021/22	BUDGET 2022/23	TOTAL BUDGET	DETAILS
1	REVENUE	R465 000	R1 007 000	R655 000	R2 127 000	Outer years dependent on availability
2	CAPITAL RESERVE	R1 000 000	R4 833 000	R0	R5 833 000	Dependent on Land Sales
3	EXTERNAL LOANS	R4 900 000	R0	R0	R4 900 000	Balance of Standard Bank Loan
4	GRANTS	R2 100 000	R2 323 000	R2 435 000	R6 858 000	Provincial Gazette
	TOTAL	R8 465 000	R8 163 000	R3 090 000	R19 718 000	

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OVERBERG DISTRICT MUNICIPALITY



Medium Term Revenue and Expenditure Framework (MTREF)

BUDGET:

2020/2021 – 2022/2023

Tariffs 2020/2021

(Draft)

OVERBERG DISTRICT MUNICIPALITY
26 LONG STREET / PRIVATE BAG X22
BREDASDORP 7280



25 MAR 2020

TEL: 028 425 1157 • FAX: 028 425 1014
info@odm.org.za • www.odm.org.za

PS

1. FIRE FIGHTING

TARIFF CATEGORY	UNIT	TARIFF DESCRIPTION	TARIFF 2019/2020 (VAT INCLUSIVE) R	% INCREASE	TARIFF 2020/2021 (VAT INCLUSIVE) R
SPECIAL INCIDENTS - CALL OUT COST	Per unit	Motor pumps	R 1 124.00	6%	R 1 191.00
	Per unit	Service & response vehicles	R 567.00	6%	R 601.00
STAND-BY AND OPERATIONAL COST	Per unit	Motor pumps	R 1 124.00	6%	R 1 191.00
	Per unit	Service & response vehicles	R 959.00	6%	R 1 017.00
PERSONNEL	Per hour	Senior	R 318.00	6%	R 337.00
	Per hour	Junior	R 212.00	6%	R 225.00
WATER	Per kilolitre	Water	R 17.00	6%	R 18.00
CHEMICALS	-	Chemicals	Cost price + 10% + 15%	-	Cost price + 10% + 15%
PROVIDING DRINKING WATER	Per kilometre	Water	R 38.00	6%	R 40.00
STANDBY	Per unit per hour	Standby	R 387.00	6%	R 410.00
ASSISTANCE TO OUTSIDE SERVICES		Assistance to outside services	Cost price + 10% + 15%	-	Cost price + 10% + 15%
RECOVERY VEHICLE PRIVATE PERSONS AND ORGANISATIONS	Per call out	Call out	R 1 161.00	6%	R 1 231.00
	Per hour	Recovery	R 1 908.00	6%	R 2 022.00
		Tow in (within 25 km radius)	R 1 198.00	6%	R 1 270.00
	Per kilometre	Tow in (outside 25 km radius)	R 38.00	6%	R 40.00
RECOVERY VEHICLE MUNICIPALITIES WITHIN COUNCIL AREA	Per call out	Call out		6%	R -
	Per hour	Recovery	R 1 198.00	6%	R 1 270.00
	Per call out	Call out	R 1 161.00	6%	R 1 231.00
RECOVERY VEHICLE MUNICIPALITIES OUTSIDE COUNCIL AREA	Per hour	Recovery	R 1 908.00	6%	R 2 022.00
		Tow in (within 25 km radius)	R 1 198.00	6%	R 1 270.00
		Call out	Free	-	Free
		Tow in (including subsistence & travel of personnel - where needed)	Actual cost + 15%	-	Actual cost + 15%
NON-SUBSIDISED RESCUE ORGANISATIONS		Recovery (including rescue)	Actual cost + 15%	-	Actual cost + 15%
	Per hour or part	Pumping swimming pools (office hours)	R 376.00	6%	R 399.00

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TARIFF CATEGORY	UNIT	TARIFF DESCRIPTION	TARIFF 2019/2020 (VAT INCLUSIVE)		% INCREASE	TARIFF 2020/2021 (VAT INCLUSIVE)	
			R			R	
	Per hour or part	Specialised pumps	R	212.00	6%	R	225.00
	Per hour or part	Hydraulic equipment	R	631.00	6%	R	669.00
	Per hour or part	Lighting	R	201.00	6%	R	213.00
	Per cylinder	Filling cylinders	R	180.00	6%	R	191.00
STAND-BY FILMING	Per hour or part	Per vehicle with crew of two	R	912.00	6%	R	967.00
	Per hour or part	Additional crew	R	376.00	6%	R	399.00
TRAINING	Per person	First Aid level 1	R	769.00	6%	R	815.00
	Per person	First Aid level 3	R	1 272.00	6%	R	1 348.00
	Per person	Fire extinguisher basic	R	933.00	6%	R	989.00
	Per person	Basic Fire Fighting – 1 day	R	1 526.00	6%	R	1 618.00
	Per person	School children (First Aid 1)	R	387.00	6%	R	410.00
	Per kilometre	Transport cost	R	7.10	6%	R	8.00
STAND-BY	Per vehicle/boat	Special events	R	419.00	6%	R	444.00
	Per hour	Medical stand-by (limited to venue or terrain)	R	366.00	6%	R	388.00
INSURANCE INSPECTIONS	-	inspection on request of insurance	R	721.00	6%	R	764.00
	-	Follow-up inspection	R	270.00	6%	R	286.00
DEMONSTRATIONS	-	Conditions linked to awareness		Actual cost + 15%	-		Actual cost + 15%
SPECIAL INVESTIGATIONS	Per person per hour	Civil claims, insurance, civil court cases & other		Actual cost + 15%	-		Actual cost + 15%
DIVING TEAM	Per day	Diving team	R	1 352.00	6%	R	1 433.00
LECTURE ROOM	Per day	-	R	530.00	6%	R	562.00
EXTERNAL TRAINING FACILITY	Per student per day	-	R	270.00	6%	R	286.00
OCCUPATIONAL CERTIFICATE	Per unit	-	R	201.00	6%	R	213.00
FIRST AID REFRESHER TRAINING	-	-	R	249.00	6%	R	264.00
FLAMMABLE LIQUID PERMITS	-	Bulk > 1000L – Industry & commercial	R	1 426.00	6%	R	1 512.00
	-	Small content <1000L – Farms & private	R	387.00	6%	R	410.00
	-	LPG	R190 + inspection tariff		6%	R200 + inspection tariff	
VEHICLE DANGER CONTENT HOLDING PERMIT	Per vehicle	-	R	535.00	6%	R	567.00
FIRE PERMIT	Per site	-	R	567.00	6%	R	601.00
INSPECTION – BY-LAWS & REGULATIONS (EXCLUDING CERTIFICATE)	-	-	R	530.00	6%	R	562.00

OVERBERG DISTRICT MUNICIPALITY
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TARIFF CATEGORY	UNIT	TARIFF DESCRIPTION	TARIFF 2019/2020 (VAT INCLUSIVE) R	% INCREASE	TARIFF 2020/2021 (VAT INCLUSIVE) R
FIRE INSPECTION ON REQUEST (COMMERCIAL USE)	-	-	R 530.00	6%	R 562.00
VELD FIRE FIGHTING AS PER ACT (FIRE SUPPRESSION) – MEMBERS OF REGISTERED PROTECTION ASSOCIATION	-	-	No charge	-	No charge
VELD FIRE FIGHTING AS PER ACT (FIRE SUPPRESSION) – NON-MEMBERS OF REGISTERED PROTECTION ASSOCIATION	-	-	R600 per hour per unit	6%	R636 per hour per unit
AIR SUPPORT	-	-	Cost + 10% + 15%	-	Cost + 10% + 15%
FLAİM TRAINER	Per day	With two operators	NEW TARIFF		R10000 + Travel & Accommodation Cost

OVERBERG DISTRICT MUNICIPALITY
26 LONG STREET / PRIVATE BAG X22
ORANGEBURG 7120




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TEL: 028 426 1157 • FAX: 028 426 1014
Info@odm.org.za • www.odm.org.za

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2. ADDITIONAL TARIFFS

TARIFF CATEGORY	UNIT	TARIFF DESCRIPTION	TARIFF	% INCREASE	TARIFF
			2019/2020 (VAT INCLUSIVE) R		2020/2021 (VAT INCLUSIVE) R
ADDITIONAL TARIFFS	-	Any rental of equipment and vehicles-	Cost + 10% + 15%	-	Cost + 10% + 15%
	Per page	Photostat/A4 page	1.3	6%	1.4
	Per page	Photostat/A4 page colour	5.3	6%	5.6
	Per page	Computer printouts	15	6%	16
	Per page	Faxing	31	6%	33
	Per cheque	Dishonoured cheques	143	6%	152
	Per occurrence	Faulty payments	143	6%	152
	Per item	Printing of maps A0 size black	102	6%	108
	Per item	Printing of maps A0 size colour	123	6%	130
	Per item	Printing of aerial photos A0 size	329	6%	349
	Per item	Printing of maps A1 size black	91	6%	96
	Per item	Printing of maps A1 size colour	102	6%	108
	Per item	Printing of aerial photos A1 size	201	6%	213
	Per item	Printing of maps A2 size black	80	6%	85
	Per item	Printing of maps A2 size colour	90	6%	95
	Per item	Printing of aerial photos A2 size	164	6%	174
	Per item	Printing of maps A3 size black	59	6%	63
	Per item	Printing of maps A3 size colour	70	6%	74
	Per item	Printing of aerial photos A3 size	133	6%	141
	Per item	Printing of maps A4 size black	27	6%	29
	Per item	Printing of maps A4 size colour	32	6%	34
	Per item	Printing of aerial photos A4 size	37	6%	39
	Appeal	-	1272	6%	1348
NON-REFUNDABLE TENDER DOCUMENT	-	Tender 9 years & 11 months +	1272	6%	1348
	-	Tender 5 – 8 years 11 months	636	6%	674
	-	Tender 3 years 11 months - 4 years 11 months	260	6%	276
	-	3 years	260	6%	276


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 24 LESLIE STREET | PRIVATE BAG 822
 BEAUFORT-WEST 7130
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 TEL: 028 428 4487 • FAX: 028 428 4014
 info@overberg.gov.za • www.overberg.gov.za

BA

TARIFF CATEGORY	UNIT	TARIFF DESCRIPTION	TARIFF 2019/2020 (VAT INCLUSIVE) R	% INCREASE	TARIFF 2020/2021 (VAT INCLUSIVE) R
	-	Less than 3 years	127	6%	135
	-	Banking Tender	836	6%	674
ELECTRONIC NOTICE BOARD	Per day	Private Sector/Business per 24 hours rolling per slide	13	6%	14
	Per day	Municipalities (local) per 24 hours rolling per slide	6.4	6%	7
PROPERTIES	Per month	Head Office Shaded Parking (Officials only)	30	6%	32
ENVIRONMENTAL MANAGEMENT	Per hour	Environmental control officer (ECO) inspections	742	6%	787
ENVIRONMENTAL MANAGEMENT	Per Weigh Load	Use of Weighbridge (ad hoc private users)			
	Per Weigh Load	Commercial vehicles (Cars and Pick-ups's Campers, Caravans and Trailers)		NEW TARIFF	R175
	Per Weigh Load	Large vehicles (All Trucks and Busses)		NEW TARIFF	R450

OVERBERG DISTRICT MUNICIPALITY
26 LONG STREET / PRIVATE BAG X22
BEREDASDORP 7240



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TEL: 029 425 1457 • FAX: 029 425 1044
info@odm.org.za • www.odm.org.za

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3. MUNICIPAL HEALTH

TARIFF CATEGORY	UNIT	TARIFF DESCRIPTION	TARIFF	
			2019/20209 (VAT INCLUSIVE) R	% INCREASE TARIFF 2020/2021 (VAT INCLUSIVE) R
WATER QUALITY MONITORING	-	All samples taken on request (except for governmental Institutions) R 145 per sample run plus laboratory cost as per contract between ODM and laboratory.	191	6% 202
	-	With the application of a certificate of acceptability (COA) for a premise in an area that do not fall in a WSA: R145.00 per sample run (bacteriological and chemical) plus laboratory cost as per contract between ODM and laboratory.	191	6% 202
	-	In the case of follow up samples in above tariff, if water quality does not comply with the SANS 241 code: R 145.00 per sample run plus laboratory cost as per contract between ODM and laboratory.	191	6% 202
	-	All routine follow up sample runs analysing water quality (bacteriological & chemical) at premises with a COA	0	0 0
MONITORING OF MILK AND MILK PRODUCTS ON REQUEST OF SUPPLIERS	-	All bacteriological & chemical analyses: R145,00 per sample run plus laboratory cost as per contract between ODM and laboratory	191	6% 202
	-	Follow up samples in the case where a sample do not comply to stipulations of the Foodstuffs, Cosmetics and Disinfectants Act: R 145.00 per sample run plus laboratory cost as per contract between ODM and laboratory.	191	6% 202
CERTIFICATE FOR EXPORT OF FOOD PRODUCTS	-	-	869	6% 921
ISSUING OF CERTIFICATE OF ACCEPTABILITY FOR PREMISES IN TERMS OF THE NATIONAL HEALTH ACT, ACT 61 OF 2003 AND FOODSTUFFS.	-	Issuing of Certificates of acceptability: Once off. payment	191	6% 202
	-	Inspection performed to uplift a prohibition on the use of a premises or facility	541	6% 573
	-	Replacement of any applicable COA	191	6% 202
ALL OTHER MUNICIPAL HEALTH INSPECTION REPORTS/CERTIFICATES	-	Application for issuing of any Health related report	191	6% 202
ISSUING OF HEALTH CERTIFICATE OR REPORT TO REMOVE OR DESTROY FOOD OR FOOD PRODUCTS UNFIT FOR HUMAN CONSUMPTION	-	-	339	6% 359
AIR QUALITY CONTROL – COST OF LIVENING (FUEL BURNING APPLIANCES – COST OF LICENSING OF THESE APPLICATIONS WILL TAKE PLACE ON A SLIDING SCALE)	-	Atmospheric emission tariffs – application fee for license fee (Licence fee determined by Air Quality Act, Act 39 of 2004)	1622	6% 1719
	-	Processing Fee for application as contemplated in Section 37/44/47 of the Air Quality Act, Act 39 of 2004 – Band 1	5957	6% 6314

OVERBERG DISTRICT MUNICIPALITY
26 LONG STREET (PRIVATE) BAG X22
-202 ENYDASURCF 7200



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TEL: 029 425 1687 • FAX: 029 425 1014
info@odm.gov.za • www.odm.gov.za

AS

TARIFF CATEGORY	UNIT	TARIFF DESCRIPTION	TARIFF	% INCREASE	TARIFF
			2019/2020 (VAT INCLUSIVE) R		2020/2021 (VAT INCLUSIVE) R
	-	Processing Fee for application as contemplated in Section 37/44/47 of the Air Quality Act, Act 39 of 2004 – Band 2	24168	6%	25618
	-	Processing Fee for application as contemplated in Section 37/44/47 of the Air Quality Act, Act 39 of 2004 – Band 3	75260	6%	79776
	-	Processing Fee for application as contemplated in Section 37/44/47 of the Air Quality Act, Act 39 of 2004 – Band 4	150668	6%	159708
	-	Processing Fee for application as contemplated in Section 37/44/47 of the Air Quality Act, Act 39 of 2004 – Band 5	305651	6%	323990
ISSUING OF HEALTH REPORT OR CERTIFICATE (EXCEPT IF REQUESTED BY A GOVERNMENT AUTHORITY)	-	-	191	6%	202
HEALTH MONITORING OF OPENING OF GRAVES AND/OR REBURIAL	-	-	541	6%	573
ATMOSPHERIC	-	Application for new atmospheric emission licence	11 980 per listed activity	6%	12 700 per listed activity
	-	Application for atmospheric emission licence review	11 980 per listed activity	6%	12 700 per listed activity
	-	Application for atmospheric emission licence renewal	5 990 per listed activity	6%	6 350 per listed activity
	-	Application for atmospheric emission licence transfer	2 401	6%	2 545
Local Municipalities	-	Health Service	5,3 per population	6%	5,6 per population

4. ROADS

TARIFF CATEGORY	UNIT	TARIFF DESCRIPTION	TARIFF	% INCREASE	TARIFF
			2019/2020 (VAT INCLUSIVE) R		2020/2021 (VAT INCLUSIVE) R
ROADS TARIFF	2 X posts	Erection of Tourism/Facility signs	470	6%	498
	-	Any additional structure posts	340	6%	360

5. BUILDING PLANS

TARIFF CATEGORY	UNIT	TARIFF DESCRIPTION	TARIFF	% INCREASE	TARIFF
			2019/2020 (VAT INCLUSIVE) R		2020/2021 (VAT INCLUSIVE) R
SCRUTINY OF BUILDING PLANS	Per plan	Inspection of any building plan – Cape Agulhas, Theewaterskloof and Swellendam area	6.5% of Building plan cost	None	6.5% of Building plan cost
	Per plan	Inspection of any building plan – Overstrand area	3.9% of Building plan cost	None	3.9% of Building plan cost

DS

UILENKRAALSMOND RESORT

TARIFF CATEGORY	TARIFF DESCRIPTION	IN SEASON TARIFF 2019/2020 (VAT INCLUSIVE) R	OUT OF SEASON TARIFF – WEEKEND 2019/2020 (VAT INCLUSIVE) R	OUT OF SEASON TARIFF – WEEK 2019/2020 (VAT INCLUSIVE) R	% INCREASE	IN SEASON TARIFF 2020/2021 (VAT INCLUSIVE) R	OUT OF SEASON TARIFF – WEEKEND 2020/2021 (VAT INCLUSIVE) R	OUT OF SEASON TARIFF – WEEK 2020/2021 (VAT INCLUSIVE) R
	Bungalows per night	710	570	500	7.30%	760	610	540
	Bungalows (sea view) per night	950	780	680	7.47%	1 020	840	730
	Wooden House per night	1 000	880	740	8.03%	1 080	950	800
	Breakage deposit (no VAT payable)	400	400	400	25.00%	500	500	500
	Cancelation fee (Only payable if re-let)	138	138	138	8.70%	150	150	150
	Cancelation fee per occasion (Only payable if not re-let)	50% of reservation amount	50% of reservation amount	50% of reservation amount	-	50% of reservation amount	50% of reservation amount	50% of reservation amount
	Access card – deposit per card	75	75	75	6.67%	80	80	80
	Caravan/Tent site per night (maximum 6 persons)	420	290	190	6.67%	450	310	200
	Caravan/Tent site per person per night (out of season only)	0	85	85	5.88%	0	90	90
	Cancelation fee (Only payable if re-let)	138	138	138	8.70%	150	150	150
	Cancelation fee per occasion (Only payable if not re-let)	50% of reservation amount	50% of reservation amount	50% of reservation amount	-	50% of reservation amount	50% of reservation amount	50% of reservation amount
	Access card – deposit per card	75	75	75	6.67%	80	80	80
	Dayvisitors per site per person per day camping site (08:00 – 17:00)	30	30	30	33.33%	40	40	40
	Vehicle per day (08:00 – 17:00) (Excluding in-season)	0	45	45	11.11%	0	50	50
	Mini-bus per day (08:00 – 17:00) (Excluding in-season)	0	60	60	8.00%	0	65	65
	Bus per day (08:00 – 17:00) (Excluding in-season)	0	140	140	7.14%	0	150	150
	Children 5 years and younger	Free	Free	Free	-	Free	Free	Free
	Rental open area per 50 m ²	50	60	60	8.00%	65	65	65
	Parking per vehicle/boat per day	20	20	20	0.00%	20	20	20
	Extra persons per site per person per day – caravan/tent sites and bungalows	70	70	70	14.29%	80	80	80
	Extra vehicle per day caravan/tent sites, bungalows & semi-permanent sites	40	40	40	12.50%	45	45	45
	Hall hire per occasion per day	820	820	820	9.76%	900	900	900
	Breakage deposit	400	400	400	25.00%	500	500	500
	Cancelation fee (Only payable if re-let)	138	138	138	8.70%	150	150	150
	Cancelation fee per occasion (Only payable if not re-let)	50% of reservation amount	50% of reservation amount	50% of reservation amount	-	50% of reservation amount	50% of reservation amount	50% of reservation amount
	Rental of bedding per unit per occasion	74	74	74	8.00%	80	80	80
	Rental per month (including basic services)	4 765	4 765	4 765	8.00%	5 146	5 146	5 146
	Water per kilo litre	7.21	7.21	7.21	8.00%	7.787	7.787	7.787
	Water deposit – service connection	890	890	890	8.00%	961	961	961
	Service deposit	1 420	1 420	1 420	8.00%	1 534	1 534	1 534
	Water services connection fee (per connection)	191	191	191	8.00%	206	206	206
	Water re-connection for defaulters	Cost + 15% + 15%	Cost + 15% + 15%	Cost + 15% + 15%	-	Cost + 15% + 15%	Cost + 15% + 15%	Cost + 15% + 15%
	Plots to 150m ² (per year)	14 983	14 983	14 983	8.00%	16 182	16 182	16 182
	Plots 151 m ² – 200m ² (per year)	16 679	16 679	16 679	8.00%	18 013	18 013	18 013
	Plots 201m ² – 300m ² (per year)	18 497	18 497	18 497	8.00%	19 977	19 977	19 977
	Plots 301m ² – 350m ² (per year)	20 087	20 087	20 087	8.00%	21 694	21 694	21 694
	Plots 350m ² + (per year)	22 016	22 016	22 016	8.00%	23 777	23 777	23 777
	Blocked sewerage and water supply repair work	408	408	408	12.75%	460	460	460
	Sewerage connection with network (once-off)	5 782	5 782	5 782	8.00%	6 245	6 245	6 245
	Electricity tariff per unit	2.7	2.7	2.7	8.00%	2.916	2.916	2.916

