

# JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY – DC45

**FINAL BUDGET  
2021-22**





## **SCHEDULE A**

### **ANNUAL BUDGETS AND SUPPORTING DOCUMENTATION OF JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY – DC45**

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# **PART 1 —FINAL BUDGET**

## **1. MAYORAL OVERVIEW: 2021/2022 FINAL INTEGRATED DEVELOPMENT PLAN (IDP) & THE FINAL 2021/22 MTREF/ BUDGET**

The Final budget of the Municipality must be tabled in Council before 31 May for adoption.

As legislatively required, the Integrated Development Plan (IDP) of the municipality has been reviewed accordingly.

All views from the Local Municipalities, National and Provincial Treasuries and other relevant provincial and national departments have been considered upon drafting of the planning documents of the municipality i.e. IDP and the Budget.

It is also legislatively required that the Municipality must adopt its Medium-Term Revenue and Expenditure Framework (MTREF) which we normally refer to as the Budget before the beginning of the financial year to which it relates. In this instance it is the 2021/22 MTREF.

As a district municipality, we follow an integrated budgeting process, by working with local municipalities and sector departments.

We have aligned our priorities to the 14 national outcomes in the (Medium Term Strategic Framework of the Government, further we aligned to these priorities to the 6 Key Performance Areas of Local Government namely:

- a. Basic Services and Infrastructure
- b. Good Governance and Public Participation
- c. Local Economic Development
- d. Financial Viability and Management
- e. Municipal Transformation and Institutional Development
- f. Strategic Planning and Organizational Performance

Further, the following Mayoral Programmes aimed at serving the community, has been prioritized over the MTREF:

- Promotion of interest and rights of targeted groups
- Public Participation
- Civil Society Meetings for HIV/AIDS
- District and Local Municipalities Aids Council and
- To govern municipal affairs

The John Taolo Gaetsewe District Municipality faces huge developmental challenges, which revolve around finding ways to obtain additional funding sources to meet basic, social and economic needs of the people of John Taolo Gaetsewe District.

The municipality continues to operate under strenuous financial conditions and thereby has to do more with limited resources.

We are to remain focused on the effective delivery of the core municipal services, through the application of efficient and effective service delivery mechanisms.

## **LINKAGES BETWEEN FINAL ANNUAL BUDGET, IDP AND THE POLITICAL PRIORITIES AT THE NATIONAL, PROVINCIAL, DISTRICT AND LOCAL MUNICIPALITIES**

Planning starts with the IDP, which informs the budget and transforms into the SDBIP which is aligned to the Municipality's strategic vision and goals and that is aligned to both the IDP and budget.

The participation process in the District Municipality depends on the participation of the Local Municipalities and sector departments. This is recognized in the Process Plan of each local municipality, which decide on its own process and where necessary the District Municipality provided assistance through its planning department. The municipality has aligned its priorities with the 14 national outcomes in the MTSF of the Government as based on the NSDP. Priorities are further aligned to the six KPA's for local government.

## **SUMMARY OF ANY MATERIAL AMENDMENTS MADE TO THE FINAL 2020/21 MTREF/BUDGET AFTER CONSULTATION PROCESS**

There were no **material** changes made to the final budget after consultation with the community through public participation programme.

The budget is zero-based meaning there is no deficit for the annual budget 2021/22. The surplus amount of R 696 464.00 is to fund the purchase of movable assets (Computer equipment, furniture and disaster management equipment).

Costs on the non-essential services (S&T, catering services, forums etc. have been minimized in the annual budget 2021/2022 with the aim to reduce expenditure.

The reduction on non-essential services were done to comply with Circular 82 from National Treasury on cost containment measures.

1. No changes were made to our Priorities, Vision, Mission and Values
2. Employee related costs had a significant impact on the overall Final Budget and cost containment measures have been put in place.
3. The Final Budget is aligned to be mSCOA reforms compliant
4. Grant Management are being emphasized to spent fully and allocate funds as per DORA requirements
5. Limited initiatives have been brought into the budget due to grant dependency
6. introduction of the District Municipal Environmental Health Services tariffs
7. Rental of investment properties at market value.

The following Mayoral Programs have been brought into the budget to serve the community as follows:

- Promotion of interest and rights of targeted groups
- Public Participation Programs
- Civil Society Meetings for HIV/AIDS
- District Aids Council and Local Municipalities
- To govern municipal affairs

## RESOLUTIONS

Council resolved as per resolution no 6.9.28/05/2021 as follows:

### RECOMMENDED BY MANAGEMENT TO COUNCIL

1. That in terms of section 24(1) of the MFMA the final budget for the 2020/21 and indicative of the two projected years 2022/23 and 2023/24; and the capital appropriations be approved as set out in the Final Annual Budget tables A1 – A10 and supporting tables as contained in Annexure A
2. That in terms of section 24(2)(c)(v) of the MFMA, the following budget related policies for the budget year 2021/22 *be reaffirmed*:
  - a. Budget Policy
  - b. Cash and Investment Policy
  - c. Cellphone Policy for Officials
  - d. Cost Containment Policy
  - e. Debt Collection and Credit Control Policy
  - f. Expenditure Management Policy
  - g. Funding and Reserves Policy
  - h. Impairment Policy
  - i. Petty Cash Policy
  - j. Tariff Policy
  - k. Telephone Policy
  - l. Travel and Subsistence Policy
  - m. Virement Policy
3. That in terms of section 24(2)(c)(v) of the MFMA, the following *amended* budget related policies for the budget year 2021/22 be approved:
  - a. Mobile Data Provision Policy
  - b. Framework for Infrastructure Delivery and Procurement Management (FIDPM) Policy
  - c. Unauthorized, Irregular, Fruitless and Wasteful Expenditure Policy
  - d. Asset Management Policy
  - e. Accounting Policy
  - f. Debt Collection and Credit Control Policy
  - g. Asset Management Policy
  - h. Supply Chain Management Policy

4. That a copy of the tabled Final budget in the prescribed format be submitted to National and Provincial Treasury
5. That the tabled Final budget for the 2021/22 MTREF be made public.

