

2019/20 FINAL BUDGET MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

File No. /s: 3/2/2/19

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Directorate: Financial Services

Portfolio: Financial Services

Purpose

The purpose of this submission is to present the 2019/20 MTREF Final Budget.

Legal Framework

Section 16 of the Municipal Finance Management Act states:

“Annual budgets

16. (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
- (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

Contents of annual budgets and supporting documents

17. (1) An annual budget of a municipality must be a schedule in the prescribed format —
 - (a) setting out realistically anticipated revenue for the budget year from each revenue source;
 - (b) Appropriating expenditure for the budget year under the different votes of the municipality;
 - (c) Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
 - (d) Setting out —
 - (i) Estimated revenue and expenditure by vote for the current year; and
 - (ii) Actual revenue and expenditure by vote for the financial year preceding the current year; and
 - (e) A statement containing any other information required by section 215(3) of the Constitution or as may be prescribed”

Financial Implications

The financial implications of the 2019/20 MTREF final budget is captured in the Budget Report.

Annexures

Municipal Budget and Reporting Regulations Schedule-A Budget tables (**Annexure A**)

Quality Certificate (**Annexure B**)

Revised Budget Related Policies (**Annexure C**)

- Credit Control and Debt Collection Policy
- Funding and Reserves Policy
- Insurance Management Policy
- Long Term Financial Plan Policy
- Property Rates Policy
- Tariff Policy
- Write-off Policy
- Asset Management Policy
- Borrowing Policy
- Budget Implementation and Management Policy
- Budget Virement Policy
- Costing Policy
- Supply Chain Management Policy
- Infrastructure Investment And Capital Projects Policy

Municipal Tariffs (**Annexure D**)

Municipal Finance Management Act Budget Circulars (**Annexure E**)

Demand Management Plan (**Annexure F**)

**FINAL MEDIUM TERM REVENUE AND
EXPENDITURE FRAMEWORK
2019/2020 – 2021/2022**



BREED VALLEY
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

28 MAY 2019

TABLE OF CONTENTS

PART 1 – Annual Budget

1. Mayors' Report
2. Resolutions
3. Executive Summary
4. Annual Budget Tables

PART 2 – Supporting Documentation

5. Overview of annual budget process
6. Overview of alignment of annual budget with IDP
7. Measurable performance objectives and indicators
8. Overview of budget related policies
9. Overview of budget assumptions
10. Overview of budget funding
11. Expenditure on allocations and grant programmes
12. Allocations on grants made by the municipality
13. Councillor allowances and employee benefits
14. Monthly targets for revenue, expenditure and cash flow
15. Contracts having future budgetary implications
16. Capital expenditure details
17. Legislation compliance status
18. Other supporting documents
19. Annual budgets of municipal entities attached to the annual budget

Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor

FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt-hour
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

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.

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 recognized classification system that facilitates comparisons between municipalities.

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

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

LM – Breede Valley Municipality.

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

mSCOA – Municipal Standard Chart of Accounts

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.

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.

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. Mayor’s Report

The Breede Valley Municipality remains committed to the cause of bringing respectable services to all households. We as a municipality acknowledge the fact that households are faced with numerous difficulties, ranging from social to economic challenges. We view our role as integral in addressing these challenges to improve quality of life, and will therefore continue to play our part by creating a conducive environment for job creation and social development in our community. It should be understood that not all plans will be completed within the timeframes due to various unforeseen challenges, but we as a municipality is committed in ensuring that all projects commenced are completed.

This budget serves the purpose of outlining future service delivery objectives by reflecting on the past financial years and anticipation in anticipation for future advances.

Breede Valley municipality has made significant progress in fighting service delivery backlogs, but also acknowledges that there is still a lot to be done. We will continue with the good work and improve wherever improvement is needed to ensure that this municipality better the quality of life for the people within Breede Valley municipal area.

2. Resolutions

It is recommended to council that in respect of the 2019/20 MTREF, and outer financial years that council approves the 2019/20 MTREF budget in terms of section 24 of the Municipal Finance Management Act.

3. Executive Summary

3.1 Legislative Background

Section 16 of the Municipal Finance Management Act states:

“Annual budgets

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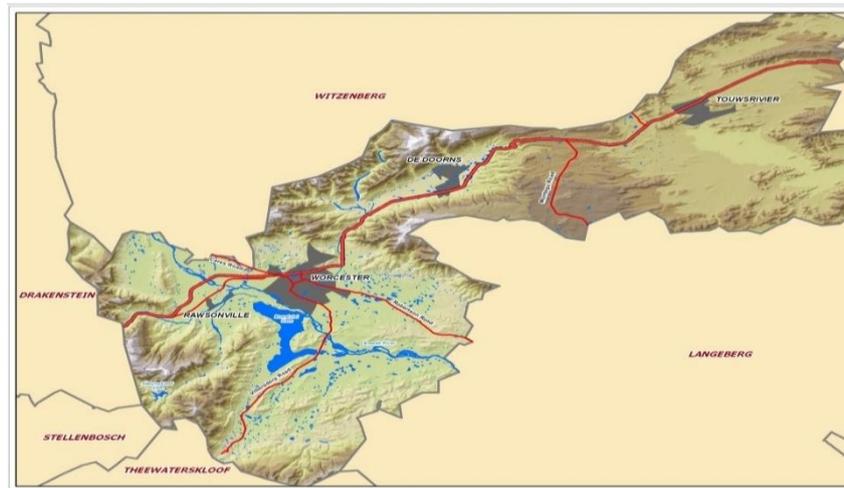
Contents of annual budgets and supporting documents

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- (a) setting out realistically anticipated revenue for the budget year from each revenue source;
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3.2 Municipal General Overview

The map below outlines the geographical area of Breede Valley Municipality. As per the map Breede Valley Municipality serves the towns of De Doorns, Rawsonville, Touwsrivier and Worcester. Surrounding municipalities include Drakenstein Municipality, Langeberg Municipality, Laingsburg Municipality, Stellenbosch Municipality, Theewaterskloof and Witzenberg Municipality. All the mentioned municipalities, including Breede Valley Municipality forms part of the Cape Winelands District Municipality.



