

**ANNUAL BUDGET  
OF  
ELIAS MOTSOLEDI LOCAL MUNICIPALITY**



**2018/19 TO 2020/21  
MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS**

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## ABBREVIATIONS AND ACRONYMS

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

# 1 Part 1- Annual Budget

## 1.1 Mayors Report

### **SPEECH BY THE MAYOR OF ELIAS MOTSOALEDI LOCAL MUNICIPALITY CLLR JULIA MATHEBE DURING THE TABLING OF DRAFT REVIEWED 2018/19 INTEGRATED DEVELOPMENT PLAN (IDP) AND DRAFT 2018/19 TO 2020/21 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

Members of the Media

Ladies and Gentleman

Thobela , Sanibonani!!

We are gathered here today to table before Council the DRAFT REVIEWED 2018/2019 Integrated Development Plan (IDP) annual review, and 2018/19 to 2020/21 Medium Term Revenue and Expenditure Framework (MTREF-Budget plan) under the leadership of ANC led Government.

Honourable Speaker, We are meeting towards the end of the important month of Human Rights, as we are all aware that the Human Right's Month it's about acknowledging those rights that are enshrined in our constitution, the cracks of this recognition it's about respect and not discriminating against each other.

This year marks the 58th anniversary of the Sharpeville Massacre. We continue to acknowledge those who fell at the hands of the brutal oppressive regime on the 21st March 1960.

Honourable Members, the month of March is a Human Rights Month. It is a confirmation of our constitutional imperatives to ensure that the dignity of our people is restored by providing quality services.

## **BACKGROUND AND LEGISLATIVE REQUIREMENT**

The Constitution of the Republic of South Africa (section 152 and 153) 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;
- To give priority to the basic needs of communities; 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 utilised 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 realisation of the fundamental rights contained in Sections 24, 25, 26, 27 and 29 of the Constitution.

Honourable Speaker, as required by the Municipal Systems Act (Act 32 of 2000), each municipal council, within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting, adoption and review of its Integrated Development Plan (IDP).

The IDP is a strategic plan that guides and informs all planning processes, activities, decision making, budgeting and management in the municipality. According to Section 34 of the Municipal Systems Act (Act 32 of 2000) a municipal council must review its IDP annually.

IDP Review is the assessment and evaluation of the Integrated Development Plan and municipal performance.

To facilitate the review procedure a Process Plan is required to be developed.

The Process Plan outlines how the process will unfold (ie. the planning process to be undertaken, organisational structures and the distribution of roles and responsibilities etc) in the review process.

The review of the 2018/19 Draft IDP will inform the municipal Performance Management System (PMS) and the Medium Term Expenditure Framework (Budgets)

Honourable Speaker

This Council sitting is special in nature as we will be tabling both the IDP and Budget for community input. These two tools of governance are the one that determine the developmental trajectory and the future of our communities.

“2018 Declare as a 100 year of Nelson Mandela: the year of renewal, unity and Job”.

In his state of the Nation Address, President Cyril Ramaphosa motioned that government is primarily concerned about the continuing high levels of unemployment and poverty in the country.

To address these concerns, 2018 has been declared a year of renewal, unity and job creation.

Every sector and every government entity, regardless of its size, is urged to focus on job creation. Every contribution counts in this national effort. All government departments will align their programmes with the job creation imperative. The provincial and local government spheres are requested to do the same.

## **ELECTRICITY**

Honourable Speaker we remain convinced that access to electricity should be considered as a basic human right. In this regards we can indicate that an amount R13 million form INEP has been used in 2016/2017 financial year for electrification projects in various communities of Elias Motsoaledi like:

Jerusalema , Matsitsi, Makaepa-Dipakapakeng, Tambo and Jabulani, Waalkraal A, Elandsdoorn A, Masakaneng and Tshehla Trust villages were electrified using the allocated funds from INEP.

A total number of 54902 Households (94%) has access to Electricity (serviced both Eskom and Elias Motsoaledi Locala Municipality. Municipality has a backlog of 6% (3895) households without electricity.

The progress for electrification projects was at 99% at the end of the financial year and energising will be done in the next financial year. Municipality rely on Eskom to supply all other areas within EMLM whereby mostly the challenge is capacity on the network as certain areas could not be electrified until Eskom upgrade the networks.

## **FREE BASIC ELECTRICITY**

Fellow councillors

Elias Motsoaledi Local Municipality has an indigent policy in place which outlines criteria for registering indigents in order to receive free basic electricity from the Municipality.

For the month of February 9757 indigents were registered on the indigent register and only 1838 were configured by Eskom to receive free basic electricity. Municipality provides free basic electricity to both Eskom- and municipal-licensed areas.

The municipality still have challenges of collecting revenue is ward 30 Roosenekal due to illegal connection.

## **ACCESS ROADS**

Accessible road infrastructure is a critical component of economic growth and social development in our communities. It provides the required impetus for the quicker movement of goods, services and our people.

Honourable Speaker the Premier of the Limpopo Province Hon. Chupu Mathabatha during the state of the province address mentioned 13 top performing municipalities when it comes to MIG spending and Elias Motsoaledi is amongst them.

## **THE FOLLOWING ARE COMPLETED/FINAL STAGE 2017/18 FINANCIAL YEAR PROJECTS**

- Mogaung Construction of Access Road and Storm-Water Control Phase 1C (1200m)
- Groblersdal Construction of Klip and Kanaal Streets and Stormwater Control Phase 2
- Laersdrift Bus Road Phase 1A (800m)
- Upgrading of Hlogotlou / Monsterlus Stadium
- Construction of Marapong Bridge
- Naganeng Construction of Road (5200m)
- Kgaphamadi Construction of Bus Road and Storm-Water Control Phase 1C (740m)
- Kgoshi Rammupudu Construction of Access Road and Storm-Water Control Phase 1D (1300m)
- Kgoshi Mathebe Access Road and Storm-water Control Phase 1B (400m)
- Kgoshi Matsepe Access Road and Storm-water Control Phase 1B (400m)
- Mathula Stands Construction of Access Road and Storm-Water Control Phase 1C (2000m)
- Zaaiplaas Construction of JJ Road and Storm-Water Control Phase 1E (800m)
- Review of Roads and Stormwater Master Plan
- Tambo/Walter Sisulu Construction of Access Road and Storm Water Control Ph1C
- Naganeng Construction of Road (5200m)
- Construction of Fleet Centre
- Upgrading of Hlogotlou Streets (960m)
- Upgrading of Hlogotlou / Monsterlus Stadium
- Motetema Streets upgrade
- Rehabilitation of Dikgalaopeng road and storm water control
- Rehabilitation of Ramogwerane to Nkadimeng road & stormwater
- Groblersdal - Roads & Street

## **LOCAL ECONOMIC DEVELOPMENT**

In focusing our efforts on the local economy, we have always emphasized the role and participation of the SMMEs and private sector in rebuilding our economy. Elias Motsoaledi local Municipality is committed to economic emancipation of local people thereby ensuring that they effectively and efficiently participate in local economic development. We are committed to ensure that local businesses benefit from the municipal procurement processes.

Furthermore we are actively involved in job creation; more than 1600 job opportunities were created during this financial year through EPWP and CWP programmes.

We want to acknowledge the role played by Twin City Development of having confidence to invest in our local economy. We are pleased that since the inception of this regional mall more than 1000 people have been employed during the construction and post construction phase of the mall. We are also proud that our local SMMEs has benefited through subcontracting thereby realizing substantial profit.

In striving to capacitate the SMMEs the municipality has organized a seminar focusing on business compliance and procurement which attracted more 100 SMMEs across the municipality. Again in partnership with Limpopo Economic Development Agency (LEDA) the municipality is currently running a yearly training program targeting co-operatives and SMMEs. These yearly program focuses on practical costing & pricing, basic accounting practices, managing finances, basic financial statements, marketing skills, customer care, income tax, tendering, project management and business planning.

As part of the endeavors to support the tourism sector the municipality in conjunction with Rossenekal Tourism Association and Limpopo Tourism Agency has successfully hosted the 17th Annual Arum Lily festival at Rossenekaal from the 24-26 November 2017. Since the intervention of the municipality the festival has magnificently realized a positive growth trajectory by attracting close to 1000 tourists to the event.

#### Mayors Bursary programme and Youth empowerment

Elias Motsoaledi Local Municipality is committed to the development of the youth and recognises that they are the future of our communities.

I am reminded in this regard Honourable Speaker of the words once said by the late faithful of our liberation struggle Cde. Oliver Reginald Tambo; when he said "A nation that does not invest in its youth has no future"

I am quoting these words deliberately ladies and gentlemen because I am fully aware that they are applicable to all of us here.

As a municipality, as families, as communities, as institutions, we all bear a similar responsibility to invest in the youth of our communities because indeed they are the leaders of tomorrow.

Today many young school leavers who would ordinarily have struggled with registration fees in tertiary institutions have been given a head-start by the municipality through our Bursary Programme.

We continue year-on-year Honourable Speaker to absorb into our system a number of young people from Elias Motsoaledi through our experiential programmes.

We believe that by exposing the youth to practical work environments we are equipping them with the necessary practical skills which will ensure that they gain sufficient experience to be able to apply for and obtain jobs anywhere.

Honourable Councillors to eradicate skills challenges for young people of Elias Motsoaledi Local Municipality in partnership with NYDA recruited 80 young people around the municipality to joint NYDA Apprenticeship programme to be trained as Electrical Engineering, Diesel Mechanic and Carpentry.

### **SOLID WASTE MANAGEMENT AND DISPOSAL**

Solid waste management is another critical aspect of our drive towards entrenching decent sanitation in our communities. The municipality provides waste management services that include waste collection, street cleaning, clearing of illegal dumping, and waste disposal.

Elias Motsoaledi Local Municipality renders an effective refuse removal service to the following areas: Motetema, Monsterlus, Groblersdal, Roossenekal (Town & RDP), O R Tambo Township and Walter Sisulu RDP. The Municipality have 45 Skip bins placed strategically to reduce illegal dumping

### **SPECIAL PROGRAMMES**

#### **SUPPORT TO THE DISABLED PEOPLE**

The municipality in partnership with Kukhula growth through development has provided Learnership

#### **SUPPORT TO THE AGED PEOPLE**

Honourable speaker, currently there are 17 registered aged club within the municipality and according to the Premier's office, our municipality is on top regarding centres/clubs in the province.

#### **HIV/AIDS**

The municipality established the Local Aids Council, which is the multisector approach to address the pandemic of HAST (HIV/AIDS, Sexual transmission disease and TB) programmes. It is guided by the Limpopo Provincial Aids Council Framework of 2011 and the National Strategic Plan of HAST for 2017-2022.

According to the statistics from department of Health the following areas in our Municipality has a high number of HIV/TB; Thabakhubedu, Kgobokwane, Zaaiplas and Tafelkop in terms of Ward Aids Council

#### **CHILD HEADED FAMILIES**

AS part of the resolution from Limpopo Aids Council (LPAC) that all political leaders in the province should adopt at least one or more child-youth headed families within their constituency. Respond to that call, the Mayor adoption of Masimula child headed family in ward 19 and also identified 62 child/youth headed families for handing over Christmas hampers.

### **HONOURABLE COUNCILLORS**

I now indicate the specific allocation for 2018/2019 and compare it with those of 2017/2018 financial year.

The total Operating Revenue Budget amounts R474 million and Operating Expenditure Budget amounts to R458 million resulting with the operating surplus of R15 million.

The Operating Expenditure Budget represents 90 percent of the total Expenditure Budget and the Capital Budget on the other hand represents 10 percent of the total Expenditure Budget. The 2018/2019 Budget is 0,4 per cent less than the 2017/18 Total Expenditure Budget.

The decrease is mainly due to increase in the 2017/2018 Adjusted Capital Budget which is to be explained further under Capital Expenditure Assumptions and R 6 million decrease in operational expenditures in 2018/2019 financial year.

### **REVENUE GENERATION ASSUMPTIONS**

The total grants allocated to the municipality in terms of the 2018 Division of Revenue Bill amount to R 309 million over the medium-term, reflecting an increase of R8 million (2.6%) over the 2017/2018 DORA allocation.

The operating revenue budget for 2018/2019 amount to R 474 million which reflect an increase of R 29 million over the 2017/2018 operating revenue budget which is tantamount to an increase of 6.7 per cent.

Honourable 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 are currently experiencing losses.

### **THE TARIFF INCREASES ARE AS FOLLOWS:**

On 15 December 2017, the Energy Regulator granted Eskom an annual average increase of 5.23 per cent leading to a bulk purchase increase of 7.32 per cent for municipalities.

The Elias Motsoaledi Local Municipality tariff will increase application of 6.84 per cent to be approved by NERSA and the tariff will be implemented accordingly. The 6.84 per cent increase Honourable Speaker is calculated taking into account the affordability of the community we serve.

Honourable Speaker, Property Rates tariff will increase in 2018/2019 on average by 5.3 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 total operating expenditure budget for 2018/2019 amount to R 458 million reflecting the increase of R 27 million over the 2017/2018 budget year which is equivalent to an increase of 5 per cent.

The increase on key expenditure cost drivers will be as follows in 2018/2019;

- The employee's remuneration cost and councillor's remuneration amounts to R 136 million and R 24 million respectively which is 35 per cent of the Total Operating Expenditure.

## **CAPITAL EXPENDITURE ASSUMPTIONS**

Honourable Speaker, the total capital expenditure for 2018/2019 amount to R73 million reflecting a decrease of R 30 million over the 2017/2018 adjusted budget.

The material difference in capital budget for the two financial years is due to the approved roll-over of 2016/2017 MIG and INEP projects and additional appropriations in terms of Sections 29 of MFMA to finalise capital projects.

"The municipality is proud to announce that due to its high performance in implementing the MIG projects an additional R 11 million has been allocated to the municipality in 2017/2018 and will be appropriated in its special budget to be processed before the end of the financial year"

The 2018/2019 Capital Expenditure will be funded mainly from capital conditional grants allocation and internally generated funds as follows:

- R 54 million Municipal Infrastructure Grant (MIG) specifically for roads projects
- R 9.9 million Integrated National Electrification Programme for electricity reticulation
- R 17.6 million internally generated funds

## **HONOURABLE SPEAKER AND HONORABLE COUNCILLORS:**

I now urge this house adopt the tabled 2018/2019 Reviewed Draft Integrated Development Plan (IDP) as stipulated under item M17/18-30 and approve for public consultation, the Mayor request the Council members to submit writing their comments on the Draft 2018/2019 to 2020/2021 Medium Term Revenue and Expenditure Framework (Budget) as presented under item BT17/18-50 of the agenda.

**I Thank You!!**

## **1.2 ANNUAL BUDGET RELATED RESOLUTIONS**

1. Council resolves that the final tabled budget of Elias Motsoaledi Local Municipality for the financial year 2018/19, with three year audited actual and the two projected outer years 2019/20 and 2020/21 be approved in the following schedules attached to this report as Annexure A.

- 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 2018/2019 financial year.
  3. Council note that there are no changes to the existing budget related policies apart from the Supply Chain Management and Preferential Procurement Policies amended with Treasury recommendations on the following paragraphs:

Supply Chain Management Policy

- A) PARAGRAPH 2 PRINCIPLES AND PLEDGES
  - B) PARAGRAPH 6 OVERSIGHT ROLE OF COUNCIL OF MUNICIPALITY OR BOARD OF DIRECTORS OF MUNICIPAL ENTITY
  - c) Paragraph 12 General preconditions for consideration of written quotations or bids
  - D) PARAGRAPH 13 SUPPLIER SELECTION/CERTIFICATION
  - e) **Paragraph16 Formal Written Price Quotations (> R1000 < R30 000)**
  - f) **Paragraph17 Formal written price quotations**
  - g) **Paragraph18 Procedures for procuring goods or services through formal written or verbal quotation and formal written price quotation**
- 

### 1.3

#### 1.4 Preferential Procurement Policy

- a) Paragraph 4 Prequalification criteria for preferential procurement
- b) Paragraph 5 Tenders to be evaluated on functionality
- c) Paragraph 10 Criteria for breaking deadlock in scoring
- d) Paragraph 11 Award of contracts to tenderers not scoring highest points

- e) Paragraph 12 Subcontracting after award of tender
- f) Paragraph 13 Cancellation of tender
- g) Paragraph 14 Remedies

*(Copy of the policies is attached to the report as Annexure B)*

- h) The following budget related policies approved in F16/17-62 have no changes and are still applicable.
  - 3.1.1 Credit control policy
  - 3.1.2 Investment policy
  - 3.1.3 Budget policy
  - 3.1.4 Borrowing policy
  - 3.1.5 Expenditure management policy
  - 3.1.6 Assets management policy
  - 3.1.7 Supply chain management policy- to be approved with changes highlighted above.
  - 3.1.8 Indigent policy
  - 3.1.9 Virements policy
  - 3.1.10 Funding and reserves policy
  - 3.1.11 Property rates policy
  - 3.1.12 Tariff policy
- i) Council resolves that tariff and charges be approved for the budget 2018/19 financial year as fully indicated in the tariff structure attached to this report as Annexure C (Council approve the tariff policy and tariff structure pending the Nersa final comments)
  - Electricity
  - Refuse removal
  - Basic charges
  - Sundry tariffs
- j) Council resolves to approve the final 2018/2019- 2020/2021 Integrated Development Plan (IDP) as in item M17/18-30.
- k) 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).

## **1.5 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 89 and 91 have been used as guidance for the compilation of the 2018/19 MTREF.

The main challenges experienced during the compilation of the 2018/19 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.
- Increased cost of bulk electricity due to tariff increases (7,32%) from ESKOM which is placing pressure 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 2018/19 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 in terms of capital projects implementations

The following budget principles and guidelines directly informed the compilation the 2018/19 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 2018/19 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 2018/19 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.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/19 Medium Term Revenue and Expenditure Framework:

**Consolidated Overview of the 2018/19 MTREF**

<b>Description</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b>Total Revenue</b>	<b>538,298,923</b>	<b>579,228,233</b>	<b>619,362,431</b>
Less: Transfer recognized capital	63,830,031	67,721,031	70,734,031
<b>Operating revenue</b>	<b>474,468,892</b>	<b>511,507,202</b>	<b>548,628,400</b>
<b>Total Expenditure</b>	<b>458,831,778</b>	<b>482,657,912</b>	<b>508,272,466</b>
<b>(Surplus)/Deficit</b>	<b>15,637,114</b>	<b>28,849,290</b>	<b>40,355,933</b>
<b>Capital Expenditure</b>	<b>73,108,035</b>	<b>85,122,608</b>	<b>84,646,956</b>

Total operating revenue for 2018/19 financial year amounts to R469, 468 million and the budget increases steadily in the outer financial years and the same applies to operating expenditure budget.

The above table is also used as a tool for testing if the Draft budget is going to have deficit or surplus throughout the 2018/19 MTREF, and as presented, the budget has a surplus of R14, 984 million; R28, 197 million and R39, 703 million respectively through the MTREF period.

**1.6 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 87% 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.

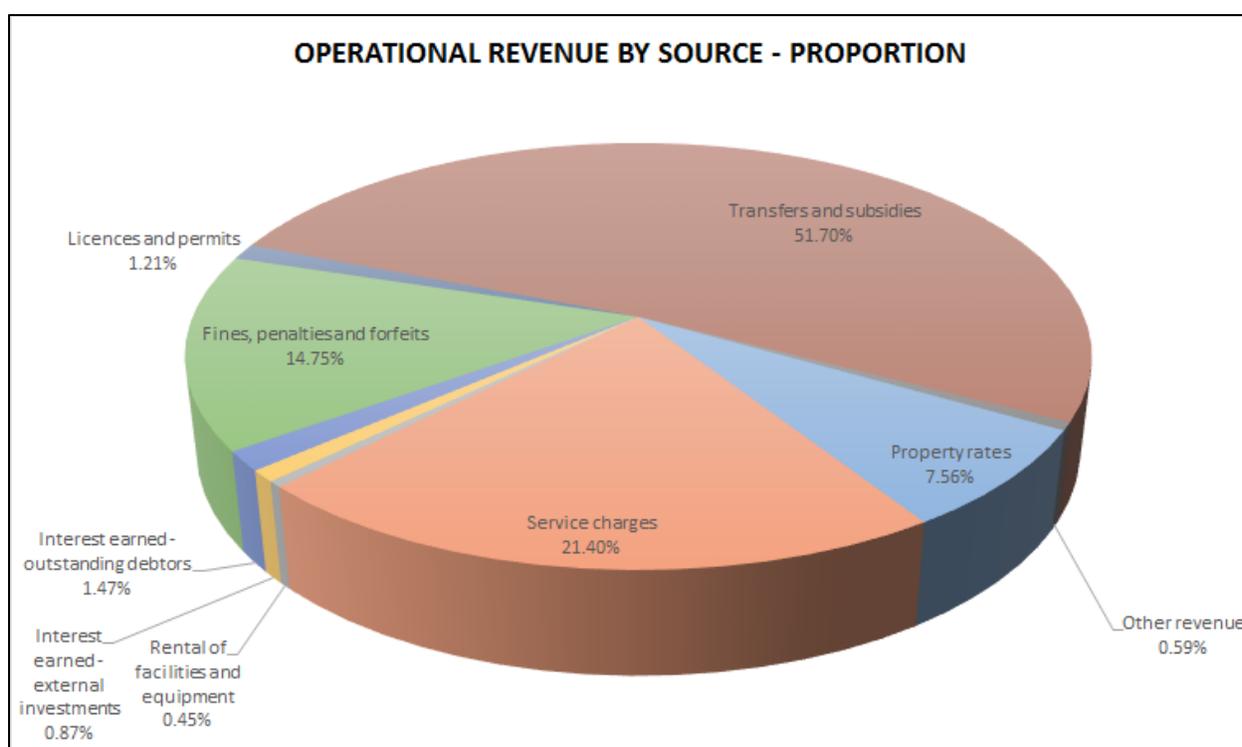
The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

**Table 1 Summary of revenue classified by main revenue source**

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue By Source</b>										
Property rates	19,271	22,395	25,815	26,472	34,805	34,805	21,016	35,888	37,826	39,906
Service charges - electricity revenue	55,695	65,104	70,745	81,206	81,206	81,206	42,642	89,297	94,120	99,296
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	3,483	3,684	6,506	8,616	11,616	11,616	6,076	12,249	12,910	13,620
Service charges - other	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	1,889	2,213	1,319	1,935	1,000	1,000	559	2,152	2,268	2,393
Interest earned - external investments	3,965	4,290	2,889	3,701	2,500	2,500	1,382	4,116	4,338	4,577
Interest earned - outstanding debtors	5,861	5,872	6,469	6,260	14,260	14,260	6,731	6,961	7,337	7,740
Dividends received							-	-	-	-
Fines, penalties and forfeits	2,584	2,413	50,885	30,000	55,016	55,016	4,421	70,000	73,780	77,838
Licences and permits	5,081	4,257	5,255	5,171	4,500	4,500	2,737	5,750	6,060	6,394
Agency services							-	-	-	-
Transfers and subsidies	170,641	216,652	213,105	226,163	226,163	226,163	154,556	245,278	269,940	293,775
Other revenue	7,548	3,423	8,098	2,499	13,678	13,678	8,962	2,779	2,929	3,090
Gains on disposal of PPE										
<b>Total Revenue (excluding capital transf)</b>	<b>276,019</b>	<b>330,303</b>	<b>391,085</b>	<b>392,023</b>	<b>444,744</b>	<b>444,744</b>	<b>249,082</b>	<b>474,469</b>	<b>511,507</b>	<b>548,628</b>

**Table 2 Percentage Growth in revenue by main revenue source**

Description	2017/18	2018/19 Medium Term Revenue & Expenditure Framework					
		%	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21
<b>Revenue By Source</b>							
Property rates	34,805	3.1%	35,888	5.4%	37,826	5.5%	39,906
Service charges	92,822	9.4%	101,546	5.4%	107,030	5.5%	112,916
Rental of facilities and equipment	1,000	115.2%	2,152	5.4%	2,268	5.5%	2,393
Interest earned - external investments	2,500	64.6%	4,116	5.4%	4,338	5.5%	4,577
Interest earned - outstanding debtors	14,260	-51.2%	6,961	5.4%	7,337	5.5%	7,740
Fines, penalties and forfeits	55,016	27.2%	70,000	5.4%	73,780	5.5%	77,838
Licences and permits	4,500	27.8%	5,750	5.4%	6,060	5.5%	6,394
Transfers and subsidies	226,163	8.5%	245,278	10.1%	269,940	8.8%	293,775
Other revenue	13,678	-79.7%	2,779	5.4%	2,929	5.5%	3,090
<b>Total Revenue (excluding capital transf)</b>	<b>444,744</b>		<b>474,469</b>		<b>511,507</b>		<b>548,628</b>

**Figure 1 Main operational revenue categories for the 2018/19 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 operational grants amounts to 51, 70% (2018/19 financial year) making it clear that the Municipality is still grants dependent, however the level of dependency is gradually going down. In addition, revenue to be generated from rates and services charges amounts to 7, 56% and 21, 40% respectively. In the 2018/19 financial year, revenue from rates and services charges adds up to R137, 433 million or 29, 27%. This increases to R144, 855 million, and R152, 822 million in the respective financial years of the MTREF.

Service charges is the second largest revenue source totaling 21, 40% or R101, 546 million and increases to R107, 030 million and R112, 916 million respectively in the outer years. The third largest source is Fines that amounts to R70 million in 2018/19 financial year and R73, 780 million and R77, 838 million respectively in the outer years.

**Table 3 Operating Transfers and Grants Receipts**

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>170,641</b>	<b>216,641</b>	<b>213,105</b>	<b>226,163</b>	<b>226,163</b>	<b>226,163</b>	<b>245,278</b>	<b>269,940</b>	<b>293,775</b>
Local Government Equitable Share	166,920	212,948	210,385	223,019	223,019	223,019	237,506	262,705	286,108
Finance Management	1,600	1,600	1,625	1,700	1,700	1,700	1,770	2,235	2,667
Municipal Systems Improvement	934	930	-	-	-	-	-	-	-
EPWP Incentive	1,187	1,163	1,095	1,444	1,444	1,444	1,002	-	-
Energy Efficiency and Demand Side Management							5,000	5,000	5,000
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Total Operating Transfers and Grants</b>	<b>170,641</b>	<b>216,641</b>	<b>213,105</b>	<b>226,163</b>	<b>226,163</b>	<b>226,163</b>	<b>245,278</b>	<b>269,940</b>	<b>293,775</b>

Table 3 outlines the operating grants and transfers allocated to Elias Motsoaledi local municipality for 2018/19 MTREF and these grants are contributing significantly towards the revenue-base of the municipality. Of particular importance is to note that the municipality will be receiving a new operating grant for energy efficiency amounting to R5 million throughout the MTREF period.

### 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**

The NERSA document proposes a 6.84 per cent guideline increase for municipal electricity tariffs for 2018/19. This is based on a bulk tariff increase for municipalities of 7.32 per cent.

Considering the Eskom increases, the consumer tariff had to be increased by 6, 84 percent (maximum) to offset the additional bulk purchase cost and cost reflective tariff as from 1 July 2018.

