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RB9.1.2/28-03-2019

2019/2020 DRAFT ANNUAL BUDGET

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**Draft Annual Budget Speech by the Executive Mayor:**

“Dit is my voorreg, eer en as Uitvoerende Burgemeester my plig om ingevolge artikel 16 (2) van die Wet op Munisipale Finansiële Bestuur die 2019/2020 to 2021/2022 Medium Termyn Inkomste en Uitgawe Raamwerk ter tafel te lê.

Aangesien hierdie begroting die voorgestelde finansiële plan vir die volgende 3 jaar insluit, het dit natuurlik 'n impak op die gemeenskap as geheel en dit is dus uiters belangrik om die gemeenskap te raadpleeg om bewustheid te skep en om gesamentlike eienaarskap en verantwoordelikheid te ondersteun in die bestuur van die munisipaliteit se finansiële sake.

Die 2019/20-begrotingsoorsig beklemtoon dat, hoewel globale risikofaktore hoog bly, die wêreld ekonomie steeds 'n ondersteunende platform bied vir Suid-Afrika om handel en belegging uit te brei. Die ekonomiese groei in die wêreld is op sy hoogste sedert 2014 en hou steeds tred met die groei in bruto binnelandse produk (BBP) wat oor al die breë ekonomieë toeneem.

Suid-Afrika het 'n tydperk van uitgerekte swak ekonomie ervaar wat privaat belegging verminder. Dit kan toegeskryf word aan huishoudelike beperkinge, wat verband hou met politieke onsekerheid en dalende sake- en verbruikersvertroue. Die plaaslike ekonomie begin vroeg in 2017 herstel ná 'n kort resessie, maar die verbetering is onvoldoende. Die groei het stagneer op minder as 2% en die werkloosheid bly hoog op 26,7%. Die voorvereistes vir verhoogde inkomste en uitgebreide dienslewering is vinniger groei, belegging en werkskepping.

Die hoofrisiko's vir die ekonomiese vooruitsigte is voortgesette beleidsonsekerheid en agteruitgang in die finansies van staatsbesit. Die

droogte wat in verskeie provinsies ervaar word, bied groot risiko's vir landbou en toerisme vir die komende tydperk, en dit kan werk in hierdie sektore bedreig. Die huidige waterkrisis in die Wes-Kaap en ander provinsies sal ekonomiese groei beïnvloed. Terwyl die droogte se impak onduidelik is, hang baie af van hoe lank dit sal heers, die mate waarin spesifieke opvanggebiede geraak word, en die sukses van versagtende maatreëls.

Hierdie ekonomiese uitdagings sal voortgaan om druk uit te oefen op munisipale inkomste- en invorderingsvlakke. Daarom word 'n konserwatiewe benadering aangeraai vir inkomsteprojektsies. Munisipaliteite wat deur die droogte geraak word, moet ook die impak daarvan op inkomste voortbrenging oorweeg. Daarbenewens sal munisipaliteite hul pogings moet verbeter om nie-prioriteitsbesteding te beperk en streng maatreëls vir kostebepanking te implementeer.

Cederberg Munisipaliteit is geensins immuun teen die harde ekonomiese realiteite nie. Cederberg Munisipaliteit, soos soveel ander munisipaliteite in Suid-Afrika, word gekonfronteer met verskeie uitdagings wanneer gehalte basiese dienste gelewer moet word op die finansiële en administratiewe vermoëns van die munisipaliteit. Hierdie uitdagings sluit in, maar is nie beperk tot die volgende nie:

- Verouderde infrastruktuur as een van die grootste bedreigings vir volhoubare dienslewering;
- Bevolkingsgroei plaas druk op die munisipale infrastruktuur om aan diensleweringse behoeftes te voldoen;
- Behuisingsagterstande;
- Armoede in die munisipale gebied en die vermoë om vir basiese dienste te betaal; en
- Uitputting van kontantreserwes

Die BBP-groeikoers word in 2019 op 1,5% voorspel en 2,1% in 2021. Swak ekonomiese prestasie en oorblywende probleme in belastingadministrasie het groot inkomste tekorte tot gevolg gehad

Die verslegtende finansiële posisie van staatsbeheerde maatskappye het addisionele druk op die openbare finansies geplaas. In die lig van hierdie oorwegings is die begrotingsprioriteite van 2019 die volgende:

Beperk die begrotingstekort.