Strategic Framework, Pillars and Objectives of the Municipality



Strategic Pillars and Objectives

Strategic Pillars	Strategic Objectives
Opportunity	To create a unique and caring Valley of service excellence, opportunity and growth
Safety	To ensure a safe, healthy, clean and sustainable external environment for all Breede Valley's People
Caring	To create and enabling environment for employment and poverty eradication through pro-active economic development and tourism
Inclusive	To provide democratic, accountable government for local communities and encourage involvement of communities and community organisations in the matters of local government
Well-run municipality	To assure a sustainable future through sound financial management, continuous revenue growth, corporate governance and risk management practises

3.3 Budget Principles and Criteria

The 2019/20 MTREF was compiled based on the following principles and criteria:

Credibility

- Planned Activities must be consistent with the IDP and vice versa.
- Financial viability of municipality should not be jeopardised.
- Ensure Capacity to spend the budget.

Sustainability

- Financial sustainability/ overall financial health of Municipality.
- Revenue/ Expenditure budgeted must be realistic.

Responsiveness

- To the needs of the community / public.
- Alignment of IDP, LED Strategies with Budget to give effect to provincial and national priorities.

- Budget must be responsive to economic growth objectives and the socio-economic needs of the community.

Affordability

- Tariffs must not be increased unreasonably and consumers must be able to afford tariffs.

The 2019/2020 budget is compiled in line with chapter 4 of the Municipal Finance Management Act, MFMA Budget Circulars and other relevant circulars and / or guidelines from National Treasury and Provincial Treasury. The budget strives to be consistent with the financial norms and ratios as per the MFMA Circular 71 to ensure sound and sustainable management of financial affairs of the municipality. The budget is also consistent with the Long Term Financial Plan to ensure synergy between long term planning and implementation of planning. Other important principles includes addressing the need of access to basic services and the efficient capacitation of the municipality, which is in many instances a challenge given limited financial resources.

The main challenges experienced with the compilation of the 2019/20 MTREF are as follow:

- Implementation of mSCOA;
- Effect of water crisis on the revenue generation;
- Re-categorization of properties leading to decrease in property rates revenue;
- Consumers exploring alternative energy sources and using less municipal electricity
- Direct effect of the current state of the economy on larger municipalities relying on progressive economic activity;
- Vandalism to strategic infrastructure assets;
- Ageing infrastructure and increasing service delivery backlogs; and
- Increasing cost of bulk purchases versus the electricity tariff increases, resulting in pressure to maintain a balance between sustainability, growth and affordability of services.

Service charges and other revenue sources are prepared in accordance with planned activities / initiatives / developments and past performance trends to ensure that the budgeted amounts are realistic and do not negatively affect the credibility of the budget and the financial position of the municipality.

The operating expenditure budget compilation process was done in line with the MFMA budget circulars. In instances of inconsistencies, appropriate reasons for the corresponding deviations are provided.

MFMA circular 70 highlighted examples of non-priority spending that need to be addressed by municipalities. Breede Valley Municipality remains commitment to the elimination of these non-priority items from the 2015/16 MTREF and applying zero percent increases on related items where elimination or a decrease in the 2019/20 MTREF budget is not possible.

Further, MFMA circular 82 on cost containment measures was also taken into consideration with the aim of promoting section 62(1)(a) of the MFMA through the effective, efficient and economical use of municipal resources.

The capital budget for 2018/19 aims to address the capital needs within the municipal area, given the available resources internally and externally. The main source of funding remains conditional grant allocations from National and Provincial government departments, followed by either internal funding or external loans (when applicable). The 2019/20 MTREF is not funded by any external loan funding at this stage. External loan funding may however be rolled over from the current financial year in the event where projects funded from this funding source are not fully implemented and budgets fully spent by 30 June 2019.

3.4 Rebates

Rebates relating to Unemployed, Indigent and Pensioners (under and over 70 years of age) are displayed below:

3.4.1 Rebates: Unemployed and Indigent

Household Income	Rates	Sewer	Refuse	Rental
R0 - R4 500	50%	50%	50%	100%
Max. Valuation	R 150 000			
<u>Free Basic Services</u>				
Electricity	50 Units			
Water	10 Kilolitre			

3.4.2 Rebates: Pensioner

Household Income	Rates	Sewer	Refuse	Rental
Government Pension & Disability / Pensioners 60 years and older				
R0 - R4 500	100%	100%	100%	100%
Max Valuation	R 150 000			
<u>Free Basic Services</u>				
Electricity	50 Units			
Water	10 Kilolitre			

3.4.3 Rebates: Pensioner 70 years and older

Pensioners falling in this category are eligible for an additional R65 000.00 rebate on the calculation of their property rates bill. This overall rebate is capped at R150 000.00

3.4.4 Special Rating Area (SRA)

In terms of Section 22 of the Municipal Property Rates Act a municipality may by resolution of its Council determine an area within that Municipality as a Special Rating Area (SRA) and levy an additional rate on property in that area for the purpose of

raising funds for improving or upgrading that area. The SRA must submit a budget to the Council annually in terms of the Special Rating Areas By-law.