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 step 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Monthly Account for Household - 'Middle Income Range'</b>										
Rates and services charges:										
Property rates	259	264	269	400	400	400	4%	415	500	528
Electricity: Basic levy	126	141	1,219	1,240	1,240	1,240	2%	1,260	1,280	1,352
Electricity: Consumption	834	1,195	1,219	1,240	1,240	1,240	2%	1,260	1,280	1,352
Water: Basic levy	-	-	-	-	-	-		-	-	-
Water: Consumption	-	-	-	-	-	-		-	-	-
Sanitation	-	-	-	-	-	-		-	-	-
Refuse removal	73	75	77	100	100	100	20%	120	150	158
Other	-	-	-	-	-	-		-	-	-
<b>Sub-total</b>	<b>1,292</b>	<b>1,675</b>	<b>2,784</b>	<b>2,980</b>	<b>2,980</b>	<b>2,980</b>	<b>3%</b>	<b>3,055</b>	<b>3,210</b>	<b>3,390</b>
VAT on Services	145	198	202	361	361	361	10%	396	407	429
Total large household bill:	1,437	1,873	2,986	3,341	3,341	3,341	3%	3,451	3,617	3,819
<b>% increase/-decrease</b>		<b>30%</b>	<b>59%</b>	<b>12%</b>	<b>0%</b>	<b>0%</b>		<b>3%</b>	<b>5%</b>	<b>6%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>										
Rates and services charges:										
Property rates	259	295	301	600	600	600	8%	650	700	739
Electricity: Basic levy	126	141	144	300	300	300	6%	318	344	363
Electricity: Consumption	834	1,234	1,259	1,270	1,270	1,270	2%	1,292	1,309	1,382
Water: Basic levy	-	-	-	-	-	-		-	-	-
Water: Consumption	-	-	-	-	-	-		-	-	-
Sanitation	-	-	-	-	-	-		-	-	-
Refuse removal	73	75	77	240	240	240	13%	272	294	310
Other	-	-	-	-	-	-		-	-	-
<b>Sub-total</b>	<b>1,292</b>	<b>1,745</b>	<b>1,781</b>	<b>2,410</b>	<b>2,410</b>	<b>2,410</b>	<b>5%</b>	<b>2,532</b>	<b>2647</b>	<b>2,795</b>
VAT on Services	145	203	207	280	280	280	1%	282	292.05	308
Total small household bill:	1,437	1,948	1,988	2,690	2,690	2,690	5%	2,814	2939.05	3,104
<b>% increase/-decrease</b>		<b>36%</b>	<b>2%</b>	<b>35%</b>	<b>0%</b>	<b>0%</b>		<b>5%</b>	<b>4%</b>	<b>6%</b>
<b>Monthly Account for Household - 'Indigent' Household</b>										
Rates and services charges:										
Property rates	39	41	42	50	50	50	20%	60	70	74
Electricity: Basic levy	126	141	1,150	1,286	1,286	1,286	2%	1,312	1,338	1,413
Electricity: Consumption	208	140	1,150	1,286	1,286	1,286	2%	1,312	1,338	1,413
Water: Basic levy	-	-	-	-	-	-	0%	-	-	-
Water: Consumption	-	-	-	-	-	-	0%	-	-	-
Sanitation	-	-	-	-	-	-	0%	-	-	-
Refuse removal	73	65	65	80	80	80	11%	89	100	106
Other	-	-	-	-	-	-	0%	-	-	-
<b>Sub-total</b>	<b>446</b>	<b>387</b>	<b>2,407</b>	<b>2,702</b>	<b>2,702</b>	<b>2,702</b>	<b>3%</b>	<b>2,773</b>	<b>2,846</b>	<b>3,005</b>
VAT on Services	62	54	55	70	70	70	481%	407	416	440
Total small household bill:	508	441	2,462	2,772	2,772	2,772	15%	3,180	3,262	3,445
<b>% increase/-decrease</b>		<b>-13%</b>	<b>458%</b>	<b>13%</b>	<b>0%</b>	<b>0%</b>		<b>15%</b>	<b>3%</b>	<b>6%</b>

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2018/19 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 2018/19 budget and MTREF (classified per main type of operating expenditure):

**Table 5 Summary of operating expenditure by standard classification item**

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Expenditure By Type</b>										
Employee related costs	102,669	112,151	117,781	123,460	126,105	126,105	82,115	136,598	143,974	151,893
Remuneration of councillors	18,844	19,061	20,298	22,113	23,430	23,430	11,861	24,589	25,916	27,342
Debt impairment	11,357	8,130	21,128	26,372	26,372	26,372	–	30,421	32,064	33,827
Depreciation & asset impairment	32,042	49,728	47,998	51,200	51,200	51,200	–	51,181	53,944	56,911
Finance charges		2,141	1,426	3,124	2,124	2,124	358	4,000	3,500	3,000
Bulk purchases	51,853	60,361	65,729	69,165	70,165	70,165	36,221	80,000	84,320	88,958
Other materials	1,687	9,606	12,873	13,497	11,821	11,821	8,188	17,020	17,939	18,926
Contracted services	11,259	36,111	43,080	25,350	65,237	65,237	35,312	60,306	63,563	67,058
Transfers and subsidies	1,832	1,279	708	3,724	3,724	3,724	4,972	4,404	4,642	4,897
Other expenditure	106,070	66,734	161,695	48,384	50,954	50,954	30,004	50,313	52,795	55,460
Loss on disposal of PPE		3,790	3,360							
<b>Total Expenditure</b>	<b>337,613</b>	<b>369,091</b>	<b>496,076</b>	<b>386,388</b>	<b>431,132</b>	<b>431,132</b>	<b>209,031</b>	<b>458,832</b>	<b>482,658</b>	<b>508,272</b>

The budgeted allocation for employee related costs and remuneration of councillors for the 2018/19 financial year totals R161, 187 million, which equals 35, 47% of the total operating expenditure. Based on MFMA circular 91, the three year salary increases have been factored into this budget at CPI percentage increase of 5, 3% for the 2018/19 financial year and annual increase of 5, 4% and 5, 5% 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 the annual collection rate of 87 per cent and the Debt Write-off Policy of the Municipality. For the 2018/19 financial year this amount

equates to R30, 421 million and escalates to R32, 064 million in 2019/20 and R33, 827 million 2020/21. 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, 181 million for the 2018/19 financial year and equates to 11.26% 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.

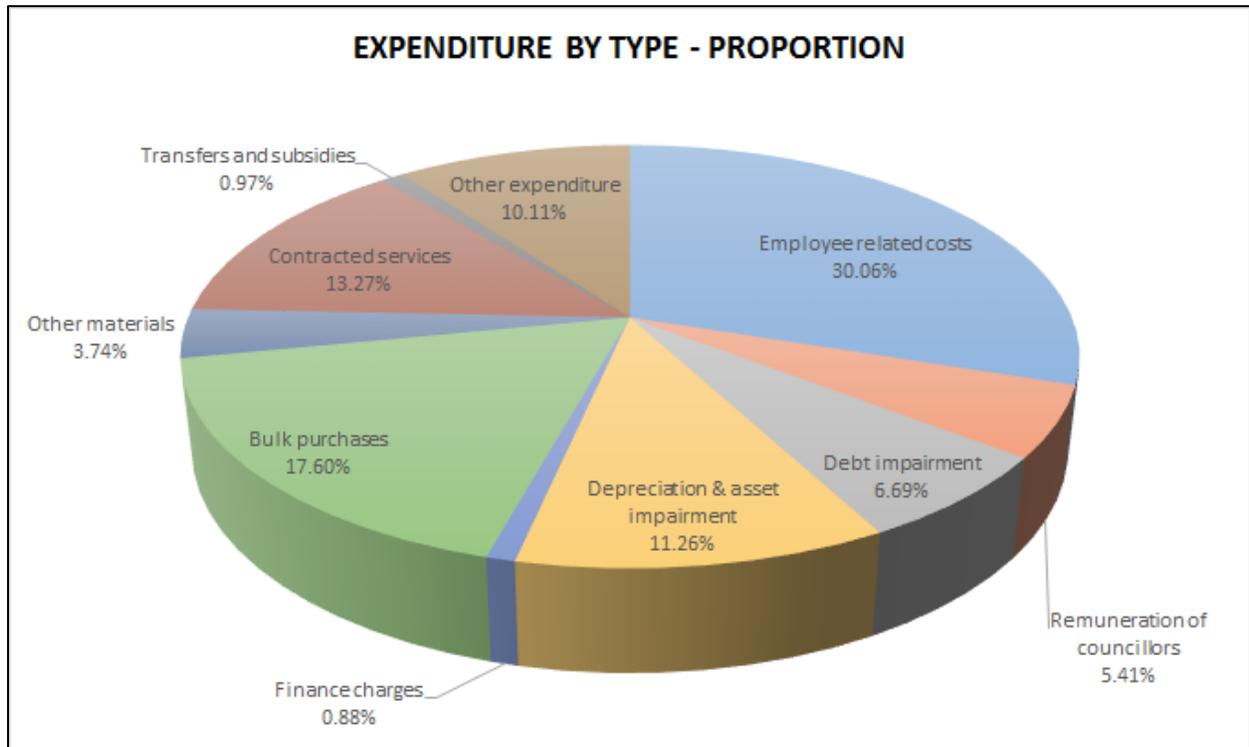
Bulk purchase is directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes distribution losses. MFMA circular 91 outlines the set tariff increase for municipal bulk purchase from Eskom of 7, 32% that is deemed significant relative to the 2017/18 tariff 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 13, 27 % or R60, 306 million of the total operational budget for the 2018/19 financial year and declines to R63, 563 million and R67, 058 million in the two respective outer years. The norm for contracted services is 2% to 5% and as a result, the budget for contracted services through the MTREF period is considered to be excessive.

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 2018/19 financial year.



**Figure 2 Main operational expenditure categories for the 2018/19 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 2018/19 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 2018/19 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. In this MTREF, repairs and maintenance budget has been increased from R12, 693 million in 2017/18 to R18, 550 million in 2018/19 then increases to R19, 552 million and R20, 627 million respectively in the outer years. In addition, the municipality is still experiencing budgetary constraints to can meet the required 8% that repairs and maintenance should contribute towards property, plant and equipment; and investment property. In relation to property, plant and equipment, repairs and maintenance comprises of 1, 8% for the 2018/19

financial year and this percentage is however way below the set norm of 8% as stipulated by National Treasury. The percentage increases to 1, 9% in the outer years.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

**Table 6 Repairs and maintenance per asset class**

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Repairs and maintenance expenditure</b>									
Roads	881	1,788	946	2,500	2,650	2,650	4,000	4,216	4,448
Storm water Infrastructure	244	-	-	-	-	-	-	-	-
MV Networks	1,271	1,001	1,802	1,800	1,800	1,800	3,000	3,162	3,336
Landfill Sites	1,110	1,209	1,885	2,150	3,150	3,150	4,000	4,216	4,448
Waste Separation Facilities				150	150	150			
Operational Buildings	2,965	1,154	1,432	1,300	1,325	1,325	2,000	2,108	2,224
Computer Software and Applications		9	82	100	100	100			
Machinery and Equipment	586	2,749	2,405	1,711	2,118	2,118	3,550	3,742	3,947
Transport Assets	3,931	1,427	1,800	1,500	1,300	1,300	2,000	2,108	2,224
<b>Total Repairs and Maintenance Expenditure</b>	<b>10,988</b>	<b>9,337</b>	<b>10,353</b>	<b>11,311</b>	<b>12,693</b>	<b>12,693</b>	<b>18,550</b>	<b>19,552</b>	<b>20,627</b>
<b>R&amp;M as a % of PPE</b>	<b>1.50%</b>	<b>1.10%</b>	<b>1.10%</b>	<b>1.20%</b>	<b>1.30%</b>	<b>1.30%</b>	<b>1.90%</b>	<b>1.90%</b>	<b>2.00%</b>
<b>R&amp;M as % Operating Expenditure</b>	<b>3.30%</b>	<b>2.50%</b>	<b>2.10%</b>	<b>2.90%</b>	<b>2.90%</b>	<b>2.90%</b>	<b>8.90%</b>	<b>4.30%</b>	<b>4.30%</b>

For the 2018/19 financial year R11 million of total repairs and maintenance will be spent on infrastructure assets. Road infrastructure and solid waste have budget been allocated R4 million each. The other assets that have been catered for in the repairs and maintenance budget is buildings, maintenance of website, machinery and equipment and transport assets. The overall budget for repairs and maintenance has increased from R12, 693 million to R18, 500 million that reflects 46, 15% increase.

### 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 2018/19 Medium-term capital budget per vote**

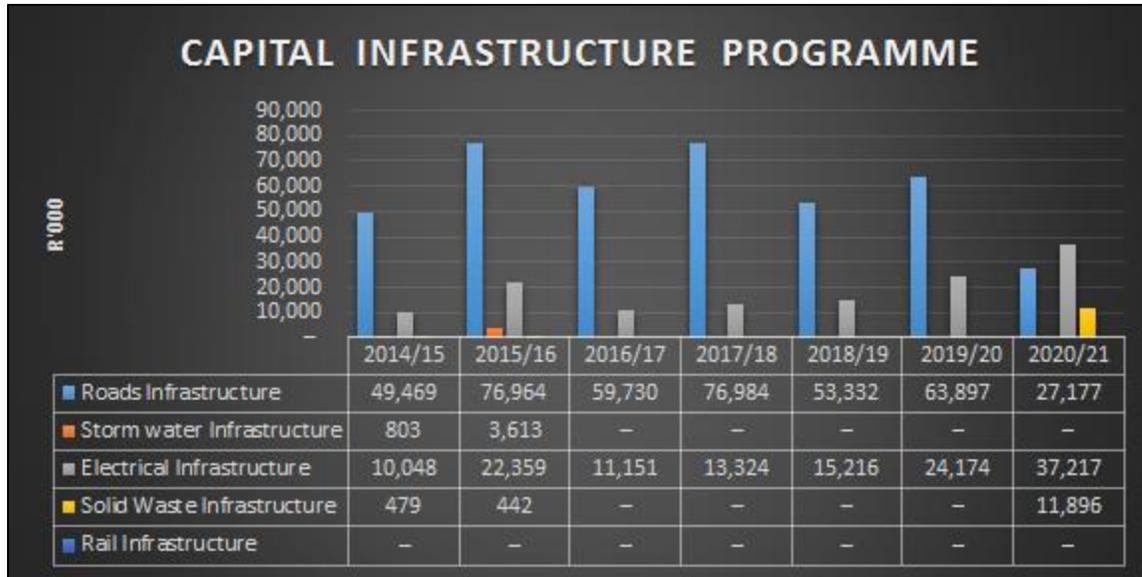
Vote Description	2017/18	2018/19 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21
Vote 1 - Executive & Council	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-
Vote 4 - Corporate Services	1,300	69.23%	2,200	-36.36%	1,400	0.00%	1,400
Vote 5 - Community Services	900	102.90%	1,826	-100.00%	-	0.00%	-
Vote 6 - Technical Services	100,923	-31.55%	69,082	21.19%	83,723	-0.57%	83,247
Vote 7 - Developmental Planning	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Vote</b>	<b>103,123</b>		<b>73,108</b>		<b>85,123</b>		<b>84,647</b>

The major portion of capital expenditure budget is appropriated in vote 6 and for 2018/19 an amount of R69, 082 million has been appropriated and the figure has increased by 21, 19% in 2019/20 and then slightly decreased by 0, 57 in 2020/21. The budget in vote 6 is mainly for electrification and road infrastructure capital projects. The other departments', *id-est* Corporate Services – the appropriations are mainly for procurement of operational equipment such as ICT equipment, Office furniture, and other equipment while Community Services – the appropriations are for machinery and equipment.

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

- Electricity related projects – R15, 216 million
- Roads related projects – R48, 448 million
- Operational equipment – R1, 700 million
- Buildings – R4, 881 million

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 2018/19 annual budget and MTREF. Each table is accompanied by explanatory notes thereof.

Table 8 MBRR Table A1 - Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Financial Performance</b>										
Property rates	19,271	22,395	25,815	26,472	34,805	34,805	21,016	35,888	37,826	39,906
Service charges	59,179	68,788	77,251	89,822	92,822	92,822	48,718	101,546	107,030	112,916
Investment revenue	3,965	4,290	2,889	3,701	2,500	2,500	1,382	4,116	4,338	4,577
Transfers recognised - operational	170,641	216,652	213,105	226,163	226,163	226,163	154,556	245,278	269,940	293,775
Other own revenue	22,962	18,178	72,026	45,865	88,454	88,454	23,411	87,641	92,374	97,454
<b>Total Revenue (excluding capital transfers)</b>	<b>276,019</b>	<b>330,303</b>	<b>391,085</b>	<b>392,023</b>	<b>444,744</b>	<b>444,744</b>	<b>249,082</b>	<b>474,469</b>	<b>511,507</b>	<b>548,628</b>
Employee costs	102,669	112,151	117,781	123,460	126,105	126,105	82,115	136,598	143,974	151,893
Remuneration of councillors	18,844	19,061	20,298	22,113	23,430	23,430	11,861	24,589	25,916	27,342
Depreciation & asset impairment	32,042	49,728	47,998	51,200	51,200	51,200	-	51,181	53,944	56,911
Finance charges	-	2,141	1,426	3,124	2,124	2,124	358	4,000	3,500	3,000
Materials and bulk purchases	53,540	69,966	78,603	82,662	81,986	81,986	44,409	97,020	102,259	107,884
Transfers and grants	1,832	1,279	708	3,724	3,724	3,724	4,972	4,404	4,642	4,897
Other expenditure	128,686	114,765	229,263	100,105	142,563	142,563	65,316	141,040	148,421	156,346
<b>Total Expenditure</b>	<b>337,613</b>	<b>369,091</b>	<b>496,076</b>	<b>386,388</b>	<b>431,132</b>	<b>431,132</b>	<b>209,031</b>	<b>458,832</b>	<b>482,658</b>	<b>508,272</b>
<b>Surplus/(Deficit)</b>	<b>(61,594)</b>	<b>(38,788)</b>	<b>(104,990)</b>	<b>5,635</b>	<b>13,612</b>	<b>13,612</b>	<b>40,051</b>	<b>15,637</b>	<b>28,849</b>	<b>40,356</b>
Transfers and subsidies - capital	58,967	77,188	68,930	70,860	91,349	91,349	55,649	63,830	67,721	70,734
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers</b>	<b>(2,627)</b>	<b>38,400</b>	<b>(36,060)</b>	<b>76,495</b>	<b>104,961</b>	<b>104,961</b>	<b>95,699</b>	<b>79,467</b>	<b>96,570</b>	<b>111,090</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(2,627)</b>	<b>38,400</b>	<b>(36,060)</b>	<b>76,495</b>	<b>104,961</b>	<b>104,961</b>	<b>95,699</b>	<b>79,467</b>	<b>96,570</b>	<b>111,090</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>72,212</b>	<b>108,388</b>	<b>80,665</b>	<b>77,302</b>	<b>103,123</b>	<b>103,123</b>	<b>58,899</b>	<b>73,108</b>	<b>85,123</b>	<b>84,647</b>
Transfers recognised - capital	51,462	77,188	68,895	62,158	80,131	80,131	45,572	55,504	58,888	61,508
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	20,750	31,200	11,770	15,144	22,992	22,992	13,327	17,604	26,235	23,139
<b>Total sources of capital funds</b>	<b>72,212</b>	<b>108,388</b>	<b>80,665</b>	<b>77,302</b>	<b>103,123</b>	<b>103,123</b>	<b>58,899</b>	<b>73,108</b>	<b>85,123</b>	<b>84,647</b>
<b>Financial position</b>										
Total current assets	78,138	58,124	87,618	107,614	92,914	92,914	132,165	111,818	114,958	116,770
Total non current assets	830,215	979,292	1,006,770	1,066,797	1,026,671	1,026,671	1,025,311	1,085,492	1,120,642	1,152,739
Total current liabilities	68,432	69,263	99,680	60,491	62,491	62,491	81,037	85,666	89,587	92,533
Total non current liabilities	79,033	95,865	89,811	98,733	106,433	106,433	91,635	119,629	105,083	92,380
<b>Community wealth/Equity</b>	<b>760,887</b>	<b>872,288</b>	<b>904,896</b>	<b>1,015,187</b>	<b>950,660</b>	<b>950,660</b>	<b>984,805</b>	<b>992,016</b>	<b>1,040,929</b>	<b>1,084,596</b>
<b>Cash flows</b>										
Net cash from (used) operating	57,728	22,790	98,321	93,102	106,587	106,587	71,817	97,901	108,516	103,198
Net cash from (used) investing	(70,369)	(30,567)	(81,193)	(77,302)	(102,523)	(102,523)	(58,899)	(73,108)	(85,123)	(84,647)
Net cash from (used) financing	2,361	(5,415)	(8,149)	(8,497)	(9,041)	(9,041)	(2,272)	(19,356)	(17,797)	(15,451)
<b>Cash/cash equivalents at the year end</b>	<b>24,967</b>	<b>11,965</b>	<b>20,944</b>	<b>32,968</b>	<b>15,968</b>	<b>15,968</b>	<b>31,589</b>	<b>21,404</b>	<b>27,000</b>	<b>30,100</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	24,967	11,965	20,944	32,968	15,968	15,968	31,589	21,404	27,000	30,100
Application of cash and investments	23,600	28,276	45,957	7,405	11,176	11,176	(8,105)	11,941	19,021	25,179
<b>Balance - surplus (shortfall)</b>	<b>1,367</b>	<b>(16,310)</b>	<b>(25,013)</b>	<b>25,563</b>	<b>4,792</b>	<b>4,792</b>	<b>39,694</b>	<b>9,463</b>	<b>7,979</b>	<b>4,921</b>
<b>Asset management</b>										
Asset register summary (WDV)	819,565	967,888	938,646	1,054,011	1,013,594	1,013,594		1,075,603	1,140,800	1,180,581
Depreciation	32,042	49,728	47,998	51,200	51,200	51,200		51,181	53,944	56,911
Renewal of Existing Assets	18,642	30,190	40,622	38,974	42,414	42,414		34,071	37,105	13,913
Repairs and Maintenance	10,988	9,337	10,353	11,311	12,693	12,693		18,550	19,552	20,627
<b>Free services</b>										
Cost of Free Basic Services provided	690	800	708	2,000	2,000	2,000	0	0	0	0
Revenue cost of free services provided	17,799	5,235	-	8,193	8,193	8,193	9,112	9,112	9,604	10,132
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	3,000	3,126	-	3,895	3,895	3,895	3,600	3,600	3,480	3,000
Refuse:	50,306	50,312	50,317	50,317	50,317	50,317	54,129	54,129	54,129	54,129

## 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 draft 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 an overdraft nor funding some of its capital projects through direct borrowings. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality has dropped and this is attributed to offering free basic services only to indigents and this function is not yet optimized.

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

Functional Classification Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue - Functional</b>									
<b>Governance and administration</b>	<b>204,510</b>	<b>248,338</b>	<b>253,047</b>	<b>170,084</b>	<b>183,920</b>	<b>183,920</b>	<b>187,105</b>	<b>205,092</b>	<b>221,972</b>
Executive and council	934	930	-	35,581	35,581	35,581	38,373	42,768	46,578
Finance and administration	203,576	247,408	253,047	128,101	141,936	141,936	141,930	154,682	167,072
Internal audit	-	-	-	6,402	6,402	6,402	6,802	7,642	8,323
<b>Community and public safety</b>	<b>359</b>	<b>2,711</b>	<b>45</b>	<b>12,846</b>	<b>18,446</b>	<b>18,446</b>	<b>13,637</b>	<b>15,317</b>	<b>16,680</b>
Community and social services	341	2,710	45	6,377	11,977	11,977	6,773	7,606	8,281
Sport and recreation	18	1	-	6,469	6,469	6,469	6,864	7,712	8,399
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>66,292</b>	<b>76,852</b>	<b>115,853</b>	<b>150,237</b>	<b>200,822</b>	<b>200,822</b>	<b>194,716</b>	<b>204,988</b>	<b>218,505</b>
Planning and development	1,317	1,186	1,635	13,512	19,012	19,012	14,419	13,885	15,092
Road transport	64,976	75,666	114,218	135,883	180,968	180,968	179,389	190,082	202,302
Environmental protection	-	-	-	842	842	842	908	1,020	1,111
<b>Trading services</b>	<b>63,825</b>	<b>79,589</b>	<b>91,070</b>	<b>129,716</b>	<b>132,905</b>	<b>132,905</b>	<b>142,841</b>	<b>153,831</b>	<b>162,205</b>
Energy sources	60,334	75,904	84,564	106,984	107,173	107,173	115,848	124,743	130,982
Water management	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-
Waste management	3,491	3,685	6,506	22,732	25,732	25,732	26,993	29,087	31,224
Other	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>334,986</b>	<b>407,491</b>	<b>460,016</b>	<b>462,883</b>	<b>536,093</b>	<b>536,093</b>	<b>538,299</b>	<b>579,228</b>	<b>619,362</b>
<b>Expenditure - Functional</b>									
<b>Governance and administration</b>	<b>207,324</b>	<b>217,668</b>	<b>258,940</b>	<b>147,263</b>	<b>181,424</b>	<b>181,424</b>	<b>185,048</b>	<b>194,324</b>	<b>204,319</b>
Executive and council	49,192	35,980	35,425	35,981	42,315	42,315	44,251	46,640	49,205
Finance and administration	158,132	176,275	215,183	104,880	131,658	131,658	133,058	139,527	146,508
Internal audit	-	5,413	8,333	6,402	7,450	7,450	7,739	8,157	8,606
<b>Community and public safety</b>	<b>17,808</b>	<b>9,325</b>	<b>12,895</b>	<b>15,633</b>	<b>14,759</b>	<b>14,759</b>	<b>18,471</b>	<b>19,468</b>	<b>20,539</b>
Community and social services	14,890	4,577	5,518	6,541	5,737	5,737	7,989	8,421	8,884
Sport and recreation	2,917	4,749	7,378	9,092	9,021	9,021	10,481	11,047	11,655
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>39,639</b>	<b>53,433</b>	<b>103,151</b>	<b>117,737</b>	<b>120,307</b>	<b>120,307</b>	<b>127,481</b>	<b>134,365</b>	<b>141,755</b>
Planning and development	7,693	11,171	18,070	20,850	17,708	17,708	23,223	24,477	25,824
Road transport	31,947	40,800	83,994	96,045	101,719	101,719	103,042	108,606	114,580
Environmental protection	-	1,463	1,087	842	880	880	1,216	1,281	1,352
<b>Trading services</b>	<b>72,841</b>	<b>88,664</b>	<b>121,089</b>	<b>105,754</b>	<b>114,643</b>	<b>114,643</b>	<b>127,832</b>	<b>134,500</b>	<b>141,659</b>
Energy sources	60,619	65,530	98,785	86,949	87,570	87,570	105,009	110,444	116,280
Water management	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-
Waste management	12,223	23,135	22,304	18,805	27,073	27,073	22,824	24,056	25,379
Other	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	<b>337,613</b>	<b>369,091</b>	<b>496,076</b>	<b>386,388</b>	<b>431,132</b>	<b>431,132</b>	<b>458,832</b>	<b>482,658</b>	<b>508,272</b>
<b>Surplus/(Deficit) for the year</b>	<b>(2,627)</b>	<b>38,400</b>	<b>(36,060)</b>	<b>76,495</b>	<b>104,961</b>	<b>104,961</b>	<b>79,467</b>	<b>96,570</b>	<b>111,090</b>

### Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (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 (by vote)**

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue by Vote</b>									
Vote 1 - Executive & Council	–	–	–	31,540	37,871	37,871	34,068	37,932	41,312
Vote 2 - Office of the Municipal Manager	934	930	–	15,805	23,080	23,080	16,769	18,780	20,453
Vote 3 - Budget & Treasury	203,514	247,402	253,036	70,368	71,894	71,894	81,686	86,951	93,307
Vote 4 - Corporate Services	62	6	12	33,797	33,842	33,842	36,439	41,381	45,066
Vote 5 - Community Services	11,515	13,068	62,691	89,322	122,251	122,251	137,595	147,663	157,639
Vote 6 - Technical Services	117,644	143,712	141,006	200,885	220,489	220,489	209,153	223,459	236,498
Vote 7 - Developmental Planning	1,317	1,186	1,635	8,435	13,935	13,935	8,993	7,790	8,454
Vote 8 - Executive Support	–	1,186	1,635	12,731	12,731	12,731	13,594	15,273	16,634
<b>Total Revenue by Vote</b>	<b>334,986</b>	<b>407,491</b>	<b>460,016</b>	<b>462,883</b>	<b>536,093</b>	<b>536,093</b>	<b>538,299</b>	<b>579,228</b>	<b>619,362</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Executive & Council	28,444	29,961	31,808	31,940	38,271	38,271	39,691	41,834	44,135
Vote 2 - Office of the Municipal Manager	14,324	21,217	27,365	15,826	23,102	23,102	20,325	21,423	22,601
Vote 3 - Budget & Treasury	98,858	111,996	128,458	39,702	59,430	59,430	49,333	51,997	54,857
Vote 4 - Corporate Services	46,815	22,109	40,771	39,326	38,652	38,652	51,337	54,109	57,085
Vote 5 - Community Services	44,130	48,634	55,374	71,741	79,148	79,148	84,354	88,909	93,799
Vote 6 - Technical Services	90,924	104,289	183,344	165,483	165,729	165,729	187,402	196,571	206,451
Vote 7 - Developmental Planning	14,116	6,505	12,074	9,604	10,737	10,737	10,653	11,229	11,846
Vote 8 - Executive Support	–	24,381	16,881	12,767	16,063	16,063	15,737	16,586	17,499
<b>Total Expenditure by Vote</b>	<b>337,613</b>	<b>369,091</b>	<b>496,076</b>	<b>386,388</b>	<b>431,132</b>	<b>431,132</b>	<b>458,832</b>	<b>482,658</b>	<b>508,272</b>
<b>Surplus/(Deficit) for the year</b>	<b>(2,627)</b>	<b>38,400</b>	<b>(36,060)</b>	<b>76,495</b>	<b>104,961</b>	<b>104,961</b>	<b>79,467</b>	<b>96,570</b>	<b>111,090</b>

### 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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue By Source</b>										
Property rates	19,271	22,395	25,815	26,472	34,805	34,805	21,016	35,888	37,826	39,906
Service charges - electricity revenue	55,695	65,104	70,745	81,206	81,206	81,206	42,642	89,297	94,120	99,296
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	3,483	3,684	6,506	8,616	11,616	11,616	6,076	12,249	12,910	13,620
Service charges - other	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	1,889	2,213	1,319	1,935	1,000	1,000	559	2,152	2,268	2,393
Interest earned - external investments	3,965	4,290	2,889	3,701	2,500	2,500	1,382	4,116	4,338	4,577
Interest earned - outstanding debtors	5,861	5,872	6,469	6,260	14,260	14,260	6,731	6,961	7,337	7,740
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2,584	2,413	50,885	30,000	55,016	55,016	4,421	70,000	73,780	77,838
Licences and permits	5,081	4,257	5,255	5,171	4,500	4,500	2,737	5,750	6,060	6,394
Agency services	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	170,641	216,652	213,105	226,163	226,163	226,163	154,556	245,278	269,940	293,775
Other revenue	7,548	3,423	8,098	2,499	13,678	13,678	8,962	2,779	2,929	3,090
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transf<sup>r</sup>)</b>	<b>276,019</b>	<b>330,303</b>	<b>391,085</b>	<b>392,023</b>	<b>444,744</b>	<b>444,744</b>	<b>249,082</b>	<b>474,469</b>	<b>511,507</b>	<b>548,628</b>
<b>Expenditure By Type</b>										
Employee related costs	102,669	112,151	117,781	123,460	126,105	126,105	82,115	136,598	143,974	151,893
Remuneration of councillors	18,844	19,061	20,298	22,113	23,430	23,430	11,861	24,589	25,916	27,342
Debt impairment	11,357	8,130	21,128	26,372	26,372	26,372	-	30,421	32,064	33,827
Depreciation & asset impairment	32,042	49,728	47,998	51,200	51,200	51,200	-	51,181	53,944	56,911
Finance charges	-	2,141	1,426	3,124	2,124	2,124	358	4,000	3,500	3,000
Bulk purchases	51,853	60,361	65,729	69,165	70,165	70,165	36,221	80,000	84,320	88,958
Other materials	1,687	9,606	12,873	13,497	11,821	11,821	8,188	17,020	17,939	18,926
Contracted services	11,259	36,111	43,080	25,350	65,237	65,237	35,312	60,306	63,563	67,058
Transfers and subsidies	1,832	1,279	708	3,724	3,724	3,724	4,972	4,404	4,642	4,897
Other expenditure	106,070	66,734	161,695	48,384	50,954	50,954	30,004	50,313	52,795	55,460
Loss on disposal of PPE	-	3,790	3,360	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>337,613</b>	<b>369,091</b>	<b>496,076</b>	<b>386,388</b>	<b>431,132</b>	<b>431,132</b>	<b>209,031</b>	<b>458,832</b>	<b>482,658</b>	<b>508,272</b>
<b>Surplus/(Deficit)</b>	<b>(61,594)</b>	<b>(38,788)</b>	<b>(104,990)</b>	<b>5,635</b>	<b>13,612</b>	<b>13,612</b>	<b>40,051</b>	<b>15,637</b>	<b>28,849</b>	<b>40,356</b>
Transfers and subsidies - capital (monetary allo	58,967	77,188	68,930	70,860	91,349	91,349	55,649	63,830	67,721	70,734
Transfers and subsidies - capital (monetary allo	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; co</b>	<b>(2,627)</b>	<b>38,400</b>	<b>(36,060)</b>	<b>76,495</b>	<b>104,961</b>	<b>104,961</b>	<b>95,699</b>	<b>79,467</b>	<b>96,570</b>	<b>111,090</b>
Taxation										
<b>Surplus/(Deficit) after taxation</b>	<b>(2,627)</b>	<b>38,400</b>	<b>(36,060)</b>	<b>76,495</b>	<b>104,961</b>	<b>104,961</b>	<b>95,699</b>	<b>79,467</b>	<b>96,570</b>	<b>111,090</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>	<b>(2,627)</b>	<b>38,400</b>	<b>(36,060)</b>	<b>76,495</b>	<b>104,961</b>	<b>104,961</b>	<b>95,699</b>	<b>79,467</b>	<b>96,570</b>	<b>111,090</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/(Deficit) for the year</b>	<b>(2,627)</b>	<b>38,400</b>	<b>(36,060)</b>	<b>76,495</b>	<b>104,961</b>	<b>104,961</b>	<b>95,699</b>	<b>79,467</b>	<b>96,570</b>	<b>111,090</b>

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

1. Operating revenue is R469, 469 million in 2018/19 and escalates to R506, 507 million and R543, 628 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 R101, 546 million for the 2018/19 financial year and increasing to R107, 030 million in 2019/20 and increasing to R112, 916 million in 2020/21 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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital Expenditure - Functional</b>										
<b>Governance and administration</b>	<b>2,579</b>	<b>1,148</b>	<b>2,091</b>	<b>500</b>	<b>1,300</b>	<b>1,300</b>	<b>378</b>	<b>2,200</b>	<b>1,400</b>	<b>1,400</b>
Executive and council										
Finance and administration	2,579	1,148	2,091	500	1,300	1,300	378	2,200	1,400	1,400
Internal audit										
<b>Community and public safety</b>	<b>159</b>	<b>77</b>	<b>181</b>	<b>400</b>	<b>8,479</b>	<b>8,479</b>	<b>-</b>	<b>1,826</b>	<b>-</b>	<b>-</b>
Community and social services	159	77	28							
Sport and recreation			-	400	8,479	8,479	-	1,826	-	-
Public safety			153							
Housing										
Health			-							
<b>Economic and environmental services</b>	<b>61,667</b>	<b>84,276</b>	<b>67,241</b>	<b>63,244</b>	<b>80,021</b>	<b>80,021</b>	<b>51,644</b>	<b>58,214</b>	<b>63,897</b>	<b>50,377</b>
Planning and development	1,009							-	-	-
Road transport	60,657	84,276	67,241	63,244	80,021	80,021	51,644	58,214	63,897	50,377
Environmental protection								-	-	-
<b>Trading services</b>	<b>7,807</b>	<b>22,887</b>	<b>11,151</b>	<b>13,158</b>	<b>13,324</b>	<b>13,324</b>	<b>6,877</b>	<b>10,868</b>	<b>19,826</b>	<b>32,870</b>
Energy sources	7,752	22,445	11,151	13,158	13,324	13,324	6,877	10,868	19,826	32,870
Water management								-	-	-
Waste water management								-	-	-
Waste management	55	442						-	-	-
Other								-	-	-
<b>Total Capital Expenditure - Functional</b>	<b>72,212</b>	<b>108,388</b>	<b>80,665</b>	<b>77,302</b>	<b>103,123</b>	<b>103,123</b>	<b>58,899</b>	<b>73,108</b>	<b>85,123</b>	<b>84,647</b>
<b>Funded by:</b>										
<b>National Government</b>	<b>51,462</b>	<b>77,188</b>	<b>68,895</b>	<b>62,158</b>	<b>80,131</b>	<b>80,131</b>	<b>45,572</b>	<b>55,504</b>	<b>58,888</b>	<b>61,508</b>
Provincial Government										
District Municipality										
Other transfers and grants										
Transfers recognised - capital	51,462	77,188	68,895	62,158	80,131	80,131	45,572	55,504	58,888	61,508
Public contributions & donations										
Borrowing										
Internally generated funds	20,750	31,200	11,770	15,144	22,992	22,992	13,327	17,604	26,235	23,139
<b>Total Capital Funding</b>	<b>72,212</b>	<b>108,388</b>	<b>80,665</b>	<b>77,302</b>	<b>103,123</b>	<b>103,123</b>	<b>58,899</b>	<b>73,108</b>	<b>85,123</b>	<b>84,647</b>

**Table 13 MBRR Table A5 - Budgeted Capital Expenditure by vote**

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure - Vote</b>										
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	1,300	1,300	378	1,400	1,400	1,400
Vote 5 - Community Services	214	3,701	28	500	500	500	-	-	-	-
Vote 6 - Technical Services	41,058	67,215	50,994	52,539	75,747	75,747	46,436	27,513	43,859	29,427
Vote 7 - Developmental Planning	-	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>42,551</b>	<b>72,063</b>	<b>51,021</b>	<b>53,539</b>	<b>77,547</b>	<b>77,547</b>	<b>46,814</b>	<b>28,913</b>	<b>45,259</b>	<b>30,827</b>
<b>Single-year expenditure to be appropriated</b>										
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	1,299	-	1,508	-	-	-	-	800	-	-
Vote 5 - Community Services	-	-	153	400	400	400	-	1,826	-	-
Vote 6 - Technical Services	27,352	36,325	27,399	23,363	25,176	25,176	12,085	41,569	39,863	53,820
Vote 7 - Developmental Planning	1,009	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	583	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>29,660</b>	<b>36,325</b>	<b>29,643</b>	<b>23,763</b>	<b>25,576</b>	<b>25,576</b>	<b>12,085</b>	<b>44,195</b>	<b>39,863</b>	<b>53,820</b>
<b>Total Capital Expenditure - Vote</b>	<b>72,212</b>	<b>108,388</b>	<b>80,665</b>	<b>77,302</b>	<b>103,123</b>	<b>103,123</b>	<b>58,899</b>	<b>73,108</b>	<b>85,123</b>	<b>84,647</b>

### 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 2018/19 R28, 913 million has been allocated of the total R73, 108 million capital budget, which totals 39, 55%. This allocation escalates to R45, 259 million in 2019/20 and declines to R30, 827 million in 2020/21.
- Single-year capital expenditure has been appropriated at R44, 195 million for the 2018/19 financial year and declines to R39, 863 million in 2019/20 and then increases to R53, 820 million in 2020/21 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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	1,203	5,066	5,288	4,400	4,400	4,400	1,232	5,822	4,200	5,100
Call investment deposits	23,764	6,899	15,657	28,568	11,568	11,568	30,357	15,582	22,800	25,000
Consumer debtors	18,744	24,545	20,636	34,600	30,600	30,600	35,867	41,368	37,778	34,088
Other debtors	31,791	18,226	42,835	36,846	42,846	42,846	60,725	45,646	46,880	49,432
Current portion of long-term receivables										
Inventory	2,636	3,388	3,202	3,200	3,500	3,500	3,984	3,400	3,300	3,150
<b>Total current assets</b>	<b>78,138</b>	<b>58,124</b>	<b>87,618</b>	<b>107,614</b>	<b>92,914</b>	<b>92,914</b>	<b>132,165</b>	<b>111,818</b>	<b>114,958</b>	<b>116,770</b>
<b>Non current assets</b>										
Long-term receivables										
Investments										
Investment property	89,472	96,146	55,728	96,146	55,728	55,728	55,728	55,728	55,728	55,728
Investment in Associate										
Property, plant and equipment	729,129	871,247	938,356	957,866	957,866	957,866	957,360	1,016,632	1,051,636	1,083,720
Agricultural										
Biological	323	-								
Intangible	640	496	291		291	291	291	291	291	291
Other non-current assets	10,650	11,404	12,396	12,786	12,786	12,786	11,932	12,841	12,986	13,000
<b>Total non current assets</b>	<b>830,215</b>	<b>979,292</b>	<b>1,006,770</b>	<b>1,066,797</b>	<b>1,026,671</b>	<b>1,026,671</b>	<b>1,025,311</b>	<b>1,085,492</b>	<b>1,120,642</b>	<b>1,152,739</b>
<b>TOTAL ASSETS</b>	<b>908,353</b>	<b>1,037,416</b>	<b>1,094,388</b>	<b>1,174,411</b>	<b>1,119,584</b>	<b>1,119,584</b>	<b>1,157,477</b>	<b>1,197,310</b>	<b>1,235,600</b>	<b>1,269,509</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft										
Borrowing	-	8,170	6,900	8,608	5,608	5,608	6,410	19,527	18,000	15,677
Consumer deposits	5,531	5,120	5,633	5,089	5,089	5,089	5,141	5,260	5,463	5,689
Trade and other payables	61,539	53,644	82,244	45,253	50,253	50,253	64,846	55,466	60,466	65,466
Provisions	1,362	2,330	4,904	1,542	1,542	1,542	4,640	5,412	5,658	5,700
<b>Total current liabilities</b>	<b>68,432</b>	<b>69,263</b>	<b>99,680</b>	<b>60,491</b>	<b>62,491</b>	<b>62,491</b>	<b>81,037</b>	<b>85,666</b>	<b>89,587</b>	<b>92,533</b>
<b>Non current liabilities</b>										
Borrowing	-	11,520	-	16,500	19,500	19,500	-	33,677	15,677	-
Provisions	79,033	84,345	89,811	82,233	86,933	86,933	91,635	85,952	89,406	92,380
<b>Total non current liabilities</b>	<b>79,033</b>	<b>95,865</b>	<b>89,811</b>	<b>98,733</b>	<b>106,433</b>	<b>106,433</b>	<b>91,635</b>	<b>119,629</b>	<b>105,083</b>	<b>92,380</b>
<b>TOTAL LIABILITIES</b>	<b>147,465</b>	<b>165,128</b>	<b>189,492</b>	<b>159,224</b>	<b>168,924</b>	<b>168,924</b>	<b>172,672</b>	<b>205,294</b>	<b>194,670</b>	<b>184,913</b>
<b>NET ASSETS</b>	<b>760,887</b>	<b>872,288</b>	<b>904,896</b>	<b>1,015,187</b>	<b>950,660</b>	<b>950,660</b>	<b>984,805</b>	<b>992,016</b>	<b>1,040,929</b>	<b>1,084,596</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)	760,887	872,288	904,896	1,015,187	950,660	950,660	984,805	992,016	1,040,929	1,084,596
Reserves	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>760,887</b>	<b>872,288</b>	<b>904,896</b>	<b>1,015,187</b>	<b>950,660</b>	<b>950,660</b>	<b>984,805</b>	<b>992,016</b>	<b>1,040,929</b>	<b>1,084,596</b>

**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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates	19,271	8,908	20,966	21,177	26,104	26,104	11,138	27,993	29,504	31,127
Service charges	52,686	59,267	69,070	83,078	79,245	79,245	39,405	87,646	92,379	97,459
Other revenue	10,037	8,835	10,066	13,516	24,449	24,449	26,303	18,704	19,714	20,799
Government - operating	170,641	216,652	214,632	226,163	226,163	226,163	169,975	240,278	264,940	288,775
Government - capital	65,518	77,188	83,703	70,860	91,349	91,349	54,263	68,830	72,721	75,734
Interest	9,257	10,163	10,410	5,579	5,352	5,352	1,294	5,508	5,806	6,125
Dividends	-	-						-	-	-
<b>Payments</b>										
Suppliers and employees	(267,851)	(355,769)	(308,578)	(320,424)	(338,227)	(338,227)	(224,292)	(342,654)	(368,406)	(408,924)
Finance charges		(2,141)	(1,426)	(3,124)	(4,124)	(4,124)	(358)	(4,000)	(3,500)	(3,000)
Transfers and Grants	(1,832)	(313)	(521)	(3,724)	(3,724)	(3,724)	(5,912)	(4,404)	(4,642)	(4,897)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>57,728</b>	<b>22,790</b>	<b>98,321</b>	<b>93,102</b>	<b>106,587</b>	<b>106,587</b>	<b>71,817</b>	<b>97,901</b>	<b>108,516</b>	<b>103,198</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE	-	654			600	600		-	-	-
Decrease (Increase) in non-current debtors	-	-						-	-	-
Decrease (increase) other non-current receivables	-	-	(529)					-	-	-
Decrease (increase) in non-current investments	-	77,167						-	-	-
<b>Payments</b>										
Capital assets	(70,369)	(108,388)	(80,665)	(77,302)	(103,123)	(103,123)	(58,899)	(73,108)	(85,123)	(84,647)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(70,369)</b>	<b>(30,567)</b>	<b>(81,193)</b>	<b>(77,302)</b>	<b>(102,523)</b>	<b>(102,523)</b>	<b>(58,899)</b>	<b>(73,108)</b>	<b>(85,123)</b>	<b>(84,647)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans								-	-	-
Borrowing long term/refinancing								-	-	-
Increase (decrease) in consumer deposits	2,361	(412)	21	111	(433)	(433)	430	171	203	227
<b>Payments</b>										
Repayment of borrowing		(5,003)	(8,170)	(8,608)	(8,608)	(8,608)	(2,702)	(19,527)	(18,000)	(15,677)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>2,361</b>	<b>(5,415)</b>	<b>(8,149)</b>	<b>(8,497)</b>	<b>(9,041)</b>	<b>(9,041)</b>	<b>(2,272)</b>	<b>(19,356)</b>	<b>(17,797)</b>	<b>(15,451)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(10,280)</b>	<b>(13,192)</b>	<b>8,979</b>	<b>7,304</b>	<b>(4,977)</b>	<b>(4,977)</b>	<b>10,645</b>	<b>5,436</b>	<b>5,596</b>	<b>3,100</b>
Cash/cash equivalents at the year begin:	35,247	25,158	11,965	25,664	20,944	20,944	20,944	15,968	21,404	27,000
<b>Cash/cash equivalents at the year end:</b>	<b>24,967</b>	<b>11,965</b>	<b>20,944</b>	<b>32,968</b>	<b>15,968</b>	<b>15,968</b>	<b>31,589</b>	<b>21,404</b>	<b>27,000</b>	<b>30,100</b>

### 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 2018/19 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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	24,967	11,965	20,944	32,968	15,968	15,968	31,589	21,404	27,000	30,100
Other current investments > 90 days	-	-	(0)	0	-	-	-	-	0	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>24,967</b>	<b>11,965</b>	<b>20,944</b>	<b>32,968</b>	<b>15,968</b>	<b>15,968</b>	<b>31,589</b>	<b>21,404</b>	<b>27,000</b>	<b>30,100</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers	16,212	1,575	16,956	-	-	-	-	466	466	466
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	1,558	2,420		12,500	3,500	3,500	2,100	3,000	3,428	3,864
Other working capital requirements	4,468	21,951	29,001	(6,637)	6,134	6,134	(14,844)	3,063	9,469	15,149
Other provisions	1,362	2,330		1,542	1,542	1,542	4,640	5,412	5,658	5,700
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments										
<b>Total Application of cash and investments:</b>	<b>23,600</b>	<b>28,276</b>	<b>45,957</b>	<b>7,405</b>	<b>11,176</b>	<b>11,176</b>	<b>(8,105)</b>	<b>11,941</b>	<b>19,021</b>	<b>25,179</b>
<b>Surplus(shortfall)</b>	<b>1,367</b>	<b>(16,310)</b>	<b>(25,013)</b>	<b>25,563</b>	<b>4,792</b>	<b>4,792</b>	<b>39,694</b>	<b>9,463</b>	<b>7,979</b>	<b>4,921</b>

### 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	<b>53,570</b>	<b>78,198</b>	<b>40,043</b>	<b>34,381</b>	<b>51,194</b>	<b>51,194</b>	<b>43,385</b>	<b>52,365</b>	<b>51,882</b>
Roads Infrastructure	42,516	52,140	21,733	19,123	35,070	35,070	19,783	26,791	13,264
Storm water Infrastructure	803	3,613	-	-	-	-	-	-	-
Electrical Infrastructure	6,075	22,359	11,151	13,158	13,324	13,324	15,216	24,174	37,217
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>49,393</b>	<b>78,112</b>	<b>32,884</b>	<b>32,281</b>	<b>48,394</b>	<b>48,394</b>	<b>34,998</b>	<b>50,965</b>	<b>50,482</b>
Community Facilities	3,112	-	-	300	300	300	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>	<b>3,112</b>	<b>-</b>	<b>-</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>-</b>	<b>-</b>	<b>-</b>
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings	-	-	1,298	-	-	-	4,882	-	-
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>-</b>	<b>-</b>	<b>1,298</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,882</b>	<b>-</b>	<b>-</b>
<b>Computer Equipment</b>	<b>-</b>	<b>-</b>	<b>1,168</b>	<b>300</b>	<b>800</b>	<b>800</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Furniture and Office Equipment</b>	<b>-</b>	<b>-</b>	<b>340</b>	<b>200</b>	<b>500</b>	<b>500</b>	<b>900</b>	<b>400</b>	<b>400</b>
<b>Machinery and Equipment</b>	<b>1,065</b>	<b>86</b>	<b>2,100</b>	<b>600</b>	<b>1,200</b>	<b>1,200</b>	<b>2,104</b>	<b>500</b>	<b>500</b>
<b>Transport Assets</b>	<b>-</b>	<b>-</b>	<b>2,253</b>	<b>700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Renewal of Existing Assets</b>	<b>18,642</b>	<b>30,190</b>	<b>40,622</b>	<b>38,974</b>	<b>42,414</b>	<b>42,414</b>	<b>34,071</b>	<b>37,105</b>	<b>13,913</b>
Roads Infrastructure	6,953	24,824	37,997	38,474	41,914	41,914	33,550	37,105	13,913
Electrical Infrastructure	3,974	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	479	442	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>11,406</b>	<b>25,266</b>	<b>37,997</b>	<b>38,474</b>	<b>41,914</b>	<b>41,914</b>	<b>33,550</b>	<b>37,105</b>	<b>13,913</b>
Community Facilities	-	77	-	-	-	-	522	-	-
Sport and Recreation Facilities	-	-	1,694	-	-	-	-	-	-
<b>Community Assets</b>	<b>-</b>	<b>77</b>	<b>1,694</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>522</b>	<b>-</b>	<b>-</b>
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings	6,435	3,699	932	500	500	500	-	-	-
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>6,435</b>	<b>3,699</b>	<b>932</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Computer Equipment</b>	<b>476</b>	<b>623</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Furniture and Office Equipment</b>	<b>325</b>	<b>237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Machinery and Equipment</b>	<b>-</b>	<b>288</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transport Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 18 MBRR Table A9 - Asset Management: Upgrading of existing assets and total capital expenditure**

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>CAPITAL EXPENDITURE</b>									
<b>Total Upgrading of Existing Assets</b>	-	-	-	3,947	9,515	9,515	-	-	23,200
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	11,896
Rail Infrastructure	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	-	-	-	-	-	-	-	-	11,896
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	8,079	8,079	-	-	11,304
<b>Community Assets</b>	-	-	-	-	8,079	8,079	-	-	11,304
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	3,947	1,437	1,437	-	-	-
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	-	-	-	3,947	1,437	1,437	-	-	-
<b>Computer Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Transport Assets</b>	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>									
Roads Infrastructure	49,469	76,964	59,730	57,596	76,984	76,984	53,332	63,897	27,177
Storm water Infrastructure	803	3,613	-	-	-	-	-	-	-
Electrical Infrastructure	10,048	22,359	11,151	13,158	13,324	13,324	15,216	24,174	37,217
Solid Waste Infrastructure	479	442	-	-	-	-	-	-	11,896
Rail Infrastructure	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>60,799</b>	<b>103,378</b>	<b>70,881</b>	<b>70,754</b>	<b>90,308</b>	<b>90,308</b>	<b>68,548</b>	<b>88,070</b>	<b>76,290</b>
Community Facilities	3,112	77	-	300	300	300	522	-	-
Sport and Recreation Facilities	-	-	1,694	-	8,079	8,079	-	-	11,304
<b>Community Assets</b>	<b>3,112</b>	<b>77</b>	<b>1,694</b>	<b>300</b>	<b>8,379</b>	<b>8,379</b>	<b>522</b>	<b>-</b>	<b>11,304</b>
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	6,435	3,699	2,229	4,447	1,937	1,937	4,882	-	-
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>6,435</b>	<b>3,699</b>	<b>2,229</b>	<b>4,447</b>	<b>1,937</b>	<b>1,937</b>	<b>4,882</b>	<b>-</b>	<b>-</b>
<b>Computer Equipment</b>	<b>476</b>	<b>623</b>	<b>1,168</b>	<b>300</b>	<b>800</b>	<b>800</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Furniture and Office Equipment</b>	<b>325</b>	<b>237</b>	<b>340</b>	<b>200</b>	<b>500</b>	<b>500</b>	<b>900</b>	<b>400</b>	<b>400</b>
<b>Machinery and Equipment</b>	<b>1,065</b>	<b>374</b>	<b>2,100</b>	<b>600</b>	<b>1,200</b>	<b>1,200</b>	<b>2,104</b>	<b>500</b>	<b>500</b>
<b>Transport Assets</b>	<b>-</b>	<b>-</b>	<b>2,253</b>	<b>700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>72,212</b>	<b>108,388</b>	<b>80,665</b>	<b>77,302</b>	<b>103,123</b>	<b>103,123</b>	<b>77,456</b>	<b>89,470</b>	<b>88,995</b>

