



**DRAFT MEDIUM TERM REVENUE AND  
EXPENDITURE FRAMEWORK 2020/21 – 2022/23**

**BUDGET STEERING COMMITTEE ENGAGEMENT**

**26 MARCH 2020**

**MUNICIPAL MANAGER  
MANDLA DLAMINI**



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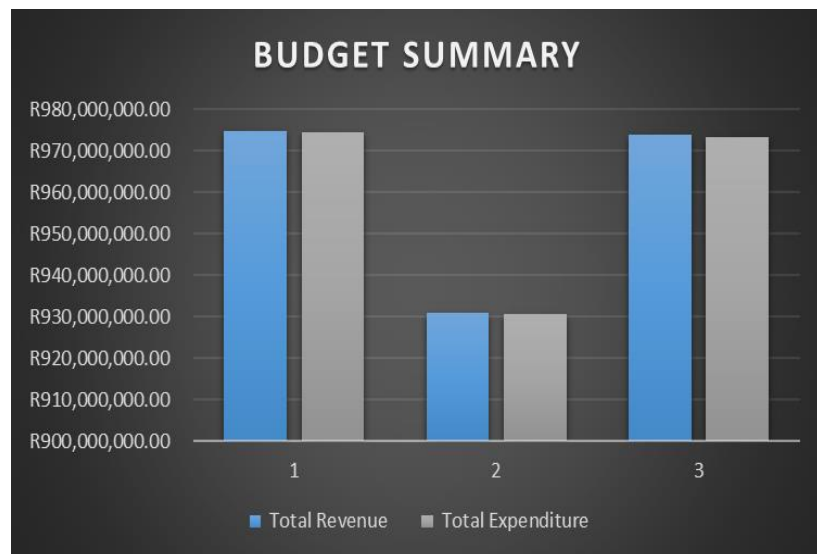
## NATIONAL IMPACT ON LOCAL GOVERNMENT

- In Line with Circular 99 the following macro-economic forecasts have been considered upon the preparation of the 2020/21 – 2022/23 MTREF:

DESCRIPTION	2019/20	2020/21	2021/22
GENERAL REVENUE	4.5%	4.6%	4.6%
ELECTRICITY REVENUE	4.5%	4.6%	4.6%
ELECTRICITY BULK PURCHASES	4.5%	4.6%	4.6%
SALARIES AND WAGES	5.2%	5.4%	5%
GENERAL EXPENDITURE	4.5%	4.6%	4.6%

## SUMMARY SCHEDULE (SCHEDULE A1)

Budget year 2019/20					
R	Original Budget	Adjustment Budget	Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23
Total Revenue	R 862,692,093.67	R 864,492,093.02	R 974,908,475.00	R 931,001,212.00	R 973,827,267.00
Total Expenditure	R 862,136,769.75	R 864,136,699.00	R 974,423,580.00	R 930,518,434.00	R 973,346,695.00
Surplus/Deficit	R 555,323.92	R 355,394.02	R 484,895.00	R 482,778.00	R 480,572.00

