



SALDANHA BAAI
BAY
MUNISIPALITEIT | MUNICIPALITY | uMASIPALA

ANNUAL BUDGET

2021/22 MTREF

27 May 2021

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PART 1: ANNUAL BUDGET

1. Section 1: Mayor's budget speech

The Mayor's budget speech for the 2021/22 Medium Term Budget and Expenditure Framework (MTREF) will be read during the council meeting on 27 May 2021 when the annual budget is considered by Council for approval.

1.1 Summary of material amendments made to the tabled budget after the consultation process

A notice to inform the public of the tabled budget as well as to invite written submissions or representations to the municipality on the draft budget was published in the Weslander of 1 April 2021 and on municipal website.

Various opportunities were given from 6 April 2021 to 19 April 2021 for public participation where municipal officials were available to the members of the community for one-on-one sessions to ask questions and to discuss the content of the budget.

Various input and representations attached in **Annexure O** have been received per letter, via email, WhatsApp and Facebook. The inputs were considered by the Mayor, Council and management at a budget workshop that took place on 29 April 2021.

The responses to the inputs received are also provided in the **Annexure O**.

The LGMTEC assessment received from Provincial Treasury with comments from Directors is attached as **Annexure P**.

No material amendments have been made to the tabled budget.

2. Section 2: Resolutions

It is recommended –

1. That Council approves the annual budget of the municipality for the financial year 2021/22 and the two outer years 2022/23 and 2023/24 as per **Annexure A** (Budget schedules A1 to A10 and SA1 to SA 38), **Annexure B** (capital budget per department), **Annexure C** (capital budget per ward) and **Annexure D** (summaries of the capital budget);
2. That Council approves the rates and tariffs as contained in **Annexure E** for the 2021/22 budget year;
3. That Council approves the electricity tariffs as included in **Annexure E**;
4. That Council takes note that the municipality's electricity tariffs application has not been considered and approved yet by NERSA, and should it be different that the tariffs in **Annexure E**, a separate report will be brought to Council.
5. That Council takes note of the sensitivity analysis of the proposed rates and tariff increases for consumers as per **Annexure F**;
6. That Council takes note of MFMA Budget Circular 108 attached as **Annexure G**;
7. That Council takes note of Western Cape Provincial Treasury Circular 5 of 2021 attached as **Annexure H**;
8. That Council takes note of the quality certificate signed by the Municipal Manager as per **Annexure I**;
9. That Council approves the changes to the budget related policies attached in **Annexure J**;
10. That the service standards attached as **Annexure K** be approved;
11. That Council take note of the sector department projects of the Western Cape Provincial Government in Saldanha Bay municipality for the 3-year 2021/22 MTEF, attached as **Annexure L**;
12. That Council approves of the list of projects funded from external loans, attached as **Annexure M**;

13. That the 2021/22 MTREF Procurement Plan per **Annexure N** be approved;
14. That Council takes note that version 6.5 of the mSCOA classification framework was used to prepare the budget;
15. That the pre-paid monthly capacity fee for 40 Ampere and 60 Ampere connections are not phased-in for 2021/22;
16. That a self-insurance reserve of R8 million is created over the 3-year MTREF to fund the replacement of certain assets;
17. That Council takes note of the Public input as well as management's response included as **Annexure O**;
18. That Council takes note of the LGMTEC comments received from Provincial Treasury as well as management's response included as **Annexure P**.

3. Section 3: Executive summary

3.1 Introduction

It is more than a year after South Africa went into a hard lockdown on 27 March 2020. Since then in October 2020 a new variant of the virus was discovered in South African and England which has spread globally. Other new variants have also been reported, with the most recent in India. In December 2020, South Africa according to its statistic models entered a second wave of COVID-19 infections. It is expected by medical experts in South Africa, that the third wave of COVID-19 infections in South Africa's may occur in May 2021. The government is currently busy with its vaccination programme.

The South African economy last year, pre-COVID-19, was supposed to grow with 0.9%, but due to the impact of the virus regressed to a -7.2% negative growth. This year the economic growth is expected to be 3.3%.

At the end of December 2020, 32.5% of South Africans were unemployed. This excludes those that are no longer seeking employment.

The financial woes of ESKOM continue to burden the South African public. On 16 February 2021 ESKOM won a court case against NERSA allowing them to add an additional R10 billion to be recovered from consumers in the 2021/22 financial year. On 12 March 2021 NERSA issued a consultation paper indicating that the ESKOM increase to municipality will be 17.8% for the 2021/22 financial year. NERSA, in terms of a formula provided in their document, provides a calculation to indicate to municipalities what their own electricity tariffs may be. For the 2021/22 financial year it is 14.59%.

An increase of 14.59% to our consumers will be hard to swallow. As it is, electricity carries the biggest weight in the basket of municipal services to consumers. If the electricity increase was the same as the expected inflation rate of 3.9%, the average municipal increase at Saldanha Bay municipality for a small household on all services and property rates would have been 3.5%. However, due to the 14.59% increase, it will now be 7.9%. These differentials are also similar for medium and large households.

It is within this context that the municipal budget was prepared for the 2021/22 MTREF period.

The objective for the municipality during the budget planning process was to keep the other rates and tariffs as low as possible to provide some relief in this uncertain economic environment.

3.2 2021/22 National budget

Minister Mboweni delivered his budget speech on 24 February 2021.

“We owe a lot of money to a lot of people.”

This was perhaps the most significant message that came from his budget.

The gross government debt is expected to increase from R3.95 trillion (80% of GDP) in 2020/21 to R5.2 trillion (87% of GDP) in 2023/24. Approximately 21% of Tax Revenue will go towards the payment of the debt. The annual borrowing requirement will remain well above R500 million in each year of the medium-term budget to fund the budget deficit.

The budget deficit for 2021/22 will be R603 billion, or 14% of GDP.

Some of the other highlights in his budget speech is provided below:

“We have crafted a Fiscal Framework to support the economy and public health services in the short term, while ensure the sustainability of our public finances in the medium term”.

“For 2021/22, Revenue is projected to be R1.35 trillion, or 25.3% of GDP. Expenditure is projected at R1.95 trillion, or 36% of GDP.”

“We are allocating more than R10 billion for the purchase and delivery of vaccines for the next two years”.

“We shall achieve a surplus on the main budget in 2024/25.”

“We will stabilise government debt at 88.9% of GDP in 2025/26 and it will decline thereafter.”

“Government has committed to a R791.2 billion” infrastructure investment drive to repair or replace or expand the country’s infrastructure.

“We (SARS) expect to collect tax revenue of R1.37 trillion in 2020/21, which is R213 billion less than our 2020 budget expectations.”

3.3 2021/22 Western Cape Provincial budget

Minister David Maynier delivered the Western Cape Provincial Government budget on 16 March 2021. It was labelled as “A Budget for Hope”

Some of the highlights of his budget speech is provided below:

“We have mobilised a R2.17 billion war chest to defeat the virus in the Western Cape. We have allocated R832 million to respond to a possible third wave”.

“We will spend R2.35 billion over the medium term on improving safety in the Western Cape.”

“We will spend R29.09 billion over the medium term on infrastructure in the Western Cape.”

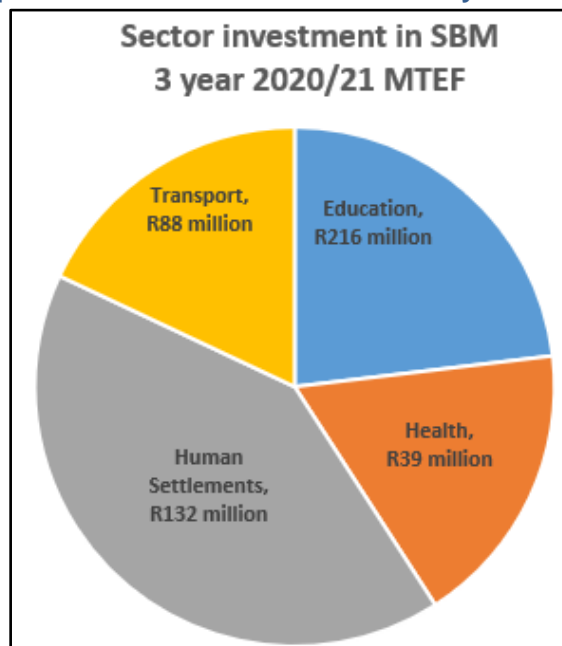
“Six candidate municipalities has been identified to participate in the Municipal Energy Resilience Project.”

