

**ANNUAL BUDGET
OF
ELIAS MOTSOLEDI LOCAL MUNICIPALITY**



**2017/18 TO 2019/20
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

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ABBREVIATIONS AND ACRONYMS

AO	Accounting Officer	SAPS	South African Police Service
AMR	Automated Meter Reading	SDBIP	Service Delivery Budget Implementation Plan
LED	Local Economic Development	SMME	Small Micro and Medium Enterprises
MEC	Member of the Executive Committee	BPC	Budget Planning Committee
MFMA	Municipal Financial Management Act	CFO	Chief Financial Officer
MIG	Municipal Infrastructure Grant	CPI	Consumer Price Index
MMC	Member of Mayoral Committee	CRRF	Capital Replacement Reserve Fund
MPRA	Municipal Properties Rates Act	DBSA	Development Bank of South Africa
MSA	Municipal Systems Act	DORA	Division of Revenue Act
MTEF	Medium-term Expenditure Framework	DWA	Department of Water Affairs
MTREF	Medium-term Revenue and Expenditure Framework	EE	Employment Equity
NERSA	National Electricity Regulator South Africa	FBS	Free basic services
NGO	Non-Governmental organisations	GDP	Gross domestic product
NKPIs	National Key Performance Indicators	GFS	Government Financial Statistics
OHS	Occupational Health and Safety	GRAP	General Recognised Accounting Practice
OP	Operational Plan	HR	Human Resources
PBO	Public Benefit Organisations	IDP	Integrated Development Strategy
PMS	Performance Management System	IT	Information Technology
PPE	Property Plant and Equipment	KM	Kilometre
PPP	Public Private Partnership	KPA	Key Performance Area
RSC	Regional Services Council	KPI	Key Performance Indicator
SALGA	South African Local Government Association		
KWH	Kilowatt		

1 Part 1- Annual Budget

1.1 Mayors Report

MAYOR'S SPEECH TABLING OF ANNUAL REVIEWED 2017/18 INTEGRATED DEVELOPMENT PLAN (IDP) AND ANNUAL 2017/18 -2019/20 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)

Honourable Speaker, Cllr Tladi

Chief Whip of Council, Cllr Phahlamohlaka

Members of the Executive Committee

Honourable Councillors

Our Traditional Leaders

Municipal Manager and her Management Team

Council Support Staff

Distinguished Guests

Community Members in the Public Gallery

Ladies and Gentleman

Dumelang; Thobela; Sanibonani; Goie dag and Good afternoon

Honourable Speaker, my responsibility today is to table the Elias Motsoaledi Municipality's annual 2017/18 Integrated Development Plan (IDP) annual review, and the 2017/2018 to 2019/2020 Medium Term Revenue and Expenditure (MTREF- Budget plan); and further obtain approval from Council to publish the annual IDP review in the local media domain for public comment.

BACKGROUND AND LEGISLATIVE REQUIREMENTS

The Constitution outlines the objectives of local government, which are to:

- provide democratic and accountable government for communities;
- provide basic services in a sustainable manner;
- promote socio-economic development; promote a safe and healthy environment; and
- Encourage the involvement of communities in matters of local government.

To this end, municipalities are required to plan and facilitate development in an integrated manner, ensuring that resources are utilized efficiently and effectively to alleviate poverty and inequality, provide basic services and promote sustainable development.

The Municipal Systems Act (MSA) outlines the objectives and procedures for integrated planning for municipalities. Section 23 (1) of the Act states that every municipality must undertake developmentally-orientated planning so as to ensure that it –

- strives to achieve the objects of local government set out in Section 152 of the Constitution;
- gives effect to its developmental duties as required by Section 153 of the Constitution; and
- Together with other organs of state contributes to the progressive realization of the fundamental rights contained in Sections 24, 25, 26, 27 and 29 of the Constitution.

It further states that municipal councils must: ***“within a prescribed period after the start of its elected term, adopt a single inclusive and strategic plan for the development of a municipality.”*** The Municipality adopted its five-year IDP in 2016/2017, and preceding this council meeting the Executive Committee during its Strategic Planning Lekgotla in the past weeks has reviewed the long term development strategic blue print, the report of which will be submitted to council in due course

The 2017/18 Reviewed IDP also outlined the municipality’s commitment to address essential issues raised by communities.

In line with legislation (Section 34 of the MSA), the Municipality revises its IDP on an annual basis to ensure that it remains relevant to its specific operating environment. This includes political, socio-economic or other changes that may occur. This annual review also enables the Municipality to update its IDP, based on its overall performance.

- is adopted by the Council within one year after a municipal election and remains in force for the Council’s elected term (a period of five years);
- and reviewed annually in consultation with the local community as well as interested organs of state and other role players;
- guides and informs all planning and development, and all decisions with regard to planning, management and development;
- forms the framework and basis for the Municipality’s medium term expenditure framework, annual budgets and performance management system; and
- Seeks to promote integration by balancing the economic, ecological and social pillars of sustainability without compromising the institutional capacity required in the implementation, and by coordinating actions across sectors and spheres of government.

Local government is judged by its ability to deliver services, promote socio-economic development and govern effectively. As Mayor I am aware of the numerous responsibilities bestowed on the Council to bring about fundamental changes to our municipality that will have a positive effect on the livelihoods of all our people.

Local Government is both the most intimate sphere of government and the one that impacts most on the everyday lives of citizens. With the approval of the fourth generation Integrated Development Plan (IDP) as well as this revised IDP for 2017/2018, our municipality is embarking on a challenging journey.

From the Municipality’s side we will commit to:

- A professional service to every town, settlement and rural area;
- create a platform for local economic development that can result in job creation;
- create opportunities so that ordinary citizens can take responsibility and break free from the cycle of poverty;
- good financial planning and control, free of any form of corruption;

- the spending of municipal funds in a responsible and transparent manner; and
- Be a productive workforce with a high work ethic and a high standard of customer care.

Honorable members Chapter 2 of the Municipal Finance Management Act, Section 53(i) (c) (i) says I quote,

“The mayor must take all reasonable steps to ensure that the municipality approves its annual budget before the start of the budget year

It is for this reason that we are here today, to pronounce what council has to approve. We have also undertaken the following matters to improve the lives of our citizens:

Organizational overview

Administration and Resource Management

The staff turnover has been reasonable stable, except for the vacancy of the positions in strategic position, in particular in the Infrastructure. We take comfort to the effect that council will consider the report of the Selection panel for the appointment of the Senior Manager Infrastructure and hopefully this position will be filled soon. On behalf of Council, Honorable Speaker, allow me to extend a word of appreciation to the political and administration leadership in the Infrastructure department for the good performance where they assisted the municipality to spend the MIG to the extent that the Premier acknowledges the performance and subsequently the CoGTA gave the municipality an additional allocation of R20 million. This happened despite the vacant position of the Senior Manager, and we applaud the team for its commitment on service delivery

Public Safety

Honorable Speaker, we note the progress made by the division in its creativity to improve the revenue through the Speed Camera project in and around our town, and whilst this will improve our internal revenue, all members of community are encouraged to observe the minimum speed limits and be law abiding citizens.

Financial viability

The municipal financial position is relatively stable and as per the National Treasury Analysis, caution should be paid to the spending pattern as the revenue generation streams still need to be strengthened.

Auditor General Audit Opinion

Honorable Speaker, the municipality has obtained qualified audit opinions for the past Three financial years. The AG has a view that the municipality can move to the better audit opinion if matters of Assets and Legislation compliance can be attended to, and on behalf of Exco Political Head of Budget and Treasury and Section 79 Chairperson continue to provide oversight over the Audit Steering Committee which meets monthly to monitor the implementation of Audit Action Plan.

Service delivery

The people are more directly in contact with government at the municipal level and thus All the inherited experience of unequal social and economic opportunities, inferior social And economic infrastructure, mass unemployment and poverty play themselves out at This level, in municipalities.

Electricity: for the year under review the municipality has experienced continuous electricity loss due to the illegal connection in some parts of Roossenekal .There is however, a need to upgrade

our current system and technology for the households access to electricity, and upon the finalization of the litigation battle that the municipality is engaged in with the service provider who initiated the pre-paid metering system in 2012, the municipality will revisit the new technology in future. It should be noted that our municipality Honorable Speaker, is up to date with its payment to Eskom, and we should applaud ourselves on this point.

Roads & storm water: The municipality has approximately a gravel road network with total length of 1305,39km

Our road infrastructure is continuously under strain due to several contributing factors affecting the roads conditions such as Heavy Vehicles driving all over around, lack of preventative maintenance due to budget constraints and lack of sufficient maintenance plant & equipment for our teams.

Local Economic Development:

Honorable Speaker the LED Unit of our Municipality has been reasonably staffed to enhance its operations. There is a need to review our LED Strategy to guide the economic and investment programmes in the municipality. We note the need to support especially local SMME's, and Cooperatives. We need collaboration between LEDET and Sekhukhune Development Agency (SDA) to unleash the economic potential of our municipality. The collaboration with other spheres of government on EPWP and CWP is valued for continued job opportunities creation.

Education and assistance to student:

Honorable Councilors education is central to the skills development strategy and for a New economic growth path and to address issues of social development.

President Mandela said this about the importance of education.

“Education is the great engine of personal development. It is through education that the Daughter of a peasant can become a doctor that the son of a mineworker can become The head of the mine that a child of farm workers can become the president of a great Nation. It is what we make out of what we have, not what we are given, that separates One person from another.” Quote closed.

Therefore Honorable Speaker education is minimum requirement to change the human lives. The municipality in the Financial Year has put aside R300 thousand for assisting the needy students with registration fee at various tertiary institutions, and will continue to contribute to this life changing programme in future

SPECIAL PROGRAMMES

Honorable Speaker, in line with the provisions of the Constitution, the municipality had undertaken to deal with special programmes which contribute to nation building.

Therefore, we are convening Local Aids Council meetings quarterly.

The service programmes addressing our youth, the aged and people living with disability through the collaboration with various partners are also underway. The highlight is the envisaged partnership with the National Youth Development Agency and Services SETA which will be training the youth in various Apprenticeship programme to develop them into Artisans. Council has already resolved to support his programme.

HONOURABLE COUNCILLORS

I now indicate the specific allocation for 2017/2018 and compare it with those of 2016 / 2017.

The total Operating Revenue Budget amounts R 392 million and Operating Expenditure Budget amounts to R 386 million resulting with the operating surplus of R 5. 635 million.

The Operating Budget represents 83 percent of the total budget and the Capital Budget on the other hand represents 17 percent of the total budget. The 2017/2018 Budget is 3 per cent more than the 2016/17 total budget.

Revenue generation assumptions

The **total grants** allocated to the municipality in terms of the 2017 Division of Revenue Bill amount to R 297 million over the medium-term, reflecting an increase of R 8 million (3%) over the 2016/2017 DORA allocation.

The **operating revenue budget** for 2017/2018 amount to R 392 million which reflect an Increase of R 51 million over the 2016/2017 operating revenue budget which is Tantamount to an increase of 13 per cent.

Honorable Speaker to fund our budget' needs and to make provision for inflationary Increases in goods and services required, we do need to adjust our tariffs in a Reasonable manner, taking cognizance of the areas where we currently are Experiencing losses.

The tariff increases are as follows:

The ESKOM tariff increase application of 1.88 per cent to be approved by NERSA and The tariff will be implemented accordingly. The 1.88 per cent increase Honorable Speaker is calculated taking into account the affordability of the community we serve.

Honorable Speaker, Property Rates tariff will increase in 2017/2018 on average by 6.4 per cent due to the implementation of a new general valuation roll on 01 July 2017 which will need to be relooked.

Operating expenditure guidelines and assumptions

The operating expenditure budget for 2017/2018 amount to R 386 million reflecting the increase of R 7. 9 million over the 2016/2017 budget year which is equivalent to an increase of 2 per cent. The decrease was mainly as a result of redirecting of the funds to the capital budget to encourage spending on service delivery.

The increases on key expenditure cost drivers will be as follows in 2017/2018;

- The employee's remuneration cost which amount to R 123 million which 32 per cent of a total cost.
- The electricity bulk purchase will increase by 0.31 per cent as per the National Energy Regulator of South Africa (NERSA) stated in the MFMA Circular 86.

Capital expenditure assumptions

Honorable Speaker, the total capital expenditure for 2017/2018 amount to R77, 302 million reflecting a decrease of R 10 million over the 2016/2017 budget. The decrease can be attributable to the decrease in MIG grants allocations.

The capital expenditure will be funded mainly from capital conditional grants allocation which amounts to R 62.1 million in 2017/2018 reflecting a decrease of 17 per cent.

In the main we have budgeted R 13.1 million for electricity reticulation and R 56 million for roads projects

HONOURABLE COUCILLORS, LADIES AND GENTLEMEN

Let our conceptions be enlarged to the circle of our duties. Let us extend our ideas over the whole of the vast field in which we are called to act. **Let our object be the service to our community, our whole community and nothing but our community.**

In conclusion let me borrow from Winston Churchill (**I quote**): *“I therefore feel entitled at this juncture to claim the aid of all and to say: Come then, let us go forward together with our united strength”*

HONOURABLE SPEAKER AND HONORABLE COUNCILLORS:

I now urge this house to approve the tabled 2017/18 Reviewed Annual Integrated Development Plan (IDP) for public consultation, and the Annual 2017/18 to 2019/2020 Medium Term Revenue and Expenditure Framework (Budget) as per the recommendations on **page 361 of the agenda.**

I thank you

1.2 ANNUAL BUDGET RELATED RESOLUTIONS

1. Council resolves that the budget of Elias Motsoaledi Local Municipality for the financial year 2017/18, with three year audited actual and the two projected outer years 2017/18 and 2018/19 be approved in the following schedules:
 - 1.1 Budgeted summary on table A1;
 - 1.2 Budgeted financial performance (Revenue and expenditure by classification reflected on table A2;
 - 1.3 Budgeted financial performance (revenue and expenditure by municipal vote reflected on table A3;
 - 1.4 Budgeted financial performance (revenue source and expenditure by type reflected on table A4;
 - 1.5 Budgeted capital budget by vote, standard classification and funding as reflected on table A5;
 - 1.6 Budgeted financial position as reflected on table A6;
 - 1.7 Measurable performance objective for revenue source as per Cash flow table A7;
 - 1.8 Cash back reserve/ accumulated surplus reconciliation on A8;
 - 1.9 Asset management as reflected on table A9; and
 - 1.10 The basic service delivery measurement on table A10;
2. Council resolves that property rates be approved for the budget year 2017/18.
3. Council resolves that the budget related policies be adopted and the following tariff and charges be approved for the annual budget 2017/18 financial year
 - Electricity
 - Refuse removal
 - Basic charges
 - Sundry tariffs
4. Council resolves to adopt the amended Integrated Development Plan (IDP).
5. Council notes that the SDBIP submission and approval of the SDBIP will be dealt with in accordance with sections 69(3)(a) and 53(1)(c)(ii) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

1.3 Executive Summary

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

Section 17 of Municipal Finance Management Act (MFMA) requires the municipality to prepare an annual budget in the prescribed format.

National Treasury's MFMA circular 78 and 79 have been used as guidance for the compilation of the 2017/18 MTREF.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarized as follows

- Ageing and poorly maintained roads and electricity infrastructure
- The need to re-prioritize projects and expenditure within the existing resource-base given the cash flow realities and declining cash position of the municipality.
- The slight increased cost of bulk electricity due to tariff increases (0,31%) from ESKOM which is placing a relieve on service tariffs to residence and other consumers.
- Salaries and Wage increases for municipal staff as well as the need to fill all active vacant positions.
- Affordability of capital projects - original allocations on certain capital projects had to be reduced and some projects had to be shifted to the outer years of the 2017/18 MTREF.
- Limited and/or very minimal surplus anticipated to be realized from operating budget makes it difficult to accommodate all the wards within the area of jurisdiction of the municipality.

The following budget principles and guidelines directly informed the compilation the 2017/18 MTREF:

- The 2017/18 adjustment budget priorities and targets as well as the base line allocations contained in that adjustment were adopted as the upper limits for the new base lines for the 2017/18 annual budget.
- Tariffs and property rates increases should be affordable and should generally not exceed the inflation as measured by the CPI except where there are price increases in the inputs of services that are beyond the control of the municipality, for example: cost of bulk electricity. In addition, we had to ensure that our tariffs remained or moved towards being cost reflective, and had to take into account the need to address infrastructure backlogs.
- Capital projects and activities funded from external grants are budgeted as per the gazetted amount as outlined in 2017/18 Division of Revenue Act (DoRA).
- In addition to cost containment to be implemented by the municipality, the following items and allocations thereof had to be kept at minimum level:
 - Consultants and Professional Fees;
 - Special Projects and Events;
 - Refreshments and Entertainment (R2 000 allocated per directorate for the entire financial year);
 - Ad hoc travelling;

- Subsistence, Travelling and conference fees;
- Telephone and cell phone subscriptions;
- Issuing of Material and Store items, and
- Overtime.

1.4 Operating Revenue Framework

For Elias Motsoaledi Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of this municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to setting of tariff increases and balancing expenditures against realistically anticipated revenues and prioritization of capital projects as contained in the Integrated Development Plan (i.e. the needs of all wards within Elias Motsoaledi Local Municipality).

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Efficient revenue management, which aims to ensure a 83% annual collection rate for property rates and other key service charges;
- Electricity tariff increases that are still to be approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2017/18MTREF (classified by main revenue source):

Table 1 Summary of revenue classified by main revenue source

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source										
Property rates	20,450	19,271	22,395	23,981	24,881	23,780	19,709	26,472	27,981	29,548
Service charges - electricity revenue	53,299	55,695	65,104	72,328	67,973	71,855	60,158	81,206	83,642	86,319
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2,721	3,483	3,684	7,774	7,162	7,105	5,904	8,616	9,107	9,617
Service charges - other	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	1,725	1,889	2,213	1,912	2,412	2,412	1,078	1,935	2,046	2,160
Interest earned - external investments	3,598	3,965	4,290	3,829	3,479	3,479	2,393	3,701	3,912	4,132
Interest earned - outstanding debtors	5,225	5,861	5,872	6,123	6,823	6,823	5,709	6,260	6,617	6,987
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	1,666	2,584	2,413	1,342	7,000	7,000	1,505	30,000	31,710	33,486
Licences and permits	4,669	5,081	4,257	5,060	4,860	4,860	3,893	5,171	5,466	5,772
Agency services	2,653	-	-	-	-	-	-	-	-	-
Transfers and subsidies	146,878	170,641	216,652	213,105	213,105	213,105	159,870	226,163	238,214	247,841
Other revenue	2,210	7,548	3,423	2,152	1,862	1,199	1,121	2,499	2,641	2,789
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers)	245,095	276,019	330,303	337,606	339,557	341,618	261,341	392,023	411,335	428,650

Table 2 Percentage Growth in revenue by main revenue source

Description	2016/17	2017/18 Medium Term Revenue & Expenditure Framework					
		%	Budget Year	%	Budget Year +1 2018/19	%	Budget Year +2
Revenue By Source							
Property rates	24,881	6.4%	26,472	5.7%	27,981	5.6%	29,548
Service charges	75,135	19.5%	89,822	3.3%	92,749	3.4%	95,936
Rental of facilities and equipment	1,612	20.0%	1,935	5.7%	2,046	5.6%	2,160
Interest earned - external investments	3,479	6.4%	3,701	5.7%	3,912	5.6%	4,132
Interest earned - outstanding debtors	6,823	-8.3%	6,260	5.7%	6,617	5.6%	6,987
Fines, penalties and forfeits	7,000	328.6%	30,000	5.7%	31,710	5.6%	33,486
Licences and permits	4,860	6.4%	5,171	5.7%	5,466	5.6%	5,772
Transfers and subsidies	213,105	6.1%	226,163	5.3%	238,214	4.0%	247,841
Other revenue	1,862	34.2%	2,499	5.7%	2,641	5.6%	2,789
Total Revenue (excluding capital transfers)	338,757		392,023		411,335		428,650

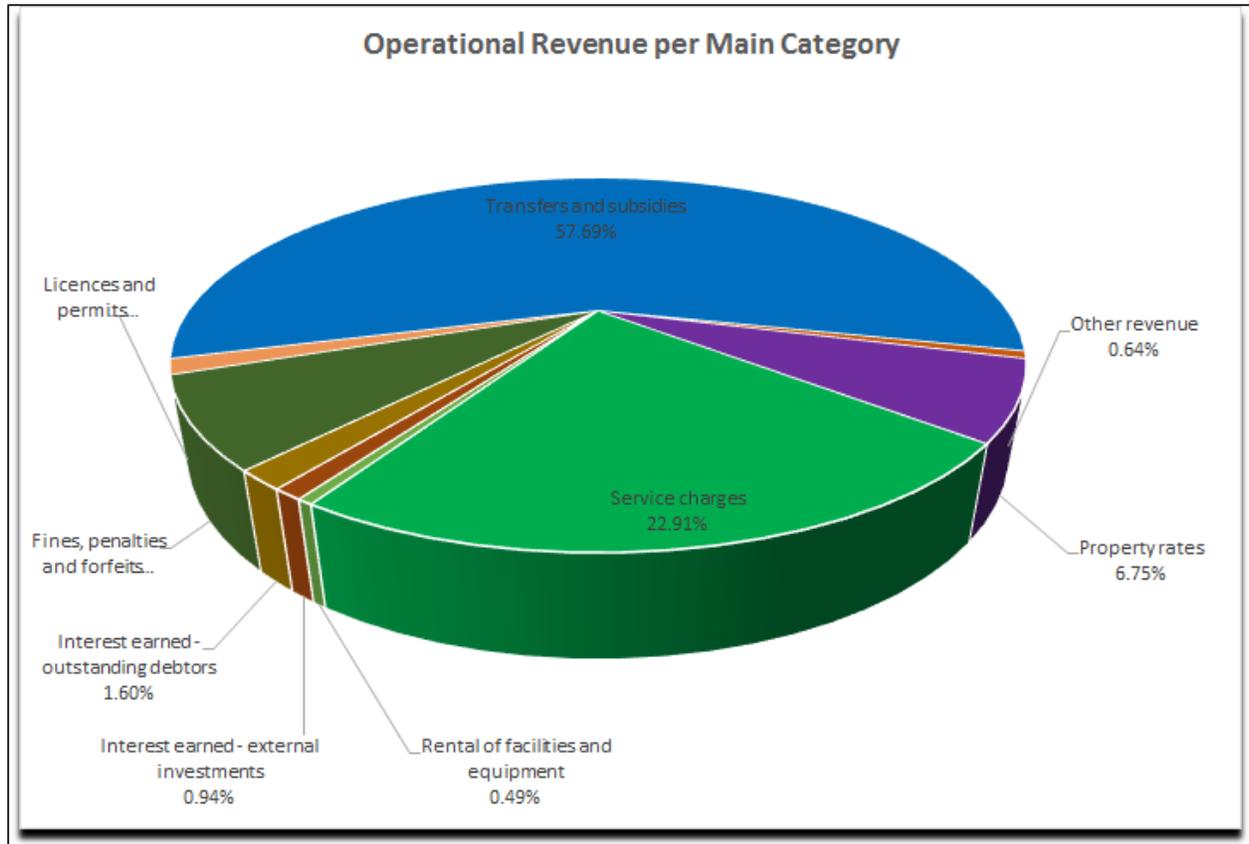


Figure 1 Main operational revenue categories for the 2017/18 financial year

In line with the formats prescribed by the Municipal Budget and Reporting Regulations (MBRR), transfer recognized - capital is excluded from the operating revenue statement, as inclusion of this revenue source would distort the calculation of the operating surplus/deficit.