25 MAR 2020

DIE DAM RESORT

TARIFF CATEGORY	TARIFF DESCRIPTION	IN SEASON TARIFF		OUT OF SEASON		% INCREASE	OUT OF SEASON TARIFF - WEEK		IN SEASON TARIFF		OUT OF SEASON	
		2019/2020 (VAT INCLUSIVE) R	2019/2020 (VAT INCLUSIVE) R	TARIFF - WEEKEND 2019/2020 (VAT INCLUSIVE) R	TARIFF - WEEK 2019/2020 (VAT INCLUSIVE) R		2019/2020 (VAT INCLUSIVE) R	2019/2020 (VAT INCLUSIVE) R	TARIFF - WEEKEND 2019/2020 (VAT INCLUSIVE) R	TARIFF - WEEK 2019/2020 (VAT INCLUSIVE) R		
HOLIDAY HOUSE/BUNGALOW	Bungalows per night	795	670	515	7.58%	860	720	550	550			
	Breakage deposit (no VAT payable)	400	400	400	25.00%	500	500	500	500			
	Cancellation fee (Only payable if re-let)	138	138	138	8.70%	150	150	150	150			
	Cancellation fee per occasion (Only payable if not re-let)	50% of reservation amount	50% of reservation amount	50% of reservation amount	-	50% of reservation amount	50% of reservation amount	50% of reservation amount	50% of reservation amount			
CARAVAN/TENT SITES	Access card - deposit per card	75	75	75	6.67%	80	80	80	80			
	Caravan/Tent site per night (maximum 6 persons) with electricity	380	310	260	7.41%	410	390	280	280			
	Caravan/Tent site per night (maximum 6 persons) without electricity	320	260	250	8.43%	350	290	270	270			
	Caravan/Tent site per person per night (out of season only)	0	85	85	5.88%	0	90	90	90			
ADDITIONAL PERSONS/VEHICLES	Cancellation fee (Only payable if re-let)	138	138	138	8.70%	150	150	150	150			
	Cancellation fee per occasion (Only payable if not re-let)	50% of reservation amount	50% of reservation amount	50% of reservation amount	-	50% of reservation amount	50% of reservation amount	50% of reservation amount	50% of reservation amount			
	Access card - deposit per card	40	40	40	112.50%	85	85	85	85			
	Extra persons per site per person per day - caravan/tent sites and bungalows	30	30	30	186.67%	80	80	80	80			
DAY VISITORS	Extra vehicle per vehicle day caravan/tent sites, bungalows & semi-permanent sites	40	40	40	12.50%	45	45	45	45			
	Day visitors per site per person per day camping site (08:00 - 17:00)	0	30	30	33.33%	0	40	40	40			
	Vehicle per day (08:00 - 17:00) (Excluding in-season)	0	40	40	25.00%	0	50	50	50			
	Mini-bus per day (08:00 - 17:00) (Excluding in-season)	0	50	50	8.00%	0	54	54	54			
SEMI-PERMANENT (INCLUDING BASIC SERVICES)	Bus per day (08:00 - 17:00) (Excluding in-season)	0	140	140	7.14%	0	150	150	150			
	Children 5 years and younger	Free	Free	Free	Free	Free	Free	Free	Free			
	Plot tariff per year	14 978	14 978	14 978	8.00%	16 176	16 176	16 176	16 176			
	Plettenberg plot tariff per year	18 041	18 041	18 041	8.00%	19 484	19 484	19 484	19 484			
ELECTRICITY	Electricity tariff per unit	2.7	2.7	2.7	8.00%	3	3	3	3			
	Electricity Availability Tariff per month (semi-permanent plots)	276	276	276	8.00%	298	298	298	298			
	Cutting of grass semi-permanent plot	408	408	408	12.75%	460	460	460	460			
	Removal of rubbish semi-permanent plot	408	408	408	12.75%	460	460	460	460			
SEMI-PERMANENT DEFAULT SERVICES	Builders per person per day	30	30	30	16.67%	0	35	35	35			
	Builders per vehicle per day	40	40	40	0.00%	0	40	40	40			
	Registration service providers operating in the Resort	1 000	1 000	1 000	0	0	1 080	1 080	1 080			
	Administrative costs transfer of rental agreement	600	600	600	16.67%	700	700	700	700			
TRANSFERRALS OF CONTRACTS	Administrative costs renewal of rental agreement	300	300	300	6.67%	320	320	320	320			

25 MAR 2020

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TARIFF CATEGORY	TARIFF DESCRIPTION	IN SEASON TARIFF 2019/2020 (VAT INCLUSIVE) R	OUT OF SEASON TARIFF - WEEKEND 2019/2020 (VAT INCLUSIVE) R	OUT OF SEASON TARIFF - WEEK 2019/2020 (VAT INCLUSIVE) R	% INCREASE	IN SEASON TARIFF 2019/2020 (VAT INCLUSIVE) R	OUT OF SEASON TARIFF - WEEKEND 2019/2020 (VAT INCLUSIVE) R	OUT OF SEASON TARIFF - WEEK 2019/2020 (VAT INCLUSIVE) R	OUT OF SEASON
REDUCED TARIFFS (EXCLUDING 10 DECEMBER - 10 JANUARY OF NEXT YEAR AND EASTER WEEKEND)	Groups of 20 - 50 persons	-	- 15% discount	- 15% discount	-	-	-	-	15% discount
	Groups of 51 - 100 persons	-	- 20% discount	- 20% discount	-	-	-	-	20% discount
	Groups of 101 - 200 persons	-	- 25% discount	- 25% discount	-	-	-	-	25% discount
	Groups of more than 200 persons	-	- 30% discount	- 30% discount	-	-	-	-	30% discount
	Caravan Groups 20-50 (maximum 6 per caravan)	-	- 30% discount	- 30% discount	-	-	-	-	30% discount
	Caravan Groups 51-100 (maximum 6 per caravan)	-	- 40% discount	- 40% discount	-	-	-	-	40% discount
	Caravan Sites 7-14 days (6 person & 2 vehicles per caravan)	-	- 30% discount	- 30% discount	-	-	-	-	30% discount
	Caravan Sites 15-21 days (6 person & 2 vehicles per caravan)	-	- 35% discount	- 35% discount	-	-	-	-	35% discount
	Caravan Sites monthly tariff (maximum 2 persons & 1 vehicle)	0	2 140	2 140	8.00%	0	2 311	2 311	30% discount
	Pensioners	-	- 30% discount	- 30% discount	-	-	-	-	30% discount
SEASON- AND OTHER TIMES	Contractors (longer than 1 month)	-	- 15% discount	- 15% discount	-	-	-	-	15% discount
	Staff	-	- 40% discount	- 40% discount	-	-	-	-	40% discount
	In Season	10 December - 10 January of next year & Easter Weekend	-	-	-	10 December - 10 January of next year & Easter Weekend	-	-	-
	Out of Season	-	Excluding 10 December - 10 January of next year & Easter Weekend	Excluding 10 December - 10 January of next year & Easter Weekend	-	-	Excluding 10 December - 10 January of next year & Easter Weekend	Excluding 10 December - 10 January of next year & Easter Weekend	-
	Week	Sunday 14:00 - Thursday 10:00	Sunday 14:00 - Thursday 10:00	Sunday 14:00 - Thursday 10:00	-	Sunday 14:00 - Thursday 10:00	Sunday 14:00 - Thursday 10:00	Sunday 14:00 - Thursday 10:00	Sunday 14:00 - Thursday 10:00
	Weekend	Thursday 14:00 - Sunday 10:00	Thursday 14:00 - Sunday 10:00	Thursday 14:00 - Sunday 10:00	-	Thursday 14:00 - Sunday 10:00	Thursday 14:00 - Sunday 10:00	Thursday 14:00 - Sunday 10:00	Thursday 14:00 - Sunday 10:00

OVERBERG DISTRICT MUNICIPALITY
16 LONG STREET / KROONSTADT 646 728
0539-50 000 / 7280

25 MAR 2020

TEL: 053 426 7157 • FAX: 053 426 4014
info@odm.gov.za • www.odm.gov.za

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Municipal Budget Circular for the 2020/21 MTREF

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1. Introduction

The purpose of the annual budget circular is to guide municipalities with their compilation of the 2020/21 Medium Term Revenue and Expenditure Framework (MTREF). This circular is linked to the Municipal Budget and Reporting Regulations (MBRR); and strives to support the budget preparation processes of municipalities so that the minimum requirements of the MBRR promulgated in 2009 are achieved.

In 2010, the National Treasury introduced the local government budget and financial reform agenda. Since then several projects to further this agenda have been introduced. The recent implementation of the municipal Standard Chart of Accounts (*mSCOA*) and the accompanying “game changers” signals a smarter way forward to strengthening local government finances.

Among the objectives of this budget circular is to demonstrate how municipalities should undertake the annual budget preparation in accordance with the budget and financial reform agenda and the associated “game changers”.

Municipalities are reminded to refer to the previous annual budget circulars for guidance on budget preparation issues that are not covered in this circular.

2. The South African economy and inflation targets

In the 2019 Medium Term Budget Policy Statement (MTBPS) tabled by the Minister of Finance on 30 October 2019, he stated that, he is tabling the 2019 MTBPS in a difficult global and domestic environment. The global growth forecast for 2019 is the lowest since the 2008 financial crisis, weighed down by mounting trade tensions and political uncertainty. Economic activity in two engines of the world economy, namely China and India, is also slowing this year. Policy makers have taken a number of steps to support growth, but there is a risk that these measures will create new vulnerabilities, as interest rates in advanced economies decline. About a quarter of government bonds in these countries have negative yields.

In South Africa, economic growth has continued to stagnate and weaknesses in the world economy are likely to amplify our own challenges. The discussion paper termed the Economic transformation, inclusive growth, and competitiveness released by the National Treasury has proposed a number of economic reforms that might boost GDP growth over the medium and longer term, and support increased investment and job creation. These measures have been broadly agreed on within government. The next step is to implement the reforms urgently. Nevertheless, the economy has continued to weaken with the economic growth projected to grow at 1.2 per cent in the 2020/21 financial year, while long term estimates have fallen prompting government to review its outer year's estimates.

In addition to low growth, South Africa's biggest economic risk is Eskom. Ongoing problems with the utility's operations continue to disrupt the supply of electricity to households and businesses. Government has allocated significant resources to assist Eskom. With the immediate financial restraints lifted, the focus must be on operational problems and restructuring Eskom into three separate entities. Doing so will mark the beginning of a transition to a competitive, transparent and financially viable electricity sector.

South Africa's public finances deteriorated over the past decade; a trend that accelerated in recent years as low growth led to large revenue shortfalls. For 10 years, the country has run large budget deficits. This has put us deeply in debt, to the point where interest payments have begun crowding out social and economic spending programmes. This cannot be sustained.

Government proposed a range of expenditure reductions to restore the public finances to a sustainable position, some of which are likely to be painful. We owe it to future generations to ensure that we are good stewards of our country's resources and that they do not have to pay for faults in our decision-making.

The following macro-economic forecasts must be considered when preparing the 2020/21 MTREF municipal budgets.

Table 1: Macroeconomic performance and projections, 2018 - 2022

Fiscal year	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Estimate	Forecast		
CPI Inflation	4.7%	4.3%	4.9%	4.8%	4.8%

Source: Medium Term Budget Policy Statement 2019.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

3. Key focus areas for the 2020/21 budget process

3.1 Division of Revenue outlook

Municipal governments face multiple pressures over the period ahead with local government expected to expand access to free basic service to poor households, while ensuring that those who can afford to pay for services do so.

The 2020 MTEF includes large reductions in planned transfers to municipalities. The implication of these reductions is that municipalities will be required to reprioritise projects. Larger reductions in grants are mainly affecting urban municipalities which have the capacity to offset the effects of these cuts from their own revenue investments.

A notable revision is that of the Public Transport Network Grant (PTNG) which has funded 13 cities over the past decade, yet only six have launched operations. In the 2020 MTEF, the grant will be allocated only to 10 cities and these cities will be required to reduce their costs and to demonstrate their effectiveness to receive PTNG funding.

3.2 Local government conditional grants and additional allocations

The proposed division of revenue is still biased towards prioritising funding services for poor communities. Allocations to local government subsidise the cost of delivering free basic services to the less fortunate and the poorest of the poor households, and the infrastructure needed to deliver those services, as well as the maintenance of the infrastructure to ensure the sustainable delivery of these services.

The 2019 Medium Term Budget Policy Statement (MTBPS) projects transfers for local government for the 2020 MTREF at R397 billion, of which 62.2 per cent comprise unconditional allocations while the remainder is conditional grant funding. The allocations for local government over the medium term represent 8.6 per cent of non-interest expenditure and a slight decrease from the 8.9 per cent realised in the 2018 budget.

The equitable share and the allocation of the general fuel levy to local government constitutes unconditional funding. Municipalities are reminded that this funding allocation is formula driven and designed to fund the provision of free basic services to disadvantaged communities. Conditional grant funding must be utilised for the intended purpose within the timeframes, as specified in the annual Division of Revenue Bill. Monies not spent must be returned to the fiscus and requests for roll-overs will only be considered in extenuating circumstances.

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The annual Division of Revenue Bill will be published in February 2020 after the budget speech by the Minister of Finance. The grant allocations will be specified in this Bill and municipalities must reconcile their budgets to the numbers published therein.

Municipalities are advised to use the indicative numbers presented in the 2019 Division of Revenue Act to compile their 2020/21 MTREF. In terms of the outer year allocations (2021/22 financial year), it is proposed that municipalities conservatively limit funding allocations to the indicative numbers as proposed in the 2019 Division of Revenue Act for 2021/22. The DoRA is available at <http://www.treasury.gov.za/documents/national%20budget/2019/default.aspx>

3.3 Changes to the structure of local government allocations

The local government equitable share formula has been updated to account for projected household growth, inflation and estimated increases in bulk water and electricity costs over the MTEF period.

Large urban municipalities continue to underinvest in infrastructure, primarily because of poor programme and project preparation practices, leading to long delays, higher costs and breakdowns in service delivery. While public and private capital funding is available, these weaknesses translate into low levels of effective demand from the municipalities.

To address these problems, from 2020/21 government will introduce dedicated grant funding for large urban municipalities. Eligible municipalities will receive co-financing on a declining basis over three years. Financing will be conditional on establishing a municipal project preparation fund and an infrastructure delivery management system, and achieving targets for programmes and projects under preparation. Funding for this new facility will be reprioritised from existing allocations to municipalities.

Government is also working with municipalities to increase their revenue raising potential. The Municipal Fiscal Powers and Functions Amendment Bill, which will be tabled shortly, will standardise the regulation of development charges. Development charges are the mechanism by which municipalities recover the capital costs of connecting new developments to infrastructure for water, roads, electricity and other services. Currently, these charges are frequently below cost, so municipalities effectively subsidise the provision of infrastructure to businesses and other developments, reducing their ability to subsidise infrastructure directly for lower-income residents.

The change could increase municipal revenues for capital spending by an estimated R20 billion a year. Several efforts are also under way to improve the effectiveness of transfers to rural municipalities. The possibility of using municipal infrastructure grant funds to buy waste management vehicles, which must be purchased through a contract facilitated by the National Treasury to minimise costs, is being investigated to expand services in rural areas. Funds may be reprioritised between water and sanitation grants to accelerate the completion of regional bulk water schemes.

The Department of Energy will complete an electrification master plan to guide the future allocation of funds between the Eskom, municipal, and non-grid components of the Integrated National Electrification Programme. The Department of Transport will establish a national database for all road traffic and condition data to inform the prioritisation and monitoring of road maintenance across all roads.

3.4 Addressing unfunded budgets in local government

A revised strategy to address municipal financial performance failures has been endorsed by the Budget Council and Budget Forum (the respective intergovernmental forums for provincial and local government finances). This strategy is based on an analysis of performance failures in governance, financial management, institutional capabilities and service delivery. As part of this strategy, municipalities must ensure that their budgets are adequately funded.

The number of councils adopting unfunded budgets, where realistically anticipated revenue is insufficient to cover planned spending sustainably, increased from 74 in 2016/17 to 126 in 2019/20. The National Treasury, alongside provincial treasuries, has provided extensive advice and support to ensure that municipalities plan affordable expenditure and collect all the revenue owed to them. All municipalities are able to table a funded budget. This is easier for transfer-dependent municipalities as they have more predictable revenue and can plan their spending accordingly.

The 126 municipalities with unfunded budgets were required to table special adjustments budgets to align their spending plans with projected revenues and ensure they have plans in place to pay their creditors (including Eskom and the water boards). Those municipalities that did not table funded adjustments budgets by 15 November 2019 had their December 2019 tranche of the local government equitable share withheld as the MFMA requires that a municipality must table a funded budget.

Municipalities who are finding it difficult to table funded and sustainable budgets should contact National or their respective provincial treasury for assistance to reprioritise their budgets.

3.5 Municipal Standard Chart of Accounts (mSCOA)

3.2.1 Release of Version 6.4 of the Chart

On an annual basis, the mSCOA chart is reviewed to address implementation challenges and correct chart related errors. Towards this end, Version 6.4 is released with this circular (see Annexure A). Version 6.4 of the chart will be effective from 2020/21 and must be used to compile the 2020/21 MTREF and is available on the link below:

<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

3.2.2 Budgeting, transacting and reporting in an mSCOA environment

The mSCOA Regulations¹ prescribes the uniform recording and classification of municipal budget and financial information at a transaction level. All municipalities and municipal entities had to comply with the Regulations by 01 July 2017.

This standard classification framework enforces the link between planning (IDP) and the budget through the project segment and enables annual reporting and performance management linked to strategic service delivery objectives.

By now, all municipalities should:

- Have acquired, upgraded and maintain the hardware, software and licences required to be and remain mSCOA compliant;

¹ The Minister of Finance promulgated the Municipal Regulations on a Standard Chart of Accounts in government gazette Notice No. 37577 on 22 April 2014.

- Budget, transact and report on all six (6) legislated *m*SCOA segments and directly on the core financial system and submit the required data strings directly from this system to the Local Government Portal;
- Lock down the budget adopted by Council on the core municipal financial system before submitting the budget (ORGB) data string to the local government portal;
- Closed the core financial system at month-end as required in terms of the MFMA before submitting the monthly data string to the local government portal; and
- Generate regulated Schedules (A, B, C) directly from the core municipal financial systems.

If your municipality has not achieved the above level of implementation as yet, then the implementation of *m*SCOA in your municipality should be accelerated. Towards this end:

- A road map must be provided to the National and respective provincial treasury to indicate how the municipality will become *m*SCOA compliant;
- The municipality's *m*SCOA Project Steering Committee (chaired by the Accounting Officer) must meet at least monthly (if not more often) to track the progress against the road map and take corrective action where required;
- The National Treasury (in the case of non-delegated municipalities) and respective provincial treasury (in the case of delegated municipalities) should be invited to the *m*SCOA Project Steering Committee meeting; and
- Progress against the road map should be presented at the Mid-Year Budget and Performance and Budget Benchmark engagements.

3.2.3 Changing of the Core Financial System

Municipalities are reminded to follow the required due diligence processes in terms of MFMA Circulars No. 80 and 93 and *m*SCOA Circulars No. 5 and 6 when they procure a core financial system.

In addition, if a municipality enters into a contract with a system vendor for the maintenance of the procured system that will impose financial obligations on the municipality beyond the three years covered in the MTREF budget, then the provisions of Section 33 of the MFMA should be adhered to.

Service level agreements (SLA) with system vendors must also be managed properly. Penalties, including the termination of the SLA in cases of persistent non-compliance, should be imposed if the agreed upon milestones are not met by the system vendor. Likewise, if a system vendor has delivered on the services agreed upon in the SLA, then the municipality should pay all money owing to the system vendor within 30 days of receiving the relevant invoice or statement, as per the requirements of Section 65(2)(e) of the MFMA.

The National Treasury will conduct independent audits on all municipal core financial systems in 2020 to determine to what extent these systems comply with the functionality requirements and 15 business processes required in terms of *m*SCOA. These results will also inform the new transversal tender for the procurement of municipal financial and internal control systems in 2021. Until these audits have been concluded and the results have been released, municipalities should exercise caution when changing their financial system to avoid purchasing a system that do not comply with the necessary *m*SCOA functionality requirements.

Municipalities are advised to use their internal audit function to ensure that the correct process was followed. Internal audit must ensure that the municipality has complied with the requirements of MFMA Circulars No. 80 and 93, *m*SCOA Circulars No. 5 and 6 and Section 33 of the MFMA when they procure a core financial system and/or enter into an SLA with a

system vendor. The reports on these matters of internal audit must be tabled to the audit committee and at municipal council for consideration.

3.2.4 Submission of Borrowing Monitoring and Investment Monitoring Data Strings

Chapter 3 of the mSCOA Regulations provides that the Minister of Finance may determine minimum business processes and system requirements through issuing a gazette. MFMA Circular No. 80 provided guidance on these requirements for all categories of municipality (A, B and C). The Request for Proposal (RFP) issued on 4 March 2016 for the appointment of service providers for an integrated financial management and internal control system for local government (RT25-2016 published in Tender Bulletin No. 2906), provided further guidance on the requirements applicable to a specific category of municipality.

It should be noted that National Treasury will expand the requirements applicable to categories B and C municipalities in 2020 to include business processes and system functionality relating to investment, borrowing or performance management. The expanded requirements will provide the basis for the new transversal contract for the appointment of service providers for an integrated financial management and internal control system for local government that might be issued in 2021, as well as the minimum business and system requirements that will be gazetted at a future date, as envisaged in the Regulation.

In the interim, categories B and C municipalities that have not procured investment, borrowing or performance management modules, will have to prepare and submit their quarterly Investment Monitoring and Borrowing Monitoring data strings to the Local Government Portal manually.

