

LEPELLE-NKUMPI LOCAL MUNICIPALITY

Postal Address
Private Bag X07
CHUENESPOORT
0745

www.lepelle-nkumpi.gov.za

ANNUAL BUDGET OF LEPELLE-NKUMPI LOCAL MUNICIPALITY

EXECUTIVE SUMMARY

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Abbreviations and Acronyms

ASGISA Accelerated and Shared Growth Initiative
CFO Chief Financial Officer
MM Municipality Manager
CPI Consumer Price Index
DORA Division of Revenue Act
FBS Free basic services
GAMAP Generally Accepted Municipal Accounting Practice
GRAP General Recognised Accounting Practice
HR Human Resources
IDP Integrated Development Plan
IT Information Technology
KPA Key Performance Area
KPI Key Performance Indicator
LED Local Economic Development
MFMA Municipal Financial Management Act
Programme
MIG Municipal Infrastructure Grant
MPRA Municipal Properties Rates Act
MSA Municipal Systems Act
MTEF Medium-term Expenditure Framework
MTREF Medium-term Revenue and Expenditure Framework
PPE Property Plant and Equipment Lepelle-Nkumpi Local Municipality MTREF
SALGA South African Local Government Association
SDBIP Service Delivery Budget Implementation Plan
PGD Provincial Growth and Development
NPSDP National and Provincial Spatial Development Perspectives;
NKPIs National Key Performance Indicators
NSD National Spatial Development

Part 1 – Annual Budget

1.1 Mayor's Report

2019/2020 APPROVED IDP/BUDGET SPEECH BY HER WORSHIP; MAYOR OF LEPELLE-NKUMPI LOCAL MUNICIPALITY; CLLR MARIA MOKGAETSI RAMOKOLO

THE SPEECH BY HER WORSHIP; MAYOR OF LEPELLE-NKUMPI LOCAL MUNICIPALITY; CLLR MARIA MOKGAETSI RAMOKOLO ON THE OCASSION OF THE TABLING OF THE IDP REVIEW 2018/19, THE ANNUAL BUDGET FOR 2019/20 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK, BUDGET POLICIES AND PROPOSED TARIFF INCREASES FOR 2019/20

30 MAY 2019; LEBOWAKGOMO CIVIC HALL

Honourable Speaker, Cllr Barnard Ntsoane;

Honourable Chief Whip, Cllr Tswaledi Thobejane;

Colleagues in the Executive Committee;

Chairpersons of Section 79 Committees;

Fellow Councillors;

Our Traditional Leadership;

Leaders of Political Parties in Council, ANC, EFF, DA, LEBCO and LNDP;

Acting Municipal Manager, Ntate Mashamba, Executive Managers and Officials of our Municipality;

Members of Ward Committees;

Comrades and Compatriots;

Good Mornong! Dumelang! Re a lotsha! Thobela! Lotshane!

It is an honour to present to this august house the IDP review 2018/19, the Annual Budget 2019/20 Medium Term Revenue and Expenditure Framework, Budget related policies and proposed tariff increases for 2019/20.

We are pleased that this Council takes place exactly in the month that is more significance to all South Africans. We are just recovering from mobilising our people

to go to the polls and vote. We all agree that our people have spoken and change is inevitable.

We congratulate all the political parties who have made it to the National Parliament and Provincial Legislature. The President has just been inaugurated on the 25th of May 2019, and also welcoming the election of Premier of Limpopo Province, Honourable Stanley Chupu Mathabatha by the Provincial Legislature that was held on the 22nd of May 2019. In this regard, we also like to send our gratitude the former Mayor of Lepelle-Nkumpi Local Municipality, Mme Nakedi Sibanda-Kekana who has joined the Limpopo Legislature.

Honourable Speaker, through election we are reassuring our people, that the NDP, which our road map that outlines the type of society we envisage by the year 2040. Our vision is to develop communities where households will have access to water & sanitation, roads & storm water, electricity, health and low cost housing.

Today we are tabling a budget that can make our municipality a better place to live, work and play. Our people will today, like every year, hear how we are going to spend their money on turning their lives around.

After all the budget, as always, is informed by their views which we acquire through the IDP and Budget consultation processes. At this point, allow me to thank the community of Lepelle-Nkumpi for their co-operation in this regard.

1. Legislative Requirement

The MFMA, Act 56 of 2003 states that the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. Section 24 (1) states that the municipal council must at least 30 days before the start of the financial year consider approval of the annual budget.

2. PROCESS PLAN

Our municipal council have adopted a process plan in July 2018 to define steps to be followed for review of the five years IDP for 2019/20 and compilation of three years budget for 2019/20 – 2021/22. The following activities were undertaken to compile the 2019/20 IDP/Budget as per the process plan:

- Council approval of the review process plan was done on 27 July 2018
- Desktop data gathering for IDP status quo was done.
- Ward consultation meetings were conducted by Mayor and EXCO for all the thirty wards from October to December 2018.
- IDP/Budget consultation meetings with traditional leaders was held in September 2018 and April 2019

- IDP/Budget Steering committee meetings were held in July 2018
- IDP/Budget Management meetings were held to prepare for strategic planning sessions and steering committee meetings
- Departmental planning sessions and extended management planning session were held during the month of December 2018, February 2019 and March 2019
- EXCO Lekgotla was held in January 2019, February 2019 and May 2019
- Organisational strategic planning session with all councillors was held on the 22nd March 2019 and 17 March 2019
- IDP/Budget stakeholders' representative forum met on the 20th March 2019
- First approved IDP was tabled to council on the 29th March 2019
- Public and stakeholders consultation on approved IDP/Budget and budget related policies was conducted on the 19th May 2019 in four cluster meetings.

Fellow Councillors, this IDP compilation took into consideration the legal framework and policy context for alignment and integration. It also took into consideration, the recommendations of CoGHSTA MEC's Assessment of the 2018/19 Lepelle-Nkumpi IDP and 2018/19 Approved IDP, Engagement Session with Treasury regarding 2018/19 Budget and 2019/20 Approved Budget and 2017/18 Auditor General's Annual Report.

This IDP/Budget is a product of involvement of community members, organised community stakeholder's participation and internal stakeholders' involvement.

3. FINANCIAL VIABILITY AND AUDIT PERFORMANCE

Honourable Speaker, we need to acknowledge that we did not perform well as far as financial performance and audit outcome is concerned. It is a wish for every institution to achieve clean audit opinion. However, there is a lot of work, skill and commitment that goes into achieving this outcome. It is about compliance and accountability. Our audit opinion was not satisfactorily, as such we need to double our effort in order to improve.

Even though we did not perform well, we were able to receive an Award from SALGA in 2016/17 financial year for MIG spending. Let us continue to move with speed in order to avoid withdrawal of grant spending while our communities are in dire need of service delivery.

4. OVERVIEW OF BUDGET ASSUMPTIONS

The following budget assumptions were made during the compilation of the approved 2019/20 MTREF budget:



- The current economic environment, inflation rate including unemployment and affordability of services;
- Tariffs, levies and charges were calculated within the inflation targets (all services charges and rates increased by CPI)
- Cash backing of reserves, municipality working on ensuring reserves are cash backed;
- Capital projects are funded by grants and own funding;
- Debt increasing on monthly basis (debtors book over R186.3m), service provider appointed to assist with the development of the Revenue Enhancement Strategy which includes the debt management and recovery strategies; and
- Salaries budget was increased by 6.5% based on the recent SALGA collective agreement.

Honourable Councillors, we are presenting an annual budget of **R408.4m** for **2019/20** financial year. The operating expenditure (Opex) is **R304.3m**. This is a decrease of R36m. The Opex is funded as follows:

- Revenue generated internally – **R230.8m** and
- Budget Provisions – **R73.4m**

The capital budget for the municipality will be decreasing from **R209.98m** to **R104.2m**. This amount will be funded as follows:

- Revenue generated internally – **R52.8m**
- Government Grants – **R51.4m**

Allow me Honourable Speaker to throw caution to the wind on the investment as a source of funding. Investment have impacted negatively on the revenue of the municipality including the projected interest from the investment. All wards and municipal departments have been affected by the loss of these funds. R50 million on sale of sites at units H, Q and R which was part of a recovery plan to the investment loss is no longer feasible.

Nonetheless, it remains critical for the municipality to invest in its infrastructure to progressively meet the needs of the community and grow the economy. More so, because the Municipality's own resources and the allocations from the national fiscus are not sufficient to meet these growing demands.

As part of the sustainability plan, amongst others, our municipality intends to go all out to mobilise financial resources to make up for the investment loss and grant withdrawals. We will also renegotiate land leases with the malls and network towers. In a long term, we will continue to pursue the objective of becoming electricity supplier and water service authority. Mayoral Imbizos will also focus on revenue enhancement.

5. INFRASTRUCTURE

Even under difficult conditions, we continue with our radical economic transformation agenda informed by the prevailing economic environment we face as a country. The primary tenant of economic transformation agenda is the enablement of economic growth, development and transformation for the betterment and empowerment of its economically active citizenry.

We have the responsibility to come up with answers to the critical issues of unemployment and poverty. Ours must remain a mission to create enabling environment for inclusive growth and job creation.

As we continue with our course to enhance the economy of our municipality, amongst others, we are deliberately allocating funds to strategic key projects including the following:

- **R28.6m** for the upgrading of internal street from gravel to tar in Lebowakgomo from Zone S to BA phase 2.
- **R6.1m** for the upgrading of internal street from gravel to tar in Lebowakgomo Zone S to Q;
- **R1.5m** for the upgrading of internal street from gravel to paving blocks in Lebowakgomo Zone B;
- **R10m** for upgrading of access road from gravel to tar at Mooiplaas;
- **R465 000** for upgrading of access road from gravel to tar at Malakabaneng
- **R5.1m** for upgrading of access road from gravel to tar at Hwelereng
- **R3.1m** for upgrading of access road from gravel to tar at Hweleshaneng;
- **R6.8m** for upgrading of access road from gravel to tar at Klipheuiwel; and
- **R15.3m** for road maintenance municipal wide for 2019/20 and outer years.

Honourable Speaker, there is no doubt that we need to urbanise our municipality. We must agree to promote integrated human settlements through massive infrastructure services rollout. This includes the continuation of investment in energy infrastructure. Due to budget constraints, we have put aside an amount to ensure that we build overhead electricity reticulation and households connections. For the financial year 2019/20, public lights and the overhead electricity reticulation and house connections will be done at different wards and villages within our municipality.

Honourable Councillors, all the 2019/20 to 2022/23 projects for implementation by Lepelle-Nkumpi Municipality are attached in the Council documents.

6. TARIFFS

Fellow Councillors, this budget proposes a **5.6%** increase across the board except for the usage of recreational facilities, while water from CDM will increase by **6%**. However, this continuous under recovery of our assessment tariffs need closer attention.

7. SOCIAL PACKAGE

The progressive "**pro-poor**" agenda we adopted when we came into office in **2016** would be skewed if we did not continue with our noble gesture of a social package for the most vulnerable and indigent members of society. This we do because we believe in a better life for all. We will continue to make life more liveable for thousands of our people. This will also include women, youth and people with disabilities.

8. HUMAN RESOURCE

We have engaged with organisational structure and no changes have been effected on it. We are mindful of the fact that the issue salary disparity is still a challenge. We will continue to engage our staff with the view of finding an amicable solution.

Honourable Speaker, the budget indicates the following:

- Total revenue including grants equals **R408m** for the **2019/20** financial years;
- As per DoRA bill, total grants equal **R307m** for the **2019/20** financial year. The budget indicates that the municipality is grant dependant as the highest contributor is income received from National Treasury for Grants and Subsidies at **57.05%** for **2019/20** financial year;
- Revenue from Trading Services (property rates and refuse removal) including interest charged from overdue accounts for **2019/20** is at **R38.49m**, which is **7.14%** of the total budget;
- The agency services include commission from sale of water and sanitation of an amount of **R2.3m** and **R2.4m** respectively and agency fees the Department of Roads and Transport is in line with the **80/20** agreement and the Capricorn District Municipality service level agreement; and
- Income from accumulated surplus for the **2019/20** financial year to cater for capital expenditure amount to **R30m** which will be used to cater for capital expenditure.

Honourable Councillors, total operating expenditure for **2019/20** equals to **R304.3m**. No vacant positions are budgeted for in **2019/20** financial year and the savings will be used to fund capital expenditure. Included in the operating expenditure budget for the **2019/20** is provision for bad debts amounting to **R32m** and depreciation amounting to **R39m** and electricity projects of **R6.7m**.



Out of the total capital budget of **R104m** for **2019/20** financial year, **R51m** will be funded by Municipal Infrastructure Grant (MIG) which is **49%** of the total capital budget.

Honourable Councillors, still on the subject of capital expenditure, let me take this opportunity to reflect on the growing challenges brought by the expectation of local businesses for the **"said 30%"** share of economic opportunities. The municipality is first and foremost committed to promoting the imperatives of the preferential policy framework within the scope of BBEE Act.

In this regard, the municipal administration is urgently required to ensure that the intent and spirit of the legislation is adhered to and that the laws of the country are not misinterpreted outside what National Parliament intended when the legislation was passed.

Therefore, the municipality will ensure that in all tenders above the threshold, the **30%** sub-contracting requirement is implemented. In cases of sectors, where there is limited sub-contracting capacity, the administration should develop a comprehensive programme on how it will support local companies to acquire requisite capacity.

We call upon communities to stop the abrupt stoppage of projects while we engage one another to settle any issue that may arise in a contract.

9. BUDGET RELATED POLICIES

Honourable Speaker, to successfully implement the budget, policies are critical. All budget policies were reviewed and no changes have been effected except the Supply Chain Management Policy. The Supply Chain Management Policy has not changed completely, however, we have received the Approved SCM policy from Provincial Treasury to promote uniformity within the SCM processes as such it will form part of our SCM policy. The reviewed policy has incorporated the Preferential Procurement Regulation 2017, and other circulars issued by National Treasury as guidelines to the procurement processes.

Procurement to local contractors (sub-contracting) which was clause 8 on the 2018/19 approved SCM policy has been removed and only sub-contracting as per Preferential Procurement Regulation 2017 which applies for all subcontracting. As part of this submission, the following are key documents being tabled for your perusal and approval:

- The Final Approved IDP Review 2018/19;
- The Annual Budget for 2019/20 MTREF;
- The Tariff Policy; **(No changes)**
- The Proposed Tariff and Tariff increases; **(No changes)**
- Supply Chain Management policy;



- Approved SCM Policy and Model SCM Policy Infrastructure Procurement and Delivery Management;
- Asset Management Policy; **(No Changes)**
- Bad Debts and Write Off Policy; **(No Changes)**
- Tariff Policy; **(No changes)**
- Credit Control and Debt Collection Policy; **(No changes)**
- Budget and Virement Policy; **(No changes)**
- Cash and Investment Management Policy; **(No changes)**
- Indigent Policy. **(No changes)**

10. CONCLUSION

On behalf of the Council and the residents of Lepelle-Nkumpi, we thank all of you for your dedication and putting your municipality on the map. You have been working hard since 1996 to improve the living conditions of the people, to undo the legacy of exclusion and neglect. Many community members and households were without electricity, water, roads and houses.

Special thanks to the political leadership both the governing party and opposition parties, our traditional leadership, the people of Lepelle-Nkumpi and all other stakeholders.

To the Acting Municipal Manager and his team, we have come this far and there is a lot more to do ahead. We therefore call upon all of us to take extra-ordinary efforts to bring relief to our people. We assure you that as council we shall not rest together with our partners until all households in our municipality live in dignity and obtain basic services. The new era has dawned in our municipality. **Let us give hope to our electorates.**

As council, we will continue creating a conducive atmosphere for the growth of our local economy. The electorate has mandated us to improve the quality of services we provide to our communities by being accountable and working closely with our communities.

I therefore accordingly, in terms of **Section 16 (2)** of the Municipal Finance Management Act, table the IDP Review 2018/19, the Annual Budget for 2019/20 MTREF, the proposed tariffs and tariff increases for 2019/20 to 2021/2022 and Budget related policies as per item **5.1.1** of the council agenda.

I thank you.

Cllr. Ramokolo M.M



Mayor

Council Resolutions

On the 30th May 2019 the Council of Lepelle-Nkumpi Local Municipality met in Civic Hall to consider the approval of the approved budget of the municipality for the financial year 2019/2020. The Council tabled and adopted the following resolutions:

1. The Council of Lepelle-Nkumpi Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

- 1.1 The annual budget of the municipality for the financial year 2019/20 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table on page 60;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table on page 62;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table on page 56.
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table on page 64-68
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables page 73-81
 - 1.2.1. Budgeted Financial Position as contained in Table on page 70;
 - 1.2.2. Budgeted Cash Flows as contained in Table on page 73
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table on page 74
 - 1.2.4. Asset management as contained in Table on page 76; and
 - 1.2.5. Basic service delivery measurement.