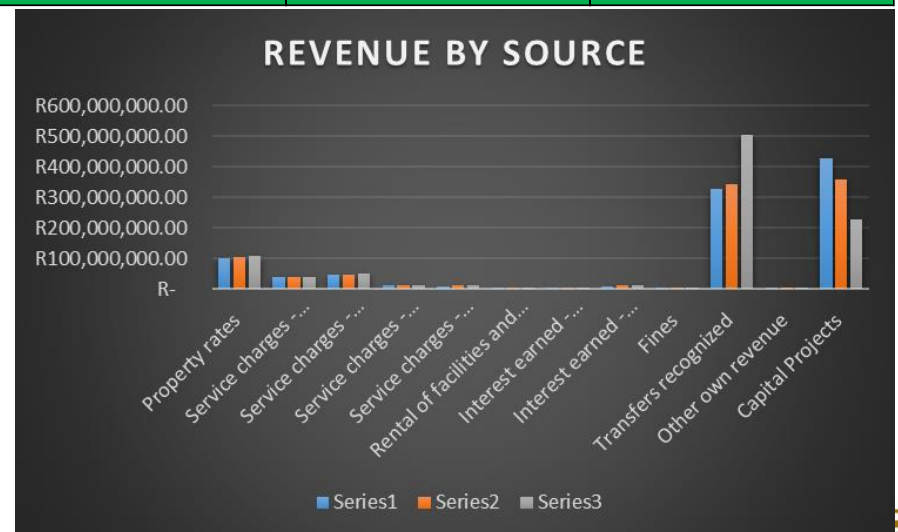


- Budget has substantially increased for the 2020/21 – 2022/23 MTREF due to the allocation of the Regional Bulk Infrastructure Grant (RBIG)
- CALM has adopted a provisional Draft Budget with a surplus for all three financial years under the MTREF:
  - 2020/21: R 484 895.00
  - 2021/22: R 482 778.00
  - 2022/23: R 480 572.00
- Building Prospective reserves for funding projects outside conditional grants (Financial Sustainability goals)
- This is key taking into account the current strained national fiscus in its entirety
- Revenue generation remains a key focus area for the Municipality in order to ensure sustainability in terms of delivery of services
- Electricity distribution losses are a major central point
- In light of the challenges faced CALM has managed to equivocally strike the balance of preparing a funded, credible and realistic budget

## REVENUE (SCHEDULE A4)

Budget year 2019/20										
R	Original Budget		Adjustment Budget		Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23			
<b>Revenue By Source</b>										
Property rates	R	95,372,031.90	R	95,372,031.90	R	99,663,775.00	R	104,248,308.00	R	109,043,730.00
Service charges - electricity revenue	R	36,205,260.78	R	36,205,260.78	R	37,834,495.00	R	39,574,881.00	R	41,395,325.00
Service charges - water revenue	R	43,632,428.64	R	43,632,428.64	R	45,586,628.00	R	47,683,613.00	R	49,877,060.00
Service charges - sanitation revenue	R	11,669,117.00	R	11,669,117.00	R	12,194,228.00	R	12,755,162.00	R	13,341,899.00
Service charges - refuse revenue	R	8,198,056.00	R	9,998,056.00	R	10,447,969.00	R	10,928,576.00	R	11,431,290.00
Rental of facilities and equipment	R	1,543,501.00	R	13,000.00	R	13,891.00	R	14,530.00	R	15,198.00
Interest earned - external investments	R	2,919,606.00	R	4,450,106.40	R	2,170,774.00	R	2,270,630.00	R	2,375,079.00
Interest earned - outstanding debtors	R	7,260,498.30	R	7,260,498.30	R	10,638,209.00	R	11,127,566.00	R	11,639,434.00
Fines	R	171,528.00	R	171,528.00	R	179,247.00	R	187,493.00	R	196,118.00
Transfers recognized	R	315,350,000.00	R	315,350,000.00	R	329,123,225.00	R	344,262,893.00	R	506,497,368.00
Other own revenue	R	1,298,066.00	R	1,298,066.00	R	794,034.00	R	830,560.00	R	868,766.00
Capital Projects	R	339,072,000.00	R	339,072,000.00	R	426,262,000.00	R	357,117,000.00	R	227,146,000.00
<b>Total Revenue</b>	<b>R</b>	<b>862,692,093.62</b>	<b>R</b>	<b>864,492,093.02</b>	<b>R</b>	<b>974,908,475.00</b>	<b>R</b>	<b>931,001,212.00</b>	<b>R</b>	<b>973,827,267.00</b>