Ondersteun herstrukturering van die elektrisiteitsektor.  
Hernu ekonomiese groei deur private beleggings te versterk.  
Verbetering in die beplanning en implementering van  
infrastruktuurprojekte.

Die Cederberg-gebied se hoofbron van inkomste en werksgeleentheid is van landbou. Met die huidige droogte wat ons in die gesig staar en die Clanwilliam-damvlakke onder 50% is, is daar 'n risiko dat werkloosheidsyfers gedurende hierdie droogtydperk kan styg.

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Bestuur binne plaaslike regering speel 'n belangrike rol in die versterking van die skakel tussen die inwoner en die owerheid se oorhoofse prioriteite en bestedingsplanne. Die doel moet wees om dienslewering te verbeter wat daarop gemik is om die lewensgehalte vir alle mense binne die Cederberg-streek te verbeter.

Begroting handel hoofsaaklik oor die keuses wat die munisipaliteit moet maak tussen mededingende prioriteite en fiskale realiteite. Die uitdaging is om meer te doen met die beskikbare hulpbronne. Ons moet gefokus bly op die effektiewe lewering van die kern munisipale dienste deur die toepassing van doeltreffende en effektiewe diensleweringsmeganismes.

Die toepassing van gesonde finansiële bestuursbeginsels vir die samestelling van die munisipaliteit se finansiële plan is noodsaaklik en krities om te verseker dat die munisipaliteit finansiëel lewensvatbaar bly en dat munisipale dienste volhoubaar, ekonomies en billik aan alle gemeenskappe voorsien word.

Die Munisipale Begrotings en Verslagdoenings regulasies skryf 'n nuwe formaat en inhoud van die jaarlikse begroting en ondersteunende dokumentasie voor. Hierdie regulasies het op 1 Julie 2009 in werking getree. Die jaarlikse begroting moet aan die raad voorgelê word in ooreenstemming met hierdie nuwe regulasies tesame met MFMA sirkuleer 94 en aankope planne vir transaksies bo R 30 duisend.

Die saamgestelde jaarlikse begroting kan soos volg opgesom word.

**Buitengewone Provinsiale Koerant nr 8058 gedateer 05 Maart 2019**



- Finansiële Bestuur Ondersteuningstoekenning van R480 duisend
- Finansiële Bestuurs kapasiteitsbou toekenning van R380 duisend
- Menslike nedersettingsontwikkelingstoekenning van R12.8 miljoen
- Vervangingsbefondsing vir Biblioteke van R4.6miljoen
- Paaie ondersteuningstoekenning R 69 duisend

**Staats Koerant nr 42217 gedateer 08 Februarie 2019**

- Equitable Share van R49.2 miljoen
- Finansiële bestuur toekenning van R 2 miljoen
- Munisipale Infrastruktuur toekenning van R15,6 miljoen
- Waterdiens Infrastruktuur toekenning van R30 miljoen
- Geïntegreerde Nasionale Elektrieseringsprogram van R 9.6 miljoen
- Uitgebreide publieke werke Program van R 1.9 miljoen,

**Die inkomste begroting het in totaal gestyg met R22.7 miljoen (7.3%)**

**en kan as volg opgesom word:**

- Eiendomsbelasting R46.9 miljoen
- Diensteheffings R150.8 miljoen
- Rente verdien uitstaande Debiteure R3.7 miljoen
- Verkeers Boetes R20.9 miljoen in terme van iGRAP1
- Verkeers Agentskapdienste R3.3 miljoen