3.5 Budget Overview

The budget overview provides insight pertaining to the operating and capital budgets over the MTREF

3.5.1 Operating Revenue

The table below reflects the operating revenue in relation to the current year and 2019/20 MTREF.

Please refer to Annexure A

Based on the current economic climate within the Breede Valley municipal area, tariffs were kept in line with the guidelines as per MFMA budget circular. This inflation linked increase in tariffs aim to promote sustainability of the revenue, other than the counterproductive method of increasing tariffs to such an extent that the collection rate deteriorates.

Property Rates: Budgeted revenue is based on the current performance realised during the 2018/19 financial year. A significant decrease in property rates was effected during the 2018/19 Mid-Year Adjustment Budget due to re-categorised of farm cellars from commercial to agricultural.

In terms of Section 22 of the Municipal Property Rates Act a municipality may by resolution of its Council determine an area within that Municipality as a Special Rating Area (SRA) and levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area. The SRA must submit a budget to the Council annually in terms of the Special Rating Areas By-law.

Electricity revenue, Refuse revenue and Sanitation revenue is projected to increase as per the latest available NERSA guideline (electricity) and the respective consumption patterns observed during the 2018/19 financial year. The budgeted amounts also accounts for the rebate changes effected during the 2018/19 financial year.

Service Charges: Water consumption during the 2018/19 financial year is currently underperforming and therefor have been decreased to a realistic revenue projection for the current financial year. The decrease in the current financial year forms the basis of the 2019/20 water revenue budget.

Interest on External Investments: This 2019/20 budget is informed by the municipality's current investment portfolio, and the anticipated return on investments to be made during the 2019/20 financial year.

Fines: The budgeted amount for fines is inclusive of the provincial traffic fines that need to also be included in the 2019/20 MTREF. The municipality will have a service provider appointed for the 2019/20 financial year which will have a positive effect on this revenue source.

Transfers Recognised – Operational: This revenue item is based on the operational transfers (conditional and unconditional) as per the 2019/20 budget year allocations.

3.5.2 Operating Expenditure

The table below reflects the operating expenditure in relation to the current year and 2019/20 MTREF.

Please refer to Annexure A.

The operational expenditure budget was adjusted in order to accommodate the underperformance on revenue. These amendments were mainly effected during the 2018/19 Adjustment Budget, which was used as basis for the 2019/20 MTREF.

Employee related cost: Employee related cost is based on the Salary and Wage Collective Agreement and amendments in terms of the staff structure.

The personnel budget is calculated for the full 12 months of the financial year, regardless of when the posts are to be filled. The savings that arise from filling vacancies later than the start of the financial year, are then used during the adjustment budget to finance other priorities and as contributions to the CRR.

In addition to the above, the municipality reprioritised other operational expenditures to finance additional positions within the Technical Services directorate. These positions are mainly service delivery related with the aim of improving the level of service to communities.

The municipality is currently in the process of conducting a work study to ensure an effective and efficient staff structure.

Debt Impairment: The fines and corresponding write-off will be managed within the available budgets. These amounts will be reviewed with the 2019/20 adjustments budget if needed. This budgeted amount is also reflective

Depreciation and asset impairment: Depreciation is calculated based on the useful lives of assets, which are currently being reviewed. The commission date of the majority of capital projects are more to the end of the financial year (based on past trends), resulting in new additions not having a full year's depreciation, but only a part thereof.

Finance charges: No borrowings will be taken up in 2019/20. The finance charges are calculated based on the municipality's borrowing portfolio. It should also be noted that the interest portion of the repayment decreases over the term of the loan.

Bulk Purchases: This item comprises of electricity and water bulk purchases and is based on the current consumption patterns in terms of usage. The municipality also have boreholes that is making a significant contribution in terms of decreasing water bulk purchases.

Other materials: The budget for other materials is also based on the revised

Other expenditure: The low percentage increase in other expenditure is due to the cost containment not being increased and also the decreased revenue as mentioned. Please refer to SA1 for the detail.

3.5.3 Capital budget

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

Please refer to Annexure A

The majority of funding is allocated to trading services which will ultimately promote service delivery and revenue generation.

The municipality implemented quarterly budget engagements where performance of the capital budget & Grant funding are tracked. Grant funding is planned to be 100% implemented in the current financial year.