#### **RESOLVED BY COUNCIL**

1. That in terms of section 24(1) of the MFMA the Final budget for the 2020/21 and indicative of the two projected years 2022/23 and 2023/24; and the capital appropriations approved as set out in the Final Annual Budget tables A1 – A10 and supporting tables as contained in Annexure A
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  - p. Unauthorized, Irregular, Fruitless and Wasteful Expenditure Policy
  - q. Asset Management Policy
  - r. Accounting Policy
  - s. Debt Collection and Credit Control Policy

- t. Asset Management Policy
- u. Supply Chain Management Policy

4. That a copy of the tabled Final budget in the prescribed format be submitted to National and Provincial Treasury

5. That the tabled Final budget for the 2021/22 MTREF be made public.



## **EXECUTIVE SUMMARY**

National Treasury prescribes the guidelines of the MTREF period through a sustained and viable process as taken from the priorities of the country's National Development Plan.

However, as economic uncertainty continues throughout the country, it is imperative that the municipality take a conservative approach to the budget in order to:

- a. give financial stability and start building financial reserves for the municipality.
- b. control municipal spending by spending less than the revenue earned.

This way, the municipality will be demonstrating a commitment to common-sense budgeting and economic health that John Taolo Gaetsewe District Municipality deserve.

In addition, the District intends to sustain cost containment or austerity measures program during the budgeting process.

The legislative requirements of this financial plan are disclosed in terms of the MFMA circulars, the latest for 2021/22 MTREF being 108 dated March 2021, as well as the Municipal Budget and Reporting Regulations (MBRR GN 393 of 2009).

## **DEVELOPMENTAL CHALLENGES**

The John Taolo Gaetsewe District Municipality faces huge developmental challenges, which revolve around finding ways to obtain additional funding sources to meet basic, social and economic needs of the people of John Taolo Gaetsewe District.

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

1. To allocate limited funding to achieve a balance between the needs and requirements of the various strategic focus areas relevant to the Municipality's powers and functions as identified in the IDP consultative process. The municipality continues to be grant dependent with 95% of its budget being funded from grants and subsidies and the remainder revenue sources being expected from investments and the Local Municipalities (Audit and Risk Shared Services).
2. Wage increases for municipal staff that continue to exceed the wage bill limitation and inflation, as well as the need to fill critical vacancies;
3. Ability to provide support to Local Municipalities within the District, given limited capacity/resources in terms of funding
4. The increase in total expenditure on salaries which continue to exceed the norm of 32% of the total budget
5. Grant dependency

In view of the aforementioned, the following table is a consolidated overview of the proposed 2021/2022 Final Budget:

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-
Investment revenue	1 360	878	1 364	1 120	1 120	1 120	777	1 462	1 551	1 649
Transfers recognised - operational	80 537	97 745	100 941	101 883	107 469	107 469	99 750	105 578	107 681	108 673
Other own revenue	2 789	7 484	4 266	4 092	4 092	4 092	2 453	3 812	4 029	4 274
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>84 686</b>	<b>106 107</b>	<b>106 571</b>	<b>107 095</b>	<b>112 682</b>	<b>112 682</b>	<b>102 979</b>	<b>110 852</b>	<b>113 261</b>	<b>114 596</b>
Employee costs	52 445	56 398	63 990	71 343	71 572	71 572	62 210	72 778	75 835	79 171
Remuneration of councillors	7 471	4 303	4 864	4 837	5 082	5 082	4 716	5 314	5 803	6 236
Depreciation & asset impairment	2 333	3 343	4 079	3 486	3 486	3 486	-	3 325	3 965	4 215
Finance charges	191	403	414	8	18	18	4	19	20	22
Inventory consumed and bulk purchases	-	-	-	1 692	1 974	1 974	949	1 116	675	709
Transfers and grants	68	199	208	200	200	200	81	200	212	226
Other expenditure	27 332	33 155	33 604	24 911	28 963	28 963	23 677	27 403	25 795	22 434
<b>Total Expenditure</b>	<b>89 840</b>	<b>97 802</b>	<b>107 159</b>	<b>106 477</b>	<b>111 294</b>	<b>111 294</b>	<b>91 636</b>	<b>110 155</b>	<b>112 305</b>	<b>113 011</b>
<b>Surplus/(Deficit)</b>	<b>(5 154)</b>	<b>8 305</b>	<b>(588)</b>	<b>618</b>	<b>1 388</b>	<b>1 388</b>	<b>11 343</b>	<b>696</b>	<b>955</b>	<b>1 584</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	-	-	-	-	-	-	-	-	-
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)	-	346	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(5 154)</b>	<b>8 651</b>	<b>(588)</b>	<b>618</b>	<b>1 388</b>	<b>1 388</b>	<b>11 343</b>	<b>696</b>	<b>955</b>	<b>1 584</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(5 154)</b>	<b>8 651</b>	<b>(588)</b>	<b>618</b>	<b>1 388</b>	<b>1 388</b>	<b>11 343</b>	<b>696</b>	<b>955</b>	<b>1 584</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	-	945	1 883	618	1 388	1 388	-	696	955	1 584
Transfers recognised - capital	-	191	644	618	291	291	-	10	123	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	754	1 240	-	1 097	1 097	-	686	833	1 584
<b>Total sources of capital funds</b>	-	945	1 883	618	1 388	1 388	-	696	955	1 584
<b>Financial position</b>										
Total current assets	<b>20 972</b>	23 903	28 020	26 393	43 047	43 047	42 313	26 957	20 241	23 378
Total non current assets	<b>88 254</b>	85 494	89 655	85 369	89 740	89 740	59 341	90 366	93 275	106 075
Total current liabilities	<b>12 916</b>	7 216	6 932	6 759	9 163	9 163	(10 947)	6 554	6 949	6 935
Total non current liabilities	<b>11 053</b>	10 057	11 664	10 818	13 369	13 369	(10 747)	9 516	10 057	10 055
Community wealth/Equity	<b>90 183</b>	90 662	98 969	94 185	110 255	110 255	(293 585)	101 253	96 509	112 462
<b>Cash flows</b>										
Net cash from (used) operating	-	-	1 607	1 438	7 405	7 405	15 761	1 591	3 024	4 722
Net cash from (used) investing	-	-	-	(618)	(1 388)	(1 388)	-	(696)	(955)	(1 584)
Net cash from (used) financing	-	-	-	(776)	(1 552)	(1 552)	(163)	(407)	-	-
<b>Cash/cash equivalents at the year end</b>	<b>89</b>	<b>89</b>	<b>1 696</b>	<b>7 913</b>	<b>13 252</b>	<b>13 252</b>	<b>15 687</b>	<b>9 232</b>	<b>11 300</b>	<b>14 437</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	<b>97</b>	2 367	8 744	9 492	25 012	25 012	24 982	9 232	11 300	14 437
Application of cash and investments	<b>21 923</b>	16 332	17 908	9 944	12 080	12 080	(21 333)	9 220	9 761	9 740
<b>Balance - surplus (shortfall)</b>	<b>(21 826)</b>	<b>(13 965)</b>	<b>(9 164)</b>	<b>(452)</b>	<b>12 932</b>	<b>12 932</b>	<b>46 315</b>	<b>11</b>	<b>1 539</b>	<b>4 698</b>
<b>Asset management</b>										
Asset register summary (WDV)	<b>88 254</b>	85 494	89 655	85 369	89 740	89 740	89 740	90 366	93 275	106 075
Depreciation	<b>3 422</b>	3 343	4 079	3 486	3 486	3 486	3 486	3 325	3 965	4 215
Renewal and Upgrading of Existing Assets	-	290	939	618	687	687	687	696	955	1 584
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Total surplus of R 696 464.00 will be used to fund the capital expenditure for 2021/22 for the purchase of movable assets (computer equipment, furniture and disaster management equipment).