Revenue generated from operating grants amounts to 57, 69% (2017/18 financial year) making it clear that the Municipality is grants dependent. In addition, revenue generated from rates and services charges amounts to 6, 75% and 22, 91% respectively. In the 2017/18 financial year, revenue from rates and services charges adds up to R116, 294 million or 29, 70%. This increases to R120, 730 million, and R125, 483 million in the respective financial years of the MTREF.

Service charges is the second largest revenue source totaling 22, 91% or R89, 822 million and increases to R92, 749 million and R95, 936 million respectively in the outer years. The third largest source is Property rates that amounts to R26, 472 million in 2017/18 financial year and R27, 983 million and R29, 550 million respectively in the outer years.

Table 3 Operating Transfers and Grants Receipts

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:									
Operating Transfers and Grants									
National Government:	146,878	170,641	216,641	213,105	213,105	213,105	226,163	238,214	247,841
Local Government Equitable Share	143,438	166,920	212,948	210,385	210,385	210,385	223,019	236,259	245,626
Finance Management	1,550	1,600	1,600	1,625	1,625	1,625	1,700	1,955	2,215
Municipal Systems Improvement	890	934	930	-	-	-	-	-	-
EPWP Incentive	1,000	1,187	1,163	1,095	1,095	1,095	1,444	-	-
Provincial Government:	-	-	-	-	-	-	-	-	-
N/A									
District Municipality:	-	-	-	-	-	-	-	-	-
N/A									
Other grant providers:	-	-	-	-	-	-	-	-	-
N/A									
Total Operating Transfers and Grants	146,878	170,641	216,641	213,105	213,105	213,105	226,163	238,214	247,841

Table 4 outlines the operating grants and transfers allocated to Elias Motsoaledi local municipality for 2017/18 MTREF and these grants are contributing significantly towards the revenue-base of the municipality.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality conforms to the stipulations of the above mentioned regulations more especially on the ratio thereof.

The following stipulations in the Property Rates Policy are highlighted:

- The first R30 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this exemption, the following additional rebates on the market value of a property will be granted in terms of the Municipality's own Property Rates tariffs;

Description	Rebate
Residential Property	20%
Business,commercial and mining	25%
Agricultural Property	0%
Stat Owned Property	75%
Public Service Infrastructure	75%
Public Benefit Organization Property	75%
Municipal Property	Not Levied
Unidentified	Not Levied

The following owners may be granted a rebate on, or a reduction in the rates payable on their property:

- Pensioners that meet the following criteria:
 - Registered owner of property,
 - Applicant must reside on the property,
 - Income not exceeding an amount set by Council,
- Ratable property registered in the name of the Council., if such property is used in supplying electricity, water, and gas or sewerage services;
- Hospitals, clinics, and institutions for mentally ill persons, which are not operated for gain;
- Ratable property registered in the name of an agricultural society affiliated to or recognized by the South African Agricultural Union, which is used for the purpose of such society;
- Cemeteries and crematoriums, which are registered in the names of private persons and which are used exclusively for burials and cremations;
- Museums, art galleries, libraries and botanical gardens which are open to the public, whether admission fees are charged or not;
- Sports grounds used for the purpose of amateur sports and any social activities, which are connected with such sports;
- Ratable property registered in the name of benevolent or charitable organizations, or any ratable property let by the Council to any of the named organizations
- Owners of a property situated in an area affected by a disaster within the meaning of the Disaster Management Act, 2002 or in any other serious adverse social or economic conditions;
- Owners of residential properties with to which Section 17(1)(h) of the Act applies on the market value of the property less the amount stated in that Section or higher amount as determined by Council;
- State or public infrastructure and their rates may be reduced to a percentage which is contemplated in Section 11 of the Act.
- Owners of agricultural properties who are bona fide farmers.

1.4.2 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 0, 31 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from the coming financial year of Eskom.

Considering the Eskom increases, the consumer tariff had to be increased by 1, 88 per cent (maximum) to offset the additional bulk purchase cost and cost reflective tariff as from 1 July 2017.

Registered indigents will continue to get 50 kWh allocated to them and this will result in indigents receiving 50 kWh per 30-day period free of charge.

It should further be noted that NERSA has advised that a stepped tariff structure needs to continue to be implemented even in the coming financial year. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidize the lower consumption users (mostly the poor).

1.4.3 Waste Removal and Impact of Tariff Increase

Service charge refuse removal is currently not doing fairly well since the revenue generated is currently less than the anticipated expenditure to be incurred and the municipality will therefore, have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors for the function not to break-even are repairs and maintenance on vehicles and landfill site, increases in general expenditure such as petrol and diesel and the cost of contracted service provider for refuse removal.

1.4.4 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services

Table 4 MBRR Table SA14 – Household bills

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	230	259	264	269	269	269	49%	400	415	500
Electricity: Basic levy	118	126	141	1,219	1,219	1,219	2%	1,240	1,260	1,280
Electricity: Consumption	669	834	1,195	1,219	1,219	1,219	2%	1,240	1,260	1,280
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Refuse removal	60	73	75	77	77	77	30%	100	120	150
Other	-	-	-	-	-	-	0%	-	-	-
sub-total	1,077	1,292	1,675	2,784	2,784	2,784	7%	2,980	3,055	3,210
VAT on Services	119	145	198	202	202	202	3%	208	218	229
Total large household bill:	1,196	1,437	1,873	2,986	2,986	2,986	7%	3,188	3,273	3,439
% increase/(decrease)		20%	30%	59%	0%	0%		7%	3%	5%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	230	259	295	301	301	301	99%	600	650	700
Electricity: Basic levy	118	126	141	144	144	144	108%	300	318	344
Electricity: Consumption	669	834	1,234	1,259	1,259	1,259	1%	1,270	1,292	1,309
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Refuse removal	60	73	75	77	77	77	212%	240	272	294
Other	-	-	-	-	-	-	0%	-	-	-
sub-total	1,077	1,292	1,745	1,781	1,781	1,781	35%	2,410	2,532	2,647
VAT on Services	119	145	203	207	207	207		280	298	314
Total small household bill:	1,196	1,437	1,948	1,988	1,988	1,988	35%	2,690	2,830	2,961
% increase/-decrease		20%	36%	2%	0%	0%		35%	5%	5%
Monthly Account for Household - 'Indigent' Household receiving FBS										
Rates and services charges:										
Property rates	37	39	41	42	42	42	19%	50	60	70
Electricity: Basic levy	118	126	141	1,150	1,150	1,150	12%	1,286	1,312	1,338
Electricity: Consumption	166	208	140	1,150	1,150	1,150	12%	1,286	1,312	1,338
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Refuse removal	60	73	65	65	65	65	23%	80	89	100
Other	-	-	-	-	-	-	-	-	-	-
sub-total	381	446	387	2,407	2,407	2,407	12%	2,702	2,773	2,846
VAT on Services	53	62	54	55	55	55	27%	70	92	104
Total small household bill:	434	508	441	2,462	2,462	2,462	13%	2,772	2,865	2,950
% increase/-decrease		17%	-13%	458%	0%	0%		13%	3%	3%

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- The renewal of existing assets and the repairs and maintenance needs;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The alignment of capital programme to the asset renewal requirement as per MBRR;
- Operational surplus will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation will be made.

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

Table 5 Summary of operating expenditure by standard classification item

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year+1 2018/19	Budget Year+2 2019/20
Expenditure By Type										
Employee related costs	87,146	102,669	112,151	109,053	112,496	112,496	94,636	123,460	130,069	137,325
Remuneration of councillors	16,037	18,844	19,061	18,908	20,292	20,292	16,743	22,113	23,373	24,682
Debt impairment	10,245	11,357	8,130	12,688	10,688	10,688	–	26,372	27,875	29,436
Depreciation & asset impairment	32,828	32,042	49,728	35,796	50,000	50,000	–	51,200	53,118	55,093
Finance charges	–	–	2,141	60	2,760	2,760	1,919	3,124	790	645
Bulk purchases	48,014	51,853	60,361	64,961	69,961	62,906	53,741	69,165	69,937	73,853
Other materials	1,677	1,687	9,606	3,945	13,498	10,498	5,719	13,497	14,795	15,623
Contracted services	9,800	11,259	36,111	20,550	38,589	43,272	38,396	25,350	23,279	23,118
Transfers and subsidies	2,287	1,832	313	2,128	2,248	2,248	1,500	3,724	3,936	4,156
Other expenditure	58,640	106,070	66,734	60,826	57,902	53,202	45,313	48,384	45,777	46,751
Loss on disposal of PPE	–	–	3,790	–	–	–	–	–	–	–
Total Expenditure	266,675	337,613	368,125	328,915	378,434	368,361	257,968	386,388	392,949	410,683

The budgeted allocation for employee related costs and remuneration of councillors for the 2017/18 financial year totals R145, 573 million, which equals 37, 68% of the total operating expenditure. Based on MFMA circular 86, the three year salary increases have been factored into this budget at a percentage increase of 7, 4% for the 2017/18 financial year and annual increase of 5, 7% and 5, 6% have been included in the two outer years of the MTREF.

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

The provision of debt impairment was determined based on an annual collection rate of 83 per cent and the Debt Write-off Policy of the Municipality. For the 2017/18 financial year this amount equates to R26, 372 million and escalates to R27, 875 million in 2018/19 and R29, 436 million 2019/20. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate for asset consumption. Budget appropriations in this regard total R51, 200 million for the 2017/18 financial year and equates to 13.25% of the total operating expenditure. Cognizance should be taken that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. Note should therefore be taken that depreciation and asset impairment as well as debt impairment constitute non-cash items and as a result they are excluded when determining surplus to be expended for funding capital projects.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes distribution losses. The 2017/18 budget has been slightly increased as compared to 2017/18 financial year and this is due to Eskom annual increase of 0, 31%.

Other material comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the municipality's infrastructure.

Contracted services comprise of 6. 6 % or R25, 350 million of the total operational budget for the 2017/18 financial year and declines to R23 279 million and then declines to R23, 118 million in the two respective outer years.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following diagram gives a breakdown of the main expenditure categories for the 2015/6 financial year.

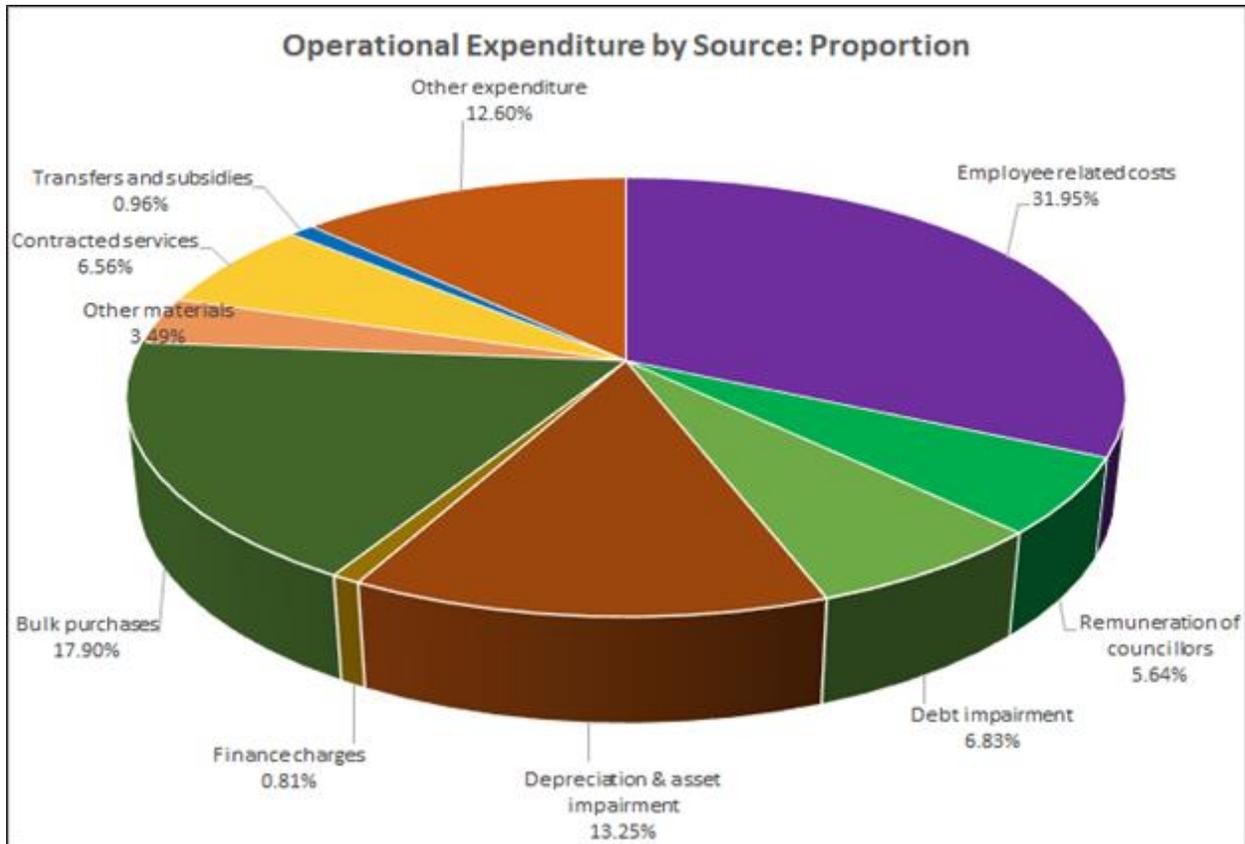


Figure 2 Main operational expenditure categories for the 2017/18 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2017/18 budget and MTREF provide for budget appropriations in the area of asset maintenance, as informed by the asset renewal and repairs and maintenance needs. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

During the compilation of the 2017/18 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance is however sitting at R11, 311 million then increases to R12, 484 million and increase again to R13, 183 million during the MTREF period. In addition, the municipality is still experiencing budgetary constraints to can meet the

required 8% that repairs and maintenance should contribute towards the total operating expenditure budget. In relation to the total operating expenditure, repairs and maintenance comprises of 2, 93% for the 2017/18 years and this percentage is however way below the set norm of 8% as stipulated by National Treasury. The percentage increases to 3, 18% and 3, 21% in the respective outer years.

Table 6 Repairs and maintenance per asset class

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Repairs and Maintenance by Asset Class									
Roads Infrastructure	2,448	881	1,788	3,300	1,300	1,300	2,500	2,643	2,790
Storm water Infrastructure	-	244	-	-	-	-	-	-	-
Electrical Infrastructure	973	1,271	1,001	1,800	1,780	1,780	1,900	2,008	2,121
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	1,107	1,110	1,209	2,350	2,550	2,550	2,300	2,431	2,567
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	13	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other Assets	-	2,965	1,154	2,500	3,607	3,607	1,300	1,374	1,451
Intangible Assets	-	-	9	500	25	25	100	106	112
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	5,043	586	2,749	1,500	1,900	1,900	1,711	2,337	2,467
Transport Assets	-	3,931	1,427	1,300	1,890	1,890	1,500	1,586	1,674
Grand Total	9,584	10,988	9,337	13,250	13,052	13,052	11,311	12,484	13,183

For the 2017/18 financial year R 6, 700 million of total repairs and maintenance will be spent on infrastructure assets. Of the total infrastructure assets R2, 500 million has been allocated to road transport, R1, 900 million to infrastructure electricity, R2, 300 to other infrastructure assets waste management. Other assets category has been allocated R1, 500 million of total repairs and maintenance equating to 13, 26%.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists of households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 10 MBRR A10 (Basic Service Delivery Measurement) on.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act and this package covers all the basic services provided by EMLM and these services include, property rates rebates, service charges electricity, and refuse removal.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 7 2017/18 Medium-term capital budget per vote

Description	2016/17	2017/18 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2017/18	%	Budget Year +1 2018/19	%	Budget Year +2 2019/20
Vote 1 - Executive & Council	–	0%	–	0%	–	0%	–
Vote 2 - Office of the Municipal Manager	–	0%	–	0%	–	0%	–
Vote 3 - Budget & Treasury	–	0%	–	0%	–	0%	–
Vote 4 - Corporate Services	1,950	74%	500	-80%	900	0%	900
Vote 5 - Community Services	1,680	29%	1,200	100%	–	0%	–
Vote 6 - Technical Services	83,390	9%	75,602	-10%	83,406	-8%	90,211
Vote 7 - Strategic Development	–	0%	–	0%	–	0%	–
Vote 8 - Developmental Planning	–	0%	–	0%	–	0%	–
Vote 9 - Executive Support	600	100%	–	0%	–	0%	–
Grand Total	87,620		77,302		84,306		91,111

For 2017/18 an amount of R75, 602 million has been appropriated for vote 6 - Infrastructure a decreased by 9% of the total capital budget. In the outer years this amount totals R83, 406 million that increased by 10% and R90, 211 million that shows 8% increase respectively for each of the financial years. The other departments', *id-est* Corporate Services appropriations are mainly for procurement of operational equipment such as ICT equipment, Office furniture, and other equipment while Community Services' appropriations are for Upgrading of the testing center, license offices, development of control room, Cemeteries and development of transfer station and procurement of fire arms and machinery and equipment.

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Electricity related projects – R13, 157 million
- Roads related projects – R57, 596 million
- Operational equipment – R1, 700 million

- Buildings – R 3, 597million

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

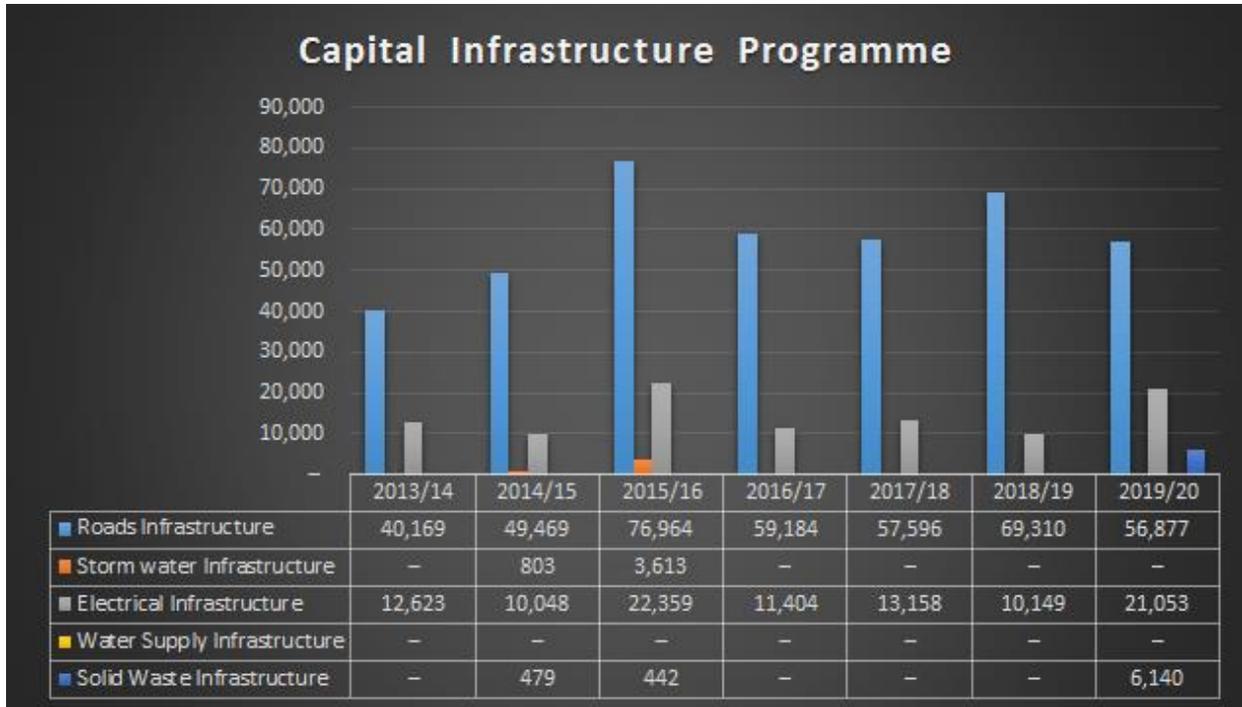


Figure 3 Capital Infrastructure Programme

1.7 Annual Budget Tables

The following tables present the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality’s 2017/18 annual budget and MTREF. Each table is accompanied by explanatory notes thereof.

Table 8 MBRR Table A1 - Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance										
Property rates	20,450	19,271	22,395	23,981	24,881	23,780	19,709	26,472	27,981	29,548
Service charges	56,021	59,179	68,788	80,102	75,135	78,960	66,062	89,822	92,749	95,936
Investment revenue	3,598	3,965	4,290	3,829	3,479	3,479	2,393	3,701	3,912	4,132
Transfers recognised - operational	146,878	170,641	216,652	213,105	213,105	213,105	159,870	226,163	238,214	247,841
Other own revenue	18,149	22,962	18,178	16,589	22,957	22,294	13,306	45,865	48,479	51,194
Total Revenue (excluding capital transfers)	245,095	276,019	330,303	337,606	339,557	341,618	261,341	392,023	411,335	428,650
Employee costs	87,146	102,669	112,151	109,053	112,496	112,496	94,636	123,460	130,069	137,325
Remuneration of councillors	16,037	18,844	19,061	18,908	20,292	20,292	16,743	22,113	23,373	24,682
Depreciation & asset impairment	32,828	32,042	49,728	35,796	50,000	50,000	-	51,200	53,118	55,093
Finance charges	-	-	2,141	60	2,760	2,760	1,919	3,124	790	645
Materials and bulk purchases	49,691	53,540	69,966	68,906	83,459	73,404	59,461	82,662	84,731	89,476
Transfers and grants	2,287	1,832	313	2,128	2,248	2,248	1,500	3,724	3,936	4,156
Other expenditure	78,685	128,686	114,765	94,063	107,178	107,161	83,709	100,105	96,931	99,305
Total Expenditure	266,675	337,613	368,125	328,915	378,434	368,361	257,968	386,388	392,949	410,683
Surplus/(Deficit)	(21,580)	(61,594)	(37,822)	8,690	(38,877)	(26,743)	3,373	5,635	18,386	17,967
Transfers and subsidies - capital	44,723	58,967	77,188	75,419	75,419	70,419	48,272	70,860	69,013	86,340
Contributions recognised - capital & contributed as	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contr	23,143	(2,627)	39,366	84,109	36,542	43,676	51,645	76,495	87,399	104,307
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	23,143	(2,627)	39,366	84,109	36,542	43,676	51,645	76,495	87,399	104,307
Capital expenditure & funds sources										
Capital expenditure	62,095	72,212	108,388	94,449	87,620	67,620	53,974	77,302	84,306	91,111
Transfers recognised - capital	50,665	51,462	77,188	75,419	66,240	53,654	41,508	62,158	55,713	70,912
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	11,430	20,750	31,200	19,030	21,380	13,966	12,466	15,144	28,593	20,198
Total sources of capital funds	62,095	72,212	108,388	94,449	87,620	67,620	53,974	77,302	84,306	91,111
Financial position										
Total current assets	90,617	78,138	58,124	63,061	60,701	87,686	129,116	107,614	125,360	146,412
Total non current assets	813,499	830,215	979,292	993,473	1,040,124	1,037,446	1,036,226	1,066,797	1,095,632	1,134,565
Total current liabilities	82,178	68,432	69,263	31,896	51,752	79,705	156,365	60,491	59,265	60,313
Total non current liabilities	34,693	79,033	95,865	90,513	85,185	85,185	90,764	98,733	97,068	93,447
Community wealth/Equity	787,245	760,887	872,288	934,124	963,888	960,243	918,214	1,015,187	1,064,659	1,127,216
Cash flows										
Net cash from (used) operating	76,508	57,728	22,790	119,326	88,938	89,505	51,913	98,175	104,951	115,195
Net cash from (used) investing	(56,618)	(70,369)	(30,567)	(89,449)	(87,620)	(67,620)	(53,974)	(77,302)	(84,306)	(91,111)
Net cash from (used) financing	22	2,361	(5,415)	(8,857)	(5,019)	(8,187)	(3,711)	(8,497)	(5,858)	(5,832)
Cash/cash equivalents at the year end	35,247	24,967	11,965	27,259	8,264	25,663	58,594	32,968	47,754	66,007
Cash backing/surplus reconciliation										
Cash and investments available	35,247	24,967	11,965	27,259	8,264	25,663	58,594	32,968	47,754	66,007
Application of cash and investments	33,012	23,600	28,276	756	(4,501)	17,492	87,575	8,896	9,721	10,720
Balance - surplus (shortfall)	2,235	1,367	(16,310)	26,503	12,766	8,172	(28,981)	24,072	38,033	55,287
Asset management										
Asset register summary (WDV)	802,774	819,565	967,888	981,775	1,028,063	1,028,063	1,054,011	1,054,011	1,082,113	1,121,701
Depreciation	32,828	32,042	49,728	35,797	50,000	50,000	51,200	51,200	53,118	55,093
Renewal of Existing Assets	12,432	18,642	30,190	52,719	45,780	45,780	45,780	38,974	30,375	35,088
Repairs and Maintenance	9,584	10,988	9,337	13,250	13,052	13,052	11,311	11,311	12,484	13,183
Free services										
Cost of Free Basic Services provided	600	690	800	1,000	800	800	2,000	2,000	2,114	2,232
Revenue cost of free services provided	4,725	4,725	5,235	5,800	6,283	6,283	8,193	8,193	8,660	9,145
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	2	2	2	2	2	2	2
Refuse:	53	53	54	54	54	54	55	55	56	58

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts contained in the annual budget for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure net of non-cash items) is positive over the MTREF period.
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Internally generated funds are financed from a combination of the current operating surplus. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that the municipality does not have reserves and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position with regards to replacement of assets since no capital replacement reserve is in place. Notwithstanding the absence of capital replacement reserves, at least the municipality is not operating on overdraft.