**Die Uitgawe begroting het in totaal gestyg met R22.4 miljoen (7.5%) en**

**kan as volg opgesom word:**

- Werknemersverwante koste R118.5 miljoen
- Finansieringskoste R8.4 miljoen
- Grootmaat elektrisiteit en water aankope R 82.3 miljoen
- Gekontrakteerde dienste R16.2 miljoen
- Die munisipaliteit is genoodsaak om vir die eerste keer brandweersfunksies te begroot vir R 2.6 miljoen .
- Groot fokus in die begroting is om roetine herstelwerk asook om aan wetgewing te voldoen in terme van vullisverwydering.

**Top Tien Projekte bedrae sonder BTW**

1. WSIG: Citrusdal Riool Suiwerings netwerk: R 20 miljoen
  2. Opgradering van Grootmaat Water en Riool Voorsiening (Behuising) – Lambertsbaai: R 17.8 miljoen
  3. Water Dienste Infrastruktuur Skenking: R 10 miljoen
  4. Opgradering van Paaie en Stormwater Infrastruktuur: Citrusdal: R 9.7 miljoen
  5. Geïntegreerde Nasionale Elektrifiseringsprogram: R 9.6 miljoen
  6. Busroete Lambertsbaai- R 3.1 miljoen
  7. Voltooiing van Clanwillam Sportveld : R 3 miljoen
  8. Nuwe vloot voertuie : R 3 miljoen
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### Tariewe

Tariewe is in lyn soos voorgeskryf in MFMA sirkuleer 94 gedateer 08 Maart 2019

Eiendomsbelasting verhoog met 6%.Die raad gaan ook nie op die eerste R 50 000 van die waarde van die eiendom geen belasting hef nie.Belasting korting is ook in gebring vir pensionarisse op n glyskaal.

Water tariewe verhoog met 6%

Elektrisiteit tariewe in konsep behorting verhoog met 11.2% in lyn met riglyne van SALGA aangesien geen NERSA kommunikasie beskikbaar was met die opstel van die konsep begroting.Die Munisipaliteit het op 27 Maart 2019 kommunikasie ontvang dat die verhoging vir verbruikers 13.87% en vir munisipaliteite 15.63% onderskeidelik gaan wees.

Vullisverwydering verhoog met 6% op basies heffings en 15% vir die fisiese diensgelwer in lyn met lewensvatvaarheid studie wat gedoen is om die koste van die streeks stortingsterein te dek.

Rioldienste verhoog met 6%

Vakansieoorde en algemene tariewe verhoog met 6%

### Deernis kliente

Die armes van die armes kry die volgende gratis dienste vanaf die munisipaliteit.

50 eenhede gratis Elektrisiteit

6 Kiloliter gratis Water

40% afslag op Eiendomsbelasting asook vrystelling van waarde tot op R 50 000.

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100% afslag op Riool

Vullisverwyderings word die basiese heffings vrygestel.

Een van die belangrikste funksies van politieke leierskap en strategiese bestuur is om bykomende fondse te verkry deur proaktiewe beplanning van projekte en die indien van sakeplan aan provinsiale en nasionale regeringsdepartemente. Die administrasie is positief dat hulle die kapitaalbegroting kan spandeer op die broodnodige kapitaalprojekte om die lewensgehalte van ons inwoners te verbeter. My span en ek wil graag vir elke inwoner van Cederberg verseker dat ons onvermoeid sal werk om dorpe van uitnemendheid vir almal te skep met die fondse wat aan ons toevertrou is.

Dankie vir elke raadslid wat die begroting inset sessies bygewoon het. Die administrasie gaan datums kommunikeer aan die raad vir die finale insette op die konsep begroting sodat die dokumente en beleide gewerkswinkel kan word voor die finale goedkeuring van die begroting einde Mei.