## **OPERATING REVENUE FRAMEWORK**

**The following statement is as extracted from National Treasury guidelines:**

*“Over the next several years, the country requires the implementation of long-standing structural reforms to sustainably move to a higher growth path. These economic challenges will continue to exert pressure on municipal revenue generation and collection levels; hence a conservative approach is advised for revenue projections”*

Section 18 of the MFMA i.e. for funding of expenditure states that:

- “1. An ANNUAL BUDGET may only be funded from:*
  - (a) realistically anticipated revenues to be collected;*
  - (b) cash-backed accumulated funds from previous years' surpluses not committed*
  - (c) borrowed funds, but only for the capital budget referred to in section 17(2)*
- 2. Revenue projections in the budget must be realistic taking into account:*
  - (a) projected revenue for the current year based on collection levels to date; and*
  - (b) actual revenue collected in previous financial years.”*

For John Taolo Gaetsewe District Municipality to continue improving the quality of services provided to its citizens, it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

It is evident from the below table that the municipality continues to be grant dependent, with all revenue sources that is mainly from the allocations as per DORA. The municipality experiencing challenges with regard to revenue enhancement as we do not direct services to the communities. Aggressive funding strategies needs to be developed in order to turn the situation around.

DC45 John Taolo Gaetsewe - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24	
Revenue By Source												
Property rates	2	–	–	–	–	–	–	–	–	–	–	
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–	
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–	
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–	
Service charges - refuse revenue	2	–	–	–	–	–	–	–	–	–	–	
Rental of facilities and equipment		108	119	100	128	128	128	116	152	159	175	
Interest earned - external investments		1 360	878	1 364	1 120	1 120	1 120	777	1 462	1 551	1 649	
Interest earned - outstanding debtors		–	1 004	942	460	460	460	485	1 010	1 072	1 139	
Dividends received		–	–	–	–	–	–	–	–	–	–	
Fines, penalties and forfeits		–	–	–	–	–	–	–	–	–	–	
Licences and permits		–	–	–	–	–	–	–	–	–	–	
Agency services		–	–	–	–	–	–	–	–	–	–	
Transfers and subsidies		80 537	97 745	100 941	101 883	107 469	107 469	99 750	105 578	107 681	108 673	
Other revenue	2	2 681	5 636	2 970	2 804	2 804	2 804	1 852	2 649	2 797	2 959	
Gains		–	726	253	700	700	700	–	–	–	–	
Total Revenue (excluding capital transfers and contributions)			84 686	106 107	106 571	107 095	112 682	112 682	102 979	110 852	113 261	
Expenditure By Type												
Employee related costs	2	52 445	56 398	63 990	71 343	71 572	71 572	62 210	72 778	75 835	79 171	
Remuneration of councillors		7 471	4 303	4 864	4 837	5 082	5 082	4 716	5 314	5 803	6 236	
Debt impairment	3	145	964	109	200	100	100	–	104	110	117	
Depreciation & asset impairment	2	2 333	3 343	4 079	3 486	3 486	3 486	–	3 325	3 965	4 215	
Finance charges		191	403	414	8	18	18	4	19	20	22	
Bulk purchases - electricity	2	–	–	–	–	–	–	–	–	–	–	
Inventory consumed	8	–	–	–	1 692	1 974	1 974	972	1 116	675	709	
Contracted services		10 842	11 960	12 808	9 793	12 268	12 268	11 462	10 225	10 093	8 676	
Transfers and subsidies		68	199	208	200	200	200	81	200	212	226	
Other expenditure	4, 5	16 344	16 311	19 523	14 918	16 595	16 595	12 215	17 074	15 591	13 641	
Losses		–	3 920	1 164	–	–	–	–	–	–	–	
Total Expenditure			89 840	97 802	107 159	106 477	111 294	111 294	91 658	110 155	112 305	
Surplus/(Deficit)			(5 154)	8 305	(588)	618	1 388	1 388	11 321	696	955	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			–	–	–	–	–	–	–	–	–	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		6	–	–	–	–	–	–	–	–	–	
Transfers and subsidies - capital (in-kind - all)			–	346	–	–	–	–	–	–	–	
Surplus/(Deficit) after capital transfers & contributions			(5 154)	8 651	(588)	618	1 388	1 388	11 321	696	955	
Taxation			–	–	–	–	–	–	–	–	–	
Surplus/(Deficit) after taxation			(5 154)	8 651	(588)	618	1 388	1 388	11 321	696	955	
Attributable to minorities			–	–	–	–	–	–	–	–	–	
Surplus/(Deficit) attributable to municipality			(5 154)	8 651	(588)	618	1 388	1 388	11 321	696	955	
Share of surplus/ (deficit) of associate		7	–	–	–	–	–	–	–	–	–	
Surplus/(Deficit) for the year			(5 154)	8 651	(588)	618	1 388	1 388	11 321	696	955	