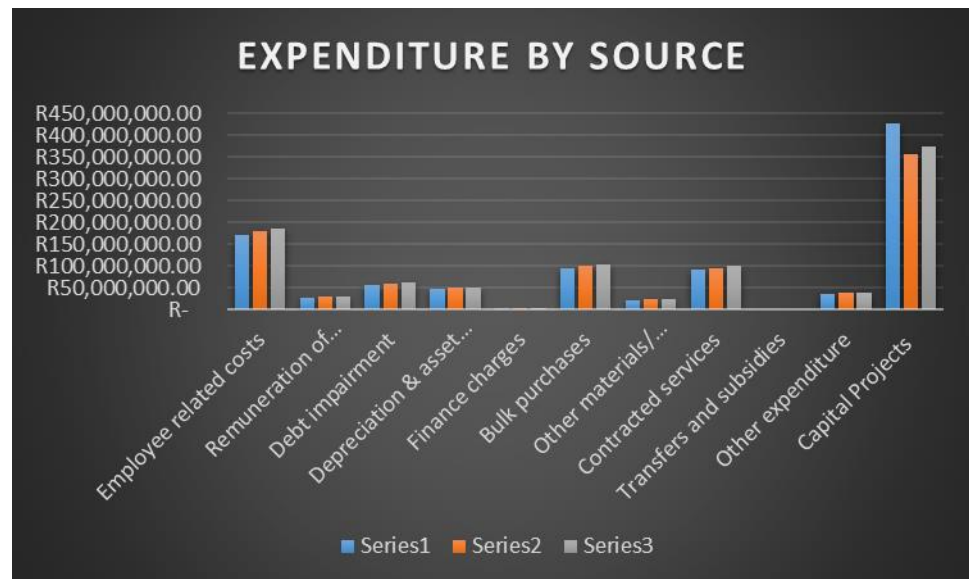
- Total Revenue of R974 908 475.00
- Revenue remains a key focus area of consideration as this constitutes the fundamentals of a funded and credible budget
- We are a grant dependent Municipality with very limited revenue streams
  - Transfers and Subsidies: R755 385 225 (77%)
- There existence of informal areas limits cost reflective charges forcing the Municipality to levy a flat rate on some services
  - Own revenue: R219 523 250 (23%)



## OPERATIONAL EXPENDITURE (SCHEDULE A4)

Budget year 2019/20										
R	Original Budget		Adjustment Budget		Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23			
Employee related costs	R	163,765,758.00	R	163,765,758.00	R	171,135,225.00	R	179,007,440.00	R	187,241,782.00
Remuneration of councillors	R	26,744,868.00	R	26,744,868.00	R	27,948,386.00	R	29,234,012.00	R	30,578,773.00
Debt impairment	R	54,218,606.00	R	54,218,606.00	R	56,658,443.00	R	59,264,732.00	R	61,990,910.00
Depreciation & asset impairment	R	45,363,967.00	R	45,363,967.00	R	47,405,346.00	R	49,585,992.00	R	51,866,947.00
Finance charges	R	-	R	-	R	1,460,312.00	R	1,527,487.00	R	1,597,752.00
Bulk purchases	R	90,551,437.00	R	90,551,437.00	R	94,626,251.00	R	98,979,058.00	R	103,532,095.00
Other materials/ Repairs and Maintenance	R	31,161,711.00	R	31,161,711.00	R	22,113,986.00	R	23,131,229.00	R	24,195,265.00
Contracted services	R	72,407,307.00	R	79,161,352.00	R	91,713,209.00	R	95,932,015.00	R	100,344,884.00
Transfers and subsidies	R	1,999,852.00	R	-	R	-	R	-	R	-
Other expenditure	R	36,851,163.00	R	34,097,000.00	R	35,631,422.00	R	37,270,469.00	R	38,984,905.00
Capital Projects	R	339,072,000.00	R	339,072,000.00	R	425,731,000.00	R	356,586,000.00	R	373,013,382.00
<b>Total Expenditure</b>	<b>R</b>	<b>862,136,669.00</b>	<b>R</b>	<b>864,136,699.00</b>	<b>R</b>	<b>974,423,580.00</b>	<b>R</b>	<b>930,518,434.00</b>	<b>R</b>	<b>973,346,695.00</b>