“We will spend R217.61 billion over the medium term in municipalities across the Western Cape.”

Saldanha Bay municipality has been included in the provincial budget speech as one of the six candidate municipalities to participate in the Municipal Energy Resilience Project to support municipalities to generate, procure and sell their own power. More information about this will be provided later.

The Western Cape Provincial Government will over the next 3 years invest in capital projects to the value of R475 million in the Saldanha Bay municipal area (see graph below). A list of the individual projects is included in **Annexure L**.

Figure 1: Western Cape sector investment in Saldanha Bay municipality



3.4 2021/22 Saldanha Bay Municipal budget

The fourth review of the fourth generation Integrated Development Plan (IDP) will also be considered by Council on 30 March 2021 and is included in a separate agenda item. This is the last review before the new Council will embark on a process to develop a new IDP to be effective from 1 July 2022.

A high-level summary of the 2021/22 MTREF budget is provided in the table below:

Table 1: High level summary of the 2021/22 MTREF

	2020/21 Adjustment budget R	2021/22 Budget R	2022/23 Budget R	2023/24 Budget R
Operating Revenue	1,011,442,376	1,091,519,452	1,175,717,454	1,247,416,101
Grants	220,993,332	162,348,409	183,697,880	219,131,523
Total Revenue	1,232,435,708	1,253,867,861	1,359,415,334	1,466,547,624
Capital expenditure	318,360,892	269,141,804	177,956,115	187,577,796
Operating expenditure	1,224,283,664	1,277,130,923	1,366,985,167	1,465,324,116
Total expenditure	1,542,644,556	1,546,272,727	1,544,941,282	1,652,901,912

3.5 Municipal Regulations on a Standard Chart of Accounts (mSCOA)

The municipality has prepared its budget and A schedules on version 6.5 of the mSCOA classification framework.

3.6 2018/19 Electricity tariffs restructuring

The municipality has restructured its electricity tariffs 3 years ago during the 2018/19 financial year. A fixed monthly capacity charge, *inter alia*, was included in the tariff.

To reduce the impact on the pre-paid electricity consumers, Council decided in 2018 to phase the fixed monthly capacity charge for 40 Ampere and 60 Ampere pre-paid electricity consumers over multiple years.

For the 2021/22 financial year, being the four year since the restructuring, it is proposed that Council, because of the high electricity increase, not phase-in the

pre-paid electricity tariff for the 40 Ampere and 60 Ampere in the 2021/22 financial year, and that it be considered again in the 2022/23 financial year. The current phase-in % for 2021/22 will be approximately 50% of that of the conventional electricity tariff.

See the illustration of the impact in table 2.

Table 2: Financial illustration of phase-in of capacity charge

	2018/19		2019/20		2020/21		2021/22	
	40 A	60 A	40 A	60 A	40 A	60 A	40 A	60 A
Conventional tariff	167	250	188	283	207	311	229	344
Phased-in pre-paid tariff	-	-	75	100	105	150	116	166
<u>Difference</u>	<u>167</u>	<u>250</u>	<u>113</u>	<u>183</u>	<u>102</u>	<u>161</u>	<u>113</u>	<u>178</u>

3.7 Phase-out of conventional electricity meter installation

Saldanha bay municipality currently has 25 850 electricity meters. 76% of these are pre-paid meters. The municipality, on 1 July 2019 started to phase-out the installation of conventional meters. This relates to new installations only. Current conventional electricity consumers may however convert at their own discretion.

The municipality previously aimed to phase out most Domestic Conventional Meters by 2022/23. This target might need to be revised. Further details of this will be shared by the Electrical department.

The current profile of conventional versus pre-paid is provided in the table below.

Table 3: Profile of conventional vs pre-paid electricity meters

	Commercial	Households (excluding indigent)	Indigent households	Other	Total	%
Conventional	1,307	4,541	15	414	6,277	24%
Prepaid	484	11,388	7,701	-	19,573	76%
	<u>1,791</u>	<u>15,929</u>	<u>7,716</u>	<u>414</u>	<u>25,850</u>	

During the last 12 months, the conventional electricity meters has reduced from 6 793 to 6 277.

The breakdown of the pre-paid electricity meters of indigent households according to their connection size is provided below.

Table 4: Pre-paid electricity meters connection size of indigent households

20 Ampere	2,710
30 Ampere	2,348
40 Ampere	2,199
60 Ampere	444
	7,701

3.8 Electricity tariffs – NERSA approval

NERSA has published its Municipal Tariff Guideline increase document, which is used to determine the municipal tariff increases to consumers on 12 March 2021.

The municipality has provided for an increase of 17.8% in the bulk electricity increase from ESKOM.

NERSA typically allows a higher percentage increase so that ESKOM can recover the additional allowable revenue from municipalities over a 9 months period, between 1 July – 31 March.

The municipality has provided a rate increase of 14.59% to its own electricity consumers.

For the two outer years, the municipality has budgeted for an increase of 8.9%.

NERSA must still consider and approve the tariffs of the municipality before the commencement of the new financial year. Should NERSA approve different tariffs from these recommended in this budget, a separate report will be submitted to council for approval of Electricity tariffs.

3.9 Self-insurance reserve

Recently the Waste-Water Treatment Works at Saldanha was vandalised. The standby generator was forcefully opened, and the supply was switched off to the plant. This was done to gain access the thick incoming copper conductors.

A summary of insurance claims to vandalism-related incidents over the last 3 years are provided below:

Table 5: Recent insurance claims relating to vandalism

Financial Year	Claim detail	Amount Claimed	Recovered from Insurers
2018/19	Diazville Riots	11,754,351	7,546,319
2018/19	Other smaller claims	729,965	639,072
2019/20	Other smaller claims	847,159	64,348
2020/21	Laingville Riots	6,198,014	To be determined
2020/21	Harbour View Saldanha	5,000,000	To be determined

The claims and other insurance industry related factors have led to an increase in the insurance premiums for the municipality. The premium increase for the last 2 years is provided below:

Table 6: Escalation of insurance premium for the last two years

Financial Year	Premium	% Increase
2018/19	2,899,672	
2019/20	3,871,057	33%
2020/21	5,988,254	55%

The number of insurance underwriters to insure municipal assets is limited. There are currently only two known underwriters for municipalities in South Africa. Insurance companies also do not want to insure all municipal assets, for example, the risk to insure electrical cables in an open field is too high.

It has become increasingly necessary for the municipality to self-insure these types of assets. To this effect, it is recommended to create a self-insurance reserve of R8 million over the next 3 years to fund the replacement of certain assets. These assets will mostly be assets that are vandalised and high-risk assets that insurance companies are not willing to insure.

3.10 Operating budget

A summary of the operating budget is provided in the table below.