The municipality has a functional revenue enhancement strategy, which take into consideration the following key components:

1. National Treasury's guidelines and macroeconomic policy
2. Municipality growth and continued economic development
3. Determining the tariff escalation rate by establishing/calculating the revenue requirements for each service
4. Increase ability to extend new services and recover costs
5. Tariff policies of the Municipality

# **PART 2 — SUPPORTING DOCUMENTATION**

## 2.1. OVERVIEW OF ANNUAL BUDGET PROCESS

The table below is a detailed further breakdown of the processes that unfolded during the 2021/22 financial year in preparation of budget and related documents for the 2021/22 financial year. It is both complimenting and detailing processes already provided for in the IDP/Budget and PMS Framework.

ITEM NO.	STAGES IN THE IDP/BUDGET/PMS PROCESS	PROCESS RESPONSIBILITY	TIME FRAME	PROGRESS
1.	<b>ANALYSIS/PLANNING</b>			
	<ul style="list-style-type: none"> <li>Tabling of the 2020/21 Adjustment Budget</li> </ul>	Municipal Manager/Chief Financial Officer	February 2021	Complete
	<ul style="list-style-type: none"> <li>Re-establishment of the Budget Steering Committee and Technical Committee</li> </ul>	Executive Mayor	1 - 31 August 2020	Complete
	Assessment: <ul style="list-style-type: none"> <li>Assessment of the previous IDP/Budget performance, level of development, backlogs &amp; disaster; Review previous year's processes, what worked well, what didn't, where to improve and issues to address for legislative compliance and completion of the Budget Evaluation Checklist (BEC); Human resources challenges &amp; gaps.</li> </ul>	IDP Office/Budget Steering Committee	02 October 2020	Complete
2.	<b>STRATEGY/ STRATEGISING</b>			
	<ul style="list-style-type: none"> <li>Review budget related policies e.g. Tariff; Credit &amp; Debtors control management, Rates, Indigent.</li> </ul>	Senior Management	December 2020 - February 2021	Complete
3.	<b>PROJECTS &amp; INTEGRATION/ PREPARATION</b>			
	<ul style="list-style-type: none"> <li>Revision of the 2020/21 approved MTREF (operating and capital budget) for adjustments.</li> </ul>	Chief Financial Officer	November 2020 – 30 January 2021	Complete
	<ul style="list-style-type: none"> <li>Consolidation, integration and prioritization of projects submitted in accordance with the IDP priorities.</li> </ul>	Chief Financial Officer	13 – 28 February 2021	Complete
	<ul style="list-style-type: none"> <li>Prepare draft budget for the ensuing year 2021/2022 and the projections for the two outer years (MTREF).</li> </ul>	All Departments	1 – 31 March 2021	Complete
	<ul style="list-style-type: none"> <li>Report on current year's budget implementation Mid-year budget and performance assessment sec 72 of the MFMA. (Second Quarter review).</li> </ul>	Municipal Manager / mSCOA Technical Committee	25 January 2021	Complete
	<ul style="list-style-type: none"> <li>Mid-year Budget and Performance visits – Provincial Treasury Visit</li> </ul>	Municipal Manager /CFO	15 February 2021	Complete
4.	<b>APPROVAL/TABLING</b>			
	<ul style="list-style-type: none"> <li>Tabling of 2020/2021 adjustments budget before Mayoral Committee.</li> </ul>	Municipal Manager /CFO	February 2021	Complete
	<ul style="list-style-type: none"> <li>Tabling of 2020/2021 adjustment budget before Council</li> </ul>	Executive Mayor	February	Complete