Table 19 MBRR Table A9 - Asset Management: Asset Management

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
Roads Infrastructure	819,565	448,129	599,484	605,926	605,926	605,926	659,258	723,155	750,332
Storm water Infrastructure									
Electrical Infrastructure		52,317	47,089	70,460	70,460	70,460	70,460	70,460	70,460
Solid Waste Infrastructure		1,873		4,080	4,080	4,080	4,080	4,080	4,080
<b>Infrastructure</b>	<b>819,565</b>	<b>502,320</b>	<b>646,573</b>	<b>680,466</b>	<b>680,466</b>	<b>680,466</b>	<b>733,798</b>	<b>797,695</b>	<b>824,872</b>
Community Facilities		700	1,694						
Sport and Recreation Facilities		43,224	35,521	53,575	53,575	53,575	53,575	53,575	64,880
<b>Community Assets</b>	<b>-</b>	<b>43,924</b>	<b>37,215</b>	<b>53,575</b>	<b>53,575</b>	<b>53,575</b>	<b>53,575</b>	<b>53,575</b>	<b>64,880</b>
Heritage Assets		463							
Revenue Generating		96,146		96,146	55,728	55,728	55,728	55,728	55,728
Investment properties	-	96,146	-	96,146	55,728	55,728	55,728	55,728	55,728
Operational Buildings	-	222,601	213,186	134,703	134,703	134,703	139,585	139,585	139,585
Housing		-							
<b>Other Assets</b>	<b>-</b>	<b>222,601</b>	<b>213,186</b>	<b>134,703</b>	<b>134,703</b>	<b>134,703</b>	<b>139,585</b>	<b>139,585</b>	<b>139,585</b>
Biological or Cultivated Assets									
Servitudes									
Licences and Rights		496	291				291	291	291
<b>Intangible Assets</b>	<b>-</b>	<b>496</b>	<b>291</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>291</b>	<b>291</b>	<b>291</b>
<b>Computer Equipment</b>		<b>5,242</b>		<b>6,120</b>	<b>6,120</b>	<b>6,120</b>	<b>6,620</b>	<b>7,120</b>	<b>7,620</b>
<b>Furniture and Office Equipment</b>		<b>39,322</b>		<b>35,376</b>	<b>35,376</b>	<b>35,376</b>	<b>36,276</b>	<b>36,676</b>	<b>37,076</b>
<b>Machinery and Equipment</b>		<b>57,374</b>	<b>24,409</b>	<b>45,280</b>	<b>45,280</b>	<b>45,280</b>	<b>47,384</b>	<b>47,784</b>	<b>48,184</b>
<b>Transport Assets</b>			<b>16,971</b>	<b>2,346</b>	<b>2,346</b>	<b>2,346</b>	<b>2,346</b>	<b>2,346</b>	<b>2,346</b>
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>819,565</b>	<b>967,888</b>	<b>938,646</b>	<b>1,054,011</b>	<b>1,013,594</b>	<b>1,013,594</b>	<b>1,075,603</b>	<b>1,140,800</b>	<b>1,180,581</b>
<b>EXPENDITURE OTHER ITEMS</b>									
<b>Depreciation</b>	<b>32,042</b>	<b>49,728</b>	<b>47,998</b>	<b>51,200</b>	<b>51,200</b>	<b>51,200</b>	<b>51,181</b>	<b>53,944</b>	<b>56,911</b>
<b>Repairs and Maintenance by Asset Class</b>	<b>10,988</b>	<b>9,337</b>	<b>10,353</b>	<b>11,311</b>	<b>12,693</b>	<b>12,693</b>	<b>18,550</b>	<b>19,552</b>	<b>20,627</b>
Roads Infrastructure	881	1,788	946	2,500	2,650	2,650	4,000	4,216	4,448
Storm water Infrastructure	244	-	-	-	-	-	-	-	-
Electrical Infrastructure	1,271	1,001	1,802	1,900	1,900	1,900	3,000	3,162	3,336
Solid Waste Infrastructure	1,110	1,209	1,885	2,300	3,300	3,300	4,000	4,216	4,448
<b>Infrastructure</b>	<b>3,506</b>	<b>3,998</b>	<b>4,633</b>	<b>6,700</b>	<b>7,850</b>	<b>7,850</b>	<b>11,000</b>	<b>11,594</b>	<b>12,232</b>
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	2,965	1,154	1,432	1,300	1,325	1,325	2,000	2,108	2,224
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>2,965</b>	<b>1,154</b>	<b>1,432</b>	<b>1,300</b>	<b>1,325</b>	<b>1,325</b>	<b>2,000</b>	<b>2,108</b>	<b>2,224</b>
Licences and Rights	-	9	82	100	100	100	-	-	-
<b>Intangible Assets</b>	<b>-</b>	<b>9</b>	<b>82</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Computer Equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Furniture and Office Equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Machinery and Equipment</b>	<b>586</b>	<b>2,749</b>	<b>2,405</b>	<b>1,711</b>	<b>2,118</b>	<b>2,118</b>	<b>3,550</b>	<b>3,742</b>	<b>3,947</b>
<b>Transport Assets</b>	<b>3,931</b>	<b>1,427</b>	<b>1,800</b>	<b>1,500</b>	<b>1,300</b>	<b>1,300</b>	<b>2,000</b>	<b>2,108</b>	<b>2,224</b>
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>43,030</b>	<b>59,065</b>	<b>58,351</b>	<b>62,511</b>	<b>63,893</b>	<b>63,893</b>	<b>69,731</b>	<b>73,496</b>	<b>77,538</b>
Renewal and upgrading of Existing Assets as % of total capex	25.82%	27.85%	50.36%	55.52%	50.36%	50.36%	43.99%	41.47%	41.70%
Renewal and upgrading of Existing Assets as % of deprecn	58.18%	60.71%	84.63%	83.83%	101.42%	101.42%	66.57%	68.78%	65.21%
R&M as a % of PPE	1.50%	1.10%	1.10%	1.20%	1.30%	1.30%	1.80%	1.90%	1.90%
Renewal and upgrading and R&M as a % of PPE	4.00%	4.00%	5.00%	5.00%	6.00%	6.00%	5.00%	5.00%	5.00%

## 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 20 MBRR Table A10 – Service Delivery

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Household service targets</b>									
<b>Energy:</b>									
Electricity (at least min.service level)	58,750	58,750	-	62,464	62,464	62,464	65,775	69,458	73,278
Electricity - prepaid (min.service level)	-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total	58,750	58,750	-	62,464	62,464	62,464	65,775	69,458	73,278
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	3,000	3,126	-	3,895	3,895	3,895	3,600	3,480	3,000
Below Minimum Service Level sub-total	3,000	3,126	-	3,895	3,895	3,895	3,600	3,480	3,000
<b>Total number of households</b>	<b>61,750</b>	<b>61,876</b>	<b>-</b>	<b>66,359</b>	<b>66,359</b>	<b>66,359</b>	<b>69,375</b>	<b>72,938</b>	<b>76,278</b>
<b>Refuse:</b>									
Removed at least once a week	11,363	11,270	6,816	17,342	17,442	17,442	11,434	11,534	11,634
Minimum Service Level and Above sub-total	11,363	11,270	6,816	17,342	17,442	17,442	11,434	11,534	11,634
Removed less frequently than once a week	394	400	405	405	405	405	405	405	405
Using communal refuse dump	1,993	1,993	1,993	1,993	1,993	1,993	1,993	1,993	1,993
Using own refuse dump	38,712	38,712	38,712	38,712	38,712	38,712	42,524	42,524	42,524
Other rubbish disposal	703	703	703	703	703	703	703	703	703
No rubbish disposal	8,504	8,504	8,504	8,504	8,504	8,504	8,504	8,504	8,504
Below Minimum Service Level sub-total	50,306	50,312	50,317	50,317	50,317	50,317	54,129	54,129	54,129
<b>Total number of households</b>	<b>61,669</b>	<b>61,582</b>	<b>57,133</b>	<b>67,659</b>	<b>67,759</b>	<b>67,759</b>	<b>65,563</b>	<b>65,663</b>	<b>65,763</b>
<b>Households receiving Free Basic Service</b>									
Electricity/other energy (50kwh per household per month)	1,245	1,245	-	1,286	2,000	2,000	2,106	2,224	2,346
Refuse (removed at least once a week)	-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>									
Electricity/other energy (50kwh per indigent household per month)	690	800	708	2,000	2,000	2,000	2,224	2,344	2,473
Refuse (removed once a week for indigent households)	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>	<b>690</b>	<b>800</b>	<b>708</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,224</b>	<b>2,344</b>	<b>2,473</b>
<b>Highest level of free service provided per household</b>									
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 section 17 of MPRA)	4,725	5,235	-	8,193	8,193	8,193	9,112	9,604	10,132
Property rates exemptions, reductions and rebates - section 17 of MPRA)	13,074	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)	-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)	-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>	<b>17,799</b>	<b>5,235</b>	<b>-</b>	<b>8,193</b>	<b>8,193</b>	<b>8,193</b>	<b>9,112</b>	<b>9,604</b>	<b>10,132</b>

## **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 intends to conclude the review process for the 2018/19 IDP by the end of May 2018. Below is the timetable for the IDP/ budget process for 2018/19 Municipal fiscal year.

**IDP/Budget Process Plan for the 2018/19 financial year**

<b>MONTH</b>	<b>ACTIVITY</b>	<b>Target date</b>
<b>PREPARATORY PHASE</b>		
July 2017	<ul style="list-style-type: none"> <li>Review of previous year's IDP/Budget process with MTEF included.</li> <li>EXCO provides political guidance over the budget process and priorities that must inform preparations of the budget.</li> <li>Tabling of the process plan to council structures for approval</li> <li>4<sup>th</sup> Quarter Performance Lekgotla</li> </ul>	1-31 July 2017  1-31 July 2017  29 July 2017  28 July 2017
August 2017	<ul style="list-style-type: none"> <li>IDP steering/technical committee meeting for the presentation of the approved 2018-2019 IDP and Budget process plan</li> <li>Ward-to-Ward based analysis data collection</li> <li>Submit AFS (Annual Financial Statements) for 2016/17 to AG.</li> <li>Submit 2016/17 cumulative Performance Report to AG &amp; Council Structures</li> </ul>	14 August 2016  15 August 2017 - 17 September 2017  26 August 2017  31 August 2017
<b>ANALYSIS PHASE</b>		
September 2017	<ul style="list-style-type: none"> <li>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).</li> <li>Determine revenue projections and propose tariffs and draft initial allocations per function and department for 2018/19 financial year.</li> <li>Consult with provincial and national sector departments on sector specific programmes for alignment (schools, libraries, clinics, water, electricity, roads, etc).</li> <li>Finalize ward based data compilation for verification in December 2017.</li> </ul>	01 September- 31 December 2017
<b>STRATEGIES PHASE</b>		
October 2017	<ul style="list-style-type: none"> <li>Quarterly (1st) review of 2016/17 budget, related policies, amendments (if necessary), any related consultative process.</li> <li>Collate information from ward based data.</li> </ul>	20 October 2017  1-31 October 2017  1-31 October 2017

	<ul style="list-style-type: none"> <li>Begin preliminary preparations on proposed budget for 2018/19 financial year with consideration being given to partial performance of 2017/18.</li> <li>1ST Quarter Performance Lekgotla (2016/17)</li> </ul>	20 October 2017
<b>PROJECTS PHASE</b>		
November 2017	<ul style="list-style-type: none"> <li>Confirm IDP projects with district and sector departments.</li> <li>Engage with sector departments' strategic sessions to test feasibility of attendance to planned sessions.</li> <li>Review and effect changes on initial IDP draft.</li> </ul>	1-30 November 2017
<b>INTEGRATION PHASE</b>		
December 2017	<ul style="list-style-type: none"> <li>Consolidated Analysis Phase report in place</li> <li>IDP Steering/technical Committee meeting to present the analysis phase data</li> <li>IDP Representative Forum to present the analysis report</li> </ul>	05 December 2017 07 December 2017 12 December 2017
January 2018	<ul style="list-style-type: none"> <li>Review budget performance and prepare for adjustment</li> <li>Table Draft 2016/17 Annual Report to Council.</li> <li>Submit Draft Annual Report to AG, Provincial Treasury and COGHSTA.</li> <li>Publish Draft Annual Report in the municipal jurisdiction (website etc.).</li> <li>Prepare Oversight Report for the 2016/17 financial year.</li> <li>Mid-Year Performance Lekgotla/Review/Strategic Planning Session, (review of IDP/Budget, related policies and consultative process</li> </ul>	09-18 January 2018 30 January 2018 15 January 2018
February 2018	<ul style="list-style-type: none"> <li>Table Budget Adjustment (if necessary).</li> <li>Submission of Draft IDP/Budget for 2018/19 to Management.</li> <li>Submission of Draft IDP/Budget and plans to Portfolio Committees.</li> <li>Submission of 2017-2018 Draft IDP and Budget to Executive Committee</li> </ul>	28 February 2018 10 February 2018 19-21 February 2018 27 February 2018
March 2018	<ul style="list-style-type: none"> <li>Council considers the 2018-2019 Draft IDP and Budget.</li> <li>Publish the 2018-2019 Draft IDP and Budget for public comments.</li> <li>Adoption of Oversight Report for 2016-2017.</li> </ul>	30 March 2018

APPROVAL PHASE		
April 2018	<ul style="list-style-type: none"> <li>Submit 2018-2019 Draft IDP and Budget to the National Treasury, Provincial Treasury and COGHSTA in both printed &amp; electronic formats.</li> <li>Quarterly (3rd) review of 2017-2018 budget/IDP and related policies' amendment (if necessary) and related consultative process.</li> <li>IDP Representative Forum meeting to present the draft IDP to various stakeholders</li> <li>Consultation with National and Provincial Treasury, community participation and stakeholder consultation on the draft 2016/17 IDP.</li> <li>3rd Quarter Performance Lekgotla (2016/17)</li> </ul>	06 April 2018  28 April 2018  12 April 2018  17 April 2018 -10 May 2018  28 April 2018
May 2018	<ul style="list-style-type: none"> <li>Submission of Final Draft IDP/Budget for 2018/19 to the Council for approval.</li> <li>Finalize SDBIP<sup>i</sup> for 2018/2019.</li> <li>Develop Performance Agreements (Performance Plans) of MM, Senior Managers and Middle Managers for 2018/19 performance year.</li> </ul>	31 May 2018
June 2018	<ul style="list-style-type: none"> <li>Submission of the SDBIP to the Mayor.</li> <li>Submission of 208/19 Performance Agreements to the Mayor.</li> </ul>	1-30 June 2018

### 2.1.2 IDP and Service Delivery and Budget Implementation Plan

The IDP Process Plan and the Budget Time Schedule for the 2018/19 MTREF was tabled in Council in August 2017.

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 2018/19 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 2018/19 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 2017/18 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 2018/19 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 2018/19 MTREF:

- The Municipality growth (looking mainly on additional revenue from the new mall and traffic fines)
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, etc)
- Performance trends (2017/18)
- The approved 2017/18 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 89 and 91 has been taken into consideration in the planning and prioritisation process.

### **2.1.4 Community Consultation**

The draft 2018/19 MTREF was tabled before Council on 29 March 2018 for community consultation and thereafter it will be published on the municipality's website, and hard copies will be made available at satellite 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 2018/19 MTREF and further planning refinements that have directly informed the compilation of the budget:

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

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

Social services	<b>Outcome 1 , 2 &amp;10</b>	<ul style="list-style-type: none"> <li>➤ Education support and co-ordination</li> <li>➤ Facilitation of health services</li> <li>➤ Community development services</li> </ul>	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.

**Table 20 MBRR Table SA2 – Matrix Financial Performance Budget (revenue sources and expenditure type and vote)**

Description	Vote 1 - Executive & Council	Vote 2 - Office of Municipal Manager	Vote 3 - Budget & Treasury	Vote 4 - Corporate Services	Vote 5 - Community Services	Vote 6 - Technical Services	Vote 7 - Developmental Planning	Vote 8 - Executive Support	Total
<b>Revenue By Source</b>									
Property rates	–	–	35,888	–	–	–	–	–	35,888
Service charges - electricity revenue	–	–	–	–	–	89,297	–	–	89,297
Service charges - water revenue	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	–	–	–	–	12,249	–	–	–	12,249
Service charges - other	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	–	–	–	–	–	2,152	–	–	2,152
Interest earned - external investments	–	–	4,116	–	–	–	–	–	4,116
Interest earned - outstanding debtors	–	–	4,323	–	414	2,224	–	–	6,961
Dividends received	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	–	–	–	–	70,000	–	–	–	70,000
Licences and permits	–	–	–	–	5,750	–	–	–	5,750
Agency services	–	–	–	–	–	–	–	–	–
Other revenue	–	–	844	16	53	1,019	847	–	2,779
Transfers and subsidies	34,068	16,769	36,516	36,423	49,130	50,631	8,147	13,594	245,278
Gains on disposal of PPE	–	–	–	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers)</b>	<b>34,068</b>	<b>16,769</b>	<b>81,686</b>	<b>36,439</b>	<b>137,595</b>	<b>145,323</b>	<b>8,993</b>	<b>13,594</b>	<b>474,469</b>
<b>Expenditure By Type</b>									
Employee related costs	–	10,117	22,734	17,532	39,646	28,530	5,542	12,497	136,598
Remuneration of councillors	24,589	–	–	–	–	–	–	–	24,589
Debt impairment	–	–	3,692	–	21,997	4,733	–	–	30,421
Depreciation & asset impairment	–	–	–	5,712	3,547	41,921	–	–	51,181
Finance charges	–	–	–	–	–	4,000	–	–	4,000
Bulk purchases	–	–	–	–	–	80,000	–	–	80,000
Other materials	24	24	556	874	1,289	14,178	77	–	17,020
Contracted services	4,600	8,500	12,050	17,056	12,950	–	2,650	2,500	60,306
Transfers and subsidies	500	–	–	1,680	–	2,224	–	–	4,404
Other expenditure	9,979	1,684	10,302	8,483	4,925	11,816	2,385	740	50,313
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–
<b>Total Expenditure</b>	<b>39,691</b>	<b>20,325</b>	<b>49,333</b>	<b>51,337</b>	<b>84,354</b>	<b>187,402</b>	<b>10,653</b>	<b>15,737</b>	<b>458,832</b>
<b>Surplus/(Deficit)</b>	<b>(5,623)</b>	<b>(3,556)</b>	<b>32,353</b>	<b>(14,897)</b>	<b>53,242</b>	<b>(42,079)</b>	<b>(1,660)</b>	<b>(2,142)</b>	<b>15,637</b>
Transfers and subsidies - capital (monetary allocations)	–	–	–	–	–	63,830	–	–	63,830
Transfers and subsidies - capital (monetary allocations)	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(5,623)</b>	<b>(3,556)</b>	<b>32,353</b>	<b>(14,897)</b>	<b>53,242</b>	<b>21,751</b>	<b>(1,660)</b>	<b>(2,142)</b>	<b>79,467</b>

**Table 21 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Executive &amp; Council</b>										
To Strengthen participatory governance within the governance	Sound Governance	-	-		31,540	37,871	37,871	34,068	37,932	41,312
<b>Office of the Municipal Manager</b>										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	934	930	-	15,805	23,080	23,080	16,769	18,780	20,453
<b>Budget &amp; Treasury</b>										
To implement sound financial management practices	Sustainable financial growth/Viability	203,514	247,402	253,036	70,368	71,894	71,894	81,686	86,951	93,307
<b>Corporate Services</b>										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	62	6	12	33,797	33,842	33,842	36,439	41,381	45,066
<b>Community Services</b>										
Facilitate promotion of health and well being of communities	Improved social well being	11,515	13,068	62,691	89,322	122,251	122,251	137,595	147,663	157,639
<b>Technical Services</b>										
Reduction in the level services delivery backlogs. To facilitate economic growth and sustainable job creation	Accessible and sustainable infrastructure and basic services	117,644	144,898	141,006	200,885	220,489	220,489	209,153	223,459	236,498
<b>Development Planning</b>										
To provide a systematic intergrated spatial/land development policy. Increase regularisation of built environment	Intergrated human settlement	1,317	1,186	1,635	8,435	13,935	13,935	8,993	7,790	8,454
<b>Executive Support</b>										
Facilitate promotion of health and well being of communities	Improved social well being			1,635	12,731	12,731	12,731	13,594	15,273	16,634
<b>Total Revenue (excluding capital transf)</b>		<b>334,986</b>	<b>407,491</b>	<b>460,016</b>	<b>462,883</b>	<b>536,093</b>	<b>536,093</b>	<b>538,299</b>	<b>579,228</b>	<b>619,362</b>

**Table 22 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

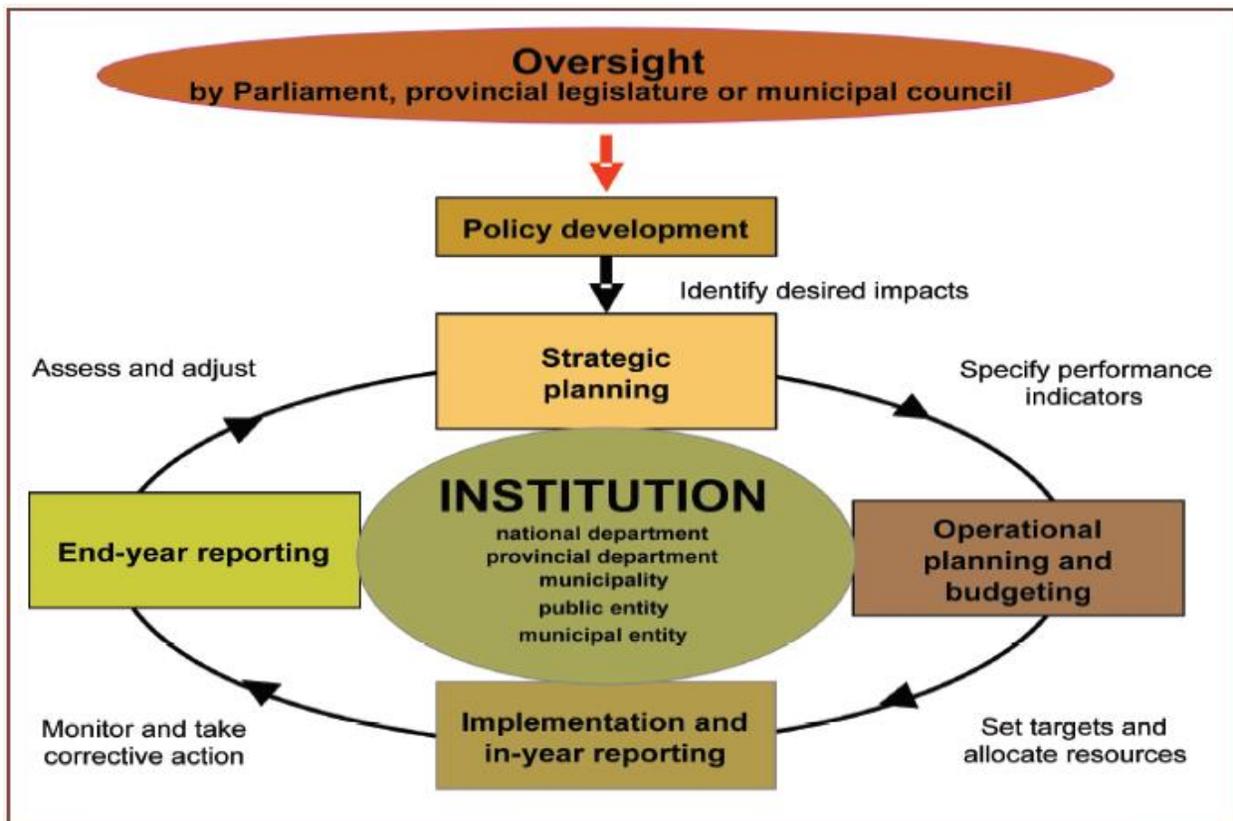
Strategic Objective	Goal	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Executive &amp; Council</b>										
To Strengthen participatory governance within the governance	Sound Governance	28,444	29,961	31,808	31,940	38,271	38,271	39,691	41,834	44,135
<b>Office of the Municipal Manager</b>										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	14,324	21,217	27,365	15,826	23,102	23,102	20,325	21,423	22,601
<b>Budget &amp; Treasury</b>										
To implement sound financial management practices	Sustainable financial growth/Viability	98,858	111,996	128,458	39,702	59,430	59,430	49,333	51,997	54,857
<b>Corporate Services</b>										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	53,239	22,109	40,771	39,326	38,652	38,652	51,337	54,109	57,085
<b>Community Services</b>										
Facilitate promotion of health and well being of communities	Improved social well being	44,130	48,634	55,374	71,741	79,148	79,148	84,354	88,909	93,799
<b>Technical Services</b>										
Reduction in the level services delivery backlogs. To facilitate economic growth and sustainable job creation	Accessible and sustainable infrastructure and basic services	90,924	103,323	183,344	165,483	165,729	165,729	187,402	196,571	206,451
<b>Development Planning</b>										
To provide a systematic integrated spatial/land development policy. Increase regularisation of built environment	Integrated human settlement	7,693	6,505	12,074	9,604	10,737	10,737	10,653	11,229	11,846
<b>Executive Support</b>										
Facilitate promotion of health and well being of communities	Improved social well being	-	25,347	16,881	12,767	16,063	16,063	15,737	16,586	17,499
<b>Total Expenditure</b>		<b>337,613</b>	<b>369,091</b>	<b>496,076</b>	<b>386,388</b>	<b>431,132</b>	<b>431,132</b>	<b>458,832</b>	<b>482,658</b>	<b>508,272</b>