Table 7: Operating budget

	2020/21 Adjustment budget R	2021/22 Budget R	2022/23 Budget R	2023/24 Budget R
Revenue				
Property rates	243,376,812	253,354,721	264,502,320	276,405,363
Service Charges: Electricity	364,786,397	419,580,000	462,120,000	502,760,000
Service Charges: Water	151,204,149	150,050,027	160,652,328	167,701,716
Service Charges: Waste Water Management	80,336,555	83,630,233	89,309,844	93,238,786
Service Charges: Waste Management	75,880,425	80,498,356	85,744,770	89,762,834
Rental of facilities and equipment	9,592,602	9,985,803	15,425,100	15,894,346
Interest earned - external investments	31,622,513	35,599,261	37,402,080	39,234,072
Interest earned - outstanding debtors	10,726,574	11,166,014	11,657,244	12,181,824
Fines Penalties and Forfeits	18,930,253	19,639,775	19,655,868	19,673,088
Licences or Permits	1,599,991	1,665,530	1,738,800	1,817,100
Agency services	10,395,999	10,822,225	11,298,408	11,806,824
Transfers and Subsidies: Operational	157,007,539	118,605,366	129,107,570	152,646,130
Other revenue	10,112,447	10,526,727	10,989,840	11,484,420
Development Charges	2,877,659	5,000,780	5,220,852	5,455,728
Sub-total	1,168,449,915	1,210,124,818	1,304,825,024	1,400,062,231
Plus: Capital grants and donations	63,985,793	43,743,043	54,590,310	66,485,393
Total Revenue	1,232,435,708	1,253,867,861	1,359,415,334	1,466,547,624
Own revenue (excluding grants)	1,011,442,376	1,091,519,452	1,175,717,454	1,247,416,101
Less: Expenditure				
Employee Related Cost	426,299,167	436,519,823	451,827,630	471,511,677
Remuneration of councillors	13,544,835	13,971,502	14,586,336	15,242,748
Bad debt written off	24,045,536	24,045,492	25,103,508	26,233,164
Debt impairment	38,503,140	35,724,540	36,583,380	37,500,516
Depreciation and Amortisation	140,308,440	152,324,511	163,961,153	170,988,594
Finance charges	19,951,074	18,726,096	26,438,436	30,065,004
Bulk purchases	326,221,740	330,000,000	360,000,000	392,000,000
Contracted services	123,633,663	102,710,105	118,883,981	144,604,449
Transfers and Subsidies	6,502,121	5,044,354	4,950,312	5,116,812
Other materials	36,092,857	82,140,520	85,561,561	89,559,116
Other expenditure	68,828,873	67,499,807	70,294,033	73,311,455
Loss on disposal of assets	352,218	8,424,173	8,794,837	9,190,581
Total Expenditure	1,224,283,664	1,277,130,923	1,366,985,167	1,465,324,116
Surplus/ (Deficit)	8,152,044	(23,263,062)	(7,569,833)	1,223,508

The main contributors to the operating revenue and operating expenditure of the 2021/22 financial year are as indicated in the two graphs below.

Figure 2: Operating Revenue budget

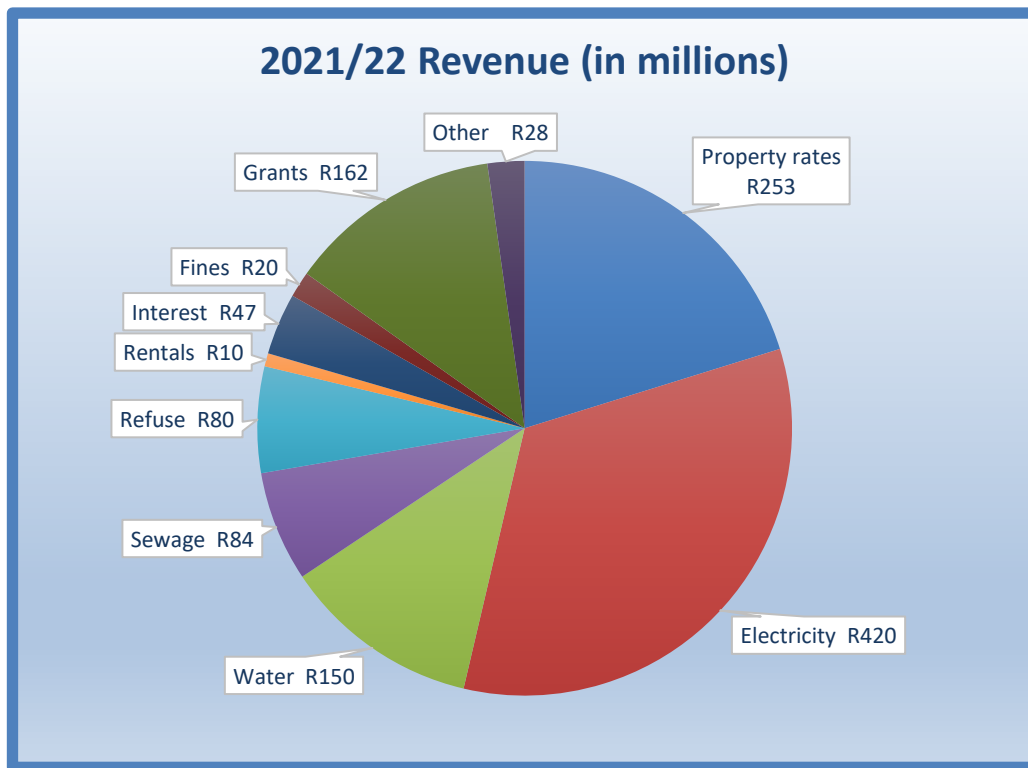
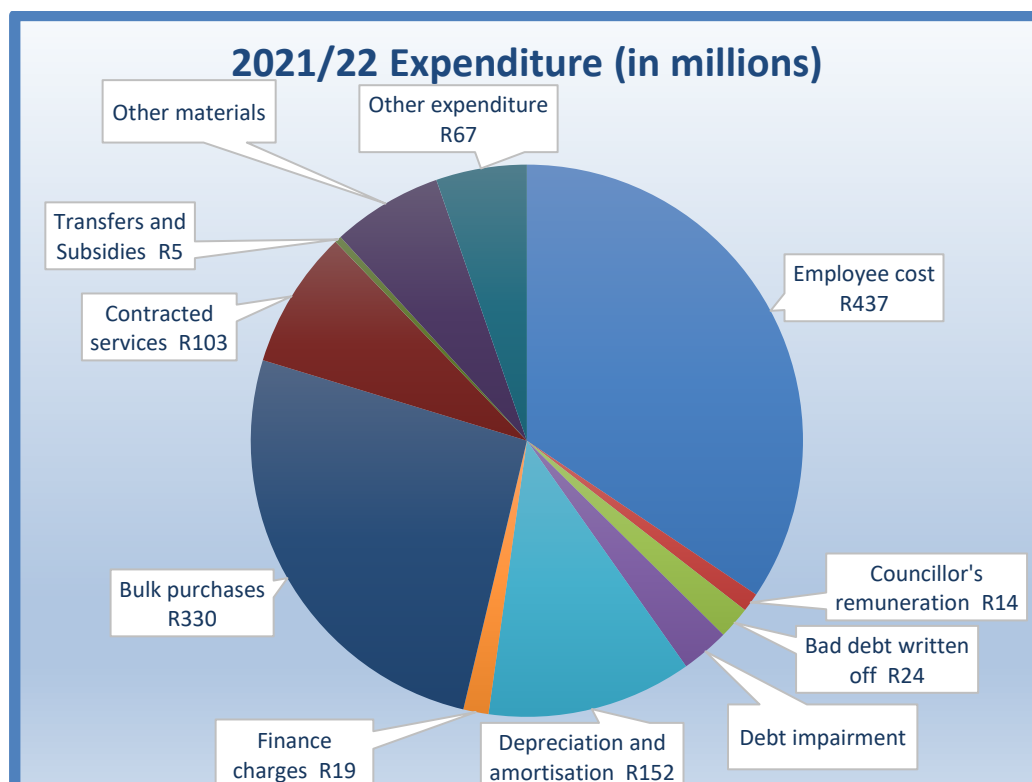


Figure 3: Operating Expenditure budget



3.11 Budgeted operating deficit

The budgeted operating deficit or surplus for the 3-year 2021/22 MTREF period is R23 million (deficit), R8 million (deficit) and R1 million (surplus) respectively. The reason that the municipality is budgeting for a deficit, *inter alia*, in 2021/22 and 2022/23 is that the depreciation charge is not fully cashed-back.

3.12 Capital budget - Infrastructure projects

National Treasury has urged municipality to prioritize spending on infrastructure. The summary per category of infrastructure projects over the MTREF is listed in the table below.

Infrastructure projects comprise 77% of the total capital budget in 2021/22, 81% in 2022/23 and 87% in 2023/24.