ITEM NO.	STAGES IN THE IDP/BUDGET/PMS PROCESS	PROCESS RESPONSIBILITY	TIME FRAME	PROGRESS
			2021	
	<ul style="list-style-type: none"> <li>Tabling of the 2021/2022 draft Budget to IDP/Budget Steering Committee</li> </ul>	Municipal Manager /CFO	March 2021	Complete
	<ul style="list-style-type: none"> <li>Workshop for Councilors on 2021/2022 Draft Budget</li> </ul>	Budget Steering Committee	March 2021	Complete
	<ul style="list-style-type: none"> <li>Tabling of the 2021/2022 draft Budget to Mayoral committee</li> </ul>	Municipal Manager /CFO	March 2021	Complete
	<ul style="list-style-type: none"> <li>Tabling of the 2021/2022 draft operating and capital budget. Sec 16 (2) MFMA together with draft resolution and related policies before Council.</li> </ul>	Executive Mayor	29 March 2021	Complete
	<ul style="list-style-type: none"> <li>2021/22 Draft Budget Engagement with Provincial Treasury and other key Stakeholder</li> </ul>	Technical IDP/Budget Steering Committee	21 April 2021	Complete
	<ul style="list-style-type: none"> <li>Make public the 2021/2022 tabled draft budget in local newspapers, libraries, municipal offices and invite public representations.</li> </ul>	Municipal Manager /CFO	1 - 30 April 2021	Complete
<b>5.</b>	<b>APPROVAL - BUDGET PROCESS</b>			
	<ul style="list-style-type: none"> <li>Consolidation of feedback from Treasury and public participation process and incorporation thereon into the final budget.</li> </ul>	Budget Office/ mSCOA Technical Committee	1 April – 17 May 2021	Complete
	<ul style="list-style-type: none"> <li>Proposed 2021/22 Draft Budget Engagements – Provincial Treasury</li> </ul>	Budget Office/ mSCOA Technical Committee	19 April 2021	Complete
	<ul style="list-style-type: none"> <li>Present the consolidated Budget to the IDP/Budget Steering Committee</li> </ul>	Budget Office/ mSCOA Technical Committee	11 May 2021	Complete
	<ul style="list-style-type: none"> <li>Workshop for Councilors on final Budget</li> </ul>	Executive Mayor / Municipal Manager	14 May 2021	Complete
	<ul style="list-style-type: none"> <li>Presentation of final Budget to stakeholders</li> </ul>	Budget Steering Committee	19 May 2021	Complete
	<ul style="list-style-type: none"> <li>Tabling of final budget to Mayoral Committee.</li> </ul>	Municipal Manager	21 May 2021	Complete
	<ul style="list-style-type: none"> <li>Council to consider approval of the operating and capital budget for the 2021/2022 – 2023/2024 financial years (MTREF) in terms of section 24 of the MFMA with council resolution.</li> </ul>	Executive Mayor	28 May 2021	Complete
	<ul style="list-style-type: none"> <li>Submit the approved operating and capital to National and Provincial Treasuries in both printed and electronic copies and publish the documents in the website of the municipality.</li> </ul>	Municipal Manager	31 May - 11 June 2021	Complete
	<ul style="list-style-type: none"> <li>Finalizing of all plans and budget working paper files to implement the approved budget.</li> </ul>	CFO / MM	14 - 25 June 2021	n/a

## **2.3. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS**

*Attached hereto as Annexure A.*

## **2.4. OVERVIEW OF BUDGET—RELATED POLICIES**

The following policies were adopted in Council and the consultation process is to unfold:

1. **Budget Policy**
2. **Cash and Investment Policy**
3. **Cellphone Policy for Officials**
4. **Cost Containment Policy**
5. **Debt Collection and Credit Control Policy**
6. **Expenditure Management Policy**
7. **Funding and Reserves Policy**
8. **Impairment Policy**
9. **Petty Cash Policy**
10. **Tariff Policy**
11. **Telephone Policy**
12. **Travel and Subsistence Policy**
13. **Virement Policy**
14. **Mobile Data Provision Policy**
15. **Framework for Infrastructure Delivery and Procurement Management (FIDPM) Policy**
16. **Unauthorized, Irregular, Fruitless and Wasteful Expenditure Policy**
17. **Asset Management Policy**
18. **Accounting Policy**
19. **Debt Collection and Credit Control Policy**
20. **Asset Management Policy**
21. **Supply Chain Management Policy**

These policies will be available on the municipal website [www.taologaetsewe.gov.za](http://www.taologaetsewe.gov.za)

## **2.5. OVERVIEW OF BUDGET ASSUMPTIONS**



Great strides have been made to ensure alignment of the budget with the IDP, national and provincial priorities. The budget for the current MTREF aims to address strategic focus areas and primary objectives within the available resources as contained in the IDP.

1. Recently released Budget Circulars No.108 for 2021/22 MTREF dated March 2021 was also considered.
2. MFMA: Municipal Budget and Reporting Regulations (MBRR) and MFMA: Regulations on Municipal Standard Chart of Accounts (mSCOA) were considered as the legislative framework
3. No provisions for rates, taxes and surcharges were made as the municipality is not providing services directly to the community, **except for** those on the services provided by community and planning and development services.

The current cash flow, inclusive of the outstanding commitments and investments have been taken into account to compile the A7 - Cash Flow Statement.

DC45 John Taolo Gaetsewe - Table A7 Budgeted Cash Flows

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>											
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		-	-	-	-	-	-	-	-	-	-
Service charges		-	-	-	-	-	-	-	-	-	-
Other revenue		-	-	-	2 345	2 345	2 345	-	2 937	3 099	3 290
Transfers and Subsidies - Operational	1	-	-	1 607	101 883	107 435	107 435	15 892	105 578	107 681	108 673
Transfers and Subsidies - Capital	1	-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		-	-	-	(102 583)	(102 368)	(102 368)	-	(106 704)	(107 523)	(106 995)
Finance charges		-	-	-	(8)	(8)	(8)	-	(19)	(20)	(22)
Transfers and Grants	1	-	-	-	(200)	-	-	(131)	(200)	(212)	(226)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		-	-	1 607	1 438	7 405	7 405	15 761	1 591	3 024	4 722
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		-	-	-	(618)	(1 388)	(1 388)	-	(696)	(955)	(1 584)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		-	-	-	(618)	(1 388)	(1 388)	-	(696)	(955)	(1 584)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of borrowing		-	-	-	(776)	(1 552)	(1 552)	(163)	(407)	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		-	-	-	(776)	(1 552)	(1 552)	(163)	(407)	-	-
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		-	-	1 607	43	4 464	4 464	15 598	488	2 068	3 137
Cash/cash equivalents at the year begin:	2	89	89	89	7 870	8 788	8 788	89	8 744	9 232	11 300
Cash/cash equivalents at the year end:	2	89	89	1 696	7 913	13 252	13 252	15 687	9 232	11 300	14 437