2. The Council of Lepelle-Nkumpi Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tabled the approved budget on the 30 May 2019

2.1 That the council approves the property rates charges and tariff structure as reflected below:-

APPROVED TARIFF STRUCTURE - 2019/2020				
	2018/2019	2019/2020	2020/2021	2021/2022
COMMUNITY SERVICES				
REFUSE				
Residential	38.37			

		40.52	42.71	45.06
Business	729.34	770.18	811.77	856.42
Churches	153.55	162.15	170.90	180.30
Hostels/Boarding houses	767.73	810.72	854.50	901.50
Schools	153.55	162.15	170.90	180.30
Government Institutions	4130.65	4,361.97	4,597.51	4,850.38
Industrial	4130.65	4,361.97	4,597.51	4,850.38
Shopping Complex	8189.14	8,647.73	9,114.71	9,616.02
Flats	1279.55	1,351.20	1,424.17	1,502.50
Hospitals	4196.93	4,431.96	4,671.28	4,928.20
Indigents(Self targeting-Urban)	29.16	30.79	32.46	34.24
Indigents(Self targeting- Rural)	23.25	24.55	25.88	27.30
Environmental Affairs	2018/2019	2019/2020	2020/2021	2021/2022
Cutting of unwanted trees	760.00	802.56	845.90	892.42
Debushing(Per Site)	2,500.00	2,640.00	2,782.56	2,935.60
Penalty for Illegal Dumping	5,000.00	5,280.00	5,565.12	5,871.20
Penalty for Illegal Dumping(Health Care Risk Waste and Hazardous waste)	5,000.00	5,280.00	5,565.12	5,871.20
Dust bins(Mass Containers)				
	2018/2019	2019/2020	2020/2021	2021/2022
Commercial Refuse(6m3 per bin)	500.00	528.00	556.51	587.12
Rubble removal (6m3 per bin)	700.00	739.20	779.12	821.97
Occasional Services	500.00	528.00	556.51	587.12
Distance to be charged as per tariffs approved by Dept. of Transport				
Disposal of food waste	1,500.00	1,584.00	1,669.54	1,761.36
Rental of Skip Bins (per month)				
Rental of Skip Bins (per Day)	250.00	264.00	278.26	293.56
MUNICIPAL POUND FEES				



	2018/2019	2019/2020	2020/2021	2021/2022
Impoundment of goods per day	60.00	60.00	60.00	63.60
Admin fee : Goods	300.00	300.00	300.00	318.00
Salvaging of containers	3,000.00	3,000.00	3,000.00	3,180.00
Impounded Animal on the Public Road				
	2018/2019	2019/2020	2020/2021	2021/2022
Large Stock eg cattle, donkey	20.00	20.00	20.00	20.00
Small Stock eg goat,sheep	10.00	10.00	10.00	10.00
Transport of impounded animals				
Admin fee : Animals	10.00	10.00	10.00	10.00
Noise Abatement and Prevention of Nuisance By-Law				
	2018/2019	2019/2020	2020/2021	2021/2022
Application fee in terms of the by-law	N/A	N/A	N/A	
Application for closure of street(per day)	N/A	N/A	N/A	
Security for Street Closure(Refundable)	N/A	N/A	N/A	
Penalty in terms of contravention of by-law	N/A	N/A	N/A	
Land Fill Sites				
	2018/2019	2019/2020	2020/2021	2021/2022
General waste in excess of 1ton	Free	Free	Free	
General waste above 800kg (per ton)	95.00	100.32	105.74	111.55
Businesss Waste	95.00	100.32	105.74	111.55
Industrial and Non-Hazodous mining Waste	170.00			
Clean Compost material in excess of 1000kg	Free	Free	Free	
Clean Compost material above1000kg	Free	Free	Free	
Mixed waste(General and Garden)	Free	Free	Free	
Mixed waste(Rubble and General)	N/A	N/A	N/A	
Clean Rubble and soil	Free	Free	Free	
Sorted Recyclables	Free	Free	Free	
Tyres	N/A	N/A	N/A	
Disposal of animal carcass(New)				
Large stock(cow, donkey, etc)	N/A	N/A	N/A	
Small Stock(goat, sheep, dog,cat, pig, poultry, etc)	N/A	N/A	N/A	
CEMETRIES				

	2018/2019	2019/2020	2020/2021	2021/2022
Ga- Ledwaba				
Single grave(Resident)	N/A	N/A	N/A	
Single grave (Non resident)	N/A	N/A	N/A	
Paupers Grave	N/A	N/A	N/A	
Children grave(As per the children's Act)	N/A	N/A	N/A	
Exhumation	N/A	N/A	N/A	
Reservation of grave	N/A	N/A	N/A	
New Cemetry	2018/2019	2019/2020	2020/2021	2021/2022
Single grave(Resident)	600.00	633.60	667.81	704.54
Double grave-Interment(8ft)	800.00	844.80	890.42	939.39
Single grave non residential	1,000.00	1,056.00	1,113.02	1,174.24
Paupers Grave	1,200.00	1,267.20	1,335.63	1,409.09
Children grave (As per the Children's act)	300.00	316.80	333.91	352.27
Reservation of grave	9,000.00	9,504.00	10,017.22	10,568.16
Exhumation	500.00	528.00	556.51	587.12
Opening for the purpose of new burial in case of interment	700.00	739.20	779.12	821.97
Burial of ashes	N/A	N/A	N/A	
Memorial wall	N/A	N/A	N/A	
Unknown Burials	Free			
FACILITIES				
Civic Hall Lebowakgomo				
Rental (N.B Per Day not per function)				
	2018/2019	2019/2020	2020/2021	2021/2022
The use of Civic Centre Hall for parties and weddings	4,000.00	4,000.00	4,000.00	4,000.00
The use of Civic Centre Hall for any function except parties and weddings	1,900.00	1,900.00	1,900.00	1,900.00
The use of Civic Centre Hall for profit making function(festival, consert, Drama,etc)	4,500.00	4,500.00	4,500.00	4,500.00
Security Fee(Overnight) -	3,500.00	3,500.00	3,500.00	3,500.00
Security fee(During the Day)	1,500.00	1,500.00	1,500.00	1,500.00
Cultural Centre				
Rental (N.B Per Day not per function)				
	2018/2019	2019/2020	2020/2021	2021/2022

The use of Cultural Centre for cultural activities	750.00	750.00	750.00	750.00
The use of Cultural Centre for social gatherings	600.00	600.00	600.00	600.00
Security Fee(For overnight)	750.00	750.00	750.00	750.00
Security Fee(During the day)	600.00	600.00	600.00	600.00

Community Halls(Rural)				
	2018/2019	2019/2020	2020/2021	2021/2022
Mamaolo, Mahlatsane, Lesetse, Dithabaneng, Mogodi commuity halls (Daily)	600.00	600.00	600.00	600.00
	500.00	600.00	600.00	600.00
Use of community halls (During the night)	1,200.00	600.00	600.00	600.00
	700.00	600.00	600.00	600.00
Hlakano, Majane and Mehlaeng, Mogoto, Rafiri, Seloane, Mathabatha	1,200.00	600.00	600.00	600.00
	700.00	600.00	600.00	600.00
The use of the community halls by Business Per Day.		600.00	600.00	600.00
Deposit Security Fee	700.00	600.00	600.00	600.00
Use of Halls for weddings and festivals	2,000.00	600.00	600.00	600.00

Club House (Lebowakgomo)				
Rental				
	2018/2019	2019/2020	2020/2021	2021/2022
Club house for overnight functions	2,000.00	2,000.00	2,000.00	2,000.00
	2,200.00	2,200.00	2,200.00	2,200.00
Club house for any other event(Daily)	900.00	900.00	900.00	900.00
	800.00	800.00	800.00	800.00
The use by Businesses Per Day.				
The use for Aerobics(per month)	560.00	560.00	560.00	560.00
Deposit Security Fee				
The use for Profit making	2,800.00	2,800.00	2,800.00	2,800.00
N.B. Above Tarrifs Exclude Festivals and any other paying events				

B. Sports Facilities				
	2018/2019	2019/2020	2020/2021	2021/2022
Lebowakgomo Stadium				
Rental				



Professional Sports (i.e PSL & Other Leagues) and Music Festivals.				
Music Festivals	7,000.00	7,000.00	7,000.00	7,000.00
Security Fee	3,500.00	3,500.00	3,500.00	3,500.00
Prayer Service(Night)	3,000.00	3,000.00	3,000.00	3,000.00
Security Fee	3,000.00	3,000.00	3,000.00	3,000.00
Prayer Service(Daily)	1,500.00	1,500.00	1,500.00	1,500.00
Security Fee	1,500.00	1,500.00	1,500.00	1,500.00
Use for Non-professional soccer tournaments and Athletics	1,000.00	1,000.00	1,000.00	1,000.00
Security Fee	700.00	700.00	700.00	700.00
Use for any other Game/Event	N/A	N/A	N/A	N/A
Deposit Security Fee	1,400.00	1,400.00	1,400.00	1,400.00
Use of stadium for training per month	Free	Free	Free	Free
Use of gardens for photos	N/A	N/A	N/A	N/A
Soccer Practise (Per Two(2) hours	200.00	200.00	200.00	200.00
Athletics practise	N/A	N/A	N/A	N/A
Use of tennis Court and other Sports Facilities(per month)	N/A	N/A	N/A	N/A
Use of tennis and Volley ball court-per tournament	N/A	N/A	N/A	N/A
Use of tennis and Volley ball court-per month(practice)	N/A	N/A	N/A	N/A
All Affiliated Sports Bodies	N/A	N/A	N/A	N/A
Professional Soccer Club(per annum)- For games	N/A	N/A	N/A	N/A
NB: OVERNIGHT REFERS TO 18H00 TO 06H00				
MAFEFE TOURISM CAMP				
	2018/2019	2019/2020	2020/2021	2021/2022
Main Building(During the week)	700.00 per day	700.00 per day	700.00 per day	700.00 per day
Main Building(Week-end)	800.00 per day	800.00 per day	800.00 per day	800.00 per day
Conference centre(per day)	400.00 per day	400.00 per day	400.00 per day	400.00 per day
Roundavels(During the week)	200.00 per day	200.00 per day	200.00 per day	200.00 per day
Roundavels(Week-end)	500.00 per day	500.00 per day	500.00 per day	500.00 per day



**APPROVED TARRIFF STRUCTURE FOR
LEPELLE-NKUMPI MUNICIPALITY FOR
2019/2020**

INFRASTRUCTURE DEPT		2018/2019	2019/2020	2020/2021	2021/2022
water consumption		Per Kiloliter	Per Kiloliter	Per Kiloliter	Per Kiloliter
				6% increase	
Residential		9.40	10.00	10.60	11.20
Business		11.40	12.10	12.80	13.60
Churches		11.40	12.10	12.80	13.60
Schools		11.40	12.10	12.80	13.60
Government Institutions		11.40	12.10	12.80	13.60
Industrial		11.40	12.10	12.80	13.60
Shoping Complex		11.40	12.10	12.80	13.60
Office Complex		11.40	12.10	12.80	13.60
Hostels/Boarding houses		11.40	12.10	12.80	13.60
Hospitals		11.40	12.10	12.80	13.60
Indigents		0-6kl Free	0-6kl Free	0-6kl Free	0-6kl Free
WATER CONSUMPTION					
		2018/2019	2019/2020	2020/2021	2021/2022
Residential	0-15kl	9.40	10.00	10.60	11.20
	16-30kl	14.00	14.70	15.60	16.50
	31-50kl	22.10	24.70	26.20	27.80



	51-and more	29.50	33.00	35.00	37.10
Businesses, Govt., Schools, Churches, etc					
	0-15kl	11.40	12.10	12.80	13.60
	16-30kl	23.40	24.70	26.20	27.80
	31-50kl	31.20	33.00	35.00	37.10
	51- and more	38.90	41.10	43.60	46.20

BASIC WATER					
		2018/2019	2019/2020	2020/2021	2021/2022
Residential		105.80	111.60	118.30	125.40
Business		158.70	167.50	177.60	188.30
Churches		105.80	111.60	118.30	125.40
Schools		158.70	167.50	177.60	188.30
Government Institutions		137.30	144.90	153.60	162.80
Industrial		137.30	144.90	153.60	162.80
Shoping Complex		137.30	144.90	153.60	162.80
Hostels/Boarding houses		137.30	144.90	153.60	162.80
Office Complex		137.30	144.90	153.60	162.80
Hospitals		137.30	144.90	153.60	162.80
Indigents		0.00	0.00	0.00	0.00
Residentials(no meter)		137.30	111.60	118.30	125.40
Businesses (no meter)		137.30	334.90	355.00	376.30
NEW CONNECTIONS					
WATER CONNECTION					
		2018/2019	2019/2020	2020/2021	2021/2022



Residential		1,692.80	1,785.90	1,893.10	2,006.70
Business		2,010.20	2,120.70	2,247.90	2,382.80
Churches		1,692.80	1,785.90	1,893.10	2,006.70
Schools		2,010.20	2,120.70	2,247.90	2,382.80
Government Institutions		2,010.20	2,120.70	2,247.90	2,382.80
Industrial		2,010.20	2,120.70	2,247.90	2,382.80
Shopping Complex		2,010.20	2,120.70	2,247.90	2,382.80
Hostels/Boarding houses		2,010.20	2,120.70	2,247.90	2,382.80
Office Complex		2,010.20	2,120.70	2,247.90	2,382.80
Hospitals		2,010.20	2,120.70	2,247.90	2,382.80

SEWERAGE CONNECTION					
		2018/2019	2019/2020	2020/2021	2021/2022
Residential		1,692.80	1,785.90	1,893.10	2,006.70
Business		2,010.20	2,120.70	2,247.90	2,382.80
Churches		1,692.80	1,785.90	1,893.10	2,006.70
Schools		2,010.20	2,120.70	2,247.90	2,382.80
Government Institutions		2,010.20	2,120.70	2,247.90	2,382.80
Industrial		2,010.20	2,120.70	2,247.90	2,382.80
Shopping Complex		2,010.20	2,120.70	2,247.90	2,382.80
Hostels/Boarding houses		2,010.20	2,120.70	2,247.90	2,382.80
Office Complex		2,010.20	2,120.70	2,247.90	2,382.80
Hospitals		2,010.20	2,120.70	2,247.90	2,382.80



A connection where there is no infrastructure	Estimated cost plus 12% admin costs & application fee	Estimated cost plus 12% admin costs & application fee	Estimated cost plus 12% admin costs & application fee	Estimated cost plus 12% admin costs & application fee
Monthly charge for selling of effluent	Estimated cost plus 10% admin costs	Estimated cost plus 10% admin costs	Estimated cost plus 10% admin costs	Estimated cost plus 10% admin costs

SEWERAGE					
		2018/2019	2019/2020	2020/2021	2021/2022
Residential		70.00	73.90	78.30	83.00
Business		140.20	147.90	156.80	166.20
Churches		70.00	73.90	78.30	83.00
Schools		140.20	147.90	156.80	166.20
Government Institutions		140.20	147.90	156.80	166.20
Industrial		140.20	147.90	156.80	166.20
Shopping Complex		1,058.00	1,116.20	1,183.20	1,254.20
Hostels/Boarding houses		140.20	147.90	156.80	166.20
Office Complex		140.20	147.90	156.80	166.20
Hospitals		140.20	147.90	156.80	166.20
Indigents		Free	Free	Free	Free

SEPTIC TANKS AND VIP TOILETS

	Cost Per Load(Domestic)	367.90	388.10	411.40	436.10
	Cost Per VIP toilet	147.10	155.20	164.50	174.40
	Cost Per kilometer travelled	3.80	4.00	4.20	4.50



Public Institutions(schools, clinics, churches, creches, etc)	Cost per Septic Load	588.60	620.90	658.20	697.70
	Cost per Kilometre travelled	8.50	8.90	9.40	10.00
Business	Cost per Septic Load	881.20	877.00	924.40	975.20
	Cost per Kilometre travelled	10.20	10.10	10.60	11.20
Un metered stands					
		2018/2019	2019/2020	2020/2021	2021/2022
Indigents		Free	Free	Free	
Residential		44.20	46.59	49.15	52.10
Business		779.70	822.70	872.10	924.40
Churches		220.70	232.90	246.90	261.70
Schools		779.70	822.70	872.10	924.40
Mines		7,797.70	8,226.40	8,720.00	9,243.20
Commercial Farmers		7,797.70	8,226.40	8,720.00	9,243.20
Government Institutions		7,797.70	8,226.40	8,720.00	9,243.20
Industrial		779.70	822.70	872.10	924.40
Shopping Complex		7,797.70	8,226.40	8,720.00	9,243.20
Hostels/Boarding Houses		3,898.80	4,113.20	4,360.00	4,621.60
Office Complex		7,797.70	8,226.40	8,720.00	9,243.20
DRAIN BLOCKAGE					
		2018/2019	2019/2020	2020/2021	2021/2022
Residential		116.40	122.70	130.10	137.90
Business		476.10	502.30	532.40	564.30
Churches		116.40	122.70	130.10	137.90

Schools		740.60	781.30	828.20	877.90
Government Institutions		476.10	502.30	532.40	564.30
Industrial		476.10	502.30	532.40	564.30
Shopping Complex		740.60	781.30	828.20	877.90
Hostels/Boarding houses		740.60	781.30	828.20	877.90
Office Complex		740.60	781.30	828.20	877.90
Hospitals		740.60	781.30	828.20	877.90