Table 8: Infrastructure projects as % of total capital budget

	2020/21 Adjustment budget	2021/22 Budget	2022/23 Budget	2023/24 Budget
Infrastructure assets				
Roads Infrastructure	70,595,819	71,351,826	36,757,806	44,704,994
Storm water Infrastructure	3,704,584	5,200,867	3,146,881	7,691,180
Electrical Infrastructure	18,323,784	32,777,867	30,716,881	36,796,333
Water Supply Infrastructure	50,257,545	55,258,413	43,692,921	18,260,999
Sanitation Infrastructure	36,243,915	36,016,143	27,396,881	53,403,092
Solid Waste Infrastructure	34,524,269	1,600,000	2,500,000	2,500,000
Information and Communication Infrastructure	-	4,000,000	-	-
Total infrastructure projects	213,649,916	206,205,116	144,211,370	163,356,598
Other assets				
Community Assets	52,179,507	27,513,538	8,178,940	4,862,841
Other Assets	11,209,243	5,950,000	2,250,000	1,310,000
Intangible Assets	5,564,398	9,150,000	5,942,696	6,679,257
Computer Equipment	12,746,177	1,843,000	3,393,059	2,109,104
Furniture and Office Equipment	2,044,792	687,150	364,050	65,000
Machinery and Equipment	9,219,309	5,193,000	5,996,000	2,944,997
Transport Assets	10,799,770	10,450,000	7,620,000	6,250,000
Land	947,780	2,150,000	-	-
Total other assets	104,710,976	62,936,688	33,744,745	24,221,198
Total capital budget	318,360,892	269,141,804	177,956,115	187,577,796
Infrastructure projects as percentage of total capital budget	67%	77%	81%	87%

3.13 Repairs and maintenance expenditure

The budget for repairs and maintenance for 2021/22, 2022/23 and 2023/24 is R59 million, R64 million and R67 million respectively (see table below).

The amounts reflected as repairs and maintenance only represents materials and contracted services. No labour and vehicle cost incurred by the municipality is currently allocated to repairs and maintenance due to the absence of a full costing system. The real repairs and maintenance are therefore higher than the amount reflected in the budget documents.

Table 9: Repairs and maintenance expenditure

	2020/21 Adjustment budget	2021/22 Budget	2022/23 Budget	2023/24 Budget
Repairs and maintenance	57,497,065	58,545,279	63,740,516	67,010,187
Increase from the previous year	-17%	2%	9%	5%
As a percentage of operating expenditure	5%	5%	5%	5%

3.14 Rates and tariffs

The proposed 2021/22 rates and tariff increase percentages has been provided in the table below. For comparability the previous 4 years' increases are also provided.

Table 10: Rates and tariffs for 2021/22

	2017/18	2018/19	2019/20	2020/21	2021/22
Property rates (excluding vacant residential erven)	6.5%	6.5%	6.2%	4.5%	3.9%
Property rates - vacant residential erven	6.5%	6.5%	20%	10%	10%
Electricity	2%	6.8%	13.81%	6.22%	14.59%
Water consumption (excluding businesses)	7%	21%	5.8%	0%	0%
Water consumption: businesses	7%	21%	5.8%	0%	-2%
Refuse	8%	10%	5.2%	4.5%	3.9%
Sewerage	8%	10%	15%	15%	3.9%
Sundry tariffs	10%	10%	5.2%	Various	Various

The tariffs for 2022/23 and 2023/24 will increase with the inflation targets, except for electricity and for vacant residential properties. See explanation below.

3.15 Explanation for tariff increases above 3.9%

MFMA Circular 108, attached as **Annexure G**, requires that all increases more than the inflation target of 3.9% for 2021/22 must be explained and justified.

(a) **Property rates** increase with 3.9%.

Property rates are used by the municipality to provide basic services and to perform its functions as set out in schedules 4B and 5B of the Constitution of the Republic of South Africa, 1996. This includes installing and maintaining of streets, roads, sidewalks, storm drainage, building regulations, provision of local sport facilities, parks, recreational facilities and cemeteries to name a few.

The above increase of 3.9% excludes vacant erven, which will increase with 10%, which was done to encourage development of these undeveloped properties.

(b) The explanation for the **Electricity** increase is provided in section 3.8.

(c) **Water** will not increase. For business and industrial consumers, the water tariff will decrease with -2%.

(d) **Refuse** increase with 3.9%

(e) **Sewage** increase with 3.9%.

(f) **Sundry tariffs** increase with 3.9% in general. Some of the other tariffs in this category such as resorts will not be increased.

3.16 Financial support provided to indigent households

Saldanha Bay Municipality provides free basic services to poor households as a means of poverty alleviation. This support is to households who are unable to pay, or struggle to pay for their basic services.

Households with an income base below a determined threshold of R 5 500 (previous year it was R5 000), will receive a 100% subsidy. Further relief is provided to households with an income between R 5 501 ~~R5 004~~ and R6 200, who will receive a subsidy of 70%.

These consumers should apply to be registered as an indigent household as defined in the Indigent policy of Council and will be included in the indigent register to obtain this benefit.

Indigent households will in 2021/22 receive free electricity (50 electricity units per month, plus the service charge, plus the capacity charge based on a maximum connection of 40 Ampere), water (6 kilolitres per month), free refuse removal and free sanitation based on a developed erf size of 250m².

In respect of property rates, the first R185 000 value of the residential properties of indigents are exempted.

Support is also provided to public benefit organisations by subsidising 75% of the monthly service account.

Child headed households are furthermore subsidised in the same manner as a 100% qualifying indigent household.

3.17 Financial support provided to pensioners

A special rebate on property rates is provided to pensioners based on their monthly income levels, which is indicated in the table below:

Table 11: Financial support provided to pensioners

<u>Monthly Income</u>	<u>Percentage rebate</u>
Between R0 - R12 468	100%
Between R12 469 - R17 663	70%
Between R17 664 - R22 858	50%
Above R22 859	0%

3.18 Conclusion

Currently there are much economic uncertainties. Many households and businesses are in distress. We don't know the answers, but we put our trust in God and in His word.

The Lord is my rock, and my fortress, and my deliverer; my God, my strength, in whom I will trust; my buckler, and the horn of my salvation, and my high tower (Psalm 18:2).

4. Section 4: Other important information

4.1 Vision, mission, strategic objectives and game changer obsessions

4.1.1 Vision

The strategic intent of Council is to enhance municipal service delivery and growth. The vision of Council is depicted in the figure below.

Figure 4: Vision of the Council



SMART is an acronym for the following aspects to give guidance to the formulation of Council's objectives:

- **S**uperior service – The rendering of service which exceed normal expectation.
- **M**andate – The effective and efficient execution of Council's mandate.
- **A**chievable – The setting of objectives which are realistically achievable.
- **R**esponsive – The setting of objectives that respond to the needs of the public.
- **T**eam – The promotion of a consolidated approach to address the challenges.

4.1.2 Mission

The mission statement below has been adopted by the Council to guide the actions of the Municipality, spell out its overall goal, provide a path, and guide decision-making. It serves to provide the framework or context within which the Council's strategies are formulated.

Saldanha Bay municipality is a caring institution that excels through:

- Accelerated economic growth for community prosperity
- Establishment of high quality and sustainable services
- Commitment to responsive and transparent governance
- The creation of a safe and healthy environment
- Long term financial sustainability

4.1.3 Strategic objectives

The Council has 10 strategic objectives to give effect to the vision and mission for the municipality and are based on the 5 game changers of Council. Whilst the mission statement provides direction for the municipality, the strategic objectives provide a way to measure progress toward realizing the ideals set by Council in the mission statement.

The 10 strategic objectives are:

1. To diversify the economic base of the municipality through industrialization, de-regulation, investment facilitation, tourism development whilst at the same time nurturing traditional economic sectors;
2. To facilitate an integrated transport system;
3. To provide and maintain superior decentralized consumer services (Water, sanitation, roads, storm water, waste management and electricity);
4. To develop socially integrated, safe and healthy communities;
5. To maintain and expand basic infrastructure for economic development and growth;
6. To be an innovative municipality through technology, best practices and caring culture;
7. To be a transparent, responsive and sustainable decentralised administration;
8. To ensure an effective communication system. (Media, newsletter, marketing, IT, talking to clients, participation, internet);

9. To embrace a nurturing culture amongst our team members to gain trust from the community; and
10. To ensure compliance as prescribed by relevant legislation.