**Table 23 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

Strategic Objective	Goal	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Budget &amp; Treasury</b>										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	-	-	-	-	-	-	-	-	-
<b>Corporate Services</b>										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital	2,579	1,148	1,508	500	1,300	1,300	2,200	1,400	1,400
<b>Community Services</b>										
Facilitate promotion of health and well being of communities	Improved social well being	214	3,701	181	900	900	900	1,826	-	-
<b>Technical Services</b>										
Reduction in the level services delivery backlogs. To facilitate economic growth and sustainable job creation	Accessible and sustainable infrastructure and basic services	68,409	103,539	78,393	75,902	100,923	100,923	69,082	83,723	83,247
<b>Development Planning</b>										
To provide a systematic intergrated spatial/land development policy. Increase regularisation of built environment	Intergrated human settlement	1,009	-	-	-	-	-	-	-	-
<b>Executive Support</b>										
Facilitate promotion of health and well being of communities	Improved social well being	-	-	583	-	-	-	-	-	-
<b>Total Capital Expenditure</b>		<b>72,212</b>	<b>108,388</b>	<b>80,665</b>	<b>77,302</b>	<b>103,123</b>	<b>103,123</b>	<b>73,108</b>	<b>85,123</b>	<b>84,647</b>

### 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 24 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Vote 2 - Municipal Manager</b>										
<b>KPA 2: INSTITUTIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION</b>										
Improved efficiency and effectiveness of the Municipal Administration	% of KPIs and projects attaining organisational targets (total organisation)	95%	95%	95%	95%	95%	95%	95%	95%	95%
Improved efficiency and effectiveness of the Municipal Administration	Final SDBIP approved by Mayor within 28 days after approval of Budget	1	1	1	1	1	1	1	1	1
<b>KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>										
To implement sound Financial management practices	% spend of the Total Operational Budget excluding non-cash items	95%	95%	96%	100%	100%	100%	100%	100%	100%
To implement sound Financial management practices	% of remuneration compared to total operating expenditure	34%	34%	36%	38%	38%	38%	37%	37%	37%
<b>KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>										
To strengthen participatory governance within the community	Number of final audited Annual Report submitted to Council on or before end of January	1	1	1	1	1	1	1	1	1
To strengthen participatory governance within the community	% of Council meetings resolutions implemented within the prescribed timeframe (3 months)	100%	100%	100%	100%	100%	100%	100%	100%	100%
To strengthen participatory governance within the community	Number Final IDP tabled and approved by Council by the 31 May	1	1	1	1	1	1	1	1	1
<b>KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>										
To create a culture of accountability and transparency	% of Auditor General matters resolved as per the approved audit action plan by 30 June 2018	100%	100%	100%	100%	100%	100%	100%	100%	100%
To create a culture of accountability and transparency	% execution of identified risk management plan within prescribed timeframes per quarter	100%	100%	100%	100%	100%	100%	100%	100%	100%
<b>KPA 3: LOCAL ECONOMIC DEVELOPMENT</b>										
To facilitate economic growth and sustainable job creation	Number of Grant agreement signed between EMLM and dept. of public works stipulating the EPWP targets	1	1	1	1	1	1	1	1	1
<b>Vote 3 - Budget and Treasury</b>										
<b>KPA 4 – BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>										
To provide free basic services to registered indigents	% of registered indigent households with access to free basic electricity services by 30 June (GKPI)	30%	33%	36%	60%	60%	60%	60%	60%	60%
To provide free basic services to registered indigents								200	200	200
<b>KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>										
To implement sound Financial management practices	Cost coverage ratio by the 30 June 2018 (GKPI)	2.01	2.01	2.01	4.01	4.01	4.01	4.01	4.01	4.01
To implement sound Financial management practices	% Collection Rate	82%	87%	86%	89%	89%	89%	89%	89%	89%
Number of assets verification reports submitted to municipal manager by 30 June		1	1	1	2	2	2	2	2	2
<b>KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>										
Compliance to MFMA legislation	Audited Annual Financial Statements (AFS) and Audit report submitted to council by 31 December	1	1	1	1	1	1	1	1	1
Compliance to MFMA legislation	Number of monthly SCM deviation reports submitted to municipal manager	12	12	12	15	15	15	20	20	20
Compliance to MFMA legislation	% Payment of creditors within 30 days	100%	100%	100%	100%	100%	100%	100%	100%	100%
<b>Vote 4 - Corporate Services</b>										
<b>KPA 2: INSTITUTIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION</b>										
To attract, develop and retain ethical and best human capital	Number of people from employment equity target groups employed in the three highest level of management in compliance with a municipality's approved employment equity plan (GKPI)	3	3	3	3	3	3	3	3	3
To attract, develop and retain ethical and best human capital	% of budget spent implementing the Workplace Skills Plan by the 30 June (GKPI)	80%	75%	71%	100%	100%	100%	100%	100%	100%
To attract, develop and retain ethical and best human capital	Number of organizational structure reviewed and aligned to the IDP and Budget by 30 June	1	1	1	1	1	1	1	1	1
<b>Vote 5 - Community Services</b>										
<b>KPA 4 – BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>										
Reduction in the level of Service Delivery backlogs	% of households with access to a minimum level of basic waste removal by 30 June 2018 (once per week) (GKPI)	10%	11%	13%	17%	17%	17%	17%	17%	17%
To facilitate promotion of education upliftment within communities	Number of initiatives held to promote library facilities by 30 June	4	4	4	4	4	4	4	4	4
To ensure communities are contributing towards climate change and reduction of carbon footprint	Number of waste minimization projects initiated by 30 June (Environmental awareness programmes)	4	4	4	4	4	4	4	4	4
Increase the accessibility of emergency services to the community	Number of disaster awareness campaigns conducted by 30 June	4	4	4	4	4	4	4	4	4
Facilitate safe and secure neighborhoods	Number of community safety forum meeting held	4	4	4	4	4	4	4	4	4

Table 24 MBRR Table SA7 - Measurable performance objectives (continued)

Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Vote 6 - Technical Services</b>										
<b>KPA 3: LOCAL ECONOMIC DEVELOPMENT</b>										
To facilitate economic growth and sustainable job creation	Number of additional jobs to be created using the Expanded Public Works Programme guidelines and other municipal programmes	451	460	465	630	630	630	650	650	650
To facilitate economic growth and sustainable job creation	% development of lighting master plan	80%	80%	80%	100%	100%	100%	100%	100%	100%
To facilitate economic growth and sustainable job creation	Number of additional households living in formal areas provided with electricity connections	0	0	0	1000	1000	1000	1000	1000	1000
To facilitate economic growth and sustainable job creation	Kilometers of new paved roads to be built kilometers of roads resurfaced/rehabilitated/resealed	2	2	4	8	8	8	10	10	10
To facilitate economic growth and sustainable job creation	% Development of roads master plan and maintenance plan	0%	0%	0%	100%	100%	100%	100%	100%	100%
To facilitate economic growth and sustainable job creation	% Roads signs, main holes, temporary bridges and sign boards	100%	100%	100%	100%	100%	100%	100%	100%	100%
<b>KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>										
Reduction in the level of Service Delivery backlogs	% Development of capital project implementation plan submitted to municipal manager for approval by 30 June 2018	100%	100%	100%	100%	100%	100%	100%	100%	100%
Reduction in the level of Service Delivery backlogs	% Spending on MIG funding by the 30 June	100%	100%	75%	100%	100%	100%	100%	100%	100%
Reduction in the level of Service Delivery backlogs	% Spending on INEP funding by the 30 June	100%	100%	98%	100%	100%	100%	100%	100%	100%
<b>Vote 8 - Development Planning</b>										
<b>KPA 1: SPATIAL DEVELOPMENT ANALYSIS AND RATIONALE</b>										
To provide a systematic integrated spatial / land development policy	Number of informal settlements targeted for upgrading	1	2	5	1	3	3	3	3	3
To provide a systematic integrated spatial / land development policy	% Development of a Spatial Development Framework	100%	100%	100%	100%	100%	100%	100%	100%	100%
To provide a systematic integrated spatial / land development policy	% of Site demarcation projects completed	100%	100%	100%	100%	100%	100%	100%	100%	100%
To provide a systematic integrated spatial / land development policy	% projects implemented based on SPLUMA	100%	100%	100%	100%	100%	100%	100%	100%	100%
To provide a systematic integrated spatial / land development policy	% of land use applications received and processed within 90 days	100%	100%	100%	100%	100%	100%	100%	100%	100%
Increase regularisation of built environment	% of new building plans of less than 500 square metres assessed within 10 days of receipt of plans	100%	100%	100%	100%	100%	100%	100%	100%	100%
Increase regularisation of built environment	% of new building plans of more than 500 square meters assessed within 28 days of receipt of plans	100%	100%	100%	100%	100%	100%	100%	100%	100%
Increase regularisation of built environment	% of inspections conducted on building construction with an approved plan to ensure compliance with National Building Regulations and Building Standards	100%	100%	100%	100%	100%	100%	100%	100%	100%
<b>KPA 3: LOCAL ECONOMIC DEVELOPMENT</b>										
To facilitate economic growth and sustainable job creation	Number of job opportunities provided through EPWP grant by 30 June	30	34	35	70	70	70	100	120	140
To facilitate economic growth and sustainable job creation	Number of networking events held by 30 June	1	1	1	2	2	2	2	2	2
To facilitate economic growth and sustainable job creation	Number of SMME's and Co-operatives capacity building workshops held by 30 June	4	4	4	4	4	4	4	4	4
To facilitate economic growth and sustainable job creation	Number of Review of LED Strategy	1	1	1	1	1	1	1	1	1
<b>Vote 9 - Executive Support</b>										
<b>KPA 4 - BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>										
Facilitate promotion of health and well-being of communities	Number of Transversal programmes implemented in terms of mainstreaming with respect to HIV/AIDS, Gender, Disabled, Woman and Children Rights by the 30 June	1	1	2	4	4	4	4	4	4
To strengthen participatory governance within the community	Number of quarterly reports submitted to Council in terms of items raised during public participation; within the mandate of Council, that are processed and resolved within (3) months	1	1	2	4	4	4	4	4	4
Public Participation	Number of Community Satisfaction Surveys conducted by the 30 June	1	1	1	1	1	1	1	1	1
<b>KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>										
To create a culture of accountability and transparency	Number of MPAC quarterly reports submitted to council	4	4	4	4	4	4	4	4	4
Facilitates promotion of health and well-being of communities	Number of Mayoral outreach projects initiated by 30 June	2	2	2	2	2	2	2	2	2
Facilitates promotion of health and well-being of communities	Number of Speaker's outreach projects initiated by 30 June	2	2	2	2	2	2	2	2	2
Facilitates promotion of health and well-being of communities	number of MPAC outreach projects initiated by 30 June	1	1	1	1	1	1	1	1	1

Table 25 MBRR Table SA10 – Funding measurement

Description	MFMA section	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Funding measures</b>											
Cash/cash equivalents at the year end - R'000	18(1)b	24,967	11,965	20,944	32,968	15,968	15,968	31,589	21,404	27,000	30,100
Cash + investments at the yr end less applications - R'000	18(1)b	1,367	(16,310)	(25,013)	25,563	4,792	4,792	39,694	9,463	7,979	4,921
Cash year end/monthly employee/supplier payments	18(1)b	1.25	0.54	0.76	1.38	0.58	0.58	2.12	0.75	0.89	0.94
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	(2,627)	38,400	(36,060)	76,495	104,961	104,961	95,699	79,467	96,570	111,090
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	10.23%	7.03%	6.83%	3.75%	-6.00%	-51.36%	1.68%	-0.60%	-0.50%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	80.85%	70.42%	57.17%	72.63%	60.07%	60.07%	82.50%	59.69%	59.69%	59.69%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	14.48%	8.92%	20.50%	22.68%	20.66%	20.66%	0.00%	22.13%	22.13%	22.13%
Capital payments % of capital expenditure	18(1)c,19	97.45%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Grants % of Govt. legislated/gazetted allocations	18(1)a								100.00%	100.00%	100.00%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	-15.40%	48.40%	12.60%	2.80%	0.00%	31.50%	18.50%	-2.70%	-1.30%
Long term receivables % change - incr(decr)	18(1)a	N.A.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
R&M % of Property Plant & Equipment	20(1)(vi)	1.51%	1.07%	1.10%	1.18%	1.33%	1.33%	1.94%	1.82%	1.86%	1.90%
Asset renewal % of capital budget	20(1)(vi)	25.82%	27.85%	50.36%	50.42%	41.13%	41.13%	0.00%	46.60%	43.59%	16.44%
<b>Supporting indicators</b>											
% incr total service charges (incl prop rates)	18(1)a		16.23%	13.03%	12.83%	9.75%	0.00%	-45.36%	7.68%	5.40%	5.50%
% incr Property Tax	18(1)a		16.21%	15.27%	2.55%	31.48%	0.00%	-39.62%	3.11%	5.40%	5.50%
% incr Service charges - electricity revenue	18(1)a		16.89%	8.66%	14.79%	0.00%	0.00%	-47.49%	9.96%	5.40%	5.50%
% incr Service charges - water revenue	18(1)a		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
% incr Service charges - sanitation revenue	18(1)a		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
% incr Service charges - refuse revenue	18(1)a		5.75%	76.62%	32.43%	34.82%	0.00%	-47.69%	5.45%	5.40%	5.50%
% incr in Service charges - other	18(1)a		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total billable revenue</b>											
Total billable revenue	18(1)a	78,450	91,183	103,065	116,294	127,627	127,627	69,734	137,434	144,855	152,822
Service charges		78,450	91,183	103,065	116,294	127,627	127,627	69,734	137,434	144,855	152,822
Property rates		19,271	22,395	25,815	26,472	34,805	34,805	21,016	35,888	37,826	39,906
Service charges - electricity revenue		55,695	65,104	70,745	81,206	81,206	81,206	42,642	89,297	94,120	99,296
Service charges - refuse removal		3,483	3,684	6,506	8,616	11,616	11,616	6,076	12,249	12,910	13,620
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1,889	2,213	1,319	1,935	1,000	1,000	559	2,152	2,268	2,393
Capital expenditure excluding capital grant funding		20,750	31,200	11,770	15,144	22,992	22,992	13,327	17,604	26,235	23,139
Cash receipts from ratepayers	18(1)a	81,994	77,010	100,101	117,771	129,798	129,798	76,846	134,343	141,597	149,385
Ratepayer & Other revenue	18(1)a	101,412	109,360	175,091	162,158	216,081	216,081	93,144	225,075	237,229	250,277
Change in consumer debtors (current and non-current)		(5,090)	(7,764)	20,701	7,975	9,975	9,975	33,120	15,568	(2,356)	(1,138)
Operating and Capital Grant Revenue	18(1)a	229,608	293,840	282,035	297,023	317,512	317,512	210,204	309,108	337,661	364,509
Capital expenditure - total	20(1)(vi)	72,212	108,388	80,665	77,302	103,123	103,123	58,899	73,108	85,123	84,647
Capital expenditure - renewal	20(1)(vi)	18,642	30,190	40,622	38,974	42,414	42,414		34,071	37,105	13,913
<b>Supporting benchmarks</b>											
Growth guideline maximum		0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
CPI guideline		0.043	0.039	0.046	0.05	0.05	0.05	0.05	0.054	0.056	0.054
DoRA operating grants total MFY									245,278	269,940	293,775
DoRA capital grants total MFY									63,830	67,721	70,734
Provincial operating grants									-	-	-
Provincial capital grants									-	-	-
District Municipality grants									-	-	-
Total gazetted/advised national, provincial and district grants									309,108	337,661	364,509
Average annual collection rate (arrears inclusive)											

Table 25 MBRR Table SA10 – Funding measurement (continued)

Description	MFMA section	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Trend</b>											
Change in consumer debtors (current and non-current)		(5,090)	(7,764)	20,701	33,120	15,568	(2,356)	(1,138)	–	–	–
Total Operating Revenue		276,019	330,303	391,085	392,023	444,744	444,744	249,082	474,469	511,507	548,628
Total Operating Expenditure		337,613	369,091	496,076	386,388	431,132	431,132	209,031	458,832	482,658	508,272
Operating Performance Surplus/(Deficit)		(61,594)	(38,788)	(104,990)	5,635	13,612	13,612	40,051	15,637	28,849	40,356
Cash and Cash Equivalents (30 June 2012)									21,404		
<b>Revenue</b>											
% Increase in Total Operating Revenue			19.67%	18.40%	0.24%	13.45%	0.00%	-43.99%	6.68%	7.81%	7.26%
% Increase in Property Rates Revenue			16.21%	15.27%	2.55%	31.48%	0.00%	-39.62%	3.11%	5.40%	5.50%
% Increase in Electricity Revenue			16.89%	8.66%	14.79%	0.00%	0.00%	-47.49%	9.96%	5.40%	5.50%
% Increase in Property Rates & Services Charges			16.23%	13.03%	12.83%	9.75%	0.00%	-45.36%	7.68%	5.40%	5.50%
<b>Expenditure</b>											
% Increase in Total Operating Expenditure			9.32%	34.40%	-22.11%	11.58%	0.00%	-51.52%	6.42%	5.19%	5.31%
% Increase in Employee Costs			9.23%	5.02%	4.82%	2.14%	0.00%	-34.88%	8.32%	5.40%	5.50%
% Increase in Electricity Bulk Purchases			16.41%	8.89%	5.23%	1.45%	0.00%	-48.38%	14.02%	5.40%	5.50%
Average Cost Per Budgeted Employee Position (Remuneration)				291,536.48	309,423.91				326,789.77		
Average Cost Per Councillor (Remuneration)				338,297.63	362,505.49				403,093.05		
R&M % of PPE		1.50%	1.10%	1.10%	1.20%	1.30%	1.30%		1.80%	1.90%	1.90%
Asset Renewal and R&M as a % of PPE		4.00%	4.00%	5.00%	5.00%	6.00%	6.00%		5.00%	5.00%	5.00%
Debt Impairment % of Total Billable Revenue		14.48%	8.92%	20.50%	22.68%	20.66%	20.66%	0.00%	22.13%	22.13%	22.13%
<b>Capital Revenue</b>											
Internally Funded & Other (R'000)		20,750	31,200	11,770	15,144	22,992	22,992	13,327	17,604	26,235	23,139
Borrowing (R'000)		–	–	–	–	–	–	–	–	–	–
Grant Funding and Other (R'000)		51,462	77,188	68,895	62,158	80,131	80,131	45,572	55,504	58,888	61,508
Internally Generated funds % of Non Grant Funding		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Borrowing % of Non Grant Funding		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Grant Funding % of Total Funding		71.27%	71.21%	85.41%	80.41%	77.70%	77.70%	77.37%	75.92%	69.18%	72.66%
<b>Capital Expenditure</b>											
Total Capital Programme (R'000)		72,212	108,388	80,665	77,302	103,123	103,123	58,899	73,108	85,123	84,647
Asset Renewal		18,642	30,190	40,622	38,974	42,414	42,414	–	34,071	37,105	13,913
Asset Renewal % of Total Capital Expenditure		25.82%	27.85%	50.36%	50.42%	41.13%	41.13%	0.00%	46.60%	43.59%	16.44%
<b>Cash</b>											
Cash Receipts % of Rate Payer & Other		80.85%	70.42%	57.17%	72.63%	60.07%	60.07%	82.50%	59.69%	59.69%	59.69%
Cash Coverage Ratio		1.25	0.54	0.76	1.38	0.58	0.58	2.12	0.75	0.89	0.94
<b>Borrowing</b>											
Credit Rating (2009/10)									0		
Capital Charges to Operating		0.00%	1.94%	1.93%	3.04%	2.49%	2.49%	1.46%	5.13%	4.45%	3.67%
Borrowing Receipts % of Capital Expenditure		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Reserves</b>											
Surplus/(Deficit)		1,367	(16,310)	(25,013)	25,563	4,792	4,792	39,694	9,463	7,979	4,921
Free Services											
Free Basic Services as a % of Equitable Share		0.41%	0.38%	0.34%	0.90%	0.90%	0.90%		0.00%	0.00%	0.00%
Free Services as a % of Operating Revenue (excl operational transfers)		16.89%	4.61%	0.00%	4.94%	3.75%	3.75%		3.98%	3.98%	3.98%
<b>High Level Outcome of Funding Compliance</b>											
Total Operating Revenue		276,019	330,303	391,085	392,023	444,744	444,744	249,082	474,469	511,507	548,628
Total Operating Expenditure		337,613	369,091	496,076	386,388	431,132	431,132	209,031	458,832	482,658	508,272
Surplus/(Deficit) Budgeted Operating Statement		(61,594)	(38,788)	(104,990)	5,635	13,612	13,612	40,051	15,637	28,849	40,356
Surplus/(Deficit) Considering Reserves and Cash Backing		1,367	(16,310)	(25,013)	25,563	4,792	4,792	39,694	9,463	7,979	4,921
MTREF Funded (1) / Unfunded (0)		1	0	0	1	1	1	1	1	1	1
MTREF Funded ü / Unfunded ü		✓	✗	✗	✓	✓	✓	✓	✓	✓	✓

Table 26 MBRR Table SA11 – Property rates summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
<b>Valuation:</b>										
Date of valuation:	1/7/2014	1/7/2015	1/7/2016	1/7/2017						
Financial year valuation used	2012-16	2012-16	2012-16	2017-18						
Municipal by-laws s6 in place? (Y/N)	Yes	Yes	Yes	Yes				Yes		
Municipal/assistant valuer appointed? (Y/N)	No	No	No	No				No		
Municipal partnership s38 used? (Y/N)	No	No	No	No	No	No	No	No	No	No
No. of assistant valuers (FTE)	-	-	-	-	-	-	-	-	-	-
No. of data collectors (FTE)	1	-	1	-	-	-	-	-	-	-
Valuation appeal board established? (Y/N)	No	No	No	No						
Implementation time of new valuation roll (mths)	24	12	12	12				12		
No. of properties	25786	30455								
No. of supplementary valuations	86	1	1	-	-	-	1	1	1	1
No. of valuation roll amendments	-	-	-	-	-	-	-	-	-	-
No. of objections by rate payers	111	-	-	-	-	-	-	-	-	-
No. of appeals by rate payers	69	-	-	-	-	-	-	-	-	-
No. of successful objections	42	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	38	-	-	-	-	-	-	-	-	-
Supplementary valuation	1	1	1	-	-	-	1	1	1	1
Public service infrastructure value (Rm)	793,185	800,000								
Municipality owned property value (Rm)	140,000	165,000								
<b>Valuation reductions:</b>										
Valuation reductions-public infrastructure (Rm)	-	-								
Valuation reductions-nature reserves/park (Rm)	-	-								
Valuation reductions-mineral rights (Rm)	-	-								
Valuation reductions-R15,000 threshold (Rm)	386,790	386,790								
Valuation reductions-public worship (Rm)	-	-								
Valuation reductions-other (Rm)	386,790	200,000								
Total valuation reductions:	773,580	586,790	-	-	-	-	-	-	-	-
Total value used for rating (Rm)	18,463,652	18,463,652								
Total land value (Rm)	-	-	-	-	-	-	-	-	-	-
Total value of improvements (Rm)	-	-	-	-	-	-	-	-	-	-
Total market value (Rm)	18,463,652	18,463,652								
<b>Rating:</b>										
Residential rate used to determine rate for other categories? (Y/N)	No	No	No	No				No		
Differential rates used? (Y/N)	Yes	Yes	Yes	Yes				Yes		
Limit on annual rate increase (s20)? (Y/N)	No	No	No	No	No	No	No	No	No	No
Special rating area used? (Y/N)	No	No	No	No				No		
Phasing-in properties s21 (number)	0	0	0	0	0	0	0	0	0	0
Rates policy accompanying budget? (Y/N)	Yes	Yes	Yes	Yes				Yes		
Fixed amount minimum value (R'000)	30000	30000	30000	30000				30000		
Non-residential prescribed ratio s19? (%)	0	0	0	0				0		
<b>Rate revenue:</b>										
Rate revenue budget (R '000)	19,271	22,395	25,815	26,472	34,805	34,805	35,888	37,826	39,906	39,906
Rate revenue expected to collect (R'000)	15,271	16,908	20,966	21,177	26,104	26,104	27,993	29,504	31,127	31,127
Expected cash collection rate (%)	79.24%	75.50%	81.22%	80.00%	75.00%	75.00%	78.00%	78.00%	78.00%	78.00%
Special rating areas (R'000)	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - indigent (R'000)	2,250	2,250								
Rebates, exemptions - pensioners (R'000)	155	200								
Rebates, exemptions - bona fide farm. (R'000)	2,924	-	-	-	-	-	-	-	-	-
Total rebates, exemptns, reductns, discs (R'000)	5,329	2,450	-	-	-	-	-	-	-	-

Table 27 MBRR Table SA12a – Property rates by Category: Current year

Description	Residential	Industrial	Bus. & Comm.	Farm properties	State-owned	Muni properties	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
<b>Current Year 2017/18</b>																
<b>Valuation:</b>																
No. of properties	15,052	37	407	53	1,011	2,066	56	-	-	-	-	-	-	-	21	-
No. of sectional title property values	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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)	<1	<1	<1	<1	<1	<1	<1								<1	
Frequency of valuation (select)	5	5	5	5	5	5	5									5
Method of valuation used (select)	Market	Market	Market	Market	Market	Market	Market								Market	
Base of valuation (select)	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.								Land & impr.	
Phasing-in properties s21 (number)	0	0	0	0	0	0	0								0	
Combination of rating types used? (Y/N)	Yes	Yes	Yes	Yes	Yes	Yes	Yes								Yes	
Flat rate used? (Y/N)	No	No	No	No	No	No	No								No	
Is balance rated by uniform rate/variable rate?	Variable	Variable	Variable	Variable	Variable	Variable	Variable								Variable	
<b>Valuation reductions:</b>																
Valuation reductions-public infrastructure (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30,000
Valuation reductions-nature reserves/park (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30,000
Valuation reductions-mineral rights (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30,000
Valuation reductions-R15,000 threshold (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30,000
Valuation reductions-public worship (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30,000
Valuation reductions-other (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30,000
<b>Total valuation reductions:</b>																
Total value used for rating (Rm)	3,341,309	77,105	712,838	17,600	325,268	156,983	1,595								11,860	-
Total land value (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30,000
Total value of improvements (Rm)	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30,000
Total market value (Rm)	3,341,309	77,105	712,838	17,600	325,268	156,983	1,595								11,860	-
<b>Rating:</b>																
Average rate	0	0	0	0	0	-	0	-	-	-	-	-	-	-	0	-
Rate revenue budget (R'000)																
Rate revenue expected to collect (R'000)	119	1	6	0	8	-	0	-	-	-	-	-	-	-	0	-
Expected cash collection rate (%)	1	1	1	1	1	-	1	-	-	-	-	-	-	-	1	-

Table 28 MBRR Table SA12b – Property rates by Category: Budget year

Description	Residential	Industrial	Bus. & Comm.	Farm properties	State-owned	Muni properties	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
<b>Budget Year 2018/19</b>																
<b>Valuation:</b>																
No. of properties	15,052.00	37.00	407.00	53.00	1,011.00	2,066.00	56.00	-	-	-	-	-	-	-	21.00	-
No. of sectional title property values	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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)	<1	<1	<1	<1	<1	<1	<1								<1	
Frequency of valuation (select)	5	5	5	5	5	5	5									5
Method of valuation used (select)	Market	Market	Market	Market	Market	Market	Market								Market	
Base of valuation (select)	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.								Land & impr.	
Phasing-in properties s21 (number)	0	0	0	0	0	0	0								0	
Combination of rating types used? (Y/N)	Yes	Yes	Yes	Yes	Yes	Yes	Yes								Yes	
Flat rate used? (Y/N)	No	No	No	No	No	No	No								No	
Is balance rated by uniform rate/variable rate?	Variable	Variable	Variable	Variable	Variable	Variable	Variable								Variable	
<b>Valuation reductions:</b>																
Valuation reductions-public infrastructure (Rm)	30	30	30	30	30	30	30									30
Valuation reductions-nature reserves/park (Rm)	30	30	30	30	30	30	30									30
Valuation reductions-mineral rights (Rm)	30	30	30	30	30	30	30									30
Valuation reductions-R15,000 threshold (Rm)	30	30	30	30	30	30	30									30
Valuation reductions-public worship (Rm)	30	30	30	30	30	30	30									30
Valuation reductions-other (Rm)	30	30	30	30	30	30	30									30
Total valuation reductions:																
Total value used for rating (Rm)	3,341,309	77,105	712,838	17,600	325,268	156,983	1,595								11,860	-
Total land value (Rm)	-															
Total value of improvements (Rm)	-															
Total market value (Rm)	3,341,309	77,105	712,838	17,600	325,268	156,983	1,595								11,860	-
<b>Rating:</b>																
Average rate	0.01	0.02	0.02	0.00	0.01	-	0.00								0.00	-
Rate revenue budget (R'000)																
Rate revenue expected to collect (R'000)	0	0	0	0	0	-	0	-	-	-	-	-	-	-	0	-
Expected cash collection rate (%)	85.00%	68.00%	68.00%	85.00%	100.00%	0.00%	50.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	50.00%	0.00%

### **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 2018/19 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 2018/19 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 and the policy has been getting reviewed on annual basis and the changes made now are incorporated and presented in the resolutions paragraph.

