

**PRINCE ALBERT MUNICIPALITY FIRST  
2019/20 AMENDED SERVICE DELIVERY AND  
BUDGET IMPLEMENTATION PLAN**



**FEBRUARY 2020**

## **1. INTRODUCTION**

The SDBIP provides the vital link between the executive mayor, council and the administration and facilitates the process for holding management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that ensures that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by council.

The SDBIP is essentially the management and implementation tool which sets in-year information, such as quarterly service delivery and monthly budget targets, and links each service delivery output to the budget of the municipality, thus providing credible management information and a detailed plan for how the municipality will provide such services and the inputs and financial resources to be used. The SDBIP indicates the responsibilities and outputs for each of the managers in the top management team, the inputs to be used, and the time deadlines for each output. The SDBIP therefore determines the performance agreements of the municipal manager and directors, including the outputs and deadlines for which they will be held responsible. The SDBIP further provides all expenditure information (for capital projects and services) per municipal ward, so that each output can be broken down per ward, where this is possible, to support ward councillors in service delivery information. The SDBIP is also a vital monitoring tool for the executive mayor and council to monitor the in-year performance of the municipal manager and for the municipal manager to monitor the performance of directors and division heads in the municipality within the financial year. This enables the executive mayor and municipal manager to be pro-active and take remedial steps in the event of poor performance.

## **2. LEGAL REFERENCE**

Section 1 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA) defines service delivery and budget implementation plan (SDBIP) as a detailed plan for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate -

- (a) projections for each month of -
  - (i) revenue to be collected, by source; and
  - (ii) operational and capital expenditure, by vote;
- (b) service delivery targets and performance indicators for each quarter.

The purpose of the SDBIP is to support the Municipality's management to achieve service delivery targets as well as the spending of the capital budget within given timeframes.

Section 53 of the Municipal Finance Management Act (Act 56 of 2003) MFMA determines that the municipality's SDBIP plan must be approved by the Executive Mayor within 28 days after the approval of the annual budget. Section 53 determines further that the annual performance agreements of the Municipal Manager and directors as required in section 57 of the Municipal Systems Act (Act 32 of 2000) must be linked to the SDBIP. Section 69 of the MFMA determines that the draft SDBIP and performance agreements must be submitted to the Executive Mayor within 14 days after the approval of an annual budget. Top layer SDBIP is attached as annexure A.

## **Annexure 1**

**Monthly projection of revenue to be collected for each source**

**WC052 Prince Albert - Supporting Table SB14 Adjustments Budget - monthly revenue and expenditure - 12/02/2020**

Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousands</b>	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>Revenue By Source</b>															
Property rates	1 287	245	245	245	245	245	245	245	245	244	200	247	3 936	4 242	4 532
Service charges - electricity revenue	1 294	1 295	1 362	1 197	1 212	1 263	1 349	1 277	1 277	1 159	945	1 492	15 125	18 289	20 055
Service charges - water revenue	403	277	300	271	392	465	489	395	395	332	105	290	4 115	4 285	4 324
Service charges - sanitation revenue	293	289	281	283	277	286	291	299	299	272	273	275	3 417	3 490	3 751
Service charges - refuse	153	149	147	148	140	142	144	140	140	137	139	141	1 721	1 897	2 132
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Rental of facilities and equipment	80	28	32	29	33	30	32	34	34	33	32	1	397	417	437
Interest earned - external investments	289	338	303	295	279	289	307	45	45	356	788	279	3 612	2 560	2 560
Interest earned - outstanding debtors	173	173	179	40	40	50	52	52	52	61	62	67	1 000	1 040	1 080
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	0	225	212	409	503	0	842	182	182	124	151	258	3 089	3 569	3 089
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	200	200	200	200
Transfers and subsidies	8 303	1 651	1 713	2 423	1 223	1 088	329	4 295	4 295	1 160	3 142	4 514	34 137	31 487	56 943
Other revenue	19	273	328	193	91	103	39	590	590	70	23	165	2 485	1 602	1 624
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>12 295</b>	<b>4 944</b>	<b>5 101</b>	<b>5 533</b>	<b>4 435</b>	<b>3 961</b>	<b>4 121</b>	<b>7 554</b>	<b>7 554</b>	<b>3 948</b>	<b>5 861</b>	<b>7 928</b>	<b>73 234</b>	<b>73 078</b>	<b>100 727</b>
<b>Expenditure By Type</b>															
Employee related costs	1 916	1 891	1 915	2 505	3 526	1 930	1 824	1 985	1 985	1 992	2 023	2 136	25 628	25 193	27 104
Remuneration of councillors	265	255	265	265	265	265	265	265	265	265	284	270	3 197	3 370	3 553
Debt impairment	91	387	370	630	754	183	1 110	331	331	255	297	521	5 260	5 550	5 710