3.2.5 Cash Flow Reconciliation

The cash flow information presented on Table A7 of Budget Schedule A and Table B7 of Adjustments Budget Schedule B did not reconcile to the corresponding data strings for the past two financial years. One of the contributing factors to this was that there were errors in the linkages in the segment item: asset and liabilities on the Local Government Database. National Treasury has now corrected these linkages in the segment item: asset and liabilities.

It was further noticed that a number of municipalities do not use the movement accounts correctly in the mSCOA chart which distorts the figures reported in the cash flow tables. Guidance on the use of movement accounts is provided in **Annexure A**.

4. The revenue budget

Similar to the rest of government, municipalities face a difficult fiscal environment. Even as demand for services rises, weak economic growth has put stress on consumers' ability to pay for services, while transfers from national government are growing more slowly than in the past. Some municipalities have managed these challenges well, but others have fallen into financial distress and face liquidity problems. These include municipalities that are unable to meet their payment obligations to Eskom, water boards and other creditors. There is a need for municipalities to focus on collecting revenues owed to them, and eliminate wasteful and non-core spending. Municipal budgets will be scrutinised to ensure that municipalities adequately provide to service their debt obligations. Municipalities must ensure that expenditure is limited to the maximum revenue collected and not spend on money that they do not have.

Municipalities are reminded that the local government equitable share allocation is mainly to fund the costs of free basic services and to subsidise the administrative costs of the smaller and more rural municipalities. The increasing unemployment and growth in the number of

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persons per household means that the revenue foregone in respect of free basic services will likely increase and it will become even more difficult to collect revenue. The household budget will be under pressure and trade-offs will be applied as it may be unaffordable to pay all household expenses with regularity.

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3 to 6 per cent target band; therefore, municipalities are required to **justify all increases in excess of the projected inflation target for 2020/21** in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups. In addition, municipalities should include a detail of their revenue growth assumptions for the different service charges in the budget narrative.

4.1 Maximising the revenue generation of the municipal revenue base

Reference is made to MFMA Circular No. 93, item 3.1. The emphasis is on municipalities to comply with Section 18 of the MFMA and ensure that they fund their 2020/21 MTREF budgets from realistically anticipated revenues to be collected. Municipalities are cautioned against assuming collection rates that are unrealistic and unattainable as this has been identified as a fundamental reason for municipalities not attaining their desired collection rates.

It is therefore essential that municipalities pay attention to reconciling the valuation roll data to that of the billing system to ensure that revenue anticipated from property rates are accurate. Municipalities are encouraged to undertake this exercise as a routine practice. The list of exceptions derived from this reconciliation will provide an indication of where the municipality may be compromising its revenue generation in respect of property rates. A further test would be to reconcile this with the deeds office registry. In accordance with the MFMA Circular No. 93, municipalities are once more requested to submit the required information to the National Treasury by no later than 7 February 2020.

The above information must be submitted on a CD or USB to the National Treasury, for attention:

For couriered documents
Ms Linda Kruger
National Treasury
40 Church Square
Pretoria, 0002

For posted documents
Ms Linda Kruger
National Treasury
Private Bag X115
Pretoria, 0001

4.2 Setting cost reflective tariffs

Cost reflective tariff setting is a requirement of Section 74(2) of the Municipal Systems Act, 2000 (Act No.32 of 2000) which states that tariffs must "*reflect the costs reasonably associated with rendering the service*". This is meant to assist municipalities to generate sufficient revenue to fully recover their costs, deliver services to customers sustainably and invest in infrastructure that promotes local economic development.

due to pipe bursts and leakages or due to overflows on storage tanks. In the case of electricity, these are due to resistive losses and other similar effects. The cost of real losses sits in the bulk portion of the bulk purchases cost or if a municipality is performing the bulk water function internally, a portion of the costs associated with bulk water treatment and supply. If a municipality reduces its real losses, it will lose less water and electricity from the system and the cost of purchasing water and electricity or treating bulk water will be reduced.

Non-technical losses refer to losses due to theft or to metering inaccuracies. In these cases, there is no physical loss of water or electricity: someone is using the water or electricity and simply not paying for it. Reducing non-technical losses will have no effect on the cost of supplying a service but it will have an effect on the volumes sold. Since the tariff is calculated as the revenue required divided by the volume sold, increasing the volume sold will reduce the tariff required.

Reducing technical losses will thus reduce the tariffs required because the cost of supplying the service will be reduced. Reducing non-technical losses will reduce the tariffs required because the volumes sold will be increased.

Note that the International Water Association (IWA) uses the term 'real losses' and not technical losses, and 'apparent losses' in place of 'non-technical losses'.

4.3 Bulk electricity tariffs

Final electricity bulk price increases for 2020/21 are uncertain at this stage. Although the National Energy Regulator of South Africa (NERSA) has approved a Multi-Year Price Determination (MYPD) for the period from 1 April 2019 to 31 March 2022, Eskom has submitted an urgent application to the courts to revise the bulk tariffs allowed under the MYPD. In their most recent MYPD decision, NERSA allowed for tariff increases of 9.41 per cent in 2019/20, 8.1 per cent in 2020/21 and 5.22 per cent in 2021/22 (for national financial years). However, Eskom disagrees with the way NERSA accounted for the R23 billion per year in fiscal support from government in determining Eskom's allowable revenue for this MYPD period. Eskom has requested that the court to allow revised tariff increases of between 16.6 and 16.72 per cent in 2020/21 and 2021/22. The application has been made on an urgent basis, and a decision could be handed down as soon as early in February 2020.

The difference between municipal and national financial years means that in 2020/21, bulk tariff increases for municipalities will be slightly lower than the figures cited above for increases applicable in the national financial year. NERSA has not yet published guidance on the exact tariffs for the 2020/21 municipal financial year. National Treasury's advice to municipalities is to prepare scenarios for electricity bulk price increases in 2020/21 of between about 7 per cent and 15 per cent (to account for the difference in financial years and the potential outcomes of the court case).

Municipalities should also note that if a court decision is made in February 2020 to allow a higher bulk electricity tariff increase, the decision is likely to be too late for National Treasury to make any changes to the equitable share allocations which will be tabled in the Division of Revenue Bill on 19 February 2020.

4.4 Levying of surcharges

Municipal Surcharges are regulated through the Municipal Fiscal Powers and Functions Act (MFPFA) and Local Government Municipal Systems Act (MSA). Section 8 of the MFPFA gives power to the Minister of Finance to prescribe compulsory national norms and standards for imposing "municipal surcharges". Municipal surcharges are defined as: "a charge in excess of the municipal base tariff that a municipality may impose on fees for a municipal service provided by or on behalf of a municipality, in terms of section 229(1)(a) of the Constitution;".

Section 75A of MSA empowers municipalities to “levy and recover fees, charges or tariffs in respect of any function or service of the municipality”. Municipalities must also adopt and implement a tariff policy on the levying of fees for municipal services in terms of section 74 of the Systems Act. The tariff policy should then guide the exercise of power given under section 75A. In section 74(2)(f) the Act provides that the tariff policy must reflect at least the following principles:

“provision may be made in appropriate circumstances for a surcharge on the tariff for a service;”.

Furthermore, Section 9 of the MFPFA requires a municipality to comply with processes in section 75A (2), (3) and (4) of the Systems Act in levying a surcharge.

In terms of the process, the Minister of Finance determines the norms and standards that municipalities must comply with in the exercise of their powers in terms of section 75A of the Systems Act. Approval for surcharges is done by the municipality in terms of section 75A of the Systems Act but subject to the norms and standards prescribed by the Minister of Finance in terms of the MFPFA.

The Minister of Finance has not yet prescribed the norms and standards (the power to prescribe is discretionary). The absence of norms and standards does not prevent municipalities from including surcharges in their tariffs as the power to impose a surcharge is given in the Municipal Systems Act. However, if a municipality decide to levy a surcharge, an approval is done by the municipal council in terms of section 75A of the Municipal Systems Act which gives power to municipalities to levy and recover fees, charges or tariffs in respect of any function or service of the municipality.

A surcharge is normally treated as part of the tariff. When a municipality determines a base tariff, it can include a surcharge (added as a separate variable). The municipal base tariff and a surcharge (if applicable) collectively becomes the tariff for a municipal service (such as electricity). The collective tariff must be approved by the municipal council and published for public comments in terms of section 75A of the Municipal Systems Act (MSA). It must also be subjected to the prescribed budget processes in terms of the MFMA.

In the case of electricity, NERSA only approves the base tariff. However, the final tariff that is published for public comments in terms of MSA and MFMA should include the surcharge if the municipality opted to levy it and is approved by the municipal council.

5. Funding choices and Budgeting issues

The Circular clearly outlines that, as a result of the economic landscape and weak tariff setting, municipalities are under pressure to generate revenue. The ability of customers to pay for services is declining and this means that less revenue will be collected. Therefore, municipalities must consider the following when compiling their 2020/21 MTREF budgets:

- improving the effectiveness of revenue management processes and procedures;
- paying special attention to cost containment measures by, amongst other things, controlling unnecessary spending on nice-to-have items and non-essential activities as per the Cost Containment Regulations that was issued on 07 June 2019;
- ensuring value for money through the procurement process;
- the affordability of providing free basic services to all households; and
- curbing consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.

Accounting officers are reminded of their responsibility in terms of section 62(1)(a) of the MFMA to use the resources of the municipality effectively, efficiently and economically. Failure to do this will result in the accounting officer committing an act of financial misconduct which will trigger the application of chapter 15 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings promulgated on 30 May 2014.

5.1 Employee related costs

The *Salary and Wage Collective Agreement* for the period 01 July 2018 to 30 June 2021 is still in operation, therefore municipalities need to budget for their employee related costs in line with the multi-year wage agreement, and also ensure the agreement is correctly implemented and applied as per clauses of the agreement.

5.2 Remuneration of councilors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. Any overpayment to councillors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councillor(s) concerned.

5.3 Budgeting for water under inventory

GRAP 12, paragraph .07 defines inventory as follows:

"Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process,*
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services,*
- (c) held for sale or distribution in the ordinary course of operations, or*
- (d) in the process of production for sale or distribution."*

In terms of this definition water should be treated as inventory and should be budgeted and accounted for accordingly. Annexure B to MFMA Circular No. 70 (Municipal Budget Circular for the 2014/15 MTREF) included guidance on the treatment of non-revenue water and electricity. To date the National Treasury has allowed municipalities to either budget for bulk purchasing of water as a direct expense in the Statement of Financial Performance as an interim measure or to account for water under inventory.

Municipalities were cautioned in MFMA Circular No. 93 for the 2019/20 MTREF that the A1 Schedule for the 2020/21 MTREF will be amended in line with the prescripts of GRAP 12. The draft amendments to the A1 Schedule to cater for water under inventory in line with GRAP 12 is attached to the budget circular as **Annexure B**. The amendments are circulated for comments and will be implemented with effect from the 2021/22 MTREF.

In terms of the mSCOA definition **"Inventory consumed water"** water stock should be treated as follows:

Water stock must be accounted for as inventory. This will include water purchased and not yet sold at reporting date insofar as it is stored (controlled) in reservoirs and pipes at year end. Water stock also includes any water purification costs incurred for non-purchased water. Pre-purified, non-purchased water should not be capitalised as part of inventory. The cost of water purchased and not yet sold at reporting comprises the purchase price, import duties, and other taxes (other than those subsequently recoverable by the municipalities from the taxing

authorities, such as VAT) and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Importantly, trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Substantial changes to the A1 schedule were required to accommodate this approach to account for water under inventory.

5.4 Budgeting for debt impairment in mSCOA

Municipalities are incorrectly using the line item for bad debts written-off under the Item Expenditure segment when budgeting for debt impairment. It should be highlighted that bad debts written-off is not the same as debt impairment. Debt impairment is the provision that the municipality makes for non-payment while bad debt written-off is the irrecoverable debts written off during the financial year as approved by Council per type of service. Therefore, municipalities are advised to use impairment loss under the Item Gains and Losses segment for debt impairment. This provides a breakdown for the different categories that can be impaired, for example, trade and other receivables from exchange transactions: water.

6. Conditional Grant Transfers to Municipalities

6.1 Non-compliance of in year monitoring

In terms of Section 74(1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), municipalities must submit to the transferring officers, National and Provincial treasuries documents and monthly grant reports as may be prescribed or required. Furthermore, section 12(2) of the Division of Revenue Act, 2019 (Act No. 16 of 2019) (DoRA) states that the municipality, as part of the report required in terms of section 71 of the MFMA, report on the matters referred to in subsection (4) and submit a copy of that report to the relevant provincial treasury, the National Treasury and the relevant Transferring Officer.

There are municipalities that have not been complying with the reporting requirements as stipulated above. Municipalities are reminded that non-submission of monthly reports translates to non-compliance with the MFMA and DoRA. The National Treasury and Transferring Officer will be implementing stringent measures to municipalities that do not comply with the prescripts. This includes, but is not limited to, the stopping and reallocation of conditional grants funding away from municipalities that are non-compliant. Municipalities are encouraged to comply with the reporting requirements in order to avoid withholding or stopping of an allocation. Reporting for conditional grants will also be extended in future to include the information from National Transferring Officers in the mSCOA format.

In terms of performance reporting on conditional grants, municipalities and Transferring Officers are urged to pay particular attention to the contents of money spent against conditional grants. Government is not realizing full value for money against the substantial investments it makes through grants. While financial reporting has become a routine matter on reporting, output/outcome based reporting has become important and it requires attention by all stakeholders. Workshops must be initiated across all government institutions to ensure value for money on conditional grants.

6.2 Stopping and reallocation in terms of the Division of Revenue Act

National Treasury as part of its in-year monitoring on conditional grants has through the Minister of Finance approved requests from the transferring officers to publish a gazette on stopping and reallocations between grants early in the beginning of the year, 2019/20. The gazette addresses shifting of allocations from underperforming local municipalities to their respective district municipalities, correction of errors against allocations made during the main budget and the conversion of allocations between schedules.

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Integrated National Electrification Programme

The Department of Energy (DoE) is stopping and re-allocating funds from the Masilonyana Local Municipality (LM) to Lejweleputswa District Municipality (DM) under the Integrated National Electrification Programme (INEP 5B). The Masilonyana LM and the Lejweleputswa DM have entered into a Memorandum of Understanding wherein it was agreed that the district municipality will implement the electrification project on behalf of the local municipality with the assistance of the Municipal Infrastructure Support Agent (MISA) to verify the work done.

Conversion of allocations

According to Section 21(2)(a) of the 2019 DoRA, National Treasury may, after consultation with the relevant transferring officer, receiving officer and provincial treasury, convert any portion of an allocation listed in Part B of Schedule 5 to one listed in Part B of Schedule 6 if it is satisfied that the conversion shall prevent under-expenditure or improve the level of service delivery in respect of the allocation in question or convert any portion of an allocation listed in Part B of Schedule 6 to one listed in Part B of Schedule 5.

Neighbourhood Development Partnership Grant

The Neighbourhood Development Partnership Programme within the National Treasury is converting funds under the Neighbourhood Development Partnership Grant (NDPG) due to anticipated underspending. The 2019/20 NDPG 5B allocations for West Rand DM and Emfuleni LM will be converted from Part B of Schedule 5 to Part B of Schedule 6.

The Municipal Emergency Housing Grant

An amount of R149.1 million is allocated to Eastern Cape and KwaZulu-Natal municipalities after the Department of Human Settlements (DHS) declared a disaster in municipalities in these provinces. The allocation is done through the Municipal Emergency Housing Grant (MEHG) for the emergency relief to fund the temporary shelters following various disaster incidents namely fire and severe rain that caused damages and affected home owners. Funding for the MEHG remains unallocated in the Division of Revenue Act it only gets allocated upon disaster declaration.

Correction of errors in the Division of Revenue Act

According to Section 16(2) of the 2019 DoRA, for purposes of correcting an error or omission in an allocation or framework published, the National Treasury must on its initiative and after consultation with the relevant transferring officer by notice in the Gazette amend the affected allocation or framework.

The Magareng, Emthanjeni and Prince Albert local municipalities in the Northern Cape and Western Cape province respectively had their 2019/20 MIG erroneously allocated in the Section 16 gazette. The MIG allocation for the Prince Albert LM did not take into account the final sport allocation of R3.6 million which was allocated to the Magareng (R2 million) and the Emthanjeni (R1.6 million) local municipalities.

6.3 Invoice Verification against conditional grant expenditure/ Cost reimbursement

National Treasury has over the past two years introduced a system of monitoring all invoices that are paid by municipalities against the transferred conditional grants. The process involves a team of various stakeholders to be periodically placed in municipalities and facilitate verification on all issued invoices to check whether the work done is compliant to the conditional grant framework. This initiative was necessitated by the extent of unauthorized,

irregular and unrecognized expenditure that was being recorded by municipalities through the Auditor General's report. This process will also reduce and ultimately seek to eliminate the extent of misuse of conditional grant allocations.

A selected number of municipalities are earmarked on an annual basis to be supported through this process and transfers are only made to these municipalities once the team is satisfied after verification of the invoices has taken place. These processes assist against the transfer of funds for projects that are not ready for implementation, but at the same time recognizes municipalities that are spending well and incentivizes them for the good work.

Furthermore, in instances where a local municipality is unable to deliver the current year's projects, this process allows for the funds be rechanneled through their district municipalities as part of the District Development Model launched in November 2019. The District Development Model allows for government to allocate funding to the district for implementation on behalf of the local municipality until such time that capacity is built within the local municipality to implement projects on their own.

A process map for invoice verification/or cost reimbursement is attached as **Annexure C**.

7. Preparation of Municipal Budgets for 2020/21 MTREF

7.1 Schedule A1 version to be used for the 2020/21 MTREF

National Treasury has released Version 6.4 of the Schedule A1 (the Excel Formats) which is aligned to Version 6.4 of the *m*SCOA classification framework and must be used when compiling the 2020/21 MTREF budget. Refer to Annexure B for the changes to this version of the Schedule A1.

ALL municipalities **MUST** prepare their 2020/21 MTREF tabled and adopted budgets using the A1 schedule version 6.4.

It is imperative that all municipalities prepare their 2020/21 MTREF budgets **in their financial systems and that the Schedule A1 be produced directly from their financial system**. Vendors have demonstrated their budget modules to the National Treasury and provincial treasuries. All financial systems have this functionality to assist and prepare budgets and to generate the prescribed Schedule A1 directly from the financial system. Therefore, there is no reason why the 2020/21 MTREF budget must be done manually which has been found to create alignment problems.

Municipalities **must** start early enough to capture their tabled budget (and later the adopted budget) in the budget module provided and **must** ensure that they produce their Schedule A1 directly out of the budget module.

Ultimately the aim is to get to a point where all municipalities budget and transact directly in and report from their core financial system. This will result in one version of the 'truth' where the financial performance reported to Council will not differ from the financial performance information submitted to and published by National and provincial treasuries. This will also reduce the reliance on consultants and system vendors to prepare municipal reports.

The National Treasury has indicated in MFMA Circular No. 93 that in future all A1 Schedules must be submitted in PDF format only. Some vendors have expressed concerns regarding the layout of some of the worksheets and the presentation thereof in PDF. Given the fact that the *m*SCOA classification framework makes it possible to generate the financial data required in the A1 schedule directly from the data strings and to promote the *m*SCOA approach for additional data needed and prescribed in the MBRR from sub-systems, the National Treasury will only accept a prescribed data string containing the supporting data, populated and

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uploaded by each municipality (refer to the attachment to this MFMA Budget Circular No 98 on the website for the layout of the data string) from the **2020/21 MTREF**. The publication in the 2020/21 MTREF of non-financial data will be done using the supporting data uploaded from these data strings.

The National Treasury will no longer gather supporting data from the MBRR A1 Schedules, but will expect each municipality to submit the prescribed supporting data strings containing the required data using the LG Upload Portal.

The detail of supporting data strings is available as attachments to this circular.

Version 6.4 of Schedule A1 is available on the following link and is accompanied a comparison between mSCOA vs 6.3 and vs 6.4, highlighting changes made.

<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

The Municipal Budget and Reporting Regulations, formats and associated guides are available on National Treasury's website at:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx>

7.2 Assistance with the compilation of budgets

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury officials:

Province	Responsible NT officials	Tel. No.	Email
Eastern Cape	Matjatji Mashoeshoe	012-315 5553	Matjatji.Mashoeshoe@treasury.gov.za
Buffalo City	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
Free State	Cethekile Moshane	012-315 5079	Cethekile.moshane@treasury.gov.za
Gauteng	Kgomotso Baloyi	012-315 5866	Kgomotso.Baloyi@treasury.gov.za
Johannesburg & Tshwane	Kevin Bell Willem Voigt	012-315 5725 012-315 5830	Kevin.Bell@treasury.gov.za WillemCordes.Voigt@treasury.gov.za
KwaZulu-Natal	Kgomotso Baloyi	012-315 5866	Kgomotso.Baloyi@treasury.gov.za
eThekwinini	Johan Botha Una Rautenbach Abigail Maila	012-315 5171 012-315 5700	Johan.Botha@treasury.gov.za Una.Rautenbach@treasury.gov.za Abigail.Maila@treasury.gov.za
Limpopo	Willem Voigt Sifiso Mabaso	012-315 5830 012-315 5952	WillemCordes.Voigt@treasury.gov.za Sifiso.Mabaso@treasury.gov.za
Mpumalanga	Mandla Gilimani Musa Mnguni	012-315 5807 012 315 5072	Mandla.Gilimani@treasury.gov.za Musa.Mnguni@treasury.gov.za
Northern Cape	Mandla Gilimani Phumelele Gulukunqu	012-315 5807 012 315 5539	Mandla.Gilimani@treasury.gov.za Phumelele.Gulukunqu@treasury.gov.za
North West	Willem Voigt Makgabo Mabotja	012-315 5830 012-315 5156	WillemCordes.Voigt@treasury.gov.za Makgabo.Mabotja@treasury.gov.za
Cape Town George	Kgomotso Baloyi Willem Voigt & Mandla Gilimani	012-315 5866 012-315 5830 012-315 5807	Kgomotso.Baloyi@treasury.gov.za WillemCordes.Voigt@treasury.gov.za Mandla.Gilimani@treasury.gov.za
Technical issues with Excel formats	Elsabe Rossouw	012-315 5534	lqdataqueries@treasury.gov.za

National and provincial treasuries, will undertake a completeness check on the data string submissions and will analyse the supporting data strings. Where municipalities have not provided complete supporting information, the municipality will be informed and will be required to make the necessary corrections and resubmit the data strings.