WATER					
		2018/2019	2019/2020	2020/2021	2021/2022
Re-connection fee	During Working Hours: Normal Reconnection	147.00	155.00	164.00	174.00
	During Working Hours: Urgent Reconnection request	294.00	311.00	330.00	350.00
	After Working Hours: Reconnection request	294.00	312.00	330.00	350.00
				0.00	
Disconnection fee		314.40	336.80	355.32	376.64
Stop Cock	15mm	84.60	89.30	94.70	100.40
Stop Cock	20mm	95.20	100.50	106.50	112.90
Special reading of meter on request by customer		95.20	100.50	106.50	112.90
For re-reading of a meter on request by customer as a result of a dispute & a reading is confirmed		148.10	156.20	165.60	175.50
HIRING OF MACHINERY					
		2018/2019	2019/2020	2020/2021	2021/2022



	Per hour(excluding machine transportation costs)Calculated from place of departure and return.Transportation within 25km, 50km, 75km 100km radius is R250.00, R500.00, R750.00 and R1000.00 respectively (rated within the municipality only)				
Hiring of Grader		700.00	700.00	700.00	700.00
	Per hour(excluding machine transportation costs)Local is R250.00; Less than 25km is R350.00, more than 50 km is R400.00 and R450.00 for more than 50km.Transportation within 25km, 50km, 75km 100km radius is R250.00, R500.00, R750.00 and R1000.00 respectively (rated within the municipality only)				
Front-end Loader		700.00	700.00	700.00	700.00
	Per hour(excluding machine transportation costs)Local is R250.00; Less than 25km is R350.00, more than 50 km is R400.00 and R450.00 for more than 50km.Transportation within 25km, 50km, 75km 100km radius is R250.00, R500.00, R750.00 and R1000.00				
TLB		500.00	500.00	500.00	



	repectively (rated within the municipality only)				
Tipper Truck (6m3)	Load Rubbish = Per Load				
Tipper Truck (6m3)	Calculated per hour				
Tipper Truck (10m3)	Calculated per hour				
	Load Rubbles = Calculated Per Load				
Low Bed	R22/km, for local is R2500 if less than 50km return				
	25 km loading and offloading				
	Less than 50km- loading and offloading				
Grass Cutter Tractor	R250.00/hr Is culculated From the Place of Depature and Return				
Stamper	R250.00/hr with Fulltank gasolin and must be returned with fulltank.				
Bull dozer	R500.00/hr				
Soil/Sand	R200.00 per m ³				
Roller	Per day. Transportation within 25km, 50km, 75km 100km radius is R250.00, R500.00, R750.00 and R1000.00 repectively (rated within the municipality only)	1,900.00	1,900.00	1,900.00	1,900.00



	Per hour. Transportation within 25km, 50km, 75km 100km radius is R250.00, R500.00, R750.00 and R1000.00 respectively (rated within the municipality only)				
Excavators		700.00	700.00	700.00	700.00
Heavy Duty Air Compressor(New)	Per hour				
Cherry Picker(New)	Per hour				

		2018/2019	2019/2020	2020/2021	2021/2022
GENERAL					
Penalty for Damages:					
Robot		2,500.00	2,500.00	2,500.00	2,500.00
Street lights		2,500.00	2,500.00	2,500.00	2,500.00
Robot light		1,100.00	1,100.00	1,100.00	1,100.00
Road sign		650.00	650.00	650.00	650.00
Water Meter Replacement		650.00	650.00	650.00	650.00
Bridging of water meter		12,000.00	12,000.00	12,000.00	12,000.00
Illegal Water Connection		12,000.00	12,000.00	12,000.00	12,000.00
Special Meter Reading	At the customers' request	593.80	593.80	593.80	593.80
Meter Repair(Defects)		600.00	600.00	600.00	600.00
Road Reconstruction (New)	Per Square meter	90.00	90.00	90.00	90.00
Asphalt Road Reconstruction (New)	Per Square meter	210.00	210.00	210.00	210.00
Penalties are paid together with the cost for repair of the damaged product					



Clearance certificate		200.00	211.20	222.60	234.85
Transfer of ownership		520.00	549.12	578.77	610.60
Application for Subdivision		850.00	897.60	946.07	998.10
Application for Subdivision for Agricultural land(New)		1,000.00	1,056.00	1,113.02	1,174.24
Approval of site development plan		400.00	422.40	445.21	469.70
Application for Rezoning		2,000.00	2,112.00	2,226.05	2,348.48

BUILDING INSPECTORATE		2018/2019	2019/2020	2020/2021	2021/2022
Plan approval fee per sqm-residential		11.16	11.79	12.42	13.11
Plan approval fee per sqm-business		22.32	23.57	24.85	26.21
Occupation certificate		400.00	422.40	445.21	469.70
Internal Layout(NEW)		2,200.00	2,323.20	2,448.65	2,583.33
Fine for not submitting building plan(per day)		50.00	52.80	55.65	58.71
Inspection fee - Building Control		400.00	422.40	445.21	469.70
Application for relaxation of buildings (per sqm)		8.50	8.98	9.46	9.98

GENERAL		2018/2019	2019/2020	2020/2021	2021/2022
Extension for Approvals - Building plans & PTO		500	528.00	556.51	587.12
Government Gazette Notices					
Printing of general plan		10.000	10.56	11.13	11.74
Printing of Deeds Search		50.000	52.80	55.65	58.71



Additional New Tariffs		2018/2019	2019/2020	2020/2021	2021/2022
LAND USE AND TRANSFER OF PROPERTY					
TYPE OF APPLICATION					
Establishment of a township		5,500.00	5,808.00	6,121.63	6,458.32
Extension of the boundaries of a township:		2,700.00	2,851.20	3,005.16	3,170.45
Amendment of a township establishment application:					
If already approved by the Municipality		2,700.00	2,851.20	3,005.16	3,170.45
If not already approved by the Municipality		2,200.00	2,323.20	2,448.65	2,583.33
Division of township		2,200.00	2,323.20	2,448.65	2,583.33
Phasing/cancellation of approved layout plan		2,200.00	2,323.20	2,448.65	2,583.33
			-	-	-
Rezoning:					
			-	-	-
One erf		2,700.00	2,851.20	3,005.16	3,170.45
Every erf Additional to the First Erf Per Erf		3,400.00	3,590.40	3,784.28	3,992.42
Removal, amendment, suspension of a restrictive or obsolete condition, servitude or reservation against the title of the land		2,700.00	2,851.20	3,005.16	3,170.45



Amendment or cancellation of a general plan of a township		2,200.00	2,323.20	2,448.65	2,583.33
Division of farm land		5,500.00	5,808.00	6,121.63	6,458.32
			-	-	-
Subdivision of land:			-	-	-
For first five erven		2,200.00	2,323.20	2,448.65	2,583.33
Every erf additional to the first five erven					
Per erf		2,200.00	2,323.20	2,448.65	2,583.33
Consolidation of land		2,200.00	2,323.20	2,448.65	2,583.33
Simultaneous subdivision and consolidation of land		2,200.00	2,323.20	2,448.65	2,583.33
Permanent closure of a public place (per closure)		2,700.00	2,851.20	3,005.16	3,170.45
Development on communal land (per sqm)		5.58	5.89	6.21	6.55
Consent use (per sqm)		7.81	8.24	8.69	9.17
The removal, amendment or suspension of a restrictive title condition relating to the density of residential development		2,200.00	2,323.20	2,448.65	2,583.33
			-	-	-
MISCELLANEOUS FEES			-	-	-
Erection of a second dwelling		550.00	580.80	612.16	645.83
Relaxation of height restriction		550.00	580.80	612.16	645.83
Relaxation of building line		550.00	580.80	612.16	645.83
Consideration of site development plan		550.00	580.80	612.16	645.83



Extension of validity period of approval		120.00	126.72	133.56	140.91
Reason for decision of municipal planning tribunal, land development officer or appeal authority		170.00	179.52	189.21	199.62
Re-issuing of any notice of approval of any application		70.00	73.92	77.91	82.20
Application of lost copy of deed of grant		210.00	221.76	233.74	246.59
Copy of Deeds search		15.00	15.84	16.70	17.61
Valuation Letter		15.00	15.84	16.70	17.61
Public Notice:					
Public Notice and advertisements in the legal section of the paper		1,600.00	1,689.60	1,780.84	1,878.78
Public Notice and advertisements in the body of the paper		3,200.00	3,379.20	3,561.68	3,757.57
LAND USE APPLICATIONS FROM TRADITIONAL AUTHORITIES					
		2018/2019	2019/2020	2020/2021	2021/2022
Residential	R188 settlement	120.00	120.00	120.00	127.20
Residential	R293 settlement	320.00	320.00	320.00	339.20
Church	R188 settlement	210.00	210.00	210.00	222.60
Church	R293 settlement	420.00	420.00	420.00	445.20
Liquor Restaurant/Tavern	R188 settlement	260.00	260.00	260.00	275.60
Bottlestore	R293 settlement	370.00	370.00	370.00	392.20



Institutional	R188 settlement	210.00	210.00	210.00	222.60
Institutional	R293 settlement	320.00	320.00	320.00	339.20
Motor Spares/Scrap Yard	R188 settlement	210.00	210.00	210.00	222.60
Motor Spares/Scrap Yard	R293 settlement	320.00	320.00	320.00	339.20
Driving School	R188 settlement	320.00	320.00	320.00	339.20
Driving School	R293 settlement	420.00	420.00	420.00	445.20
Car Wash	R188 settlement	160.00	160.00	160.00	169.60
Car Wash	R293 settlement	210.00	210.00	210.00	222.60
Filling Station	R188 settlement	740.00	740.00	740.00	784.40
Guest House/ B & B	R188 settlement	420.00	420.00	420.00	445.20
Guest House/ B & B	R293 settlement	561.80	595.51	631.24	669.11
General Dealer	R188 settlement	210.00	210.00	210.00	222.60
General Dealer	R293 settlement	370.00	370.00	370.00	392.20
Bakery	R188 settlement	220.00	220.00	220.00	233.20
Bakery	R293 settlement	320.00	320.00	320.00	339.20
Restaurant	R188 settlement	260.00	260.00	260.00	275.60
Restaurant	R293 settlement	320.00	320.00	320.00	339.20
Butchery	R188 settlement	210.00	210.00	210.00	222.60
Butchery	R293 settlement	370.00	370.00	370.00	392.20
Tuckshop	R188 settlement	110.00	110.00	110.00	116.60
Industrial	R188 settlement	600.00	600.00	600.00	636.00
Mortuary/Funeral Parlour	R188 settlement	561.80	595.51	631.24	669.11
Mortuary/Funeral Parlour	R293 settlement	740.00	740.00	740.00	784.40
Salon/ Dress making	R188 settlement	160.00	160.00	160.00	169.60
Salon/ Dress making	R293				



	settlement	210.00	210.00	210.00	222.60
Other Business	R188 settlement	210.00	210.00	210.00	222.60
Other Business	R293 settlement	320.00	320.00	320.00	339.20
Agricultural	R188 settlement	210.00	210.00	210.00	222.60
Change of Ownership	R188 settlement	160.00	160.00	160.00	169.60
Change of Ownership	R293 settlement	210.00	210.00	210.00	222.60
Lodge/Conference and Accommodation	R188 settlement	370.00	370.00	370.00	392.20
Lodge/Conference and Accommodation	R293 settlement	470.00	470.00	470.00	498.20
Shopping Complex		590.00	590.00	590.00	625.40
Home Office	R188 settlement	160.00	160.00	160.00	169.60
Home Office	R293 settlement	210.00	210.00	210.00	222.60
Building Plans		260.00	260.00	260.00	275.60
Inspection fee and 4 Visits (per visit)		110.00	110.00	110.00	116.60
Gymnasium	R188 settlement	160.00	160.00	160.00	169.60
Gymnasium	R293 settlement	320.00	320.00	320.00	339.20
Recreational/Cultural	R188 settlement	320.00	320.00	320.00	339.20
Recreational/Cultural	R293 settlement	470.00	470.00	470.00	498.20
Cell phone Mast Station		561.80	595.51	631.24	669.11



**APPROVED TARIFF
STRUCTURE
2019-2020**

OUTDOOR ADVERTISING		2018/2019	2019/2020	2020/2021	2021/2022
	DESCRIPTI ON				
Billboard s	Application fee: (Non- refundable)	2,000.00	2,000.00	2,000.00	2,000.00
	2x3 Non- Illuminated (Revenue generating Billboards)	R100 per sqm	R100 per sqm	R100 per sqm	R100 per sqm
	Monthly Fee				
	Site Rental				
	2x3 Illuminated(Revenue Generating Billboards)				
	Monthly Fee	R200 per sqm	R200 per sqm	R200 per sqm	R200 per sqm
Banners And Flags	Application fee: (Non- Refundable)	1,250.00	1,250.00	1,250.00	1,250.00
		R100 pr Banner for ten Days	R100 pr Banner for ten Days	R100 pr Banner for 10Days	R100 pr Banner for 10Days
	Penalty for non-removal of banner/flag	R200 per banner/fla g	R200 per banner/flag	R200 per banner/flag	R200 per banner/flag
	Estate Agent Registration fee / annum for display of 'on show' boards	R1000 per display for three months	R1000 per display for three months	R1000 per display for three months	R1000 per display for three months
	Extension for rental	R1000 for three months	R1000 for three months	R1000 for three months	R1000 for three months



	Administratio n fee:				
	Seizing and Confiscation of signs (excluding removal/dism antling costs, excluding any fines or penalties Billboards – any size				
		R2000 per estate agent display board	R2000 per estate agent display board	R2000 per estate agent display board	R2000 per estate agent display board
	Trailer advertising:				
Application fee: (Non-Refundable)					
	o Application fee per trailer	1,500.00	1,500.00	1,500.00	1,500.00
	o Daily fee to advertise	R200 per trailer for ten days	R200 per trailer for ten days	R200 per trailer for ten days	R200 per trailer- 10 days
Posters	Application fee: (Non- Refundable)	2,000.00	2,000.00	2,000.00	2,000.00
	NPO- Subject to submission of NPO certificate	R16 per poster for ten(10) Days	R16 per poster for ten(10) Days	R16 per poster for ten(10) Days	R16 per poster for ten(10) Days
	Awareness campaigns by Government Department s and School events				
	FOR COMMERCIAL PURPOSES	R100 per poster for ten(10) Days	R100 per poster for ten(10) Days	R100 per poster for ten(10) Days	R100 per poster for ten(10) Days
	ELECTION/ CAMPAIGN POSTERS FOR POLITICAL PARTIES	R100 per poster for ten(10) Days	R100 per poster for ten(10) Days	R100 per poster for ten(10) Days	R100 per poster for ten(10) Days

**APPROVED TARIFF
STRUCTURE 2019-2020**

BUDGET AND TREASURY CATEGORY OF PROPERTY	2018/2019	2019/2020	2020/2021	2021/2022
-				
Residential stands (Improved)	0.0042	0.0044	0.0047	0.0049
Residential stands (Vacant)	0.0211	0.0222	0.0234	0.0247
Business stands /Industrial (Improved)	0.0062	0.0066	0.0069	0.0073
Business stands/ Industrial (Vacant)	0.0073	0.0077	0.0081	0.0085
Farming and Agricultural properties	0.0011	0.0011	0.0012	0.0012
Mining properties	0.0062	0.0066	0.0069	0.0073
All Government properties. (Improved)	0.0062	0.0066	0.0069	0.0073
All Government properties. (Vacant)	0.0073	0.0077	0.0081	0.0085
Flat Rate per Property in villages				
Businesses (commercial - in villages)				
Government Buildings				
Consumer Deposits Domestic	800.00	800.00	800.00	800.00
Businesses	2,000.00	2,000.00	2,000.00	2,000.00
Contractors	5,000.00	5,000.00	5,000.00	5,000.00
Interest on Arrear Accounts	10%	10%	10%	10%
R/D Cheque				
Copy of the Valuation Roll	500.00	500.00	500.00	500.00
Proof of Residents(Township)	15.00	15.00	15.00	15.00
Proof of Residents(Rural)-Letter from Tribal authority required	Free			
Tender documents:				
R200 000-R 1 000 000	250.00	250.00	250.00	250.00
R1000 001-R2 000 000	350.00	350.00	350.00	350.00
R2 000 001-Above	400.00	400.00	400.00	400.00



3. The Council Lepelle-Nkumpi Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tabled the approved tariff structure to allow community consultation.

4. Council tabled the following budget related policies for community consultation:-

- 4.1 Supply Chain Management Policy
- 4.2 Model SCM policy for infrastructure procurement & delivery management
- 4.3 Assets management policy
- 4.4 Credit Control and Debt Collection Policy
- 4.5 Bad debts & write off policy
- 4.6 Tariff policy
- 4.7 Budget and Virement Policy
- 4.8 Cash and Investment Management policy
- 4.9 Property Rates Policy
- 4.10 Indigent Policy.