## 2.6. OVERVIEW OF BUDGET FUNDING

A narrative summary of the funding of operating and capital expenditure:

DC45 John Taolo Gaetsewe - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>	<b>1</b>										
<b>Revenue By Source</b>											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		108	119	100	128	128	128	116	152	159	175
Interest earned - external investments		1 360	878	1 364	1 120	1 120	1 120	777	1 462	1 551	1 649
Interest earned - outstanding debtors		-	1 004	942	460	460	460	485	1 010	1 072	1 139
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		80 537	97 745	100 941	101 883	107 469	107 469	99 750	105 578	107 681	108 673
Other revenue	2	2 681	5 636	2 970	2 804	2 804	2 804	1 852	2 649	2 797	2 959
Gains		-	726	253	700	700	700	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>84 686</b>	<b>106 107</b>	<b>106 571</b>	<b>107 095</b>	<b>112 682</b>	<b>112 682</b>	<b>102 979</b>	<b>110 852</b>	<b>113 261</b>	<b>114 596</b>

As indicated above, 95% of the total municipal revenue over MTREF is sourced from allocations received from National Treasury. The municipality is able to generate internally, only 5%. This due to the fact that for a District Municipality, revenue streams or sources are limited.

Own revenue sources as highlighted above are informed by existing arrangements that the municipality has, aimed at generating revenue. These includes"

- Audit and Risk Shared Services
- District Planning Tribunal
- Rental of Municipal Properties

### 1. Particulars of the municipality's monetary investments

The municipality's investment portfolio consists mainly of call accounts, due to the nature of the anticipated revenue i.e. conditional grants. Continued cash flow management processes will be implemented to ensure that cash reserves are maintained.

### 2. Particulars of planned proceeds from the sale of assets;

For the 2021/2022 MTREF the municipality has no plans to dispose of any biological assets.

**3. Particulars of planned proceeds from the lease of assets, where the period of the lease is three years or more;**

The municipality has revised its lease rental tariffs for its investment properties and projected to generate revenue amounting to R 152 278.00. The municipality expects to collect 89% on rental revenue.

**4. Particulars of budgeted allocations and grants to the municipality, distinguishing between operating and capital, from the national government,**

DC45 John Taolo Gaetsewe - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		(73 651)	(84 379)	(99 021)	(101 624)	(106 394)	(106 394)	(105 578)	(107 681)	(108 673)
Local Government Equitable Share		(66 326)	(74 971)	(89 567)	(93 279)	(98 046)	(98 046)	(95 976)	(99 054)	(100 044)
FMG		(1 250)	(1 250)	(1 465)	(1 000)	(1 000)	(1 000)	(1 000)	(1 000)	(1 000)
EPWP		(1 252)	(1 000)	(1 088)	(1 000)	(1 000)	(1 000)	(1 075)	(1 075)	(1 075)
ISDG					(4 200)	(4 150)	(4 150)	(5 500)	(5 500)	(5 500)
RRAMS					(2 000)	(2 000)	(2 000)	(2 027)	(2 127)	(2 129)
Municipal Systems Improvement			(1 979)							
[ISDG,RRAMS,MDRG.SKILLS FUND]		(4 823)	(5 179)	(6 901)	(145)	(198)	(198)			
<b>Provincial Government:</b>		(1 173)	(350)	(2 021)	(259)	(1 075)	(1 075)	-	-	-
Housing Accreditation		(700)	(700)	(900)				-		
Disaster Management		(210)	350	(246)	(259)	(259)	(259)	-		
HIV/AIDS		(204)	-	(875)		(811)	(811)	-		
Fire Grant		(59)	-			(5)	(5)			
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	(74 824)	(84 729)	(101 042)	(101 883)	(107 469)	(107 469)	(105 578)	(107 681)	(108 673)
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	-	-	-	-	-	-
EPWP Incentive	-	-	-	-				-	-	-
Finance Management	-	-	-	-				-	-	-
Infrastructure Skills Development Grant	-	-	-	-				-	-	-
Local Government Equitable Share	-	-	-	-				-	-	-
Municipal Drought Relief	-	-	-	-				-	-	-
Other capital transfers/grants [insert desc]	-									
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Capital Transfers and Grants</b>	5	-	-	-	-	-	-	-	-	-
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		(74 824)	(84 729)	(101 042)	(101 883)	(107 469)	(107 469)	(105 578)	(107 681)	(108 673)

The municipality, being a District Municipality, continues to be fully grant dependent, with 95% of its revenue being from grants and subsidies as indicated on the table above.

## National Allocations

### Unconditional Grants

#### ***Equitable Share (EQS)***

The unconditional grant allocation has increased by 2.9% for the 2021/22 financial year and is to slightly increase by 3.2% and 1.0% respectively for the two outer years.

### **Conditional grants**

#### ***Finance Management Grant (FMG)***

The allocation for 2021/22 remains the same as that for 2020/21 and the two outers (2022/23 and 2023/24) being R 1 million.

#### ***Infrastructure Skills Development Grant (ISDG)***

There is an increase to R 5 500 000 for the 2020/21 financial year, from the R 4 200 000 in 2020/21.

#### ***Rural Road and Asset Management Systems Grant (RRAMS)***

The allocation has increased by a mere 1.3% for the 2021/22 financial year and 5.0% and 0.09% for the two outer years.

#### ***EXPANDED PUBLIC WORKS PROJECT (EPWP)***

The allocation increased by R 75 000 for the 2021/22 financial year.

### **Provincial Allocations**

#### ***Housing Accreditation Grant***

There is no allocation as yet.

## **2.7. EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES**

The disclosure on expenditure on allocations and grant programs must provide particulars of planned expenditure against each allocation and grant in the same format as the information on allocations and grant receipts and a reconciliation of allocations, receipts and unspent funds.