Table 9 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional									
Governance and administration	175,900	204,510	248,338	246,631	247,098	247,098	170,084	178,187	186,235
Executive and council	1,230	934	930	–	–	–	35,581	38,171	39,988
Finance and administration	174,671	203,576	247,408	246,631	247,098	247,098	128,101	133,250	139,103
Internal audit	–	–	–	–	–	–	6,402	6,766	7,145
Community and public safety	430	359	2,711	43	45	45	12,846	13,563	14,323
Community and social services	384	341	2,710	39	44	44	6,377	6,735	7,112
Sport and recreation	46	18	1	3	1	1	6,469	6,828	7,211
Public safety	–	–	–	–	–	–	–	–	–
Housing	–	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–
Economic and environmental services	50,154	66,292	76,852	71,900	78,548	75,609	150,237	159,807	167,332
Planning and development	22	1,317	1,186	1,167	1,811	1,811	13,512	13,309	12,998
Road transport	50,131	64,976	75,666	70,733	76,737	73,798	135,883	145,595	153,380
Environmental protection	–	–	–	–	–	–	842	903	954
Trading services	63,333	63,825	79,589	94,452	89,285	89,285	129,716	128,791	147,100
Energy sources	60,588	60,334	75,904	86,328	81,773	81,773	106,984	105,036	122,350
Water management	–	–	–	–	–	–	–	–	–
Waste water management	–	–	–	–	–	–	–	–	–
Waste management	2,746	3,491	3,685	8,124	7,512	7,512	22,732	23,756	24,750
Other	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	289,817	334,986	407,491	413,025	414,976	412,037	462,883	480,348	514,990
Expenditure - Functional									
Governance and administration	147,293	207,324	217,668	164,241	165,893	163,829	147,263	149,457	156,339
Executive and council	36,907	49,192	35,980	30,757	35,121	35,121	35,981	38,396	40,546
Finance and administration	110,386	158,132	176,275	127,640	125,175	123,110	104,880	104,295	108,648
Internal audit	–	–	5,413	5,843	5,597	5,597	6,402	6,766	7,145
Community and public safety	19,367	17,808	9,325	11,646	12,439	12,439	15,633	16,509	17,434
Community and social services	16,958	14,890	4,577	6,488	4,605	4,605	6,541	6,908	7,295
Sport and recreation	2,409	2,917	4,749	5,158	7,835	7,835	9,092	9,601	10,139
Public safety	–	–	–	–	–	–	–	–	–
Housing	–	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–
Economic and environmental services	38,211	39,639	52,467	56,171	91,031	86,031	117,737	118,642	122,839
Planning and development	5,543	7,693	11,171	14,863	14,239	14,239	20,850	19,163	19,180
Road transport	32,668	31,947	39,834	40,421	75,426	70,426	96,045	98,576	102,705
Environmental protection	–	–	1,463	886	1,365	1,365	842	903	954
Trading services	61,804	72,841	88,664	96,858	109,070	106,063	105,754	108,340	114,071
Energy sources	51,150	60,619	65,530	78,171	84,711	82,703	86,949	88,735	93,704
Water management	–	–	–	–	–	–	–	–	–
Waste water management	–	–	–	–	–	–	–	–	–
Waste management	10,654	12,223	23,135	18,687	24,359	23,359	18,805	19,605	20,367
Other	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	266,675	337,613	368,125	328,915	378,434	368,361	386,388	392,949	410,683
Surplus/(Deficit) for the year	23,143	(2,627)	39,366	84,109	36,542	43,676	76,495	87,399	104,307

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

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

Table 10 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote									
Vote 1 - Executive & Council	340	–	–	–	–	–	31,540	33,890	35,466
Vote 2 - Office of the Municipal Manager	890	934	930	–	–	–	15,805	16,681	17,559
Vote 3 - Budget & Treasury	174,529	203,514	247,402	246,619	247,085	247,085	70,368	73,323	75,774
Vote 4 - Corporate Services	142	62	6	11	14	–	33,797	36,247	38,691
Vote 5 - Community Services	9,541	11,515	13,068	14,568	19,417	19,413	89,322	95,598	100,225
Vote 6 - Technical Services	104,353	117,644	144,898	150,659	146,650	143,728	200,885	203,175	225,695
Vote 7 - Strategic Development	–	–	–	–	–	–	–	–	–
Vote 8 - Developmental Planning	22	1,317	1,186	1,167	1,811	1,811	8,435	7,912	7,299
Vote 9 - Executive Support	–	–	–	–	–	–	12,731	13,523	14,280
Total Revenue by Vote	289,817	334,986	407,491	413,025	414,976	412,037	462,883	480,348	514,990
Expenditure by Vote to be appropriated									
Vote 1 - Executive & Council	25,983	28,444	29,961	27,109	30,476	30,476	31,940	34,114	36,025
Vote 2 - Office of the Municipal Manager	6,193	14,324	21,217	18,526	22,673	22,673	15,826	16,703	17,583
Vote 3 - Budget & Treasury	66,069	98,858	111,996	71,054	46,481	44,416	39,702	40,759	41,387
Vote 4 - Corporate Services	44,317	46,815	22,109	27,391	35,988	35,988	39,326	42,093	44,863
Vote 5 - Community Services	41,393	44,130	48,634	47,723	53,636	52,636	71,741	75,188	78,672
Vote 6 - Technical Services	72,446	90,924	103,323	112,793	164,096	157,089	165,483	163,286	171,241
Vote 7 - Strategic Development	4,730	6,423	–	–	–	–	–	–	–
Vote 8 - Developmental Planning	5,543	7,693	6,505	10,031	8,231	8,231	9,604	7,244	6,594
Vote 9 - Executive Support	–	–	24,381	14,288	16,852	16,852	12,767	13,560	14,320
Total Expenditure by Vote	266,675	337,613	368,125	328,915	378,434	368,361	386,388	392,949	410,683
Surplus/(Deficit) for the year	23,143	(2,627)	39,366	84,109	36,542	43,676	76,495	87,399	104,307

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

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

Table 11 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source										
Property rates	20,450	19,271	22,395	23,981	24,881	23,780	19,709	26,472	27,981	29,548
Service charges - electricity revenue	53,299	55,695	65,104	72,328	67,973	71,855	60,158	81,206	83,642	86,319
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2,721	3,483	3,684	7,774	7,162	7,105	5,904	8,616	9,107	9,617
Service charges - other	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	1,725	1,889	2,213	1,912	2,412	2,412	1,078	1,935	2,046	2,160
Interest earned - external investments	3,598	3,965	4,290	3,829	3,479	3,479	2,393	3,701	3,912	4,132
Interest earned - outstanding debtors	5,225	5,861	5,872	6,123	6,823	6,823	5,709	6,260	6,617	6,987
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	1,666	2,584	2,413	1,342	7,000	7,000	1,505	30,000	31,710	33,486
Licences and permits	4,669	5,081	4,257	5,060	4,860	4,860	3,893	5,171	5,466	5,772
Agency services	2,653	-	-	-	-	-	-	-	-	-
Transfers and subsidies	146,878	170,641	216,652	213,105	213,105	213,105	159,870	226,163	238,214	247,841
Other revenue	2,210	7,548	3,423	2,152	1,862	1,199	1,121	2,499	2,641	2,789
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers)	245,095	276,019	330,303	337,606	339,557	341,618	261,341	392,023	411,335	428,650
Expenditure By Type										
Employee related costs	87,146	102,669	112,151	109,053	112,496	112,496	94,636	123,460	130,069	137,325
Remuneration of councillors	16,037	18,844	19,061	18,908	20,292	20,292	16,743	22,113	23,373	24,682
Debt impairment	10,245	11,357	8,130	12,688	10,688	10,688	-	26,372	27,875	29,436
Depreciation & asset impairment	32,828	32,042	49,728	35,796	50,000	50,000	-	51,200	53,118	55,093
Finance charges	-	-	2,141	60	2,760	2,760	1,919	3,124	790	645
Bulk purchases	48,014	51,853	60,361	64,961	69,961	62,906	53,741	69,165	69,937	73,853
Other materials	1,677	1,687	9,606	3,945	13,498	10,498	5,719	13,497	14,795	15,623
Contracted services	9,800	11,259	36,111	20,550	38,589	43,272	38,396	25,350	23,279	23,118
Transfers and subsidies	2,287	1,832	313	2,128	2,248	2,248	1,500	3,724	3,936	4,156
Other expenditure	58,640	106,070	66,734	60,826	57,902	53,202	45,313	48,384	45,777	46,751
Loss on disposal of PPE	-	-	3,790	-	-	-	-	-	-	-
Total Expenditure	266,675	337,613	368,125	328,915	378,434	368,361	257,968	386,388	392,949	410,683
Surplus/(Deficit)	(21,580)	(61,594)	(37,822)	8,690	(38,877)	(26,743)	3,373	5,635	18,386	17,967
Transfers and subsidies - capital (monetary allocations) (National	44,723	58,967	77,188	75,419	75,419	70,419	48,272	70,860	69,013	86,340
Transfers and subsidies - capital (monetary allocations) (National	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	23,143	(2,627)	39,366	84,109	36,542	43,676	51,645	76,495	87,399	104,307
Taxation	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	23,143	(2,627)	39,366	84,109	36,542	43,676	51,645	76,495	87,399	104,307
Attributable to minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	23,143	(2,627)	39,366	84,109	36,542	43,676	51,645	76,495	87,399	104,307
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	23,143	(2,627)	39,366	84,109	36,542	43,676	51,645	76,495	87,399	104,307

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Operating revenue is R392, 023 million in 2017/18 and escalates to R411, 335 million and R428, 650 million in the outer years.
2. Services charges relating to electricity and refuse removal also contribute significantly to the revenue basket of the Municipality totaling R89, 822 million for the 2017/18 financial year and increasing to R92, 749 million in 2018/19 and increasing to R95, 936 million in 2019/20 financial year.

3. Transfers recognized – operating includes the local government equitable share, financial management grant, extended public works programme grant, municipal systems improvement grants and special support for councilors remuneration.
4. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 12 MBRR Table A5 - Budgeted Capital Expenditure by standard classification and funding source

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional										
Governance and administration	2,001	2,579	1,148	650	2,550	2,550	1,716	500	900	900
Executive and council										
Finance and administration	2,001	2,579	1,148	650	2,550	2,550	1,716	500	900	900
Internal audit										
Community and public safety	-	159	77	1,380	1,280	1,280	28	700	-	-
Community and social services	-	159	77	1,200	1,100	1,100	28	-	-	-
Sport and recreation	-	-	-	-	-	-	-	700	-	-
Public safety	-	-	-	180	180	180	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	46,952	61,667	84,276	77,019	71,986	56,986	50,283	62,944	73,257	69,158
Planning and development		1,009						-	-	-
Road transport	46,952	60,657	84,276	77,019	71,986	56,986	50,283	62,944	73,257	69,158
Environmental protection	-	-	-	-	-	-	-	-	-	-
Trading services	13,142	7,807	22,887	15,400	11,804	6,804	1,947	13,158	10,149	21,053
Energy sources	13,142	7,752	22,445	14,500	11,404	6,404	1,947	13,158	10,149	21,053
Water management	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-
Waste management	-	55	442	900	400	400	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	62,095	72,212	108,388	94,449	87,620	67,620	53,974	77,302	84,306	91,111
Funded by:										
National Government	50,665	51,462	77,188	75,419	66,240	53,654	41,508	62,158	55,713	70,912
Provincial Government	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	50,665	51,462	77,188	75,419	66,240	53,654	41,508	62,158	55,713	70,912
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	11,430	20,750	31,200	19,030	21,380	13,966	12,466	15,144	28,593	20,198
Total Capital Funding	62,095	72,212	108,388	94,449	87,620	67,620	53,974	77,302	84,306	91,111

Table 13 MBRR Table A5 - Budgeted Capital Expenditure by vote

Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	-	1,280	1,148	-	-	-	-	500	900	900
Vote 5 - Community Services	-	214	3,701	600	600	600	28	500	-	-
Vote 6 - Technical Services	43,439	41,058	67,215	63,619	53,257	38,257	40,601	52,539	56,659	56,454
Vote 7 - Strategic Development	-	-	-	-	-	-	-	-	-	-
Vote 8 - Developmental Planning	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	43,439	42,551	72,063	64,219	53,857	38,857	40,629	53,539	57,559	57,354
Single-year expenditure to be appropriated										
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	75	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	1,926	1,299	-	650	1,950	1,950	1,193	-	-	-
Vote 5 - Community Services	-	-	-	2,180	1,080	1,080	-	700	-	-
Vote 6 - Technical Services	16,655	27,352	36,325	27,400	30,133	25,133	11,629	23,063	26,747	33,757
Vote 7 - Strategic Development	-	-	-	-	-	-	-	-	-	-
Vote 8 - Developmental Planning	-	1,009	-	-	-	-	-	-	-	-
Vote 9 - Executive Support	-	-	-	-	600	600	523	-	-	-
Capital single-year expenditure sub-total	18,656	29,660	36,325	30,230	33,763	28,763	13,345	23,763	26,747	33,757
Total Capital Expenditure - Vote	62,095	72,212	108,388	94,449	87,620	67,620	53,974	77,302	84,306	91,111

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

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2017/18 R53, 539 million has been allocated of the total R77, 302 million capital budget, which totals 69, 26%. This allocation escalates to R57, 559 million in 2018/19 and to R57, 354 million in 2019/20.
- Single-year capital expenditure has been appropriated at R23, 763 million for the 2017/18 financial year and increase to R26, 747 million in 2018/19 and then increases to R33, 757 million in 2019/20 financial year.
- Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives

and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years. The capital programme is funded from capital grants and transfers and internally generated funds from current year surpluses.

Table 14 MBRR Table A6 - Budgeted Financial Position

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS										
Current assets										
Cash	2,910	1,203	5,066	3,247	3,247	14,369	52,822	4,400	11,296	25,960
Call investment deposits	32,337	23,764	6,899	24,012	5,017	11,294	5,772	28,568	36,459	40,047
Consumer debtors	20,229	18,744	24,545	18,947	32,082	32,082	39,387	34,600	36,579	38,082
Other debtors	32,854	31,791	18,226	13,855	16,955	26,955	28,171	36,846	37,635	38,911
Current portion of long-term receivables	-	-	-	-	-	-	-	-	-	-
Inventory	2,288	2,636	3,388	3,000	3,400	2,986	2,964	3,200	3,392	3,412
Total current assets	90,617	78,138	58,124	63,061	60,701	87,686	129,116	107,614	125,360	146,412
Non current assets										
Long-term receivables	644	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-
Investment property	85,382	89,472	96,146	89,472	96,146	93,468	93,468	96,146	96,146	96,146
Investment in Associate	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	694,407	729,129	871,247	891,663	931,739	931,739	930,859	957,866	985,967	1,025,555
Agricultural	-	-	-	-	-	-	-	-	-	-
Biological	311	323	-	-	-	-	-	-	-	-
Intangible	22,674	640	496	640	178	178	496	-	-	-
Other non-current assets	10,081	10,650	11,404	11,698	12,061	12,061	11,404	12,786	13,519	12,864
Total non current assets	813,499	830,215	979,292	993,473	1,040,124	1,037,446	1,036,226	1,066,797	1,095,632	1,134,565
TOTAL ASSETS	904,116	908,353	1,037,416	1,056,534	1,100,825	1,125,133	1,165,343	1,174,411	1,220,992	1,280,976
LIABILITIES										
Current liabilities										
Bank overdraft	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	8,170	-	10,100	10,100	7,881	8,608	6,000	6,000
Consumer deposits	4,211	5,531	5,120	5,444	5,200	5,900	6,085	5,089	4,947	4,779
Trade and other payables	42,917	61,539	53,644	25,000	35,000	62,253	135,897	45,253	46,686	47,824
Provisions	35,049	1,362	2,330	1,452	1,452	1,452	6,502	1,542	1,632	1,710
Total current liabilities	82,178	68,432	69,263	31,896	51,752	79,705	156,365	60,491	59,265	60,313
Non current liabilities										
Borrowing	-	-	11,520	6,264	-	-	7,387	16,500	10,500	4,500
Provisions	34,693	79,033	84,345	84,249	85,185	85,185	83,377	82,233	86,568	88,947
Total non current liabilities	34,693	79,033	95,865	90,513	85,185	85,185	90,764	98,733	97,068	93,447
TOTAL LIABILITIES	116,871	147,465	165,128	122,409	136,937	164,890	247,128	159,224	156,333	153,760
NET ASSETS	787,245	760,887	872,288	934,124	963,888	960,243	918,214	1,015,187	1,064,659	1,127,216
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	787,245	760,887	872,288	934,124	963,888	960,243	918,214	1,015,187	1,064,659	1,127,216
Reserves	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	787,245	760,887	872,288	934,124	963,888	960,243	918,214	1,015,187	1,064,659	1,127,216

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 15 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	14,099	19,271	8,908	22,302	23,637	17,579	15,377	21,177	22,384	23,638
Service charges	56,621	52,686	59,267	74,803	71,422	70,069	58,221	83,078	85,686	88,538
Other revenue	12,324	10,037	8,835	8,463	11,403	13,403	8,419	10,133	10,711	11,311
Government - operating	146,878	170,641	216,652	213,105	213,105	213,105	213,105	226,163	238,214	247,841
Government - capital	44,723	65,518	77,188	75,419	75,419	85,419	85,419	70,860	69,013	86,340
Interest	8,437	9,257	10,163	5,666	5,526	4,136	3,621	5,579	5,897	6,228
Dividends	-	-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees	(204,285)	(267,851)	(355,769)	(278,243)	(306,626)	(309,616)	(327,856)	(311,969)	(322,230)	(343,899)
Finance charges			(2,141)	(60)	(2,700)	(2,341)	(1,561)	(3,124)	(790)	(645)
Transfers and Grants	(2,287)	(1,832)	(313)	(2,128)	(2,248)	(2,248)	(2,831)	(3,724)	(3,936)	(4,156)
NET CASH FROM/(USED) OPERATING ACTIVITIES	76,508	57,728	22,790	119,326	88,938	89,505	51,913	98,175	104,951	115,195
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	-	-	654	5,000	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	77,167	-	-	-	-	-	-	-
Payments										
Capital assets	(56,618)	(70,369)	(108,388)	(94,449)	(87,620)	(67,620)	(53,974)	(77,302)	(84,306)	(91,111)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(56,618)	(70,369)	(30,567)	(89,449)	(87,620)	(67,620)	(53,974)	(77,302)	(84,306)	(91,111)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	22	2,361	(412)	500	(17)	(17)	951	111	142	168
Payments										
Repayment of borrowing	-	-	(5,003)	(9,357)	(5,002)	(8,170)	(4,662)	(8,608)	(6,000)	(6,000)
NET CASH FROM/(USED) FINANCING ACTIVITIES	22	2,361	(5,415)	(8,857)	(5,019)	(8,187)	(3,711)	(8,497)	(5,858)	(5,832)
NET INCREASE/ (DECREASE) IN CASH HELD	19,912	(10,280)	(13,192)	21,020	(3,701)	13,698	(5,771)	12,376	14,787	18,253
Cash/cash equivalents at the year begin:	15,334	35,247	25,158	6,238	11,965	11,965	64,366	20,591	32,968	47,754
Cash/cash equivalents at the year end:	35,247	24,967	11,965	27,259	8,264	25,664	58,594	32,968	47,754	66,007

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash level of the Municipality is projected to consistently increase, however the achievement of these results, requires implementation of stringent credit control.
4. The 2017/18 MTREF has been informed by the planning principle of ensuring adequate cash and cash equivalent over the medium-term and as a result, the Cash and Investment management policy is now in place.

Table 16 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available										
Cash/cash equivalents at the year end	35,247	24,967	11,965	27,259	8,264	25,664	58,594	32,968	47,754	66,007
Other current investments > 90 days	-	-	-	-	-	(0)	-	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
Cash and investments available:	35,247	24,967	11,965	27,259	8,264	25,663	58,594	32,968	47,754	66,007
Application of cash and investments										
Unspent conditional transfers	-	16,212	1,575	1,108	24,253	24,253	31,341	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	2,199	1,558	2,420	3,000	1,500	1,500	1,100	12,500	13,500	15,000
Other working capital requirements	(4,237)	4,468	21,951	(4,804)	(31,706)	(9,713)	48,632	(5,146)	(5,411)	(5,990)
Other provisions	35,049	1,362	2,330	1,452	1,452	1,452	6,502	1,542	1,632	1,710
Long term investments committed										
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments	33,012	23,600	28,276	756	(4,501)	17,492	87,575	8,896	9,721	10,720
Surplus(shortfall)	2,235	1,367	(16,310)	26,503	12,766	8,172	(28,981)	24,072	38,033	55,287

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the above table, it is clearly indicated that the municipality has surplus over MTREF.