4.1.4 Municipal Strategic focus areas

The Council also has 5 specific focus areas for achieving the vision and mission set out for the municipality:

1. Economic Development and Growth;
2. Customer Care;
3. Technology and Innovation;
4. Cleanliness; and
5. Youth.

These focus areas serve as the foundation and framework on which the municipality will be able to realise its vision, help to drive National and Provincial Government's agenda, expand and enhance its infrastructure, and ensure that all residents have access to the essential services they require.

4.2 Cost containment measures

The municipality has implemented a cost containment policy in July 2019. Since COVID-19, the municipality had to reduce its operating budget even more through a cost reduction of certain line items of operating expenditure.

4.3 Auditor General – audit outcomes

Whilst the audit outcome of a municipality is not necessarily a reflection on the service delivery performance of the municipality, or its financial performance, it does have a positive effect on the sentiment of the public, creditors and bank in terms of the commitment of the municipality to clean administration.

The audit outcomes history since 2014/15 are provided below:

Table 12: Auditor-General audit outcomes

<u>Year</u>	<u>Outcome</u>
2019/20	Unqualified with no findings (clean)
2018/19	Unqualified with no findings (clean)
2017/18	Unqualified with findings
2016/17	Unqualified with no findings (clean)
2015/16	Unqualified with no findings (clean)
2014/15	Unqualified with no findings (clean)

4.4 Saldanha Bay Industrial Development Zone (SBIDZ)

The Saldanha Bay Industrial Development Zone Licencing Company SOC Ltd (SBIDZ) is a Schedule 3D Provincial Government Business Enterprise that was created to promote new areas of economic growth and development to fulfil the vision of the National Development Plan.

The SBIDZ targets upstream oil, gas and marine repair, fabrication, logistics and related services. It operates as a Free Port (Customs Controlled Area), offering streamlined customs processes and bespoke facilities and services to its tenants and operators.

The SBIDZ operates as a Free Port (Customs Controlled Area) offering streamlined customs processes and bespoke facilities and services to its tenants and operators.

The SBIDZ was designated as a Customs Controlled Area (CCA) and Free Port, in July 2019. The designation allows for duty and VAT-free entry of any foreign goods intended for re-export, also reducing time and economic restrictions.

Saldanha Bay is the largest and deepest (23-meter draught) natural port in the southern hemisphere and is the perfect place to accommodate and service a wide range of vessels.

COVID-19 impacted on the SBIDZ resulting that they had to reassess its goals and objectives for the medium term. Up to date they have attracted more than R21 billion worth of private investments into the zone. A total of 2 900 jobs were created over the past 5 years.

During the 2020/21 financial year, the SBIDZ completed construction on the first investment project - a specialised corrosion protection facility.

Currently the SBIDZ is in the process of constructing an additional two investment projects involving specialised manufacturing and fabrication, as well as partial assembly and manufacturing of components which are currently being imported into South Africa.

In addition, the SBIDZ completed construction on the SBIDZ Access Complex Building - a 5ha state-of-the-art commercial office facility that started taking in tenants in September 2020.

The SBIDZ also has a robust investor pipeline that continues to grow in manufacturing and export facilities, and new-build port infrastructure. Several private investors have undertaken, at their own cost, bankable feasibility studies that demonstrate demand for vessel fabrication, maintenance, recycling and equipment servicing.

The Saldehco Offshore Supply Base in the Port of Saldanha Bay is one such investment that has made good progress. Construction of the facility in the SBIDZ is currently underway. The facility will offer internationally competitive services to vessels passing along our coastline, and projects looking to undertake surveys, exploration and production activity on the West African Coastal Area.

The common-user Project Leasing Facility (PLF) is another development by the SBIDZ that already delivers value in assisting with strategic government energy projects and meeting a business need. The 12ha facility accommodates projects with a duration shorter than 24 months and assists logistics companies and project managers with an easy-to-access facility near the port infrastructure when handling equipment and goods in or out of the port and zone.

Both these facilities will support investment in the SBIDZ and have received significant backing from the Department of Trade, Industry and Competition (DTIC). The PLF is currently providing temporary storage to SBIDZ tenants for wind blades, nacelles and tower sections to support the national Renewable Energy IPP Programme (REIPPP).

The SBIDZ expects more projects related to REIPPP to be rolled out in 2021.

5. Section 5: Annual budget tables

The following budget tables have been completed and are attached as **Annexure A**:

- Table A1 – Budget Summary;
- Table A2 – Budgeted Financial Performance (Revenue and Expenditure by standard classification);
- Table A3 – Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote);
- Table A4 – Budgeted Financial Performance (Revenue by Source and Expenditure by type);
- Table A5 – Budgeted Capital Expenditure by Vote, standard classification and funding;
- Table A6 – Budgeted Financial Position;
- Table A7 – Budgeted Cash Flows;
- Table A8 – Cash Backed reserves / accumulated surplus reconciliation;
- Table A9 – Asset Management; and
- Table A10 - Basic service delivery measurement.

The supporting schedules SA1 to SA 38 are also included as part of **Annexure A**.

PART 2: SUPPORTING DOCUMENTATION

6. Section 6: Overview of annual budget process

The overview of the 2021/22 Budget and IDP process is provided in the table below.

Table 13: Overview of annual budget process

Budget and IDP timetable approved by Council	25 August 2020
IDP public participation process	07 September 2020 - 30 September 2020
Budget steering committee meetings	15 Oct 2020
	30 Nov 2020
	8 Feb 2021
Departments requested to budget in accordance with IDP needs	01 September 2020 - January 2021
Table Budget and IDP to Council	30 Mar 2021
Advertise budget in the local newspaper	2 April 2021
Public participation meetings	6 -17 April 2021
Closing of comments and representations on the IDP and tabled budget	23 Apr 2021
Workshop with Council on budget related policies and public inputs	29 Apr 2021
LGMTEC engagement with Provincial Treasury	4 May 2021
Consideration of final budget approval by Council	27 May 2021

7. Section 7: Overview of the alignment of the annual budget with the IDP

The IDP serves as a guideline to the municipality for the correct budget and resource allocations in ensuring that it meets the needs of its residents. It is also an integrated inter-governmental system of planning which requires the involvement of all three spheres of government. Contributions are made by provincial and national government to assist municipal planning and therefore government has created a range of policies and strategies to support and guide development and to ensure alignment between all spheres of government as stated by the section 24 of the Municipal Systems Act, No 32 of 2000.

The IDP drives the strategic development of SBM. The Municipality's budget is influenced by the municipal strategic focus areas and strategic objectives identified in the IDP. The Service Delivery Budget Implementation Plan (SDBIP) ensures that the Municipality implements programmes and projects based on the IDP targets and associated budgets.

The budget has been compiled in accordance with the municipality's IDP document. Also refer to tables SA3, SA4 and SA5 which is aligned with the strategic objectives and goals of the municipality.

8. Section 8: Measurable performance objectives and indicators

This budget is indicative of our commitment to achieving the objectives of local government set out in the Constitution of the Republic of South Africa and to do so in an efficient, effective and sustainable manner. These commitments are entrenched in our mission, vision and value statements and as such are reflected so in our budget and services delivery processes.

The MTREF has been compiled in such a manner to ensure sustainable service delivery and to invest in infrastructure that will ensure growth over the medium term to long term.

The measurable performance objectives are indicators included in the budget tables SA4 and SA7.

9. Section 9: Overview of budget related policies

The proposed amendments to the budget related policies are attached as **Annexure J**.

10. Section 10: Overview of budget assumptions

The following assumptions were used in the preparation of the budget:

Table 14: Operating Revenue assumptions

<p>The average estimated CPIX that were used to determine the tariff increases was 3.9% for 2021/22, 4.2% for 2022/23 and 4.4% for 2023/24 as guided by MFMA Circular 108. Refer to section 3.15 and 3.16 for more information about the tariff increases.</p> <ol style="list-style-type: none">1. Rates and tariffs are cost reflective in compiling a funded budget.3. Indigent free basic services are financed from the Equitable share. Refer to section 3.17 for more information about the indigent subsidies.4. A debtors payment rate of 96%.5. National grants was budgeted in accordance with Division of Revenue Bill and gazetted allocations.6. Provincial grants was budgeted in accordance with the Provincial Gazette.7. The EPWP grant was based on the DORA allocation of R 2 646 000 for 2021/22.8. Electricity tariffs budgeted to increase 14.59%, 8.9% and 8.9% respectively over the MTREF. Refer to section 3.8 for more information.