Technical Services Capital Projects

Description	Finance Source	2019/20 (Budget year)	2020/21 (Budget year + 1)	2020/21 (Budget year + 2)
<u>Not Allocated to Wards</u>				
<u>Worcester WwTW</u>	-			
-	-			
<u>Stettynskloof Water Supply (Worcester/Rawsonville)</u>	-			
Upgrading of Stettynskloof Supply Pipe Line - Phase 3 (MIG 164422)	8.0	3 432 595	0	0
<u>Rawsonville WwTW</u>				
Extension of WwTW (0,24 MI/day)	8.0	6 446 742	0	0
-	-			
<u>Sunnyside Orchards Development</u>				
<u>Klipvlakte/ Transhex Residential Development (13 000 erven)</u>	-			
External Stormwater pipeline (MIG)	8.0	0	6 948 409	8 055 266
New Bus Route (Local Distributor Class 4) Transhex	8.0		13 636 365	
Electrical Reticulation	8.2	10 000 000	15 000 000	18 000 000
New High Mast Lighting - Worcester: Zweletemba Housing Project (MIG number 207755)	8.0	0	7 871	0
<u>Reservoirs</u>				
Pre-loads	8.0	10 652 819	12 053 101	12 940 864

Resealing of Roads				
Resealing of Municipal Roads - Rawsonville	3.2	250 000	0	1 000 000
Resealing of Municipal Roads - Worcester				
CRR	3.0	200 000	0	4 000 000
Resealing of Municipal Roads - De Doorns				
CRR	3.0	150 000	0	1 500 000
Resealing of Municipal Roads - Touws River	3.2	100 000	0	1 000 000
Resealing of Proclaimed Roads				
Networks				
Replacement of Water Network	3.0	0	3 680 000	3 680 000
Electricity (8112)				
Refurbishment of electrical system	3.0	4 000 000	11 000 000	11 000 000
Cherry Picker vehicles	3.0	4 000 000		
Electrical Reticulation - Upgrade Gasnat Substation install new Switch gear.	3.0	1 300 000	0	0
Replacement of old VT'S and CT'S at Robertson Substation.	3.0	1 976 600	0	0
Refurbishment of electrical system (NERSA)				
2) Quality of supply data loggers and monitoring equipment.	3.0	1 000 000	0	0
4) Durban street. - Replace overhead network to underground network complete.	3.0	2 000 000	0	0
Refuse Removal (6603)				
Worcester : Material Recovery Facility (MIG Counter funding)	3.0	16 979 604	0	0
SOLID WASTE MANAGEMENT				
WORCESTER				
Refuce Compactor Trucks (19m ³)	3.0	2 500 000	0	5 247 019
Wheeliebins	3.0	250 000	0	0
DE DOORNS				
Material Recovery Facility & TRANSFER STATION	8.0	1 472 959	0	0
Ward 1	-			
Rehabilitation of Bok River Pipe Line - Phase 6	3.2	4 000 000	6 907 467	7 092 533
Speed humps	3.0	45 000		
Ward 2	-			
High Mast Lighting Stofland-Mig	8.0	1 056 900	0	0
New Retention Ponds - De Doorns: South of N1 (MIG Number 202347)	8.0	0	372 512	431 852
De Doorns Water Purification Works : Augmentation of DAF Unit (MIG funding)	8.0	7 108 259	3 211 741	0
Stormwater : New Retention Ponds (MIG 202347 - Counter funding)	3.2	0	2 590 152	1 590 152

Ward 4				
Development of Parks	3.0	60 000		
-	-			
Ward 5				
Development of Parks	3.0	120 000		
-	-			
Ward 6				
Fencing of substation	3.0	30 000	0	0
Speed humps	3.0	40 000	0	0
Development of Parks	3.0	60 000		
Ward 7				
High to Protea Str. slip lane	3.0	500 000		
Ward 8				
Abbotoir Street Rehabilitation	3.0	1 200 000	1 700 000	0
-	-			
Erosion Protection of Hex River (Zweletemba)				
Erosion Protection of Hex River : Phase 2 (300m @ R13,333.33/m)	5.0	500 000		
Erosion Protection of Hex River : Phase 2 (300m @ R13,333.33/m)	3.0	1 000 000		
Ward 9				
Leighpoldt Street Rehabilitation	3.0	2 500 000	500 000	0
Ward 11				
Fencing of Electrical Boxes	3.0	50 000	0	0
-	-			
Ward 14				
Fencing of Electrical Boxes	3.0	50 000	0	0
Speed humps within ward	3.0	30 000	0	0
-	-			
Ward 15				
Speed Humps	3.0	40 000	0	0
Ward 16				
High mast (flood) lighting	8.0	0	0	9 125
Ward 18				
Speed Humps	3.0	40 000	0	0
Ward 19				
Development of Playpark	3.0	60 000		
Speed humps - Goedeman str	3.0	30 000	0	0
Ward 20				
Rawsonville: New Street Lights (MIG Project Number 153229)	8.0	143 719	0	0
Extension of WwTW (0,561 Ml/day extention) (MIG)	3.2	0	7 353 894	0
Bus Stop - Rawsonville Primary School	3.0	30 000	0	0
Ward 21				
New Streetlighting (MIG number 207835)	8.0	304 573	0	0
New Streetlighting (MIG number 207736)	8.0	668 276	0	0
Upgrading of gravel roads	3.0	2 000 000	1 000 000	1 000 000