Table 17 MBRR Table A9 - Asset Management: New and Renewal of existing assets

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CAPITAL EXPENDITURE									
Total New Assets	49,663	53,570	78,198	41,730	41,840	41,840	34,381	33,837	36,725
Roads Infrastructure	33,530	42,516	52,140	23,000	23,653	23,653	19,123	20,156	14,772
Storm water Infrastructure	-	803	3,613	-	-	-	-	-	-
Electrical Infrastructure	8,831	6,075	22,359	13,000	11,404	11,404	13,158	10,149	21,053
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	500	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	42,361	49,393	78,112	36,500	35,057	35,057	32,281	30,305	35,825
Community Facilities	4,684	3,112	-	700	600	600	300	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	4,684	3,112	-	700	600	600	300	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	300	300	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	300	300	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	350	1,550	1,550	300	500	500
Furniture and Office Equipment	-	-	-	300	400	400	200	400	400
Machinery and Equipment	2,099	1,065	86	1,380	1,680	1,680	600	-	-
Transport Assets	519	-	-	2,500	2,253	2,253	700	2,632	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	12,432	18,642	30,190	52,719	45,780	45,780	39,474	30,375	35,088
Roads Infrastructure	6,639	6,953	24,824	39,719	35,531	35,531	38,974	30,375	35,088
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	3,792	3,974	-	1,500	-	-	-	-	-
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	479	442	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	10,431	11,406	25,266	41,219	35,531	35,531	38,974	30,375	35,088
Community Facilities	-	-	77	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	10,000	8,772	8,772	-	-	-
Community Assets	-	-	77	10,000	8,772	8,772	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	334	6,435	3,699	1,500	1,477	1,477	500	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	334	6,435	3,699	1,500	1,477	1,477	500	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	1,311	476	623	-	-	-	-	-	-
Furniture and Office Equipment	356	325	237	-	-	-	-	-	-
Machinery and Equipment	-	-	288	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-

MBRR Table A9 - Asset Management: Upgrading of existing assets

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CAPITAL EXPENDITURE									
Total Upgrading of Existing Assets	-	-	-	-	-	-	3,947	20,095	19,298
Roads Infrastructure	-	-	-	-	-	-	-	18,779	7,018
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	6,140
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	18,779	13,158
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	3,947	1,316	6,140
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	3,947	1,316	6,140
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Capital Expenditure									
Roads Infrastructure	40,169	49,469	76,964	62,719	59,184	59,184	58,096	69,310	56,877
Storm water Infrastructure	-	803	3,613	-	-	-	-	-	-
Electrical Infrastructure	12,623	10,048	22,359	14,500	11,404	11,404	13,158	10,149	21,053
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	479	442	500	-	-	-	-	6,140
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	52,792	60,799	103,378	77,719	70,588	70,588	71,254	79,459	84,070
Community Facilities	4,684	3,112	77	700	600	600	300	-	-
Sport and Recreation Facilities	-	-	-	10,000	8,772	8,772	-	-	-
Community Assets	4,684	3,112	77	10,700	9,372	9,372	300	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	334	6,435	3,699	1,500	1,777	1,777	4,447	1,316	6,140
Housing	-	-	-	-	-	-	-	-	-
Other Assets	334	6,435	3,699	1,500	1,777	1,777	4,447	1,316	6,140
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	1,311	476	623	350	1,550	1,550	300	500	500
Furniture and Office Equipment	356	325	237	300	400	400	200	400	400
Machinery and Equipment	2,099	1,065	374	1,380	1,680	1,680	600	-	-
Transport Assets	519	-	-	2,500	2,253	2,253	700	2,632	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-

MBRR Table A9 - Asset Management: Total capital Budget

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Total Capital Expenditure									
Roads Infrastructure	40,169	49,469	76,964	62,719	59,184	59,184	58,096	69,310	56,877
Storm water Infrastructure	-	803	3,613	-	-	-	-	-	-
Electrical Infrastructure	12,623	10,048	22,359	14,500	11,404	11,404	13,158	10,149	21,053
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	479	442	500	-	-	-	-	6,140
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	52,792	60,799	103,378	77,719	70,588	70,588	71,254	79,459	84,070
Community Facilities	4,684	3,112	77	700	600	600	300	-	-
Sport and Recreation Facilities	-	-	-	10,000	8,772	8,772	-	-	-
Community Assets	4,684	3,112	77	10,700	9,372	9,372	300	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	334	6,435	3,699	1,500	1,777	1,777	4,447	1,316	6,140
Housing	-	-	-	-	-	-	-	-	-
Other Assets	334	6,435	3,699	1,500	1,777	1,777	4,447	1,316	6,140
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	1,311	476	623	350	1,550	1,550	300	500	500
Furniture and Office Equipment	356	325	237	300	400	400	200	400	400
Machinery and Equipment	2,099	1,065	374	1,380	1,680	1,680	600	-	-
Transport Assets	519	-	-	2,500	2,253	2,253	700	2,632	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	62,095	72,212	108,388	94,449	87,620	87,620	77,802	84,306	91,111

MBRR Table A9 - Asset Management: Asset Management

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSET REGISTER SUMMARY - PPE (WDV)									
Roads Infrastructure	802,774	819,565	448,593	445,060	432,779	430,101	605,926	624,877	651,669
Storm water Infrastructure									
Electrical Infrastructure			52,317	41,230	77,902	77,902	70,460	72,292	74,895
Water Supply Infrastructure									
Sanitation Infrastructure									
Solid Waste Infrastructure			1,873	4,000	4,000	4,000	4,080	4,186	4,337
Rail Infrastructure									
Coastal Infrastructure									
Information and Communication Infrastructure									
Infrastructure	802,774	819,565	502,784	490,290	514,681	512,003	680,466	701,355	730,901
Community Facilities			700						
Sport and Recreation Facilities			43,224	45,180	60,368	60,368	53,575	54,968	56,947
Community Assets	-	-	43,924	45,180	60,368	60,368	53,575	54,968	56,947
Heritage Assets			463	362	463	463			
Revenue Generating			96,146	89,472	96,146	96,146	96,146	96,146	96,146
Non-revenue Generating			-						
Investment properties	-	-	96,146	89,472	96,146	96,146	96,146	96,146	96,146
Operational Buildings		-	222,601	245,371	239,905	239,905	134,703	138,205	143,180
Housing			-						
Other Assets	-	-	222,601	245,371	239,905	239,905	134,703	138,205	143,180
Biological or Cultivated Assets									
Servitudes									
Licences and Rights			496	640	178	178	-	-	-
Intangible Assets	-	-	496	640	178	178	-	-	-
Computer Equipment			5,242	6,000	6,000	6,000	6,120	6,279	6,302
Furniture and Office Equipment			39,322	42,322	44,486	44,486	35,376	36,295	37,602
Machinery and Equipment			57,374	60,000	64,000	64,000	45,280	46,457	48,130
Transport Assets				2,500	2,300	2,300	2,346	2,407	2,494
Libraries									
Zoo's, Marine and Non-biological Animals									
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	802,774	819,565	967,888	981,775	1,028,063	1,025,386	1,054,011	1,082,113	1,121,701
EXPENDITURE OTHER ITEMS									
Depreciation	32,828	32,042	49,728	35,797	50,000	50,000	51,200	53,118	55,093
Repairs and Maintenance by Asset Class	9,584	10,988	9,337	13,250	13,052	13,052	11,311	12,484	13,183
Roads Infrastructure	2,448	881	1,788	3,300	1,300	1,300	2,500	2,643	2,790
Storm water Infrastructure	-	244	-	-	-	-	-	-	-
Electrical Infrastructure	973	1,271	1,001	1,800	1,780	1,780	1,900	2,008	2,121
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	1,107	1,110	1,209	2,350	2,550	2,550	2,300	2,431	2,567
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	4,528	3,506	3,998	7,450	5,630	5,630	6,700	7,082	7,478
Community Facilities	13	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	13	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	2,965	1,154	2,500	3,607	3,607	1,300	1,374	1,451
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	2,965	1,154	2,500	3,607	3,607	1,300	1,374	1,451
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	9	500	25	25	100	106	112
Intangible Assets	-	-	9	500	25	25	100	106	112
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	5,043	586	2,749	1,500	1,900	1,900	1,711	2,337	2,467
Transport Assets	-	3,931	1,427	1,300	1,890	1,890	1,500	1,586	1,674
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	42,412	43,030	59,065	49,047	63,052	63,052	62,511	65,602	68,276
Renewal and upgrading of Existing Assets as % of total capex	20.0%	25.8%	27.9%	55.8%	52.2%	52.2%	55.8%	59.9%	59.7%
Renewal and upgrading of Existing Assets as % of deprecn	37.9%	58.2%	60.7%	147.3%	91.6%	91.6%	84.8%	95.0%	98.7%
R&M as a % of PPE	1.4%	1.5%	1.1%	1.5%	1.4%	1.4%	1.2%	1.3%	1.3%
Renewal and upgrading and R&M as a % of PPE	3.0%	4.0%	4.0%	7.0%	6.0%	6.0%	5.0%	6.0%	6.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to construct and/procure new assets, renewal, and upgrading of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal and upgrading of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.
3. The renewal and upgrading of existing assets target has been met throughout the MTEF period, however, the achievement of repairs and maintenance target still remains a challenge.

Table 18 MBRR Table A10 – Service Delivery

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets									
Energy:									
Electricity (at least min.service level)	58,750	58,750	58,750	1,550	1,550	1,550	62,464	63,464	64,464
Electricity - prepaid (min.service level)	-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total	58,750	58,750	58,750	1,550	1,550	1,550	62,464	63,464	64,464
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	-	-	-	1,550	1,550	1,550	3,895	2,895	1,895
Below Minimum Service Level sub-total	-	-	-	1,550	1,550	1,550	3,895	2,895	1,895
Total number of households	58,750	58,750	58,750	3,100	3,100	3,100	66,359	66,359	66,359
Refuse:									
Removed at least once a week	6,527	6,527	6,122	6,150	6,150	6,150	16,042	16,542	17,042
Minimum Service Level and Above sub-total	6,527	6,527	6,122	6,150	6,150	6,150	16,042	16,542	17,042
Removed less frequently than once a week	-	-	405	405	405	405	405	400	392
Using communal refuse dump	44,517	44,517	1,993	2,005	2,005	2,005	1,993	2,033	2,074
Using own refuse dump	-	-	42,524	42,550	42,550	42,550	38,712	39,486	40,276
Other rubbish disposal	-	-	-	-	-	-	703	717	731
No rubbish disposal	8,504	8,504	9,207	9,250	9,250	9,250	8,504	8,674	8,848
Below Minimum Service Level sub-total	53,021	53,021	54,129	54,210	54,210	54,210	50,317	51,310	52,320
Total number of households	59,548	59,548	60,251	60,360	60,360	60,360	66,359	67,852	69,362
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)	1,245	1,245	1,245	1,250	1,261	1,261	1,286	1,312	1,338
Refuse (removed at least once a week)	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)	600,000	690,000	800,000	1,000,000	800,000	800,000	2,000,000	2,114,000	2,232,384
Refuse (removed once a week for indigent households)	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Set	-	-	-	-	-	-	-	-	-
Total cost of FBS provided	600,000	690,000	800,000	1,000,000	800,000	800,000	2,000,000	2,114,000	2,232,384
Highest level of free service provided per household									
Property rates (R value threshold)	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	-	-	-	-	-	-	-	-	-
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissible values per	4,725,000	4,725,000	5,235,000	5,800,000	6,283,069	6,283,069	8,192,800	8,659,790	9,144,738
Property rates exemptions, reductions and rebates and im	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	4,725,000	4,725,000	5,235,000	5,800,000	6,283,069	6,283,069	8,192,800	8,659,790	9,144,738

2 PART 2 – SUPPORTING DOCUMENTATION

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- ✓ that the process followed to compile the budget complies with legislation and good budget practices;
- ✓ that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- ✓ that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- ✓ That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

Section 21 (1) (6) of the MFMA prescribes that the Mayor of a Municipality must at least 10 months before the start of a financial year, table in Council a time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget and also the review of the Integrated Development Plan.

The municipality hopes to conclude the review process for the 2016/17 IDP by the end of May 2017. Below is the timetable for the IDP/ budget process for 2017/18 Municipal fiscal year.

IDP/Budget Process Plan for the 2017/18 financial year

MONTH	ACTIVITY	Target date
PREPARATORY PHASE		
July 2016	<ul style="list-style-type: none"> Review of previous year's IDP/Budget process with MTEF included. 	1-31 July 2016
	<ul style="list-style-type: none"> EXCO provides political guidance over the budget process and priorities that must inform preparations of the budget. 	1-31 July 2016
August 2016	<ul style="list-style-type: none"> IDP steering committee meeting for the presentation of the 2017-2018 IDP and Budget process plan 	11 August 2016
	<ul style="list-style-type: none"> Ward-to-Ward based analysis data collection 	15 August 2016 - 16 September 2016
	<ul style="list-style-type: none"> Collate information from ward based data. 	
	<ul style="list-style-type: none"> 4th Quarter Performance Lekgotla 	18 August 2016
	<ul style="list-style-type: none"> Tabling of the 2017-2018 IDP and Budget process plan to council for approval 	26 August 2016
	<ul style="list-style-type: none"> Submit AFS (Annual Financial Statements) for 2015/16 to AG. 	31 August 2016
	<ul style="list-style-type: none"> Submit 2015/16 cumulative Performance Report to AG & Council Structures 	31 August 2016
ANALYSIS PHASE		
September 2016	<ul style="list-style-type: none"> Council determines strategic objectives for service delivery through IDP review processes and the development of the next 3 year budget (including review of sector departments plans). Determine revenue projections and propose tariffs and annual initial allocations per function and department for 2017/18 financial year. Consult with provincial and national sector departments on sector specific programmes for alignment (schools, libraries, clinics, water, electricity, roads, etc). Finalize ward based data compilation for verification in December 2016. 	01 September 2016-December 2016
STRATEGIES PHASE		

October 2016	<ul style="list-style-type: none"> Quarterly (1st) review of 2016/17 budget, related policies, amendments (if necessary), any related consultative process. Begin preliminary preparations on proposed budget for 2017/18 financial year with consideration being given to partial performance of 2016/17. 1ST Quarter Performance Lekgotla (2016/17) 	<p>19-20 Oct 2016</p> <p>1-31 Oct 2016</p> <p>19-20 Oct 2016</p>
PROJECTS PHASE		
November 2016	<ul style="list-style-type: none"> Confirm IDP projects with district and sector departments. Engage with sector departments' strategic sessions to test feasibility of attendance to planned sessions. Review and effect changes on initial IDP annual. 	1-30 Nov 2016
INTEGRATION PHASE		
December 2016	<ul style="list-style-type: none"> Consolidated Analysis Phase in place IDP Steering Committee meeting to present the analysis data IDP Representative Forum. 	<p>02 Dec 2016</p> <p>06 Dec 2016</p> <p>08 Dec 2016</p>
January 2017	<ul style="list-style-type: none"> Review budget performance and prepare for adjustment Table Annual 2015/16 Annual Report to Council. Submit Annual Annual Report to AG, Provincial Treasury and COGHSTA. Publish Annual Annual Report in the municipal jurisdiction (website etc.). Prepare Oversight Report for the 2015/16 financial year. Mid-Year Performance Lekgotla/Review/Strategic Planning Session, (review of IDP/Budget, related policies and consultative process) 	<p>09-18 Jan 2017</p> <p>27 Jan 2017</p> <p>19 Jan 2017</p>
February 2017	<ul style="list-style-type: none"> Table Budget Adjustment (if necessary). Submission of Annual IDP/Budget for 2017/18 to Management. Submission of 2017/18 Annual IDP/Budget to EXCO Submission of Annual IDP/Budget and plans to Portfolio Committees. 	<p>23 Feb 2017</p> <p>10 Feb 2017</p> <p>14 Feb 2017</p> <p>16 Feb 2017</p>

March 2017	<ul style="list-style-type: none"> • Council considers the 2016/17 Annual IDP/Budget. • Publish the 2017/18 Annual IDP/Budget for public comments. • Adoption of Oversight Report for 2015/16. 	30 Mar 2017
APPROVAL PHASE		
April 2017	<ul style="list-style-type: none"> • Submit 2017/18 Annual IDP/Budget to the National Treasury, Provincial Treasury and COGHSTA in both printed & electronic formats. • Quarterly (3rd) review of 2016/17 budget/IDP and related policies' amendment (if necessary) and related consultative process. • IDP Representative Forum meeting to present the annual IDP to various stakeholders • Consultation with National and Provincial Treasury, community participation and stakeholder consultation on the annual 2016/17 IDP. • 3rd Quarter Performance Lekgotla (2016/17) 	07 Apr 2017 12 Apr 2017 11 Apr 2017 15 Apr 2017 - 07 May 2017 12 Apr 2017
May 2017	<ul style="list-style-type: none"> • Submission of Final Annual IDP/Budget for 2017/18 to the Council for approval. • Finalize SDBIPⁱ for 2017/2018. • Develop Performance Agreements (Performance Plans) of MM, Senior Managers and Middle Managers for 2017/18 performance year. 	26 May 2017
June 2017	<ul style="list-style-type: none"> • Submission of the SDBIP to the Mayor. • Submission of 2017/18 Performance Agreements to the Mayor. 	1-30 Jun 2017

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The IDP Process Plan and the Budget Time Schedule for the 2017/18 MTREF was tabled in Council in August 2016.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;

- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2017/18 MTREF, based on the approved 2016/17 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2017/18 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance for 2016/17 financial year. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2017/18 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/18 MTREF:

- The Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, etc)
- Performance trends (2016/17)
- The approved 2016/17 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtors payment levels
- Investment possibilities
- The need for tariff increases versus the ability of the community to pay for service
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 85 and 86 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft budget 2017/18 MTREF was tabled before Council on 28 March 2017 for community consultation and thereafter was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

2.2 Overview of alignment of annual budget with IDP

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

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- National Spatial Development Perspective (NSDP) and

- National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP' strategic objectives for the 2017/18 MTREF and further planning refinements that have directly informed the compilation of the budget:

Developmental priority	Outcome	Role of EMLM	Output
Spatial Rationale	Outcome 8 &9	<ul style="list-style-type: none"> ➤ Provide land for human settlement ➤ Zoning and rezoning of land ➤ Prevent land invasions 	More efficient land utilization and release state land.
Access to basic service delivery	Outcome 6	<ul style="list-style-type: none"> ➤ Provision of electricity ➤ Roads and storm water control 	Reliable infrastructure services
Local Economic Development	Outcome 7,4 &11	<ul style="list-style-type: none"> ➤ Creation of jobs ➤ Support to emerging businesses (SMME"s) ➤ Promote tourism 	Improved employment and municipal economy
Financial sound management	Outcome 9 &12	<ul style="list-style-type: none"> ➤ Financial management and planning ➤ Comply with legal financial requirements ➤ Revenue enhancement 	Sound financial management
Good Governance and public participation	Outcome 9	<ul style="list-style-type: none"> ➤ Community participations ➤ Intergovernmental relations 	Full participation of all structures and communities

Organizational Development	Outcome 9	<ul style="list-style-type: none"> ➤ Human resource development and management ➤ Organizational structure development ➤ Executive and Council support 	Vibrant institution

Social services	Outcome 1 , 2 &10	<ul style="list-style-type: none"> ➤ Education support and co-ordination ➤ Facilitation of health services ➤ Community development services 	Improved community services
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In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the developmental priorities mentioned above.

Description	Vote 1 - Executive & Council	Vote 2 - Office of the Municipal Manager	Vote 3 - Budget & Treasury	Vote 4 - Corporate Services	Vote 5 - Community Services	Vote 6 - Technical Services	Vote 7 - Strategic Development	Vote 8 - Developmental Planning	Vote 9 - Executive Support	Total
Revenue By Source										
Property rates	-	-	26,472	-	-	-	-	-	-	26,472
Service charges - electricity revenue	-	-	-	-	-	81,206	-	-	-	81,206
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	8,616	-	-	-	-	8,616
Service charges - other	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	-	1,935	-	-	-	1,935
Interest earned - external investments	-	-	3,701	-	-	-	-	-	-	3,701
Interest earned - outstanding debtors	-	-	3,888	-	372	2,000	-	-	-	6,260
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	30,000	-	-	-	-	30,000
Licences and permits	-	-	-	-	5,171	-	-	-	-	5,171
Agency services	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	759	15	48	916	-	762	-	2,499
Transfers and subsidies	31,540	15,805	35,548	33,782	45,115	43,967	-	7,674	12,731	226,163
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers)	31,540	15,805	70,368	33,797	89,322	130,025	-	8,435	12,731	392,023
Expenditure By Type										
Employee related costs	-	9,099	20,471	15,780	35,652	25,786	-	5,434	11,239	123,460
Remuneration of councillors	21,794	-	-	-	-	-	-	-	-	21,794
Debt impairment	-	-	3,320	-	18,796	4,256	-	-	-	26,372
Depreciation & asset impairment	-	-	-	5,137	3,190	42,873	-	-	-	51,200
Finance charges	-	-	-	-	-	3,124	-	-	-	3,124
Bulk purchases	-	-	-	-	-	69,165	-	-	-	69,165
Other materials	21	21	500	312	3,264	9,310	-	69	-	13,497
Contracted services	-	-	6,250	9,500	6,600	2,000	-	-	1,000	25,350
Transfers and subsidies	213	-	-	1,511	-	2,000	-	-	-	3,724
Other expenditure	9,913	6,706	9,160	7,087	4,239	6,969	-	4,101	528	48,703
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total Expenditure	31,940	15,826	39,702	39,326	71,741	165,483	-	9,604	12,767	386,388
Surplus/(Deficit)	(400)	(21)	30,666	(5,530)	17,581	(35,458)	-	(1,168)	(35)	5,635
Transfers and subsidies - capital (monetary allocations)	-	-	-	-	-	70,860	-	-	-	70,860
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(400)	(21)	30,666	(5,530)	17,581	35,402	-	(1,168)	(35)	76,495

Table 19 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Executive & Council										
To Strengthen participatory governance within the governance	Sound Governance	340	-	-	-	-	-	12,731	13,523	14,280
Office of the Municipal Manager										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	890	934	930	-	-	-	15,805	16,681	17,559
Budget & Treasury										
To implement sound financial management practices	Sustainable financial growth/Viability	174,529	203,514	247,402	246,619	247,085	247,085	70,368	73,323	75,774
Corporate Services										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	142	62	6	11	14	14	33,797	36,247	38,691
Community Services										
Facilitate promotion of health and well being of communities	improved social well being	9,541	11,515	13,068	14,568	19,417	14,417	89,322	95,598	100,225
Technical Services										
Reduction in the level services delivery backlogs. To facilitate economic growth and sustainable job creation	Accessible and sustainable infrastructure and basic	104,353	117,644	144,898	150,659	146,650	148,711	200,885	203,175	225,695
Development Planning										
To provide a systematic intergrated spatial/land development policy. Increase regularisation of built environment	Intergrated human settlement	22	1,317	1,186	1,167	1,811	1,811	8,435	7,912	7,299
Executive Support										
Facilitate promotion of health and well being of communities Allocations to other priorities	improved social well being	-	-	-	-	-	-	31,540	33,890	35,466
Total Revenue (excluding capital transfers and contributions)		289,817	334,986	407,491	413,025	414,976	412,037	462,883	480,348	514,990