DC45 John Taolo Gaetsewe - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>										
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		73 651	84 379	99 021	101 624	106 394	106 394	(105 578)	(107 681)	(108 673)
Local Government Equitable Share		66 326	74 971	89 567	93 279	98 046	98 046	(95 976)	(99 054)	(100 044)
FMG		1 250	1 250	1 465	1 000	1 000	1 000	(1 000)	(1 000)	(1 000)
EPWP		1 252	1 000	1 088	1 000	1 000	1 000	(1 075)	(1 075)	(1 075)
ISDG					4 200	4 150	4 150	(5 500)	(5 500)	(5 500)
RRAMS					2 000	2 000	2 000	(2 027)	(2 127)	(2 129)
Municipal Systems Improvement			1 979							
[ISDG,RRAMS,MDRG.SKILLS FUND]		4 823	5 179	6 901	145	198	198			
<b>Provincial Government:</b>		1 173	1 050	2 021	259	1 075	1 075	-	-	-
Housing Accreditation		700	700	900						
Disaster Management		210	350	246	259	259	259			
HIV/AIDS		204	-	875		811	811			
Fire Grant		59	-			5	5			
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total operating expenditure of Transfers and Grants</b>		74 824	85 429	101 042	101 883	107 469	107 469	(105 578)	(107 681)	(108 673)
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	-	-	-	-	-	-
EPWP Incentive										
Finance Management										
Infrastructure Skills Development Grant										
Local Government Equitable Share										
Municipal Drought Relief										
Other capital transfers/grants [insert desc]										
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total capital expenditure of Transfers and Grants</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		74 824	85 429	101 042	101 883	107 469	107 469	(105 578)	(107 681)	(108 673)

The municipality anticipate to fully spend on all conditional grants. The expenditure will be spent both on operational and capital expenditure. The capital expenditure In this regard is only R 10 000.00, to be financed by ISDG on computer equipment.

## 2.8. COUNCILLORS' ALLOWANCES AND EMPLOYEE BENEFITS

DC45 John Taolo Gaetsewe - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		5 484	3 544	3 945	3 850	4 036	4 036	4 332	4 650	4 996
Pension and UIF Contributions		766	266	296	473	319	319	318	314	338
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		710	304	367	326	470	470	350	542	582
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		511	188	256	187	258	258	314	297	320
<b>Sub Total - Councillors</b>		<b>7 471</b>	<b>4 303</b>	<b>4 864</b>	<b>4 837</b>	<b>5 082</b>	<b>5 082</b>	<b>5 314</b>	<b>5 803</b>	<b>6 236</b>
<b>% increase</b>	4		<b>(42.4%)</b>	<b>13.0%</b>	<b>(0.6%)</b>	<b>5.1%</b>	<b>-</b>	<b>4.6%</b>	<b>9.2%</b>	<b>7.5%</b>
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		2 735	5 144	5 581	6 338	6 409	6 409	5 888	6 135	6 405
Pension and UIF Contributions		299	12	11	11	11	11	11	12	12
Medical Aid Contributions		149	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		794	-	419	38	904	904	-	-	-
Motor Vehicle Allowance	3	229	750	799	799	793	793	820	855	892
Cellphone Allowance	3	22	104	115	115	109	109	140	146	152
Housing Allowances	3	73	-	-	-	-	-	-	-	-
Other benefits and allowances	3	63	405	438	425	425	425	450	469	490
Payments in lieu of leave		54	-	239	-	385	385	343	357	373
Long service awards		-	-	-	7	7	7	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>4 418</b>	<b>6 414</b>	<b>7 602</b>	<b>7 733</b>	<b>9 043</b>	<b>9 043</b>	<b>7 652</b>	<b>7 973</b>	<b>8 324</b>
<b>% increase</b>	4		<b>45.2%</b>	<b>18.5%</b>	<b>1.7%</b>	<b>16.9%</b>	<b>-</b>	<b>(15.4%)</b>	<b>4.2%</b>	<b>4.4%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		32 417	34 824	37 704	43 497	38 732	38 732	46 875	48 844	50 993
Pension and UIF Contributions		4 922	5 329	6 112	7 579	7 233	7 233	6 690	6 971	7 277
Medical Aid Contributions		2 896	2 755	2 872	3 866	3 358	3 358	3 278	3 416	3 566
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		2 045	2 726	2 667	3 414	4 916	4 916	2 876	2 997	3 128
Motor Vehicle Allowance	3	1 815	972	759	797	913	913	643	670	700
Cellphone Allowance	3	93	157	136	132	180	180	129	134	140
Housing Allowances	3	1 546	1 583	1 683	1 936	1 963	1 963	1 822	1 898	1 982
Other benefits and allowances	3	590	864	917	1 101	1 088	1 088	1 101	1 147	1 198
Payments in lieu of leave		1 462	315	3 083	778	2 762	2 762	1 712	1 784	1 863
Long service awards		241	376	208	261	315	315	-	-	-
Post-retirement benefit obligations	6	-	83	247	250	1 068	1 068	-	-	-
<b>Sub Total - Other Municipal Staff</b>		<b>48 027</b>	<b>49 984</b>	<b>56 388</b>	<b>63 611</b>	<b>62 529</b>	<b>62 529</b>	<b>65 126</b>	<b>67 861</b>	<b>70 847</b>
<b>% increase</b>	4		<b>4.1%</b>	<b>12.8%</b>	<b>12.8%</b>	<b>(1.7%)</b>	<b>-</b>	<b>4.2%</b>	<b>4.2%</b>	<b>4.4%</b>
<b>Total Parent Municipality</b>		<b>59 916</b>	<b>60 702</b>	<b>68 854</b>	<b>76 180</b>	<b>76 654</b>	<b>76 654</b>	<b>78 092</b>	<b>81 638</b>	<b>85 407</b>
			<b>1.3%</b>	<b>13.4%</b>	<b>10.6%</b>	<b>0.6%</b>	<b>-</b>	<b>1.9%</b>	<b>4.5%</b>	<b>4.6%</b>

## Remuneration of councillors (5,2%)

Remuneration of the Section 79 committee is now included as part of the councilor's allowances in terms of version.6.5 of mSCOA.