### **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 2018/19 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.

### **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 (87%) of annual billings. Cash flow is assumed to be 87 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 78%
- Service charge electricity - collection rate 88%
- Service charge refuse removal - collection rate 74%
- Rental on facilities - collection rate 50%
- Traffic fines – 13%
- Interest on outstanding debtors - collection rate 20%

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**

MFMA circular 89 and 91 did not stipulate the salary increase projection and as a result, the CPI was used for budgeting for the increment.

### **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 2018/19 MTREF of which performance has been factored into the cash flow budget.

## 2.6 Overview of budget funding

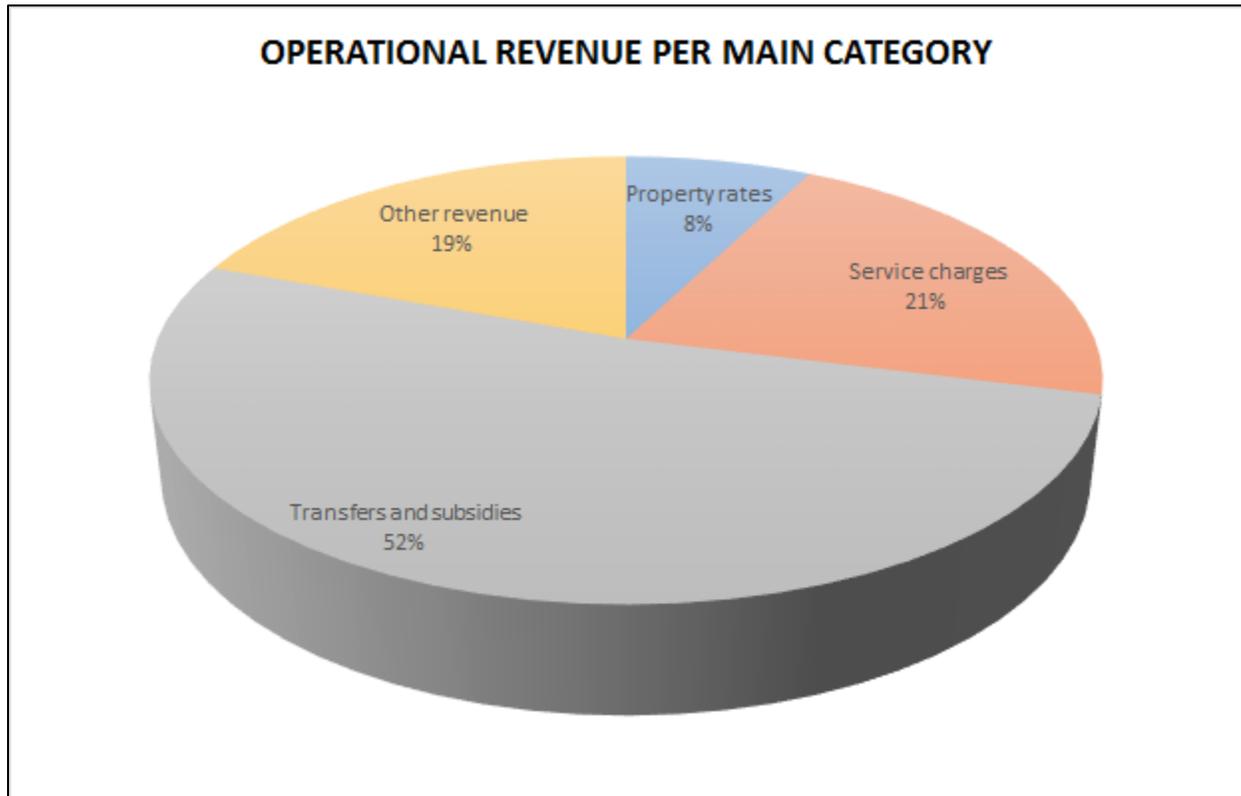
### 2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term and presents operating surplus of R15, 637 million in 2018/19 that is fairly reasonable.

**Table 29 Breakdown of the operating revenue over the medium-term**

Description	Budget		Budget		Budget	
	Year 2018/19	%	Year +1 2019/20	%	Year +2 2020/21	%
<b>Revenue By Source</b>						
Property rates	35,888	7.6%	37,826	7.4%	39,906	7.3%
Service charges	101,546	21.4%	107,030	20.9%	112,916	20.6%
Transfers and subsidies	245,278	51.7%	269,940	52.8%	293,775	53.5%
Other revenue	91,757	19.3%	96,712	18.9%	102,031	18.6%
<b>Total Revenue (excluding capital transf)</b>	<b>474,469</b>	<b>100.0%</b>	<b>511,507</b>	<b>100.0%</b>	<b>548,628</b>	<b>100.0%</b>
<b>Total Expenditure</b>	<b>458,832</b>		<b>482,658</b>		<b>508,272</b>	
<b>Surplus/(Deficit)</b>	<b>15,637</b>		<b>28,849</b>		<b>40,356</b>	

The following graph is a breakdown of the operational revenue per main category for the 2018/19 Financial year



**Figure 5 Breakdown of operating revenue over the 2018/19 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 87 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 2018/19 MTREF on the different revenue categories are:

**Table 30 Proposed tariff increases over the medium-term**

Description	Tariff Increase	Tariff Increase	Tariff Increase	Additional Revenue	Additional Revenue	Additional Revenue
	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21
<b>Revenue By Source</b>						
Property rates	5.3%	5.4%	5.5%	1,845	1,938	2,080
Service charge - Electricity	6.8%	7.0%	7.3%	5,555	6,251	6,824
Service charge - Refuse Removal	5.3%	5.4%	5.5%	616	661	710

**Table 31 MBRR SA15 – Detail Investment Information**

Investment type	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
	Securities - National Government	-	-	-	-	-	-	-	-
Listed Corporate Bonds	-	-	-	-	-	-	-	-	-
Deposits - Bank	23,764	6,899	15,657	28,568	11,568	11,568	15,582	22,800	25,000
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	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>23,764</b>	<b>6,899</b>	<b>15,657</b>	<b>28,568</b>	<b>11,568</b>	<b>11,568</b>	<b>15,582</b>	<b>22,800</b>	<b>25,000</b>

**Table 32 MBRR SA16 – Investment particulars by maturity**

Investments	Period of Investment	Type of Investment	Variable or Fixed	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest	Withdrawal	Additions	Closing Balance
Quotation-based	Months	Short term	Variable	7.66%	-	-	8/30/2018	11,294	780		48,706	60,780
Quotation-based	Months	Short term	Variable	6.60%	-	-	10/30/2018	60,780	964	(11,330)		50,414
Quotation-based	Months	Short term	Variable	7.45%	-	-	1/31/2019	50,000	760		9,240	60,000
Quotation-based	Months	Short term	Variable	7.60%	-	-	3/30/2019	60,000	680	(15,680)		45,000
Quotation-based	Months	Short term	Variable	8.25%	-	-	5/31/2019	45,000	608	(7,608)		38,000
Quotation-based	Months	Short term	Variable	7.50%	-	-	6/30/2019	38,000	323	(22,741)		15,582
<b>Total</b>								<b>265,075</b>	<b>4,116</b>	<b>(57,359)</b>	<b>57,946</b>	<b>269,777</b>

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 R79, 467 million, R96, 570 million and R111, 090 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources.

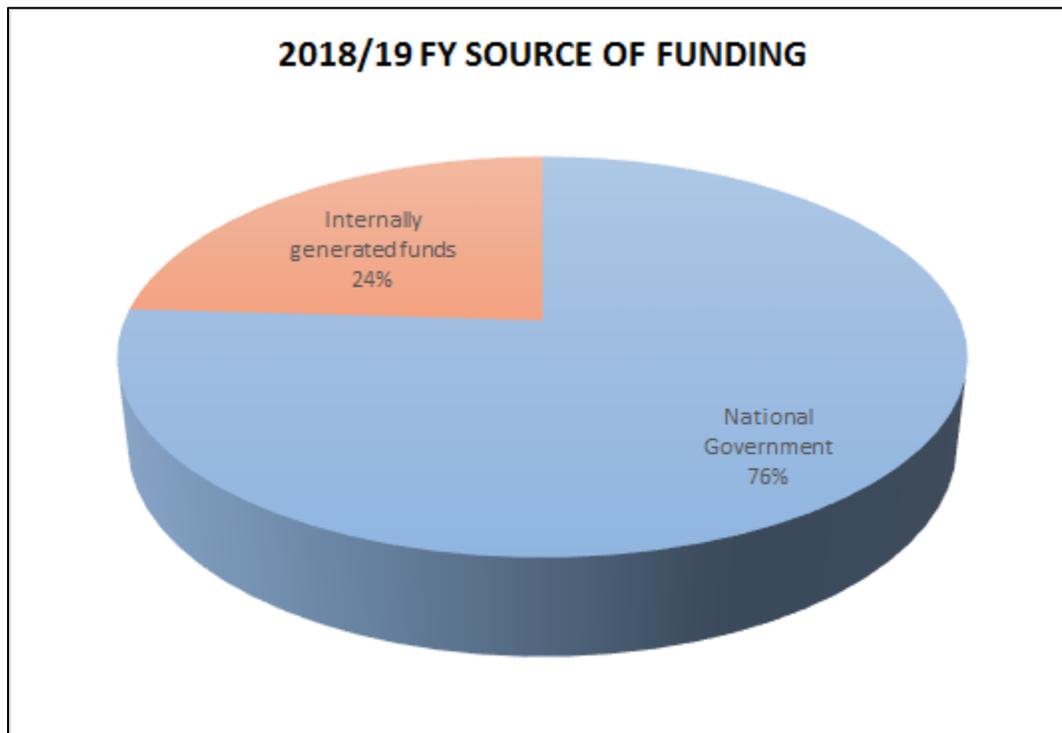
## 2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2018/19 medium-term capital programme:

**Table 33 Sources of capital revenue over the MTREF**

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Funded by:</b>										
<b>National Government</b>	51,462	77,188	68,895	62,158	80,131	80,131	45,572	55,504	58,888	61,508
Provincial Government										
District Municipality										
Other transfers and grants										
Transfers recognised - capital	51,462	77,188	68,895	62,158	80,131	80,131	45,572	55,504	58,888	61,508
Public contributions & donations										
Borrowing										
Internally generated funds	20,750	31,200	11,770	15,144	22,992	22,992	13,327	17,604	26,235	23,139
<b>Total Capital Funding</b>	<b>72,212</b>	<b>108,388</b>	<b>80,665</b>	<b>77,302</b>	<b>103,123</b>	<b>103,123</b>	<b>58,899</b>	<b>73,108</b>	<b>85,123</b>	<b>84,647</b>

The above table is graphically represented as follows for the 2018/19 financial year.



**Figure 6 Breakdown of the source of funding for 2018/19 MTREF**

Capital grants and receipts equate to 53.82% of the total funding source which represents R55,504 million for the 2018/19 financial year and increases to R58,888 million and R61,508 million in 2019/20 and 2020/21 financial years respectively. Only 24.08% of capital budgets is funded from internally generated revenue.

**Table 34 MBRR SA17 - Borrowing**

Borrowing - Categorized by type	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Annuity and Bullet Loans									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases	-	11,520		16,500	19,500	19,500	33,677	15,677	-
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
<b>Total</b>	-	<b>11,520</b>	-	<b>16,500</b>	<b>19,500</b>	<b>19,500</b>	<b>33,677</b>	<b>15,677</b>	-

## 2.7 Expenditure on grants and reconciliation of unspent funds

**Table 35 MBRR SA18 - Transfers and Grants Receipts**

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>170,641</b>	<b>216,641</b>	<b>213,105</b>	<b>226,163</b>	<b>226,163</b>	<b>226,163</b>	<b>245,278</b>	<b>269,940</b>	<b>293,775</b>
Local Government Equitable Share	166,920	212,948	210,385	223,019	223,019	223,019	237,506	262,705	286,108
Finance Management	1,600	1,600	1,625	1,700	1,700	1,700	1,770	2,235	2,667
Municipal Systems Improvement	934	930	-	-	-	-	-	-	-
EPWP Incentive	1,187	1,163	1,095	1,444	1,444	1,444	1,002	-	-
Energy Efficiency and Demand Side Management							5,000	5,000	5,000
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A									
<b>Total Operating Transfers and Grants</b>	<b>170,641</b>	<b>216,641</b>	<b>213,105</b>	<b>226,163</b>	<b>226,163</b>	<b>226,163</b>	<b>245,278</b>	<b>269,940</b>	<b>293,775</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	<b>65,840</b>	<b>63,102</b>	<b>85,419</b>	<b>70,860</b>	<b>91,349</b>	<b>91,349</b>	<b>63,830</b>	<b>67,721</b>	<b>70,734</b>
Municipal Infrastructure Grant (MIG)	62,961	53,102	72,419	55,860	76,160	76,160	53,832	54,921	57,934
Integrated National Electrification Grant	2,879	10,000	13,000	15,000	15,189	15,189	9,998	12,800	12,800
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A	-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	<b>65,840</b>	<b>63,102</b>	<b>85,419</b>	<b>70,860</b>	<b>91,349</b>	<b>91,349</b>	<b>63,830</b>	<b>67,721</b>	<b>70,734</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>236,481</b>	<b>279,743</b>	<b>298,524</b>	<b>297,023</b>	<b>317,512</b>	<b>317,512</b>	<b>309,108</b>	<b>337,661</b>	<b>364,509</b>

**Table 36 MBRR SA19 - Expenditure on transfers and grants expenditure**

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>EXPENDITURE:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>170,641</b>	<b>216,641</b>	<b>213,105</b>	<b>226,163</b>	<b>226,163</b>	<b>226,163</b>	<b>245,278</b>	<b>269,940</b>	<b>293,775</b>
Local Government Equitable Share	166,920	212,948	210,385	223,019	223,019	223,019	237,506	262,705	286,108
Finance Management	1,600	1,600	1,625	1,700	1,700	1,700	1,770	2,235	2,667
Municipal Systems Improvement	934	930	-	-	-	-	-	-	-
EPWP Incentive	1,187	1,163	1,095	1,444	1,444	1,444	1,002	-	-
Energy Efficiency and Demand Side Management	-	-	-	-	-	-	5,000	5,000	5,000
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A	-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	<b>170,641</b>	<b>216,641</b>	<b>213,105</b>	<b>226,163</b>	<b>226,163</b>	<b>226,163</b>	<b>245,278</b>	<b>269,940</b>	<b>293,775</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	<b>65,840</b>	<b>63,102</b>	<b>85,419</b>	<b>70,860</b>	<b>91,349</b>	<b>91,349</b>	<b>63,830</b>	<b>67,721</b>	<b>70,734</b>
Municipal Infrastructure Grant (MIG)	62,961	53,102	72,419	55,860	76,160	76,160	53,832	54,921	57,934
Intergrated National Electrification Grant	2,879	10,000	13,000	15,000	15,189	15,189	9,998	12,800	12,800
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A	-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	<b>65,840</b>	<b>63,102</b>	<b>85,419</b>	<b>70,860</b>	<b>91,349</b>	<b>91,349</b>	<b>63,830</b>	<b>67,721</b>	<b>70,734</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>236,481</b>	<b>279,743</b>	<b>298,524</b>	<b>297,023</b>	<b>317,512</b>	<b>317,512</b>	<b>309,108</b>	<b>337,661</b>	<b>364,509</b>

**Table 37 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Operating transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	170,641	216,652	213,105	226,163	226,163	226,163	245,278	269,940	293,775
Conditions met - transferred to revenue	170,641	216,652	213,105	226,163	226,163	226,163	245,278	269,940	293,775
<b>Conditions still to be met - transferred to liabilities</b>	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>									
N/A	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>									
N/A	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>									
N/A	-	-	-	-	-	-	-	-	-
<b>Total operating transfers and grants revenue</b>	<b>170,641</b>	<b>216,652</b>	<b>213,105</b>	<b>226,163</b>	<b>226,163</b>	<b>226,163</b>	<b>245,278</b>	<b>269,940</b>	<b>293,775</b>
<b>Total operating transfers and grants - CTBM</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	-	14,378	-	-	16,545	-	-	-	-
Current year receipts	65,840	62,810	85,419	62,158	63,586	80,131	55,504	58,888	61,508
Conditions met - transferred to revenue	51,462	77,188	68,895	62,158	80,131	80,131	55,504	58,888	61,508
<b>Conditions still to be met - transferred to liabilities</b>	<b>14,378</b>	<b>-</b>	<b>16,524</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Provincial Government:</b>									
N/A	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>									
N/A	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>									
N/A	-	-	-	-	-	-	-	-	-
Total capital transfers and grants revenue	51,462	77,188	68,895	62,158	80,131	80,131	55,504	58,888	61,508
Total capital transfers and grants - CTBM	14,378	-	16,524	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>222,103</b>	<b>293,840</b>	<b>282,000</b>	<b>288,321</b>	<b>306,294</b>	<b>306,294</b>	<b>300,782</b>	<b>328,828</b>	<b>355,283</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>14,378</b>	<b>-</b>	<b>16,524</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 38 MBRR SA21 – Transfers and Grants made by the municipality**

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Groups of Individuals</b>										
Free Basic Electricity	678	313	708	2,000	2,000	2,000	3,940	2,224	2,344	2,473
Retirement Benefit	953	848	-	1,511	1,511	1,511	848	1,680	1,771	1,868
External Bursaries	200	118	-	213	213	213	184	500	527	556
<b>Total Non-Cash Grants To Groups Of Individuals:</b>	<b>1,832</b>	<b>1,279</b>	<b>708</b>	<b>3,724</b>	<b>3,724</b>	<b>3,724</b>	<b>4,972</b>	<b>4,404</b>	<b>4,642</b>	<b>4,897</b>
<b>TOTAL NON-CASH TRANSFERS AND GRANTS</b>	<b>1,832</b>	<b>1,279</b>	<b>708</b>	<b>3,724</b>	<b>3,724</b>	<b>3,724</b>	<b>4,972</b>	<b>4,404</b>	<b>4,642</b>	<b>4,897</b>
<b>TOTAL TRANSFERS AND GRANTS</b>	<b>1,832</b>	<b>1,279</b>	<b>708</b>	<b>3,724</b>	<b>3,724</b>	<b>3,724</b>	<b>4,972</b>	<b>4,404</b>	<b>4,642</b>	<b>4,897</b>

Table 38 presents the transfers and grants to be paid out by the municipality and figures presented in the 2018/19 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 Councilors and employees benefits

**Table 39 MBRR SA22 – Summary of councilor and benefits**

Summary of Employee and Councillor remuneration	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	12,196	11,508	12,363	14,748	14,757	14,757	16,399	17,285	18,235
Pension and UIF Contributions	1,047	987	1,691	1,670	1,670	1,670	1,857	1,958	2,065
Medical Aid Contributions	252	306	250	285	285	285	317	335	353
Motor Vehicle Allowance	4,030	3,640	4,672	4,788	4,788	4,788	5,324	5,612	5,920
Cellphone Allowance	–	1,615	1,146	612	1,930	1,930	681	717	757
Other benefits and allowances	381	1,005	–	9	(0)	(0)	10	11	11
<b>Sub Total - Councillors</b>	<b>17,905</b>	<b>19,061</b>	<b>20,122</b>	<b>22,113</b>	<b>23,430</b>	<b>23,430</b>	<b>24,589</b>	<b>25,916</b>	<b>27,342</b>
<b>% increase</b>		<b>6%</b>	<b>6%</b>	<b>10%</b>	<b>6%</b>	<b>0%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	3,106	4,473	5,416	4,745	4,325	4,325	4,818	5,078	5,358
Pension and UIF Contributions	209	352	317	1,021	921	921	1,095	1,154	1,218
Medical Aid Contributions	–	169	6	228	198	198	252	266	280
Motor Vehicle Allowance	566	718	457	840	815	815	907	956	1,009
Cellphone Allowance	–	–	5	14	59	59	16	17	18
Other benefits and allowances	54	283	130	75	292	292	81	85	90
Payments in lieu of leave	–	–	–	–	165	165	–	–	–
<b>Sub Total - Senior Managers of Municipality</b>	<b>3,936</b>	<b>5,994</b>	<b>6,331</b>	<b>6,923</b>	<b>6,775</b>	<b>6,775</b>	<b>7,169</b>	<b>7,556</b>	<b>7,972</b>
<b>% increase</b>		<b>52%</b>	<b>6%</b>	<b>9%</b>	<b>-2%</b>	<b>0%</b>	<b>6%</b>	<b>5%</b>	<b>6%</b>
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	58,199	66,719	68,064	78,939	74,581	74,581	87,748	92,486	97,573
Pension and UIF Contributions	11,194	12,228	14,452	14,523	16,183	16,183	16,149	17,021	17,958
Medical Aid Contributions	2,949	3,565	4,235	4,340	5,059	5,059	4,826	5,086	5,366
Overtime	1,473	2,589	2,835	1,595	2,784	2,784	1,774	1,869	1,972
Performance Bonus	–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	4,994	5,437	7,995	8,062	9,481	9,481	8,965	9,449	9,969
Cellphone Allowance	–	–	116	636	835	835	707	745	786
Housing Allowances	95	137	152	145	214	214	161	169	179
Other benefits and allowances	9,713	12,594	7,651	7,333	8,499	8,499	8,027	8,461	8,926
Payments in lieu of leave	1,001	2,046	54	802	1,067	1,067	892	940	992
Long service awards	–	841	3,741	162	627	627	180	190	201
Post-retirement benefit obligations	–	–	962	–	–	–	–	–	–
<b>Sub Total - Other Municipal Staff</b>	<b>89,617</b>	<b>106,156</b>	<b>110,255</b>	<b>116,537</b>	<b>119,330</b>	<b>119,330</b>	<b>129,429</b>	<b>136,418</b>	<b>143,921</b>
<b>% increase</b>		<b>18%</b>	<b>4%</b>	<b>6%</b>	<b>2%</b>	<b>0%</b>	<b>8%</b>	<b>5%</b>	<b>6%</b>
<b>Total Parent Municipality</b>	<b>111,458</b>	<b>131,211</b>	<b>136,708</b>	<b>145,573</b>	<b>149,535</b>	<b>149,535</b>	<b>161,187</b>	<b>169,891</b>	<b>179,235</b>
		<b>18%</b>	<b>4%</b>	<b>6%</b>	<b>3%</b>	<b>0%</b>	<b>8%</b>	<b>5%</b>	<b>6%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>111,458</b>	<b>131,211</b>	<b>136,708</b>	<b>145,573</b>	<b>149,535</b>	<b>149,535</b>	<b>161,187</b>	<b>169,891</b>	<b>179,235</b>
<b>% increase</b>		<b>18%</b>	<b>4%</b>	<b>6%</b>	<b>3%</b>	<b>0%</b>	<b>8%</b>	<b>5%</b>	<b>6%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>93,553</b>	<b>112,151</b>	<b>116,586</b>	<b>123,460</b>	<b>126,105</b>	<b>126,105</b>	<b>136,598</b>	<b>143,974</b>	<b>151,893</b>

**Table 40 MBRR SA23 – Salary, allowances & benefits of political office bearer/senior management**

Description	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
<b>Councillors</b>						
Speaker	454	77	216	–	–	747
Chief Whip	388	63	163	–	–	614
Executive Mayor	505	168	218	–	–	891
Deputy Executive Mayor	–	–	–	–	–	–
Executive Committee	3,405	511	1,305	–	–	5,221
Total for all other councillors	11,647	1,356	4,113	–	–	17,116
<b>Total Councillors</b>	<b>16,399</b>	<b>2,175</b>	<b>6,015</b>			<b>24,589</b>
<b>Senior Managers</b>						
Municipal Manager (MM)	981	162	134	–	–	1,277
Chief Finance Officer	895	213	134	–	–	1,241
Director Infrastructure	614	213	150	–	–	976
Director Community Services	614	213	134	–	–	960
Director Development Planning	500	172	200	–	–	872
Director Corporate Services	600	212	120	–	–	932
Director Executive Support	614	162	134	–	–	910
<b>Total Senior Managers</b>	<b>4,818</b>	<b>1,347</b>	<b>1,004</b>	–	–	<b>7,169</b>
<b>TOTAL COST</b>	<b>21,217</b>	<b>3,522</b>	<b>7,019</b>	–	–	<b>31,758</b>

The above table presents remuneration of Councillors per their categories together with employee related cost for senior managers and it should be noted that all senior management positions are currently filled.