Table 20 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Executive & Council										
To Strengthen participatory governance within the governance	Sound Governance	25,983	28,444	29,961	27,109	30,476	30,476	31,940	34,114	36,025
Office of the Municipal Manager										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	6,193	14,324	21,217	18,526	22,673	22,673	15,826	16,703	17,583
Budget & Treasury										
To implement sound financial management practices	Sustainable financial growth/Viability	66,069	98,858	111,996	71,054	46,481	46,481	39,702	40,759	41,387
Corporate Services										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	49,048	53,239	22,109	27,391	35,988	35,988	39,326	42,093	44,863
Community Services										
Facilitate promotion of health and well being of communities	improved social well being	41,393	44,130	48,634	47,723	53,636	53,636	71,741	75,188	78,672
Technical Services										
Reduction in the level services delivery backlogs. To facilitate economic growth and sustainable job creation	Accessible and sustainable infrastructure and basic services	72,446	90,924	103,323	112,793	164,096	154,025	165,483	163,286	171,241
Development Planning										
To provide a systematic integrated spatial/land development policy. Increase regularisation of built environment	Integrated human settlement	5,543	7,693	6,505	10,031	8,231	8,231	9,604	7,244	6,594
Executive Support										
Facilitate promotion of health and well being of communities	improved social well being	-	-	24,381	14,288	16,852	16,852	12,767	13,560	14,320
Allocations to other priorities										
Total Expenditure		266,675	337,613	368,125	328,915	378,433	368,361	386,388	392,949	410,683

Table 21 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Budget & Treasury										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	75	-	-	-	-	-	-	-	-
Corporate Services										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	1,926	2,579	1,148	650	1,950	1,950	500	900	900
Community Services										
Facilitate promotion of health and well being of communities	improved social well being		214	3,701	2,780	1,680	1,680	1,200	-	-
Technical Services										
Reduction in the level services delivery backlogs. To facilitate economic growth and sustainable job creation	Accessible and sustainable infrastructure and basic serices	60,094	68,409	103,539	91,019	83,390	63,390	75,602	83,406	90,211
Development Planning										
To provide a sytematic intergrated spatial/land development policy. Increase regularisation of built environment	Intergrated human settlement	-	1,009	-	-	-	-	-	-	-
Executive Support										
Facilitate promotion of health and well being of communities	improved social well being	-	-	-	-	600	600	-	-	-
Total Capital Expenditure		62,095	72,212	108,388	94,449	87,620	67,620	77,302	84,306	91,111

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee’s performance. At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year’s performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

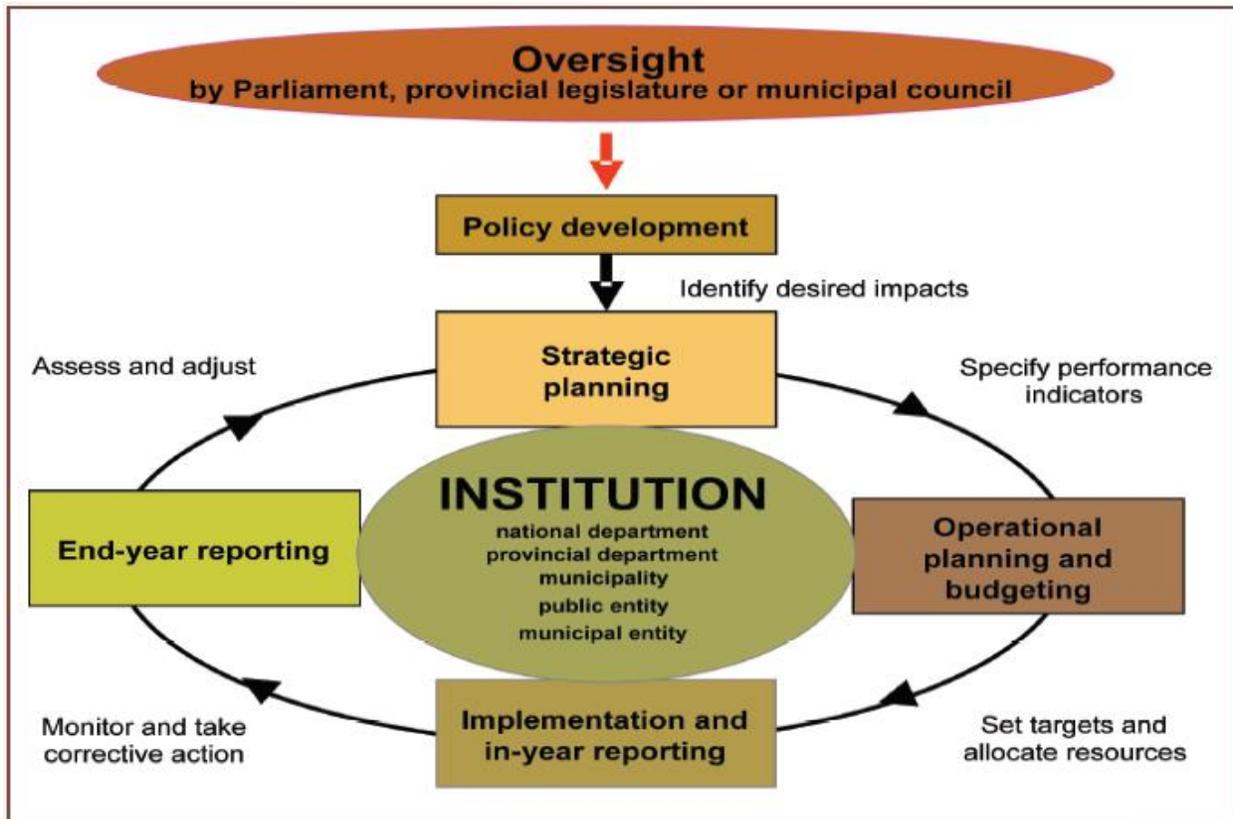


Figure 4 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting

stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 22 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Vote 2 - Municipal Manager										
Core Function: Corporate Wide Strategic Planning (IDPs LEDs)										
IDP Programme	Number of IDP Meetings	100%	100%	100%	98%	98%	98%	100%	100%	100%
Sub-function 2 - (name)										
Core Function: Risk Management										
Risk Management	Number of Risk Programmes	100%	100%	100%	100%	100%	100%	100%	100%	100%
Governance Function: Internal Audit										
External Audit	Number of External Audits	100%	100%	100%	100%	100%	100%	100%	100%	100%
Vote 3 - Budget and Treasury										
Core Function: Finance										
Financial Management Grant	% Spending	100%	100%	100%	100%	100%	100%	100%	100%	100%
Valuations	Number of Valuations	100%	100%	100%	1000%	100%	0%	100%	100%	100%
Software Licenses	Number of Licenses	80%	90%	90%	100%	100%	80%	100%	100%	100%
Awareness Campaign Revenue Enhancement	Number of Campaigns	100%	100%	100%	100%	100%	100%	100%	100%	100%
Debt Collectors	% Collection Rate	0%	82%	87%	93%	93%	87%	89%	89%	89%
Accountants and Auditors	Number of Set of Financial statements	70%	70%	80%	50%	50%	50%	40%	40%	30%
Core Function: Asset Management										
Asset Management plan	Rate of Consultation On Assets	50%	52%	60%	50%	50%	60%	40%	40%	30%
Asset Valuer	Number of Valuations	100%	100%	100%	100%	100%	100%	100%	100%	100%
Core Function: Asset Management										
Implementation of MSCOA	% Implementation of MSCOA	0%	60%	80%	90%	90%	90%	95%	95%	97%
Vote 4 - Corporate Services										
Core Function: Human Resources										
Legal Advise and Litigation	Number of Cases resolved	90%	90%	90%	90%	90%	90%	90%	90%	90%
Training	Number of Trainings	80%	80%	80%	80%	80%	80%	80%	80%	80%
Office furniture	Number of Furniture Purchased	60%	60%	60%	60%	60%	60%	80%	80%	80%
Core Function: Information Technology										
Computer Equipment	Number of Tools and Equipment	80%	80%	90%	92%	90%	90%	85%	88%	90%
Reliance on Consultants	Rate of reliance on consultants	70%	70%	70%	70%	70%	70%	70%	70%	70%
Vote 5 - Community Services										
Core Function: Solid Waste Management										
Solid waste removal	Number of wards serviced	50%	80%	80%	50%	50%	50%	50%	50%	50%
Vote 6 - Technical Services										
Core Function: Electricity										
Electrification project	Percentage of Household Electrified relative to backlog	40%	45%	60%	60%	60%	60%	65%	68%	78%
Core Function: Roads										
Municipal Infrastructure grant and other roads projects	Percentage of Kilometres tarred relative to backlog	30%	30%	30%	40%	40%	40%	45%	50%	50%
Vote 8 - Development Planning										
Core Function: Economic Development										
EPWP	Percentage of Programmes implemented	40%	40%	40%	40%	40%	40%	50%	50%	50%
Establishment of SDF	Percentage of fully compiled Spatial Development Framework	0%	0%	0%	0%	0%	0%	100%	0%	0%
Vote 9 - Executive Support										
Core Function: Administrative and Corporate Support										
Community Survey	Percentage of Surveys Conducted	100%	100%	100%	100%	100%	100%	100%	100%	100%
Mayors Outreach	Percentage Of Outreach Campaigns	100%	100%	100%	100%	100%	100%	100%	100%	100%
Public Partipation	Percentage of Consultations Meetings	100%	100%	100%	100%	100%	100%	100%	100%	100%
MPAC programes	Percentage Of Outreach Campaigns	100%	100%	100%	100%	100%	100%	100%	100%	100%
Special programmes (HIV, disability,youth,women and children	Percentage of Special Programmes	100%	100%	100%	100%	100%	100%	100%	100%	100%
Ward Committee Initiatives	Percentage Of Outreach Campaigns	100%	100%	100%	100%	100%	100%	100%	100%	100%
Core Function: Marketing Customer Relations Publicity and Media Co-ordination										
Communications	Percentage of Documents Printed	95%	95%	95%	95%	95%	95%	95%	95%	95%

Description	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ t s	Public benefit organs.	Mining Props.
Current Year 2016/17																
Valuation:																
No. of properties	26,115	3	405	3,170	106	346	2	-	-	-	-	-	-	-	7	-
No. of sectional title property values								-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)								-	-	-	-	-	-	-	-	-
No. of supplementary valuations	70		17	18	5		1	-	-	-	-	-	-	-	1	-
Supplementary valuation (Rm)	54,320,000		116,015,000	34,566,100	14,931,000		3,700,000	-	-	-	-	-	-	-	1,400,000	-
No. of valuation roll amendments								-	-	-	-	-	-	-	-	-
No. of objections by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections																
No. of successful objections > 10%																
Estimated no. of properties not valued																
Years since last valuation (select)	4	4	4	4	4	4	4	4	-	-	-	-	-	-	4	-
Frequency of valuation (select)	4	4	4	4	4	4	4	4	-	-	-	-	-	-	4	-
Method of valuation used (select)	Market	Market	Market	Market	Market	Market	Market	Market	-	-	-	-	-	-	Market	-
Base of valuation (select)	Land & impr.	Land & impr.	Land & impr.	Land only	Land & impr.	Land & impr.	Land & impr.	Land & impr.	-	-	-	-	-	-	Land & impr.	-
Phasing-in properties s21 (number)									-	-	-	-	-	-	-	-
Combination of rating types used? (Y/N)	No	No	No	No	No	No	No	No	-	-	-	-	-	-	No	-
Flat rate used? (Y/N)	No	No	No	No	No	No	No	No	-	-	-	-	-	-	No	-
Is balance rated by uniform rate/variable rate?	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	-	-	-	-	-	-	Uniform	-
Valuation reductions:																
Valuation reductions-public infrastructure (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-nature reserves/park (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-mineral rights (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)	391,725,000	45,000	6,075,000	47,550,000	1,590,000	5,190,000	30,000	-	-	-	-	-	-	-	105,000	-
Valuation reductions-public worship (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-other (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total valuation reductions:																
Total value used for rating (Rm)	2,013,949,090	-	829,136,000	3,272,488,650	102,058,200	1,121,295,070	3,671,000	-	-	-	-	-	-	-	-	-
Total land value (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total value of improvements (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total market value (Rm)	2,094,034,090	-	841,286,000	3,367,588,650	105,238,200	1,529,561,070	3,731,000	-	-	-	-	-	-	-	10,273,000	-
Rating:																
Average rate	0	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-
Rate revenue budget (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rate revenue expected to collect (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expected cash collection rate (%)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special rating areas (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - indigent (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - pensioners (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - bona fide farm. (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - other (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase-in reductions/discounts (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total rebates, exemptns, reductns, discs (R'000)																

Description	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monuments	Public benefit organs.	Mining Props.
Budget Year 2017/18																
Valuation:																
No. of properties	261,120	3	410	3,172	110	346	3								10	
No. of sectional title property values																
No. of unreasonably difficult properties s7(2)																
No. of supplementary valuations	75		18	20	6		1								1	
Supplementary valuation (Rm)	64,320,000		166,015,000	44,566,100	17,050,000		4,700,000								1,500,000	
No. of valuation roll amendments																
No. of objections by rate-payers																
No. of appeals by rate-payers																
No. of appeals by rate-payers finalised																
No. of successful objections																
No. of successful objections > 10%																
Estimated no. of properties not valued																
Years since last valuation (select)	5	5	5	5	5	5	5	5							5	5
Frequency of valuation (select)	5	5	5	5	5	5	5	5							5	5
Method of valuation used (select)	Market	Market	Market	Market	Market	Market	Market	Market							Market	Market
Base of valuation (select)	Land & impr.	Land & im	Land & impr.	Land only	Land & impr.	Land & impr.	Land & impr.	Land & impr.							Land & impr.	Land & impr.
Phasing-in properties s21 (number)																
Combination of rating types used? (Y/N)																
Flat rate used? (Y/N)																
Is balance rated by uniform rate/variable rate?																
Valuation reductions:																
Valuation reductions-public infrastructure (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-nature reserves/park (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-mineral rights (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)	3,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-public worship (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-other (Rm)	-	-	3,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Total valuation reductions:																
Total value used for rating (Rm)	2,015,000,000	-	900,000,000	3,550,000,000	106,000,000	1,200,000,000	3,900,000	-	-	-	-	-	-	-	-	-
Total land value (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total value of improvements (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total market value (Rm)	2,100,000,000	-	843,000,000	3,800,000,000	107,000,000	1,600,000,000	4,000,000	-	-	-	-	-	-	-	-	-
Rating:																
Average rate	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rate revenue budget (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rate revenue expected to collect (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expected cash collection rate (%)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special rating areas (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - indigent (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - pensioners (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - bona fide farm. (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - other (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase-in reductions/discounts (R'000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total rebates, exemptns, reductns, discs (R'000)																

2.3.1 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty in paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality.

For the 2017/18 financial year registered indigents have been provided for in the budget and the indigent-base is expected to steadily increase in the MTREF period. In terms of the Municipality's indigent policy registered households are entitled to 50 kwh of electricity, free waste removal, as well as special property rates rebates. Special discount on property rates will also be given to pensioners.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in MBRR A10 (Basic Service Delivery Measurement) on.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in the past is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money, there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2017/18 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 87 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Budget Policy

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in September 2007. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.4.5 Budget Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations. The Budget and Virement Policy was approved by Council in the past and is getting reviewed every financial year in respect of both Operating and Capital Budget Fund Transfers.

2.4.6 Cash Management and Investment Policy

The municipality's Cash Management and Investment Policy was amended by Council in February 2013. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalent required at any point in time and introduces time frames to achieve certain benchmarks.

2.4.7 Tariff Policies

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation.

All the above policies are available on the municipality's website, as well as the following budget related policies:

- Basic Social Services Package (Indigent Policy), and
- Petty Cash Policy

2.5 Overview of budget assumptions

External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2017/18 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration. Employee related costs comprise 37, 68% of total operating expenditure in the 2017/18 MTREF and the budgeted annual increase thereof is 7, 4% that is slightly above inflation and as a result, this would place a disproportionate upward pressure on the expenditure budget.

Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is budgeted as a percentage (72.6%) of annual billings. Cash flow is assumed to be 72.6 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate. In addition, the following are some of the assumptions that have direct impact on debtors and collection rate as well revenue generation:

- Property rates – collection rate 80%
- Service charge electricity - collection rate 97%
- Service charge refuse removal - collection rate 50%
- Rental on facilities - collection rate 100%
- Traffic fines – 15%
- Interest on outstanding debtors - collection rate 30%

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

Salary increases

In terms of MFMA circular 86, the budgeted salaries and wages increase is 7, 4% for 2017/18 financial year

Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 95% will be achieved on operating expenditure and 100% on the capital programme for the 2017/18 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term and presents operating surplus of R5, 635 million in 2017/18 that is low relatively low due to inclusion of non-cash items in operating expenditure amounting to R77, 572 million, the summary shows a surplus of R18, 386 million and R17, 967 million in the outer years.

Table 23 Breakdown of the operating revenue over the medium-term

Description	2017/18 Medium Term Revenue & Expenditure Framework					
	Budget Year 2017/18	%	Budget Year +1 2018/19	%	Budget Year +2 2019/20	%
Revenue By Source						
Property rates	26,472	6.8%	27,983	6.8%	29,550	6.9%
Service charges	89,822	22.9%	92,749	22.5%	95,936	22.4%
Transfers and subsidies	226,163	57.7%	238,214	57.9%	247,841	57.8%
Other revenue	49,566	12.6%	52,392	12.7%	55,325	12.9%
Total Revenue (excluding capital transfers)	392,023	100%	411,337	100%	428,652	100%
Total Expenditure	386,388		392,949		410,683	
Surplus/(Deficit)	5,635		18,386		17,967	

The following graph is a breakdown of the operational revenue per main category for the 2017/18 Financial year

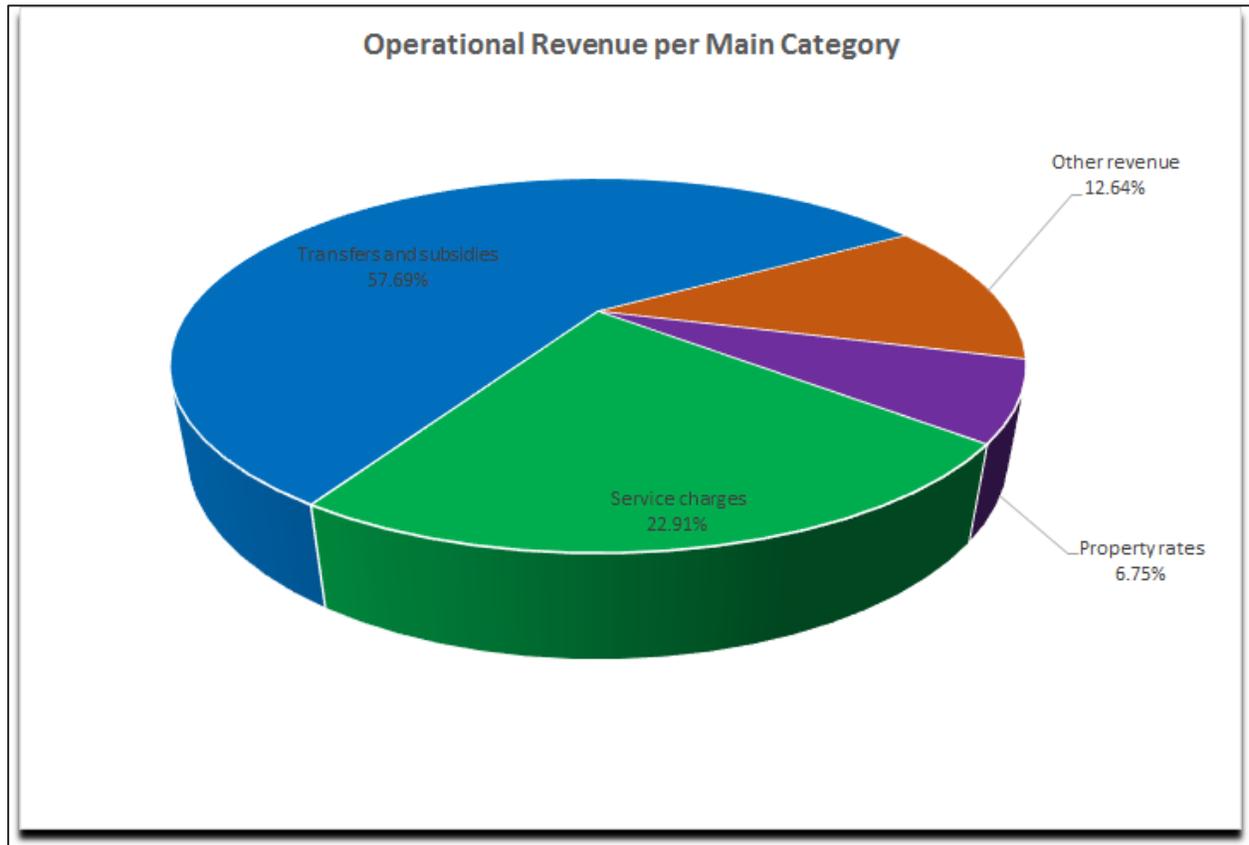


Figure 5 Breakdown of operating revenue over the 2017/18 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

- The revenue strategy is a function of key components such as:
- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 72.6 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and

- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2017/18 MTREF on the different revenue categories are:

Table 24 Proposed tariff increases over the medium-term

Description	Tariff Increase 2017/18	Tariff Increase 2018/19	Tariff Increase 2019/20	Additional Revenue 2017/18	Additional Revenue 2018/19	Additional Revenue 2019/20
Property rates	6.4%	5.7%	5.6%	25,302	28,166	29,771
Service charges - electricity revenue	1.9%	3.0%	3.2%	77,316	87,459	90,166
Service charges - refuse revenue	6.4%	5.7%	5.6%	7,574	9,279	9,817

Table 25 MBRR SA15 – Detail Investment Information

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	32,337	23,764	6,899	24,012	5,017	11,294	28,568	36,459	40,047
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									-
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	32,337	23,764	6,899	24,012	5,017	11,294	28,568	36,459	40,047

Table 26 MBRR SA16 – Investment particulars by maturity

Investment by Institution	Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Parent municipality													
Venda Business Society Mutual Bank	Months	Sort term investment	No	Variable	7.66%	-	-	8/30/2017	11,294	780		48,706	60,780
Venda Business Society Mutual Bank	Months	Sort term investment	No	Variable	6.60%	-	-	10/30/2017	60,780	550	(11,330)		50,000
Nedbank	Months	Sort term investment	No	Variable	7.45%	-	-	1/31/2018	50,000	760		9,240	60,000
Absa	Months	Sort term investment	No	Variable	7.60%	-	-	3/30/2018	60,000	680	(15,680)		45,000
Absa	Months	Sort term investment	No	Variable	8.25%	-	-	5/31/2018	45,000	608	(7,608)		38,000
Venda Business Society Mutual Bank	Months	Sort term investment	No	Variable	7.50%	-	-	6/30/2018	38,000	323	(9,756)		28,568
Municipality sub-total									265,075	3,701	(44,374)	57,946	282,348

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted actual surplus of R72, 412 million, R80, 093 million and R101, 292 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources.

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2017/18 medium-term capital programme:

Table 27 Sources of capital revenue over the MTREF

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funded by:										
National Government	50,665	51,462	77,188	75,419	66,240	53,654	41,508	62,158	55,713	70,912
Provincial Government	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	50,665	51,462	77,188	75,419	66,240	53,654	41,508	62,158	55,713	70,912
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	11,430	20,750	31,200	19,030	21,380	13,966	12,466	15,144	28,593	20,198
Total Capital Funding	62,095	72,212	108,388	94,449	87,620	67,620	53,974	77,302	84,306	91,111

The above table is graphically represented as follows for the 2017/18 financial year.