7.3 Verification process and period of 2020/21 MTREF budgets

As the mSCOA reporting requirements state that a budget must be locked into the financial system by latest 30 June before the start of the new municipal financial year, in the previous timeframes provided, there was no opportunity to evaluate the adopted budget to be funded and complete BEFORE the start of the municipal financial year. The traditional verification period from July to September can no longer be applied as the municipalities are already transacting against the adopted and locked budget. Amending an unfunded and incomplete budget in an adjusted budget is also not the solution as the National Treasury only considers an adjusted budget in the third and fourth quarter of the financial year for analysis and publication purposes.

The verification period of all municipal budget will therefore be brought forward to the period 31 May to 30 June. In this one-month period, the National and provincial treasuries will be required to evaluate all municipal budgets for completeness and for being fully funded. Any adjustment that need to be made must be done before the start of the municipal financial year on 1 July.

Municipal managers are reminded that the annual budget must be accompanied by a quality certificate and council resolution, as well as a budget locking certificate (in the case of adopted budgets) in accordance with the format specified in Regulation 31 of Schedule A of the Municipal Budget and Reporting Regulations.

The National Treasury would like to emphasise that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, **they will be required to go back to the municipal Council and table a complete budget document aligned to the requirements of the Municipal Budget and Reporting Regulations and the Municipal Standard Chart of Accounts Regulations. In addition, where municipalities have adopted an unfunded budget, they will be required to correct the budget to ensure they adopt and implement a funded budget.**

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year monitoring reports for both the parent municipality and its entity or entities. The following must be compiled:

- An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats;
- An annual budget, adjustments budget and monthly financial reports for the entity in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats.

The budget and data strings that the municipality submits to National Treasury must be a consolidated budget for the municipality (including entities). The budget of each entity must be submitted on the D schedule.

Annually during the budget verification process, it is noted that municipalities have challenges to align the audited years, which results in amendments to the Schedule A. Municipalities

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must ensure that the audited figures and adjusted budget figures captured on the Schedule A aligns to the annual financial statements and Schedule B respectively.

8. Budget process and submissions for the 2020/21 MTREF

8.1 Submitting budget documentation and schedules for 2020/21 MTREF

To facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(i) of the MFMA requires that, **immediately** after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in electronic formats. If the annual budget is tabled to council on **31 March 2020**, the final date of submission of the electronic budget documents and corresponding mSCOA data strings is **Wednesday, 01 April 2020**.

Section 24(3) of the MFMA, read together with regulation 20(1) of the Municipal Budget and Reporting Regulations, requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury **within ten working days** after the council has approved the annual budget. E.g. if the council approves the annual budget on **29 May 2020**, given the new timeframe for the evaluation of the municipal budgets, the adopted budget data strings and documentation must be submitted by the latest **Monday, 1 June 2020**.

Municipalities are no longer expected to submit hard copies of budget related documents to National Treasury from the 2020/21 MTREF.

8.2 Expected submissions for 2020/21 MTREF

- The budget documentation as set out in the Municipal Budget and Reporting Regulations (MBRR). The budget document must include the main Tables (A1 - A10) and the supporting tables in the A1 schedule must be submitted in the prescribed mSCOA data string in the format indicated in an attachment as part of this circular.
- the draft and final service delivery and budget implementation plan in electronic PDF format;
- the draft and final integrated development plan;
- the council resolution for the tabled and adopted budgets;
- signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations for the tabled and adopted budgets;
- schedules D specific for the entities; and
- A budget locking certificate immediately at the start of the new municipal financial year on 1 July.

Budget related documents and schedules must be uploaded by approved registered users using the LG Upload Portal at: <https://lguploadportal.treasury.gov.za/>.

Please note that the LG Upload Portal does not have the same size restrictions previously encountered but requires all documents to:

1. be in PDF format only; and
2. each PDF file must NOT contain multiple document e.g. council resolution and quality certificate within the budget document. Each document type must be identified and uploaded separately.

Any problems experienced in this regard can be addressed with Elsabe Rossouw at Elsabe.Rossouw@treasury.gov.za.

In addition to the above-mentioned budget documentation, metropolitan municipalities must submit the draft Built Environment Performance Plan (BEPP) tabled in council by 31 March 2020 to Yasmin.coovadia@treasury.gov.za. If the BEPP documents are too large to be sent via email (exceeds 4MB) please submit to yasmin.coovadia@gmail.com or send to Yasmin Coovadia via Dropbox; any problems experienced in this regard can be addressed with Yasmin.Coovadia@treasury.gov.za. Hard copies of the BEPP may be sent to Yasmin Coovadia, National Treasury, 3rd floor 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001. (Yasmin to confirm if she still needs hard copies.)

8.3 Retirement of the Budget reform returns (Appendix B)

Municipalities must conclude all reporting for 2018/19 up to restated audit outcomes on the Appendix B (old electronic returns) to lqdatabase@treasury.gov.za before we can retire the returns.

Ensure that each municipality also submit the pre-audit and audited data strings in the mSCOA classification framework as data strings and that the figures are aligned to the Appendix B returns. Pre-audit and audited outcomes will only be submitted in the mSCOA data strings prescribed from 2019/20 onwards.

8.4 Publications from the mSCOA classification framework

The 2019 MTREF and the preliminary Quarter 1 Section 71 results for the 2019/20 financial year that has recently been published, have exposed that the credibility of the mSCOA data strings is a concern. At the core of the problem is:

- The incorrect use of the mSCOA and municipal accounting practices by municipalities;
- A large number of municipalities are not budgeting, transacting and reporting directly in/from their core financial systems. Instead they prepare their budgets and reports on excel spreadsheet and then import the excel spreadsheets into the system. Often this manipulation of data leads to unauthorised, irregular, fruitful and wasteful (UIFW) expenditure and fraud and corruption as the controls that are built into the core financial systems are not triggered and transactions are processed that should not be processed; and
- Municipalities are not locking their adopted budgets and their financial systems at month-end to ensure prudent financial management. To enforce municipalities to lock their budgets and close their financial system at month-end in 2020/21, the Local Government Database and Reporting System will lock all submission periods within the reporting period at the end of each quarter. The published period will NOT be opened again to ensure consistency between publications. System vendors were also requested to build this functionality into their municipal financial systems.

To improve the credibility of these data string, National and provincial treasuries are analysing the accuracy of the data strings and the use of the six regulated segments. The National Treasury has developed tools to analyse the segment/chart use and trained budget analysts from both National and provincial treasuries on the use thereof.

The data strings are also verified against the Council adopted budget (A1 Schedule), adjustments budget (B Schedule) and monthly performance against the budget (C Schedule) to ensure that these figures reconcile.

Quality improving focus areas for the 2020/21 MTREF

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PRETORIA 0001
BREDASOORP 7200

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- Pay specific attention to the funding of the capital budget and expenditure. The total capital expenditure must balance with the total funding used. Currently the expenditure is much higher than the funding reported.
- Opening balances, especially for capital projects, will always be DEFAULT projects as it will remain a system activity governed by council decision. In the current publications, capital expenditure is highly overstated due to incorrect use of opening balances for capital projects and presents a very inflated view of the actual capital expenditure.
- The cash flow data supplied by municipalities is not credible. This is partly due to the different ways in which the vendors treat actual cash collected but also is a result of the National Treasury not giving clear guidance on the procedures and processes to follow to get credible cash flow figures. In this budget circular signals have been given as to the treatments the National Treasury wants all municipalities to follow to get credible figures from the mSCOA data stings. The National Treasury will implement these guidelines in March 2020 in time for the receipt of the 2020/21 MTREF budget data strings. It will affect the third and fourth quarter Section 71 publications of 2019/20 as well.
- It is imperative that vendors assist municipalities to populate SA30 / SC30 when submitting cash flow figures. The detail that is required to ring fence functions and to determine actual cash collections are in the mentioned MBRR supporting worksheets and not in A7 / C7 which is a summarised version. When transferring payments made from sub-system to the general ledger, please ensure that these transfers are done using the prescribed 6 segments at the detailed level prescribed in SA30 / SC30.
- Municipalities are not using the FUND, REGION and COSTING segment correctly. In many instances these segments are simply defaulted and hence the true power of the mSCOA classification framework cannot be demonstrated.
- The National Treasury is currently developing Municipal Money Phase II. The first step is to interactively show all capital projects municipalities have budgeted for and are reporting on monthly to all citizens. It has become apparent that many municipalities are not using the correct GPS coordinates when reporting on the capital projects. Many are simply using the GPS coordinates of the municipal building or using 0 coordinates. Special attention must be given to the correct location and the proper description of projects as citizens will now be able to drill down and follow what is happening in their own wards.

8.5 Publication of budgets on municipal websites

In terms of section 75 of the MFMA, all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, <http://mfma.treasury.gov.za/Pages/Default.aspx>. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

Link to all previous circulars

<K:\CD - LGBA\Municipalities\20. Budget Regulations\04. Budget Circulars\2020 MTREF>

Contact



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post Private Bag X115, Pretoria 0001
Phone 012 315 5009
Fax 012 395 6553
Website <http://www.treasury.gov.za/default.aspx>

JH Hattingh
Chief Director: Local Government Budget Analysis
06 December 2019

OVERBERG DISTRICT MUNICIPALITY
25 LONG STREET / PRIVATE BAG X22
BREDASDORP 7200



25 MAR 2020

TEL: 028 425 1467 • FAX: 028 425 1014
info@odm.org.za • www.odm.org.za

Annexure A – Cash Flow Reconciliation

The following movement accounts should only be used for cash inflow and outflow transactions:

Item Assets:

- *Collections:* Collections received pertaining to a respective account (example is collection on receivables from non-exchange (property rates) and non-exchange (service charges electricity) transactions).
- *Acquisitions:* Purchases of assets and other expenditure.
- *Disposal:* Sale of non-current assets (example land).
- *Earned:* Interest earned on a bank account.

Item Liabilities:

- *Receipts:* Current year receipts on transfer and subsidies.
- *Advances:* Advances taken for the year, example for borrowing.
- *Repayments:* Repayments for the year, example for borrowing.
- *Payments:* Payments made; example defined benefits.
- *Withdrawals:* Payments made, examples are for bulk purchases for electricity and bulk purchases water.

Funding segment

Most municipalities are transacting incorrectly on the funding segment and accordingly overstate the cash balances available per function (example energy sources (electricity), water management (water treatment) etc. for the payment of services.

The "Funding" segment in the financial system identifies the various sources of funding available to municipalities for financing expenditure relating to the operation of the municipality for both capital and operational expenditure.

The intent with the Funding segment is to assist municipalities in the management of available funds to use in running the municipality (working capital), capital expanding, maintenance programmes and operational projects intended for the benefit of the community. **The underlying principle in recording of transactions in this segment is therefore cash based or funds available to utilise.**

The key question in finding the appropriate classification code for this segment is: "against which source of funding is the payment allocated and against which source is revenue received?"

The primary sources of funding for a municipality are property rates, service charges, equitable share and own revenue. Further to these sources of revenue a municipality also spend funds transferred from other sectors within government, namely transfers and subsidies such as appropriated by national and provincial government in terms of the Division of Revenue Act (DORA). A further source of funds available for utilisation is "cash backed reserves" as directed by the municipality's financial policy on the utilisation of the reserves.

The projects as defined within the Project segment together with the "funding" and "Item" segments provide information on how funds have been spent and on what. The Funding segment's structure distinguishes between "Operational, Capital and Non-Funding Transactions".

Operational: Operational revenue provides for funds from all other sources of income such as taxes, service charges, commercial services, transfer and subsidies, etc.

Capital: Funds to finance capital projects.

Non-funding Transactions: This is items that does not relate to a cash transaction.

Examples of non-funding transactions are:

- Billing for services on consumer accounts issued;
- Recording of invoices;
- Depreciation; and
- Debt provision.

Example 1: A municipality has issued a consumer account (billing) to a client for electricity consumption amounting to R100 in Ward X.

The transaction will be recorded as follows:

Segment	Dt	Cr
Project	Default	Default
Function	Function: Energy Sources: Non-core Function: Electricity	Function: Energy Sources: Non-core Function: Electricity
Item	Assets: Current Assets: Trade and other Receivables from Exchange Transactions: Trading Service and Customer Service Debtors: Electricity: Monthly Billing	Revenue: Exchange Revenue: Service Charges: Electricity: Electricity Sales :Domestic Low: Conventional Non funding transaction
Funding	Non funding transaction	
Region	Ward X	Ward X
Costing	Default	Default
Amount	100	100

The monthly billing of a consumer does not relate to any cash inflow, the funding segment therefore a non-funding transaction.

Example 2: The client pays the municipality R100 on the consumer account received.

The transaction will be recorded as follows:

Segment	Dt	Cr
Project	Default	Default
Function	Function: Energy Sources: Non-core Function: Electricity	Function: Energy Sources: Non-core Function: Electricity
Item	Assets: Current Assets: Cash and Cash Equivalents: Cash at Bank: Bank Account: Specify (replace with account description): Deposits	Assets: Current Assets: Trade and other Receivables from Exchange Transactions: Trading Service and Customer Service Debtors: Electricity: Collections
Funding	Fund: Operational: Revenue: General Revenue: Service Charges: Electricity	Fund: Operational: Revenue: General Revenue: Service Charges: Electricity
Region	Ward X	Ward X
Costing	Default	Default
Amount	100	100

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The payment received will be recorded as a cash inflow against revenue service charges electricity for the function electricity. The electricity function will now have R100 funding (cash inflow) available for the payment of expenditure.

Example 3: The municipality receives an invoice from Eskom for the usage of electricity amounting to R50.

The transaction will be recorded as follows:

Segment	Dt	Cr
Project	Municipal Running Cost	Municipal Running Cost
Function	Electricity	Electricity
Item	Expenditure: Bulk Purchases: Electricity: ESKOM	Liabilities: Current Liabilities: Trade and Other Payable Exchange Transactions: Electricity Bulk Purchase: Deposits
Funding	Non funding transaction	Non funding transaction
Region	Mun	Mun
Costing	Default	Default
Amount	R50	R50

The recording of an invoice in the financial system does not relate to any cash outflow, no payment has been made, the funding segment therefore is a non-funding transaction.

Example 4: The municipality pay Eskom R50 on the invoice received.

The transaction will be recorded as follows:

Segment	Dt	Cr
Project	Default	Default
Function	Electricity	Electricity
Item	Liabilities: Current Liabilities: Trade and Other Payable Exchange Transactions: Electricity Bulk Purchase: Withdrawals	Assets: Current Assets: Cash and Cash Equivalents: Cash at Bank: Bank Account: Specify (replace with account description):Withdrawals
Funding	Fund: Operational: Revenue: General Revenue: Service Charges: Electricity	Fund: Operational: Revenue: General Revenue: Service Charges: Electricity
Region	Mun	Mun
Costing	Default	Default
Amount	R50	R50

The payment made will be recorded as a cash outflow against revenue service charges electricity for the function electricity. The electricity function will now have a balance of R50 cash available (funding) which is the difference between the cash received of R100 from a consumer on electricity consumption (example 2) and the payment of R50 to Eskom for the usage of electricity (example 4).

The electricity function will have a net balance of R50 positive cash (funding) which reconcile to the net cash in the bank account of R50.

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26 LONG STREET / PRIVATE BAG X22
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TEL: 028 426 1167 • FAX: 028 426 1014
info@odm.org.za • www.odm.org.za

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Annexure B – Amendments to the A1 Schedule to cater for water under inventory in line with GRAP 12

Substantial changes to the A1 schedule were required to accommodate the approach to account for water under inventory. The draft adjustment to the A1 Schedule (Excel version) is attached to this published circular with amendments highlighted in light orange. The Excel document has been populated for one financial year to demonstrate the accounting treatment of the proposed changes. These changes are not for implementation during the 2020/21 MTREF but are included in the circular for comments prior to final implementation during the 2021/22 MTREF. The main changes were to Table SA3 that required further changes to some other worksheets as indicated below.

Table SA3

Changes to this table included the addition of water and other inventory items to enable municipalities to fully budget for the acquisition, issuing, adjustment, write-off, transfer and sale of all inventories. This will provide a detail reconciliation for the disclosure of inventory on the Statement of Financial Position (Table A6). This section has been aligned to the mSCOA chart - Item Assets – Inventory and, as it relates to water inventory, also to the IWA Modified Water Balance utilised by the DWS. The layout of the section includes the following inventory items:

- Water (separate item)
- Agricultural, Consumables, Finished Goods, Materials and Supplies (consolidated into one item)
- Work-in-progress (separate item)
- Housing Stock (separate item)
- Land (separate item)

It is important to note that, as a result of these changes, bulk purchasing of water will be processed as a cash transaction in the Statement of Financial Position – Acquisition of Inventory (Table A6). Acquisitions of water stock should include the following:

- Bulk purchases - Supply from bulk or other water service providers recognised by the amount paid.
- Water purified - Potable supply from Water Treatment Works. Value is to be determined by calculating primary and secondary cost components.
- Natural sources - Supply from boreholes, springs, fountain if not supplied through the water treatment plant. Value is to be determined by calculating primary and secondary cost components.

Currently the Statement of Financial Performance (Table A4) reflected the bulk purchasing of water as a cash expense. In terms of the change to treating water as inventory the cost of sales (water inventory consumed) is disclosed as a separate non-cash expense included under "Other materials & inventory consumed" on Table A4.

The cost of water losses and any write-down of inventory are expensed as a non-cash entry under "Expenditure by type Losses" on Table A4. When there is clear evidence of an increase in net realisable value of inventory adjustments are accounted for as a non-cash entry under "Revenue by source Gains" on Table A4.

Water Inventory consumed (cost of sales) included under "Other materials & Inventory Consumed" on Table A4 should include the following:

Billed Authorised Consumption

Billed Metered Consumption

- Free Basic Water
- Subsidised Water
- Revenue Water

Billed Unmetered Consumption

- Free Basic Water
- Subsidised Water
- Revenue Water

Un-Billed Authorised Consumption

- Unbilled Metered Consumption
- Unbilled Unmetered Consumption

The above-mentioned amendments to Table SA3 also necessitated adjustments to the following other tables as indicated below:

Table SA1

In order to adequately account for inventory, including water inventory, the following detail calculations were added on Table SA1:

Addition of Other materials & Inventory Consumed

- Inventory Consumed - Water
- Inventory Consumed - Other material
- Other materials

Total Other Material & Inventory Consumed

Bulk purchases: Electricity & Waste Water (previously Electricity & Water - now water changed to "Waste Water")

The change of terminology

- Electricity Bulk Purchases (no change)
- Waste Water Bulk Purchases (previously Water Bulk Purchases now water changed to "Waste Water")

Table A4

The change of terminology:

- Bulk purchases now "**Bulk purchases: Electricity & Waste Water**"
- Gains on disposal of PPE now "**Gains**"
- Loss on disposal of PPE now "**Losses**"
- Other Material changed to "**Other materials & inventory consumed**"

Table SA 30

The changes of terminology to cash payments by type:

- Bulk purchases - Electricity now changed to "**Bulk purchases - Electricity & Waste Water**"
- Bulk purchases - Water & Sewer" now changes to "**Acquisition Inventory - Water & other inventory**"

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26 LONG STREET, BERGAMOTTE 7250
BERGAMOTTE 7250



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TEL: 028 425 1467 • FAX: 028 426 1014
WWW.OVERBERG.MUNICIPALITY.GOV.ZA

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Annexure C – Process map for invoice verification/cost reimbursement

ACTIVITY	INSTITUTION	INDIVIDUAL
Step 1: Municipality receives invoices from the contractors and consultants	Municipality	Technical Director and PMU Manager
Step 2: Check completeness and all documents included and update the verification list/implementation plan	Municipality	PMU Manager
Step 3: Invoices and verification list submitted to Province (PT, Transport, CoGTA province, DWS, Energy, human settlement and MISA)	Municipality	Technical Director
Step 4: Province coordinates the site verification meeting/s with all stakeholders (Prov CoGTA and Treasury, MISA and municipality)	Province	Provincial selected lead official
Step 5: Municipality arranges with consultants and contractors to be on site and prepares the necessary progress report	Municipality	Technical Director and PMU
Steps 6: Site meeting/s held	(Prov CoGTA/Treasury, MISA and municipality)	Verification Team
Step 7: Transferring National Officer/MISA prepares the verification report and shares with all the verification team members. It recommends the amount to be released to municipality or recommends a refer back	Transferring National Officer/MISA	Transferring National Officer/MISA
Step 8: Verification team (coordinated by Province) to consider the recommendations by Transferring National Officer/MISA and submit recommendations to NT/Sector department	Province	Transferring National Officer/MISA with Provincial Treasury

ACTIVITY	INSTITUTION	INDIVIDUAL
Step 9: Transferring National Office reviews all documentation submitted and: (i) either refer back to Province for corrections; or (ii) submits report to NT	Transferring National Officer	Director: Grant Administration in national department
Step 10: NT evaluates and provides go ahead to Transferring National Officer and confirms amount for the transfer	National Treasury	Municipal Grant Monitoring and Analysis (MGMA) Unit within NT
Step 11: Transferring National Officer prepares sundry payment advise for Finance and confirm the date with NT	Transferring National Officer	Transferring National Officer
Step 12: Finance confirms transfer details with National Treasury (date amount) and loads transfer NT loads transfers on Safety Web	Finance	Finance Grant Administration Unit with NT
Step 13: Transferring National Officer confirms transfer with receiving officer	Finance	FINANCE
Step 14: Municipality effects the payments to contractors and submit Proof of Payment (POP)'s Transferring National Officer	Municipality	Technical Director / CFO
Step 15: Next transfer of funds may be effected once the previous POP has been verified	National Treasury and Transferring National Officer	National Treasury and Transferring National Officer

OVERBERG DISTRICT MUNICIPALITY
 26 LONG STREET WINDHOLE 6001
 BREDA 0800 7100



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TEL: 028 425 1157 • FAX: 028 425 1744
 info@odm.org.za • www.odm.org.za

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NATIONAL TREASURY

MFMA Circular No. 99

Municipal Finance Management Act No. 56 of 2003

Municipal Budget Circular for the 2020/21 MTREF

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26 LONG STREET (PRIVATE) BAG X32
BRIDGESIDE 7180



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TEL: 029 425 1157 • FAX: 029 425 1014
info@odm.org.za • www.odm.org.za

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Introduction

This budget circular is a follow-up to MFMA Circular No. 98 that was issued on 06 December 2019. It aims to provide further guidance to municipalities with the preparation of their 2020/21 Medium Term Revenue and Expenditure Framework (MTREF) budgets and should be read together with the budget circulars that have been issued previously.