Geagte Speaker in die item wat voor die Raad dien en die aanbevelings soos uiteengesit in die jaarlikse begrotings item, lê ek hiermee formeel die aanbevelings aan die Raad voor vir, oorweging en goedkeuring van die konsep jaarlikse begroting 2019/2020 tot 2021/2022 vir die publiek se insette in terme van Seksie 21A van die Munisipale Stelsel Wet 2000 (Wet 32 van 2000).'

**RESOLVED:**

1. Council approves the draft annual budget Report APPENDIX A.
2. Council approves the draft annual budget tables as prescribed by the Budgeting and Reporting Regulations, as set out in APPENDIX B.

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3. Council approves the draft annual budget supporting tables as prescribed by the Budgeting and Reporting Regulations, as set out in APPENDIX C.
4. Council approves the Quality Certificate signed by the Accounting Officer, as set out in APPENDIX D.
5. Council approves the revised budget related policies, as set out in APENDIX E.
  - Absenteeism and Desertion Policy
  - Accounting Policy to the AFS
  - Asset Management Policy
  - Borrowing Policy
  - Budget Policy
  - Cash Management Policy
  - Cederberg Risk Management Policy Annex A - rating scales amended
  - Code of Ethics Policy
  - Consumer Service Charter - Cederberg LM
  - Customer Care Improvement Policy
  - Customer Care, Credit Control and Debt Collection Policy
  - Drought Communication Strategy
  - E3-Sexual Harassment policy
  - Education Training and Development Policy
  - Employment Equity Policy
  - Enterprise Risk Management Policy
  - Enterprise Risk Management Strategy
  - Finance Management Internship Policy
  - Fleet Management Policy
    - Fleet Pol. 1 Trip Authorisation - Outside Cederberg



- Fleet Pol. 2 - After Hours Usage authority
- Fleet Pol. 3 - Monthly inspection register
- Fleet Pol. 4 Accident report form
- Fleet Pol. 5- Motor Claim Form
- Fleet Pol. 6 - Log sheet
- Fleet Pol. 7 - Pre - Trip Inspections
- Fleet Pol. 8 Trip Authorisation form - Pool Vehicles
- Fleet Pol. 9 Logstate inhandig
- Fraud and Corruption Prevention Policy
- Fraud and Corruption Prevention Strategy

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- Free Basic Energy Policy Guidelines
- Funding and Reserves Policy
- HIV AND AIDS Workplace Policy
- ICT Data Backup and Recovery Policy
- ICT Municipal Corporate Governance of ICT - Cederberg
- ICT Operating System Security Controls Policy
- ICT Security Controls Policy
- ICT User Access Management Policy
- ICT Strategy Implementation Plan
- IGR Policy
- Indigent Support Policy
- Insurance Management Policy
- Investment Policy
- Kollektiewe ooreenkoms rakende Dissiplinere Prosedure
- Long-Term Financial Plan Policy
- Out of Pocket Expenses Policy
- Overtime & Standby Policy
- Performance Management Framework Policy
- Petty Cash Policy
- Property Rates Policy
- Records Management Policy
- Revenue Enhancement Policy
- Risk and Ethics Management Committee Terms of Reference
- Risk assessment Methodology
- Risk Management Committee Charter
- Risk Management Policy
- Risk Management Risk Appetite Framework
- Risk Management Strategy
- Social Media




- Special Rating Areas Policy
- Study Bursary Policy
- Substance Abuse Policy
- Supply Chain Management Policy - Cederberg Municipality 2018
  - Annexure A: General principles governing the municipality in its interaction with bidders
  - Annexure B: Criteria to Evaluate Technical and Financial Ability
  - Annexure C: The Code of Conduct for Supply Chain Management Practitioners and Other Role Players
  - Annexure D: National Small Business Amendment Act, 2003 - Schedule
  - Annexure E: Delegations for Supply Chain management Policy
- Tariff Policy
- Travel and Subsistence Allowances Policy
- Virement Policy - MSCOA compliant
- Watermeter Vervangings Beleid
- Whistle Blowing Policy
- Write-Off Policy

6. Council approves the property rates and charges on properties, tariffs, tariff structures and service charges for water, electricity, refuse, sewerage and other municipal services, as set out in APPENDIX F.
7. That council approves the Procurement Plans & Budget Locking certificate, as set out in APPENDIX H & I
8. The Draft Budget for the period 2019/2020 is made available to the public for comment.