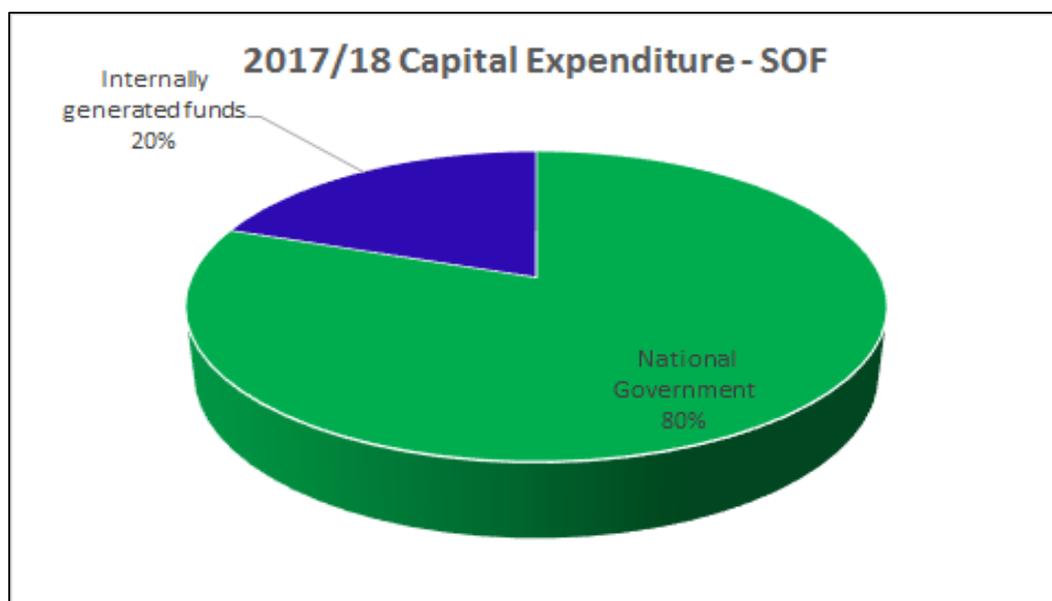


Figure 6 Breakdown of the source of funding for 2017/18 MTREF

Capital grants and receipts equates to 80. 41% of the total funding source which represents R62, 158 million for the 2017/18 financial year and decreases to R55, 713 million in 2018/19 and

increases R70, 912 million in 2019/20 financial year. Only 19. 59% of capital budgets is funded from internally generated revenue.

Table 28 MBRR SA17 - Borrowing

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Parent municipality									
Annuity and Bullet Loans	-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)	-	-	-	-	-	-	-	-	-
Local registered stock	-	-	-	-	-	-	-	-	-
Instalment Credit	-	-	-	-	-	-	-	-	-
Financial Leases	-	-	11,520	6,264	8,170	8,170	16,500	10,500	4,500
PPP liabilities	-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier	-	-	-	-	-	-	-	-	-
Marketable Bonds	-	-	-	-	-	-	-	-	-
Non-Marketable Bonds	-	-	-	-	-	-	-	-	-
Bankers Acceptances	-	-	-	-	-	-	-	-	-
Financial derivatives	-	-	-	-	-	-	-	-	-
Other Securities	-	-	-	-	-	-	-	-	-
Municipality sub-total	-	-	11,520	6,264	8,170	8,170	16,500	10,500	4,500

2.7 Expenditure on grants and reconciliation of unspent funds

Table 29 MBRR SA18 - Transfers and Grants Receipts

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:									
Operating Transfers and Grants									
National Government:	146,878	170,641	216,641	213,105	213,105	213,105	226,163	238,214	247,841
Local Government Equitable Share	143,438	166,920	212,948	210,385	210,385	210,385	223,019	236,259	245,626
Finance Management	1,550	1,600	1,600	1,625	1,625	1,625	1,700	1,955	2,215
Municipal Systems Improvement	890	934	930	-	-	-	-	-	-
EPWP Incentive	1,000	1,187	1,163	1,095	1,095	1,095	1,444	-	-
Provincial Government:	-	-	-	-	-	-	-	-	-
N/A									
District Municipality:	-	-	-	-	-	-	-	-	-
N/A									
Other grant providers:	-	-	-	-	-	-	-	-	-
N/A									
Total Operating Transfers and Grants	146,878	170,641	216,641	213,105	213,105	213,105	226,163	238,214	247,841
Capital Transfers and Grants									
National Government:	53,596	65,840	63,102	75,419	75,419	75,419	70,860	69,013	86,340
Municipal Infrastructure Grant (MIG)	43,596	62,961	53,102	62,419	62,419	62,419	55,860	59,013	62,340
Integrating National Electrification Grant	10,000	2,879	10,000	13,000	13,000	13,000	15,000	10,000	24,000
Provincial Government:	-	-	-	-	-	-	-	-	-
N/A									
District Municipality:	-	-	-	-	-	-	-	-	-
N/A									
Other grant providers:	-	-	-	-	-	-	-	-	-
N/A									
Total Capital Transfers and Grants	53,596	65,840	63,102	75,419	75,419	75,419	70,860	69,013	86,340
TOTAL RECEIPTS OF TRANSFERS & GRANTS	200,474	236,481	279,743	288,524	288,524	288,524	297,023	307,227	334,181

Table 30 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government	-	-	-	-	-	-	226,163	238,214	247,841
Local Government Equitable Share							223,019	236,259	245,626
Finance Management							1,700	1,955	2,215
Municipal Systems Improvement									-
EPWP Incentive							1,444	-	-
Provincial Government:	-	-	-	-	-	-	-	-	0
N/A									
District Municipality:	-	-	-	-	-	-	-	-	0
N/A									
Other grant providers:	-	-	-	-	-	-	-	-	0
N/A									
Total operating expenditure of Transfers and Grants:	-	-	-	-	-	-	226,163	238,214	247,841
Capital expenditure of Transfers and Grants									
National Government:	-	-	-	-	-	-	70,860	69,013	86,340
Municipal Infrastructure Grant (MIG)							55,860	59,013	62,340
Intergrated National Electrification Grant							15,000	10,000	24,000
Provincial Government:	-	-	-	-	-	-	-	-	0
N/A									
District Municipality:	-	-	-	-	-	-	-	-	0
N/A									
Other grant providers:	-	-	-	-	-	-	-	-	0
N/A									
Total capital expenditure of Transfers and Grants	-	-	-	-	-	-	70,860	69,013	86,340
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	-	-	-	-	-	-	297,023	307,227	334,181

Table 31 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	146,878	170,641	216,652	213,105	213,105	213,105	238,169	251,780	261,048
Conditions met - transferred to revenue	146,878	170,641	216,652	213,105	213,105	213,105	238,169	251,780	261,048
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Total operating transfers and grants revenue	146,878	170,641	216,652	213,105	213,105	213,105	238,169	251,780	261,048
Total operating transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	-	-	14,378	-	-	-	5,000	-	-
Current year receipts	53,596	65,840	62,810	75,419	75,419	75,419	70,860	69,013	86,340
Conditions met - transferred to revenue	50,665	51,462	77,188	75,419	70,419	75,419	75,860	69,013	86,340
Conditions still to be met - transferred to liabilities	2,931	14,378	-	-	5,000	-	-	-	-
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Total capital transfers and grants revenue	50,665	51,462	77,188	75,419	70,419	75,419	75,860	69,013	86,340
Total capital transfers and grants - CTBM	2,931	14,378	-	-	5,000	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	197,543	222,103	293,840	288,524	283,524	288,524	314,029	320,793	347,388
TOTAL TRANSFERS AND GRANTS - CTBM	2,931	14,378	-	-	5,000	-	-	-	-

Table 32 MBRR SA21 – Transfers and Grants made by the municipality

Description	2013/14	2014/15	2015/16	Current Year 2016/17				Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash Transfers to other municipalities										
Total Cash Transfers To Municipalities:	-	-	-	-	-	-	-	-	-	-
Cash Transfers to Entities/Other External Mechanisms										
Total Cash Transfers To Entities/Ems'	-	-	-	-	-	-	-	-	-	-
Cash Transfers to other Organs of State										
Total Cash Transfers To Other Organs Of State:	-	-	-	-	-	-	-	-	-	-
Cash Transfers to Organisations										
Total Cash Transfers To Organisations	-	-	-	-	-	-	-	-	-	-
Cash Transfers to Groups of Individuals										
Total Cash Transfers To Groups Of Individuals:	-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other municipalities										
Total Non-Cash Transfers To Municipalities:	-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to Entities/Other External Mechanisms										
Total Non-Cash Transfers To Entities/Ems'	-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other Organs of State										
Total Non-Cash Transfers To Other Organs Of State:	-	-	-	-	-	-	-	-	-	-
Non-Cash Grants to Organisations										
Total Non-Cash Grants To Organisations	-	-	-	-	-	-	-	-	-	-
Groups of Individuals										
Free Basic Electricity	620	678	313	828	628	628	521	2,000	2,114	2,232
Retirement Benefit	1,667	953	848	1,000	1,420	1,420	1,042	1,511	1,597	1,686
External Bursaries	-	200	118	300	200	200	187	213	225	238
Total Non-Cash Grants To Groups Of Individuals:	2,287	1,832	313	2,128	2,248	2,248	1,500	3,724	3,936	4,156
TOTAL NON-CASH TRANSFERS AND GRANTS	2,287	1,832	313	2,128	2,248	2,248	1,500	3,724	3,936	4,156
TOTAL TRANSFERS AND GRANTS	2,287	1,832	313	2,128	2,248	2,248	1,500	3,724	3,936	4,156

Table 32 presents the transfers and grants to be paid out by the municipality and figures presented in the 2017/18 MTREF pertains to bursaries to be awarded to the deserving students residing within the area of jurisdiction of Elias Motsoaledi local municipality, medical aid contributions to designated former employees of the municipality, and lastly, free basic electricity given to registered indigents.

2.8 Councilor and employee benefits

Table 33 MBRR SA22 – Summary of councilor and benefits

Summary of Employee and Councilor remuneration	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	10,270	12,196	11,508	13,424	13,435	13,435	14,748	15,588	16,461
Pension and UIF Contributions	953	1,047	987	1,080	1,555	1,555	1,670	1,766	1,864
Medical Aid Contributions	170	252	306	275	266	266	285	302	319
Motor Vehicle Allowance	3,840	4,030	3,640	4,000	4,458	4,458	4,788	5,061	5,344
Cellphone Allowance	-	-	1,615	-	570	570	612	647	683
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	0	381	1,005	128	8	8	9	10	10
Sub Total - Councillors	15,233	17,905	19,061	18,908	20,292	20,292	22,113	23,373	24,682
% increase		18%	6%	-1%	7%	0%	9%	6%	6%
Senior Managers of the Municipality									
Basic Salaries and Wages	3,335	3,106	4,473	5,706	7,311	7,311	4,745	5,015	5,296
Pension and UIF Contributions	-	209	352	496	564	564	1,021	1,079	1,140
Medical Aid Contributions	-	-	169	86	139	139	228	241	254
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	827	566	718	793	1,018	1,018	840	888	938
Cellphone Allowance	-	-	-	-	-	-	14	15	16
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	-	54	283	71	267	267	75	79	83
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	4,162	3,936	5,994	7,153	9,300	9,300	6,923	7,318	7,727
% increase		-5%	52%	19%	30%	0%	-26%	6%	6%
Other Municipal Staff									
Basic Salaries and Wages	49,972	58,199	66,719	67,914	67,431	67,431	78,939	83,410	88,053
Pension and UIF Contributions	9,902	11,194	12,228	13,194	14,021	14,021	14,523	15,351	16,211
Medical Aid Contributions	2,621	2,949	3,565	3,869	3,944	3,944	4,340	4,587	4,844
Overtime	1,172	1,473	2,589	1,060	2,076	2,076	1,595	1,286	1,358
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3,718	4,994	5,437	7,693	7,501	7,501	8,062	8,522	8,999
Cellphone Allowance	-	-	-	-	127	127	636	672	710
Housing Allowances	67	95	137	158	175	175	145	153	161
Other benefits and allowances	699	9,713	12,594	6,458	6,846	6,846	7,333	7,751	8,185
Payments in lieu of leave	4,528	1,001	2,046	1,060	952	952	802	848	895
Long service awards	-	-	841	494	123	123	162	171	181
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff	72,680	89,617	106,156	101,900	103,196	103,196	116,537	122,751	129,597
% increase		23%	18%	-4%	1%	0%	13%	5%	6%
Total Parent Municipality	92,075	111,458	131,211	127,962	132,788	132,788	145,573	153,442	162,007
		21%		18%			0%		6%
TOTAL SALARY, ALLOWANCES & BENEFITS	92,075	111,458	131,211	127,962	132,788	132,788	145,573	153,442	162,007
% increase		21%	18%	-2%	4%	0%	10%	5%	6%
TOTAL MANAGERS AND STAFF	76,842	93,553	112,151	109,053	112,496	112,496	123,460	130,069	137,325

Table 34 MBRR SA23 – Salary, allowances & benefits of political office bearer/senior management

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Councillors						
Speaker	441	66	169			676
Chief Whip	378	98	158			634
Executive Mayor	495	139	211			845
Deputy Executive Mayor	–	–	–			–
Executive Committee	2,440	356	932			3,728
Total for all other councillors	18,039	22,377	22,855			63,272
Total Councillors	21,794	23,036	24,326			69,155
Senior Managers of the Municipality						
Municipal Manager (MM)	887	189	133			1,208
Chief Finance Officer	833	164	133	–		1,131
Director Infrastructure	592	153	133	–		878
Director Community Services	592	153	133	–		878
Director Development Planning	775	163	133	–		1,071
Director Corporate Services	592	153	133	–		878
Director Executive Support	592	153	133	–		878
Total Senior Managers of the Municipality	4,864	1,127	932	–		6,923
TOTAL COST OF COUNCILLOR & DIRECTOR	26,657	24,163	25,258	–		76,078

The above table presents remuneration of Councillors per their categories together with employee related cost for senior managers and cognizance should be taken that all senior management positions are currently filled except for Director Infrastructure that has been vacant since February 2016.

Table 35 MBRR SA24 – Summary of personnel number

Summary of Personnel Numbers	2015/16			Current Year 2016/17			Budget Year 2017/18		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council									
Councillors (Political Office Bearers plus Other Council	60	-	60	60	-	60	61	-	61
Board Members of municipal entities	-	-	-	-	-	-	-	-	-
Municipal employees									
Municipal Manager and Senior Managers	7	-	7	7	-	7	6	-	6
Other Managers				33	29	4	28	26	2
Professionals	17	15	2	21	19	2	24	22	2
Finance	8	8	-	8	8	-	12	12	-
Spatial/town planning	2	1	1	4	4	-	3	3	-
Information Technology	-	-	-	-	-	-	-	-	-
Roads	1	1	-	-	-	-	-	-	-
Electricity	1	1	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Other	5	4	1	9	7	2	9	7	2
Technicians	60	58	2	11	11	-	11	10	1
Finance	7	7	-	-	-	-	-	-	-
Spatial/town planning	4	4	-	-	-	-	-	-	-
Information Technology	7	7	-	6	6	-	6	6	-
Roads	-	-	-	-	-	-	-	-	-
Electricity	5	5	-	4	4	-	4	3	1
Water	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-
Refuse	7	7	-	-	-	-	-	-	-
Other	30	28	2	1	1	-	1	1	-
Clerks (Clerical and administrative)	76	71	5	110	104	6	110	104	6
Service and sales workers	7	7	-	46	35	11	46	35	11
Skilled agricultural and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades	-	-	-	-	-	-	-	-	-
Plant and Machine Operators	-	-	-	20	20	-	20	20	-
Elementary Occupations	213	211	2	156	155	1	154	153	1
TOTAL PERSONNEL NUMBERS	440	362	78	464	373	91	460	370	90
% increase				5%	3%	17%	-1%	-1%	-1%
Total municipal employees headcount	407	385	22	361	332	29	387	352	35
Finance personnel headcount	43	41	2	46	40	6	58	52	6
Human Resources personnel headcount	9	9	-	13	12	1	11	10	1

2.9 Monthly targets for revenue, expenditure and cash flow

Table 36 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2017/18											Medium Term Revenue and Expenditure Framework				
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Revenue By Source																
Property rates	2,206	2,206	2,206	2,206	2,206	2,206	2,206	2,206	2,206	2,206	2,206	2,206	26,472	27,981	29,548	
Service charges - electricity revenue	4,650	4,746	4,521	6,097	5,996	6,496	7,097	7,746	8,396	8,527	8,540	8,396	81,206	83,642	86,319	
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - refuse revenue	718	718	718	718	718	718	718	718	718	718	718	718	8,616	9,107	9,617	
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment	161	161	161	161	161	161	161	161	161	161	161	161	1,935	2,046	2,160	
Interest earned - external investments	250	400	280	270	312	400	178	240	440	300	308	323	3,701	3,912	4,132	
Interest earned - outstanding debtors	702	697	693	448	435	531	477	479	353	428	521	497	6,260	6,617	6,987	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits	2,500	2,400	2,600	2,100	2,200	2,900	2,300	2,350	2,700	2,600	2,750	2,600	30,000	31,710	33,486	
Licences and permits	431	431	431	431	431	431	431	431	431	431	431	431	5,171	5,466	5,772	
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	93,111	364	164	264	74,903	164	264	264	55,919	419	164	164	226,163	238,214	247,841	
Other revenue	211	221	206	183	182	227	216	226	236	201	196	196	2,499	2,641	2,789	
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers)	104,940	12,344	11,979	12,877	87,544	14,233	14,047	14,821	71,561	15,991	15,995	15,691	392,023	411,335	428,650	
Expenditure By Type																
Employee related costs	9,565	9,658	9,796	9,725	9,719	16,328	10,029	9,808	9,775	9,705	9,717	9,635	123,460	130,069	137,325	
Remuneration of councillors	1,843	1,843	1,843	1,843	1,843	1,843	1,843	1,843	1,843	1,843	1,843	1,843	22,113	23,373	24,682	
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	26,372	26,372	27,875	29,436	
Depreciation & asset impairment	3,951	3,951	3,951	3,951	3,951	3,951	4,267	4,367	4,467	4,567	4,867	4,960	51,200	53,118	55,093	
Finance charges	205	200	198	196	194	190	188	186	400	398	395	374	3,124	790	645	
Bulk purchases	4,414	4,513	4,613	5,200	5,300	5,513	5,700	5,950	6,012	7,250	7,300	7,400	69,165	69,937	73,853	
Other materials	786	2,890	475	522	3,105	215	1,225	545	1,122	807	1,330	475	13,497	14,795	15,623	
Contracted services	1,958	2,133	2,733	1,733	3,316	1,783	1,693	1,838	2,328	2,003	1,858	1,971	25,350	23,279	23,118	
Transfers and subsidies	310	310	310	310	310	310	310	310	310	310	310	310	3,724	3,936	4,156	
Other expenditure	7,735	3,473	4,420	2,850	3,545	4,120	3,352	3,077	6,480	3,261	2,762	3,309	48,384	45,777	46,751	
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure	30,767	28,971	28,340	26,330	31,284	34,254	28,607	27,924	32,737	30,144	30,382	56,649	386,388	392,949	410,683	
Surplus/(Deficit)	74,174	(16,628)	(16,361)	(13,453)	56,260	(20,020)	(14,560)	(13,103)	38,824	(14,153)	(14,386)	(40,958)	5,635	18,386	17,967	
Transfers and subsidies - capital	1,562	4,640	6,156	7,410	8,062	9,962	7,102	8,005	6,866	3,390	4,423	3,282	70,860	69,013	86,340	
Transfers and subsidies - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions	75,735	(11,988)	(10,205)	(6,043)	64,323	(10,058)	(7,458)	(5,099)	45,690	(10,763)	(9,963)	(37,676)	76,495	87,399	104,307	
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)	75,735,304	(11,987,893)	(10,204,896)	(6,043,169)	64,322,572	(10,058,310)	(7,457,921)	(5,098,659)	45,689,853	(10,763,439)	(9,962,961)	(37,675,863)	76,494,618	87,399,439	104,306,685	

Table 37 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2017/18											Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote															
Vote 1 - Executive & Council	13,142	-	-	-	10,513	-	-	-	7,885	-	-	-	31,540	33,890	35,466
Vote 2 - Office of the Municipal Manager	6,585	-	-	-	5,268	-	-	-	3,951	-	-	-	15,805	16,681	17,559
Vote 3 - Budget & Treasury	17,102	3,377	3,062	2,891	14,405	3,083	2,920	2,920	11,493	3,137	3,031	2,945	70,368	73,323	75,774
Vote 4 - Corporate Services	14,077	1	1	1	11,262	1	1	1	8,447	1	1	1	33,797	36,247	38,691
Vote 5 - Community Services	22,497	3,595	3,791	3,290	18,428	4,084	3,481	3,527	15,152	3,771	3,922	3,784	89,322	95,598	100,225
Vote 6 - Technical Services	25,015	9,849	11,121	13,944	29,149	16,866	14,586	16,116	26,598	12,254	13,304	12,082	200,885	203,175	225,695
Vote 7 - Strategic Deveelopment													-	-	-
Vote 8 - Developmental Planning	2,780	161	161	161	2,337	161	161	261	1,718	216	161	161	8,435	7,912	7,299
Vote 9 - Executive Support	5,305				4,244				3,183			(0)	12,731	13,523	14,280
Total Revenue by Vote	106,502	16,984	18,135	20,287	95,606	24,195	21,149	22,825	78,427	19,381	20,419	18,973	462,883	480,348	514,990
Expenditure by Vote to be appropriated															
Vote 1 - Executive & Council	2,571	2,737	2,590	2,528	2,564	2,741	2,844	2,706	2,519	2,719	2,624	2,799	31,940	34,114	36,025
Vote 2 - Office of the Municipal Manager	1,470	1,330	1,389	1,124	1,198	1,898	1,247	1,220	1,148	1,396	1,054	1,350	15,826	16,703	17,583
Vote 3 - Budget & Treasury	6,640	2,541	2,683	2,411	2,642	3,514	2,647	2,532	2,732	2,632	2,649	6,078	39,702	40,759	41,387
Vote 4 - Corporate Services	2,919	3,212	2,966	2,924	2,971	3,849	2,945	3,105	5,374	3,113	2,873	3,073	39,326	42,093	44,863
Vote 5 - Community Services	4,215	4,397	4,208	4,174	4,472	6,090	4,430	4,193	4,084	4,304	4,190	22,985	71,741	75,188	78,672
Vote 6 - Technical Services	11,246	13,263	11,999	11,660	15,012	13,796	12,983	12,659	14,592	14,235	15,206	18,831	165,483	163,286	171,241
Vote 7 - Strategic Deveelopment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Developmental Planning	578	572	1,215	599	1,072	868	585	585	1,342	750	840	597	9,604	7,244	6,594
Vote 9 - Executive Support	1,128	919	1,290	909	1,353	1,498	925	924	946	994	945	935	12,767	13,560	14,320
Total Expenditure by Vote	30,767	28,971	28,340	26,330	31,284	34,254	28,607	27,924	32,737	30,144	30,382	56,649	386,388	392,949	410,683
Surplus/(Deficit) before assoc.	75,735	(11,988)	(10,205)	(6,043)	64,323	(10,058)	(7,458)	(5,099)	45,690	(10,763)	(9,963)	(37,676)	76,495	87,399	104,307
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	75,735	(11,988)	(10,205)	(6,043)	64,323	(10,058)	(7,458)	(5,099)	45,690	(10,763)	(9,963)	(37,676)	76,495	87,399	104,307