The grant allocations as per the 2020 Budget Review and the 2020 Division of Revenue Bill are also key focus areas in this circular.

1. The South African economy and inflation targets

Over the past year, economic growth has been weaker than forecasted and is only expected to reach 0.9 per cent in 2020. The 2020 budget highlights the difficult economic and fiscal choices confronting government over the next several years.

It is projected that revenue to be collected for the 2020/21 financial year will amount to R1.5 trillion which equates to 29.2 per cent of the Gross Domestic Product (GDP), whereas expenditure is projected to be at R1.95 trillion which is equivalent to 36 per cent of GDP. This means that there is a consolidated budget deficit of R370.5 billion or 6.8 per cent of GDP in 2020/21. The gross national debts by the end of 2020/21 is projected to be R3.56 trillion which is 65.6 per cent of GDP.

It is evident that determined action is required to reverse the deterioration of the public finances by narrowing the budget deficit, containing debt and growing the economy faster and in a sustainable manner. Municipalities therefore need to exercise caution when they prepare their 2020/21 MTREF budgets to ensure synergy with national economic and fiscal prudence.

The declining economic growth which might be impacted on further by the Corona virus pandemic and international companies closing down as a result, the deteriorating state of the finances for state-owned entities, continued high unemployment and water and electricity shortages will put pressure on the ability of municipalities to raise revenue. Municipalities are therefore advised to follow a conservative approach when projecting their revenue and to eliminate any waste and unnecessary expenditure. Importantly, municipalities should ensure that they adopt realistic and funded 2020/21 MTREF budgets, collect the debts owed to them and pay their creditors within 30 days of receipt of invoice.

The following macro-economic forecasts must be considered when preparing the 2020/21 MTREF municipal budgets.

Table 1 Macroeconomic performance and projections

Percentage change	2019	2020	2021	2022
	Estimate	Forecast		
Real GDP growth	0.3	0.9	1.3	1.6
CPI inflation	4.1	4.5	4.6	4.6

Source: 2020 Budget Review.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

2. Key focus areas for the 2020/21 municipal budget process

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

Local government continue to receive the least share of the division of nationally raised revenue because it has extensive powers to raise its own revenue. On aggregate; the local government sphere raises about 70 per cent of its own revenue. However, municipalities should make every effort to improve the collection rates through improved billing and collection practices. In the present current economic climate, municipalities cannot afford to provide municipal services without recovering the cost of providing these services.

Spending outcomes for 2018/19 varied across the 257 municipalities. Many municipalities adopted unrealistic spending plans. As a result, 211 municipalities underspent their operating budgets and 214 municipalities underspent their capital budgets. This was a slight improvement from the previous year.

Of the R33.6 billion in conditional grants transferred to municipalities in 2018/19, R27.2 billion (80.1 per cent) was spent, compared to 93 per cent spent in 2017/18. This decline was partly due to underspending on drought relief funds allocated in the middle of the financial year.

2.1 Local government grants and municipal revenue strength

The conditional grants to municipalities have been reduced and most conditional grants have been reduced as part of efforts to limit growth in government expenditure and ensure that public debt is sustainable. To manage the effect on services, these reductions take into account:

- Past spending and performance;
- Whether the conditional grant funds salaries, and other related costs; and
- Whether there has been significant real growth in allocations in recent years.

Where possible, the National Treasury has reduced transfers that are more likely to go unspent or to be spent less effectively. Accordingly, grants that have persistently underperformed have been reduced by larger amounts. The largest proportional reduction to local government grants in 2020/21 has been made in respect of the public transport network grant, because only six of the 13 cities receiving the grant have successfully launched public transport systems. The three cities that have shown the least progress, namely Buffalo City, Msunduzi and Mbombela have been suspended from the grant and will not receive allocations in the 2020 MTEF period.

Legislation governing local planning and budgeting emphasises community participation in decision-making. The partnership between municipalities and communities relies on households and businesses recognising the value of, and paying for, municipal services. While government subsidises municipal services for low-income households, these services are only sustainable if people who can afford them and use larger quantities thereof pay their bills. Therefore, the sustainability of municipalities depends on how they collect and spend their own revenues.

Municipalities are reminded that all allocations included in their budgets must correspond to the allocations listed in the Division of Revenue Bill. All the budget documentation can be accessed from the National Treasury website by clicking on the link below:

<http://www.treasury.gov.za/documents/national%20budget/2020/default.aspx>

2.1. Changes to local government allocations

2.1.1. Unconditional grants

Over the next three years, above-inflation growth in allocations to the local government equitable share continues, while growth in conditional grants is slower as a result of the reductions announced in the 2020 Budget. The local government Equitable Share continues to receive above inflation increases because it allows municipalities to offer free basic services to indigent residents who cannot afford to pay for services. The total direct allocations to local government grow at an annual average rate of 6.6 per cent over the MTEF period.

2.1.2. Conditional grants

The 2020 Division of Revenue Bill has technical adjustments which were effected through the shifting of funds between different municipal allocations. However, it should be noted that the technical adjustments do not change the total amount allocated to local government. These changes to the grants include the shifting of:

- R400 million in 2020/21 from the municipal infrastructure grant, the water services infrastructure grants and the urban settlements development grant to the indirect regional bulk infrastructure grant to assist in funding the rehabilitation of wastewater treatment infrastructure in the Vaal River System;
- R160 million from the direct *neighbourhood development partnership grant* to the indirect component of the grant over the MTEF period;
- R3 billion that had been indicatively allocated to the new *informal settlement upgrading partnership grant* in 2020/21. This amount is shifted back to the *urban settlements development grant* following the decision to extend the informal settlements window within this grant for another year; and
- R166 million over the 2020 MTEF period from the *municipal infrastructure grant* to the *integrated urban development grant* for the entry of one additional municipality into the grant.

In addition to funds shifted from other local government grants, R250 million has been added to the indirect *regional bulk infrastructure grant* in 2020/21 to assist with addressing pollution in the Vaal River System. These funds were reprioritised from allocations in other spheres of government.

2.2 Response to the Finance and Fiscal Commission (FFC)'s recommendations

The Finance and Fiscal Commission Act, 1997 (Act No. No 99) requires that the FFC tables their recommendations on financial and fiscal matters at least 10 months before the start of each financial year. The FFC tabled its *Submission for the Division of Revenue 2020/21* to Parliament in May 2019. This year's theme is "reprioritising local government finances". The 2020/21 recommendations cover the following areas: local government financing framework, municipal government capacity building, local government sustainability, infrastructure management and efficiency, investment and developmental challenges in the local government sector.

2.2.1 Supplementary revenue sources for local government

The FFC recommended that the Minister of Finance should take steps (including piloting) to add supplementary revenue sources to the list of allowable taxes for different types of municipalities in a differentiated manner. National government supports this recommendation that additional revenue sources to municipalities should be fully explored. In response, various reforms have been prioritised to supplement the revenue sources of municipalities.

These include: amending the Municipal Fiscal Powers and Functions Act, 2007 (Act No. 12 of 2007) to ensure development charges are uniformly regulated and updating the municipal borrowing policy framework to clarify the funding instruments that municipalities are allowed to use to leverage their borrowing including clarifying the role of development finance institutions in this regard.

The Municipal Fiscal Powers and Functions Act already allows municipalities to apply to the Minister of Finance to levy additional taxes such as the tourism levies and fire levies recommended by the FFC. This Act also allows the Minister of Finance to introduce new municipal taxes on his own initiative. Applications from municipalities to implement new revenue sources provide a good mechanism for piloting new revenue sources like these as it ensures that the pilot municipalities are ready and willing to implement the new taxes. To be considered by the Minister of Finance, an application to introduce additional taxes must include the following:

- What the revenue from the proposed new municipal tax will be used for;
- Its compliance with section 229(2)(a) of the Constitution, which requires that municipal taxes do not prejudice national economic policy;
- The tax base, the desired tax rate, people liable for the tax and tax relief measures;
- The tax collecting authority; and
- Particulars of any consultations conducted, including consultations with a provincial government and organised local government and other municipalities where applicable, and the outcomes of these consultations.

2.2.2 Local government infrastructure management and efficiency

Government continues to provide responses to the FFC's recommendations on an annual basis. These annual recommendations by the FFC are required in terms of section 9 of the Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997). The FFC recommended that the Ministers of Cooperative Governance and Traditional Affairs (CoGTA) and Finance should jointly strengthen the linkage between technical project planning processes and budgeting and foster smooth intergovernmental infrastructure coordination as part of the ongoing local government infrastructure grant reforms.

Government acknowledges the need to consolidate municipal infrastructure grants and to strengthen the linkages between the technical project planning process and the budgeting. The review of local government infrastructure grants has identified consolidation and rationalisation in the number of grants received by each municipality as a key area for reforming the grant system. As the various grants in the system serve different purposes, the consolidation and rationalisation process requires extensive consultation before grants can be merged. As a result, there is no definitive dates set on when the consolidation of grants will take place. However, government is committed to achieving the vision of a differentiated grant system.

2.3 Building capability for infrastructure delivery

The National Treasury continues to expand the tools available for provinces and municipalities to improve spending. Weaknesses in preparing and authorising projects and programmes are one of the main causes of poor performance on infrastructure transfers. The Infrastructure Delivery Management System (IDMS) has assisted provinces to build infrastructure units with qualified staff and institutionalise best practices. In the 2020/21 MTEF, cities will receive grant funding through the *integrated city development grant* to institutionalise an effective system for preparing programmes and projects. Metros will only be eligible for this funding if they:

- Have not had an adverse or disclaimed audit opinion in the last two financial years;

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Info@edenburg.gov.za • www.edenburg.gov.za
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- Have formally adopted the Cities' Infrastructure Delivery and Management System (CIDMS) guidelines;
- Establish a programme and project approval committee to authorise work; and
- Commit to co-financing contributions and budget management arrangements.

National government provides a broad range of capacity-support grants and programmes for local government. These grants and programmes are under review and reforms to improve its effectiveness are likely to be implemented from 2021/22.

2.4 Development Charges reforms

National Treasury continues to explore how municipalities can use a broader package of infrastructure financing sources to meet their developmental mandate. One of these sources is development charges.

A development charge is a once-off charge imposed by a municipality on a land owner as a condition of approving a land development application that will substantially result in increased demand for municipal infrastructure services. These charges are imposed to cover the costs incurred by the municipality when installing new infrastructure or upgrading an existing infrastructure that is required to service the proposed development. It is based on the concept that urban growth and expanded land use creates the need for additional infrastructure services, therefore the developer should pay the incidence costs.

Municipalities have not fully used development charges due to uncertainty surrounding the regulatory frameworks. National Treasury is therefore amending the Municipal Fiscal Powers and Functions Act, 2007 (Act No. 97 of 1997) to incorporate the regulation of development charges. Cabinet has approved the publication of the draft Amendment Bill for public comment. The due date for submitting comments is 31 March 2020.

The draft Bill can be accessed on the National Treasury website at: http://www.treasury.gov.za/legislation/draft_bills/default.aspx.

3. Eskom Bulk Tariff increases

The National Energy Regulator of South Africa (NERSA) is responsible for price determination of the bulk costs for electricity. However, there has not been any determination by NERSA since the impasse around Eskom's application.

While the court case between NERSA and Eskom is still pending, municipalities should use the tariff increases previously (March 2019) approved by the regulator of 8.1 per cent for 2020/21, 5.2 per cent 2021/22 and 8.9 per cent for 2022/23.

4. Budgeting issues

4.1 The wage bill

The 2020 Budget Review highlighted the proposed wage bill reduction for the public service. Similar to national and provincial government, municipalities must ensure that compensation demands are balanced with the broader needs of society. In this context, municipalities should start taking decisive action to address bloated organisational structures and above inflation wage increases.

Wage bill increases are crowding out spending on capital projects for future economic growth and impacts on service delivery.

Local government also confronts tough fiscal choices in the face of financial and institutional problems that result in service-delivery breakdowns and unpaid bills. Municipalities can offset these trends by improving own revenue collection, working more efficiently and implementing cost containment measures.

4.2 Pension fund and SARS contributions

In terms of section 13A of the Pension Funds Act, 1956 (Act No. 24 of 1956), an employer must pay contributions it collected from employees' salaries to the relevant pension fund by the 7th day after the end of the month in respect of which the contributions were payable.

According to the latest annual report by the Pension Fund Adjudicator (PFA), it is especially concerned about non-payment of contributions in the municipal sector, thereby putting members' benefits at risk for extended periods of time. Over and above, there is interest on contributions that an employer is liable to pay if pension fund contributions are not paid over timeously. The Financial Services Laws General Amendment Act, 2013 (Act No. 45 of 2013) makes the employer's failure to pay contributions to a retirement fund a **criminal offence**. The amendment to this Act now provides for personal liability of persons who are entrusted with managing the overall financial affairs of the employer.

Section 65(2)(f) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) states that the accounting officer must take all reasonable steps to ensure that the municipality complies with its tax, levy, duty, pension, medical aid, audit fees, and their statutory commitments. Section 171(1) of the MFMA provides that the accounting officer commits financial misconduct if that accounting officer fails to comply with a duty imposed by a provision of the Act on the accounting officer of a municipality. In addition, section 173(1)(a)(i) of the MFMA then provides that an accounting officer is guilty an offence if that accounting officer deliberately or in a grossly negligent way amongst other, contravene or fails to comply with the provision of section 65(2)(f) of the MFMA. We will therefore be monitoring whether municipalities are addressing this failure by accounting officers consistent with the legal framework provided for in the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings and take the necessary action where there is failure on the part of municipalities to address this matter.

4.3 Water

Access to clean and potable water is a mandatory imperative in terms of the country's Constitution, the National Water Act, 1998 (Act No. 36 of 1998) and priorities set by the government in the National Development Plan (NDP). Water is also recognised as a fundamental human right and there is no doubt about the important role that water plays in human existence, the environment, economic development and sustainability.

Municipalities should take strategic action to ensure effective water management and resilience to drought, including the security of water supply, environmental degradation, and pollution of resources to achieve economic growth, development and socio-economic priorities in an equitable and sustainable manner.

4.4 Attracting economic investment

Maintaining clean cities underpins economic activity and wellbeing. Investors are not interested in investing in filthy cities. Therefore, municipalities should place emphasis on sensible land use planning and development and building plan control for housing,

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commercial, industrial and recreational uses. Investments in waste collection and treatment infrastructure should be made in tandem with industrial and urban developments to minimise pollution to our land and waters.

4.5 Borrowing for multi-year capital projects

In terms of sections 16(3) of the MFMA, money for capital expenditure may be appropriated for a period not exceeding three financial years, provided that a separate appropriation is made for each of those financial years.

Section 19(1) of the MFMA further states that *a municipality may spend money on a capital project only if —*

- (a) the money for the project, excluding the cost of feasibility studies conducted by or on behalf of the municipality, has been appropriated in the capital budget referred to in section 17(2)(b) the project, including the total cost, has been approved by the council;
- (b) section 33 has been complied with, to the extent that that section may be applicable to the project; and
- (c) the sources of funding have been considered, are available and have not been committed *for other purposes*.

Before approving a capital project, the municipal council must consider:

- a) the projected cost covering all financial years until the project is operational; and
- b) the future operational costs and revenue on the project, including municipal tax and tariff implications.

A municipality must adjust the revenue and expenditure estimates in an approved annual budget downwards through an adjustments budget if there is material under-collection of revenue during the current year in terms of section 28(2) of the MFMA. It may also appropriate additional revenues that have become available over and above those anticipated in the annual budget, **but only to revise or accelerate spending programmes already budgeted** for. New capital projects can therefore not be included in the adjustments budget, unless provided for in terms of section 28(2) of the MFMA.

With regard to the shifting of funds between multi-year appropriations, section 31 of the MFMA requires that *when funds for a capital programme are appropriated in terms of section 16(3) for more than one financial year, expenditure for that programme during a financial year may exceed the amount of that year's appropriation for that programme, provided that —*

- (a) *the increase does not exceed 20 per cent of that year's appropriation for the programme;*
- (b) *the increase is funded within the following year's appropriation for that programme;*
- (c) *the municipal manager certifies that -*
 - (i) *actual revenue for the financial year is expected to exceed budgeted revenue; and*
 - (ii) **sufficient funds are available for the increase without incurring further borrowing beyond the annual budget limit;**
- (d) *prior written approval is obtained from the mayor for the increase; and*
- (e) *the documents referred to in paragraphs (c) and (d) are submitted to the relevant provincial treasury and the Auditor-General.*

Considering the above sections of the MFMA, it is clear that section 16(3) allows for a multi-year capital appropriation not exceeding three financial years, while section 31 allows for:

- A maximum increase of 20 per cent in the appropriation for the year provided that it is funded within the following year's appropriation for that programme. By implication it

5.1 Criteria for the rollover of conditional grant funds

Section 22 of the 2019 Division of Revenue Act (DoRA) requires that any conditional grants which are not spent at the end of the municipal financial year must revert to the National Revenue Fund, unless the receiving officer, provincial treasury and transferring national officer proves to National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.

When requesting a rollover in terms of section 22(2) of the 2019 DoRA, municipalities must include the following information with their submission to National Treasury:

1. A formal letter, signed by the accounting officer must be addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of section 22(2) of the 2019 DoRA;
2. A list of all the projects that are linked to the unspent conditional grants and a breakdown of how much was allocated and spent per project;
3. The following evidence indicating that work on each of the projects has commenced, as applicable to the specific rollover(s):
 - a) Proof that the project tender was published and the period for tender submissions closed before 31 March;
 - b) Proof that a contractor or service provider was appointed for delivery of the project before 31 March; or
 - c) Proof of a project tender, appointment of contractor or service provider for delivery of service before 30 June in cases where additional funding was allocated during the course of the final year of the project;
 - d) Incorporation of the Appropriation Statement;
 - e) Evidence that all projects linked to an allocation will be fully utilised by 30 June 2021 (attach cash flow projection for the applicable grant).
4. A progress report (also in percentages) on the status of each project's implementation that includes an attached, legible **implementation plan**);
5. The value of the committed project funding, and the conditional allocation from the funding source;
6. Reasons why the grants were not fully spent during the year of original allocation per the DoRA;
7. Rollover of rollovers will not be considered therefore municipalities must not include previous year's unspent conditional grants as rollover request;
8. An indication of the time-period within which the funds are to be spent if the roll over is approved; and
9. Proof that the Municipal Manager and Chief Financial Officer are permanently appointed.

No rollover requests will be considered for municipalities with vacant or acting Chief Financial Officers and Municipal Managers for a period exceeding 6 months from the date of vacancy, this also includes acting appointments as a result of suspensions of either MM or CFO that are more than 12 months.

If any of the above information is not provided or the application is received by National Treasury (Intergovernmental Relations Division) after 31 August 2020, the application will be declined.

In addition, National Treasury will also consider the following information when assessing rollover applications; and reserves the right to decline an application should there be non-performance by the municipality in any of these areas:

1. Compliance with the in-year reporting requirements in terms of sections 71 and 72 of the MFMA and section 12 of the 2019 DoRA, **including the municipal manager and chief financial officer signing-off on the information** sent to National Treasury;
2. Submission of the pre-audited Annual Financial Statements information to National Treasury by 31 August 2020;
3. Accurate disclosure of grant performance in the 2019/20 pre-audited Annual Financial Statements, (i.e. correct disclosure of grant receipts and spending in the notes to the AFS); and
4. Cash available in the bank (net position including short term investments) as at 30 June 2020 is equivalent to the amount that is unspent as at the end of the financial year. If the amount that is requested for roll over is not entirely cash backed, such a roll over will not be approved. National Treasury will not approve portions of roll over requests.

It should be noted that under no circumstances will the National Treasury consider requests to roll-over:

1. The entire 2019/20 allocation to the municipality, in cases whereby the roll over request is more than 50 per cent of the total allocation National Treasury will approve the roll over amount up to 50 per cent of the 2019/20 allocation;
2. Roll Over request of the same grant for the third consecutive time;
3. Funding for projects constituted through Regulation 32 of the Municipal Supply Chain Management Regulations (Gazette No.27636). Projects linked to additional funding and disasters are exempted; and
4. A portion of an allocation where the proof of commitment for the roll over application is linked to invoices that were issued before or on 31 May 2020.