**Table 41 MBRR SA24 – Summary of personnel number**

Summary of Personnel Numbers	2016/17			Current Year 2017/18			Budget Year 2018/19		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>									
Councillors (Political Office Bearers plus Other Councillors)	60	-	60	61	-	61	61	-	61
Board Members of municipal entities	-	-	-	-	-	-	-	-	-
<b>Municipal employees</b>									
Municipal Manager and Senior Managers	7	-	7	6	-	6	6	-	6
Other Managers	33	29	4	28	28	-	30	30	-
Professionals	21	19	2	24	22	2	32	30	2
Finance	8	8	-	12	12	-	18	18	-
Spatial/town planning	4	4	-	3	3	-	4	4	-
Information Technology	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Other	9	7	2	9	7	2	10	8	2
Technicians	11	11	-	11	10	1	15	14	1
Finance	-	-	-	-	-	-	-	-	-
Spatial/town planning	-	-	-	-	-	-	-	-	-
Information Technology	6	6	-	6	6	-	8	8	-
Roads	-	-	-	-	-	-	-	-	-
Electricity	4	4	-	4	3	1	6	5	1
Water	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Other	1	1	-	1	1	-	1	1	-
Clerks (Clerical and administrative)	110	104	6	110	104	6	115	109	6
Service and sales workers	46	35	11	46	35	11	46	35	11
Skilled agricultural and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades	-	-	-	-	-	-	-	-	-
Plant and Machine Operators	20	20	-	20	20	-	20	20	-
Elementary Occupations	156	155	1	154	153	1	154	153	1
<b>TOTAL PERSONNEL NUMBERS</b>	<b>464</b>	<b>373</b>	<b>91</b>	<b>460</b>	<b>372</b>	<b>88</b>	<b>479</b>	<b>391</b>	<b>88</b>
% increase				-1%	0%	-3%	4%	5%	0%
Total municipal employees headcount	361	332	29	359	336	23	372	349	23
Finance personnel headcount	46	40	6	58	52	6	61	55	6
Human Resources personnel headcount	13	12	1	11	10	1	13	12	1

## 2.9 Monthly targets for revenue, expenditure and cash flow

Table 42 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2018/19												Medium Term Revenue and		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue By Source</b>															
Property rates	3,067	3,067	3,067	3,067	3,067	2,250	3,067	3,067	2,967	3,067	3,067	3,067	35,888	37,826	39,906
Service charges - electricity revenue	6,965	6,965	7,065	7,065	7,165	7,165	7,265	7,265	7,365	7,890	8,565	8,561	89,297	94,120	99,296
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	901	921	981	1,291	901	1,001	901	1,001	1,001	1,001	1,001	1,345	12,249	12,910	13,620
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	161	161	161	161	161	161	161	161	161	161	161	378	2,152	2,268	2,393
Interest earned - external investments	310	400	280	400	312	400	178	350	440	300	308	437	4,116	4,338	4,577
Interest earned - outstanding debtors	702	697	587	487	435	531	558	479	506	528	698	753	6,961	7,337	7,740
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	5,500	5,500	5,500	6,000	6,500	6,000	600	6,000	7,000	7,000	6,800	7,600	70,000	73,780	77,838
Licences and permits	431	431	500	431	431	600	431	431	431	431	431	772	5,750	6,060	6,394
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	93,851	664	664	564	75,263	464	622	364	70,154	519	664	1,486	245,278	269,940	293,775
Other revenue	211	221	206	183	182	227	216	226	236	201	196	475	2,779	2,929	3,090
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transf')</b>	<b>112,099</b>	<b>19,027</b>	<b>19,011</b>	<b>19,648</b>	<b>94,418</b>	<b>18,798</b>	<b>13,998</b>	<b>19,344</b>	<b>90,261</b>	<b>21,098</b>	<b>21,891</b>	<b>24,875</b>	<b>474,469</b>	<b>511,507</b>	<b>548,628</b>
<b>Expenditure By Type</b>															
Employee related costs	10,429	11,141	10,575	10,509	10,463	14,902	10,607	11,165	10,629	10,496	13,337	12,346	136,598	143,974	151,893
Remuneration of councillors	1,898	1,898	1,898	1,898	1,898	2,798	1,898	1,898	1,909	1,919	2,308	2,368	24,589	25,916	27,342
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	30,421	30,421	32,064	33,827
Depreciation & asset impairment	3,985	4,030	4,022	4,052	4,040	4,029	4,395	4,788	4,340	4,307	4,661	4,532	51,181	53,944	56,911
Finance charges	330	330	330	330	330	330	330	330	330	330	330	370	4,000	3,500	3,000
Bulk purchases	8,414	5,513	6,613	5,200	5,900	5,513	5,700	6,950	7,247	7,250	7,300	8,400	80,000	84,320	88,958
Other materials	1,173	2,526	582	359	2,842	702	1,222	541	2,025	1,219	1,433	2,399	17,020	17,939	18,926
Contracted services	4,555	5,019	5,473	6,114	5,680	4,119	5,165	4,869	5,633	5,182	4,252	4,244	60,306	63,563	67,058
Transfers and subsidies	366	366	366	366	366	366	366	366	366	366	366	375	4,404	4,642	4,897
Other expenditure	7,950	3,023	3,832	2,803	2,833	5,187	2,583	3,847	3,853	5,163	4,738	4,499	50,313	52,795	55,460
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>39,100</b>	<b>33,847</b>	<b>33,691</b>	<b>31,631</b>	<b>34,353</b>	<b>37,947</b>	<b>32,267</b>	<b>34,754</b>	<b>36,332</b>	<b>36,231</b>	<b>38,726</b>	<b>69,954</b>	<b>458,832</b>	<b>482,658</b>	<b>508,272</b>
<b>Surplus/(Deficit)</b>	<b>72,999</b>	<b>(14,820)</b>	<b>(14,681)</b>	<b>(11,983)</b>	<b>60,065</b>	<b>(19,148)</b>	<b>(18,268)</b>	<b>(15,410)</b>	<b>53,930</b>	<b>(15,133)</b>	<b>(16,834)</b>	<b>(45,079)</b>	<b>15,637</b>	<b>28,849</b>	<b>40,356</b>
Transfers and subsidies - capital (monetary)	1,562	4,640	6,156	7,410	8,062	7,934	4,946	5,936	6,866	3,390	4,423	2,504	63,830	67,721	70,734
Transfers and subsidies - capital (monetary)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers	74,561	(10,180)	(8,525)	(4,573)	68,127	(11,214)	(13,322)	(9,474)	60,796	(11,743)	(12,411)	(42,575)	79,467	96,570	111,090
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-
<b>Surplus/(Deficit)</b>	<b>74,561</b>	<b>(10,180)</b>	<b>(8,525)</b>	<b>(4,573)</b>	<b>68,127</b>	<b>(11,214)</b>	<b>(13,322)</b>	<b>(9,474)</b>	<b>60,796</b>	<b>(11,743)</b>	<b>(12,411)</b>	<b>(42,575)</b>	<b>79,467</b>	<b>96,570</b>	<b>111,090</b>

**Table 43 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

Description	Budget Year 2018/19											Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue by Vote</b>															
Vote 1 - Executive & Council	13,142	-	-	-	10,513	-	-	-	10,413	-	-	-	34,068	37,932	41,312
Vote 2 - Office of the Municipal Manager	6,585	-	-	-	5,268	-	-	-	4,772	-	-	143	16,769	18,780	20,453
Vote 3 - Budget & Treasury	18,024	4,239	3,923	4,021	15,266	3,127	3,863	3,892	13,218	3,999	3,892	4,225	81,686	86,951	93,307
Vote 4 - Corporate Services	14,077	1	1	1	11,262	1	1	1	11,088	1	1	3	36,439	41,381	45,066
Vote 5 - Community Services	25,680	6,898	7,024	7,763	22,911	7,637	1,964	7,460	23,527	8,455	8,255	10,021	137,595	147,663	157,639
Vote 6 - Technical Services	28,130	12,368	14,058	15,112	30,818	15,806	12,998	13,766	27,430	11,917	14,006	12,742	209,153	223,459	236,498
Vote 7 - Developmental Planning	2,719	161	161	161	2,198	161	118	161	2,633	116	161	246	8,993	7,790	8,454
Vote 8 - Executive Support	5,305	-	-	-	4,244	-	-	-	4,046	-	-	0	13,594	15,273	16,634
<b>Total Revenue by Vote</b>	<b>113,661</b>	<b>23,667</b>	<b>25,167</b>	<b>27,058</b>	<b>102,480</b>	<b>26,732</b>	<b>18,945</b>	<b>25,280</b>	<b>97,127</b>	<b>24,488</b>	<b>26,315</b>	<b>27,379</b>	<b>538,299</b>	<b>579,228</b>	<b>619,362</b>
<b>Expenditure by Vote to be appropriated</b>															
Vote 1 - Executive & Council	3,040	3,140	2,965	2,928	2,991	3,850	3,415	3,094	3,214	3,450	3,718	3,887	39,691	41,834	44,135
Vote 2 - Office of the Municipal Manager	1,524	1,394	1,763	2,098	1,258	1,932	2,041	1,653	1,222	1,462	1,744	2,235	20,325	21,423	22,601
Vote 3 - Budget & Treasury	7,691	3,133	2,914	4,092	3,267	3,867	3,314	3,125	3,463	3,429	4,169	6,870	49,333	51,997	54,857
Vote 4 - Corporate Services	3,744	3,740	3,621	3,800	3,763	5,140	3,728	4,079	5,141	5,049	4,183	5,348	51,337	54,109	57,085
Vote 5 - Community Services	4,758	5,054	5,371	4,955	5,107	6,368	4,942	4,796	4,707	4,871	6,445	26,980	84,354	88,909	93,799
Vote 6 - Technical Services	16,151	14,931	14,317	12,215	14,807	14,409	13,269	15,691	15,955	16,144	15,475	24,037	187,402	196,571	206,451
Vote 7 - Developmental Planning	995	789	1,382	566	1,739	834	559	1,102	1,309	717	1,641	(979)	10,653	11,229	11,846
Vote 8 - Executive Support	1,197	1,667	1,358	978	1,421	1,545	1,000	1,213	1,320	1,109	1,352	1,576	15,737	16,586	17,499
<b>Total Expenditure by Vote</b>	<b>39,100</b>	<b>33,847</b>	<b>33,691</b>	<b>31,631</b>	<b>34,353</b>	<b>37,947</b>	<b>32,267</b>	<b>34,754</b>	<b>36,332</b>	<b>36,231</b>	<b>38,726</b>	<b>69,954</b>	<b>458,832</b>	<b>482,658</b>	<b>508,272</b>
<b>Surplus/(Deficit) before assoc.</b>	<b>74,561</b>	<b>(10,180)</b>	<b>(8,525)</b>	<b>(4,573)</b>	<b>68,127</b>	<b>(11,214)</b>	<b>(13,322)</b>	<b>(9,474)</b>	<b>60,796</b>	<b>(11,743)</b>	<b>(12,411)</b>	<b>(42,575)</b>	<b>79,467</b>	<b>96,570</b>	<b>111,090</b>
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>74,561</b>	<b>(10,180)</b>	<b>(8,525)</b>	<b>(4,573)</b>	<b>68,127</b>	<b>(11,214)</b>	<b>(13,322)</b>	<b>(9,474)</b>	<b>60,796</b>	<b>(11,743)</b>	<b>(12,411)</b>	<b>(42,575)</b>	<b>79,467</b>	<b>96,570</b>	<b>111,090</b>

**Table 44 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

Description	Budget Year 2018/19												Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
	July	August	Sept.	October	November	December	January	February	March	April	May	June				
<b>Revenue - Functional</b>																
<b>Governance and administration</b>	59,567	4,240	3,924	4,023	48,501	3,128	3,864	3,893	43,702	4,000	3,893	4,371	187,105	205,092	221,972	
Executive and council	14,825				11,860				11,687				–	38,373	42,768	46,578
Finance and administration	42,074	4,240	3,924	4,023	34,506	3,128	3,864	3,893	30,015	4,000	3,893	4,371	141,930	154,682	167,072	
<b>Internal audit</b>	2,668				2,134				2,000				(0)	6,802	7,642	8,323
<b>Community and public safety</b>	5,337	4	4	4	4,270	4	4	4	3,833	4	4	166	13,637	15,317	16,680	
Community and social services	2,642	4	4	4	2,114	4	4	4	1,902	4	4	84	6,773	7,606	8,281	
Sport and recreation	2,695	0	0	0	2,156	0	0	0	1,931	0	0	82	6,864	7,712	8,399	
<b>Economic and environmental services</b>	30,421	9,976	10,900	12,870	31,582	13,747	5,776	12,764	32,654	10,519	11,766	11,741	194,716	204,988	218,505	
Planning and development	4,834	161	161	161	3,890	161	118	161	4,251	116	161	246	14,419	13,885	15,092	
Road transport	25,236	9,815	10,739	12,709	27,411	13,586	5,657	12,603	28,193	10,403	11,606	11,430	179,389	190,082	202,302	
Environmental protection	351				281				211				908	1,020	1,111	
<b>Trading services</b>	18,336	9,447	10,339	10,162	18,128	9,853	9,301	8,619	16,938	9,965	10,651	11,101	142,841	153,831	162,205	
Energy sources	11,663	8,484	9,319	8,834	12,608	8,820	8,372	7,594	11,894	8,945	9,631	9,684	115,848	124,743	130,982	
Waste management	6,674	963	1,020	1,328	5,520	1,033	929	1,025	5,044	1,020	1,020	1,418	26,993	29,087	31,224	
<b>Total Revenue - Functional</b>	113,661	23,667	25,167	27,058	102,480	26,732	18,945	25,280	97,127	24,488	26,315	27,379	538,299	579,228	619,362	
<b>Expenditure - Functional</b>																
Governance and administration	18,183	13,780	13,498	14,172	13,337	16,652	14,022	14,193	14,711	15,689	15,812	20,998	185,048	194,324	204,319,466	
Executive and council	3,370	3,488	3,304	3,245	3,335	4,304	3,782	3,482	3,522	3,809	4,184	4,427	44,251	46,640	49,205,411	
<b>Finance and administration</b>	14,256	9,621	9,417	10,191	9,438	11,691	9,700	10,069	10,641	11,217	10,976	15,840	133,058	139,527	146,508	
<b>Internal audit</b>	557	671	777	736	564	657	540	641	548	663	652	731	7,739	8,157	8,606	
Community and public safety	1,317	1,321	1,404	1,444	1,445	2,120	1,435	1,498	1,430	1,441	1,826	1,790	18,471	19,468	20,539	
Community and social services	539	519	633	666	589	942	624	596	587	576	813	904	7,989	8,421	8,884	
Sport and recreation	778	802	770	778	856	1,178	811	902	843	866	1,013	885	10,481	11,047	11,655	
<b>Economic and environmental services</b>	8,434	9,236	9,084	7,375	10,468	9,780	8,487	8,576	9,831	8,116	10,224	27,870	127,481	134,365	141,755	
Planning and development	1,908	1,730	2,353	1,570	2,720	2,370	1,510	2,140	2,240	1,669	2,809	204	23,223	24,477	25,824	
Road transport	6,467	7,421	6,648	5,698	7,683	7,280	6,821	6,360	7,494	6,341	7,291	27,537	103,042	108,606	114,580	
Environmental protection	59	85	82	107	65	131	156	76	98	106	125	129	1,216	1,281	1,352	
<b>Trading services</b>	11,166	9,510	9,706	8,641	9,104	9,394	8,322	10,487	10,359	10,984	10,864	19,297	127,832	134,500	141,659	
Energy sources	9,558	7,620	7,729	7,003	7,175	7,632	6,716	8,884	8,970	9,353	8,818	15,548	105,009	110,444	116,280	
Waste management	1,608	1,890	1,976	1,637	1,928	1,762	1,606	1,602	1,390	1,631	2,045	3,749	22,824	24,056	25,379	
<b>Total Expenditure - Functional</b>	39,100	33,847	33,691	31,631	34,353	37,947	32,267	34,754	36,332	36,231	38,726	69,954	458,832	482,658	508,272	
Surplus/(Deficit) before assoc.	74,561	(10,180)	(8,525)	(4,573)	68,127	(11,214)	(13,322)	(9,474)	60,796	(11,743)	(12,411)	(42,575)	79,467	96,570	111,090	
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
<b>Surplus/(Deficit)</b>	74,561	(10,180)	(8,525)	(4,573)	68,127	(11,214)	(13,322)	(9,474)	60,796	(11,743)	(12,411)	(42,575)	79,467	96,570	111,090	

**Table 45 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

Description	Budget Year 2018/19												Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June				
<b>Multi-year expenditure to be appropriated</b>																
Vote 1 - Executive & Council													-	-	-	-
Vote 2 - Office of the Municipal Manager													-	-	-	-
Vote 3 - Budget & Treasury													-	-	-	-
Vote 4 - Corporate Services	85	100	150	200	-	200	-	-	250	200	115	100	1,400	1,400	1,400	
Vote 5 - Community Services													-	-	-	-
Vote 6 - Technical Services	1,085	1,506	2,750	1,755	4,850	5,228	1,800	3,240	1,054	558	1,762	1,926	27,513	43,859	29,427	
Vote 7 - Developmental Planning													-	-	-	-
Vote 8 - Executive Support													-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>1,170</b>	<b>1,606</b>	<b>2,900</b>	<b>1,955</b>	<b>4,850</b>	<b>5,428</b>	<b>1,800</b>	<b>3,240</b>	<b>1,304</b>	<b>758</b>	<b>1,877</b>	<b>2,026</b>	<b>28,913</b>	<b>45,259</b>	<b>30,827</b>	
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Executive & Council													-	-	-	-
Vote 2 - Office of the Municipal Manager													-	-	-	-
Vote 3 - Budget & Treasury													-	-	-	-
Vote 4 - Corporate Services		100	200	50		100	20		100	75		155	800	-	-	
Vote 5 - Community Services	-	550	-	-	750	-	100	-	172	254	-	-	1,826	-	-	
Vote 6 - Technical Services	1,600	3,150	1,943	6,832	3,306	6,425	2,235	6,960	2,700	2,715	2,704	999	41,569	39,863	53,820	
Vote 7 - Developmental Planning													-	-	-	-
Vote 8 - Executive Support													-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>1,600</b>	<b>3,800</b>	<b>2,143</b>	<b>6,882</b>	<b>4,056</b>	<b>6,525</b>	<b>2,355</b>	<b>6,960</b>	<b>2,972</b>	<b>3,044</b>	<b>2,704</b>	<b>1,154</b>	<b>44,195</b>	<b>39,863</b>	<b>53,820</b>	
<b>Total Capital Expenditure</b>	<b>2,770</b>	<b>5,406</b>	<b>5,043</b>	<b>8,837</b>	<b>8,906</b>	<b>11,953</b>	<b>4,155</b>	<b>10,200</b>	<b>4,275</b>	<b>3,801</b>	<b>4,581</b>	<b>3,180</b>	<b>73,108</b>	<b>85,123</b>	<b>84,647</b>	

**Table 46 MBRR SA 29 - Budgeted monthly capital expenditure (standard classification)**

Description	Budget Year 2018/19												Medium Term Revenue and		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital Expenditure - Functional</b>															
<b>Governance and administration</b>	-	100	200	50	-	100	20	-	100	75	-	1,555	2,200	1,400	1400000
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration		100	200	50	-	100	20	-	100	75	-	1,555	2,200	1,400	1,400
<b>Internal audit</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	-	550	-	-	750	-	100	-	172	254	-	0	1,826	-	-
Community and social services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation	-	550	-	-	750	-	100	-	172	254	-	0	1,826	-	-
<b>Economic and environmental services</b>	1,600	2,800	1,943	5,982	3,106	5,725	1,835	6,460	2,500	2,095	2,704	21,464	58,214	63,897	50,377
Planning and development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport	1,600	2,800	1,943	5,982	3,106	5,725	1,835	6,460	2,500	2,095	2,704	21,464	58,214	63,897	50,377
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	-	350	-	850	200	700	400	500	200	620	-	7,048	10,868	19,826	32,870
Energy sources	-	350	-	850	200	700	400	500	200	620	-	7,048	10,868	19,826	32,870
Waste management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	1,600	3,800	2,143	6,882	4,056	6,525	2,355	6,960	2,972	3,044	2,704	30,067	73,108	85,123	84,647
Funded by:															
National Government	1,250	3,000	1,093	5,950	1,950	5,700	1,835	5,900	2,500	1,620	2,704	22,002	55,504	58,888	61,508
Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	1,250	3,000	1,093	5,950	1,950	5,700	1,835	5,900	2,500	1,620	2,704	22,002	55,504	58,888	61,508
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>	350	800	1,050	932	2,106	825	520	1,060	472	1,424	-	8,065	17,604	26,235	23,139
<b>Total Capital Funding</b>	1,600	3,800	2,143	6,882	4,056	6,525	2,355	6,960	2,972	3,044	2,704	30,067	73,108	85,123	84,647

**Table 47 MBRR SA30 - Budgeted monthly cash flow**

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Cash Receipts By Source</b>													0		
Property rates	2,392	2,392	2,392	2,392	2,392	1,755	2,392	2,392	2,314	2,392	2,392	2,392	27,993	29,504	31,127
Service charges - electricity revenue	6,129	6,129	6,217	6,217	6,305	6,305	6,393	6,393	6,481	6,943	7,537	7,534	78,582	82,825	87,381
Service charges - refuse revenue	667	682	726	955	667	741	667	741	741	741	741	995	9,064	9,553	10,079
Rental of facilities and equipment	81	81	81	81	81	81	81	81	81	81	81	189	1,076	1,134	1,196
Interest earned - external investments	310	400	280	400	312	400	178	350	440	300	308	437	4,116	4,338	4,577
Interest earned - outstanding debtors	140	139	117	97	87	106	112	96	101	106	140	151	1,392	1,467	1,548
Fines, penalties and forfeits	715	715	715	780	845	780	78	780	910	910	884	988	9,100	9,591	10,119
Licences and permits	431	431	500	431	431	600	431	431	431	431	431	772	5,750	6,060	6,394
Transfer receipts - operational	100,730	251	-	-	450	79,168	-	301	59,377	-	-	-	240,278	264,940	288,775
Other revenue	183	192	179	159	158	197	188	197	205	175	171	775	2,779	2,929	3,090
<b>Cash Receipts by Source</b>	<b>111,779</b>	<b>11,412</b>	<b>11,208</b>	<b>11,512</b>	<b>11,728</b>	<b>90,133</b>	<b>10,519</b>	<b>11,761</b>	<b>71,081</b>	<b>12,078</b>	<b>12,684</b>	<b>14,233</b>	<b>380,129</b>	<b>412,343</b>	<b>444,285</b>
Other Cash Flows by Source															
Transfer receipts - capital	22,593	-	-	3,999	28,186	-	3,076	-	5,976	-	-	5,000	68,830	72,721	75,734
Transfers and subsidies - capital (monetary allocations)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing															
Increase (decrease) in consumer deposits	20	15	10	4	2	6	12	6	8	25	40	23	171	203	227
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts by Source</b>	<b>134,392</b>	<b>11,427</b>	<b>11,218</b>	<b>15,515</b>	<b>39,916</b>	<b>90,139</b>	<b>13,607</b>	<b>11,767</b>	<b>77,065</b>	<b>12,103</b>	<b>12,724</b>	<b>19,256</b>	<b>449,130</b>	<b>485,266</b>	<b>520,245</b>
Cash Payments by Type															
Employee related costs	10,429	11,141	10,575	10,509	10,463	14,902	10,607	11,165	10,629	10,496	13,337	12,346	136,598	143,974	151,893
Remuneration of councillors	1,898	1,898	1,898	1,898	1,898	2,798	1,898	1,898	1,909	1,919	2,308	2,368	24,589	25,916	27,342
Finance charges	330	330	330	330	330	330	330	330	330	330	330	370	4,000	3,500	3,000
Bulk purchases - Electricity	8,414	5,513	6,613	5,200	5,900	5,513	5,700	6,950	7,247	7,250	7,300	8,400	80,000	84,320	88,958
Other materials	1,173	1,526	582	359	1,842	702	1,222	541	725	1,219	1,433	1,699	13,020	14,939	18,926
Contracted services	4,555	5,019	5,473	6,114	5,680	4,119	5,165	4,869	5,633	5,182	4,252	4,244	60,306	63,563	67,058
Transfers and grants - other	366	366	366	366	366	366	366	366	366	366	366	375	4,404	4,642	4,897
Other expenditure	2,123	3,023	3,832	2,803	2,833	1,187	2,583	1,847	3,853	1,163	1,738	1,154	28,141	35,693	54,747
<b>Cash Payments by Type</b>	<b>29,288</b>	<b>28,817</b>	<b>29,670</b>	<b>27,579</b>	<b>29,312</b>	<b>29,918</b>	<b>27,871</b>	<b>27,966</b>	<b>30,692</b>	<b>27,924</b>	<b>31,064</b>	<b>30,956</b>	<b>351,058</b>	<b>376,548</b>	<b>416,821</b>
Other Cash Flows/Payments by Type															
Capital assets	2,770	5,406	5,043	8,837	8,906	11,953	4,155	10,200	4,275	3,801	4,581	3,180	73,108	85,123	84,647
Repayment of borrowing	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,627	19,527	18,000	15,677
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	<b>33,685</b>	<b>35,850</b>	<b>36,340</b>	<b>38,044</b>	<b>39,846</b>	<b>43,498</b>	<b>33,653</b>	<b>39,794</b>	<b>36,594</b>	<b>33,353</b>	<b>37,273</b>	<b>35,763</b>	<b>443,693</b>	<b>479,670</b>	<b>517,145</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>100,707</b>	<b>(24,424)</b>	<b>(25,123)</b>	<b>(22,528)</b>	<b>70</b>	<b>46,641</b>	<b>(20,046)</b>	<b>(28,026)</b>	<b>40,471</b>	<b>(21,250)</b>	<b>(24,548)</b>	<b>(16,507)</b>	<b>5,436</b>	<b>5,596</b>	<b>3,100</b>
Cash/cash equivalents at the month/year begin:	15,968	116,674	92,251	67,128	44,600	44,669	91,311	71,264	43,238	83,709	62,459	37,911	15,968	21,404	27,000
<b>Cash/cash equivalents at the month/year end:</b>	<b>116,674</b>	<b>92,251</b>	<b>67,128</b>	<b>44,600</b>	<b>44,669</b>	<b>91,311</b>	<b>71,264</b>	<b>43,238</b>	<b>83,709</b>	<b>62,459</b>	<b>37,911</b>	<b>21,404</b>	<b>21,404</b>	<b>27,000</b>	<b>30,100</b>

**Table 48 MBRR SA32–List of external mechanisms**

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
AM Accountants/Munsoft	Yrs	1	Finance Consultation - Preparation of AFS and mSCOA implementation	6/30/2018	As and when
Canon	Yrs	3	Provision of photocopying machines	2/28/2018	As and when
Selema Plant Hire	Yrs	3	Rehabilitation of landfill site	6/30/2020	13440000
Wenzile Phaphama	Yrs	3	Security services	6/30/2019	32780675
Munsoft	Yrs	5	Financial system	6/30/2018	5520000
Baupa Printing	Yrs	3	Printing services	3/31/2020	As and when
OB Media	Yrs	3	Printing services	3/31/2020	As and when
Sage VIP	Yrs	5	Payroll system	6/30/2018	As and when
Lateral Unison Insurance Brokers	Yrs	3	Insurance services	6/30/2019	4700000
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	1100000
Selema and Mashumi JV	Yrs	3	Refuse removal	6/30/2019	6000000
MTN	Yrs	3	Supply of cell phones and other gadgets	6/30/2019	400000
Market Demand	Yrs	3	Asset Management Support	6/30/2019	4500000
Bongilemashumi	Yrs	3	Supply and delivery of cartridges	3/31/2020	As and when
Bahlotse	Yrs	3	Supply and delivery of cartridges	3/31/2020	As and when
Mohlaka Media	Yrs	3	Supply and delivery of cartridges	3/31/2020	As and when
Lermat	Yrs	3	Supply and delivery of electrical materials	1/31/2021	As and when
KF Petta	Yrs	3	Supply and delivery of electrical materials	1/31/2021	As and when
Mpofu	Yrs	3	Supply and delivery of electrical materials	1/31/2021	As and when
Pheladi 'a Noko	Yrs	3	Event management	1/31/2021	As and when
Skhoba	Yrs	3	Event management	1/31/2021	As and when
Lemon Peel	Yrs	3	Event management	1/31/2021	As and when
Roneli	Yrs	3	Event management	1/31/2021	As and when
24/7 Travel	Yrs	3	Event management	1/31/2021	As and when
KDM Travel	Yrs	3	Accommodation bookings	11/30/2021	As and when
Reakgona Travel	Yrs	3	Accommodation bookings	11/30/2021	As and when
Babirwa Travel	Yrs	3	Accommodation bookings	11/30/2021	As and when
PMH	Yrs	3	ICT support	8/31/2020	As and when
Perteta	Yrs	3	Supply and delivery of asphalt	1/31/2021	As and when