**Proposed:** Cllr. R Pretorius

**Seconded:** Cllr. F Sokuyeka



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VOORSITTER / CHAIRPERSON

28-03-2019  
DATUM / DATE

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# Appendix A



## RISK MANAGEMENT TABLES

## ANNEXURE A

### RISK IS MEASURED ACCORDING TO IMPACT & LIKELIHOOD

The following is an example of a rating table that can be utilised to assess the potential impact of risks IMPACT

Score	Grading & Descriptions	Financial	Service Delivery	Reputation & Image	Employee Wellness	Legal/ Regularity/ Compliance
5	<b>Critical</b>	Loss of assets, major adverse impact on annual revenues. Financial loss of 31 - 100% of budget.	Threatens ongoing existence of the component/sub directorate Total disruption of service rendered by component/ sub directorate. 51-100% of KPA's not achieved.	Critical breakdown to total loss of confidence within stakeholders. Sustained negative publicity or damage to reputation from a national, perspective - long term.	Serious permanent injury or death of more than 20% unit capacity. Temporary to complete destruction of the municipality facility.	Total shut down of the component or external intervention required. Serious failure to comply with legal requirements that results in legal action against municipality.
4	<b>Major</b>	Loss of assets with some adverse impact on annual revenues. Financial loss of 16 - 30% of budget.	Permanent loss of critical information, substantial disruption to component extending over 3 months. 16- 50% of KPA's not achieved.	Limited breakdown in key relationship with stakeholders. Media coverage at city/provincial level.	Serious permanent injury or death of one or two employees. Enraged morale problems. Inability to recruit employees with necessary skills.	Failure to comply with laws or contracts conditions that may result in legal action against municipality.
3	<b>Moderate</b>	Loss of assets with minor adverse impact on annual revenues. Financial loss of 8 - 15 % of budget.	Considerable remedial effort required with limited disruption to the component for period of 1 week or less. Less than 15% of KPA's will not be achieved	Temporary negative impact on reputation. Once off media coverage in community circulation only.	Injury but able to return to work within 5 days. Some morale issues. Medium employee turnover. Minor skill mix issues.	Non-compliance with policy and procedures results in ineffective procedures that impact on the KPA's.
2	<b>Minor</b>	Loss of low value assets, little to no adverse impact on annual revenues. Financial loss of 3 - 7% of budget.	No impact on service delivery. Easily remedied, some impact on external stakeholders and minor KPA's delayed.	Customer complaint received.	Lost time into temporary injury (normal sick leave) Temporary poor morale within the component.	Some deviations from prescripts. Can be remedied internally.
1	<b>Insignificant</b>	Insignificant loss of assets or insignificant adverse impact on budget. Financial loss of 0 - 2% of budget.	Small delay, internal inconvenience only. Can be remedied internally immediately.	Unlikely to cause complaint or warrant coverage in media. Little effect on public confidence.	Minor injury. Individual poor morale within the component. No effect on staff moral.	Slight deviation from prescripts. Can be remedied internally immediately.

LIKELIHOOD

The following is an example of a rating table that can be utilised to assess the likelihood of risks.

Rating	Assessment	Definition
1	Rare	The risk is conceivable but is only likely to occur in extreme circumstances
2	Unlikely	The risk occurs infrequently and is unlikely to occur within the next 5 years
3	Moderate	There is an above average chance that the risk will occur at least once in the next 3 years
4	Likely	The risk could easily occur, and is likely to occur at least once within the next 12 months
5	Common	The risk is already occurring, or is likely to occur more than once within the next 12 months



## RISK MANAGEMENT TABLES

## ANNEXURE A

### INHERENT RISK EXPOSURE (IMPACT X LIKELIHOOD)

The following is an example of a rating table that can be utilised to categorise the various levels of inherent risk.