5.2 Unspent conditional grant funds for 2019/20

The process to ensure the return of unspent conditional grants for the 2019/20 financial year will be managed in accordance with section 22 of the DoRA. In addition to the previous MFMA Circulars, the following practical arrangements will apply:

- Step 1: Municipalities must submit their June 2020 conditional grant expenditure reports according to section 71 of the MFMA reflecting all accrued expenditure on conditional grants and further ensure that expenditure reported to both National Treasury and national transferring officers reconcile;
- Step 2: When preparing the Annual Financial Statements, a municipality must determine the portion of each national conditional grant allocation that remained unspent as at 30 June 2020. These amounts **MUST** exclude all interest earned on conditional grants, retentions and VAT related to conditional grant spending that has been reclaimed from SARS, which must be disclosed separately;
- Step 3: If the receiving officer wants to motivate in terms of section 22(2) of the 2018 DoRA that the unspent funds are committed to identifiable projects, the roll over application pack must be submitted to National Treasury by 31 August 2020.

National Treasury will not consider any rollover requests that are incomplete or received after this deadline.

- Step 4: National Treasury will confirm in writing whether or not the municipality may retain any of the unspent funds as a rollover based on criteria outlined above by 23 October 2020;
- Step 5: National Treasury will communicate the unspent conditional grants amount by 06 November 2020. A municipality must return the remaining unspent conditional grant funds that are not subject to a specific repayment arrangement to the National Revenue Fund by 20 November 2020; and

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Step 6: Any unspent conditional grant funds that should have, but has not been repaid to the National Revenue Fund by 20 November 2020, and for which a municipality has not requested a repayment arrangement, will be offset against the municipality's 04 December 2020 equitable share allocation.

All other issues pertaining to Appropriation Statement and reporting on approved roll overs are addressed in the Annexure to MFMA Circular No. 86.

6. The Municipal Budget and Reporting Regulations

National Treasury, together with the provincial treasuries, are rolling out training on budgeting and transacting in the mSCOA environment to all provinces to improve the credibility of the 2020/21 MTREF budgets.

6.1 Assistance with the compilation of budgets

In cases where the municipality requires advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury officials:

Province	Responsible officials	NT	Tel. No.	Email
Eastern Cape	Matjatji Mashoeshoe		012-315 5553	Matjatji.Mashoeshoe@treasury.gov.za
Free State	Cethekile Moshane		012-315 5079	Cethekile.moshane@treasury.gov.za
Gauteng	Kgomotso Baloyi Kevin Bell		012-315 5866 012-315 5725	Kgomotso.Baloyi@treasury.gov.za Kevin.Bell@treasury.gov.za
KwaZulu-Natal	Kgomotso Baloyi Johan Botha		012-315 5936 012-315 5171	Kgomotso.Baloyi@treasury.gov.za Johan.Botha@treasury.gov.za
Limpopo	Willem Voigt Sifiso Mabaso		012-315 5830 012-315 5952	Willem.Voigt@treasury.gov.za Sifiso.Mabaso@treasury.gov.za
Mpumalanga	Mandla Gilimani		012-315 5807	Mandla.Gilimani@treasury.gov.za
Northern Cape	Mandla Gilimani		012-315 5807	Mandla.Gilimani@treasury.gov.za
North West	Willem Voigt Makgabo Mabotja		012-315 5830 012-315 5156	Willem.Voigt@treasury.gov.za Makgabo.Mabotja@treasury.gov.za
Western Cape	Vuyo Mbunge		012-315 5661	Vuyo.Mbunge@treasury.gov.za
Technical issues Local Government Database	Elsabe Rossouw		012-315 5534	lqdataqueries@treasury.gov.za

National Treasury, together with the provincial treasuries, will undertake a compliance check and, where municipalities have not provided complete budget information, the municipal budgets will be returned to the mayors and municipal managers of the affected municipalities for the necessary corrections. Municipal managers are reminded that the annual budget must be accompanied by a quality certificate and council resolution in accordance with the format specified in regulation 31 of Schedule A of the Municipal Budget and Reporting Regulations. In addition to the above compliance check, the mSCOA data strings will be assessed to determine whether the municipalities are compliant.

The National Treasury herewith emphasises that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, ***they will be required to return to the municipal council and table a complete budget document aligned to the requirement of the Municipal Budget and Reporting Regulations.***

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year monitoring reports for both the parent municipality and its entity or entities. The following must be compiled:

- An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats;
- An annual budget, adjustments budget and monthly financial reports for the entity in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats.

The Schedule A that the municipality submits to National Treasury must be a consolidated budget for the municipality (plus entities) and the budget of the parent municipality. Schedules D must be submitted for each entity.

7. Municipal Chart of Accounts (mSCOA)

7.1 Release of Version 6.4.1 of the Chart

Version 6.4.1 was released to include the amendments in conditional grants as per the 2020 DoRA. Version 6.4.1 of the chart will be effective from 2020/21 and must be used to compile the 2020/21 MTREF. It is available on the link below:

[Link to mSCOA](#)

7.2 Use of funding segment to populate the cash flow tables

It is critical that municipalities undertake balance sheet and cash flow budgeting to provide accurate cash flow information. The general rule that applies is that the "funding" and "item" segments must be combined to provide cash flow information on how funds have been spent and on what.

This means that the budget is available at a cash flow level (A1 Schedule Budget Table SA30 and A7) and not when billing is done or when invoices are processed (A1 Schedule Budget Table A4: Statement of Financial Performance). Municipalities must apply the budgeted assumed collection rate to determine the cash flow budgets. Therefore, expenditure can only be processed against items with funding in line with the anticipated cash inflow and not billing. Municipalities should therefore identify the relevant source in the funding segment where revenue is received from and identify the funds to be used when payments are made. Guidance on this was provided in MFMA Circular No. 98.

However, there are still challenges to populate the detail of cash payments by type in the A1 Schedule Budget Table SA30 from Item Liabilities: Current Liabilities: Trade and other payables from exchange transactions as payables and accruals are not broken down by type (e.g. other materials, contracted services etc.). This omission of detail in the mSCOA chart will be addressed through chart amendments in version 6.5 of the chart.

As an interim measure the cash flow will be populated as follows:

OVERBERG DISTRICT MUNICIPALITY
 26 LINDSAY STREET / PRIVATE 343 322
 BRUNNENBURG 7200
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 TEL: 011 4101 • FAX: 028 2571091
 Email: info@overberg.gov.za • www.overberg.gov.za

For Cash Receipts:

The **cash receipts by source** will be populated using Item Assets: Current Assets: Cash and cash equivalents: Cash at bank: Bank account: Deposits in conjunction with the Funding Segment.

For Cash Payments:

The **cash payments** by type will be populated using Item Liabilities: Current Liabilities: Trade and other payables Exchange and Non- Exchange Transactions: Withdrawals in conjunction with the Funding Segment.

The cash payments that are not classified by type, will be grouped together as other payments on table SA30. This will enable population of suppliers and employees on the cash flow (Table A7).

National Treasury will share the linking of A1 Schedule Budget Tables SA30 and A7 to the mSCOA chart items to ensure that the cash flow information is populated correctly with municipalities and system vendors.

7.3 Capital Projects using Internally Generated Funding

Capital Projects in acquiring Assets using Internally Generated Funding must use: Funding: Capital: Transfer from Operational Revenue. This will ensure that table A5 will be populated correctly.

8. Budget process and submissions for the 2020/21 MTREF

8.1 Submitting budget documentation and schedules for 2020/21 MTREF

Accounting officers are reminded that Section 22(b)(i) of the MFMA requires that, **immediately** after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in PDF and electronic formats. However, in cases where Council requires amendments to the tabled budget prior to consultation, municipalities should inform the National Treasury and the relevant provincial treasury **immediately** and submit the required budget documents and corresponding mSCOA data strings **within three working days** after the Council meeting.

The approved annual budget must still be submitted to both National Treasury and the relevant provincial treasury **within ten working days** after the council has approved the annual budget.

8.2 Document uploads to the Local Government Upload Portal

Due to the number of queries received on the document upload process using the Local Government Upload Portal, a full guideline will be issued in due course to explain the process and to outline which documents will be required to upload.

Contact



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post Private Bag X115, Pretoria 0001
Phone 012 315 5009
Fax 012 395 6553
Website <http://www.treasury.gov.za/default.aspx>

JH Hattingh
Chief Director: Local Government Budget Analysis
09 March 2020

TEL: 029 425 1157 • FAX: 029 425 1014
info@odm.org.za • www.odm.org.za


OVERBERG DISTRICT MUNICIPALITY
26 LONG STREET / PRIVATE BAG X22
BREDASDORP 7280
25 MAR 2020

PS

Reference: RCS/C.5

Private Bag X9165
CAPE TOWN
8000

TREASURY CIRCULAR MUN. NO. 4/2020

THE MAYOR, CITY OF CAPE TOWN: MR D PLATO
THE MAYOR, WEST COAST DISTRICT MUNICIPALITY: MR H CLEOPHAS
THE MAYOR, MATZIKAMA MUNICIPALITY: MS M BAINS
THE MAYOR, CEDERBERG MUNICIPALITY: MS S QUANTA
THE MAYOR, BERGRIVIER MUNICIPALITY: MR R VAN ROOY
THE MAYOR, SALDANHA BAY MUNICIPALITY: MR M KOEN
THE MAYOR, SWARTLAND MUNICIPALITY: MR T VAN ESSEN
THE MAYOR, CAPE WINELANDS DISTRICT MUNICIPALITY: DR H VON SCHLICHT
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THE MAYOR, OVERSTRAND MUNICIPALITY: MR D COETZEE
THE MAYOR, CAPE AGULHAS MUNICIPALITY: MR PJ SWART
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THE MAYOR, MOSSEL BAY MUNICIPALITY: MR HJ LEVENDAL
THE MAYOR, GEORGE MUNICIPALITY: MR MG NAIK
THE MAYOR, OUDTSHOORN MUNICIPALITY: MR C SYLVESTER
THE MAYOR, BITOU MUNICIPALITY: MR MP LOBESE
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THE MAYOR, CENTRAL KAROO DISTRICT MUNICIPALITY: DR A RABIE
THE MAYOR, LAINGSBURG MUNICIPALITY: MR M GOUWS
THE MAYOR, PRINCE ALBERT MUNICIPALITY: MR G LOTTERING
THE MAYOR, BEAUFORT WEST MUNICIPALITY: MR N CONSTABLE
THE MUNICIPAL MANAGER, CITY OF CAPE TOWN: MR L MBANDAZAYO
THE MUNICIPAL MANAGER, WEST COAST DISTRICT MUNICIPALITY: MR D JOUBERT
THE MUNICIPAL MANAGER, MATZIKAMA MUNICIPALITY: MR L PHILLIPS (ACTING)
THE MUNICIPAL MANAGER, CEDERBERG MUNICIPALITY: MR H SLIMMERT (ACTING)
THE MUNICIPAL MANAGER, BERGRIVIER MUNICIPALITY: ADV. H LINDE
THE MUNICIPAL MANAGER, SALDANHA BAY MUNICIPALITY: MR H METTLER
THE MUNICIPAL MANAGER, SWARTLAND MUNICIPALITY: MR J SCHOLTZ
THE MUNICIPAL MANAGER, CAPE WINELANDS DISTRICT MUNICIPALITY: MR H PRINS
THE MUNICIPAL MANAGER, WITZENBERG MUNICIPALITY: MR D NASSON
THE MUNICIPAL MANAGER, DRAKENSTEIN MUNICIPALITY: DR J LEIBBRANDT
THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MS G METTLER
THE MUNICIPAL MANAGER, BREEDE VALLEY MUNICIPALITY: MR D McTHOMAS
THE MUNICIPAL MANAGER, LANGEBERG MUNICIPALITY: MR SA MOKWENI
THE MUNICIPAL MANAGER, OVERBERG DISTRICT MUNICIPALITY: MR D BERETTI
THE MUNICIPAL MANAGER, THEEWATERSKLOOF MUNICIPALITY: MR G MATTHYSE
THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: MR C GROENEWALD
THE MUNICIPAL MANAGER, CAPE AGULHAS MUNICIPALITY: MR D O'NEILL
THE MUNICIPAL MANAGER, SWELLEN DAM MUNICIPALITY: MR A GROENEWALD
THE MUNICIPAL MANAGER, GARDEN ROUTE DISTRICT MUNICIPALITY: MR M STRATU
THE MUNICIPAL MANAGER, KANNALAND MUNICIPALITY: MR R STEVENS
THE MUNICIPAL MANAGER, HESSEQUA MUNICIPALITY: MR J JACOBS
THE MUNICIPAL MANAGER, MOSSEL BAY MUNICIPALITY: ADV. MG GILIOREE
THE MUNICIPAL MANAGER, GEORGE MUNICIPALITY: MR T BOTHA
THE MUNICIPAL MANAGER, OUDTSHOORN MUNICIPALITY: MR A PAULSE
THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: ADV. L NGOQO
THE MUNICIPAL MANAGER, KNYSNA MUNICIPALITY: DR S VATALA
THE MUNICIPAL MANAGER, CENTRAL KAROO DISTRICT MUNICIPALITY: MR S JOOSTE
THE MUNICIPAL MANAGER, LAINGSBURG MUNICIPALITY: MR J KOMANISI (ACTING)

OVERBERG DISTRICT MUNICIPALITY
26 LONG STREET / PRIVATE BAG X22
BREDASDORP 7230



25 MAR 2020

TEL: 028 425 1157 • FAX: 028 425 1014
info@odm.org.za • www.odm.org.za

AS

THE MUNICIPAL MANAGER, PRINCE ALBERT MUNICIPALITY: MS A VORSTER
 THE MUNICIPAL MANAGER, BEAUFORT WEST MUNICIPALITY: MR K HAARHOFF
 THE CHIEF FINANCIAL OFFICER, CITY OF CAPE TOWN: MR K JACOBY
 THE CHIEF FINANCIAL OFFICER, WEST COAST DISTRICT MUNICIPALITY: DR JCP TESSELAAR
 THE CHIEF FINANCIAL OFFICER, MATZIKAMA MUNICIPALITY: MR J BOOYSEN
 THE CHIEF FINANCIAL OFFICER, CEDERBERG MUNICIPALITY: MR E ALFRED
 THE CHIEF FINANCIAL OFFICER, BERGRIVIER MUNICIPALITY: MR F LÖTTER
 THE CHIEF FINANCIAL OFFICER, SALDANHA BAY MUNICIPALITY: MR S VORSTER
 THE CHIEF FINANCIAL OFFICER, SWARTLAND MUNICIPALITY: MR M BOLTON
 THE CHIEF FINANCIAL OFFICER, CAPE WINELANDS DISTRICT MUNICIPALITY: MS FA DU RAAN-GROENEWALD
 THE CHIEF FINANCIAL OFFICER, WITZENBERG MUNICIPALITY: MR A RAUBENHEIMER
 THE CHIEF FINANCIAL OFFICER, DRAGENSTEIN MUNICIPALITY: MR J CARSTENS
 THE CHIEF FINANCIAL OFFICER, STELLENBOSCH MUNICIPALITY: MR K CAROLUS
 THE CHIEF FINANCIAL OFFICER, BREEDE VALLEY MUNICIPALITY: MR R ONTONG
 THE CHIEF FINANCIAL OFFICER, LANGEBERG MUNICIPALITY: MR B BROWN
 THE CHIEF FINANCIAL OFFICER, OVERBERG DISTRICT MUNICIPALITY: MR C HOFFMAN
 THE CHIEF FINANCIAL OFFICER, THEEWATERSKLOOF MUNICIPALITY: MR D LOUW
 THE CHIEF FINANCIAL OFFICER, OVERSTRAND MUNICIPALITY: MS S REYNEKE-NAUDÉ
 THE CHIEF FINANCIAL OFFICER, CAPE AGULHAS MUNICIPALITY: MR H VAN BILJON
 THE CHIEF FINANCIAL OFFICER, SWELLENDAM MUNICIPALITY: MR H SCHLEBUSCH
 THE CHIEF FINANCIAL OFFICER, GARDEN ROUTE DISTRICT MUNICIPALITY: MR JW DE JAGER
 THE CHIEF FINANCIAL OFFICER, KANNALAND MUNICIPALITY: MR R BUTLER
 THE CHIEF FINANCIAL OFFICER, HESSEQUA MUNICIPALITY: MS HJ VILJOEN
 THE CHIEF FINANCIAL OFFICER, MOSSEL BAY MUNICIPALITY: MR DM ASMAL
 THE CHIEF FINANCIAL OFFICER, GEORGE MUNICIPALITY: MS Z VAN ROOYEN (ACTING)
 THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: (VACANT)
 THE CHIEF FINANCIAL OFFICER, BITOU MUNICIPALITY: MR V MKHEFA
 THE CHIEF FINANCIAL OFFICER, KNYSNA MUNICIPALITY: MR M MEIMANI
 THE CHIEF FINANCIAL OFFICER, CENTRAL KAROO DISTRICT MUNICIPALITY: MS U BAARTMAN
 THE CHIEF FINANCIAL OFFICER, LAINGSBURG MUNICIPALITY: MS A GROENEWALD
 THE CHIEF FINANCIAL OFFICER, PRINCE ALBERT MUNICIPALITY: MR J NEEHLING
 THE CHIEF FINANCIAL OFFICER, BEAUFORT WEST MUNICIPALITY: MR CJ KYMDELL
 THE HEAD OFFICIAL: PROVINCIAL TREASURY (MR D SAVAGE)
 THE DEPUTY DIRECTOR-GENERAL: FISCAL AND ECONOMIC SERVICES (MS J GANTANA) (ACTING)
 THE DEPUTY DIRECTOR-GENERAL: GOVERNANCE AND ASSET MANAGEMENT (MR IG SMITH) (ACTING)
 THE CHIEF DIRECTOR: PUBLIC POLICY SERVICES (MR A PHILLIPS)
 THE CHIEF DIRECTOR: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS A PICK) (ACTING)
 THE CHIEF DIRECTOR: LOCAL GOVERNMENT PUBLIC FINANCE (VACANT)
 THE CHIEF DIRECTOR: ASSET MANAGEMENT (MS N EBRAHIM) (ACTING)
 THE CHIEF DIRECTOR: FINANCIAL GOVERNANCE AND ACCOUNTING (MR A HARDIEN)
 THE CHIEF FINANCIAL OFFICER (MS A SMIT)
 THE HEAD: OFFICE OF THE FINANCE MINISTRY (MS C GREEN)
 THE DIRECTOR: BUSINESS INFORMATION AND DATA MANAGEMENT (MR P PIENAAR)
 THE DIRECTOR: FINANCIAL GOVERNANCE (MS M VAN NIEKERK)
 THE DIRECTOR: FISCAL POLICY (DR N NLEYA)
 THE DIRECTOR: INFRASTRUCTURE (MR K LANGENHOVEN)
 THE DIRECTOR: LOCAL GOVERNMENT ACCOUNTING (VACANT)
 THE DIRECTOR: LOCAL GOVERNMENT BUDGET OFFICE (MR M BOOYSEN)
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MR C MAPEYI)
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR M SIGABI)
 THE DIRECTOR: LOCAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MR R MOOLMAN)
 THE DIRECTOR: PROVINCIAL GOVERNMENT ACCOUNTING (VACANT)
 THE DIRECTOR: PROVINCIAL GOVERNMENT BUDGET OFFICE (MS R SLINGER)
 THE DIRECTOR: PROVINCIAL GOVERNMENT FINANCE (EXPENDITURE MANAGEMENT) (MS A PICK) (PRO TEM)
 THE DIRECTOR: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS T RAKIEP) (ACTING)
 THE DIRECTOR: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS N ISMAIL)
 THE DIRECTOR: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A MAZOMBA)
 THE PROVINCIAL AUDITOR
 MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT
 THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT
 THE CHIEF DIRECTOR: LOCAL GOVERNMENT BUDGET ANALYSIS – NATIONAL TREASURY (MR J HATTINGH)
 THE CHIEF DIRECTOR: MFMA IMPLEMENTATION – NATIONAL TREASURY (MR TV PILLAY)

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MUNICIPAL BUDGET CIRCULAR FOR THE 2020/21 MTREF AND ASSOCIATED STRATEGIC INTEGRATED MUNICIPAL ENGAGEMENTS: 2020

1. PURPOSE

The purpose of this circular is to:

- provide guidance to municipalities with the finalisation of the 2020/21 Medium Term Revenue and Expenditure Framework (MTREF) Budgets and accompanied budget documentation, and
- brief municipalities on the 2020 Strategic Integrated Local Government Medium Term Expenditure Committee Process (i.e. LG MTEC) and related matters.

2. LEGISLATIVE CONTEXT

The Western Cape Provincial Government has institutionalised the Strategic Integrated Municipal Engagements (SIME; previously referred to as LGMTEC) process in fulfilment of its obligations under:

- Sections 5, 22 and 23 of the Local Government: Municipal Finance Management Act (MFMA), Act No. 56 of 2003; and
- Chapter 5 of the Local Government: Municipal Systems Act (Act No. 32 of 2000) [MSA].
- Chapter 3 of the National Environmental Management Act (Act No. 107 of 1998) (NEMA); and
- Chapter 4 of the Spatial Planning and Land Use Management Act (Act No. 16 of 2013) (SPLUMA).

The 2020 SIME process gives effect to the "Integrated Work Plan" agreed to in 2017. It builds on the 2019 integrated municipal and provincial processes in order to strengthen alignment between municipal and provincial planning and budgeting and driving the theme of "Integrated Service Delivery". The 2020 process continues to drive this theme for the current 4th Generation Integrated Development Planning Cycle.