Depreciation & asset impairment	104	104	104	104	104	104	155	155	155	155	155	1 943	3 340	3 341	3 342
Finance charges	–	0	1	–	–	–	–	–	–	–	–	1 409	1 410	1 055	1 055
Bulk purchases	1 560	1 588	257	648	939	904	975	940	940	892	811	1 671	12 124	13 355	14 700
Other materials	17	47	15	55	24	82	66	75	75	54	76	172	757	753	792
Contracted services	212	576	180	673	295	1 007	808	919	919	658	929	2 115	9 290	8 676	32 329
Grants and subsidies	66	66	66	66	66	264	66	66	66	66	66	396	1 320	580	580
Other expenditure	334	661	546	536	512	426	1 674	1 171	1 171	1 800	999	1 038	10 866	11 177	11 473
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Expenditure</b>	<b>4 564</b>	<b>5 576</b>	<b>3 719</b>	<b>5 482</b>	<b>6 484</b>	<b>5 165</b>	<b>6 943</b>	<b>5 908</b>	<b>5 908</b>	<b>6 136</b>	<b>5 640</b>	<b>11 670</b>	<b>73 193</b>	<b>73 049</b>	<b>100 639</b>
<b>Surplus/(Deficit)</b>	<b>7 731</b>	<b>(632)</b>	<b>1 383</b>	<b>51</b>	<b>(2 049)</b>	<b>(1 204)</b>	<b>(2 822)</b>	<b>1 646</b>	<b>1 646</b>	<b>(2 188)</b>	<b>221</b>	<b>(3 742)</b>	<b>40</b>	<b>28</b>	<b>88</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2 436	2 436	2 436	2 436	2 436	2 436	2 436	2 436	2 436	2 436	2 436	2 436	29 227	9 330	9 541
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>10 166</b>	<b>1 803</b>	<b>3 818</b>	<b>2 487</b>	<b>386</b>	<b>1 232</b>	<b>(386)</b>	<b>4 082</b>	<b>4 082</b>	<b>248</b>	<b>2 656</b>	<b>(1 307)</b>	<b>29 268</b>	<b>9 358</b>	<b>9 629</b>

## **Annexure 2**

**Monthly projection for expenditure (operating and capital) and  
revenue for each vote**

**WC052 Prince Albert - Supporting Table SB12 Adjustments Budget - monthly revenue and expenditure (municipal vote) - 12/02/2020**

Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousands</b>	<b>Outcome</b>	<b>Outcome</b>	<b>Outcome</b>	<b>Outcome</b>	<b>Outcome</b>	<b>Outcome</b>	<b>Adjusted Budget</b>	<b>Adjusted Budget</b>	<b>Adjusted Budget</b>	<b>Adjusted Budget</b>	<b>Adjusted Budget</b>	<b>Adjusted Budget</b>	<b>Adjusted Budget</b>	<b>Adjusted Budget</b>	<b>Adjusted Budget</b>
<b>Revenue by Vote</b>															
Vote 1 - EXECUTIVE AND COUNCIL	3 136	1 607	1 749	1 464	1 293	1 271	1 107	2 097	2 097	1 138	4 607	2 862	24 427	23 448	25 326
Vote 2 - DIRECTOR FINANCE	1 835	941	1 024	857	757	744	648	1 227	1 227	666	2 696	1 675	14 295	12 322	12 622
Vote 3 - DIRECTOR CORPORATE	191	98	107	89	79	78	68	128	128	69	281	175	1 491	526	543
Vote 4 - DIRECTOR COMMUNITY	1 027	526	573	479	424	416	363	687	687	373	1 509	937	8 001	7 822	30 945
Vote 5 - DIRECTOR TECHNICAL SERVICES	6 965	3 569	3 885	3 251	2 872	2 822	2 458	4 656	4 656	2 527	10 231	6 355	54 247	38 290	40 832
<b>Total Revenue by Vote</b>	<b>13 155</b>	<b>6 741</b>	<b>7 338</b>	<b>6 140</b>	<b>5 425</b>	<b>5 330</b>	<b>4 643</b>	<b>8 794</b>	<b>8 794</b>	<b>4 773</b>	<b>19 324</b>	<b>12 004</b>	<b>102 461</b>	<b>82 408</b>	<b>110 268</b>
<b>Expenditure by Vote</b>															
Vote 1 - EXECUTIVE AND COUNCIL	494	604	401	590	700	548	755	638	638	666	607	1 215	7 855	8 155	8 573
Vote 2 - DIRECTOR FINANCE	787	961	639	939	1 115	872	1 202	1 015	1 015	1 061	967	1 935	12 509	13 140	13 605
Vote 3 - DIRECTOR CORPORATE	568	693	461	677	804	629	867	732	732	765	697	1 395	9 019	7 317	7 788
Vote 4 - DIRECTOR COMMUNITY	575	702	467	686	814	637	878	741	741	775	706	1 412	9 133	9 840	33 718
Vote 5 - DIRECTOR TECHNICAL SERVICES	2 183	2 665	1 771	2 603	3 090	2 417	3 332	2 815	2 815	2 941	2 682	5 363	34 677	34 598	36 954
<b>Total Expenditure by Vote</b>	<b>4 607</b>	<b>5 625</b>	<b>3 739</b>	<b>5 494</b>	<b>6 522</b>	<b>5 102</b>	<b>7 033</b>	<b>5 941</b>	<b>5 941</b>	<b>6 208</b>	<b>5 660</b>	<b>11 319</b>	<b>73 193</b>	<b>73 049</b>	<b>100 639</b>
<b>Surplus/ (Deficit)</b>	<b>8 548</b>	<b>1 116</b>	<b>3 599</b>	<b>645</b>	<b>(1 097)</b>	<b>228</b>	<b>(2 390)</b>	<b>2 852</b>	<b>2 852</b>	<b>(1 435)</b>	<b>13 663</b>	<b>685</b>	<b>29 268</b>	<b>9 358</b>	<b>9 629</b>

## **Annexure 3**

### **Monthly capital expenditure per municipal vote**



**WC052 Prince Albert - Supporting Table SB16 Adjustments Budget - monthly capital expenditure (municipal vote) - 12/02/2020**