Table 38 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2017/18												Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
	July	August	Sept.	October	November	December	January	February	March	April	May	June				
Revenue - Functional																
Governance and administration	58,646	3,379	3,063	2,892	47,640	3,085	2,922	2,922	36,420	3,139	3,032	2,947	170,084	178,187	186,235	
Executive and council	14,825				11,860				8,895				–	35,581	38,171	39,988
Finance and administration	41,153	3,379	3,063	2,892	33,645	3,085	2,922	2,922	25,924	3,139	3,032	2,947	128,101	133,250	139,103	
Internal audit	2,668				2,134				1,601				6,402	6,766	7,145	
Community and public safety	5,337	4	4	4	4,270	4	4	4	3,204	4	4	4	12,846	13,563	14,323	
Community and social services	2,642	4	4	4	2,114	4	4	4	1,587	4	4	4	6,377	6,735	7,112	
Sport and recreation	2,695	0	0	0	2,156	0	0	0	1,617	0	0	0	6,469	6,828	7,211	
Public safety													–	–	–	
Housing													–	–	–	
Health													–	–	–	
Economic and environmental services	27,481	6,876	7,931	8,970	27,421	12,506	7,518	9,214	22,453	6,219	7,716	5,932	150,237	159,807	167,332	
Planning and development	4,895	161	161	161	4,029	161	161	261	2,987	216	161	161	13,512	13,309	12,998	
Road transport	22,236	6,715	7,770	8,809	23,111	12,345	7,357	8,953	19,255	6,003	7,556	5,771	135,883	145,595	153,380	
Environmental protection	351				281				211				842	903	954	
Trading services	15,038	6,725	7,138	8,421	16,276	8,601	10,706	10,686	16,350	10,019	9,666	10,091	129,716	128,791	147,100	
Energy sources	8,548	5,965	6,381	7,666	10,939	7,851	9,960	9,944	12,176	9,282	8,929	9,342	106,984	105,036	122,350	
Water management													–	–	0	
Waste water management													–	–	0	
Waste management	6,490	760	756	755	5,336	750	746	742	4,174	737	737	749	22,732	23,756	24,750	
Other													–	–	0	
Total Revenue - Functional	106,502	16,984	18,135	20,287	95,606	24,195	21,149	22,825	78,427	19,381	20,419	18,973	462,883	480,348	514,990	
Expenditure - Functional																
Governance and administration	15,619	11,701	11,517	10,424	11,613	13,782	11,212	11,037	13,510	11,327	10,777	14,746	147,263	149,457	156,388	
Executive and council	2,886	3,071	2,914	2,830	2,893	3,180	3,197	3,080	2,812	3,054	2,917	3,148	35,981	38,396	40,548	
Finance and administration	12,208	8,001	8,177	7,159	8,194	9,956	7,489	7,511	10,172	7,637	7,434	10,942	104,880	104,295	108,648	
Internal audit	526	630	426	435	526	646	526	446	526	637	426	656	6,402	6,766	7,145	
Community and public safety	1,251	1,221	1,275	1,251	1,236	1,968	1,301	1,217	1,186	1,225	1,262	1,238	15,633	16,509	17,434	
Community and social services	522	482	571	522	487	889	538	527	477	496	522	508	6,541	6,908	7,295	
Sport and recreation	729	739	704	729	749	1,079	763	689	709	729	740	729	9,092	9,601	10,139	
Public safety													–	–	–	
Housing													–	–	–	
Health													–	–	–	
Economic and environmental services	7,026	8,654	8,582	6,930	10,236	10,195	7,921	7,334	9,758	7,721	8,533	24,849	117,737	118,642	122,839	
Planning and development	1,432	1,454	2,127	1,544	1,994	2,324	1,457	1,544	2,194	1,624	1,699	1,459	20,850	19,163	19,180	
Road transport	5,536	7,115	6,390	5,311	8,178	7,740	6,409	5,714	7,509	6,027	6,779	23,335	96,045	98,576	102,705	
Environmental protection	59	85	65	75	65	131	55	76	55	70	55	55	842	903	954	
Trading services	6,870	7,395	6,966	7,726	8,199	8,309	8,172	8,337	8,283	9,871	9,810	15,816	105,754	108,340	114,071	
Energy sources	5,490	5,873	5,677	6,366	6,528	6,785	6,694	6,972	6,966	8,456	8,436	12,702	86,949	88,735	93,704	
Water management													–	–	–	
Waste water management													–	–	–	
Waste management	1,380	1,522	1,289	1,359	1,671	1,524	1,478	1,365	1,317	1,415	1,374	3,114	18,805	19,605	20,367	
Other													–	–	–	
Total Expenditure - Functional	30,767	28,971	28,340	26,330	31,284	34,254	28,607	27,924	32,737	30,144	30,382	56,649	386,388	392,949	410,683	
Surplus/(Deficit) before assoc.	75,735	(11,988)	(10,205)	(6,043)	64,323	(10,058)	(7,458)	(5,099)	45,690	(10,763)	(9,963)	(37,676)	76,495	87,399	104,307	
Share of surplus/ (deficit) of associate													–	–	–	
Surplus/(Deficit)	75,735	(11,988)	(10,205)	(6,043)	64,323	(10,058)	(7,458)	(5,099)	45,690	(10,763)	(9,963)	(37,676)	76,495	87,399	104,307	

Table 39 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Multi-year expenditure to be appropriated															
Vote 1 - Executive & Council													-	-	-
Vote 2 - Office of the Municipal Manager													-	-	-
Vote 3 - Budget & Treasury													-	-	-
Vote 4 - Corporate Services	-	-	150	-	-	100	-	-	250	-	-	-	500	900	900
Vote 5 - Community Services	-	-	-	250	-	-	-	250	-	-	-	-	500	-	-
Vote 6 - Technical Services	1,370	3,320	4,950	6,577	5,672	8,228	3,008	6,152	4,588	3,060	2,777	2,837	52,539	56,659	56,454
Vote 7 - Strategic Development													-	-	-
Vote 8 - Developmental Planning													-	-	-
Vote 9 - Executive Support													-	-	-
Capital multi-year expenditure sub-total	1,370	3,320	5,100	6,827	5,672	8,328	3,008	6,402	4,838	3,060	2,777	2,837	53,539	57,559	57,354
Single-year expenditure to be appropriated															
Vote 1 - Executive & Council													-	-	-
Vote 2 - Office of the Municipal Manager													-	-	-
Vote 3 - Budget & Treasury													-	-	-
Vote 4 - Corporate Services													-	-	-
Vote 5 - Community Services	-	50	-	-	500	-	100	-	50	-	-	-	700	-	-
Vote 6 - Technical Services	254	1,220	1,900	1,400	3,500	2,589	3,342	2,150	1,742	1,161	1,404	2,401	23,063	26,747	33,757
Vote 7 - Strategic Development													-	-	-
Vote 8 - Developmental Planning													-	-	-
Vote 9 - Executive Support													-	-	-
Capital single-year expenditure sub-total	254	1,270	1,900	1,400	4,000	2,589	3,442	2,150	1,792	1,161	1,404	2,401	23,763	26,747	33,757
Total Capital Expenditure	1,624	4,590	7,000	8,227	9,672	10,917	6,450	8,552	6,630	4,221	4,180	5,239	77,302	84,306	91,111

Table 40 MBRR SA 29 - Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional															
Governance and administration	-	-	150	-	-	100	-	-	250	-	-	-	500	900	900000
Executive and council															
Finance and administration	-	-	150	-	-	100	-	-	250	-	-	-	500	900	900
Internal audit															
Community and public safety	-	50	-	-	500	-	100	-	50	-	-	-	700	-	-
Community and social services	-	50	-	-	500	-	100	-	50	-	-	(700)	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	700	700	-	-
Public safety															
Housing															
Health															
Economic and environmental services	1,624	3,670	5,400	7,027	7,572	9,778	3,971	6,737	5,030	3,647	3,930	4,557	62,944	73,257	69,158
Planning and development															
Road transport	1,624	3,670	5,400	7,027	7,572	9,778	3,971	6,737	5,030	3,647	3,930	4,557	62,944	73,257	69,158
Environmental protection															
Trading services	-	870	1,450	1,200	1,600	1,039	2,379	1,815	1,300	574	250	682	13,158	10,149	21,053
Energy sources	-	870	1,450	1,200	1,600	1,039	2,379	1,815	1,300	574	250	682	13,158	10,149	21,053
Water management															
Waste water management															
Waste management	-	-													
Other															
Total Capital Expenditure - Functional	1,624	4,590	7,000	8,227	9,672	10,917	6,450	8,552	6,630	4,221	4,180	5,239	77,302	84,306	91,111
Funded by:															
National Government	1,370	4,070	5,400	6,500	7,072	8,739	6,230	7,022	6,023	2,974	3,880	2,879	62,158	55,713	70,912
Provincial Government															
District Municipality															
Other transfers and grants															
Transfers recognised - capital	1,370	4,070	5,400	6,500	7,072	8,739	6,230	7,022	6,023	2,974	3,880	2,879	62,158	55,713	70,912
Public contributions & donations															
Borrowing															
Internally generated funds	254	520	1,600	1,727	2,600	2,178	220	1,530	607	1,247	300	2,360	15,144	28,593	20,198
Total Capital Funding	1,624	4,590	7,000	8,227	9,672	10,917	6,450	8,552	6,630	4,221	4,180	5,239	77,302	84,306	91,111

Table 41 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Cash Receipts By Source																
Property rates	1,765	1,765	1,765	1,765	1,765	1,765	1,765	1,765	1,765	1,765	1,765	1,765	21,177	22,384	23,638	
Service charges - electricity revenue	4,510	4,603	4,385	5,914	5,816	6,301	6,884	7,513	8,144	8,271	8,284	8,144	78,770	81,133	83,729	
Service charges - water revenue													-	-	-	
Service charges - sanitation revenue													-	-	-	
Service charges - refuse revenue	220	220	226	350	410	410	410	410	410	410	410	422	4,308	4,553	4,808	
Service charges - other													-	-	-	
Rental of facilities and equipment	153	153	153	153	153	153	153	153	153	153	153	250	1,935	2,046	2,160	
Interest earned - external investments	400	380	280	270	398	184	178	240	440	300	308	323	3,701	3,912	4,132	
Interest earned - outstanding debtors	211	209	208	134	131	159	143	144	106	128	156	149	1,878	1,985	2,096	
Dividends received													-	-	-	
Fines, penalties and forfeits	375	360	390	315	330	435	345	353	405	390	413	390	4,500	4,757	5,023	
Licences and permits	431	431	431	431	431	431	431	431	431	431	431	360	5,100	5,391	5,693	
Agency services													-	-	-	
Transfer receipts - operational	94,624	361	-	-	649	74,339	-	434	55,756				226,163	238,214	247,841	
Other revenue	165	165	165	165	165	165	165	165	165	165	165	165	1,981	2,094	2,211	
Cash Receipts by Source	102,854	8,648	8,003	9,497	10,247	84,343	10,474	11,607	67,775	12,013	12,085	11,968	349,514	366,469	381,331	
Other Cash Flows by Source																
Transfer receipts - capital	23,444	-	-	6,000	30,599	-	4,615	-	6,201				70,860	69,013	86,340	
Transfers and subsidies - capital													-	-	-	
Proceeds on disposal of PPE													-	-	-	
Short term loans													-	-	-	
Borrowing long term/refinancing													-	-	-	
Increase (decrease) in consumer deposits	10	4	6	2	12	6	4	20	10	14	12	11	111	142	168	
Decrease (Increase) in non-current debtors													-	-	-	
Decrease (increase) other non-current receivables													-	-	-	
Decrease (increase) in non-current investments													-	-	-	
Total Cash Receipts by Source	126,308	8,652	8,009	15,499	40,859	84,349	15,093	11,627	73,986	12,027	12,097	11,979	420,485	435,624	467,839	
Cash Payments by Type																
Employee related costs	9,565	9,658	9,796	9,725	9,719	16,328	10,029	9,808	9,775	9,705	9,717	9,635	123,460	130,069	137,325	
Remuneration of councillors	1,843	1,843	1,843	1,843	1,843	1,843	1,843	1,843	1,843	1,843	1,843	1,524	21,794	23,036	24,326	
Finance charges	205	200	198	196	194	190	188	186	400	398	395	374	3,124	790	645	
Bulk purchases - Electricity	4,414	4,513	4,613	5,200	5,300	5,513	5,700	5,950	6,012	7,250	7,300	7,400	69,165	69,937	73,853	
Bulk purchases - Water & Sewer													-	-	-	
Other materials	786	2,890	475	522	3,105	215	1,225	545	1,122	807	1,330	475	13,497	14,795	15,623	
Contracted services	1,958	2,133	2,733	1,733	3,316	1,783	1,693	1,838	2,328	2,003	1,858	1,971	25,350	23,279	23,118	
Transfers and grants - other municipalities													-	-	-	
Transfers and grants - other	310	310	310	310	310	310	310	310	310	310	310	310	3,724	3,936	4,156	
Other expenditure	7,735	3,473	4,420	2,850	3,545	4,120	3,352	3,077	6,480	3,261	2,762	3,628	48,703	46,114	47,108	
Cash Payments by Type	26,816	25,020	24,389	22,379	27,333	30,303	24,340	23,557	28,270	25,577	25,515	25,317	308,817	311,956	326,154	
Other Cash Flows/Payments by Type																
Capital assets	1,624	4,590	7,000	8,227	9,672	10,917	6,450	8,552	6,630	4,221	4,180	5,239	77,302	84,306	91,111	
Repayment of borrowing	706	706	706	706	706	706	706	706	706	750	750	754	8,608	6,000	6,000	
Other Cash Flows/Payments	1,500	1,000	1,580	1,400	1,600	4,000	1,500	1,000	1,150	1,400	1,000	1,325	18,455	18,576	26,322	
Total Cash Payments by Type	30,646	31,316	33,675	32,712	39,311	45,925	32,996	33,815	36,756	31,948	31,445	32,634	413,181	420,837	449,586	
NET INCREASE/(DECREASE) IN CASH HELD	95,662	(22,664)	(25,666)	(17,213)	1,548	38,423	(17,903)	(22,188)	37,230	(19,921)	(19,348)	(20,655)	7,304	14,787	18,253	
Cash/cash equivalents at the month/year begin:	25,664	121,326	98,661	72,995	55,782	57,330	95,753	77,850	55,662	92,892	72,971	53,623	25,664	32,968	47,754	
Cash/cash equivalents at the month/year end:	121,326	98,661	72,995	55,782	57,330	95,753	77,850	55,662	92,892	72,971	53,623	32,968	32,968	47,754	66,007	

Table 42 MBRR SA32–List of external mechanisms

Name of organisation	Yrs/ Mths	Duration	Service provided	Expiry date	Amount
AM Accountants/Munsoft	Mths	18	Finance Consultation - Preparation of AFS and mSCOA implementation	6/30/2018	As and when
Canon	Yrs	1	Provision of photocopying machines	2/28/2017	As and when
Maintenance of landfill site	Yrs	3	Rehabilitation of landfill site	6/30/2020	Still on advert
Wenzile Phaphama	Yrs	3	Security services	6/30/2019	10,000,000
Munsoft	Yrs	12	Financial system	6/30/2018	800,000
Vision Print and Baupa	Yrs	3	Printing services	3/31/2017	As and when
Khumalo Masondo	Yrs	1	Debt collection	6/30/2018	As and when
Sage VIP	Yrs	1	Payroll system	6/30/2018	As and when
Unisonlateral	Yrs	3	Insurance services	6/30/2019	4,700,000
Nedbank	Yrs	5	Banking services	6/30/2022	As and when
Supply and delivery of refuse bags	Yrs	3	Supply of refuse bags	6/30/2020	Still on advert
Fleet Horizon	Yrs	3	Lease of vehicles	8/30/2018	1,100,000
Selema and Mashumi JV	Yrs	3	Refuse removal	6/30/2019	6,000,000
MTN	Yrs	3	Supply of cell phones and other gadgets	6/30/2019	400,000
Mrket Demand	Mths	12	Asset Management Support	3/30/2018	4,500,000

2.10 Contracts having future budgetary implications

Table 43 MBRR Table SA33–Contracts having future budgetary implications

Description	Preceding Years	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework			Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Total Contract Value
	Total	Original Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Estimate							
Revenue Obligation By Contract													
Refuse removal	6,400	3,200	7,620	8,055	8,506	-	-	-	-	-	-	-	33,781
Debt Collection	13,031	2,000	2,000	-	-	-	-	-	-	-	-	-	17,031
Prepaid Electricity Vending Machine	582	300	300	300	300	-	-	-	-	-	-	-	1,782
Total Operating Revenue Implication	20,013	5,500	9,920	8,355	8,806	-	52,594						
Expenditure Obligation By Contract													
Security Services	16,035	10,000	10,000	10,000	-	-	-	-	-	-	-	-	46,035
Fleet Management	17,310	13,200	400	-	-	-	-	-	-	-	-	-	30,910
Performance Management Systems	727	300	-	-	-	-	-	-	-	-	-	-	1,027
Cellular Contract	2,650	1,740	400	400	400	-	-	-	-	-	-	-	5,590
Repairs and Maintenance	800	1,000	1,000	1,000	1,000	-	-	-	-	-	-	-	4,800
Printing and Communications	1,480	1,800	2,000	2,000	2,000	-	-	-	-	-	-	-	9,280
ICT Support services	2,400	2,000	2,000	2,000	2,000	-	-	-	-	-	-	-	10,400
Munsoft Financial System	5,520	800	1,000	1,200	1,400	-	-	-	-	-	-	-	9,920
Traffic Fines Systems	850	500	500	500	500	-	-	-	-	-	-	-	2,850
Assets Valuers	1,605	2,500	800	800	800	-	-	-	-	-	-	-	6,505
Finance - Consultants	13,600	2,500	2,500	-	-	-	-	-	-	-	-	-	18,600
Supply of Asphalt Surfacing	3,000	1,000	2,000	2,000	2,000	-	-	-	-	-	-	-	10,000
Nedbank - bank charges and fuel cards	-	2,000	2,400	2,600	2,800	3,000	-	-	-	-	-	-	12,800
Total Operating Expenditure Implication	65,977	39,340	25,000	22,500	12,900	3,000	-	-	-	-	-	-	168,717
Capital Expenditure Obligation By Contract													
Contract 1	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 3	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication	65,977	39,340	25,000	22,500	12,900	3,000	-	-	-	-	-	-	168,717

2.11 Capital expenditure details

The following five tables present details of the municipality's capital expenditure programme, firstly on new assets, renewal of existing assets, repair and maintenance of assets, depreciation, and upgrading of existing assets.

Table 44 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 medium term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on new assets									
Infrastructure	42,361	49,393	78,112	36,500	35,057	35,057	32,281	30,305	35,825
Roads Infrastructure	33,530	42,516	52,140	23,000	23,653	23,653	19,123	20,156	14,772
Roads	33,530	42,516	52,140	23,000	23,653	23,653	19,123	20,156	14,772
Road Structures	-	-	-	-	-	-	-	-	-
Road Furniture	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	803	3,613	-	-	-	-	-	-
Drainage Collection	-	-	-	-	-	-	-	-	-
Storm water Conveyance	-	803	3,613	-	-	-	-	-	-
Attenuation	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	8,831	6,075	22,359	13,000	11,404	11,404	13,158	10,149	21,053
Power Plants	-	-	-	-	-	-	-	-	-
HV Substations	-	-	-	-	-	-	-	-	-
HV Switching Station	-	-	-	-	-	-	-	-	-
HV Transmission Conductors	6,266	3,778	15,218	13,000	11,404	11,404	13,158	10,149	21,053
MV Substations	-	-	-	-	-	-	-	-	-
MV Switching Stations	-	-	-	-	-	-	-	-	-
MV Networks	2,565	2,297	7,141	-	-	-	-	-	-
LV Networks	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	500	-	-	-	-	-
Landfill Sites	-	-	-	500	-	-	-	-	-
Waste Transfer Stations	-	-	-	-	-	-	-	-	-
Waste Processing Facilities	-	-	-	-	-	-	-	-	-
Waste Drop-off Points	-	-	-	-	-	-	-	-	-
Waste Separation Facilities	-	-	-	-	-	-	-	-	-
Electricity Generation Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Community Assets	4,684	3,112	-	700	600	600	300	-	-
Community Facilities	4,684	3,112	-	700	600	600	300	-	-
Halls	6	-	-	-	-	-	-	-	-
Centres	-	-	-	-	-	-	-	-	-
Crèches	-	-	-	-	-	-	-	-	-
Clinics/Care Centres	-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations	-	-	-	-	-	-	-	-	-
Testing Stations	-	-	-	-	-	-	-	-	-
Museums	-	-	-	-	-	-	-	-	-
Galleries	-	-	-	-	-	-	-	-	-
Theatres	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria	-	2,953	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Purls	-	-	-	-	-	-	-	-	-
Public Open Space	1,108	159	-	600	600	600	300	-	-
Nature Reserves	-	-	-	-	-	-	-	-	-
Capital Spares	3,570	-	-	100	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	300	300	-	-	-
Operational Buildings	-	-	-	-	300	300	-	-	-
Municipal Offices	-	-	-	-	300	300	-	-	-
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-
Building Plan Offices	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	350	1,550	1,550	300	500	500
Computer Equipment	-	-	-	350	1,550	1,550	300	500	500
Furniture and Office Equipment	-	-	-	300	400	400	200	400	400
Furniture and Office Equipment	-	-	-	300	400	400	200	400	400
Machinery and Equipment	2,099	1,065	86	1,380	1,680	1,680	600	-	-
Machinery and Equipment	2,099	1,065	86	1,380	1,680	1,680	600	-	-
Transport Assets	519	-	-	2,500	2,253	2,253	700	2,632	-
Transport Assets	519	-	-	2,500	2,253	2,253	700	2,632	-
Total Capital Expenditure on new asset	49,663	53,570	78,198	41,730	41,840	41,840	34,381	33,837	36,725

Table 45 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on renewal of existing assets									
Infrastructure	10,431	11,406	25,266	41,219	35,531	35,531	38,474	30,375	35,088
Roads Infrastructure	6,639	6,953	24,824	39,719	35,531	35,531	38,474	30,375	35,088
Roads	6,639	6,953	24,824	39,719	35,531	35,531	38,474	30,375	35,088
Road Structures	-	-	-	-	-	-	-	-	-
Road Furniture	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Drainage Collection	-	-	-	-	-	-	-	-	-
Storm water Conveyance	-	-	-	-	-	-	-	-	-
Attenuation	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	3,792	3,974	-	1,500	-	-	-	-	-
Power Plants	-	-	-	-	-	-	-	-	-
HV Substations	-	-	-	-	-	-	-	-	-
HV Switching Station	-	-	-	-	-	-	-	-	-
HV Transmission Conductors	3,792	3,974	-	1,500	-	-	-	-	-
MV Substations	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	479	442	-	-	-	-	-	-
Landfill Sites	-	479	442	-	-	-	-	-	-
Waste Transfer Stations	-	-	-	-	-	-	-	-	-
Waste Processing Facilities	-	-	-	-	-	-	-	-	-
Waste Drop-off Points	-	-	-	-	-	-	-	-	-
Community Assets	-	-	77	10,000	8,772	8,772	-	-	-
Community Facilities	-	-	77	-	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-
Centres	-	-	-	-	-	-	-	-	-
Crèches	-	-	-	-	-	-	-	-	-
Clinics/Care Centres	-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations	-	-	-	-	-	-	-	-	-
Testing Stations	-	-	-	-	-	-	-	-	-
Museums	-	-	-	-	-	-	-	-	-
Galleries	-	-	-	-	-	-	-	-	-
Theatres	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria	-	-	77	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Purls	-	-	-	-	-	-	-	-	-
Public Open Space	-	-	-	-	-	-	-	-	-
Nature Reserves	-	-	-	-	-	-	-	-	-
Public Ablution Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	10,000	8,772	8,772	-	-	-
Indoor Facilities	-	-	-	-	-	-	-	-	-
Outdoor Facilities	-	-	-	10,000	8,772	8,772	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Other assets	334	6,435	3,699	1,500	1,477	1,477	500	-	-
Operational Buildings	334	6,435	3,699	1,500	1,477	1,477	500	-	-
Municipal Offices	43	4,571	3,699	1,500	1,477	1,477	500	-	-
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-
Building Plan Offices	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-
Yards	-	1,009	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-
Capital Spares	291	855	-	-	-	-	-	-	-
Computer Equipment	1,311	476	623	-	-	-	-	-	-
Computer Equipment	1,311	476	623	-	-	-	-	-	-
Furniture and Office Equipment	356	325	237	-	-	-	-	-	-
Furniture and Office Equipment	356	325	237	-	-	-	-	-	-
Machinery and Equipment	-	-	288	-	-	-	-	-	-
Machinery and Equipment	-	-	288	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing assets	12,432	18,642	30,190	52,719	45,780	45,780	38,974	30,375	35,088
Renewal of Existing Assets as % of total capex	0%	26%	28%	56%	52%	52%	50%	36%	39%
Renewal of Existing Assets as % of deprecn ¹	38%	58%	61%	147%	92%	92%	76%	57%	64%