5. Council notes the final total budget of both operating and capital for the amount of R408 440 754.

1.2 EXECUTIVE SUMMARY

1.2.1 BUDGET PREPARATIONS

The approved budget has been prepared in terms of guidelines as contained in Circular 93 and 94 of the MFMA. The contents and format of the approved budget are in line with the requirements of the Municipal Budget and Reporting Regulations and any applicable legislation

1.2.2 METHOD OF PREPARATION

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

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

The Budget was prepared according to the performance based method. In terms of the method the previous year budget 2017/18 and the mid-year performance of the current year 2018/19 of the all votes and line items were analysed, reviewed and every amount allocated had to be motivated.

Executive Managers were requested to hand their requests to the Acting Chief Financial Officer for inclusion on the budget. All departments gave input.



In terms of Section 16(2) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), hereafter called the MFMA, the Mayor must table the Annual Budget at least 90 days before the start of the budget year, that is 31 March. Council must therefore consider any views of the community on the tabled budget (Section 22 of the MFMA) and approve the budget 30 days before the start of the financial year which is 1 July (Section 16(1) of the MFMA).

Operating Budget

In terms of GRAP format Capital Grants receivable are included in the Operating Budget. Capital Expenditure is not included in the Operating Budget. Operating expenditure is the day to day management items of the Municipality, i.e.: Salaries and Wages, Repairs and Maintenance, Debt Servicing, Depreciation on Assets, Insurance, Electricity, Telephone, Subsistence and Travelling Allowances, Fuel etc

The total revenue budget amounts to R408 440 754.00. Table 1 hereunder summarizes the budget per department. Executive Managers must manage their own budgets.

Allocations per line item are done by the departments themselves, as long as they don't exceed the amounts allocated per Table 1, which is Consolidated Overview of the 2019/20 Medium Term Revenue Expenditure Forecast

Table 1: Consolidated overview of the 2019/2020 Final Budget

	Adjusted Budget 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Budget Year +2 2021/22
Total Revenue (excluding capital transfers and contributions)	406 060 006	354 366 754	352 596 227	374 782 761
Total Expenditure	340 297 883	304 274 814	322 372 977	345 327 561
Surplus/(Deficit)	118 765 123	104 165 940	87 258 250	90 751 200
Total Capital Expenditure	118 765 123	104 165 941	87 258 250	90 751 200

OPERATING BUDGET.

The operating budget deals with day to day operations of the municipality to ensure that service delivery is sustained.

The final operating budget has decreased from R304.3 million compared to the adjustment budget of R340.3 million.

The decrease of operating expenditure driven by:

- ✚ Loss of investment revenue of R150m to VBS Mutual bank.
- ✚ Non-payment of services

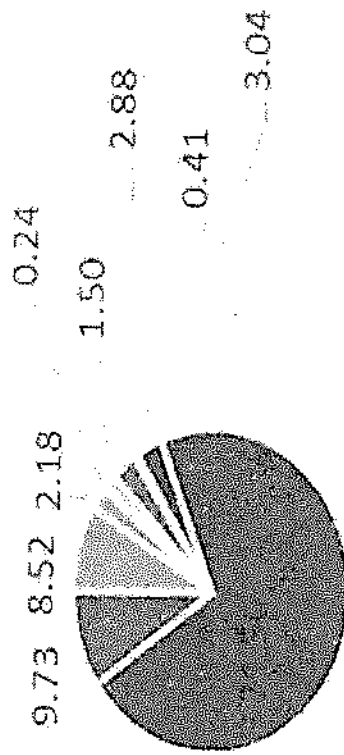


Total Revenue by source

Income	Amount	Percentage %
Property rates	30 208 936.31	8.52
Service charges - refuse revenue	7 709 700.14	2.18
Rental of facilities and equipment	842 558.65	0.24
Interest earned - external investments	5 324 446.04	1.50
Interest earned - outstanding debtors	10 190 861.77	2.88
Fines penalties and forfeits	1 460 684.35	0.41
Agency services	10 783 804.98	3.04
Transfers and subsidies	253 358 000.00	71.50
Other revenue	34 487 762.14	9.73
Total Revenue (excluding capital transfers and contributions)	354 366 754.38	100.00



Revenue By Source



- Property rates
- Rental of facilities and equipment
- Interest earned - outstanding debtors
- Agency services
- Other revenue
- Service charges - refuse revenue
- Interest earned - external investments
- Fines, penalties and forfeits
- Transfers and subsidies

Comments on Operating Revenue

The property rates

The property rates amounts to R38.5 million for the 2019/2020 financial year. This revenue stream has been increased by 12.34% the increase is due to the sale of sites in unit H, R and Q. An amount of R8.3 million is budgeted for the income forgone in terms of rebates and discounts that are offered by the municipality for the indigents, pensioners and the areas where the municipality is not providing services. This revenue stream contributes 9.31% of the total revenue.

Service charges

Service charges include refuse removal of an amount of R7.7 million. This revenue stream has been increased by 2.18% of the operating revenue.

Rental income

The rental income amounts to R842. The stream contributes 0.24% of the total revenue.

Fines

The revenue budget for the fines have been increased from R535 to R1.4 million and is in line with GRAP standards where fines are disclosed on accrual basis and not on cash basis. The provision of R473, 000 made for unpaid traffic fines. The stream contributes 0.41% of the total revenue.

Agency fees

The agency fees consists of revenue for provision of water services on behalf of the Capricorn District Municipality and motor vehicle licencing services on behalf of department of transport.

- ✓ The budget for this revenue stream has been increased from R8.2 million to R8.4 million. Which is in line with the 30% agreement of the billing for water to be recognised as commission. Lepelle-Nkumpi entered in to WSA/WSP agreement of 70:30 with the Capricorn District Municipality for the provision of water.
- ✓ 80:20 service level agreement with the department of transport of the licencing revenue. This revenue stream needs to be properly monitored. It contributes 2% to the total operating revenue streams.

Grants and Subsidies – operating

The grants subsidies refer to the Division of Revenue Act allocations in the 2019/20 financial year, the operational grants allocations are as follows:-

Revenue By Source	Final Adjustment budget - 2018/19 FY	Budget Year+1 19/20	Budget Year+2 20/21	Budget Year+3 21/22
Equitable Share	222,970,000.00	250,041,000.00	266,008,000.00	283,625,000.00
FMG Grant	2,145,000.00	2,145,000.00	2,145,000.00	2,145,000.00
Mig Grant	53,003,000.00	54,074,000.00	57,035,000.00	61,296,000.00
INEP/DME	9,998,000.00	-	9,600,000.00	10,128,000.00
Epwp Incentive Grant	1,758,000.00	1,172,000.00	-	-
LED Learnership Grant	327,926.00		-	-
CDM: Intergrated Transport Plan	400,000.00		-	-
Total Grants	290,601,926.00	307,432,000.00	334,788,000.00	357,194,000.00

Operating Revenue Framework

For Lepelle-Nkumpi Local 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 inescapably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.



LONG TERM FINANCIAL STRATEGY

- ✓ To have Electricity Licencing (To engage NERSA and Eskom)
- ✓ To be water service authority (To engage Department of water affairs and CDM)

Impact of environmental factors on municipal services tariffs and property rates

- ✓ Ground water and surface water pollution resulting in poor water quality
- ✓ Land invasion's which negatively affect land development and land use (correct charge for property rates)
- ✓ Environmental degradation (illegal dumping and improper sewerage disposal resulting to poor air quality and human wellbeing)
- ✓ Municipalities also need to attract new businesses and create an environment to increase the rates base, sale of sites at Lebowa kgomo unit H
- ✓ However, the increase in new businesses and development will also lead to an increased demand and cost on infrastructure.
- ✓ Table SA 10 (Funding measurement) and SA 9 (Asset Management) indicate a percentage lower than prescribed for Renewal and upgrading and R&M as 8% PPE, this must be corrected as it has a negative impact of service delivery sustainability due to its link to an increase in service delivery backlog.

REVENUE OPTIMISATION

*** Completeness of revenue and initiatives to collect debt over 90 days**

- ✓ Municipality appointed the service provider to assist with the revenue enhancement strategy and implementation thereof.
- ✓ The Municipality has appointed a service provider to assist with the Development and Implementation of revenue enhancement strategy which include a debt recovery strategy.
- ✓ The first step the service provider will do in the implementation of the strategy is to assist the municipality with Data cleansing, to ensure that correct information for each consumer is kept on the financial system, that all consumers are charged for property rates and municipal services and for the correct tariff.
- ✓ The development of the strategy will include the four traditional centers of collection namely: Credit control, Call centre, Debt collection and Legal debt collections.
- ✓ Key to revenue collection is the billing and collecting of all known accounts on time and in full.



- ✓ CDM has appointed a service provider to assist with cost recovery on water services and the project has yielded the following result.
- ✓ Key to revenue collection is the billing and collecting of all known accounts on time and in full.
- ✓ CDM has appointed a service provider to assist with cost recovery on water services and the project has yielded the following result.
- ✓ LNM also embarked on the implementation of credit control on employees and councillors wherein they were forced to make arrangements and the project yielded the following result
- ✓ Adequate provision for bad debts
- ✓ LNM also commissioned a study on cost determination for rural waste removal,
- ✓ Address the issue of returned mail
- ✓ using revenue clearance certificates (RCCs) when a property is sold to ensure that all outstanding debt is collected
- ✓ The removal of meters (especially where there is tampering).

The following amongst others are identified as the revenue streams:-

- ✓ Targeting businesses and government institutions (Quick wins)
- ✓ Implementation of by-laws e.g election posters, approval building plans
- ✓ Extension of services in rural areas
- ✓ Continuous updating of valuation roll.
- ✓ Community awareness campaigns
- ✓ Even though the arrangements were with those businesses and government institutions the reduction of level of debt is very slow due to high ageing of the debt.
- ✓ Unregistered government properties e.g Schools, public facilities, clinics etc
- ✓ Lack of enforcement measures we are currently relying on water terminations esp. on businesses
- ✓ High level of debt is at the household category currently at R118.8m, businesses R27m and government R20.9
- ✓ Increasing in number of boreholes by businesses and household consumer due to water terminations and restrictions measures, insufficient water supply and water quality

Financial impact of proving FBS above the minimum FBS support

- ✓ The municipality has decided to provide FBS within the minimum requirement of R6kl water, 50kw Electricity, R29.16 for refuse removal and for Property rates a discounted rates of 50%, but the provision of the service has major



challenges in terms of affordability and the impact on the financial sustainability of municipalities.

- ✓ Whilst the equitable share has been allocated to fund this, there is a funding gap due to high municipal needs.

↓ **Additional pressure on property rates**

- ✓ Inaccuracy in valuation of property
- ✓ Unregistered properties within the jurisdiction of the municipality
- ✓ Unconfirmed ownership of government properties.
- ✓ Farms properties transfers to traditional authorities which results in unpaid property rates.



Choose name from list - Supporting Table SA18 Transfers and grant receipts

Ref	Description	2015/16	2016/17	2017/18	Current Year: 2018/19				2019/20 Medium Term Revenue & Expenditure Framework											
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22										
1, 2	RECEIPTS:																			
	Operating Transfers and Grants																			
	National Government:																			
	Local Government Equitable Share	165,337	187,083	222,027	236,871	236,871	236,871	253,358	277,753	295,898										
	Municipal Systems Improvement	161,207	183,643	212,142	222,970	222,970	222,970	250,041	266,008	283,625										
	Finance Management	930	-	-	-	-	-	-	-	-	-									
	EPWP Incentive	1,675	2,145	2,145	2,145	2,145	2,145	2,145	2,145	2,145	2,145									
	Other operating transfers/grants [INEP]	1,525	1,295	1,160	1,758	1,758	1,758	4,172	-	-	-									
	Provincial Government:	-	-	6,580	9,998	9,998	9,998	-	9,600	10,128	-									
	Other transfers/grants [insert description]	-	-	-	-	-	-	-	-	-	-									
	District Municipality:	-	1,285	2,500	-	-	-	-	-	-	-									
	CDM: Other grant	-	1,285	2,500	-	-	-	-	-	-	-									
	Other grant providers: [insert description]	-	-	-	-	-	-	-	-	-	-									
5	Total Operating Transfers and Grants	165,337	188,368	224,527	236,871	236,871	236,871	253,358	277,753	295,898										
	Capital Transfers and Grants																			
	National Government:	62,128	37,102	53,134	53,003	53,003	53,003	54,074	57,035	61,296										
	Municipal Infrastructure Grant (MIG)	52,128	37,102	53,134	53,003	53,003	53,003	54,074	57,035	61,296										
	Other capital transfers/grants [INEP]	10,000	-	-	-	-	-	-	-	-										

- ✓ Tariff-setting is a key and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.
- ✓ National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible.
- ✓ Lepelle-nkumpi municipality tariffs increases as per the national treasury CPI inflation of 5.2% in 2019/20, 5.4% increase in 2020/21 and 5.4% increase in 2021/22 as guided in circular 94

Proposed rated levies for the 2019/20 financial year

APPROVED TARIFF STRUCTURE 2019-2020

BUDGET AND TREASURY CATEGORY OF PROPERTY	2018/2019	2019/2020	2020/2021	2021/2022
-				
Residential stands (Improved)	0.0042	0.0044	0.0047	0.0049
Residential stands (Vacant)	0.0211	0.0222	0.0234	0.0247
Business stands /Industrial (Improved)	0.0062	0.0066	0.0069	0.0073
Business stands/ Industrial (Vacant)	0.0073	0.0077	0.0081	0.0085
Farming and Agricultural properties	0.0011	0.0011	0.0012	0.0012
Mining properties	0.0062	0.0066	0.0069	0.0073
All Government properties. (Improved)	0.0062	0.0066	0.0069	0.0073
All Government properties. (Vacant)	0.0073	0.0077	0.0081	0.0085
Flat Rate per Property in villages				
Businesses (commercial - in villages)				
Government Buildings				
Consumer Deposits Domestic	800.00	800.00	800.00	800.00
Businesses	2,000.00	2,000.00	2,000.00	2,000.00
Contractors	5,000.00	5,000.00	5,000.00	5,000.00



Waste Removal and Impact of Tariff Increases

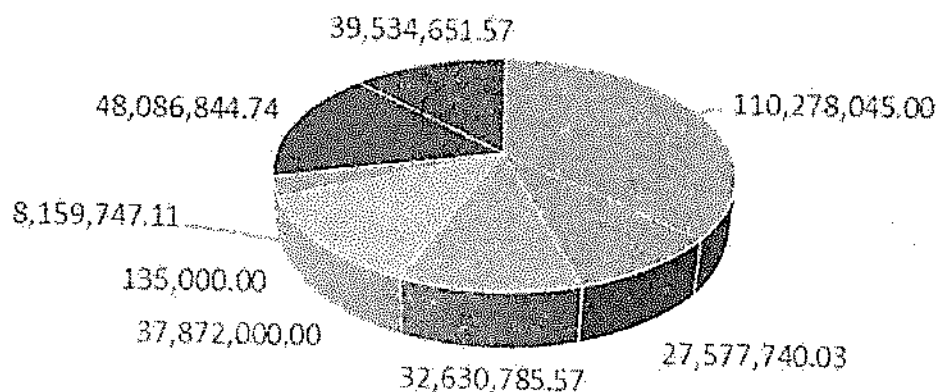
- ✓ In terms of National Treasury circulars as a municipality we are not supposed to render the services at a loss, we should at least break even. The municipality has appointed a service provider to assist with the calculations cost of providing the waste removal service.

Expenditure By Type

Employee related costs	110 278 045.00	36.24
Remuneration of councillors	27 577 740.03	9.06
Debt impairment	32 630 785.57	10.72
Depreciation & asset impairment	37 872 000.00	12.45
Finance charges	135 000.00	0.04
Other materials	8 159 747.11	2.68
Contracted services	48 086 844.74	15.80
Other expenditure	39 534 651.57	12.99
Total Expenditure	304 274 814.03	100.00
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	54 074 000.00	17.77
TOTAL	358 348 814.03	



Expenditure by Type



- * Employee related costs
- * Debt impairment
- * Finance charges
- * Contracted services
- * Remuneration of councillors
- * Depreciation & asset impairment
- * Other materials
- * Other expenditure

Operating Expenditure Framework

Employee related costs

- ✓ The employee related costs and remuneration of councillors indicate a percentage of 36.24% of the total operating budget.
- ✓ With regard to salaries and wages, municipality has taken the salary and wage increase for 2019/2020 financial year Circular 01/2019 from SALGBC setting out the salary and wage increases.
- ✓ The increase will take effect, on 1 July as follows:
 - Basic Salary across the board will increase by 6.5%
 - Benefits and conditions of service linked to salaries (Overtime etc) also by 6.5%
 - The minimum wage increase by 6.5% to R7 839.31
 - The housing allowance increase by 6.5% to R907.77
 - The maximum medical aid subsidy increases by 6.5 to R4 492.35
- Year 2 (2020/ 2021 financial year): Projected CPI of 5.4% was used as per Circular 84
- Year 3 (2021/ 2022 financial year): Projected CPI of 5.4% was used as per Circular 84



Councillors Allowance

- ✓ The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

General expenditure

In a bid to cut cost and ensure the funding of the overall budget. Circular 82 of the cost containment measures are adhere to and the following among others are strategies involve in cutting cost:-

- ✓ **Travel and subsistence and Air Travel**
 - The use of National Treasury negotiated rates are mostly used.
 - Overnight accommodation is booked when the kilometres to be travelled exceeds 500 kilometres (to and from the destination).
- ✓ **Catering costs**
 - Do not incur catering expenses for any meetings where only municipal officials are in attendance.
- ✓ **Events, advertising and sponsorships**
 - Municipality uses e tender for tender advertisement
 - Uses newspapers only for post adverts
 - Municipality discourages advertising in magazines and television.
- ✓ **Telephone and overtime**
 - Limit municipal staff telephones and private calls to a reasonable amount.
 - Encourage staff to take time off to make up for overtime worked.
 - Unplanned overtime worked must be motivated and approved by management.
- ✓ General expenditure takes 12.99% of the total operating expenditure.