Table 15: Operating Expenditure assumptions

<p>The general CPIX rates that was used for the operating expenses for 2021/22 is 3.9%, for 2022/23 is 4.2%, and for 2023/24 is 4.4%. All expenditure types however do not increase with the same percentage points.</p> <ol style="list-style-type: none">2. A Salary and Wage Collective Agreement to be implemented from effective 1 July 2021 still has to be concluded. As there is still uncertainty of how much the increase will be, the municipality has budgeted for an increase of 2%, plus a TASK grading scale notch increase of 1%, therefore 3% in total.3. No new employment positions were budgeted for.4. Departments were required to budget in terms of general cost containment measures.5. No increase was provided for the bulk water purchases tariff from the West Coast District municipality. Water bulk purchases is budgeted under inventory consumed and losses from 2021/22.6. An increase of 17.8% was provided for the bulk electricity purchases in respect of 2021/22 and 8.9% for the two outer years. NERSA still to determine the increase for 2021/22.

Table 16: Capital budget assumptions

1.	Cash-backed depreciation (growth contributor for CRR) of 2021/22 R66 million, 2022/23 R77 million and 2023/24 R77 million is budgeted.
2.	Additional transfer from accumulated surplus to the CRR of 2021/22 R28 million, 2022/23 R23 million and 2023/24 R15 million is budgeted.
3.	Annual development charges (growth contributor for CRR) of R5 million 2021/22, R5 million 2022/23 and R5 million for 2023/24 is budgeted.
4.	Capital budget funding source from CRR is limited to R 291 million over 3 year MTREF.
5.	External loans of R179 million to partially fund the 2021/22 3-year MTREF capital budgets.
6.	R7.5 million provided for ward based specific capital projects for 2021/22.

11. Section 11: Overview of budget funding

The budget must be funded from actual revenue to be collected during the financial year and must be cost reflective. The Operating budget is funded from Revenue as indicated in the relevant A schedules attached.

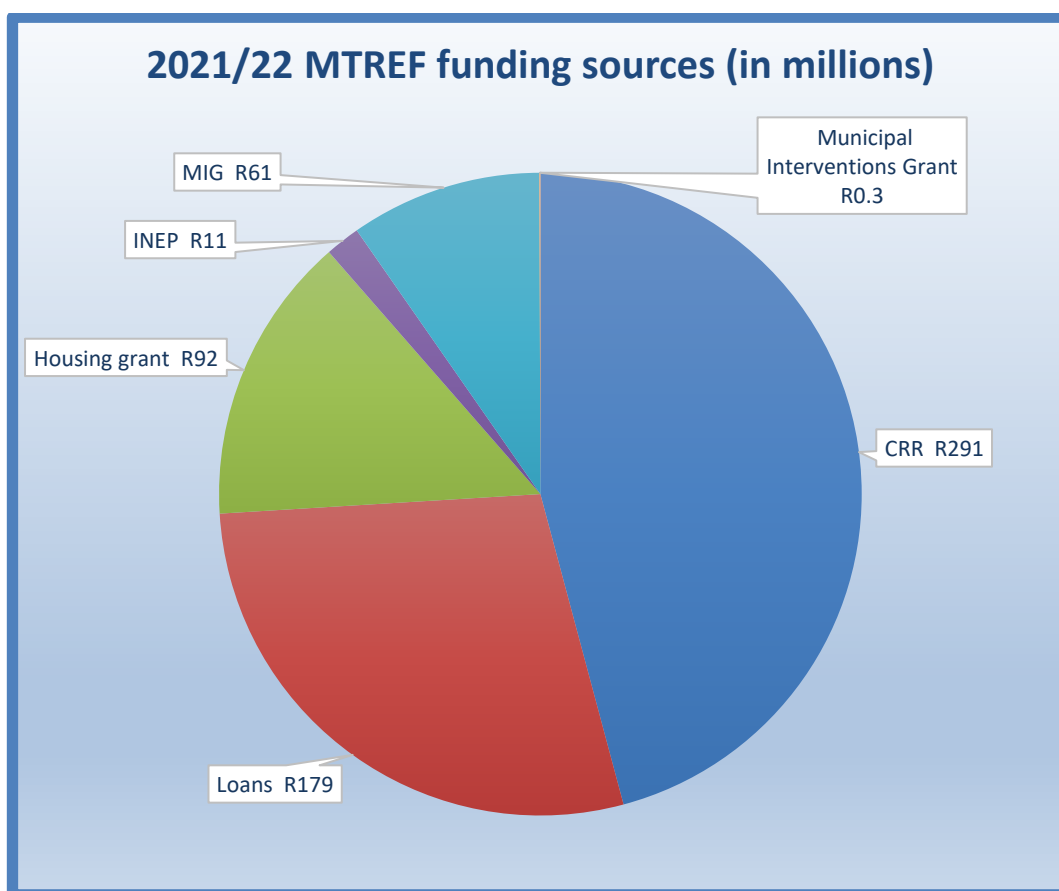
The 3-year MTREF capital budget is R635 million. The capital budget is funded from various sources of which the Capital Replacement Reserve is the biggest contributor.

A summary of the capital budget funding sources is provided in the table and graph below:

Table 17: Funding sources of the capital budget

Funding source	2020/21 Adjustment budget	2021/22 Budget	2022/23 Budget	2023/24 Budget
Capital Replacement Reserve	252,043,555	145,469,362	75,480,805	69,933,357
External borrowings	2,331,543	79,929,389	47,885,000	51,159,046
Regional Housing Board	27,044,014	19,072,003	31,038,010	42,174,992
Integrated National Electricity Programme	3,000,000	5,087,000	3,000,000	3,000,000
Municipal Infrastructure Grant	18,345,450	19,284,050	20,552,300	21,310,401
Regional Socio-Economic Project Grant	6,712,168	-	-	-
Sport and Recreation	853,710	-	-	-
Fire Service capacity grant	732,000	-	-	-
Vredenburg Urban Revitalisation Grant	5,725,000	-	-	-
Donations (Transnet and Afrisam)	1,573,452	-	-	-
Municipal Interventions Grant	-	300,000	-	-
Total	318,360,892	269,141,804	177,956,115	187,577,796

Figure 5: Funding sources of the capital budget



11.1 Capital Replacement Reserve (CRR)

The municipality has set aside cash to replace assets or to acquire new assets. Since the implementation of General Recognised Accounting Practices (GRAP), and the subsequent implementation of depreciation charges in local government the capital replacement reserve's contributions is part of the depreciation charges. With the unbundling of infrastructure assets when GRAP was initially implemented the value of Property Plant and Equipment increased substantially. The status of the CRR is provided in the table below.

Table 18: Capital Replacement Reserve

	Adjusted Budget May 2021	2021/22 Budget	2022/23 Budget	2023/24 Budget
Opening balance on 1 July	219,805,134	44,125,565	50,725	736,217
Plus: Contributions				
Cash backed depreciation	67,742,691	66,054,422	77,363,680	77,427,569
Additional transfer from accumulated surplus	17,641,828	28,935,120	22,775,145	14,869,145
Capital contributions: Received	2,877,659	5,000,780	5,220,852	5,455,728
Transfer to employee benefits obligation	(11,898,200)	- 13,595,800	(15,193,380)	(17,129,666)
Transfer from New municipal building reserve		21,000,000	(13,000,000)	(10,000,000)
Transfer to Insurance reserve		- 6,000,000	(1,000,000)	(1,000,000)
Less: Capital Spending	(238,653,811)	(89,473,827)	(75,480,805)	(69,933,357)
Rolled over to 2021/2022	55,995,535	(55,995,535)		
Funding change from loans to CRR	(69,385,271)			
Closing balance on 30 June	44,125,565	50,725	736,217	425,636

The capital replacement reserve was always maintained in a responsible manner allowing the municipality to acquire assets through this internal funding source and without too much reliance on external borrowings and grants. When the capital budget was not spent in its entirety for a year, the funds were carried forward to complete the projects.