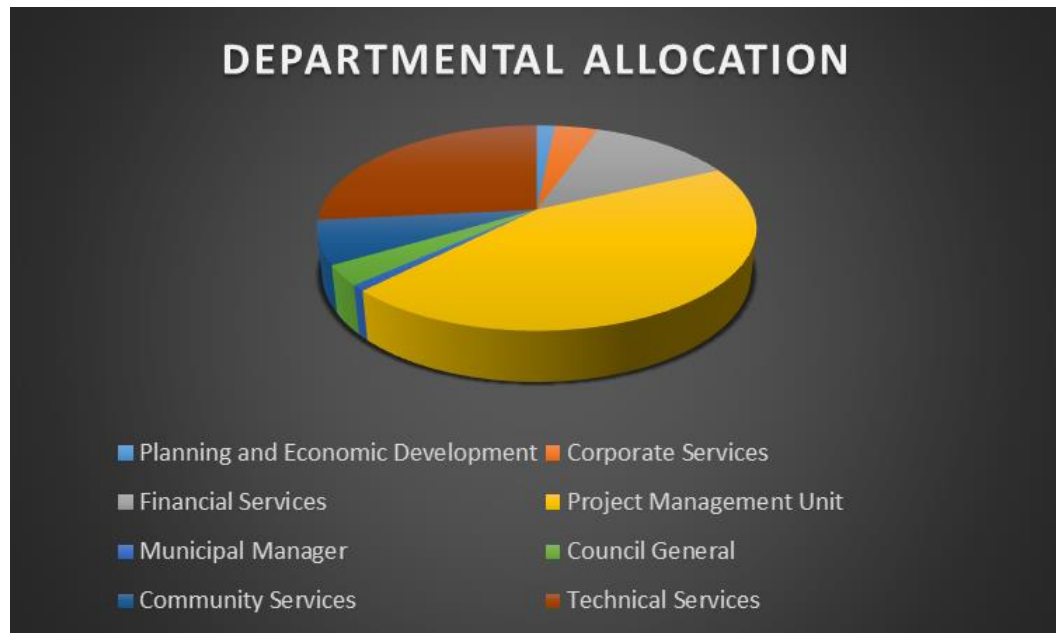
- Electricity Bulk purchases VS Electricity revenue
  - R94 626 251 vs R37 834 495 : 60% losses
- Employee related costs @ 38%
- Repairs and maintenance is under contracted services as we have as and when contractors 36months for frequent unplanned breakdowns
- Impairment losses @ R56 658 Million
- Depreciation @R47 405 Million
- Capital projects have registered an increase from R339 million to R425 million
- Cost Containment and the implementation of circular 82 is an on-going matter



## CAPITAL BUDGET (PROJECTS)

Budget year 2019/20										
R thousands	Original Budget		Adjustment Budget		Budget Year 2020/21	Budget Year 2021/22	Budget Year 2022/23			
Planning and Economic Development	R	13,301,160.00	R	14,821,275.00	R	15,488,235.00	R	16,200,693.00	R	16,945,923.00
Corporate Services	R	35,695,567.00	R	35,403,413.00	R	36,996,567.00	R	38,698,404.00	R	40,478,531.00
Financial Services	R	131,461,924.00	R	117,772,894.00	R	123,072,988.00	R	129,265,346.00	R	135,187,125.00
Project Management Unit	R	345,275,056.00	R	345,275,037.00	R	432,213,194.00	R	363,366,375.00	R	380,105,654.00
Municipal Manager	R	13,778,384.00	R	8,701,247.00	R	9,092,803.00	R	9,511,072.00	R	9,948,584.00
Council General	R	35,725,610.00	R	29,705,712.00	R	31,042,469.00	R	32,470,421.00	R	33,964,057.00
Community Services	R	62,726,803.00	R	64,194,946.00	R	67,083,720.00	R	70,169,574.00	R	73,397,366.00
Technical Services	R	224,171,165.00	R	248,261,823.00	R	259,433,605.04	R	271,367,550.87	R	283,850,458.21
<b>Total Expenditure</b>	<b>R</b>	<b>862,135,669.00</b>	<b>R</b>	<b>864,136,347.00</b>	<b>R</b>	<b>974,423,580.00</b>	<b>R</b>	<b>930,518,434.07</b>	<b>R</b>	<b>973,346,695.00</b>

Budget year 2019/20	
R thousands	
Planning and Economic Development	2%
Corporate Services	4%
Financial Services	13%
Project Management Unit	44%
Municipal Manager	1%
Council General	3%
Community Services	7%
Technical Services	27%
<b>Total Expenditure</b>	



**THANK YOU**