Speed Humps	3.0	30 000	0	0
Equipment - Electrical				
Solar Conversion of Main Building	3.0	50 000		
Municipal Vehcles (LDV)	3.0	1 200 000		
Furniture and Equipment	4.0	300 000	0	0
<u>SERVICE CONNECTIONS (Depending on Public Contr)</u>				
Sewer Connections	3.3	147 764	1 120 000	1 120 000
Electricity Connections	3.3	334 642	0	0
Water Connections	3.3	241 150	2 719 200	2 719 200
Others				
Jet Vac trok	3.0	3 500 000	0	0
Purchasing of Vehicle & Machinery in lieu of Rental				
Digger Loader 4x4 (Landfill Site)	3.0	1 210 000	0	0
Tipper landfillsite (5 cum)	3.0	890 000	0	0
Water & Sanitation New Requests				
Admin				
Software/PC WWTW upgrade (x 4)	3.0	30 000	0	0
Machinery and Equipment	3.0	50 000	675 000	0
Road and Safety signs	3.0	0	60 000	0
Municipal Vehicles (LDV)	3.0	630 000	630 000	0
5 Ton trok	3.0	0	890 000	0
Crane Truck	3.0	0	700 000	0
Upgrading of Building and Facilities	3.0	350 000	350 000	0
Construction of Building for vehcles and equipment	3.0	350 000	0	0
Waste Water Treatment Works				
Worcester				
Lockers (10 x 2 tier)	3.0	5 000	5 000	0
Office furniture chairs and table	3.0	0	200 000	0
Digger Loader	3.0	1 210 000	0	0
Machinery and Equipment	3.0	550 000	50 000	0
Vacuum tanker	3.0	1 100 000	0	0
Municipal Vehicles: Bakkie	3.0	350 000	0	0
DE DOORNS				
Complete building at De Doorns	3.0	400 000	0	0
Lockers (10 x 2 tier)	3.0	0	10 000	0
Office furniture	3.0	30 000	10 000	0
TOUWSRIVER				
Machinery and Equipment	3.0	80 000	0	0
Upgrading of the WWTW	3.0	50 000	10 000 000	0
RAWSONVILLE				
Municipal Vehicles: Bakkie	3.0	350 000	0	0

Generator	3.0	0	500 000	0
Laboratory				
Machinery and Equipment	3.0	195 000	195 000	0
<u>Town Planning and Building Control</u>				
Land Infill Developments				
Site A - Meirings Park (Erven 1, 6920, 6921)				
Water	3.0	292 085	0	0
Sewer	3.0	876 009	0	0
Stormwater	3.0	189 856	0	0
Electricity	3.0	1 980 000	0	0
Site D - Avian Park (25 Erven)				
Roads	3.0	275 000		
Stormwater	3.0	275 000	0	0
Electricity	3.0	450 000	0	0

Other Directorates Capital Projects

Description	Finance Source	2019/20 (Budget year)	2020/21 (Budget year + 1)	2021/222 (Budget year + 2)
<u>Municipal Manager</u>				
<u>Admin -0603</u>				
Furniture and Equipment	3.0	R 5 000	R 5 000	R 5 000
<u>Project Management -0615</u>				
Construction of pedestrian bridge over Donkies River in Touwsrivier	6.4	R 1 008 920	R 0	R 0
Traffic calming measures in Touwsrivier	6.4	R 100 000	R 0	R 0
Artificial grass mini soccer pitch	6.4	R 810 000		
Upgrading of playparks - Avian Park, Riverview, Roodewal, Zwelethemba	6.4	R 695 000	R 0	R 0
Zwelethemba – Crèche (Shipping container)	6.4	R 681 080	R 0	R 0
Speed bumps - Avianpark	6.4	R 110 000	R 0	R 0
Speed bumps - Riverview/Victoriapark	6.4	R 110 000	R 0	R 0
Speed bumps - Roodewal/ Hexpark	6.4	R 110 000	R 0	R 0
Speed bumps - Zweletemba	6.4	R 100 000	R 0	R 0
Shared Economic Infrastructure Facility for informal traders in Zweletemba	6.4	R 1 125 000	R 0	R 0
ECD projects at Zwelethemba library	6.4	R 250 000	R 0	R 0

Community Services

ADMIN - 0903

Furniture & Equipment	4.0	R 5 000	R 5 000	R 5 000
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HOUSING

Unallocated DoRA projects - TRANSHEX

Water Reticulation	20.0	R 15 000 000	R 6 000 000	R 0
Sewer Reticulation	20.0	R 15 000 000	R 6 000 000	R 0
Roads	20.0	R 15 000 000	R 6 000 000	R 0
Stormwater	20.0	R 15 000 000	R 6 000 000	R 0

SWIMMING BATH: De La Bat - 5118

Upgrade of filters and pump	3.0	R 600 000	R 0	R 0
Entrance gate and Ticket Booth	3.0	R 300 000	R 0	R 0

SWIMMING BATH: Grey Street - 5121

upgrade of basket rooms	3.0	R 400 000	R 0	R 0
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SWIMMING BATH: Zweletemba - 5125

New Swimming Bath	3.0	R 7 056 205	R 2 500 000	R 0
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SWIMMING BATH: De Doorns

New Swimming Bath	3.0	R 0	R 500 000	R 8 000 000
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SPORT: Boland Park - 5130

Upgrade Tennis court (MIG Form ID 236970)	8.0	R 126 000	R 0	R 0
Upgrade Cricket Nets	8.0	R 93 246		
Replacement of fence perimeter	3.0	R 0	R 2 500 000	R 0

SPORT: Rawsonville - 5135

Upgrade Soccer field (MIG Form ID 236973)	8.0	R 54 720	R 0	R 0
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SPORT: Zweletemba - 5136

Upgrading of Sport Facilities (MIG Form ID 236972)	8.0	R 632 000	R 0	R 0
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SPORT: Touwsriver - 5139