Table 46 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	4,528	3,506	3,998	7,450	5,630	5,630	6,700	7,082	7,478
Roads Infrastructure	2,448	881	1,788	3,300	1,300	1,300	2,500	2,643	2,790
Roads	2,448	881	1,788	3,300	1,300	1,300	2,500	2,643	2,790
Road Structures							-	-	-
Road Furniture							-	-	-
Capital Spares							-	-	-
Storm water Infrastructure	-	244	-	-	-	-	-	-	-
Drainage Collection							-	-	-
Storm water Conveyance		244					-	-	-
Attenuation							-	-	-
Electrical Infrastructure	973	1,271	1,001	1,800	1,780	1,780	1,900	2,008	2,121
Power Plants							-	-	-
HV Substations							-	-	-
HV Switching Station							-	-	-
HV Transmission Conductors							-	-	-
MV Substations							-	-	-
MV Switching Stations							-	-	-
MV Networks	973	1,271	1,001	1,800	1,780	1,780	1,800	1,903	2,009
LV Networks							-	-	-
Capital Spares							100	106	112
Solid Waste Infrastructure	1,107	1,110	1,209	2,350	2,550	2,550	2,300	2,431	2,567
Landfill Sites	1,107	1,110	1,209	2,350	2,550	2,550	2,150	2,273	2,400
Waste Transfer Stations							-	-	-
Waste Processing Facilities							-	-	-
Waste Drop-off Points							-	-	-
Waste Separation Facilities							-	-	-
Electricity Generation Facilities							-	-	-
Capital Spares							150	159	167
Community Assets	13	-	-	-	-	-	-	-	-
Community Facilities	13	-	-	-	-	-	-	-	-
Halls							-	-	-
Public Open Space	13						-	-	-
Nature Reserves							-	-	-
Public Ablution Facilities							-	-	-
Other assets	-	2,965	1,154	2,500	3,607	3,607	1,300	1,374	1,451
Operational Buildings	-	2,965	1,154	2,500	3,607	3,607	1,300	1,374	1,451
Municipal Offices	-	1,498	1,154	2,500	3,607	3,607	1,300	1,374	1,451
Pay/Enquiry Points							-	-	-
Building Plan Offices							-	-	-
Workshops							-	-	-
Yards							-	-	-
Stores	-	1,466					-	-	-
Laboratories							-	-	-
Staff Housing							-	-	-
Social Housing							-	-	-
Capital Spares							-	-	-
Intangible Assets	-	-	9	500	25	25	100	106	112
Servitudes							-	-	-
Licences and Rights	-	-	9	500	25	25	100	106	112
Water Rights							-	-	-
Effluent Licenses							-	-	-
Solid Waste Licenses							-	-	-
Computer Software and Applications			9	500	25	25	100	106	112
Load Settlement Software Applications							-	-	-
Unspecified							-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment							-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment							-	-	-
Machinery and Equipment	5,043	586	2,749	1,500	1,900	1,900	1,711	2,337	2,467
Machinery and Equipment	5,043	586	2,749	1,500	1,900	1,900	1,711	2,337	2,467
Transport Assets	-	3,931	1,427	1,300	1,890	1,890	1,500	1,586	1,674
Transport Assets		3,931	1,427	1,300	1,890	1,890	1,500	1,586	1,674
Total Repairs and Maintenance Expenditure	9,584	10,988	9,337	13,250	13,052	13,052	11,311	12,484	13,183
R&M as a % of PPE	1%	2%	1%	2%	1%	1%	1%	1%	1%
R&M as % Operating Expenditure	4%	3%	3%	4%	3%	4%	4%	3%	3%

Table 47 MBRR SA34d – Depreciation of Assets

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Depreciation by Asset Class/Sub-class									
Infrastructure	32,828	28,248	43,432	32,638	44,841	44,841	45,835	47,538	49,290
Roads Infrastructure	32,828	19,931	21,648	22,710	24,710	24,710	25,298	26,181	27,078
Roads	32,828	19,931	21,648	22,710	24,710	24,710	25,298	26,181	27,078
Road Structures									
Road Furniture									
Capital Spares									
Storm water Infrastructure	-	4,459	6,247	4,725	5,525	5,525	5,746	5,976	6,215
Drainage Collection									
Storm water Conveyance		4,459	6,247	4,725	5,525	5,525	5,746	5,976	6,215
Attenuation									
Electrical Infrastructure	-	3,091	13,538	3,903	12,306	12,306	12,398	12,894	13,410
Power Plants									
HV Substations									
HV Switching Station									
HV Transmission Conductors		3,091	13,538	3,903	12,306	12,306	12,398	12,894	13,410
MV Substations									
MV Switching Stations									
MV Networks									
LV Networks									
Capital Spares									
Solid Waste Infrastructure	-	767	1,999	1,300	2,300	2,300	2,392	2,488	2,587
Landfill Sites		767	1,999	1,300	2,300	2,300	2,392	2,488	2,587
Waste Transfer Stations									
Waste Processing Facilities									
Waste Drop-off Points									
Waste Separation Facilities									
Capital Spares									
Community Assets	-	3,517	1,842	2,145	2,145	2,145	2,231	2,320	2,413
Community Facilities	-	3,517	1,842	2,145	2,145	2,145	2,231	2,320	2,413
Halls									
Cemeteries/Crematoria		3,517	1,842	2,145	2,145	2,145	2,231	2,320	2,413
Police									
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Indoor Facilities									
Outdoor Facilities									
Capital Spares									
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
Other assets	-	54	1,418	115	115	115	120	124	129
Operational Buildings	-	54	1,418	115	115	115	120	124	129
Municipal Offices		54	1,418	115	115	115	120	124	129
Pay/Enquiry Points									
Computer Equipment	-	14	16	20	20	20	21	22	22
Computer Equipment	-	14	16	20	20	20	21	22	22
Furniture and Office Equipment	-	160	20	25	25	25	26	27	28
Furniture and Office Equipment	-	160	20	25	25	25	26	27	28
Machinery and Equipment	-	6	1,800	854	2,000	2,000	2,080	2,163	2,250
Machinery and Equipment	-	6	1,800	854	2,000	2,000	2,080	2,163	2,250
Transport Assets	-	43	1,200	-	854	854	888	924	961
Transport Assets	-	43	1,200	-	854	854	888	924	961
Libraries	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Depreciation	32,828	32,042	49,728	35,797	50,000	50,000	51,200	53,118	55,093

Table 48 MBRR SA34e – Upgrading of Existing Assets

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 medium term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on upgrading of existing assets									
Infrastructure	-	-	-	-	-	-	-	18,779	13,158
Roads Infrastructure	-	-	-	-	-	-	-	18,779	7,018
Roads								18,779	7,018
Road Structures								-	-
Road Furniture								-	-
Capital Spares								-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Drainage Collection								-	-
Storm water Conveyance								-	-
Attenuation								-	-
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
Power Plants								-	-
HV Substations								-	-
HV Switching Station								-	-
HV Transmission Conductors								-	-
MV Substations								-	-
MV Switching Stations								-	-
MV Networks								-	-
LV Networks								-	-
Capital Spares								-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	6,140
Landfill Sites								-	6,140
Waste Transfer Stations								-	-
Waste Processing Facilities								-	-
Waste Drop-off Points								-	-
Community Assets	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-
Halls								-	-
Centres								-	-
Crèches								-	-
Clinics/Care Centres								-	-
Fire/Ambulance Stations								-	-
Cemeteries/Crematoria								-	-
Other assets	-	-	-	-	-	-	3,947	1,316	6,140
Operational Buildings	-	-	-	-	-	-	3,947	1,316	6,140
Municipal Offices								-	-
Workshops							3,947	1,316	6,140
Capital Spares							-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment								-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment								-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment								-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets								-	-
Libraries	-	-	-	-	-	-	-	-	-
Libraries								-	-
Total Capital Expenditure on upgrading of existing assets	-	-	-	-	-	-	3,947	20,095	19,298
Upgrading of Existing Assets as % of total capex	0%	0%	0%	0%	0%	0%	5%	24%	21%
Upgrading of Existing Assets as % of deprecn"	0%	0%	0%	0%	0%	0%	8%	38%	35%

Table 49 MBRR Table SA35–Future financial implication of the capital budget

Vote Description	Revenue &			Forecasts			Present value
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	
Capital expenditure							
Vote 1 - Executive & Council	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-
Vote 4 - Corporate Services	500	900	900	-	-	-	-
Vote 5 - Community Services	1,200	-	-	-	-	-	-
Vote 6 - Technical Services	75,602	83,406	90,211	48,000	-	-	-
Vote 7 - Strategic Development	-	-	-	-	-	-	-
Vote 8 - Developmental Planning	-	-	-	-	-	-	-
Vote 9 - Executive Support	-	-	-	-	-	-	-
Total Capital Expenditure	77,302	84,306	91,111	48,000	-	-	-
Future operational costs by vote							
Vote 1 - Executive & Council	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-
Vote 4 - Corporate Services	-	-	-	-	-	-	-
Vote 5 - Community Services	-	-	-	-	-	-	-
Vote 6 - Technical Services	-	-	-	-	-	-	-
Vote 7 - Strategic Development	-	-	-	-	-	-	-
Vote 8 - Developmental Planning	-	-	-	-	-	-	-
Vote 9 - Executive Support	-	-	-	-	-	-	-
Total future operational costs	-	-	-	-	-	-	-
Future revenue by source							
Property rates							
Service charges - electricity revenue							
Service charges - water revenue							
Service charges - sanitation revenue							
Service charges - refuse revenue							
Service charges - other							
Rental of facilities and equipment							
List other revenues sources if applicable							
List entity summary if applicable							
Total future revenue	-	-	-	-	-	-	-
Net Financial Implications	77,302	84,306	91,111	48,000	-	-	-

Table 50 MBRR Table SA36–Capital project list

Municipal Vote/Capital project	Program/Project description	Asset Class	Asset Sub-Class	2017/18 Medium Term Revenue & Expenditure Framework			New or renewal
				Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Infrastructure	Electrification of Waalkraal A Ward 4	Electrical Infrastructure	HV Transmission Conductors	2,184	–	–	New
Infrastructure	Electrification of households in Makaepea village	Electrical Infrastructure	HV Transmission Conductors	711	–	–	New
Infrastructure	Electrification of Elansdoorn	Electrical Infrastructure	HV Transmission Conductors	329	–	–	New
Infrastructure	Electrification of Masakaneng	Electrical Infrastructure	HV Transmission Conductors	4,123	–	–	New
Infrastructure	Electrification of Jabulani	Electrical Infrastructure	HV Transmission Conductors	1,011	–	–	New
Infrastructure	Electrification of Jerusalema	Electrical Infrastructure	HV Transmission Conductors	963	–	775	New
Infrastructure	Electrification of Tambo village	Electrical Infrastructure	HV Transmission Conductors	1,516	–	–	New
Infrastructure	Electrification of Matsitsi (Ward 18)	Electrical Infrastructure	HV Transmission Conductors	1,445	1,727	–	New
Infrastructure	Designs for electrification of villages	Electrical Infrastructure	HV Transmission Conductors	877	–	–	New
Infrastructure	Fencing (Main substation)	Electrical Infrastructure	HV Transmission Conductors	–	500	–	New
Infrastructure	Electrification of Zumapark	Electrical Infrastructure	HV Transmission Conductors	–	877	–	New
Infrastructure	Electrification of Uitspanning A	Electrical Infrastructure	HV Transmission Conductors	–	1,360	2,684	New
Infrastructure	Electrification of Legolaneng	Electrical Infrastructure	HV Transmission Conductors	–	–	2,386	New
Infrastructure	Electrification of Zaaiplaas Solovo	Electrical Infrastructure	HV Transmission Conductors	–	–	2,535	New
Infrastructure	Electrification of Thabaleboto	Electrical Infrastructure	HV Transmission Conductors	–	274	–	New
Infrastructure	Electrification of Zaaiplaas Marapong	Electrical Infrastructure	HV Transmission Conductors	–	245	–	New
Infrastructure	Electrification of Mosodi	Electrical Infrastructure	HV Transmission Conductors	–	870	–	New
Infrastructure	Electrification of JS Du Plessis Farm Village	Electrical Infrastructure	HV Transmission Conductors	–	680	–	New
Infrastructure	Electrification of Ga-Posa	Electrical Infrastructure	HV Transmission Conductors	–	952	–	New
Infrastructure	Electrification of Magagatala/Diepkloof	Electrical Infrastructure	HV Transmission Conductors	–	–	1,208	New
Infrastructure	Electrification of Mabose	Electrical Infrastructure	HV Transmission Conductors	–	2,665	4,011	New
Infrastructure	Electrification of Maleoskop	Electrical Infrastructure	HV Transmission Conductors	–	–	2,237	New
Infrastructure	Electrification of Motetema (Ward 29)	Electrical Infrastructure	HV Transmission Conductors	–	–	5,216	New
Infrastructure	Development of Workshop	Operational Buildings	Workshop	3,947	1,316	6,140	Upgrading
Infrastructure	Rossenekal Street	Roads Infrastructure	Roads	–	3,070	–	Renewal
Infrastructure	Development of Parking - mark Street	Roads Infrastructure	Roads	–	1,316	–	Renewal
Infrastructure	Kgoshi Mathebe Road	Roads Infrastructure	Roads	3,333	–	–	New
Infrastructure	Kgaphamadi Road	Roads Infrastructure	Roads	5,263	6,140	6,140	New
Infrastructure	Kgoshi Matlala	Roads Infrastructure	Roads	–	5,244	–	New
Infrastructure	Grobbersdal Landfill Site	Waste Management	Landfill Site	–	–	6,140	Upgrading
Infrastructure	Kgoshi Rammupudu	Roads Infrastructure	Roads	8,924	4,936	7,018	Renewal
Infrastructure	Roads to Magoshi - Matsepe	Roads Infrastructure	Roads	2,711	1,316	–	Renewal
Infrastructure	Laersdrift Road	Roads Infrastructure	Roads	–	–	7,018	Renewal
Infrastructure	Tambo Road Construction	Roads Infrastructure	Roads	5,446	–	–	Renewal
Infrastructure	Motetema Streets upgrade	Roads Infrastructure	Roads	877	1,316	–	Renewal
Infrastructure	Rehabilitation of Dikgalaopeng road and storm water control	Roads Infrastructure	Roads	877	2,193	–	Renewal
Infrastructure	Rehabilitation of Ramogwerane to Nkadimeng road & stormwater	Roads Infrastructure	Roads	877	1,754	–	Renewal
Infrastructure	Upgrading of Legolaneng Bus Route Phase 1.	Roads Infrastructure	Roads	–	–	7,018	Upgrading
Infrastructure	Grobbersdal - Roads & Street	Roads Infrastructure	Roads	2,632	–	6,140	Renewal
Infrastructure	Mathula Road	Roads Infrastructure	Roads	8,411	–	4,386	Renewal

Table 50 MBRR Table SA36 – Capital project list continue

Municipal Vote/Capital project	Program/Project description	Asset Class	Asset Sub-Class	2017/18 Medium Term Revenue & Expenditure Framework			New or renewal
				Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Infrastructure	Mogaung	Roads Infrastructure	Roads	–	6,579	4,386	Renewal
Infrastructure	Naganeng Bus Route	Roads Infrastructure	Roads	10,526	8,772	8,632	New
Infrastructure	Mpheleng Coctruction of Road	Roads Infrastructure	Roads	–	–	–	New
Infrastructure	Multi Purpose Sports Field (Hlogtlou Stadium)	Sport and Recreation Facilities	Outdoor Facilities	–	7,814	–	Upgrading
Infrastructure	Hlogotlou Street and Stormwater water control	Roads Infrastructure	Roads	3,333	–	–	New
Infrastructure	Nyakoroane Road	Roads Infrastructure	Roads	–	1,754	–	Renewal
Infrastructure	JJ Zaaiplaas	Roads Infrastructure	Roads	4,386	6,140	6,140	Renewal
Infrastructure	Machinery and equipment	Machinery and Equipment	Machinery and Equipment	500	–	–	New
Infrastructure	Vehicles	Transport Assets	Transport Assets	700	2,632	–	New
Infrastructure	Upgrading of Kgobokwane - Kgaphamadi Bus Route	Roads Infrastructure	Roads	–	10,965	–	Upgrading
Corporate Services	Furniture	Furniture and Office Equipment	Furniture and Office Equipment	200	400	400	New
Corporate Services	Computer Equipment	Computer Equipment	Computer Equipment	300	500	500	New
Community Services	Grass Cutting Industrial Machine	Machinery and Equipment	Machinery and Equipment	400	–	–	New
Community Services	Upgrading of driving license testing centre	Operational Buildings	Municipal Offices	500	–	–	Upgrading
Parent Capital expenditure				77,302	84,306	91,111	

2.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

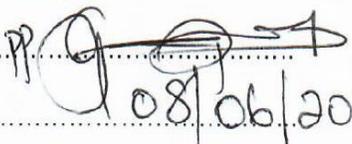
1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the City's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.13 Municipal Manager's quality certificate

I, RAMAKGAHLELA MINAH MAREDI, the Municipal Manager of **ELIAS MOTSOALEDI LOCAL MUNICIPALITY**, hereby certify that the 2017/18 adopted budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with integrated Development Plan of the Municipality.

Print name: Ramakgahlela Minah Maredi

Municipal Manager of Elias Motsoaledi Local Municipality (LIM 472)

Signature .. 
Date 08/06/2017

ELIAS MOTSOALEDI LOCAL MUNICIPALITY



Address: P.O. Box 48
Groblersdal, 0470

Phone: (013) 262 3056/7/8/9
Fax: (013) 262 2893

E-mail: rmaredi@emlm.gov.za

EXECUTIVE SUPPORT

F16/17-62

CERTIFIED EXTRACT OF A RESOLUTION BY THE MUNICIPAL COUNCIL IN A SPECIAL COUNCIL MEETING HELD 30 MAY 2017 IN THE COUNCIL CHAMBER, MUNICIPAL OFFICES GROBLERSDAL.

F16/17-62 2017/2018-2019/2020 FINAL MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) BUDGET

RESOLVED:-

1. Council resolves that the final tabled budget of Elias Motsoaledi Local Municipality for the financial year 2017/18, with three year audited actual and the two projected outer years 2018/19 and 2019/2020 is approved in the following schedules :

- 1.1 Budgeted summary on table A1;
- 1.2 Budgeted financial performance (revenue and expenditure by classification reflected on table A2);
- 1.3 Budgeted financial performance (revenue and expenditure by municipal vote reflected on table A3);
- 1.4 Budgeted financial performance (revenue source and expenditure by type reflected on table A4);
- 1.5 Budgeted capital budget by vote, standard classification and funding as reflected on table A5;
- 1.6 Budgeted financial position as reflected on table A6;
- 1.7 Measurable performance objective for revenue source as per Cash flow Table A7;
- 1.8 Cash back reserve/ accumulated surplus reconciliation on A8;
- 1.9 Asset management as reflected on table A9; and
- 1.10 The basic service delivery measurement on table A10;

The budget annexure with schedules mentioned above will be presented during the meeting.

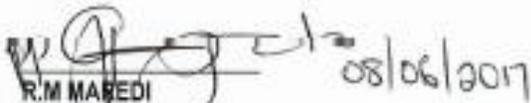
- 1. Council resolves that property rates be approved and levied for the budget year 2017/18. The following is the summary of the category of the property rates in EMLM

PROPERTY RATES	ADDITIONAL REBATES	TARIFF		% INCREASE		TARIFF		% INCREASE	
		2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20
Residential Property	20%	R 0.0070	8.6%	R 0.0076	8.4%	0.0079	3.7%	0.0083	5.0%
Business commercial and mining	25%	R 0.0139	8.6%	R 0.0148	8.4%	0.0154	3.7%	0.0161	5.0%
Agricultural Property	3%	R 0.0018	8.6%	R 0.0019	8.4%	0.0020	3.7%	0.0021	5.0%
Stat Owned Property	75%	R 0.0070	8.6%	R 0.0076	8.4%	0.0079	3.7%	0.0083	5.0%
Public Service Infrastructure	75%	R 0.0018	8.6%	R 0.0019	8.4%	0.0020	3.7%	0.0021	5.0%
Public Benefit Organization Property	75%	R 0.0018	8.6%	R 0.0019	8.4%	0.0020	3.7%	0.0021	5.0%
Municipal Property	Not Levied	Not Levied		Not Levied		Not Levied		Not Levied	
UNIDENTIFIED	Not Levied	Not Levied		Not Levied		Not Levied		Not Levied	

2. Council notes that following the tabling of the draft annual budget, public consultations were conducted on the budget and the following budget related policies and no changes to the policies were noted apart from the **Supply Chain Management Policy , Tariff Policy, Asset Management Policy and newly introduced Unclaimed Monies Policy** attached to this report as **Annexure B**. That Council resolves that the final budget related policies be approved:

- 3.1 Credit control policy
- 3.2 Investment policy
- 3.3 Budget policy
- 3.4 Borrowing policy
- 3.5 Expenditure management policy
- 3.6 Assets management policy
- 3.7 Supply chain management policy
- 3.8 Indigent policy
- 3.9 virements policy
- 3.10 Funding and reserves policy
- 3.11 Property rates policy
- 3.12 Tariff policy
- 3.13 Unclaimed monies policy

3. Council resolves that tariff and charges be approved for the budget 2017/18 financial year as fully indicated in the tariff structure attached to this report as **Annexure C**. The tariff structure
- Electricity
 - Refuse removal
 - Basic charges
 - Sundry tariffs
4. The Provincial Treasury assessed the budget during the Budget Benchmark engagement meeting with the municipality and the comments were considered and incorporated into the final budget. The copy of the assessment results by the Provincial Treasury is attached to this report as **Annexure D**.
5. Council resolves to approve the final 2017/2018- 2021/2022 Integrated Development Plan (IDP) as **Item F16/17-47**
6. That Council approve the 2017/18 Strategic Risk Register.
7. Council notes that the SDBIP submission and approval of the SDBIP will be dealt with in accordance with sections 69(3) (a) and 53(1) (c) (ii) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).


R.M MAREDI
MUNICIPAL MANAGER