As a result of the high demand for services, the capital replacement reserve is almost depleted over the 3-year MTREF period. It is estimated that the CRR's balance will be only **R425 636** at the end of 2023/24.

A history of the capital budget expenditure has been provided below as well as the budgeted estimates up to 2023/24. It is estimated that at the end of this 14-year period the municipality would have invested over R2.6 billion into capital projects.

Table 19: History of the capital budget versus actual expenditure

Year	Actual/ Estimate	Capital Budget	Capital Expenditure	%
2010/11	Actual	183,265,000	109,959,000	60%
2011/12	Actual	133,213,000	101,241,880	76%
2012/13	Actual	196,544,000	139,546,240	71%
2013/14	Actual	208,661,530	145,156,473	70%
2014/15	Actual	236,336,670	225,459,000	95%
2015/16	Actual	215,809,476	145,951,261	68%
2016/17	Actual	232,280,911	200,678,559	86%
2017/18	Actual	319,470,526	238,420,533	75%
2018/19	Actual	302,125,856	237,399,184	79%
2019/20	Actual	299,871,949	185,631,883	62%
2020/21	Estimate	318,360,892	286,524,803	90%
2021/22	Estimate	269,141,804	242,227,624	90%
2022/23	Estimate	177,956,115	160,160,504	90%
2023/24	Estimate	187,577,796	168,820,016	90%
		3,280,615,525	2,587,176,960	79%

11.2 Housing Development Fund

The housing development fund is administered in terms of the Housing Act, Act 107 of 1997. This funding source is insignificant in its contribution to the capital budget.

11.3 External loans

Provision is made over the 3-year 2021/22 MTREF period for new loans of R179 million. The table below provides for a reconciliation of new and historic loans. The list of the projects funded from external loans is attached as **Annexure N**.

Table 20: Summary external loans

Year	Actual/ Budget	Own revenue	Opening balance	Redemption	New and proposed new loans	Closing balance	Loan as % of Own Revenue
2013/14	Actual	620,326,400	65,785,639	- 12,189,934	-	53,595,705	9%
2014/15	Actual	668,648,315	53,595,705	- 11,046,527	-	42,549,178	6%
2015/16	Actual	800,983,969	42,549,178	- 7,431,794	91,338,856	126,456,240	16%
2016/17	Actual	889,072,903	126,456,240	- 22,627,124	58,180,000	162,009,116	18%
2017/18	Actual	964,938,493	162,009,116	- 19,046,042	17,822,852	160,785,926	17%
2018/19	Actual	959,772,014	160,785,926	- 17,163,902	-	143,622,024	15%
2019/20	Budget	1,023,776,394	143,622,024	- 18,761,706	-	124,860,318	12%
2020/21	Budget	1,011,442,376	124,860,318	- 12,153,348	-	112,706,970	11%
2021/22	Budget	1,091,519,452	112,706,970	- 14,263,204	79,929,389	178,373,155	16%
2022/23	Budget	1,175,717,454	178,373,155	- 19,216,478	47,885,000	207,041,677	18%
2023/24	Budget	1,400,062,231	207,041,677	- 22,843,412	51,159,046	235,357,311	17%
					178,973,435		
Total: 2021/22- 2023/24 = R 178.9 million							

If these loans are taken up in future, it will have an adverse impact on rates and tariffs. However, historically the municipality has annually recorded material budget savings on its operating expenditure budget. These budget saving are then utilized to reduce future loans. The abovementioned 3-year borrowings are only indicative and may change in future.

Although the interest cost of these borrowing has been included in the MTREF budget, it may change in future.

12. Section 12: Expenditure on allocations and grant programmes

The total grants to be received for 2021/22 comprises R162 million, and for the two outer years are R183 million and R219 million respectively. The split between the various grants are listed below.

Table 21: Grants allocations

National Allocations	Classification	2020/21 Adjustment budget	2021/22 Budget	2022/23 Budget	2023/24 Budget
Finance Management Grant	Operating	1,550,000	1,550,000	1,550,000	1,550,000
Municipal Infrastructure Grant	Capital	18,345,450	19,284,050	20,552,300	21,310,401
Municipal Infrastructure Grant	Operating	965,550	1,014,950	1,081,700	1,121,599
Integrated Electrification Programme	Capital	3,000,000	5,087,000	3,000,000	3,000,000
Expanded Public Works Programme	Operating	2,870,000	2,646,000	-	-
Equitable Share	Operating	109,613,000	101,876,000	110,087,000	112,721,000
Total National DORA grants		136,344,000	131,458,000	136,271,000	139,703,000
Provincial Allocations					
Housing and Human Settlement	Operating	31,160,913	3,828,000	8,810,990	29,585,010
Housing and Human Settlement	Capital	27,044,014	19,072,003	31,038,010	42,174,992
Cultural affairs: Library service	Operating	7,757,000	6,676,000	6,789,000	6,904,000
Community Development Worker Grant	Operating	224,641	75,000	75,000	75,000
WOSA Grant	Operating	826,720	-	-	-
Regional Socio-Economic Project	Capital	6,712,168	-	-	-
Proclaimed Main Roads Grant	Operating	135,000	135,000	135,000	135,000
Sports and Recreation	Capital	853,710	-	-	-
Vredenburg Urban Revitalisation grant	Capital	5,725,000	-	-	-
Humanitarian relief grant	Operating	679,589	-	-	-
Fire Service capacity grant	Capital	732,000	-	-	-
Intervention Grant	Capital	-	300,000	-	-
WC Financial Management Capacity Building grant	Operating	692,474	250,000	-	-
Total Provincial grants		82,543,229	30,336,003	46,848,000	78,874,002
Other grants					
Donation:Transnet	Capital	1,573,451	-	-	-
SETA Grants	Operating	532,652	554,416	578,880	554,521
Total other grants and donations		2,106,103	554,416	578,880	554,521
Total grants		220,993,332	162,348,419	183,697,880	219,131,523
- Operating grants	Operating	157,007,539	118,605,366	129,107,570	152,646,130
- Capital grants	Capital	63,985,793	43,443,053	54,590,310	66,485,393
Total grants		220,993,332	162,048,419	183,697,880	219,131,523

13. Section 13: Transfers and grants made by the municipality

The total transfers and grants amount to R5 million in 2021/22, and R5 million and R5.1 million over the two outer years. See SA21 for a listing of these transfers and grants.

14. Section 14: Councillor allowances and employee benefits

This is contained in supporting schedule table SA22 and SA23. A summary of the employee related cost, excluding councillors' salaries and allowances has been provided in the table below.

Table 22: Employee cost percentages

Year	Salary cost	Total operating expenditure	% of total operating expenditure	% of total operating expenditure (excluding bulk purchases)
2015/16 - Actual	261,689,492	833,685,970	31%	46%
2016/17 - Actual	279,267,719	887,066,566	31%	45%
2017/18 - Actual	316,024,070	956,442,797	33%	45%
2018/19 - Actual	340,385,622	1,048,054,018	32%	44%
2019/20 - Actual	380,115,072	1,087,726,497	35%	48%
2020/21 - Adjustment budget	422,799,167	1,224,283,657	35%	47%
2021/22 - Budget	436,519,823	1,277,130,923	34%	46%
2022/23 - Budget	451,827,630	1,366,985,167	33%	45%
2023/24 - Budget	471,511,677	1,465,324,116	32%	44%

15. Section 15: Monthly targets for revenue expenditure and cash flows

This is contained in supporting schedule table SA25 and SA30

16. Section 16: Annual budgets and SDBIP

The final service delivery and budget implementation plans (SDBIP) will be dealt with after the budget is finally approved to be submitted to the Mayor within 14 days after the approval of the budget and approved by the Mayor within 28 days after the approval of the budget.

17. Section 17: Contracts having future budgetary implications

It is required to disclose in the budget documentation any contracts that will impose financial obligations on the municipality beyond the three years covered by the 2021/22 MTREF. The detail of this is included in supporting tables SA32 and SA33.

18. Section 18: Capital expenditure details

Detailed capital budget information is included in **Annexure A, B, C and D**. More detail on the Capital Budget is also contained in Supporting tables SA34a; SA34b, SA34c; SA35; SA36.