SPORT: Steenvliet -

Upgrade Cricket Field (MIG Form ID 236961)	8.0	R 94 170	R 0	R 0
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SPORT: Esselen Park

Replacement of fence perimeter	3.0	R 4 320 000	R 0	R 0
Upgrade Cricket Nets	8.0	R 182 196		
Upgrade Netball Courts	8.0	R 500 000		

SPORT: De Doorns West - 5145

Sit-on Cricket Pitch Roller	3.0	R 90 000		
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Upgrade of Sport Facilities	8.0	R 158 787		
<u>WATERLOO LIBRARY - 4506</u>				
Replace equipment	3.0	R 30 000	R 30 000	R 0
<u>TRAFFIC</u>				
<u>Buildings</u>				
Road marking machines	3.0	R 180 000	R 0	R 0
Municipal Court Furniture and Equipment	3.0	R 10 000	R 0	R 0
Municipal Court Airconditioners	3.0	R 10 000	R 0	R 0
Upgrading of building - Municipal Court	3.0	R 200 000	R 0	R 0
<u>FIRE DEPARTMENT: ADMIN - 4203</u>				
Fire Station - De Doorns (Ward 3) (MIG Form ID 228572)	8.0	R 1 324 039	R 0	R 204 782
Vehicle - Incident Report	3.0	R 0	R 500 000	R 0
Fire Engine Chassis	3.0	R 0	R 1 800 000	R 0
Fire Station - De Doorns (Ward 3) (MIG Form ID 228572, Counter Funding)	3.2	R 100 000	R 0	R 2 772 618
<u>FINANCIAL SERVICES</u>				
<u>Admin</u>				
Furniture and Equipment	4.0	R 5 000	R 5 000	R 5 000
Computer Equipment	8.6	R 50 000		
<u>Financial Planning</u>				
Safeguarding of Assets	12.0	R 400 000	R 400 000	R 400 000
Insurance claims	12.0	R 400 000	R 400 000	R 400 000
<u>SCM</u>				
Upgrade of new municipal offices	3.0	R 1 400 000	R 0	R 0
<u>COUNCIL & MAYCO</u>				
<u>MAYORAL OFFICE - 0306</u>				
Furniture and Equipment	3.0	R 5 000	R 5 000	R 5 000
<u>STRATEGIC SUPPORT SERVICES</u>				
<u>STRATEGIC SUPPORT - ADMIN - 2103</u>				
Furniture and Equipment	4.0	R 5 000	R 5 000	R 5 000
<u>COMMUNICATIONS- 2106</u>				
<u>WORCESTER TOWN HALL</u>				
Airconditioner	3.0	R 630 000	R 0	R 0

Town Hall Roof	3.0	R 50 000	R 0	R 0
<u>INFORMATION TECHNOLOGY - 2114</u>				
Telephone System	4.0	R 10 000	R 0	R 0
Biometric system upgrade	4.0	R 10 000	R 0	R 0
Computer Equipment	4.0	R 716 600	R 0	R 0

Kindly refer to SA36 for the detail capital budget.

4. Annual Budget Tables

The budget tables prepared in accordance with the Municipal Finance Management Act, and Municipal Budget and Reporting Regulations are listed in below:

- **Table A1** Budget Summary
- **Table A2** Budgeted Financial Performance (Revenue and Expenditure by standard classification)
- **Table A3** 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 and funding
- **Table A6** Budgeted Financial Position
- **Table A7** Budgeted Cash Flows
- **Table A8** Cash Backed Reserves / Accumulated Surplus Reconciliation
- **Table A9** Asset Management
- **Table A10** Basic Service Delivery Measurement

Kindly refer to Appendix A for the detailed Schedule A tables.

Breede Valley Municipality do not have any entities, therefore, no consolidation of budget information and tables are presented in the document and other supporting documentation.

PART 2 – Supporting Documentation

5. Overview of Annual Budget Process

STEP	PROCESS
1. Planning	Schedule key dates, establish consultation forums, review previous processes
2. Strategising	Review IDP, Determine priorities, set service delivery targets and objectives for the next three years, consult on tariffs, indigent, credit control, free basic services, etc and consult local, provincial, and national issues, previous years performance and current economic and demographic trends.
3. Preparing	Prepare budget, revenue, expenditure projections, draft budget policies, consult and consider local, provincial and national priorities.
4. Tabling	Table draft budget, IDP and budget related policies before the council, consult and consider formal local, provincial, and national inputs and responses.
5. Approving	Council approves budget and related policies.
6. Finalising/ Implementation	Publish and approve SDBIP and annual Performance agreements and indicators. Publish Budget in terms of sect.22 MFMA

DETAIL PROCESS FOLLOWED AND MSA AND IDP CREDIBILITY REQUIREMENTS	
ISSUE	TIMEFRAME
IDP/Budget Process Plan/Timetable approved by council	August 2018
IDP Meetings – inputs from Ward Councilors & Ward Committees	October - November 2018
First IDP/ Budget Steering Committee Meeting	November 2018
Departmental inputs on Draft allocations	November and December 2018
2 nd Budget Steering Committee – Consider Adjustment budget	January 2019
IDP Rep Forum Consultation	November 2018 March 2019
Draft Budget input captured and Budget balanced	March 2018
Draft IDP & Budget tabled in Council	March 2018
IDP & Budget workshop - Council	March - April 2019
Public Consultation	March - April 2019
Finalise Sector / Dept Strategy Plan / Budget - IDP	April 2019
Consideration of Comments received	April 2019
Tabling of Final MTREF	End May 2019