Contracted services

Even though the treasury discourages the use of consultants but due to human capacity, the municipality still appoints consultant to assist in the implementation of other programmes and projects budgeted for and still heavily relies on the use of consultants but conducts gap analysis as per the circular. This has resulted in the professional fees budget decreasing from R89m in the 2018/19 financial year to R48m, R49m and R59m in 2019-2020 to 2021-2022 respectively. The contract management will have to be improved for the contracted services. The outsourcing of work will need to be controlled to ensure skill transfer.

Debt Impairment

The provision of debt impairment was based on an annual collection rate of 30 per cent and the Debt Write-off Policy of the Municipality. This expenditure is considered to be a non-cash flow item, it forms the total cost associated with rendering the



services of the municipality, as well as the municipality's realistically anticipated revenues

Other Materials

The repairs and maintenance contributes 2.88% of the operating budget.

Depreciation

Depreciation constitutes 12.45% of the budget. The budget increase was informed by historical trends as well as budgeted and forecasted additions.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy

Operating Budget per Department

Department	Income	Operating Expenditure	Capital Expenditure
Executive and Council	-	40 923 913.45	-
Municipal Manager	-	14 643 550.69	-
Corporate Services	635 460.41	62 702 749.07	3 300 000.00
Budget and Treasury	307 629 753.24	99 324 612.24	-
Community Services	14 152 964.63	40 273 107.22	21 706 821.92
Planning and Development	31 948 576.10	17 074 492.62	-
Infrastructure Development	54 074 000.00	29 332 388.26	79 159 118.91
TOTAL	408 440 754.38	304 274 813.55	104 165 940.83



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

LIM355 Lepelle-Nkumpi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Limbos Lepene-Inkumpli - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Revenue By Source											
Property rates	2	17,050	23,011	24,415	25,864	25,864	25,864	-	30,209	31,840	33,560
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	2	6,190	6,340	6,735	7,629	7,329	7,329	-	7,710	8,126	8,565
Interest earned - external investments		258	592	516	1,092	982	982	-	843	888	936
Interest earned - outstanding debtors		12,057	12,517	6,932	14,761	4,761	4,761	-	5,324	5,612	5,915
Dividends received		13,247	14,261	5,135	4,687	9,687	9,687	-	10,191	10,741	11,321
Fines, penalties and forfeits		2,504	3,011	941	1,445	535	535	-	1,461	1,540	1,623
Licences and permits						-	-	-			
Agency services		60,100	36,670	29,172	10,233	10,251	10,251	-	10,784	11,366	11,980
Transfers and subsidies		212,001	208,671	217,593	237,599	237,599	237,599	-	253,358	277,753	295,898
Other revenue	2	16,812	3,529	406,371	222,316	109,052	109,052	-	34,488	4,730	4,986
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		340,219	308,601	697,810	525,626	406,060	406,060	-	354,367	352,596	374,783

Table 3 Percentage growth in revenue by main revenue source

Description R thousand	Ref 1	2019/20 Medium Term Revenue & Expenditure Framework							
		Adjusted Budget	%	Budget Year 2019/20	%	Budget Year +1 2020/21	%	Budget Year +2 2021/22	%
Revenue By Source									
Property rates		25,864	6.37	30,209	8.52	31,840	9.03	33,560	8.95
Service charges - electricity revenue		-		-		-		-	
Service charges - water revenue		-		-		-		-	
Service charges - sanitation revenue		-		-		-		-	
Service charges - refuse revenue		7,329	1.80	7,710	2.18	8,126	2.30	8,565	2.29
Service charges - other									
Rental of facilities and equipment		982	0.24	843	0.24	888	0.25	936	0.25
Interest earned - external investments		4,761	1.17	5,324	1.50	5,612	1.59	5,915	1.58
Interest earned - outstanding debtors		9,687	2.39	10,191	2.88	10,741	3.05	11,321	3.02
Dividends received		-		-		-		-	
Fines, penalties and forfeits		535	0.13	1,461	0.41	1,540	0.44	1,623	0.43
Licences and permits		-		-		-		-	
Agency services		10,251	2.52	10,784	3.04	11,366	3.22	11,980	3.20
Transfers and subsidies		237,599	58.51	253,358	71.50	277,753	78.77	295,898	78.95
Other revenue		109,052	26.86	34,488	9.73	4,730	1.34	4,986	1.33
Gains on disposal of PPE									
Total Revenue (excluding capital transfers and contributions)		406,060	100.00	354,367	100.00	352,596	100.00	374,783	100.00



LIM355 Lepelle-Nkumpi - Table A1
Budget Summary

Description R thousands	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Financial Performance										
Property rates	17,050	23,011	24,415	25,864	25,864	25,864	-	30,209	31,840	33,560
Service charges	6,190	6,340	6,735	7,629	7,329	7,329	-	7,710	8,126	8,565
Investment revenue	12,057	12,517	6,932	14,761	4,761	4,761	-	5,324	5,612	5,915
Transfers recognised - operational	212,001	208,671	217,593	237,599	237,599	237,599	-	253,358	277,753	295,898
Other own revenue	92,922	58,062	442,135	239,773	130,507	130,507	-	57,766	29,265	30,845
Total Revenue (excluding capital transfers and contributions)	340,219	308,601	697,810	525,626	406,060	406,060	-	354,367	352,596	374,783
Employee costs	78,996	83,926	88,087	106,494	102,501	102,501	-	110,278	116,233	122,510
Remuneration of councillors	16,779	18,270	20,883	27,715	26,215	26,215	-	27,578	29,067	30,637
Depreciation & asset impairment	27,993	54,078	42,383	36,000	36,000	36,000	-	37,872	39,917	42,073
Finance charges	81	201	52	150	150	150	-	135	142	150
Materials and bulk purchases	7,230	7,732	6,470	11,069	7,469	7,469	-	8,160	11,566	10,912
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	98,126	177,610	294,469	187,213	167,964	167,964	-	120,252	125,448	139,047
Total Expenditure	229,205	341,817	452,344	368,641	340,298	340,298	-	304,275	322,373	345,328
Surplus/(Deficit)	111,014	(33,217)	245,467	156,985	65,762	65,762	-	50,092	30,223	29,455
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	61,438	36,699	54,088	53,003	53,003	53,003	-	54,074	57,035	61,296
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	172,452	3,483	299,555	209,988	118,765	118,765	-	104,166	87,258	90,751
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	172,452	3,483	299,555	209,988	118,765	118,765	-	104,166	87,258	90,751
Capital expenditure & funds sources										
Capital expenditure	86,697	89,511	84,818	209,988	118,765	118,765	-	104,166	87,258	90,751
Transfers recognised - capital	36,136	31,859	45,865	50,553	51,873	51,873	-	51,370	54,183	58,231
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	50,560	57,652	38,953	159,435	66,892	66,892	-	52,796	33,075	32,520
Total sources of capital funds	86,697	89,511	84,818	209,988	118,765	118,765	-	104,166	87,258	90,751

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Financial position										
Total current assets	348,797	274,752	376,818	412,956	413,503	413,503	-	431,618	432,953	452,518
Total non current assets	566,434	770,042	776,935	963,033	718,521	718,521	-	747,928	747,928	780,000
Total current liabilities	93,927	57,758	72,474	58,341	73,661	73,661	-	86,017	71,460	75,311
Total non current liabilities	6,166	7,966	8,415	8,380	8,666	8,666	-	9,117	9,131	9,621
Community wealth/Equity	815,137	979,070	1,072,863	1,309,268	1,049,698	1,049,698	-	1,084,412	1,100,291	1,147,668
Cash flows										
Net cash from (used) operating	149,889	19,493	(43,742)	231,596	154,736	154,736	-	109,590	124,595	130,171
Net cash from (used) investing	(86,759)	(88,200)	(84,753)	(210,377)	(118,555)	(118,555)	-	(104,166)	(87,258)	(90,751)
Net cash from (used) financing	(334)	(483)	(489)	64	22	22	-	23	25	27
Cash/cash equivalents at the year end	256,603	187,413	58,429	309,063	94,633	94,633	-	100,080	137,443	176,898
Cash backing/surplus reconciliation										
Cash and investments available	256,603	187,413	58,430	204,788	211,430	211,430	-	215,000	218,348	221,877
Application of cash and investments	76,145	46,796	65,502	(77,409)	(12,929)	(12,929)	-	116,956	93,387	99,795
Balance - surplus (shortfall)	180,458	140,616	(7,073)	282,197	224,359	224,359	-	98,044	124,961	122,082
Asset management										
Asset register summary (WDV)	564,256	586,165	776,935	212,797	212,797	212,797	212,797	818,889	863,110	909,717
Depreciation	27,993	54,078	42,383	36,000	36,000	36,000	36,000	37,872	39,917	42,073
Renewal and Upgrading of Existing Assets	6,822	27,122	6,360	13,637	11,773	11,773	11,773	3,000	-	-
Repairs and Maintenance	7,230	7,732	6,470	26,974	9,761	9,761	9,761	8,350	12,530	11,638
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	7,908	7,908	7,908	8,319	8,319	8,769	9,242
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

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Explanatory notes to MBRR Table A1 - Budget Summary

- ✓ Table A1 is a budget summary and provides a summarising overview of the Lepelle-Nkumpi budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- ✓ The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- ✓ Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - Capital expenditure is balanced by capital funding sources, of which
 - Transfers recognised is reflected on the Financial Performance Budget;
 - Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
- ✓ Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to decrease. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2020/21 the provision of free basic services number of beneficiaries and the budget will increase.
- ✓ The municipality has decided to provide FBS within the minimum requirement of R6kl water, 50kw Electricity, R29.16 for refuse removal and for Property rates a discounted rates of 50%, but the provision of the service has major challenges in terms of affordability and the impact on the financial sustainability of municipalities.
- ✓ Whilst the equitable share has been allocated to fund this, there is a funding gap due to high municipal needs

LIM355 Lepelle-Nkumpi - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional										
Governance and administration										
Executive and council		324,881	293,405	681,120	479,589	324,646	324,646	338,738	327,759	348,595
Finance and administration		-	-	-	-	-	-	-	-	-
Internal audit		324,881	293,405	681,120	479,589	324,646	324,646	338,738	327,759	348,595
Community and public safety										
Community and social services		56	234	292	537	474	474	375	395	416
Sport and recreation		56	227	289	512	459	459	375	395	416
Public safety		-	7	3	26	16	16	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services										
Planning and development		63,135	44,513	63,400	80,862	116,602	116,602	61,603	63,736	68,359
Road transport		230	192	55,771	74,695	111,345	111,345	55,663	57,475	61,759
Environmental protection		62,904	44,322	5,456	6,166	5,256	5,256	5,940	6,261	6,599
Trading services		-	-	2,174	-	-	-	-	-	-
Energy sources		13,586	7,147	7,086	17,637	17,337	17,337	7,721	17,737	18,705
Water management		5,170	-	-	9,998	9,998	9,998	-	9,600	10,128
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other	4	8,416	7,147	7,086	7,639	7,339	7,339	7,721	8,137	8,577
Total Revenue - Functional	2	401,657	345,300	751,899	578,629	459,063	459,063	408,441	409,631	436,079
Expenditure - Functional										
Governance and administration										
Executive and council		199,896	299,789	419,950	261,021	251,714	251,714	230,136	239,323	250,903
Finance and administration		29,010	29,960	33,441	42,460	38,364	38,364	36,918	38,911	41,012
Internal audit		170,886	269,829	386,040	214,710	210,089	210,089	189,654	196,655	205,931
Community and public safety										
Community and social services		674	139	2,011	6,631	4,065	4,065	3,564	3,757	3,960
Sport and recreation		59	139	2,011	6,631	4,065	4,065	3,881	4,091	4,311
Public safety		615	-	-	-	-	-	3,881	4,091	4,311

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recreation										
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		2,307	10,939	10,741	45,926	34,993	34,993	42,329	44,508	45,342
Planning and development		1,808	1,945	4,174	15,949	12,099	12,099	11,827	10,353	10,912
Road transport		499	8,994	4,145	28,441	21,096	21,096	28,867	33,401	33,635
Environmental protection		-	-	2,422	1,536	1,798	1,798	1,635	754	795
Trading services		26,328	30,950	19,643	55,063	49,526	49,526	27,929	34,452	44,771
Energy sources		20,807	25,819	15,084	37,734	32,334	32,334	14,482	20,279	29,833
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		5,521	5,131	4,558	17,329	17,192	17,192	13,446	14,172	14,937
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	229,205	341,817	452,344	368,641	340,298	340,298	304,275	322,373	345,328
Surplus/(Deficit) for the year		172,452	3,483	299,555	209,988	118,765	118,765	104,166	87,258	90,751

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

- ✓ Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile "whole of government" reports.
- ✓ Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

LIM355 Lepelle-Nkumpi - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref.	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
Vote 1 - Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-
Vote 2 - Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 3 - Vote 3 - CORPORATE SERVICES		265,620	241,444	363	604	604	604	635	670	706
Vote 4 - Vote 4 - BUDGET AND TREASURY		59,261	51,961	252,591	452,887	297,927	297,927	307,630	294,971	314,036
Vote 5 - Vote 5 - COMMUNITY SERVICES		15,108	15,004	14,988	13,991	12,718	12,718	14,153	14,917	15,723
Vote 6 - Vote 6 - PLANNING AND DEVELOPMENT		230	192	429,848	48,083	84,750	84,750	31,949	32,439	34,190
Vote 7 - Vote 7 - INFRASTRUCTURE DEVELOPMENT		61,438	36,699	54,107	63,064	63,064	63,064	54,074	66,635	71,424
Total Revenue by Vote	2	401,657	345,300	751,899	578,629	459,063	459,063	408,441	409,631	436,079
Expenditure by Vote to be appropriated	1									
Vote 1 - Vote 1 - EXECUTIVE AND COUNCIL		23,810	27,075	33,595	47,086	42,647	42,647	40,924	43,134	45,463
Vote 2 - Vote 2 - MUNICIPAL MANAGER		5,200	2,885	6,476	16,019	14,334	14,334	14,644	15,434	16,268
Vote 3 - Vote 3 - CORPORATE SERVICES		103,642	130,050	116,279	72,396	67,631	67,631	62,703	67,220	70,129
Vote 4 - Vote 4 - BUDGET AND TREASURY		67,244	138,739	248,449	96,859	105,195	105,195	99,325	100,734	105,583
Vote 5 - Vote 5 - COMMUNITY SERVICES		6,695	7,031	19,268	53,136	44,066	44,066	40,273	41,978	44,245
Vote 6 - Vote 6 - PLANNING AND DEVELOPMENT		1,808	1,945	7,688	20,706	19,272	19,272	17,074	14,967	15,742
Vote 7 - Vote 7 - INFRASTRUCTURE DEVELOPMENT		20,807	34,093	20,588	62,439	47,152	47,152	29,332	38,906	47,897
Total Expenditure by Vote	2	229,205	341,817	452,344	368,641	340,298	340,298	304,275	322,373	345,328
Surplus/(Deficit) for the year	2	172,452	3,483	299,555	209,988	118,765	118,765	104,166	87,258	90,751

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

- ✓ Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality.

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Capital Budget

Capital expenditure is the expenditure incurred on items used over a period of time longer than 12 months to generate future income.

Capital projects amounting to R104 165 941 have been included in this budget. Own sources available to fund these projects amount to R52 495 641. Our MIG allocation for 2019/2020 is R51, 370,300. Excluding PMU Operating expenditure.

All projects presented in this report are the priorities as per the approved Integrated Development Plan which was reviewed and tabled by council during May 2019.