Risk rating	Inherent risk magnitude	Response
15 - 25	High	Unacceptable level of inherent risk – High level of control intervention required to achieve an acceptable level of residual risk
8 - 12	Medium	Acceptable level of inherent risk, except under unique circumstances or conditions – Moderate level of control intervention required to achieve a more acceptable level of residual risk
4 – 6	Low	Mostly acceptable level of inherent risk – Medium level of control intervention required
1 - 3	Minimum	Acceptable level of inherent risk – Low level of control intervention required, if any

### RESIDUAL RISK EXPOSURE (INHERENT RISK X CONTROL EFFECTIVENESS)

Risk rating	Residual risk magnitude	Response
15 - 25	High	Unacceptable level of residual risk – Implies that the controls are either fundamentally inadequate (poor design) or ineffective (poor implementation). Controls require substantial redesign, or a greater emphasis on proper implementation. Acceptable when sufficient controls (cost effective) have been implemented which are regularly monitored (5x3=15)
8 - 12	Medium	Acceptable level of residual risk, within risk appetite – However, can imply that the controls can improve (poor design) or ineffective (poor implementation or non-adherence). Controls require some redesign, or a more emphasis on proper implementation and adherence.
4 – 6	Low	Mostly acceptable level of residual risk – Requires minimal control improvements.
1 - 3	Minimum	Acceptable level of residual risk – Adequate controls implemented and adhered to.



## RISK MANAGEMENT TABLES

## ANNEXURE A

Risks manifest as negative impacts on goals and objectives or as missed opportunities to enhance institutional performance. Stakeholders expect the Municipality to anticipate and manage risks in order to eliminate waste and inefficiency, reduce shocks and crises and to continuously improve capacity for delivering on their institutionalised mandates. A risk is therefore an event, potential or real, that could have an impact on the institution achieving its objectives. It is also apparent that risk is measured in terms of the impact that it would have on the achievement of objectives and the likelihood of the risk materialising. The risk rating = impact score X likelihood score. Inherent risks are those risks that exists prior to any controls being implemented and residual risks are those risks that still exist after controls have been implemented.

IMPACT	5 Critical	5	10	15	20	25
	4 Major	4	8	12	16	20
	3 Moderate	3	6	9	12	15
	2 Minor	2	4	6	8	10
	1 Insignificant	1	2	3	4	5

Rare      1      2      3      4      5  
 Unlikely      2      3      4      5  
 Moderate      3      4      5  
 Likely      4      5  
 Common      5

### LIKELIHOOD

Inherent		Residual	
Risk rating	Risk magnitude	Risk rating	Risk magnitude
15 - 25	High	15 - 25	High
8 - 12	Medium	8 - 12	Medium
4 - 6	Low	4 - 6	Low
1 - 3	Minimum	1 - 3	Minimum
Unacceptable level of inherent risk – High level of control intervention required to achieve an acceptable level of residual risk Acceptable level of inherent risk, except under unique circumstances or conditions – Moderate level of control intervention required to achieve an acceptable level of residual risk Mostly acceptable level of inherent risk – Medium level of control intervention required Acceptable level of inherent risk – Low level of control intervention required, if any		Unacceptable level of residual risk – Implies that the controls are either fundamentally inadequate (poor design) or ineffective (poor implementation). Controls require substantial redesign, or a greater emphasis on proper implementation. Acceptable if sufficient controls are implemented which are regularly monitored. (5x3=15) Acceptable level of residual risk, within risk appetite – However can imply that the controls can be improved (poor design) or ineffective (poor implementation or non-adherence). Controls require some redesign, or a more emphasis on proper implementation and adherence. Mostly acceptable level of residual risk – Requires minimal control improvements. Acceptable level of residual risk – Adequate controls implemented and adhered to.	