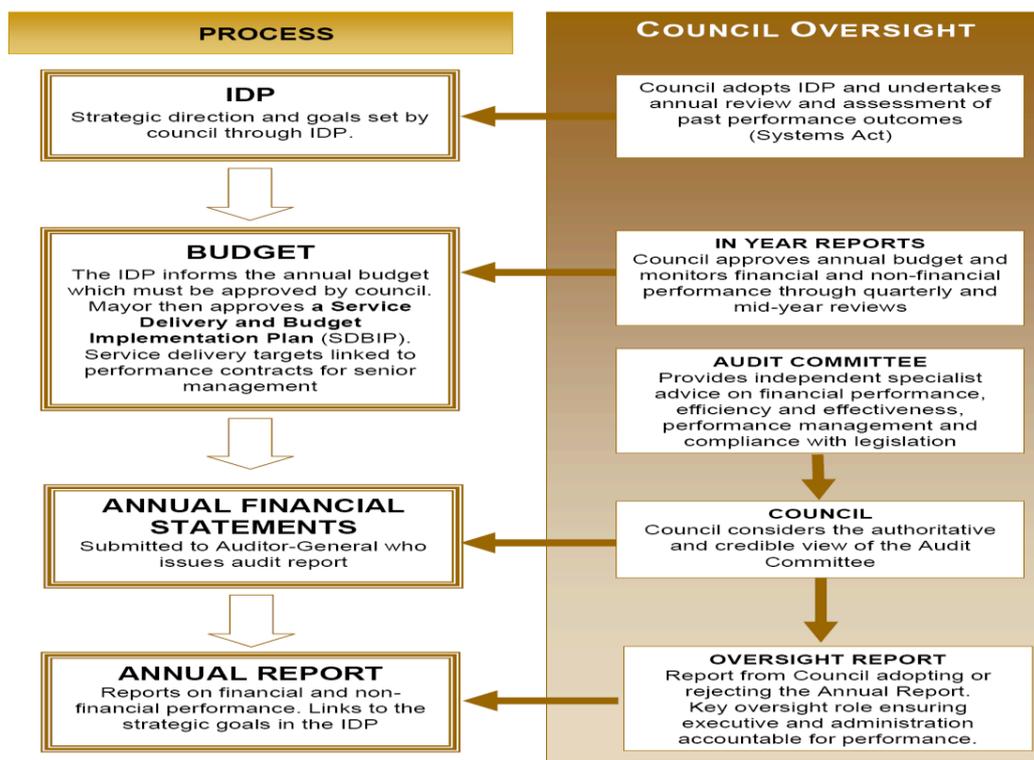
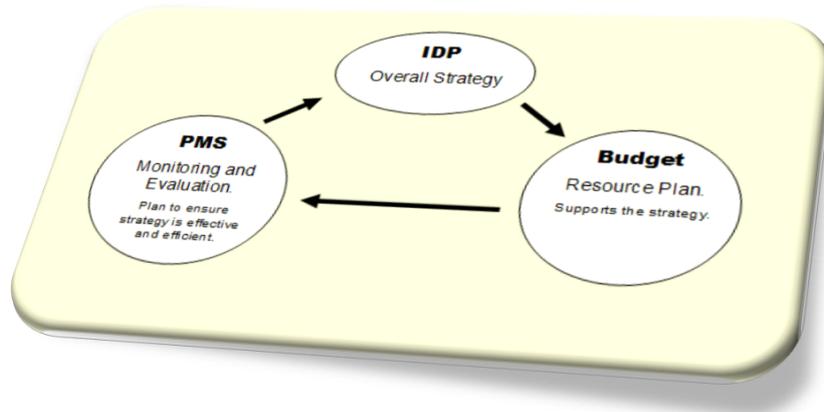
The IDP / Budget process plan was consulted with all relevant stakeholders, whom are:

- Council
- Executive Mayor and Mayoral Committee
- Accounting Officer
- Management
- Institutional Committees
- District Municipality (Cape Winelands District Municipality)

- Intergovernmental (National Treasury, Provincial Treasury and Department of Local Government)
- Ward councillors, ward committees and community in wards

6. Overview of alignment of annual budget with Integrated Development Plan

The below diagrams illustrates the link between the municipality's IDP and Budget



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

Please refer to Annexure A

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

Please refer to Annexure A

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

Please refer to Annexure A

7. Measurable performance objectives and indicators

SA7 provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Please refer to Annexure A

8. MBRR Table SA8 - Performance indicators and benchmarks

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

Please refer to Annexure A

9. Overview of Budget Related Policies

The following budget related policies are in use:

- Asset Management Policy
- Borrowing Policy
- Budget Policy
- Budget Virement Policy
- Costing Policy
- Credit Control and Debt Collection Policy
- Funding and Reserves Policy
- Insurance Management Policy
- Long Term Financial Plan Policy
- Property Rates Policy
- Tariff Policy
- Write-off Policy
- Supply Chain Management Policy.

Please refer to annexure D for the budget related policies.