Funding of Capital Budget

MIG	R51 370 300
OWN	R52 795 641
TOTAL	R104 165 941

Capital Expenditure by vote, functional classification and funding, mSCOA version 6.1

Vote Description R thousand	Ref	2015/16				2016/17				2017/18				Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework			
		Audited Outcome				Audited Outcome				Audited Outcome				Adjusted Budget	Full Year Forecast	Pre-audit outcome		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
Capital expenditure - Vote Multi-year expenditure to be appropriated	1																				
Vote 3 - Vote 3 - CORPORATE SERVICES	2					3,695			3,477					2,882	2,882			3,000			
Vote 4 - Vote 4 - BUDGET AND TREASURY																					
Vote 5 - Vote 5 - COMMUNITY SERVICES																					
Vote 6 - Vote 6 - PLANNING AND DEVELOPMENT						2,676			2,311					22,943	22,943			4,405			8,000
Vote 7 - Vote 7 - INFRASTRUCTURE DEVELOPMENT														3,000							13,000
Capital multi-year expenditure sub-total	7					175			42,996					70,202	70,202			61,769	24,300		24,156
Single-year expenditure to be appropriated	2																				
Vote 3 - Vote 3 - CORPORATE SERVICES						18,498			15,705					10,960	4,410			300	200		3,000
Vote 4 - Vote 4 - BUDGET AND TREASURY																					
Vote 5 - Vote 5 - COMMUNITY SERVICES																					
Vote 6 - Vote 6 - PLANNING AND DEVELOPMENT						14,516			13,404					38,900	15,500			17,302			
Vote 7 - Vote 7 - INFRASTRUCTURE DEVELOPMENT						138															3,075
Capital single-year expenditure sub-total						50,693			6,925					28,940	2,828			17,390	44,758		39,520
Total Capital Expenditure - Vote						83,846			36,034					78,800	22,738			34,992	44,958		45,595
Capital Expenditure - Functional						86,697			84,818					209,988	118,765			104,166	87,258		90,751

LIM355 Lepelle-Nkumpi - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Municipal Vote Multi-year expenditure appropriation	2										
Vote 3 - Vote 3 - CORPORATE SERVICES			3,695	3,477	-	2,882	2,882	-	3,000	-	-
3.1 - Executive Manager Corporate Services											
3.2 - Human Resource Management and Development											
3.3 - Information Technology											
3.4 - Legal Services			3,695								
3.5 - General Administration, Security and Fleet Management				3,477		2,882	2,882		3,000		
Vote 5 - Vote 5 - COMMUNITY SERVICES											
5.1 - Executive Manager		2,676		2,311	27,036	22,943	22,943				
5.2 - Waste and Environmental Management Services									4,405		8,000
5.3 - Traffic Services											
5.4 - Licensing Services											
5.5 - Institutional and Social Development		2,676		2,311	21,899	18,443	18,443		4,200		8,000
5.6 - Sports, Recreation, Arts and Culture					5,137	4,500	4,500		205		
Vote 6 - Vote 6 - PLANNING AND DEVELOPMENT											
6.1 - Executive Manager Planning and Development					3,000	-	-			18,000	13,000
6.2 - Economic development/Planning											
6.3 - Development and Town										18,000	13,000

Planning 6.4 - Property Management and Housing 6.5- Integrated Development Planning 6.6 Performance Management Vote 7 - Vote 7 - INFRASTRUCTURE DEVELOPMENT 7.1 -Executive Manager Infrastructure Development 7.2 - Construction and Maintenance 7.3 -Electrical and Mechanical Work 7.4 -Project Management	175	15,218	42,996	101,151	70,202	70,202	-	61,769	24,300	24,156	-	-
Capital multi-year expenditure sub-total	2,851	18,913	48,784	131,188	96,027	96,027	-	69,174	42,300	24,156	-	-
Capital expenditure - Municipal Vote Single-year expenditure appropriation	2											
Vote 3 - Vote 3 - CORPORATE SERVICES 3.1 - Executive Manager Corporate Services 3.2 - Human Resource Management and Development 3.3 - Information Technology 3.4 - Legal Services 3.5- General Administration, Security and Fleet Management	18,498	5,187	15,705	10,960	4,410	4,410	-	300	200	3,000	-	-
Vote 5 - Vote 5 - COMMUNITY SERVICES 5.1 - Executive Manager 5.2 - Waste and Environmental Management	14,516	11,567	13,404	38,900	15,500	15,500	-	17,302	-	-	-	-
			379	8,500	3,500	3,500						

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

- ✓ Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- ✓ The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year has been for R69 million for the 2019/20 financial year and over the MTREF R42 million and R45 million respectively for the two outer years
- ✓ Single-year capital expenditure has been appropriated at R35 million for the 2019/20 financial year and over the MTREF R45 million and R46 million respectively for the two outer years
- ✓ The capital programme is funded from capital and national grants transfers and internally generated funds.

LIM355 Lepelle-Nkumpi - Table A6 Budgeted Financial Position

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS											
Current assets											
Cash		1,703	14,262	11,518	1,788	11,518	11,518		12,000	12,648	13,331
Call investment deposits	1	254,901	173,151	46,911	50,000	46,911	46,911	-	50,000	52,700	55,546
Consumer debtors	1	36,661	19,244	30,918	197,047	69,616	69,616	-	73,236	73,236	77,191
Other debtors		53,687	64,133	38,698	159,952	36,686	36,686		34,674	32,661	30,649
Current portion of long-term receivables					-						
Inventory	2	1,845	3,962	248,772	4,168	248,772	248,772		261,708	261,708	275,841
Total current assets		348,797	274,752	376,818	412,956	413,503	413,503	-	431,618	432,953	452,557
Non current assets											
Long-term receivables											
Investments					153,000	153,000	153,000		153,000	153,000	153,000
Investment property											
Investment in Associate											
Property, plant and equipment	3	566,330	770,042	776,914	810,033	565,500	565,500	-	594,906	594,906	627,031
Biological											
Intangible	105			21		21	21		22	22	23
Other non-current assets											
Total non current assets		566,434	770,042	776,935	963,033	718,521	718,521	-	747,928	747,928	780,054
TOTAL ASSETS		915,231	1,044,794	1,153,753	1,375,989	1,132,025	1,132,025	-	1,179,546	1,180,882	1,232,611
LIABILITIES											
Current liabilities											
Bank overapproved	1										
Borrowing	4	586	534	238	561	238	238	-	251	251	264
Consumer deposits		1,823	1,858	1,903	64	1,903	1,903		2,002	2,002	2,110
Trade and other payables	4	91,519	55,366	70,333	56,629	70,433	70,433	-	82,622	68,065	71,740
Provisions					1,087	1,087	1,087		1,143	1,143	1,205
Total current liabilities		93,927	57,758	72,474	58,341	73,661	73,661	-	86,017	71,460	75,319
Non current liabilities											
Borrowing	671		238	-	251	251	251	-	264	278	293
Provisions		5,496	7,728	8,415	8,130	8,415	8,415	-	8,853	8,853	9,331
Total non current liabilities		6,166	7,966	8,415	8,380	8,666	8,666	-	9,117	9,131	9,624
TOTAL LIABILITIES		100,094	65,724	80,890	66,721	82,327	82,327	-	95,134	80,591	84,943
NET ASSETS	5	815,137	979,070	1,072,863	1,309,268	1,049,698	1,049,698	-	1,084,412	1,100,291	1,147,669

COMMUNITY WEALTH/EQUITY Accumulated Surplus/(Deficit)		815,137	979,070	1,072,863	1,309,268	1,049,698	1,049,698	-	1,084,412	1,100,291	1,147,669
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	815,137	979,070	1,072,863	1,309,268	1,049,698	1,049,698	-	1,084,412	1,100,291	1,147,669

- ✓ Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- ✓ This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- ✓ Table 6 is supported by an extensive table of notes (SA3 which detailed the major components of a number of items, including:
 - Call investments deposits.
 - Consumer debtors.
 - Property, plant and equipment.
 - Trade and other payables.
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
- ✓ The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

- ✓ Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position as an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
- ✓ The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
- ✓ Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

LIM355 Lepelle-Nkumpi - Table A7
Budgeted Cash Flows

Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		6,391	2,423	11,004	11,537	5,947	5,947		5,947	6,268	6,607
Service charges		2,262	4,773	3,036	5,338	2,301	2,301		2,301	2,425	2,556
Other revenue		11,974	2,039	18,805	85,916	120,513	120,513		17,405	18,345	19,410
Government - operating	1	208,885	204,615	217,593	237,271	237,271	237,271		253,358	277,753	295,898
Government - capital	1	62,128	36,699	62,196	53,003	53,003	53,003		54,074	57,035	61,296
Interest		25,304	26,778	9,234	17,247	8,981	8,981		10,278	10,833	11,418
Dividends									-	-	-
Payments											
Suppliers and employees		(166,973)	(257,632)	(365,558)	(178,566)	(273,130)	(273,130)		(233,637)	(247,921)	(266,855)
Finance charges		(81)	(201)	(52)	(150)	(150)	(150)		(135)	(142)	(150)
Transfers and Grants	1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		149,889	19,493	(43,742)	231,596	154,736	154,736	-	109,590	124,595	130,179
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE	1	1,311	64	210	210	210	210		-	-	-
Decrease (increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables		(1,678)							-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(85,083)	(89,511)	(84,818)	(210,588)	(118,765)	(118,765)		(104,166)	(87,258)	(90,751)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(86,759)	(88,200)	(84,753)	(210,377)	(118,555)	(118,555)	-	(104,166)	(87,258)	(90,751)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing	(334)	(483)							-	-	-
Increase (decrease) in consumer deposits				45	64	22	22		23	25	27
Payments											
Repayment of borrowing				(534)					-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(334)	(483)	(489)	64	22	22	-	23		27



NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	193,807	256,503	187,413	287,780	58,430	58,430	-	94,633	100,080	137,443
Cash/cash equivalents at the year end:	2	256,603	187,413	58,429	309,063	94,633	94,633	-	100,080	137,443	176,898

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

- ✓ The budgeted cash flow statement is the first measurement in determining if the budget is funded.
- ✓ It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
- ✓ The 2019/20 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
- ✓ Cash and cash equivalents totals R100,080 million as at the end of the 2019/20.

LIM355 Lepelle-Nkumpi - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	256,603	187,413	58,429	309,063	94,633	94,633	-	100,080	137,443	176,898
Other current investments > 90 days		(0)	0	0	(257,275)	(36,203)	(36,203)	-	(38,080)	(72,095)	(108,021)
Non current assets - investments	1	-	-	-	153,000	153,000	153,000	-	153,000	153,000	153,000
Cash and investments available:		256,603	187,413	58,430	204,788	211,430	211,430	-	215,000	218,348	221,877
Application of cash and investments											
Unspent conditional transfers		-	-	8,108	-	5,733	5,733	-	14,557	-	-
Unspent borrowing		671	238	-	251	251	251	-	264	278	293
Statutory requirements	2								33,000	34,782	36,660
Other working capital requirements	3	75,475	46,558	57,394	(77,659)	(18,913)	(18,913)	-	39,135	26,708	29,514
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5								-	-	-
Total Application of cash and investments:		76,145	46,796	65,502	(77,409)	(12,929)	(12,929)	-	116,956	93,387	99,795
Surplus(shortfall)		180,458	140,616	(7,073)	282,197	224,359	224,359	-	98,044	124,961	122,082

- ✓ The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
- ✓ In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
- ✓ The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be 'funded'.
- ✓ Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
- ✓ From the table it can be seen that for the period 2018/19 the surplus decreased from R224 million to R98 million in 2020/21. For the rest of the MTREF a surplus is indicated.
- ✓ Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2014/15 MTREF was not funded owing to the significant deficit.
- ✓ As part of the budgeting and planning guidelines that informed the compilation of the 2019/20 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

LIM355 Lepelle-Nkumpi - Table A9
Asset Management

Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CAPITAL EXPENDITURE											
Total New Assets		1	76,173	58,690	78,446	193,251	106,299	106,299	101,166	87,258	90,751
Roads Infrastructure			44,047	29,702	47,648	78,111	53,138	53,138	67,969	55,182	39,156
Storm water Infrastructure			-	10,498	-	44,540	13,540	13,540	6,750	9,001	23,000
Electrical Infrastructure			2,676	1,555	-	4,440	2,828	2,828	4,440	4,875	1,520
Water Supply Infrastructure			-	-	-	-	-	-	-	-	-
Sanitation Infrastructure			-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure			-	-	379	7,500	3,000	3,000	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			46,723	41,754	48,026	134,591	72,506	72,506	79,159	69,058	63,676
Community Facilities			14,516	11,567	15,336	46,299	27,443	27,443	15,707	-	11,075
Sport and Recreation Facilities			-	-	-	3,000	4,500	4,500	6,000	-	-
Community Assets			14,516	11,567	15,336	49,299	31,943	31,943	21,707	-	11,075
Heritage Assets			-	-	-	1,000	500	500	-	-	-
Revenue Generating			-	-	-	-	-	-	-	18,000	13,000
Non-revenue Generating			-	-	-	3,000	-	-	-	-	-
Investment properties			-	-	-	3,000	-	-	-	18,000	13,000
Operational Buildings			1,466	-	-	1,740	440	440	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Other Assets			1,466	-	-	1,740	440	440	-	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-	-
Licences and Rights			-	-	-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-	-
Computer Equipment			-	1,499	707	1,200	-	-	200	-	-
Furniture and Office Equipment			-	-	-	-	-	-	-	200	-
Machinery and Equipment			10,787	1,571	11,202	1,820	910	910	100	-	3,000
Transport Assets			2,682	2,299	3,176	600	-	-	-	-	-
Land			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets		2	6,822	27,122	2,273	3,000	3,524	3,524	-	-	-

Roads Infrastructure	6,822	27,122	2,273	3,000	3,524	3,524	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	6,822	27,122	2,273	3,000	3,524	3,524	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	-	4,086	10,637	8,249	8,249	3,000	-	-
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-



Rail Infrastructure	-	-	-	-	-	-	-	-	-	
Coastal Infrastructure	-	-	-	-	-	-	-	-	-	
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-	
Infrastructure	-	-	-	-	-	-	-	-	-	
Community Facilities	-	-	-	2,000	-	-	-	-	-	
Sport and Recreation Facilities	-	-	-	5,137	3,000	3,000	-	-	-	
Community Assets	-	-	-	7,137	3,000	3,000	-	-	-	
Heritage Assets	-	-	-	-	-	-	-	-	-	
Revenue Generating	-	-	-	-	-	-	-	-	-	
Non-revenue Generating	-	-	-	-	-	-	-	-	-	
Investment properties	-	-	-	-	-	-	-	-	-	
Operational Buildings	-	-	4,086	3,500	5,249	5,249	3,000	-	-	
Housing	-	-	-	-	-	-	-	-	-	
Other Assets	-	-	4,086	3,500	5,249	5,249	3,000	-	-	
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Servitudes	-	-	-	-	-	-	-	-	-	
Licences and Rights	-	-	-	-	-	-	-	-	-	
Intangible Assets	-	-	-	-	-	-	-	-	-	
Computer Equipment	-	-	-	-	-	-	-	-	-	
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-	
Machinery and Equipment	-	-	-	-	-	-	-	-	-	
Transport Assets	-	-	-	-	-	-	-	-	-	
Land	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure	4	82,995	85,812	84,806	206,888	118,072	118,072	104,166	87,258	90,751
Roads Infrastructure		50,868	56,824	49,921	81,111	56,662	56,662	67,969	55,182	39,156
Storm water Infrastructure		-	10,498	-	44,540	13,540	13,540	6,750	9,001	23,000
Electrical Infrastructure		2,676	1,555	-	4,440	2,828	2,828	4,440	4,875	1,520
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	379	7,500	3,000	3,000	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		53,544	68,876	50,300	137,591	76,030	76,030	79,159	69,058	63,676
Community Facilities		14,516	11,567	15,336	48,299	27,443	27,443	15,707	-	11,075
Sport and Recreation Facilities		-	-	-	8,137	7,500	7,500	6,000	-	-

Community Assets		14,516	11,567	15,336	56,436	34,943	34,943	21,707	—	11,075
Heritage Assets		—	—	—	1,000	500	500	—	—	—
Revenue Generating		—	—	—	—	—	—	—	18,000	13,000
Non-revenue Generating		—	—	—	3,000	—	—	—	—	—
Investment properties		—	—	—	3,000	—	—	—	18,000	13,000
Operational Buildings		1,466	—	4,086	5,240	5,689	5,689	3,000	—	—
Housing		—	—	—	—	—	—	—	—	—
Other Assets		1,466	—	4,086	5,240	5,689	5,689	3,000	—	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	—	—	—
Intangible Assets		—	—	—	—	—	—	—	—	—
Computer Equipment		—	1,499	707	1,200	—	—	200	—	—
Furniture and Office Equipment		—	—	—	—	—	—	—	200	—
Machinery and Equipment		10,787	1,571	11,202	1,820	910	910	100	—	3,000
Transport Assets		2,682	2,299	3,176	600	—	—	—	—	—
Land		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
TOTAL CAPITAL EXPENDITURE - Asset class		82,995	85,812	84,806	206,888	118,072	118,072	104,166	87,258	90,751
ASSET REGISTER SUMMARY - PPE (WDV)	5	564,256	586,165	776,935	212,797	212,797	212,797	818,889	863,110	909,717
Roads Infrastructure		222,780	265,779	285,821	111,827	111,827	111,827	301,255	317,523	334,669
Storm water Infrastructure										
Electrical Infrastructure		8,121	11,394	8,887	5,155	5,155	5,155	9,367	9,872	10,405
Water Supply Infrastructure										
Sanitation Infrastructure										
Solid Waste Infrastructure				379	7,500	7,500	7,500	399	421	443
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		230,902	277,173	295,086	124,482	124,482	124,482	311,021	327,816	345,518
Community Assets		184,294	11,567	114,626	60,845	60,845	60,845	120,815	127,340	134,216
Heritage Assets					1,000					
					3,000					
					23,470					
Investment properties					3,000	3,000	3,000			
Other Assets										