## 2.10 Contracts having future budgetary implications

**Table 49 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							
<b>Revenue Obligation By Contract</b>													
Contract 1	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 3 etc	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Revenue Implication</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditure Obligation By Contract</b>													
Refuse removal	6,000	7,000	8,000	-	-	-	-	-	-	-	-	-	21,000
Maintenance of landfill site	-	3,840	4,800	5,069		-	-	-	-	-	-	-	13,709
Security services	10,036	10,939	11,806	-	-	-	-	-	-	-	-	-	32,781
Insurance	4,700	5,100	6,000	-	-	-	-	-	-	-	-	-	15,800
Lease of vehicles	-	1,726	20,323	20,551	19,869	-	-	-	-	-	-	-	62,469
Asset management consultancy	4,500	4,500	4,500	-	-	-	-	-	-	-	-	-	13,500
<b>Total Operating Expenditure Implication</b>	<b>25,236</b>	<b>33,105</b>	<b>55,429</b>	<b>25,619</b>	<b>19,869</b>	<b>-</b>	<b>159,258</b>						
<b>Capital Expenditure Obligation By Contract</b>													
Naganeng Bus Road	-	10,526	14,904	-	-	-	-	-	-	-	-	-	25,431
Contract 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 3 etc	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure Implication</b>	<b>-</b>	<b>10,526</b>	<b>14,904</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,431</b>
<b>Total Expenditure Implication</b>	<b>25,236</b>	<b>43,631</b>	<b>70,333</b>	<b>25,619</b>	<b>19,869</b>	<b>-</b>	<b>184,689</b>						

## 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 50 MBRR SA 34a - Capital expenditure on new assets by asset class**

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure on new assets</b>									
<b>Infrastructure</b>	49,393	78,112	32,884	32,281	48,394	48,394	34,998	50,965	50,482
<b>Roads Infrastructure</b>	42,516	52,140	21,733	19,123	35,070	35,070	19,783	26,791	13,264
Roads	42,516	52,140	21,733	19,123	35,070	35,070	19,783	26,791	13,264
Capital Spares									
Storm water Infrastructure	803	3,613	-	-	-	-	-	-	-
Storm water Conveyance	803	3,613							
<b>Electrical Infrastructure</b>	6,075	22,359	11,151	13,158	13,324	13,324	15,216	24,174	37,217
HV Substations									
HV Switching Station									
HV Transmission Conductors	3,778	15,218	11,151	13,158	13,324	13,324	15,216	24,174	37,217
MV Substations									
MV Switching Stations									
MV Networks	2,297	7,141							
Capital Spares									
<b>Solid Waste Infrastructure</b>	-	-	-	-	-	-	-	-	-
Landfill Sites									
Waste Transfer Stations									
Waste Processing Facilities									
Waste Drop-off Points									
<b>Community Assets</b>	3,112	-	-	300	300	300	-	-	-
Community Facilities	3,112	-	-	300	300	300	-	-	-
Halls									
Cemeteries/Crematoria	2,953								
Parks									
Public Open Space	159	-		300	300	300			
Nature Reserves									
Capital Spares		-							
<b>Other assets</b>	-	-	1,298	-	-	-	4,882	-	-
Operational Buildings	-	-	1,298	-	-	-	4,882	-	-
Municipal Offices			583				4,882	-	-
Workshops			715						
<b>Computer Equipment</b>	-	-	1,168	300	800	800	500	500	500
Computer Equipment			1,168	300	800	800	500	500	500
<b>Furniture and Office Equipment</b>	-	-	340	200	500	500	900	400	400
Furniture and Office Equipment			340	200	500	500	900	400	400
<b>Machinery and Equipment</b>	1,065	86	2,100	600	1,200	1,200	2,104	500	500
Machinery and Equipment	1,065	86	2,100	600	1,200	1,200	2,104	500	500
<b>Transport Assets</b>	-	-	2,253	700	-	-	-	-	-
Transport Assets			2,253	700	-	-			
<b>Total Capital Expenditure on new assets</b>	53,570	78,198	40,043	34,381	51,194	51,194	43,385	52,365	51,882

**Table 51 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure on renewal of existing</b>									
<b>Infrastructure</b>	11,406	25,266	37,997	38,474	41,914	41,914	33,550	37,105	13,913
<b>Roads Infrastructure</b>	6,953	24,824	37,997	38,474	41,914	41,914	33,550	37,105	13,913
Roads	6,953	24,824	37,997	38,474	41,414	41,414	33,550	37,105	13,913
Road Structures	-	-	-	-	-	-	-	-	-
Road Furniture	-	-	-	-	500	500	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
<b>Electrical Infrastructure</b>	3,974	-	-	-	-	-	-	-	-
HV Substations	-	-	-	-	-	-	-	-	-
HV Switching Station	-	-	-	-	-	-	-	-	-
HV Transmission Conductors	3,974	-	-	-	-	-	-	-	-
MV Networks	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
<b>Solid Waste Infrastructure</b>	479	442	-	-	-	-	-	-	-
Landfill Sites	479	442	-	-	-	-	-	-	-
Waste Transfer Stations	-	-	-	-	-	-	-	-	-
Waste Drop-off Points	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>	-	77	1,694	-	-	-	522	-	-
Community Facilities	-	77	-	-	-	-	522	-	-
Cemeteries/Crematoria	-	77	-	-	-	-	522	-	-
Parks	-	-	-	-	-	-	-	-	-
<b>Sport and Recreation Facilities</b>	-	-	1,694	-	-	-	-	-	-
Indoor Facilities	-	-	-	-	-	-	-	-	-
Outdoor Facilities	-	-	1,694	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
<b>Other assets</b>	6,435	3,699	932	500	500	500	-	-	-
Operational Buildings	6,435	3,699	932	500	500	500	-	-	-
Municipal Offices	4,571	3,699	-	500	500	500	-	-	-
Yards	1,009	-	-	-	-	-	-	-	-
Training Centres	-	-	932	-	-	-	-	-	-
Capital Spares	855	-	-	-	-	-	-	-	-
Computer Equipment	476	623	-	-	-	-	-	-	-
Computer Equipment	476	623	-	-	-	-	-	-	-
Furniture and Office Equipment	325	237	-	-	-	-	-	-	-
Furniture and Office Equipment	325	237	-	-	-	-	-	-	-
Machinery and Equipment	-	288	-	-	-	-	-	-	-
Machinery and Equipment	-	288	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on renewal of existing assets</b>	18,642	30,190	40,622	38,974	42,414	42,414	34,071	37,105	13,913
<b>Renewal of Existing Assets as % of total capex</b>	0.00%	27.85%	50.36%	50.42%	41.13%	41.13%	43.99%	41.47%	15.63%
<b>Renewal of Existing Assets as % of deprecn"</b>	58.18%	60.71%	84.63%	76.12%	82.84%	82.84%	66.57%	68.78%	24.45%

Table 52 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Repairs and maintenance expenditure</b>									
<b>Infrastructure</b>	3,506	3,998	4,633	6,700	7,850	7,850	11,000	11,594	12,232
<b>Roads Infrastructure</b>	881	1,788	946	2,500	2,650	2,650	4,000	4,216	4,448
Roads	881	1,788	946	2,500	2,650	2,650	4,000	4,216	4,448
Road Structures	-								
Road Furniture	-								
Capital Spares									
Storm water Infrastructure	244	-	-	-	-	-	-	-	-
Storm water Conveyance	244								
<b>Electrical Infrastructure</b>	1,271	1,001	1,802	1,900	1,900	1,900	3,000	3,162	3,336
HV Substations									
HV Switching Station									
MV Substations									
MV Switching Stations									
MV Networks	1,271	1,001	1,802	1,800	1,800	1,800	3,000	3,162	3,336
LV Networks									
Capital Spares				100	100	100			
<b>Solid Waste Infrastructure</b>	1,110	1,209	1,885	2,300	3,300	3,300	4,000	4,216	4,448
Landfill Sites	1,110	1,209	1,885	2,150	3,150	3,150	4,000	4,216	4,448
Waste Transfer Stations									
Waste Processing Facilities									
Waste Drop-off Points									
Capital Spares				150	150	150			
<b>Other assets</b>	2,965	1,154	1,432	1,300	1,325	1,325	2,000	2,108	2,224
Operational Buildings	2,965	1,154	1,432	1,300	1,325	1,325	2,000	2,108	2,224
Municipal Offices	2,965	1,154	1,432	1,300	1,325	1,325	2,000	2,108	2,224
<b>Intangible Assets</b>	-	9	82	100	100	100	-	-	-
Servitudes									
Licences and Rights	-	9	82	100	100	100	-	-	-
Water Rights									
Effluent Licenses									
Solid Waste Licenses									
Computer Software and Applications		9	82	100	100	100			
<b>Computer Equipment</b>	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>	586	2,749	2,405	1,711	2,118	2,118	3,550	3,742	3,947
Machinery and Equipment	586	2,749	2,405	1,711	2,118	2,118	3,550	3,742	3,947
<b>Transport Assets</b>	3,931	1,427	1,800	1,500	1,300	1,300	2,000	2,108	2,224
Transport Assets	3,931	1,427	1,800	1,500	1,300	1,300	2,000	2,108	2,224
<b>Total Repairs and Maintenance Expenditure</b>	10,988	9,337	10,353	11,311	12,693	12,693	18,550	19,552	20,627
<b>R&amp;M as a % of PPE</b>	1.50%	1.10%	1.10%	1.20%	1.30%	1.30%	1.90%	1.90%	2.00%
<b>R&amp;M as % Operating Expenditure</b>	3.30%	2.50%	2.10%	2.90%	2.90%	2.90%	8.90%	4.30%	4.30%

**Table 53 MBRR SA34d – Depreciation of Assets**

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Depreciation by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>28,248</b>	<b>43,432</b>	<b>34,968</b>	<b>45,835</b>	<b>45,835</b>	<b>45,835</b>	<b>34,653</b>	<b>36,524</b>	<b>38,533</b>
<b>Roads Infrastructure</b>	<b>19,931</b>	<b>21,648</b>	<b>34,480</b>	<b>25,298</b>	<b>25,298</b>	<b>25,298</b>	<b>25,147</b>	<b>26,505</b>	<b>27,962</b>
Roads	19,931	21,648	34,480	25,298	25,298	25,298	25,147	26,505	27,962
Road Structures									
<b>Storm water Infrastructure</b>	<b>4,459</b>	<b>6,247</b>	<b>-</b>	<b>5,746</b>	<b>5,746</b>	<b>5,746</b>	<b>3,712</b>	<b>3,912</b>	<b>4,127</b>
Drainage Collection									
Storm water Conveyance	4,459	6,247		5,746	5,746	5,746	3,712	3,912	4,127
Attenuation									
<b>Electrical Infrastructure</b>	<b>3,091</b>	<b>13,538</b>	<b>-</b>	<b>12,398</b>	<b>12,398</b>	<b>12,398</b>	<b>5,166</b>	<b>5,445</b>	<b>5,744</b>
HV Switching Station									
HV Transmission Conductors	3,091	13,538		12,398	12,398	12,398	5,166	5,445	5,744
MV Substations									
<b>Solid Waste Infrastructure</b>	<b>767</b>	<b>1,999</b>	<b>488</b>	<b>2,392</b>	<b>2,392</b>	<b>2,392</b>	<b>629</b>	<b>663</b>	<b>700</b>
Landfill Sites	767	1,999	488	2,392	2,392	2,392	629	663	700
Waste Transfer Stations									
Capital Spares									
<b>Community Assets</b>	<b>3,517</b>	<b>1,842</b>	<b>2,129</b>	<b>2,231</b>	<b>2,231</b>	<b>2,231</b>	<b>2,918</b>	<b>3,076</b>	<b>3,245</b>
Community Facilities	3,517	1,842	2,129	2,231	2,231	2,231	2,918	3,076	3,245
Cemeteries/Crematoria	3,517	1,842	2,129	2,231	2,231	2,231	2,918	3,076	3,245
<b>Other assets</b>	<b>54</b>	<b>1,418</b>	<b>2,978</b>	<b>120</b>	<b>120</b>	<b>120</b>	<b>2,180</b>	<b>2,298</b>	<b>2,424</b>
Operational Buildings	54	1,418	2,978	120	120	120	2,180	2,298	2,424
Municipal Offices	54	1,418	2,978	120	120	120	2,180	2,298	2,424
<b>Intangible Assets</b>	<b>-</b>	<b>-</b>	<b>205</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>378</b>	<b>398</b>	<b>420</b>
Licences and Rights	-	-	205	-	-	-	378	398	420
Computer Software and Applications			205				378	398	420
Load Settlement Software Applications									
<b>Computer Equipment</b>	<b>14</b>	<b>16</b>	<b>953</b>	<b>21</b>	<b>21</b>	<b>21</b>	<b>1,518</b>	<b>1,600</b>	<b>1,688</b>
Computer Equipment	14	16	953	21	21	21	1,518	1,600	1,688
<b>Furniture and Office Equipment</b>	<b>160</b>	<b>20</b>	<b>1,518</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>3,817</b>	<b>4,023</b>	<b>4,244</b>
Furniture and Office Equipment	160	20	1,518	26	26	26	3,817	4,023	4,244
<b>Machinery and Equipment</b>	<b>6</b>	<b>1,800</b>	<b>1,323</b>	<b>2,080</b>	<b>2,080</b>	<b>2,080</b>	<b>2,175</b>	<b>2,292</b>	<b>2,419</b>
Machinery and Equipment	6	1,800	1,323	2,080	2,080	2,080	2,175	2,292	2,419
<b>Transport Assets</b>	<b>43</b>	<b>1,200</b>	<b>3,924</b>	<b>888</b>	<b>888</b>	<b>888</b>	<b>3,542</b>	<b>3,734</b>	<b>3,939</b>
Transport Assets	43	1,200	3,924	888	888	888	3,542	3,734	3,939
<b>Libraries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Libraries									
<b>Zoo's, Marine and Non-biological Animals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Zoo's, Marine and Non-biological Animals									
<b>Total Depreciation</b>	<b>32,042</b>	<b>49,728</b>	<b>47,998</b>	<b>51,200</b>	<b>51,200</b>	<b>51,200</b>	<b>51,181</b>	<b>53,944</b>	<b>56,911</b>

**Table 54 MBRR SA34e – Upgrading of Existing Assets**

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure on upgrading of existing assets</b>									
<b>Infrastructure</b>	-	-	-	-	-	-	-	-	11,896
<b>Roads Infrastructure</b>	-	-	-	-	-	-	-	-	-
Roads									
Road Structures									
Road Furniture									
<b>Storm water Infrastructure</b>	-	-	-	-	-	-	-	-	-
Drainage Collection									
Storm water Conveyance									
<b>Electrical Infrastructure</b>	-	-	-	-	-	-	-	-	-
HV Transmission Conductors									
MV Substations									
MV Switching Stations									
MV Networks									
<b>Solid Waste Infrastructure</b>	-	-	-	-	-	-	-	-	11,896
Landfill Sites									
Waste Transfer Stations									
Waste Processing Facilities							-	-	11,896
<b>Community Assets</b>	-	-	-	-	8,079	8,079	-	-	11,304
<b>Community Facilities</b>	-	-	-	-	-	-	-	-	-
Halls									
Cemeteries/Crematoria									
<b>Sport and Recreation Facilities</b>	-	-	-	-	8,079	8,079	-	-	11,304
Indoor Facilities									
Outdoor Facilities					8,079	8,079	-	-	11,304
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Other assets</b>	-	-	-	3,947	1,437	1,437	-	-	-
Operational Buildings	-	-	-	3,947	1,437	1,437	-	-	-
Workshops				3,947	1,437	1,437			
<b>Computer Equipment</b>	-	-	-	-	-	-	-	-	-
Computer Equipment									
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment									
<b>Machinery and Equipment</b>	-	-	-	-	-	-	-	-	-
Machinery and Equipment									
<b>Transport Assets</b>	-	-	-	-	-	-	-	-	-
Transport Assets									
<b>Libraries</b>	-	-	-	-	-	-	-	-	-
Libraries									
<b>Total Capital Expenditure on upgrading of existing assets</b>	-	-	-	3,947	9,515	9,515	-	-	23,200
<b>Upgrading of Existing Assets as % of total capex</b>	0.00%	0.00%	0.00%	5.11%	9.23%	9.23%	0.00%	0.00%	26.07%
<b>Upgrading of Existing Assets as % of deprecn"</b>	0.00%	0.00%	0.00%	7.71%	18.58%	18.58%	0.00%	0.00%	40.77%

**Table 55 MBRR Table SA35–Future financial implication of the capital budget**

Description	2018/19 MTREF			FORECASTS			Present value
	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	
<b>Capital expenditure</b>							
Vote 1 - Executive & Council	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-
Vote 4 - Corporate Services	2,200	1,400	1,400	-	-	-	-
Vote 5 - Community Services	1,826	-	-	-	-	-	-
Vote 6 - Technical Services	69,082	83,723	83,247	-	-	-	-
Vote 7 - Developmental Planning	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-
Total Capital Expenditure	73,108	85,123	84,647	-	-	-	-
<b>Future operational costs by vote</b>							
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 - Developmental Planning	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-
List entity summary if applicable							
Total future operational costs	-	-	-	-	-	-	-
<b>Future revenue by source</b>							
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	-	-	-	-	-	-	-
<b>Net Financial Implications</b>	<b>73,108</b>	<b>85,123</b>	<b>84,647</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 56 MBRR Table SA36–Capital project list

Municipal Vote	Program/Project description	Asset Class	Asset Sub-Class	2018/19 Medium Term Revenue &			
				Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Renewal, Upgrading, or New
<b>Community Services</b>	Fencing of Elandsdoorn Cemeteries	Community	Cemeteries/Crematoria	522	–	–	Renewal
	Recreational Facilities	Machinery and Equipment	Machinery and Equipment	1,304	–	–	New
<b>Corporate Services</b>	Air Conditioner	Machinery and Equipment	Machinery and Equipment	300			New
	Furniture and Office Equipment	Furniture and Office Equipment	Furniture and Office Equipment	400	400	400	New
	Machinery and Equipment	Machinery and Equipment	Machinery and Equipment	500	500	500	New
	Computer Equipment	Computer Equipment	Computer Equipment	500	500	500	New
	Electronic Document Management System	Furniture and Office Equipment	Furniture and Office Equipment	500			New
<b>Technical Services</b>	Electrification Designs	Infrastructure	Electrical Infrastructure	870	870	870	New
	Electrification of Mabose	Infrastructure	Electrical Infrastructure	–	–	4,651	New
	Electrification of Makaepa	Infrastructure	Electrical Infrastructure	2,870	–	–	New
	Electrification of Masakaneng	Infrastructure	Electrical Infrastructure	2,477	4,348	–	New
	Electrification of Tambo Village - New Town	Infrastructure	Electrical Infrastructure	2,477	5,913	1,601	New
	Electrification of Uitspanning A	Infrastructure	Electrical Infrastructure	–	–	4,009	New
	Electrification of Zuma Park	Infrastructure	Electrical Infrastructure	–	870	–	New
	Instalation of high mast light in various villages	Infrastructure	Electrical Infrastructure	–	3,478	13,043	New
	Installation of electrical meters in Groblersdal	Infrastructure	Electrical Infrastructure	1,304		–	New
	Upgrading of Groblersdal subsation	Infrastructure	Electrical Infrastructure	870	4,348	8,696	New
	Monsterlus to Makgopheng Road, Kgoshi Mathebe and Kgoshi Matsepe Construction of Access Roads	Infrastructure	Roads Infrastructure	7,826		–	New
	Mogaung Road	Infrastructure	Roads Infrastructure	–	5,217	5,217	New
	Mpheleng Road Construction	Infrastructure	Roads Infrastructure	8,478	–	–	New
	Hlogotlou street and stormwater	Infrastructure	Roads Infrastructure	–	3,965	–	New
	Motetema Internal Streets	Infrastructure	Roads Infrastructure	3,478	3,478	–	New
	JJ Zaaiplaas Road	Infrastructure	Roads Infrastructure	–	9,783	–	New
	Kgoshi Rammupudu Road	Infrastructure	Roads Infrastructure	–	–	13,913	Renewal
	Groblersdal Landfill site	Infrastructure	Waste Management	–	4,348	11,896	Upgrading
	Laersdrift Road	Infrastructure	Roads Infrastructure	–	13,055	–	Renewal
	Naganeng Bus Route	Infrastructure	Roads Infrastructure	14,904	–	–	Renewal
	Groblersdal Roads and Streets	Infrastructure	Roads Infrastructure	1,739	4,348	–	Renewal
	Kgapamadi road	Infrastructure	Roads Infrastructure	15,602	11,859	–	Renewal
	Nyakoroane Road	Infrastructure	Roads Infrastructure	1,304	–	–	Renewal
	Development of workshop	Other assets	Operational Buildings	4,882	–	–	New
	Tambo Road Construction	Infrastructure	Roads Infrastructure	–	7,843	–	Renewal
	Upgrading of streets of Elansdoreen	Infrastructure	Roads Infrastructure			8,047	New
	Upgrading of Tafelkop stadium	Community Assets	Sport and Recreation Facilities			11,304	Upgrading
<b>Total Capital Expenditure</b>				<b>73,108</b>	<b>85,123</b>	<b>84,647</b>	

**Table 57 MBRR Table SA36 – Operational project list**

Municipal Vote	Project name	Asset Class	Asset Sub-Class	Previous target year to complete	Current Year 2017/18		2018/19 Medium Term Revenue &		
					Original Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Infrastructure	Mogaung Construction of Access Road	Roads Infrastructure	Roads		5,197	5,197	-	5,217	5,217
Infrastructure	Laersdrift Bus Road Phase 1A	Roads Infrastructure	Roads		5,197	5,197	-	13,055	-
Infrastructure	Upgrading of Hlogotlou Streets	Roads Infrastructure	Roads		3,333	5,844	-	3,965	-
Infrastructure	Construction of Fleet Centre	Operational Buildings	Workshops		3,947	3,947	4,882	-	-
Infrastructure	Electrification of Masakaneng Village (115 HH)	Electrical Infrastructure	MV Networks		4,123	4,123	2,477	4,348	-
Infrastructure	Electrification of Tambo and Jabulani Village (230 HH)	Electrical Infrastructure	MV Networks		1,011	1,011	2,477	5,913	1,601

## 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 just appointed five interns on a permanent positions at Accountant level. Subsequent to that, three interns have been appointed from 03<sup>rd</sup> March 2018 to undergo training in various divisions of the Financial Services Department the municipality is in a process of advertising for 5 additional interns.
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/or outsourced and it is fully functional.
5. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.

## 2.13 Compliance with MFMA Circular 71

### 2.13.1 Financial Position

#### Asset Management

- Capital expenditure to Total Expenditure – 13, 74%

The ratio is within the norm range of between 10% and 20%

- Repairs and maintenance – 1, 73%

The ratio is way below the norm of 8% and this is attributed to budget constraint since the municipality need approximately R85 million for it to achieve the required norm of 8% and this figure is even more than the total capital budget.

#### Debtors management

- Collection rate – 84, 12%

The ratio is lower than the norm of 85% and this is due to low collection rate on refuse removal and non-payment of property rates in some townships

- Net debtors days – 186 days  
The ratio is way more than the norm of 30 days and this is also attributed to collection rate that is lower than the norm

### **Liquidity Management**

- Cash/ cost coverage ratio – 0.06  
The ratio is less than 1 month and this portrays a negative picture about the liquidity position of the municipality
- Current ratio – 1,3:1  
The ratio is also below the norm of 1.5 to 2:1

### **Liability Management**

- Capital cost (Interest paid and redemption) as a % of Total Operating Expenditure – 12%  
The ratio is also more than the norm of 6 to 8 percent
- Borrowing to total revenue – 23%  
The ratio is also below the norm of 23% to 45%

## **2.13.2 Financial Position**

### **Efficiency**

- Net operating surplus margin – 3%  
The budget shows that the municipality will be able to recover operational cost and generate surplus that will assist in funding capital budget.
- Net surplus/deficit electricity – 9%  
The ratio is within the norm range of between 0% and 15%, however it should be noted that the total revenue budget is inclusive of capital transfers and grants.
- Net surplus/deficit refuse – 15%  
The ratio is within the norm range of between 0% and 15% and as a result, the refuse removal service appears to be rendered in a sustainable manner.

### **Revenue management**

- Revenue growth – 0,41%  
The ratio is less than CPI of 5, 3% and this is attributed to transfers and grants especially the approved roll over amount of R16 million

- Revenue growth excluding capital transfers – 7%  
The ratio is more than CPI of 5, 3%

### **Expenditure management**

- Creditors payment period (trade creditors) – 70 days  
The ratio is more than the norm of 30 days and this is an indication that the municipality might experience cash flow problems in a long run.
- Remuneration (employee related cost and councillors remuneration) – 35%  
The ratio is within the norm range of between 25% and 40%
- Contracted services to total operating expenditure – 13%  
The ratio is more than the norm range of between 2% and 5% and this is indicative of the fact that the municipality is still relying on consultants and outsourcing of certain services.

### **Expenditure management**

- Own funded capital expenditure to total capital expenditure – 24%  
  
No norm is proposed however it can be concluded that funding mix of capital expenditure is currently undertaken.
- Own source of revenue to total operating revenue – 48%  
No norm is proposed however, the own revenue appear to be significantly increasing and the increase is mainly attributed to traffic fines revenue.

**2.14 Municipal Manager’s quality certificate**

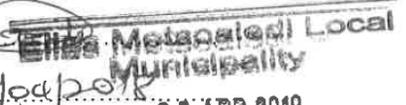
**Municipal Manager’s quality certificate**

**Quality certificate**

I, RAMAKGAHLELA MINAH MAREDI, the Municipal Manager of **ELIAS MOTSOALEDI LOCAL MUNICIPALITY**, hereby certify that the 2018/19 draft annual 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 ..... 03/04/2018

**Municipal Manager**