10. Overview of Budget Assumptions

The following budget assumptions were used as basis for compilation of the 2019/20 MTREF:

- Tariff increases:

Service	Percentage Increase (%)
Electricity	As per NERSA guideline
Water	6.00%
Sewerage	6.67%
Refuse	6.32%
Rates	6.00%

***Kindly refer to Annexure E for the complete list of tariffs**

- CPIX = 5.2 percent (MFMA budget circular)
- Employee related cost is based on the Salary and Wage Collective Agreement.
- Government Grant will be received as gazetted by National and Provincial Government.
- Electricity bulk purchases in line with NERSA guideline.
- Minimal growth in revenue base. Mostly related to low cost housing.
- No / limited increases applied on cost containment items.
- Indigent households is anticipated to remain in the region of 8000 households (formal)
- Budgeted collection rate equals to 95 percent
- Conditional grant will be fully spent
- No borrowings to be undertaken over the MTREF
- Credit rating: Baa1.za

11. Overview of Budget Funding

Funding sources of operating expenditure budget.

This overview provides the funding for operating expenditure to be incurred in future financial years.

Please refer to table A1 of Annexure A

Funding sources of capital expenditure budget

Similar to the operating revenue, the capital funding indicates how the capital programme of the municipality will be financed in future years. Based on the above table, it is clear that the municipality is largely grant dependant when external funding (loans) are not being taken up. However, it should be noted that significant progress was made with regards to the contribution of own resources to the capital programme.

Internal funding in the form of the Capital Replacement Reserve (CRR) is cash backed and sufficient to cover the related capital expenditure projects for the budget year. The municipality remains committed in growing the CRR by making contributions to this reserve to enable better service delivery in the form of capital expenditure. Projects funded from the CRR will be closely monitored to aid implementation and where adjustments are required due to implementation challenges, funds will be directed or reprioritised as per the prerogative of management, through the guidance of the IDP and / or the municipality's financial status.

12. Expenditure on allocations and grant programmes
MBRR SA19 - Expenditure on transfers and grant programmes

Kindly refer to table SA19 of Annexure A.

13. Allocations or grants made by the municipality
MBRR SA21- Transfers and grants made by the municipality

Kindly refer to table SA21 of Annexure A.

14. Councillors and board members allowances and employee benefits
MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Kindly refer to table SA23 of Annexure A.

15. Monthly targets for revenue, expenditure and cash flow
MBRR SA25 - Budgeted monthly revenue and expenditure

Please refer to table SA25 of annexure A.

16. Contracts having future budgetary implications
MBRR SA33 – Contracts having future budgetary implications

Please refer to table SA33 of annexure A.

17. MBRR SA35 - Future financial implications of the capital budget
Please refer to table SA35 of annexure A.

18. Capital expenditure details
MBRR SA36 - Detailed capital budget per municipal vote

Please refer to table SA36 of annexure A.

19. Legislation compliance status
Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

- **In-year reporting:** Reporting to National Treasury and Provincial Treasuries are done in line with the legislated prescripts.
- **Internship programme:** This programme is fully functional within the municipality with 5 interns being employed under this programme. Four of the

interns are currently rotating within the Finance Directorate, and one being developed in our Internal Audit section / unit.

- **Budget and Treasury Office:** The Budget and Treasury Office has been established in accordance with the MFMA.
- **Audit Committee:** An Audit Committee has been established and is fully functional.
- Service Delivery and Implementation Plan
- **Annual Report:** Annual report is compiled in terms of the MFMA and National Treasury requirements.
- MFMA Training
- Policies

20. Other supporting documents

Please refer to annexures E for MFMA budget circular

21. Annual budgets of municipal entities attached to the annual budget

No municipal entities.

COMMENTS BY OTHER DIRECTORATES

Municipal Manager –	Recommendation supported
Director Strategic Services –	Recommendation supported
Director Community Services –	Recommendation supported
Director Technical Services –	Recommendation supported

RECOMMENDATION:

That in respect of the 2019/20 Final Budget discussed by Council at the Council Meeting of 28 May 2019:

1. Council approves the final annual budget tables and annual budget supporting tables as prescribed by the Municipal Budget and Reporting Regulations, as set out in Annexure A.
2. Council approves the Quality Certificate to the final budget signed by the Accounting Officer, as per Annexure B.
3. Council approves the revised budget related policies as per Annexure C.
4. Council approves the final tariffs, tariff structures and service delivery charges for water, electricity, refuse, sewerage, and other municipal services as per Annexure D.
5. Council approves the Demand Management Plan as per Annexure F.

PROPOSED: Alderman A. Steyn
SECONDED: Cllr W.R. Meiring

Cllr M.T. Williams made a counter proposal that the Budget cannot be approved.
Seconded by Alderman P. Tyira.

Votes in favour of the counter proposal made by Cllr M.T. Williams = 10
Votes in favour of the counter made by Alderman A. Steyn = 22

Cllr N. Nel requests that it be recorded that she abstained from voting.

RESOLVED:

C34/2019

That in respect of the 2019/20 Final Budget
discussed by Council at the Council Meeting of 28 May 2019:

1. Council approves the final annual budget tables and annual budget supporting tables as prescribed by the Municipal Budget and Reporting Regulations, as set out in Annexure A.
2. Council approves the Quality Certificate to the final budget signed by the Accounting Officer, as per Annexure B.
3. Council approves the revised budget related policies as per Annexure C.
4. Council approves the final tariffs, tariff structures and service delivery charges for water, electricity, refuse, sewerage, and other municipal services as per Annexure D.
5. Council take note of Budget Circular 94 of 2019 as per Annexure E.
6. Council note the Demand Management Plan as per Annexure F.

To Action:

Rod Ontong