Further consideration was made on the following as guided by National Treasury:

*“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. It is anticipated that this salary determination will also take into account the fiscal constraints. Municipalities should also consider guidance provided above on salary increases for municipal officials during this process.”*

## Senior Managers

Provision has been made for the full complement of the senior managers' positions.

### **Other municipal staff**

The Salary and Wage Collective Agreement for the period 01 July 2018 to 31 June 2020 has come to an end and a new agreement is under consultation, therefore in the absence of any information in this regard from the South African Local Government Bargaining Council (SALGBC), the municipality has been advised to take into account their financial sustainability when considering salary increases.

Further consideration was made on the following as guided by National Treasury:

*"Given the current economic condition exacerbated by the COVID-19 pandemic, municipalities are urged to consider projecting increases to wage that would reflect their affordability. Some municipalities are already not able to afford the current wage cost and would indeed have to apply no more than a zero per cent increase in the 2021/22 MTREF and exercise the option for exemption for any negotiated increase above the level of their affordability.*

*Therefore, should accounting officers fail to consider salary increases within the ambit of the municipality's available resources and financial position, such failure will constitute an act of financial misconduct as defined in section 171 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings."*

The employee-related costs of the municipality are indeed above the norm as determined. This mainly due to the fact that as a District, the municipality has limited revenue generating mechanism/options. The other contributory factor is the powers and functions as allocated to the municipality not being enablers for generation of revenue. The following are considered to be core functions of the municipality:

- a. Disaster Management Services
- b. Environmental Health Services
- c. Local Economic Development
- d. Accredited L1 Human Settlements Functions
- e. Infrastructure Skill Development Programme (ISDG)
- f. Rural Roads Assets Management Programme (RRAMS)
- g. Expanded Public Work Programme (EPWP)

Though these costs had to be funded by reducing other operational expenditure, the municipality is still able to fulfil its coordinating role based on its current human capital and powers and functions for the district.

Included in the Employees Related Costs are grant funded contractors of which they contribute towards the above norm ERC percentage. 5.6% of ERC constitute grants funding.



## 2.9. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

DC45 John Taolo Gaetsewe - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description		Ref	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework		
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue By Source																	
Property rates			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment			13	13	13	13	13	13	13	13	13	13	13	13	152	159	175
Interest earned - external investments			122	122	122	122	122	122	122	122	122	122	122	122	1 462	1 551	1 649
Interest earned - outstanding debtors			84	84	84	84	84	84	84	84	84	84	84	84	1 010	1 072	1 139
Dividends received			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies			8 798	8 798	8 798	8 798	8 798	8 798	8 798	8 798	8 798	8 798	8 798	8 798	105 578	107 681	108 673
Other revenue			221	221	221	221	221	221	221	221	221	221	221	221	2 649	2 797	2 959
Gains			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			9 238	9 238	9 238	9 238	9 238	9 238	9 238	9 238	9 238	9 238	9 238	9 238	110 852	113 261	114 596
Expenditure By Type																	
Employee related costs			6 065	6 065	6 065	6 065	6 065	6 065	6 065	6 065	6 065	6 065	6 065	6 065	72 778	75 835	79 171
Remuneration of councillors			443	443	443	443	443	443	443	443	443	443	443	443	5 314	5 803	6 236
Debt impairment			9	9	9	9	9	9	9	9	9	9	9	9	104	110	117
Depreciation & asset impairment			277	277	277	277	277	277	277	277	277	277	277	277	3 325	3 965	4 215
Finance charges			2	2	2	2	2	2	2	2	2	2	2	2	19	20	22
Bulk purchases - electricity			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory consumed			93	93	93	93	93	93	93	93	93	93	93	93	1 116	675	709
Contracted services			852	852	852	852	852	852	852	852	852	852	852	852	10 225	10 093	8 676
Transfers and subsidies			17	17	17	17	17	17	17	17	17	17	17	17	200	212	226
Other expenditure			1 423	1 423	1 423	1 423	1 423	1 423	1 423	1 423	1 423	1 423	1 423	1 423	17 074	15 591	13 641
Losses			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure			9 180	9 180	9 180	9 180	9 180	9 180	9 180	9 180	9 180	9 180	9 180	9 180	110 155	112 305	113 011
Surplus/(Deficit)																	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions			58	58	58	58	58	58	58	58	58	58	58	58	696	955	1 584
Taxation			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1		58	58	58	58	58	58	58	58	58	58	58	58	696	955	1 584

### Depreciation (3,4%)

Depreciation is in accordance with the GRAP principles and standards and the prescription of the approved asset management policy.

### Contracted services (8,6%)

Contracted services have been determined by the need for services to be rendered by service providers and taking the current obligations into account.

### General Expenses (13,5%)

The general expenditure budget has been drawn up in order to assist the employees of Council by providing them with the necessary tools and consumables to achieve the deliverables as set in the IDP and SDBIP, while remaining within the constraints of the municipality's limited revenue sources

## **2.10. FINAL ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS —**

Attached is the Final Service Delivery and Budget Implementation Plan (SDBIP) for the 2021/2022 financial year – *Annexure B*.

This can also be obtained on the municipal website [www.taologaetsewe.gov.za](http://www.taologaetsewe.gov.za)

## **2.13. LEGISLATION COMPLIANCE STATUS**

*Attached hereto as Annexure C.*

## **MUNICIPAL MANAGER'S QUALITY CERTIFICATION**

### **QUALITY CERTIFICATE**

I **DISANG HUMPHREY MOLAOLE**, Municipal Manager of **JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY – DC45**, hereby certify that the Final Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Final Budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

#### **DH MOLAOLE**

Municipal manager of **JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY – DC45**

Signature

Date