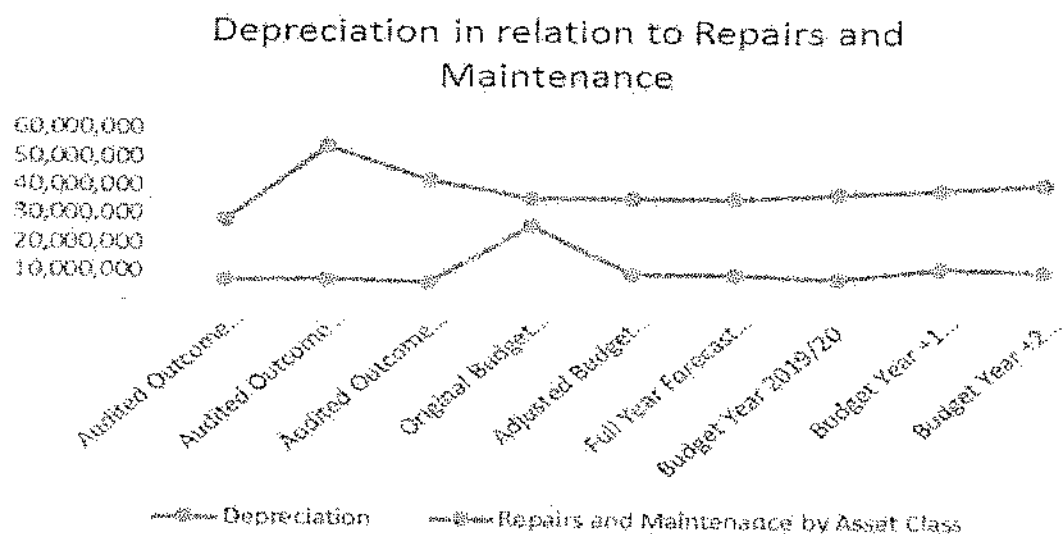
Biological or Cultivated Assets		117,039	266,915	330,154		1,000	1,000	347,983	366,774	386,579
Intangible Assets		105	48	21				22	23	24
Computer Equipment			2,050		3,903	3,903	3,903			
Furniture and Office Equipment		6,850	3,838		3,314	3,314	3,314			
Machinery and Equipment		759	652	27,928	13,571	13,571	13,571	29,436	31,026	32,701
Transport Assets		24,307	23,921	9,120	2,683	2,683	2,683	9,612	10,131	10,678
Land										
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	564,256	586,165	776,935	212,797	212,797	212,797	818,889	863,110	909,717
EXPENDITURE OTHER ITEMS		35,223	61,810	48,853	62,974	45,761	45,761	46,222	52,447	53,710
<u>Depreciation</u>	7	27,993	54,078	42,383	36,000	36,000	36,000	37,872	39,917	42,073
<u>Repairs and Maintenance by Asset Class</u>	3	7,230	7,732	6,470	26,974	9,761	9,761	8,350	12,530	11,638
Roads Infrastructure		3,734	2,908	3,064	14,829	3,700	3,700	3,000	6,750	5,500
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		927	1,344	2,422	5,158	5,100	5,100	3,000	3,165	3,336
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		4,661	4,252	5,486	19,986	8,800	8,800	6,000	9,915	8,836
Community Facilities		125	-	3	3,500	-	-	-	500	527
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		125	-	3	3,500	-	-	-	500	527
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		1,010	211	347	2,000	20	20	1,000	441	510
Housing		-	-	-	-	-	-	-	-	-
Other Assets		1,010	211	347	2,000	20	20	1,000	441	510
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	53	176	254	107	107	150	158	

Intangible Assets	-	53	176	254	107	107	150	158	167
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	32	-	-	200	50	50	-	-	-
Machinery and Equipment	29	205	-	500	250	250	-	250	264
Transport Assets	1,372	3,011	458	534	534	534	1,200	1,266	1,334
Land Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	35,223	61,810	48,853	62,974	45,761	45,761	46,222	52,447	53,710

Explanatory notes to Table A9 - Asset Management

- ✓ Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- ✓ National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. Lepelle-Nkumpi Municipality budget for the current financial year is insufficient with an improvement in the outer years to meet the National Treasury requirements.
- ✓ Even though the municipality has the roads and storm water master plan which is assisting in evaluating the ongoing health of the municipality's infrastructure and budget accordingly, the challenge is that the municipality does not have enough budget to adhere to circular 55
- ✓ The impact of under allocation will affect municipality negatively on the financial sustainability in the long run and the reliability of the provision of services.

The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF



LIM355 Lepelle-Nkumpi - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.1%	0.2%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	0.2%	0.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	-0.7%	-0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	3.7	4.8	5.2	7.1	5.6	5.6	-	5.0	6.1	6.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	3.7	4.8	5.2	7.1	5.6	5.6	-	5.0	6.1	6.0
Liquidity Ratio	Monetary Assets/Current Liabilities	2.7	3.2	0.8	0.9	0.8	0.8	-	0.7	0.9	0.9
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		30.0%	24.5%	45.1%	50.4%	24.8%	24.8%	0.0%	21.8%	21.8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		37.2%	24.5%	45.1%	50.4%	24.8%	24.8%	0.0%	21.8%	21.8%	21.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	26.6%	27.0%	10.0%	67.9%	26.2%	26.2%	0.0%	30.5%	30.0%	28.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		35.7%	29.5%	106.5%	18.3%	59.8%	59.8%	0.0%	59.5%	43.3%	35.5%
Other Indicators											
	Total Volume Losses (kW)										
Electricity Distribution Losses (2)	Total Cost of Losses (Rand '000)		0	0	0	0	0	0	0	0	0
	% Volume (units purchased and generated less units sold)/units purchased and generated		0	0	0	0	0	0	0	0	0
	Total Volume Losses (kV)		0	0	0	0	0	0	0	0	0
Water Distribution Losses (2)	Total Cost of Losses (Rand '000)		0	0	0	0	0	0	0	0	0
			0	0	0	0	0	0	0	0	0



	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	23.2%	27.2%	12.6%	20.3%	25.2%	25.2%	0.0%	31.1%	33.0%	32.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	29.9%	34.6%	16.4%	25.5%	33.0%	33.0%		38.9%	41.2%	40.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.1%	2.5%	0.9%	5.1%	2.4%	2.4%		2.4%	3.6%	3.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	8.3%	17.6%	6.1%	6.9%	8.9%	8.9%	0.0%	10.7%	11.4%	11.3%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	4.8	10.2	27.8	32.1	32.1	32.1	-	9.3	6.6	6.9
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	384.5%	278.5%	219.8%	1032.2%	311.1%	311.1%	0.0%	278.4%	259.2%	250.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	18.9	11.0	2.0	12.8	4.2	4.2	-	5.1	6.6	7.8

Performance indicators and benchmarks

Borrowing Management

- ✓ Capital expenditure in local government can be funded by capital grants and own-source revenue. The municipality does not have the long term loans.

Safety of Capital

- ✓ The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets.
- ✓ The gearing ratio is a measure of the total long term borrowings over funds and reserves

Liquidity

- ✓ Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2017/18 MTREF the current ratio is 5.5 in the 2019/20 financial year and 5.6 and 5.6 for the two outer years of the MTREF.
- ✓ The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately

Revenue Management

- ✓ It very critical for the municipality to implement the debt management strategy, make sure debt is arrested before they are over 90 days This strategy should include an emphasis on the monitoring of the Top 100 debtors (based on 80-20 principle); the pursuance of government debt with possible intervention by National and other strategies and other strategies already discussed above.

Creditors Management

- ✓ The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation.

OVERVIEW OF BUDGET RALATED POLICIES

- ✓ The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.
- Tariff Structure,
- SCM Policy,
- Model SCM Policy for Infrastructure Procurement & Delivery Management 2019/20 Financial Year,
- Asset Management Policy,
- Credit Control & Debt Collection Policy,
- Bad Debts & Write-Off Policy,
- Tariff Policy,
- Budget & Virement Policy,
- Cash & Investment Management Policy,
- Indigent Policy and
- Property Rates Policy.

Overview of Budget Assumptions

- The following budget assumptions were made during the compilation of the approved 2019/20 MTREF budget
- ✓ The current economic environment, inflation rate including unemployment and affordability of services;
- ✓ Tariffs, levies and charges were calculated within the inflation targets (all services charges and rates increased by CPI Inflation 5.2%, 5.4% and 5.4%. as per circular 91 to ensure that expenditure is within the budget limits and mindful of ratios;
- ✓ Cash backing of reserves, municipality working on ensuring reserves are cash backed;
- ✓ Capital projects are funded by grants and own funding;
- ✓ Debt increasing on monthly basis (debtors book over R186.3m), service provider appointed to assist with the development of the Revenue Enhancement strategy which includes the debt management and recovery strategies
- ✓ The municipality salaries budget was based on the SALGA recent collective agreement issued in 16 August 2018 which the final offer as follows:
- ✓ The salary and wage increase for 2019/2020 financial year Circular 01/2019 from SALGBC setting out the salary and wage increases.
- ✓ The increase will take effect, on 1 July as follows:
 - Basic Salary across the board will increase by 6.5%
 - Benefits and conditions of service linked to salaries (Overtime etc) also by 6.5%
 - The minimum wage increase by 6.5% to R7 839.31



- The housing allowance increase by 6.5% to R907.77
- The maximum medical aid subsidy increases by 6.5 to R4 492.35
- Year 2 (2020/ 2021 financial year): Projected CPI of 5.4% was used as per Circular 84
- Year 3 (2021/ 2022 financial year): Projected CPI of 5.4% was used as per Circular 84
- ✓ Cash Flow Management
 - Table SA30 indicates the cash flow projections for the next financial year (monthly projections)
 - The projections were based on the previous performance and the procurement plan.
 - The grants receipts allocation is based on the grants transfer schedule.
 - Creditors are paid within 30 days to avoid penalties and litigations.
 - The money which is not immediately required is invested to earn interest

Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

LIM355 Lepelle-Nkumpi Supporting Table SA10

Funding measurement

Description	MFMA section	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	256,603	187,413	58,429	309,063	94,633	94,633	-	100,080	137,443	176,898
Cash + investments at the year end less applications - R'000	18(1)b	2	180,458	140,616	(7,073)	282,197	224,359	224,359	-	98,044	124,961	122,082
Cash year end/monthly employee/supplier payments	18(1)b	3	18.9	11.0	2.0	12.8	4.2	4.2	-	5.1	6.6	7.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	172,452	3,483	299,555	209,988	118,765	118,765	-	104,166	87,268	90,751
Service charge rev % change	18(1)a,(2)	5	N.A.	20.3%	0.1%	1.5%	(6.9%)	(6.0%)	(106.0%)	8.2%	(0.6%)	(0.6%)
macro CPIX target exclusive												
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	17.8%	10.6%	6.9%	37.6%	78.7%	78.7%	0.0%	26.6%	39.1%	39.2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	139.7%	165.7%	618.1%	86.6%	93.4%	93.4%	0.0%	86.1%	86.1%	86.1%
Capital payments % of capital expenditure	18(1)c,19	8	98.1%	100.0%	100.0%	100.3%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	(0.7%)	(0.8%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(7.7%)	(16.5%)	412.8%	(70.2%)	0.0%	(100.0%)	1.5%	(1.9%)	1.8%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.3%	1.0%	0.8%	3.3%	1.7%	1.7%	0.0%	1.4%	2.1%	1.9%
Asset renewal % of capital budget	20(1)(vi)	14	7.9%	30.3%	2.7%	1.4%	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%

- ✓ *Cash/cash equivalent position*
 - The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A positive cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.
 - If the municipality's forecast cash position is negative, for any year of the medium-term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2019/20 MTREF shows R100 million, R137 million and R177 million for each respective financial year.
- ✓ *Cash plus investments less application of funds*
 - The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table A8, on page 87. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made.
- ✓ *Monthly average payments covered by cash or cash equivalents*
 - The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective
- ✓ *Surplus/deficit excluding depreciation offsets*
 - The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An „adjusted“ surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities is taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.
- ✓ *Property Rates/service charge revenue as a percentage increase less macro inflation target*
 - The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in revenue which will include both the change in the tariff as well as any assumption about real growth such as new property development (Sale of sites), services consumption growth etc.
- ✓ *Cash receipts as a percentage of ratepayer and other revenue*
 - This factor is a macro measure of the rate at which funds are collected. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 26.8, 39.1 and 39.2 per cent for each of the respective financial years.
- ✓ *Debt impairment expense as a percentage of billable revenue*
 - This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. Considering the debt incentive



scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days.

✓ *Capital payments percentage of capital expenditure*

- The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

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

- The purpose of this measurement is to determine the proportion of a municipality's "own-funded" capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

- ✓ *Transfers/grants revenue as a percentage of Government transfers/grants available*
 - The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (Dora) have been budgeted for. The Municipality has budgeted for all transfers.
- ✓ *Consumer debtors change (Current and Non-current)*
 - The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic.
- ✓ *Repairs and maintenance expenditure level*
 - This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. A detail of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table SA34C.
- ✓ *Asset renewal/rehabilitation expenditure level*
 - This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for repairs and maintenance budgets. Further details in this regard are contained in table SA34b.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

- ✓ Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.
- ✓ The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.
- ✓ The primary aims of the Budget Steering Committee is to ensure:
 - That the process followed to compile the budget complies with legislation and good budget practices.
 - That there is proper alignment between the policy and service delivery priorities set out in the IDP and the budget, taking into account the need to protect the financial sustainability of municipality.
 - That the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
 - That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

BUDGET PROCESS PLAN

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule during August 2017. Key dates applicable to the process were

PROGRESS REPORT ON IMPLEMENTATION OF 2018/19 IDP/BUDGET/PMS PROCESS PLAN

1. WARD CONSULTATION MEETINGS

Ward Consultation meetings were held from 17 October 2018 to December 2018.

Ward No	DATE	VENUE
Ward 1	24 OCTOBER 2018	MALATANE HALL
Ward 2	17 OCTOBER 2018	MEHLARENG HALL
Ward 3	07 NOVEMBER 2018	GEDROOGTE MOSHATE
Ward 4	18 OCTOBER 2018	MAGATLE PRIMARY SCHOOL
Ward 5	11 DECEMBER 2018	MOTSERERENG CRECHE
Ward 6	18 OCTOBER 2018	MAMOGWASHA HIGH SCHOOL
Ward 7	24 OCTOBER 2018	MOTANTANYANE
Ward 8	24 OCTOBER 2018	GA-MOGOTLANE-MOSHATE
Ward 9	25 OCTOBER 2018	MOGOTO HALL
Ward 10	25 OCTOBER 2018	HLAKANO HALL
Ward 11	02 NOVEMBER 2018	RAFIRI HALL
Ward 12	25 OCTOBER 2018	MOLETLANE HALL
Ward 13	24 OCTOBER 2018	THOKA PRIMARY
Ward 14	31 OCTOBER 2018	MATOME-NGWANABAHALERWA SCHOOL
Ward 15	11 NOVEMBER 2018	EUREKA PRIMARY SCHOOL
Ward 16	28 OCTOBER 2018	LAFATA PRIMARY SCHOOL
Ward 17	17 DECEMBER 2018	ZONE R CLINIC
Ward 18	13 NOVEMBER 2018	MATHOMOMAYO HIGH SCHOOL SPORTS

MUNICIPAL CALL CENTRE NUMBER: 0800 222 011



		GROUND
Ward 19	31 OCTOBER 2018	MALEKAPANE PAY POINT
Ward 20	08 NOVEMBER 2018	LENTING HALL
Ward 21	31 OCTOBER 2018	DITHABANENG HALL
Ward 22	25 November 2018	MAMAOLO HALL
Ward 23	08 NOVEMBER 2018	HWELESHANENG HALL
Ward 24	31 OCTOBER 2018	MAIJANE HALL
Ward 25	16 NOVEMBER 2018	LESETSI HALL
Ward 26	08 NOVEMBER 2018	MALEMANG SPORTS GROUND
Ward 27	08 NOVEMBER 2018	MADIKELENG HALL
Ward 28	11 NOVEMBER 2018	GA-MAMPA DEVELOPMENT CENTRE
Ward 29	08 NOVEMBER 2018	FAHLOSHANANG DROP-IN CENTRE
Ward 30	01 NOVEMBER 2018	TOOSENS HALL

GENERAL CHALLENGES EXPERIENCED DURING THE WARD CONSULTATION MEETINGS

Challenge	Intervention
Some meetings failed on first attempt and had to be reconvened while other dates had to be postponed/ shifted due to other programmes.	Improve communication among role players
Officials and managers who usually participate and assist during consultation meetings could not do this time, due to the meetings being held during the week when they have to perform their daily office duties. There are only two officials in the IDP Office- and the process (logistics, preparations and conducting of 3 to 5 meetings in one day) has proven to be tedious and intensive.	The IDP consultation meetings programme should be planned in such a way that the meetings take place at different times to allow the IDP Office to be there in all meetings.
Too much time is spent discussing issues that require mandatory ward community meetings than looking at IDP/ development needs and priorities.	Ward councillors should be encouraged to conduct regular/ quarterly meetings with their communities to discuss service delivery issues/ reports/concerns.

