

ANNUAL BUDGET MTERF FOR 2017/18-19/20



MATATIELE

LOCAL MUNICIPALITY

ANNUAL BUDGET OF
MATATIELE LOCAL
MUNICIPALITY

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

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Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CM	Municipality Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DORA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
k	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
	Programme
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment

PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayors Report

As President Zuma already indicated in his State of the Nation Address, this year we are marking the centenary of the birth of one of our legends from the District, the late former President of the ANC, Oliver Reginald Tambo.

Tambo was the longest serving president of the ANC from 1969 to 1991. He has been described by President Jacob Zuma as a resolution oriented leader who always sought to move forward on the basis of building consensus.

Let us all honour the sacrifices and contributions of OR Tambo towards a free, non-racial and democratic South Africa and use the centenary celebrations to learn more about the immense sacrifices our struggle icons made so we can live in a democratic South Africa.

In the spirit of OR, let us join together to create a united and prosperous Municipality. As government, we remain committed to elimination of poverty, unemployment and inequality by 2030 through the National Development Plan.

Government, business, labour and civil society need to work together to create the Municipality OR Tambo envisaged.

All citizens of Matatiele have to play an active role in their communities to improve people's lives and ensure their elected leaders deliver.

The 2016 ANC Local Government Elections Manifesto stressed our commitment to create a better life for all. We will continue to push for transparency and accountability. In this regard, we undertake to deepen the promotion of access to information and improved services, throughout local government. We will strengthen public participation and use latest technology, to achieve this.

It is in that manifesto that we committed ourselves that together with our communities we will:

• Build on achievements made in delivering basic services to the people.

• Improve access to municipal services and reduce outsourcing in municipalities.

• Further improve public participation and accountability of councillors.

ÉEnhance the capacity of the local state to deliver on its mandate.

ÉDevelop and strengthen local economies, create jobs and promote job placements, especially for the youth.

ÉIntensify the fight against fraud and corruption in local government and social fabric crimes in communities.

ÉPromote education as the apex priority in local communities.

ÉImprove health in urban and rural communities.

ÉHelp municipalities adapt to the changing climatic conditions.

ÉBuild spatially integrated communities.

ÉPromote nation-building and socially cohesive communities.

Together with communities, we have established a strong, accountable, transparent and resilient system of local governance. Our communities are involved in all developmental initiatives in their respective localities. We have ensured that our councillors hold report back and feedback meetings with their communities. In our communities, councillors work together with traditional leaders. We are, also aware that there are communities that still experience some difficulties with regard to public participation. And we looking into a lasting solution to that challenge.

This years -budget speech and State of the Municipality Address will focus more on how in the next five years, we are going to transform the Municipality to be a better place to work and live in. it will represent the wishes and aspirations of the poor, and as such all our endeavours will be centred around the critical task of eradicating poverty, reducing unemployment and inequality. To achieve these, we are guided by the National Development Plan which proposes the following story:

An economy that will create more jobs.

Improving infrastructure.

Transition to a low-carbon economy.

An inclusive and integrated rural economy.

Reversing the spatial effects of apartheid.

Improving the quality of education, training and innovation.

Quality health care for all.

Social protection.

Building safer communities.

Reforming the public service.

Fighting corruption.

Transforming society and uniting the country.

Namhlanje sidibana apha ndichulimancile ukuzonika ingxelo ezeleyo yobume boMasipala waseMatatiele kwaye ndingatsho ngaphandle kwexhala ukuba loMasipala uya uphucuka ngokuphucuka minyaka le.

Ndingachithanga xesha Somlomo, mandingene emxholweni

Kwicala Lombane

uMasipala wethu kwiminyaka edlulileyo ufumane izikhalazo eziliqela kubahlali malunga nombane. Naxa besijikeleza sikhangelela izidingo zabahlali eyona nto iye yahamba phambili ngumba wombane. Kwingxelo esiye sayinika kunyaka ophelileyo sathembisa okokuba siza kusebenzisana nesebe lezamandla nezimbiwa kunye no Eskom ukuzama ukuguqula lemeko. Sikwenzile oko ngempumelelo, sifakele umbane kwezindawo zilandelayo: Ramafole izindlu eziyi 610; Thabaneng izindlu eziyi 290; Emitshatshaneni izindlu eziyi 354.

Ukongeza amandla ombane siye sokha iRamafole to Matshatshaneni MV Link Line i24.2 km; iMaluti-Tlalane MV Bulk Line eyi 25km kunye neMountain View Substation.

uMhlonishwa CeeJay Mathe kwikhasi lethu lonxibelelwano uFacebook kwingcebiso zakhe xa silungiselela lentetho ebhekise kuSodolophu uthe oHe must clarify on Makhoba and Mzongwana electrification.. I turn to get lost on the runö.