The SIME process has been amended from previous years in response to the challenges resulting from the Coronavirus disease (COVID-19) pandemic.

3. BACKGROUND

3.1 2020 National Budget

The 2020 National Budget, which was tabled by the Minister for Finance, Tito Mboweni on 26 February 2020, was formulated in an environment of slow economic growth and constrained fiscal environment. Low growth has led to a R63.3 billion downward revisions to estimates of tax revenue in 2019/20 relative to the 2019 Budget. To support growth, no major tax increases have been proposed. Debt is not projected to stabilize over the medium term, and debt-service costs now absorb 15.2 per cent of main budget revenue. Over the next three years, the 2020 Budget proposes total reductions of R261 billion, which includes a R160.2 billion reduction to the wage bill of national and provincial departments, and national public entities. Reallocations and additions total R111.1 billion over the medium term, of which R60 billion is set aside for Eskom (to address the electricity crises via debt payment, the renewable energy programme and allowing municipalities to purchase electricity from independent power producers) and South African Airways. These measures narrow the consolidated deficit from 6.8 per cent of GDP in 2020/21 to 5.7 per cent in 2022/23, with debt rising to 71.6 per cent of GDP over the same period.

OVERBERG DISTRICT MUNICIPALITY
26 LONG STREET / PRIVATE BAG 122
BERGVEDDERING 7193
25 MAR 2020

TEL: 029 425 1187 • FAX: 029 425 1014
info@odm.org.za • www.odm.org.za

Along with faster economic growth, fiscal sustainability will require targeted reduction of specific programmes, and firm decisions to rein in extra-budgetary pressures, including reform of state-owned companies and the Road Accident Fund (RAF).

Key programmes to be implemented over the medium term include: modernizing network industries; restructuring state-owned enterprises; opening markets to trade with the rest of the continent; focusing on job creating sectors such as agriculture and tourism; lowering the cost of doing business, supporting Jobs Fund projects; creating a fairer process for third party access into the rail network; the Innovation Fund; Industrial Business Incentives, refurbishment of industrial parks in townships and rural economies; small business incentive programmes; and implementing a State Bank.

The 2020 National Budget documentation are available at:

<http://www.treasury.gov.za/documents/National%20Budget/2020/>

3.2 2020 Western Cape Provincial Budget

The 2020 Provincial Budget, which was tabled by the Minister of Finance and Economic Opportunities, Mr David Maynier on 10 March 2020, was formulated in an environment of sluggish economic growth and fragile fiscal environment. The Western Cape is also confronted by perennial supply side constraints in the water and energy sectors, rising crime levels, increased service load pressures associated with population growth.

The 2020 MTEF offers the Western Cape Government (WCG) response to the volatile and uncertain economic and fiscal environment, while giving effect to the Province's vision of a "safe Western Cape where everyone prospers". The MTEF aims to ensure that the credibility and sustainability of public finances is maintained while keeping the citizen at the centre of delivery through responsive fiscal and budget policy.

The Provincial Budget amounts to R71.619 billion in 2020/21, R74.887 billion in 2021/22 and R78.308 billion in 2022/23. The Provincial Budget delivers on the Western Cape's Vision Inspired Priorities (VIPs) embedded in the 2020-2024 Provincial Strategic Plan by allocating an estimated R224 billion over the medium term as follows:

- R4 billion towards VIP1: To create **safe and cohesive communities** by enhancing capacity and effectiveness of policing and law enforcement; strengthening youth-at-risk referral pathways and child-and-family centred initiatives to reduce violence; and increasing social cohesion and safety of public spaces.
- R32.4 billion towards VIP 2: Economic **growth and Jobs** by increasing investment; engaging in infrastructure investment and development and building and maintaining infrastructure; growing the economy through export growth and resource resilience; and creating opportunities for job creation through skills development.
- R173.8 billion towards VIP 3: **Empowering people** through long-term and holistic planning that target socio-economic challenges facing children and families, education and learning, youth and skills, health and wellness and older persons and persons with disabilities.
- R24.6 billion towards VIP 4: Enabling **Mobility and Spatial Transformation** through better linkages between places through public transport and mobility systems that work together; creating spatially and economically viable growth points; creating more opportunities for people to live in better locations; and improving the places where people live.

- R7.5 billion towards VIP 5: **Innovation and Culture**: where the WCG will engage in citizen-centric culture and innovation; innovation for impact; integrated service delivery and good governance transformation.

The 2020 Provincial Budget documentation are available at:

<https://www.westerncape.gov.za/provincial-treasury/news/western-cape-budget-202021>

3.3 2020/21 Strategic Integrated Municipal Engagements

The Integrated Implementation Plan (IIP) for Provincial and Municipal planning, budgeting and implementation is an annual plan which outlines the approach, processes and actions required as well as the stakeholders who will be involved in executing the Integrated Work Plan (IWP) for the respective year. Taking an Integrated Management approach therefore involves the practice of co-planning, co-budgeting and co-implementation through both vertical and horizontal integration. The IIP takes into account the policy, economic and fiscal context and identifies the objectives and approach for 2020/21 to give effect to Integrated and Citizen-centric Service Delivery. The IIP is the official departure point for the 2020/21 integrated planning and budgeting process and is further complimented by the Joint District Approach. The 2020/21 integrated planning and budgeting process focuses on strengthening the progress made to align planning and budgeting in the Province and will place particular emphasis on enhancing the provincial and local government interface.

The Integrated Management approach seeks to ensure that, inter alia, the budgets, programmes and projects of municipalities and provincial and national departments are derived from robust and integrated planning processes, at the heart of which is the development of an Integrated Development Plan (IDP) and its core components, such as a Spatial Development Framework (SDF). SDFs must direct the spatial location of growth and development within the municipal areas.

The SIME which takes place in April and May precedes the approval and implementation of municipal budgets. The engagement provides provincial government the opportunity to assess the Municipality's compliance and performance through the planning review of Municipal IDP and budgeting efforts for the upcoming financial year.

The engagement will include an assessment compliance and performance information obtained from the Western Cape Monitoring and Evaluation System (MES) as well as conformance, responsiveness, credibility and sustainability of the municipality's draft budget, IDP, SDF and supporting plans to ensure they are aligned and give effect to the national and provincial priorities while highlighting possible risks and informing provincial support plans to municipalities.

The SIME process will primarily focus on strategic issues emanating from the municipalities integrated development plans, strategic development planning frameworks and draft annual budgets. The aim will be to strengthen the synergies between the three main sets of documents in order to gear the municipalities for sustainable growth and development and social upliftment.

A key focus of the 2020/21 SIME process will be on local governments responsiveness to its socio-economic environment and the related impact for its citizens. This will also reveal potential opportunities and gaps for spending and collaboration or partnerships with Province or other stakeholders.

WESTERN CAPE DISTRICT MUNICIPALITY
26 LONG STREET, BLOEMFONTEIN 9401
BLOEMFONTEIN 9401



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TEL: 029 425 1157 • FAX: 029 425 1014
info@odm.org.za • www.odm.org.za

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The overall objectives of the 2020/21 SIME process and the key messages therefore emphasises:

- Aligning strategic intent as encapsulated within the 2019 - 2024 Provincial Strategic Plan and Integrated Development Plans (IDP) and municipal budgets to create public value based on the community needs/priorities identified through the public participation processes;
- Safeguarding of municipal sustainability by ensuring that municipalities table funded budgets and the strengthening of municipal financial management;
- Ensure optimal and targeted service delivery through strategic spatial planning and alignment;
- Deepening of an integrated approach to service delivery with the intention of creating synergies through the consolidation/concentration of resources, also across different spheres of government;
- Identification of areas that require amendment to the IDP; support and training; as well as opportunities for collaboration and partnerships.

The discussions at the engagements are strategic in nature. The representation at the SIME engagements between the Province and municipalities will be as follows:

- The Provincial Government - senior officials from the Provincial Treasury, Department of Local Government, Department of Environmental Affairs and Development Planning and relevant provincial departments.
- Municipalities - Municipal Manager, section 56 Managers, Budget and Treasury officials, IDP Manager/officials and Planning officials.
- **Due to the developments with the COVID-19 pandemic and the measures announced by the President to minimize the risk of the spread of the disease, SIME engagements will no longer take place on site at municipal offices. The Provincial Treasury will instead arrange for engagements to take place via video-conferencing.** A list of available video-conference facilities across the Province will be made available for use by any municipality that does not have access to such facilities.
- The SIME engagements are provisionally scheduled to take place from 24 April 2020 to 8 May 2020 and is subject to confirmation from the municipalities. PT will communicate with each Municipality on an individual basis to confirm the date and time of the engagement.

4. NATIONAL TREASURY AND PROVINCIAL TREASURY GUIDELINES

4.1 Context

- Municipalities are advised to consult the latest Budget Circular, MFMA Circular 99 released on 9 March 2020, which is a follow up circular on MFMA Circular 98 issued on 6 December 2019.
- Municipalities MUST include the National and Provincial Treasury Budget Circulars as part of the source documents consulted in the preparation of the 2020/21 MTREF Budget documents and table it as part of the budget documentation in the Municipal Council.

4.2 Changes to the Local Government Fiscal Framework

Improve municipal revenue thru pilot initiatives

The 2020 Budget includes funding to support pilot initiatives to improve municipal revenue collection. The National Treasury will work with selected municipalities that have large outstanding debts to bulk

suppliers, including Eskom, as a result of customer non-payment. Smart meters will be retrofitted in these municipalities to test whether revenue collections increase sufficiently to pay for the meters and recover associated costs. If so, further rollout of smart meters may be funded by borrowing against future revenue increases. The Department of Cooperative Governance has also been funded to run a payment culture campaign.

Review of municipal funding model

In 2020, the Minister of Finance will host a special lekgotla of the Budget Forum – the intergovernmental structure established to facilitate formal consultation on local government finances – to review the municipal funding model broadly. The National Treasury is working with the Department of Cooperative Governance, the South African Local Government Association, the Financial and Fiscal Commission and provinces to prepare for this lekgotla.

Division of Revenue Outlook

Municipalities will be experiencing pressure as they are expected to expand the provision of free basic services and improve revenue collection. This comes on the back of large reductions in transfers to municipalities (conditional grants) in the 2020 MTEF; a reduction in the amount of cities with access to the Public Transport Network Grant; and the Municipal Cost Containment Regulations, 2019 which calls for municipalities to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures. Re-prioritization of projects may therefore be required over the MTEF.

Local Government conditional grants and additional allocations

The proposed division of revenue will prioritize the funding of services for the poor. Allocations will be geared towards the provision of basic services, new infrastructure and maintenance of existing infrastructure.

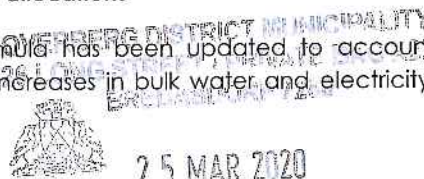
The 2020 Division of Revenue Bill (DoRB) indicates that equitable share transfers to Western Cape local municipalities for the 2020 MTEF amount to R5.689 billion and will grow at an annual average rate of 6.6 per cent over the MTEF period. Municipalities will receive unconditional funding in the form of equitable share and the general fuel levy. Conditional grant funding must be utilised for the intended purpose within the timeframes, as specified in the annual DoRB. Unspent funds should be returned to the fiscus. Requests for roll-overs will only be considered where unforeseen and unavoidable circumstances led to underspending of conditional grants. Refer to the criteria for the rollover of conditional grants as published in MFMA Circular No. 75. Unspent cash-backed grants should be classified as "Cash and cash equivalents" and any over expenditure must be funded from the municipalities own revenue.

The 2020 DoRB has been published by the Minister of Finance. The grant allocations are specified in this Act and municipalities must reconcile their budgets to the numbers published therein. Municipalities are advised to use these numbers to compile their 2020/21 MTEF. The DoRB is available at:

[http://www.treasury.gov.za/legislation/bills/2020/\[B03-2019\]%20Division%20of%20Revenue.pdf](http://www.treasury.gov.za/legislation/bills/2020/[B03-2019]%20Division%20of%20Revenue.pdf)

Changes to the structure of local government allocations

The local government equitable share formula has been updated to account for projected household growth, inflation and estimated increases in bulk water and electricity costs over the MTEF period.



Due to underinvestment in infrastructure amongst large urban municipalities, government will introduce dedicated grant funding for these municipalities. Eligible municipalities will receive co-financing on a declining basis over three years. Financing will be conditional on establishing a municipal project preparation fund and an infrastructure delivery management system, and achieving targets for programmes and projects under preparation. Funding for this new facility will be reprioritised from existing allocations to municipalities.

Government will continue to assist municipalities with raising their revenue. The Municipal Fiscal Powers and Functions Amendment Bill, which has been published for public comment (due 31 March 2020), will standardise the regulation of development charges. Currently, these charges are frequently below cost. The change could increase municipal revenues for capital spending by an estimated R20 billion a year. The draft Bill can be accessed on the National Treasury website at: http://www.treasury.gov.za/legislation/draft_bills/default.aspx.

4.3. Municipal Tariffs and Charges Increases

- Municipalities are urged to maintain tariff and charges increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring sustainability of the Municipality.
- Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3 to 6 per cent target band; thus municipalities are required to justify all increases in excess of the projected inflation target of **4.5 per cent** for 2020/21, **4.6 per cent** for 2021/22 and 2021/22 in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups.
- Municipalities should include details of their revenue growth assumptions for the different service charges in their budget narrative. Valuation roll data should be reconciled with that of the billing system to ensure that anticipated revenue is realistic and accurate.

4.4 Setting cost reflective tariffs

- Section 74(2) of the MSA states that tariffs must reflect the costs reasonably associated with rendering the service. Municipalities thus need to set credible budgets which reflects the costs necessary to provide a service efficiently and effectively. As such the National Treasury has developed a tool to set proper tariffs for water, sanitation, electricity and solid waste. Municipalities are encouraged to use the tool in order to improve budgeting and financial sustainability.
- The National Treasury Municipal Costing Guide is available on the link below on the National Treasury website:
<http://mfma.treasury.gov.za/Guidelines/Documents/Forms/AllItems.aspx?RootFolder=%2fGuidelines%2fDocuments%2fMunicipal%20Costing%20Guide&FolderCTID=0x0120004720FD2D0551AE409361D6CB3E122A08>
- The Municipalities should attempt to reduce its technical and non-technical losses as these will reduce the cost of supplying services and increase the volumes sold. In turn this will reduce the tariffs required.

4.5 Electricity Supply and Tariffs

- On 9 March 2020, the National Energy Regulator of South Africa (NERSA) considered Eskom's application for Retail Tariffs and Structure Adjustment (ERTSA). The bulk input tariff applicable to municipalities from 1 July 2020 is 6.9 per cent.
- The National Energy Regulator of South Africa (NERSA) has not yet published their Municipal Benchmark 2020/21.
- Taking the above into consideration municipalities are advised to prepare scenarios for an electricity bulk price increase in 2020/21 of between 7.0 and 15.0 per cent (as per the guidance provided in MFMA Circular 98). **Municipalities should also include a disclaimer in the Budget documentation and Tariff List** which states that the electricity tariffs are still subject to change due to the non-availability of the NERSA Tariff Guidelines for municipalities.
- Municipalities are cautioned that the proposed bulk input tariff was finalised before the High court ruling on Tuesday, 10 March 2020.
- NERSA's upcoming "Municipal Tariff Guidelines Increases, Benchmarks and Proposed Timelines for Municipal Tariff Approval Process for the 2020/21 financial year" publication should be consulted before the tabling of the final budgets.

4.6 Borrowing and refinancing for capital projects

- A municipality may appropriate funding for capital expenditure for a period not exceeding three financial years, provided that a separate appropriation is made for each of those financial years. Municipalities should spend on their capital budgets in accordance with Section 19(1) of the MFMA.
- Before approving capital budgets, the municipal council must consider the projected cost until the project is operational and the future operational costs and revenue of the project.
- Expenditure may be revised downward if there is material under-collection of revenue for the current year in terms of section 28(2) of the MFMA and may similarly appropriate additional revenues for the project if revenues are higher than anticipated, via an adjustments budget process. These appropriations can only be used to revise or accelerate spending programmes already budgeted for and cannot be used for new capital projects, unless provided for in terms of section 28(2) of the MFMA.
- Funds can be shifted between multi-year appropriations as long as it is done in accordance with section 31 of the MFMA.
- A municipality is allowed to re-finance existing long-term debt in accordance with the provisions set out in Section 46(5) of the MFMA. If the re-financing of an existing loan does not comply with these provisions, then the municipality should consider going to the market for a new loan that offers more affordable terms and/or negotiate a payment arrangement with the financial institution until the loan can be repaid as per the original terms.

OVERBERG DISTRICT MUNICIPALITY
26 LONG STREET / PRIVATE BAG X22
ENEDOU STROMS 7150



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TEL: 029 426 1157 • FAX: 029 426 1014
Info@odm.org.za • www.odm.org.za

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4.7 Addressing unfunded budgets in local government

A revised strategy to address municipal financial performance failures has been endorsed by the Budget Council and Budget Forum. This strategy is largely aimed at ensuring that municipalities adopt funded budgets. This is in order to avoid financial distress in the long run, which could affect the municipalities ability to fund its strategic goals. It is also essential that municipalities pay attention to reconciling the valuation roll data to that of the billing system to ensure that revenue anticipated from property rates are accurate. Municipalities who are finding it difficult to table funded and sustainable budgets should contact National or the Western Cape Provincial Treasury for assistance to reprioritise their budgets. The SIME process will advise municipalities on whether their budgets are funded or not. Should the municipality proceed to table an unfunded budget then a strategy should be tabled along with the budget to indicate how the municipality will proceed to make their budget funded over the course of the financial year.

4.8 Municipal Standard Chart of Accounts (mSCOA)

Release of Version 6.4.1 of the Chart

On an annual basis, the mSCOA chart is reviewed to address implementation challenges and correct chart related errors. Towards this end, Version 6.4.1 was released with MFMA Circular No. 98. Version 6.4.1 of the chart will be effective from 2020/21 and must be used to compile the 2020/21 MTREF. The chart is available on the link below:

<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

Should a municipality not be mSCOA compliant, the Municipality must provide a road map to National and Provincial Treasury indicating how they will become mSCOA compliant. Progress against the road map must be presented at the Benchmark engagements.

4.9 Municipal Budget Day

According to sections 16(2) and 17(3)(d) of the MFMA, the Mayor of a municipality must table the annual budget at a council meeting at least 90 days (i.e. by 31 March 2020) before the start of the budget year.

It is important to note there is no explicit requirement for council to endorse or approve the tabled budget or reviewed/amended IDP tabled by the mayor for public participation. The municipal council only has the legal authority to consider a tabled budget and reviewed/amended IDP after the completion of one or more public participation processes undertaken pursuant to section 22, read with section 23 of the MFMA. Council will only consider for approval "*the product of an inclusive budget preparation and consultative process*" when the proposed annual budget (as amended, if applicable) is placed before council in terms of section 24(1) of the MFMA.

Given that the preparation, consultation, adoption and implementation of a municipality's annual budget is inextricably linked to, and must be substantially aligned to and informed by the contents of that municipality's IDP, it would be procedurally flawed by the mayor to proceed with the tabling of the proposed annual budget (and commence with public participation process required in terms of section 22 of the MFMA) at a time when the annual review and/or revision of the Municipality's IDP has not been completed.

If a municipality has failed to complete the relevant processes applicable to review and revision of the annual budget and IDP in time for the deadline applicable to the tabling of the proposed annual budget (i.e. 31 March), the mayor should submit an application for an extension of the said deadline.

Municipalities are kindly requested to indicate any changes to the confirmed tabling dates as per **Appendix A** with the Provincial Treasury as it is crucial for the budget documentation and the assessment schedule leading up to the SIME engagements. Municipalities are requested to indicate any changes to the confirmed tabling dates to Tania.Bosser@westerncape.gov.za by **23 March 2020**.

In light of the recent developments with the COVID-19 pandemic and the National Address by the President of South Africa on 15 March 2020, the Department of Local Government is aware of the difficulties presented to undertake the IDP and budget public participation process. Consequently, there was a Special MinMay held on 18 March 2020 where public participation engagements formed part of the agenda. The Department of Local Government's Circular C4 of 2020 provides guidance on how public participation should be conducted under the prevailing circumstances.

4.10 Submitting budget documentation and schedules for 2020/21 MTREF

- Section 22 (b)(i) of the MFMA requires that, immediately after an annual budget is tabled in municipal council, it must be submitted to the National Treasury and the relevant provincial treasury.
- If the annual budget is tabled in council on 31 March 2020, the final date of submission of the electronic budget documents and corresponding **mSCOA data strings** is Wednesday, 1 April 2020.
- However, in cases where Council requires amendments to the tabled budget prior to consultation, municipalities should inform the National Treasury and the relevant provincial treasury immediately and submit the required budget documents and corresponding mSCOA data strings within **three working days** after the Council meeting.
- Metropolitan municipalities should also submit the Built Environment Performance Plan (BEPP) to Yasmin.coovadia@treasury.gov.za or if it exceeds 4 MB to Yasmin.coovadia@gmail.com or send to Yasmin Coovadia via Dropbox; any problems experienced in this regard can be addressed with Yasmin.Coovadia@treasury.gov.za. Hardcopies of the BEPP may be sent to Yasmin Coovadia, National Treasury, 3rd Floor, 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001. The BEPP should also be submitted to Provincial Treasury together with the budget documentation.
- The accompanying checklist (see Appendix B) provides an inclusive list of the documentation as required from Provincial Government. Electronic budget related documents need to be provided in PDF format. In addition, the A schedules should be provided in both Microsoft Excel and PDF formats.
- The designated municipal official needs to complete and sign the accompanying checklist (Appendix B) as confirmation that the set of budget, IDP and related documents have been submitted.