2. STAKEHOLDERS CONSULTATION

Mayor/Exco had a meeting with traditional leaders in October 2018

A programme for the Mayor to meet with individual big businesses (mines and malls) was been developed and had to be postponed due to changes in political leadership at the municipality.

3. COMPILATION OF IDP ANALYSIS CHAPTER

IDP Unit compiled desktop analysis of the Status Quo. The analysis will also take into consideration, information from Sector Plans under review or compilation and was presented to Extended Management in December 2018.

4. COMPILATION OF IDP STRATEGIES CHAPTER

Management held a session in December 2018 to look at IDP/PMS Strategies and Indicators. The Strategies and Indicators were further send to COGHSTA and OTP for inputs.

5. OTHER PROCESS PLAN ACTIVITIES

- IDP Management and Steering committee meetings were held in July 2018.
- 2018/19 IDP/ Budget/PMS Process Plan was approved by council on the 27th July 2018
- Tabling of Annual Performance Report was tabled to council in August 2018

MEETING WITH COGHSTA/ OTP AND CDM	- REVIEW 2019/20 IDP/PMS INDICATORS	PLANNING AND LED	01 MARCH 2019	OFFICIALS FROM IDP/PMS UNIT WITH CDM, COGHSTA AND OTP
MANAGEMENT PLANNING SESSION	- REVIEW OF BUDGET RELATED POLICIES - REVIEW OF TARIFF STRUCTURE - REVIEW OF ORGANIZATIONAL STRUCTURE - REVIEW OF PROCESS PLAN - 2019/20-2021/22 IDP PROJECTS PHASE - 2019/20- 2021/22 MTREF/ BUDGET	MUNICIPAL MANAGER	06 MARCH 2019	EXTENDED MANAGEMENT, LABOUR, CDM, COGHSTA, AND OTP
EXCO LEKGOTLA	- REVIEW OF BUDGET RELATED POLICIES - REVIEW OF TARIFF STRUCTURE - REVIEW OF ORGANIZATIONAL STRUCTURE - REVIEW OF PROCESS PLAN - 2019/20-2021/22 IDP PROJECTS PHASE - 2019/20- 2021/22 MTREF/ BUDGET	MAYOR	13-14 MARCH 2019	PMT, EXCO MEMBERS, TRADITIONAL AUTHORITIES, EXTENDED MANAGEMENT, LABOUR, CDM, COGHSTA, AND OTP
ALL COUNCILLORS	- REVIEW OF BUDGET RELATED POLICIES - REVIEW OF TARIFF STRUCTURE - REVIEW OF ORGANIZATIONAL STRUCTURE - REVIEW OF PROCESS PLAN - 2019/20-2021/22 IDP PROJECTS PHASE - 2019/20- 2021/22 MTREF/ BUDGET	MAYOR	18 MARCH 2019	ALL COUNCILLORS AND EXTENDED MANAGEMENT
REP FORUM	- 2019/20 FIRST APPROVED IDP/BUDGET	MAYOR	20 MARCH 2019	SECTOR DEPARTMENTS, STAKEHOLDERS
IDP/BUDGET/PMS STEERING COMMITTEE MEETING	- 2019/20 FIRST APPROVED IDP/BUDGET	ECONOMIC CLUSTER CHAIRPERSON	22 MARCH 2019	STEERING COMMITTEE MEMBERS
COUNCIL	- TABLING OF FIRST APPROVED IDP/BUDGET PLUS RELATED POLICIES	MAYOR	29 MARCH 2019	COUNCILLORS

- Submission of Annual Financial Statements to Auditor General and a Qualified Audit Opinion was obtained
- Exco Lekgotla took place on the 12th and 14th February 2019 to review municipal performance and make proposals for consideration on Budget Adjustments
- 2018/19 SDBIP First Quarter Performance Report and Mid-Year Performance and Financial Reports were submitted to Council in January 2019
- Council approved Mid-Year Adjustment Budget on the 27th February 2019

6. PLANNED/ OUTSTANDING REVIEW ACTIVITIES FOR THIRD QUARTER

Overview of alignment of annual budget with IDP

The development of the IDP of 2019-2023 and the 2019/2020 Budget Compilation were done simultaneously. During the Community Participation Process IDP priorities and the implications it will have on the current and future budgets were discussed.

Projects in the Budget come from community needs/priorities and municipality's sector plans and are further guided by IDP analysis and strategies chapter's Initial projects planning looks at SDF implementation guidelines for allocation of budget resources.

Limpopo SDF, Limpopo Development Plan, NDP, New Growth Path, MTSF and SIP's, among others, are to align municipal planning with National and Provincial Planning Frameworks. Provincial COGHSTA and OTP departments also form part of municipality's strategic planning activities to guide the municipality.



Infrastructure Projects are identified from community needs/priorities and municipality's sector plans and prioritised through MTREF period and five years IDP projects.

Projects are identified through.

- ✓ Ward consultation
- ✓ Sector plans

The Municipal Departments are aligned with the 5 Local Government Key Performance Areas. The Department's strategies are therefore linked to the 5 KRA's Details of the Budgets allocated to the various departments are reflected in schedules SA4-6.

The Departmental SDBIP contains projects and programmes listed in the IDP.

The Executive Manager's performances plan is linked to the Departmental SDBIP.

The SDBIP marries the Performance Management System with the budget and the IDP. Thus the strategic Direction mapped out in the IDP is matched with financial resources and delivery of services as specified in the PMS.

Alignment of implemented projects to the IDP

For the current 2018/19 IDP and Budget, municipality held various strategic meetings and also involved District municipality, Coghsta and Treasury for quality assurance.

Budget linkages to the IDP

IDP has a dedicated Chapter on Projects which is a budget linked to Municipality's KPA's

Decision making process that inform projects included in the IDP

IDP/Budget steering committee looks at the proposed First Approved IDP for tabling to Exco and Council. Once tabled, the process of public participation opens for inputs/comments and public meetings after which the Final Approved of IDP/Budget are taken through the same approval process.

SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN

- ✓ The development, implementation and monitoring of a service delivery and budget implementation plan (SDBIP) is one of the requirements in the Municipal Financial Management Act (MFMA).
- ✓ Circular 13 of the National Treasury, "states that the SDBIP gives effect to the integrated Development Plan (IDP) and the budget of the municipality and will be possible if the IDP and the budget are fully aligned with each other, as required by the MFMA".
- ✓ As the budget gives effect to the strategic priorities of the municipality it is important to supplement the budget and the IDP. The SDBIP serves as the commitment by the municipality, which includes the administration, council and community, whereby the intended objectives and projected achievements are expressed in order to ensure that desired outcomes over the long term are achieved and are implemented by the administration over the next months.

The SDBIP Concept

- ✓ National Treasury, in MFMA circular 13, outlined the concept of the SDBIP. It is seen as a contract between administration, council and community expressing the goals and objectives set by the council as quantifiable outcomes that can be implemented by the administration over the next twelve months.
- ✓ As a vital monitoring tool, the SDBIP should assist the Mayor and the Municipal Manager to be pro-active and take remedial steps in the event of poor performance. The SDBIP requires the inclusion of targets for the activities that will be undertaken, for physical and measurable progress as well as financially. The top level of the SDBIP includes measurable performance objectives in the form of service delivery targets and performance indicators that are provided to the community, that is, what impacts it seeks to achieve.
- ✓ These are drawn from the IDP programmes, services and activities that are relevant to each specific directorate as well as the statutory plans that the departments are responsible for. The SDBIPs therefore



are the key mechanisms for monitoring the different responsibilities and targets that each department must fulfil in meeting service delivery needs provided to the community.

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South Africa society can only be realised through a credible integrated developmental planning process.

The National Priority Outcomes

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

Municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

It is important that the IDP developed by municipalities correlate with Nation and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Issues of national and provincial importance are reflected in the IDP of the municipality.

One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Lepelle-Nkumpi municipality response to these requirements.

The national and provision priorities, policies

- Provincial Growth and Development
- National and Provincial Spatial Development Perspectives;
- Relevant Sector plans, Legislation and policy;
- National Key Performance Indicators (NKPI"s);
- Accelerated and Shared Growth
- National Spatial Development

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

LIM355 Lepelle-Nkumpi - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Objectives and Budget (Revenue)												
Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand												
To encourage good governance and public participation	Improve communication to stakeholders through various platforms						47					
To provide assurance and consulting services to management and Council on internal controls, risk management and governance	Support oversight role of Audit committee, Support oversight role of Audit committee, Monitor effectiveness of internal controls through internal audit practices,						681					
To improve service delivery by providing high quality ICT services	Implementation of electronic integrated municipal system, implementation of the reviewed Disaster recovery plan.			148	234	228	427	427	427	449	474	499
To provide effective and efficient Human Resources management and	Render efficient Human Resources management, optimal development and Organisational strategies.			128	54		1,005					
To provide effective general administration, security and fleet management services	Render general administration, security and fleet management services.			265,344	241,156	682,128	474,225	379,127	379,127	336,566	325,585	346,419
To improve municipality's financial planning, expenditure, accounting and reporting capability.	Compile Annual GRAP Financial Statements compliant and submit to stakeholders					1,645	300	2,145	2,145	2,145	2,145	2,145
Prepare the MSCOA compliant budget within legislative timeframes	Annual MSCOA compliant budget prepared and submitted to council by 31 May 2018						664					
To improve municipality's financial planning, expenditure, accounting and reporting capability	Manage and monitor financial resources of the municipality			59,261	51,961		7,632					



To improve access to waste management services	Provide waste management services		8,416	7,147	7,085	22,997	7,336	7,336	7,717	8,134	8,573
To ensure enforcement and compliance with environmental legislation	Conduct environmental compliance inspections										
To ensure public safety	Conduct operations on enforcement of National Road Traffic Act and Municipal by-laws		6,636	7,622	5,276	5,384	4,778	4,778	5,924	6,244	6,581
To provide community, sports, recreational and child care facilities	Construct new community halls and crèches		56	-	286	464	476	476	393	414	437
To provide community, sports, recreational and child care facilities	Improve on maintenance of community, sports, recreational and child care facilities		-	234	3	26	16	16			
To provide roads and storm water infrastructure	Improve on maintenance of roads and storm water infrastructure, Maintain existing tarred roads, Upgrade gravel roads to surfaced roads		61,438	36,699	54,088	63,003	53,003	53,003	54,074	57,035	61,296
To facilitate job creation in the area	Create jobs through the Community Work Programme and Expanded Public Works Programme				1,160	1,758	1,758	1,758	1,172	-	-
To facilitate job creation in the area and to stimulate growth and development in the area	To create jobs through the Community work programme and Expanded Public Works Programme and Support local SMMEs, Cooperatives and businesses		230	192		17					
To provide energy and lighting infrastructure in a cost-effective way					-	-	9,998	9,998	-	9,600	10,128
Allocations to other priorities		2									
Total Revenue (excluding capital transfers and contributions)		1	401,657	345,300	751,899	578,629	459,063	459,063	408,441	409,631	436,079



LIM355 Lepelle-Nkumpi - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget
(operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand												
To encourage good governance and public participation	Conduct Council oversight through MPAC and other platforms, to improve Communications to Stake Holders through various platforms			29,010	29,960	9,922	41,119	9,534	9,534	7,501	7,906	8,333
To encourage good governance and public participation	Provide strategic and integrated development planning services to council			1,808	1,945	989	800	874	874	400	422	444
To promote the needs and interests of special focus groups	Mainstream and monitor compliance to special focus programmes				619	1,525	1,677	1,107	1,107	794	836	882
To provide assurance and consulting services to management and Council on internal controls, risk management and governance	Support oversight role of Audit committee, Support oversight role of Audit committee, Monitor effectiveness of internal controls through internal audit practices, Assess service providers				378	391	3,850	350	350	350	369	389
Monitor effectiveness of internal controls through internal audit practices					2,971	3,553	-	4,490	4,490	3,967	4,288	4,243
To improve service delivery by providing high quality ICT services	Implementation of electronic integrated municipal system, implementation of the reviewed Disaster recovery plan			866	2,029		225	4,965	4,965			
To provide and advice on legal matters, approved and interpret contracts and legislations, ensure legal compliance.	Provide inhouse legal support to the municipality				2,795	4,479	3,436	4,243	4,243	3,819	4,025	4,243
To provide effective and efficient Human Resources management and	Render efficient Human Resources management, optimal development and Organisational strategies.			75,781	78,508		103,354	6,170	6,170	4,200	4,527	4,771
To render and promote efficient Human Resources management, optimal development and Organisational strategies.	Manage sound employment relations, employee health and wellness programmes						331	165	165	153	162	170



To provide effective general administration, security and fleet management services.	Render general administration, security and fleet management services.		26,995	49,513	18,506	38,843	24,610	24,610	22,360	23,566	24,839
To improve municipality's financial planning, expenditure, accounting and reporting capability.	Manage and monitor financial resources of the municipality		20	123,701	387,758	25,406	216,706	216,706	237,579	250,400	265,262
To ensure access to free basic services; to improve to waste management services and to ensure public Safety	Review and update the indigent register and provide waste management services and to conduct operations on enforcement of National Road Traffic Act and Municipal by-Laws		20,807	8,275	4,250	68,066	883	883	636	670	707
To provide energy and lighting infrastructure in a cost-effective way	To provide electrical connections to households in all wards, improve on maintenance of current lighting infrastructure		46,417	25,819	20,972	19,096	35,353	35,353	9,452	17,188	23,222
To provide roads and storm water infrastructure	Improve on maintenance of roads and storm water infrastructure. Maintain existing tarred roads, Upgrade gravel roads to surfaced roads.		6,695	7,031		37,734	3,700	3,700	3,100	3,264	3,441
To improve quality of life for residents, to stimulate growth and development in the area,	Guide, monitor and control spatial planning, land use management and development within the Municipality, Provide real estate property management for the Municipality		20,807	8,275		24,704	27,147	27,147	9,964	4,750	4,383
Allocations to other priorities											
Total Expenditure		1	229,205	341,817	452,344	368,641	340,298	340,298	304,275	322,373	345,328

LIM355 Lepelle-Nkumpi - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget
(capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand												
To provide effective general administration, security and fleet management services	Render general administration, security and fleet management services.	A		18,498	8,882	21,872	20,360	7,292	7,292	3,300	200	3,000
To improve access to waste management services	Provide waste management services	B		-	-		7,500	3,000	3,000	-	-	-
To ensure enforcement and compliance with environmental legislation	Conduct environmental compliance inspections	C		-	-		1,000	500	500	-	-	-
To ensure public safety	Conduct operations on enforcement of National Road Traffic Act and Municipal by-laws	D		2,676	-		4,000	1,696	1,696	-	-	8,000
To provide energy and lighting infrastructure in a cost-effective way	To provide electrical connections to households in all wards, Improve on maintenance of current lighting infrastructure	E					4,440	1,132	1,132	4,440	4,875	1,520
To provide community, sports/, recreational and child care facilities.	Construct new community halls and crèches	F		14,516	11,567	13,025	25,899	27,443	27,443	15,502	-	-
To provide community, sports/, recreational and child care facilities.	Improve on maintenance of community, sports, recreational and child care facilities	G		-	-		18,137	7,500	7,500	6,205		
To provide roads and storm water infrastructure	Improve on maintenance of roads and storm water infrastructure, Maintain existing tarred roads, Upgrade gravel roads to surfaced roads	H		50,868	69,062	49,921	125,651	70,202	70,202	74,719	64,183	62,156
To facilitate job creation in the area and to stimulate growth and development in the area	To create Jobs through the Community work programme and Expanded Public Works Programme and Support local SMMEs, Cooperatives and businesses	I		138	-		3,000	-	-	-	-	3,075



To improve quality of life for residents, to stimulate growth and development in the area,	Guide, monitor and control spatial planning, land use management and development within the Municipality. Provide real estate property management for the Municipality	J							-	18,000	13,000
To improve quality of life for residents, to stimulate growth and development in the area,	Guide, monitor and control spatial planning, land use management and development within the Municipality. Provide real estate property management for the Municipality	K							-		
Allocations to other priorities		3									
Total Capital Expenditure		1	86,697	89,511	84,818	209,988	118,765	118,765	104,166	87,258	90,751

Municipal Manager's quality certificate

I, N S Mashamba, Acting Municipal Manager of Lepelle-Nkumpi Local Municipality, hereby certify that the Final annual budget 2018/19 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name N. S. MASHAURA

Acting Municipal Manager of Lepelle-Nkumpi Local Municipality (LIM355)

Signature MAHARAJA

Date 30/05/2019