GPS coordinates are used to allocate assets to the wards. However, some assets will service multiple wards. Twenty percent or R126 million of the total 2021/22 MTREF capital budget are also allocated to “Whole of the municipality” which makes the ward allocation of assets more cumbersome. Although **Annexure C** does an indication of the assets per ward, it should be read with caution as it is not a concise list to indicate which ward received more capital investment than another ward, and vice versa.

The summary of the capital budgets per Main Vote, per Town and top 20 capital projects for 2021/22 is listed in the tables and figures below.

Table 23: Capital budget per vote

	2020/21 Adjustment budget	2021/22 Budget	2022/23 Budget	2023/24 Budget
Finance	818,000	1,325,650	1,385,000	775,000
Community & Operational Services	29,440,384	12,960,000	8,200,000	6,819,996
Engineering & Planning Services	239,636,731	231,242,154	153,996,310	171,444,439
Corporate & Protection Services	21,138,506	6,167,500	4,036,550	1,250,000
Office of the Municipal Manager	624,500	3,500	2,500	-
Council	-	-	-	-
Economic Development and Strategic Services	26,702,771	17,443,000	10,335,755	7,288,361
Total	318,360,892	269,141,804	177,956,115	187,577,796

Table 24: Capital budget per town

Saldanha Bay and Jacobs Bay	42,064,424	29,372,451	13,926,000	24,407,156
Vredenburg	62,568,456	76,702,503	45,337,949	49,766,570
Langebaan	59,769,350	63,051,170	39,075,001	32,515,000
Hopefield	5,313,247	2,565,000	1,573,000	2,883,000
Paternoster and St Helena Bay	53,697,672	38,562,530	33,768,360	28,867,713
Administrative and Head Office	19,534,075	10,756,150	8,343,595	6,873,078
Whole of municipality	75,415,668	48,132,000	35,932,210	42,265,279
Total per town	318,362,892	269,141,804	177,956,115	187,577,796

Figure 6: Capital budget per ward for the 3-year MTREF

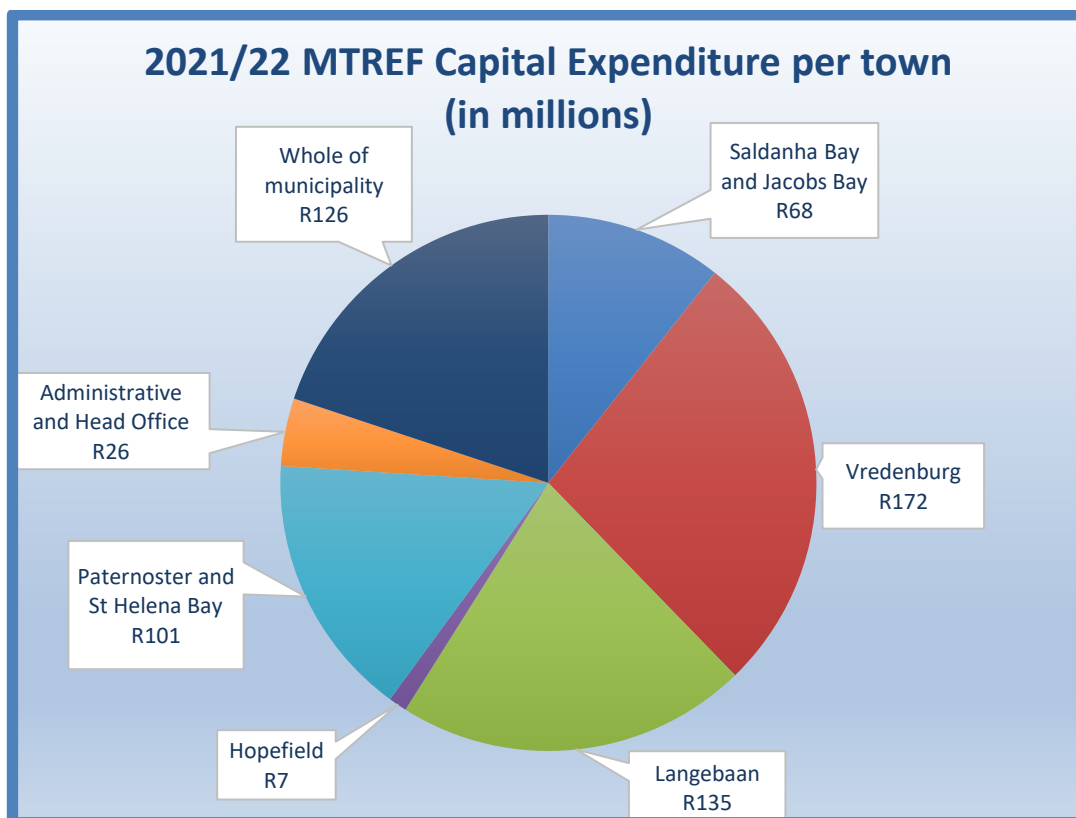


Table 25: Top 20 capital projects for 2021/22

No	Project	Value
1	Upgrade Langebaan Sewerage Works	17,538,758
2	Bulk Water Infrastructure Upgrade Laingville Reservoir	17,318,012
3	Upgrading Oostwal Street Langebaan Phase 3	14,383,849
4	Meeuwklip Reservoir	12,350,000
5	Vredenburg Taxi Rank Extension	8,966,038
6	George Kerridge 512: MV LV & Connections	8,287,000
7	Additional Reservoir Capacity Olifantskop	7,500,000
8	Construction of a new link road VURP to Louville	7,500,000
9	Relocation of Bulk Lines in St Helena Bay	7,500,000
10	Upgrade Saldanha Sewerage Works	7,000,000
11	Housing Louville 200 : Services	6,466,376
12	Upgrade Vredenburg Sewerage Works	5,000,000
13	Main Roads Streetlight Upgrade	5,000,000
14	Annual Software License Renewals	4,200,000
15	Replace Water Meters	4,000,000
16	Witteklip 1155 MV LV & Connections	3,500,000
17	Alignment of Channel Thruway to Muggievlak	3,329,389
18	Vredenburg Urban Revitalisation Project : Services	3,180,708
19	Middelpos Commercial Node	3,000,000
20	Upgrading of Paternoster Fishmarket	3,000,000
	Total	149,020,130

19. Section 19: Legislation compliance status

All relevant legislations and regulations have been implemented. The applicable legislation and circulars considered were:

- Sections 15 – 33 of the MFMA;
- MFMA circulars 10, 12, 13, 14, 19, 28, 31, 45, 48, 51, 54, 58, 59, 64, 66, 67, 70, 72, 74, 75,78,79, 82, 85, 86, 89, 91, 93 and 94, 98, 99, 107, 108.
- Municipal Budget and Reporting Regulations, 2009.
- Municipal Regulations on Standard Chart of Accounts as per gazette notice no. 37577, 22 April 2014.

The most recent MFMA Budget Circular no 108 is included in the budget documentation as **Annexure G**.

20. Section 20: Other supporting documents

20.1 Service Level Standards

In terms of MFMA circulars 72, 75, 78 and 79 the municipality must adopt service standards as it provides transparency in understanding performance indicators. Local government is mostly service delivery orientated and as such need to be clear on what the public can expect from the municipality as a service delivery standard.

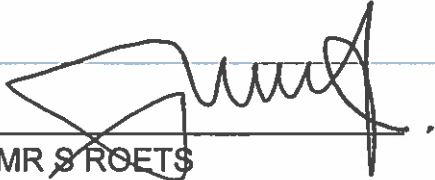
The service delivery standards set are attached as **Annexure K** and must to be approved by council.



MS M CORNETT
MANAGER: BUDGETING

13/05/21

DATE



MR S ROETS
SENIOR MANAGER: FINANCIAL MANAGEMENT

13/05/2021

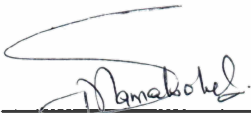
DATE



MR S VORSTER
CHIEF FINANCIAL OFFICER

13/5/2021

DATE



COUNCILLOR S MAMABOLO
PORTFOLIO COUNCILLOR: FINANCE

14 May 2021

DATE