4.11 Electronic copy submissions

National Treasury budget related documents and schedule should be uploaded by approved registered users using the LG Upload Portal at: <https://lguploadportal.treasury.gov.za/>. Documents should be in PDF format. Each document type should be identified and uploaded separately. National Treasury will issue a full guideline in due course to explain the process and to outline which documents municipalities will be required to upload.

OVERSEAS IN THE DEPT OF LOCAL GOVERNMENT
25 LONG STREET (PRIVATE BAG 422)
BRIGHTON 7950



25 MAR 2020

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Provincial Treasury electronic documents should be submitted to: MFMA.MFMA@westerncape.gov.za or if too large (exceeds 3 MB) must be submitted via the lift server function (<http://lift.pgwc.gov.za/>) or One Drive. Instructions for uploading the budget related documents are provided in Appendix C.

Hard copies of the budget related documentation should be submitted to the Provincial Treasury via 24-hour courier to the following address:

For attention: Mr Paul Plenaar

Room 3.50
3rd Floor
7 Wale Street
Cape Town
8001

4.12 Publication of budgets on municipal website

In terms of section 75 of the MFMA, all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the Municipality's website. This will aid in promoting public accountability and good governance.

5. CONCLUSION

Municipalities are encouraged to take into account and apply the contents on this budget circular in the 2020/21 planning and budgeting process.

Please direct any queries regarding this circular to: Malcolm Booyesen at Malcolm.Booyesen@westerncape.gov.za.



J GANTANA
ACTING DEPUTY DIRECTOR-GENERAL: FISCAL AND ECONOMIC SERVICES
DATE: 19 March 2020



CONFIRMED 2020 BUDGET TABLING DATES

Municipality	Confirmed date
City of Cape Town	Thursday, 26 March 2020
Matzikama	Tuesday, 31 March 2020
Cederberg	Tuesday, 31 March 2020
Bergrivier	Tuesday, 31 March 2020
Saldanha Bay	Tuesday, 31 March 2020
Swartland	Tuesday, 31 March 2020
West Coast District Municipality	Wednesday, 25 March 2020
Witzenberg	Tuesday, 31 March 2020
Drakenstein	Tuesday, 31 March 2020
Stellenbosch	Wednesday, 30 March 2020
Breede Valley	Tuesday, 24 March 2020
Langeberg	Tuesday, 31 March 2020
Cape Winelands District Municipality	Thursday, 26 March 2020
Theewaterskloof	Thursday, 26 March 2020
Overstrand	Wednesday, 25 March 2020
Cape Agulhas	Tuesday, 31 March 2020
Swellendam	Thursday, 26 March 2020
Overberg District Municipality	Monday, 30 March 2020
Kannaland	Thursday, 26 March 2020
Hessequa	Tuesday, 31 March 2020
Mossel Bay	Tuesday, 31 March 2020
George	Tuesday, 31 March 2020
Oudtshoorn	Tuesday, 31 March 2020
Bitou	Tuesday, 31 March 2020
Knysna	Tuesday, 31 March 2020
Garden Route District Municipality	Monday, 30 March 2020
Laingsburg	Tuesday, 31 March 2020
Prince Albert	Monday, 30 March 2020
Beaufort West	Tuesday, 31 March 2020
Central Karoo District Municipality	Thursday, 26 March 2020



25 MAR 2020

SUBMISSION CHECKLIST FOR THE 2020/21 TABLED INTEGRATED DEVELOPMENT PLAN, BUDGET AND RELATED DOCUMENTATION

MUNICIPALITY: _____

In completing and signing the Budget and IDP documentation checklist below, the municipality confirms that Schedule A1 **complies with the Municipal Budget and Reporting Regulations (MBRR)** and that the main tables (A1 - A10) and the supporting tables (SA1 - SA38) are completed in **version 6.4.1** of Schedule A1 (the Excel formats) and **drawn directly from the municipal financial system**.

The Integrated Development Plan as set out in Section 26, 32 and 34 of the Local Government: Municipal Systems Act, No 32 of 2000 and Regulations (MSA) and Section 21 of the Local Government Municipal Finance Management Act 56 of 2003 (MFMA).

The Spatial Development Framework, Disaster Management Framework and additional documents must be submitted as required in terms of budget circulars.

Budget Documentation	Yes	No	N/A
Council Resolution in terms of the Budget			
Draft Service Delivery and Budget Implementation Plan			
Procurement Plan			
Draft Service Level Standards			
Signed Quality Certificate as prescribed in the MBRR			
Budget Narrative, including budget tables in PDF format			
Municipal Budget Tables: Tables A1 to A10			
Table A1: Budget Summary			
Table A2: Budgeted Financial Performance (revenue and expenditure by standard classification)			
Table A2A: Budgeted Financial Performance (revenue and expenditure by standard classification)			
Table A3: Budgeted Financial Performance (revenue and expenditure by municipal vote)			
Table A3A: Budgeted Financial Performance (revenue and expenditure by municipal vote)			
Table A4: Budgeted Financial Performance (revenue and expenditure)			
Table A5: Budgeted Capital Expenditure (by vote, standard classification & funding source)			
Table A5A: Budgeted Capital Expenditure (by vote, standard classification & funding source)			
Table A6: Budgeted Financial Position			
Table A7: Budgeted Cash Flow			

Budget Documentation	Yes	No	N/A
Table A8: Cash Backed Reserves/Accumulated Surplus Reconciliation			
Table A9: Asset Management			
Table A10: Basic Service Delivery Measurement			
Municipal Budget Supporting Tables: Supporting Tables SA1 to SA38			
SA1: Supporting Detail to Budgeted Financial Performance			
SA2: Matrix Financial Performance Budget (revenue source/expenditure type and department)			
SA3: Supporting Detail to Budgeted Financial Position			
SA4: Reconciliation of IDP Strategic Objectives and Budget (revenue)			
SA5: Reconciliation of IDP Strategic Objectives and Budget (operating expenditure)			
SA6: Reconciliation of IDP Strategic Objectives and Budget (capital expenditure)			
SA7: Measurable Performance Objectives			
SA8: Performance Indicators and Benchmarks			
SA9: Social, Economic and Demographic Statistics and Assumptions			
SA10: Funding Measurement			
SA11: Property Rates Summary			
SA12a: Property Rates by Category (current year)			
SA12b: Property Rates by Category (budget year)			
SA13a: Service Tariffs by Category			
SA13b: Service Tariffs by Category (explanatory)			
SA 14: Household Bills			
SA15: Investment Particulars by Type			
SA16: Investment Particulars by Type			
SA17: Borrowing			
SA18: Transfers and Grant Receipts			
SA19: Expenditure on Transfers and Grant Programme			
SA20: Reconciliation of Transfers, Grant Receipts and Unspent Funds			
SA21: Transfers and Grants made by the Municipality			
SA22: Summary Councillor and Staff Benefits			
SA23: Salaries, Allowances and Benefits (political office bearers/councillors/senior managers)			
SA24: Summary of Personnel Numbers			
SA25: Budgeted Monthly Revenue and Expenditure			
SA26: Budgeted Monthly Revenue and Expenditure (municipal vote)			
SA27: Budgeted Monthly Revenue and Expenditure (standard classification)			
SA28: Budgeted Monthly Capital Expenditure (municipal vote)			
SA29: Budgeted Monthly Capital Expenditure (standard classification)			
SA30: Budgeted Monthly Cash Flow			
SA31: Aggregated Entity Budget (where applicable)			
SA32: List of External Mechanisms			
SA33: Contracts having Future Budgetary Implications			
SA34a: Capital Expenditure on New Assets by Asset Class			
SA34b: Capital Expenditure on the Renewal of Existing Assets by Asset Class			
SA34c: Repairs and Maintenance Expenditure by Asset Class			
SA34d: Depreciation by Asset Class			
SA34e: Upgrading of Existing Infrastructure			
SA35: Future Financial Implications of the Capital Budget			
SA36: Detail Capital Budget			
SA37: Projects Delayed from Previous Financial Years			

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 251 LONG STREET, PRIVATE BAG 122
 FREDERICKSBURG 7200



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Budget Documentation	Yes	No	N/A
SA38: Consolidated Detail Operational Projects			
Excel version of all main (A1 - A10) and supporting budget tables (SA1 - SA38)			
Budget Related Policies			
Information on any amendments to budget related policies			
Suite of budget related policies			
IDP and Related Documentation			
Council Resolution in terms of the IDP			
Proposed amendments to the IDP			
Process Plan/Time schedule according to Section 29) of the MSA read in conjunction with Section 21 (b) of the MFMA			
Spatial Development Framework			
Council Resolution in terms of the adoption of the <i>Spatial Development Framework</i>			
Applicable Disaster Management Plan			
Council Resolution in terms of the adoption of the <i>Disaster Management Framework</i>			
Integrated Waste Management Plan			
Air Quality Management Plan			
Coastal Management Plan (<i>Coastal Municipalities only</i>)			
Human Settlement Plan			
Local Economic Development Strategy			
Water Services Development Plan			
Storm Water Master Plan			
Integrated Transport Plan			
Electricity Master Plan			
Infrastructure Growth Plan			
Workplace Skills Plan			
Additional documentation for the metro			
Draft Built Environment Performance Plan (BEPP)			

MUNICIPAL REPRESENTATIVE: _____

Name: _____

Signature: _____

Date: _____



The following instructions provide a guide for the upload of budget documentation onto the lift server and OneDrive respectively.

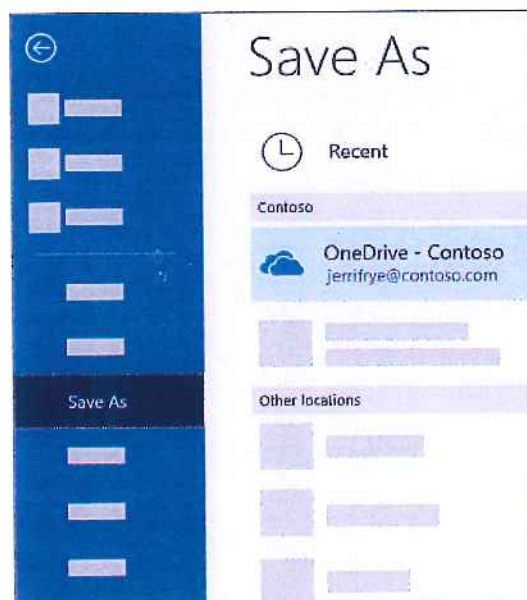
● **How to lift:**

1. Go to the website: <http://lift.pgwc.gov.za/>
2. Type in the email address: MFMA.MFMA@westerncape.gov.za
3. Browse to and click on the correct file for uploading
4. Press: Submit

● **How to upload documents to One drive:**

You can use this option if you have OneDrive linked to your Microsoft Office or Office 365

1. In any Office document, select File > Save As, choose your OneDrive, and then pick the folder where you want to save the file. Create a new folder (e.g. DC1 2020 Budget Documents) and place all the budget related documents within it.



2. In order to share the link to that folder Go into OneDrive
3. Select the file that you want to share and right click on it

OVERBERG DISTRICT MUNICIPALITY
26 LONG STREET - PRIVATE BAG 822
BERGAMOORIE 7280

25 MAR 2020

TEL: 028 420 1407 - FAX: 028 420 1044
info@odm.org.za • www.odm.org.za

4. Choose "share"
5. Ensure that sharing is defaulted to "Anyone with the link can edit"
6. Enter the MFMA email address: MFMA.MFMA@westerncape.gov.za and email addresses of anyone else that you want to share the link with.
7. Click the Share Button

File names in following sequence for budget related documents to be submitted to MFMA:

- Demarcation code
- "ccyy" century and year (eg.2020)
- Name of document submitted (e.g. Draft Budget, draft IDP, draft SDBIP etc.)
E.g.: DC1 2020 Draft IDP or DC1 2020 MTREF main budget
E.g.: DC1_A1 Schedule - mSCOA vs 6.4.1

OVERBERG DISTRICT MUNICIPALITY



Medium Term Revenue and Expenditure Framework (MTREF)

BUDGET:

2020/2021 – 2022/2023

Service Level Standards

(Draft)

OVERBERG DISTRICT MUNICIPALITY
26 LONG STREET / PRIVATE BAG X22
BREDASDORP 7250



25 MAR 2020

TEL: 028 425 1167 • FAX: 028 425 1014
info@odm.org.za • www.odm.org.za

OVERBERG DISTRICT MUNICIPALITY

6. Service Level Standards

Standard	Description	Service Level
Solid Waste Removal		
Promote based removal (Residential frequency)		No Service
Promote based removal (Business frequency)		No Service
Bulk Removal (Frequency)		No Service
Household refuse provision (Yearly)		No Service
Container refuse removal included (Yearly)		No Service
Street Cleaning Frequency in Areas		No Service
Street Cleaning Frequency in Areas including CBD		No Service
Pneumatically applied refuse dusted after events (24 hours/48 hours/longer)		No Service
Collecting of illegal dumping (24 hours/48 hours/longer)		No Service
Recycling or environmental friendly practices (Yearly)		Yes
Licensed landfills (Yearly)		Yes
Water Services		
Water Quality (mg/L) (24 hours/continuous)		No Service
Service water available at all (24 hours) to the biggest consumer		No Service
Frequency of meter readings (per month, per year)		No Service
Are estimated consumption calculations on actual consumption over (two months/three months/longer period)		No Service
On average (in) how long does the municipality use estimates before switching back to actual readings? (months)		No Service
Duration (hours) before availability of water is restored to areas of service interruption (complete the sub questions)		No Service
One service interruption affected (number of hours)		No Service
Up to 5 service interruptions affected (number of hours)		No Service
Up to 20 service interruptions affected (number of hours)		No Service
Feeder pipe larger than 800mm (number of hours)		No Service
What is the average maximum water flow in your municipality?		No Service
Do you practice any environmental or resource protection activities as part of your operations? (Yearly)		No Service
How long does it take to replace faulty water meters? (days)		No Service
Do you have a remote protection system in place and is operational at all the sites? (Yearly)		No Service
Electricity Services		
What is your electricity availability percentage on average per month?		No Service
How much do you estimate the cost saving in utilizing the digital control system?		No Service
What is the frequency of meters being read? (per month, per year)		No Service
Are individual consumption calculations on actual consumption over (two months/longer period)		No Service
On average (in) how long does the municipality use estimates before switching back to actual readings? (months)		No Service
Duration before availability of electricity is restored in cases of outages (immediately/one day/two days/longer)		No Service
Are accounts timely calculated or actual readings? (Yearly)		No Service
Do you practice any environmental or resource protection activities as part of your operations? (Yearly)		No Service
How long does it take to replace faulty meters? (days)		No Service
Do you have a plan to prevent illegal connections and penetration of electricity theft? (Yearly)		No Service
How effective is the action plan in cutting the losses? (Good/Bad)		No Service
How many times the municipality provide a quotation to a customer upon a written request? (days)		No Service
How long does the municipality takes to provide electricity service to new existing infrastructure can be used? (working days)		No Service
How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)		No Service
How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)		No Service
Sewerage Services		
Are your performance systems effective enough to put water back into the system after all effluents?		No Service
To what extent do you monitor your sewage consumption?		No Service
How long does it take to restore sewerage lines after an outage? (hours)		No Service
Sewerage collection (hours)		No Service
Sewerage treatment plant (hours)		No Service
Sewerage collection plant (hours)		No Service
Replacement of sanitary sewers? (hours)		No Service
Road Infrastructure Services		
Time taken to repair a single pothole on a major road? (hours)		No Service
Time taken to repair a single pothole on a minor road? (hours)		No Service
Time taken to repair a road following an event (earthquake/vehicle accident)? (hours)		No Service
Time taken to repair water pipes? (hours)		No Service
People/Validation		
How long does it take on average from completion to the first account being issued? (one month/three months or longer)		No Service
Do you have a complaint handling system? (Yearly)		No Service
Financial Management		
Is there any change in the situation of unauthorized and wasteful expenditure over time? (Decrease/increase)		No Service
Are the financial statements audited? (Yearly)		Yes
Are there any outstanding business cases regarding the flow and management of municipalities' funding to the ratepayers?		After 30 days
How long does it take for an invoice to be paid from the date it has been received?		Yes
Is there a compliance program from SCM that taking all departmental purchases timely and usually resulting for the fact that to direct goods procurement plans?		Yes
Administration		
How long does it take to respond to a request?		1 day
Time to respond to a written customer enquiry or request? (working days)		1 day
Time to respond to a written customer enquiry or request? (working days)		3 days
Time to resolve a customer enquiry or request? (working days)		5 days
What percentage of calls were not answered? (50%, 10% or more)		2%
How long does it take to respond to voice mails? (hours)		24 hours
Does the municipality have control over-billed equipment? (Yearly)		No
Is there a reduction in the number of complaints over time? (Yearly)		Yes
How long does it take to open an account to a new customer? (1 day/2 days/3 days or longer)		1 day
How many times does SCM Unit CFOs Unit and Technical Unit to review and resolve SCM process delays other than normal monthly management meetings?		Weekly
Community Safety and Security Services		
How long does it take to register a vehicle? (minutes)		No Service
How long does it take to issue a vehicle license? (minutes)		No Service
How long does it take to issue a duplicate registration certificate/vehicle? (minutes)		No Service
How long does it take to de-register a vehicle? (minutes)		No Service
How long does it take to issue a driver license? (minutes)		No Service
What is the average reaction time of the fire services in an incident? (minutes)		No
What is the average reaction time of the ambulance services to an incident in the urban area? (minutes)		No
What is the average reaction time of the ambulance services to an incident in the rural area? (minutes)		No Service
Economic Development		
How many economic development projects does the municipality have?		None
How many economic development projects are deemed to be complete in creating an enabling environment to assist key economic growth projects?		Following 1900 projects
What percentage of the projects have created sustainable jobs security?		Nil
Does the municipality have any incentive plans in place to create an enabling environment for economic development? (Yearly)		No
Other Services		
Is a government package handed to the new customer? (Yearly)		No
Does the municipality have training or induction sessions for the new community? (Yearly)		Yes
Are complaints handled in a professional and timely manner? (Yearly)		Yes

OVERBERG DISTRICT MUNICIPALITY
 25 LOND STREET, PORT WATERS, EAST LONDON
 KAPPA ROAD, PORT WATERS, EAST LONDON

25 MAR 2020

TEL: 021 420 1427 • FAX: 021 420 1014
 EMAIL: info@overberg.gov.za • WEB: OVERBERG.GOV.ZA

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OVERBERG DISTRICT MUNICIPALITY



Medium Term Revenue and Expenditure Framework (MTREF)

BUDGET:

2020/2021 – 2022/2023

Procurement Plan

(Draft)

OVERBERG DISTRICT MUNICIPALITY
26 LONG STREET, PORT GARDEN, PORT GARDEN BAG X22
BERGAMUNDUM 7200
25 MAR 2020
TEL: 028 426 1167 • FAX: 028 426 1014
info@odm.org.za • www.odm.org.za

Draft Capital Demand / Procurement plan 2020/2021

Directorate	Sub-Directorate	Project Name	Project Description	Start Date	End Date	Budget	Draft tender specs	Draft RFQ specs	3(three) Quotations	BSC	Advertisement on e-portal, website and/or media	Closing of tenders and/or RFQ's	BEC	BAC	Appeal Period End Date	Completion Date
Community Services	Led, Tourism, Resorts & EPWP	Refuse removal	Purchase two auto skips and trailer	2020/07/01	2021/03/31	2000000.00	Jul 20 NA	NA	NA	Aug 20	Aug 20	Oct 20	Oct 20	Oct 20	Nov 20	Mar 21
Community Services	Emergency Services	Fire Station	Building of fire Station at Caledon	2020/07/01	2021/03/31	10000000.00	Jul 20 NA	NA	NA	Aug 20	Aug 20	Oct 20	Oct 20	Oct 20	Nov 20	Mar 21
Community Services	Emergency Services	Safety initiative implementation - infrastructure	Safety initiative implementation - infrastructure	2020/07/01	2021/03/31	21000000.00	Jul 20 NA	NA	NA	Aug 20	Aug 20	Oct 20	Oct 20	Oct 20	Nov 20	Mar 21
Corporate Services	Information Services	Air conditioner	Purchase a secondary air conditioner for server room	2020/07/01	2021/03/31	2500000.00	01 10 2012 NA	01 10 2012 NA	NA	01 11 2012 NA	Nov 20	Dec 20	Dec 20	Dec 20	Jan 21	Mar 21
Corporate Services	Information Services	Replacement of old and broken computer equipment	Purchase new computer equipment	2020/07/01	2021/03/31	2000000.00	Jul 20 NA	NA	NA	Aug 20	Aug 20	Oct 20	Oct 20	Oct 20	Nov 20	Mar 21
Council General		Office furniture and equipment	Purchase office equipment	2020/07/01	2021/03/31	4000000.00	01 10 2012 NA	01 10 2012 NA	NA	01 11 2012 NA	Nov 20	Dec 20	Dec 20	Dec 20	Jan 21	Mar 21
Community Services	Solid Waste	Kanwyderskraal	Kanwyderskraal landfill site - additional cell	2020/07/01	2021/03/31	49000000.00	Jul 20 NA	NA	NA	Aug 20	Aug 20	Oct 20	Oct 20	Oct 20	Nov 20	Mar 21

OVERBERG DISTRICT MUNICIPALITY
 26 LONG STREET, WINDHOLE BAG X22
 BEAUFORT WEST 7193

25 MAR 2020

TEL: 028 426 1111 / FAX: 028 426 1014
 info@odm.org.za / www.odm.org.za

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