Description - Municipal Vote	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>Multi-year expenditure appropriation</b>															
Vote 1 - EXECUTIVE AND COUNCIL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - DIRECTOR FINANCE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - DIRECTOR CORPORATE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - DIRECTOR COMMUNITY	-	-	-	-	-	-	-	-	-	11 500	-	(1 500)	10 000	2 947	5 918
Vote 5 - DIRECTOR TECHNICAL SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	1 682	1 623
<b>Capital Multi-year expenditure sub-total</b>	-	-	-	-	-	-	-	-	-	<b>11 500</b>	-	(1 500)	10 000	4 629	7 541
<b>Single-year expenditure appropriation</b>															
Vote 1 - EXECUTIVE AND COUNCIL	-	-	-	-	-	-	-	-	-	-	-	8	8	-	-
Vote 2 - DIRECTOR FINANCE	-	-	-	-	-	-	360	-	-	-	-	(84)	276	-	-
Vote 3 - DIRECTOR CORPORATE	-	-	-	-	-	-	-	-	-	-	-	1 350	1 350	-	-
Vote 4 - DIRECTOR COMMUNITY	-	-	-	-	-	-	-	-	-	-	-	3 691	3 691	-	-
Vote 5 - DIRECTOR TECHNICAL SERVICES	-	-	-	-	-	-	1 052	1 052	1 052	1 052	1 052	11 861	17 119	4 701	2 000
<b>Capital single-year expenditure sub-total</b>	-	-	-	-	-	-	<b>1 412</b>	<b>1 052</b>	<b>1 052</b>	<b>1 052</b>	<b>1 052</b>	16 825	22 444	4 701	2 000
<b>Total Capital Expenditure</b>	-	-	-	-	-	-	<b>1 412</b>	<b>1 052</b>	<b>1 052</b>	<b>12 552</b>	<b>1 052</b>	<b>15 325</b>	<b>32 444</b>	<b>9 330</b>	<b>9 541</b>

## **Annexure 4**

### **Performance indicators and benchmarks (operating budget)**

WC052 Prince Albert - Supporting Table SB4 Adjustments to budgeted performance indicators and benchmarks - 12/02/2020									
Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Budget Year 2019/20			Budget Year +1 2020/21	Budget Year +2 2021/22
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Prior Adjusted	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b><u>Borrowing Management</u></b>									
Credit Rating	Short term/long term rating								
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure				1,5%	0,0%	1,9%	1,4%	1,0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue				0,0%	0,0%	0,0%	0,0%	0,0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants				0,0%	0,0%	0,0%	0,0%	0,0%
<b><u>Safety of Capital</u></b>									
Gearing	Long Term Borrowing/ Funds & Reserves				0,0%	0,0%	0,0%	0,0%	0,0%
<b><u>Liquidity</u></b>									
Current Ratio	Current assets/current liabilities				591,4%	0,0%	346,1%	1134,7%	1209,8%
Current Ratio adjusted for aged debtors	Current assets/current liabilities less debtors > 90 days/current liabilities				591,4%	0,0%	0,0%	0,0%	0,0%
Liquidity Ratio	Monetary Assets/Current Liabilities				3,9	0,0	1,4	4,0	4,1
<b><u>Revenue Management</u></b>									
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing								
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)									
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue				16,2%	0,0%	15,7%	65,7%	56,7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old				0,0%	0,0%	0,0%	0,0%	0,0%
<b><u>Creditors Management</u></b>									
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))								
Creditors to Cash and Investments					11,9%	0,0%	21,1%	18,4%	16,1%

<b>Other Indicators</b>									
Electricity Distribution Losses (2)	Total Volume Losses (kW)								
	Total Cost of Losses (Rand '000)								
	% Volume (units purchased and generated less units sold)/units purchased and generated								
Water Distribution Losses (2)	Total Volume Losses (kℓ)								
	Total Cost of Losses (Rand '000)								
	% Volume (units purchased and generated less units sold)/units purchased and generated								
Employee costs	Employee costs/(Total Revenue - capital revenue)				34,8%	0,0%	35,0%	34,5%	26,9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)								
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)				20,2%	0,0%	19,3%	19,2%	14,8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)				6,2%	0,0%	6,5%	6,0%	4,4%
<b>IDP regulation financial viability indicators</b>									
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)				3724,4%	0,0%	3705,9%	3942,2%	4150,1%
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services				4,4%	0,0%	4,3%	52,7%	46,5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure				0,0	0,0	0,0	0,0	0,0