Ukuphendula kwisikhalo sikaMathe, singurhulumente sikwiphulo lokufakela umbane kwezi Wadi: 3, 5, 9 kwezindawo zilandelayo St Benhards & Bubesi izindlu eziyi 559; Chibini isigaba sokuqala izindlu eziyi 723; Pamlaville A isigaba sokuqala izindlu eziyi 393; Makgwaseng, Gudlintaba, Khashule izindlu eziyi 510.

Sele siziqoshelisile ideozigns eWard 4, 7, 8, 9, 11, & 13 apho sikhangelela khona ukulungelelana kwendawo ezakufakelwa umbane.

Sikhuphe iziniki Maxabiso zofakelo mbane kwezi ndawo zilandelayo: Nkali, Nuresh, Mahangu, KwaMbombo, Magayazidlele, eDrayini, New House nakwaMadlangala izindlu ezingaphaya kuka 1227.

Sikwisigaba seDesigns kwezindawo zilandelayo: Maphokoma, Zikhali, Chera, Thoneng, Maharing, Goxe, kwaMatias A, Nyaniso, Bubesi B, Nkalweni E kunye neMzongwana Substation. Kuzakuxhamla imizi engaphaya ko 1945.

Siyalazi okokuba inani lendawo ezingenawo umbane liphezulu, kwaye kuthatha ixesha elide ukuze sizigqibe zonke, kodwa ngokwesantya esihamba ngaso siyathembisa okokuba kuleminyaka mihlanu izayo iMatatiele sizakuyiphucula ibe yindawo engcono sisebenzisana sonke. Siyacela sinyamezele ntozakuthi, naxa siphakamisa izikhalazo zethu ngalomba siyenze lonto ngendlela eyiyo.

Ukuncedisana nabo abangathathi ntweni, singumasipala sinawo umbane wasimahla okuxhamla kuwo abo bakuluhlu lwabangathathi ntweni (Indigent register). Yimizi emalunga ne THREE THOUSAND FOUR HUNDRED AND FIFTY THREE esiyncedisayo. Koku sichitha imali engaphaya ko Three Hundred Thousand Rands.

Thousands of people no longer rely on candles for lighting their houses. The government has reduced the chance of fires which often destroy people's belongings. Many rural women are relieved of the burden of fetching firewood from faraway forests.

To address the electricity backlog within our municipality and the fears raised by Luyolo Mtumtum where he said on our Facebook page..öPlease electrify our Ward (22) kudala silindile hlee siyanicenga we don't ask much only one thing umbaneö

To electrify Ward 22 and others wards, government is rolling out alternative energy to more than Ten Thousand households around Matatiele. This does not mean we won't electrify these wards but as a short term solution we ask communities to consider this arrangement.

The Water Supply

Significant progress has been made in increasing the number of households with access to water infrastructure. Kwikhasi lethu lezonxibelelwano iMatatiele EFF Ward-10-Branch ithi öFix water problems at ward 10 {Sijoka}ö.

Ngenene sisebenzisana nomasipala ombaxa wesithili iAlfred Nzo sizivile izikhalo zabantu naxa besiqulunqa oluhlahlo lwabiwo-mali. Siyayazi ukuba kukhona iWards angekhoyo kwaphela amanzi acocekileyo, abantu bethu basakha amanzi emilanjani. Kodwa kuleminyaka mihlanu idlulileyo nangaphantsi kwemeko ebesisebenza phantsi kwazo zokushokoxeka kwamanzi, sikwazile ukuphucula lemeko.

Ukuguqula isimo samanzi eMatatiele, iAlfred Nzo iqhuba ezi projects zilandelayo: Fobane Sub-Regional Water Supply Scheme - Phase 2 kwaWard 23 kunye no 24; Maluti Matatiele Ramohlakoana Bulk Water Supply Scheme kuWard 1 no 2; Matatiele Ward 15 Water Supply; Matatiele Ward 5 and 7 Water Supply; Tholamela Regional Water Supply kwa Ward 11, 12 & 13; Matatiele Regional Bulk Infrastructure Grant kuWard 6 no 19; Borehole development, installation of pumping equipment, installation of rising main pipelines, construction of reservoirs and internal reticulation echaphazela uWard 1,9,19,22,25&26; Kinira Dam Feasibility;

Matatiele Wastewater treatment works (New) neMatatiele Water Treatment Works (New) kwaWard 19 no 20 kunye neMatatiele Ward 4 water supply scheme.

By bringing water facilities and water closer to communities, we have improved the quality of people's lives. Our people have access to clean and potable water. This means that we have reduced the chances of exposure to diseases such as diarrhoea and related illnesses. Women do not have to ask their neighbours for water. Far fewer women have to travel far distances to reach wells, dams and rivers to fetch water for their households.

The Alfred Nzo District Municipality has increased access to basic sanitation services around Matatiele. Government is currently rolling out more than 1140 VIP toilets in Ward 7, 10, 22 and 24. The significant increase in access to these services across all provinces has ensured that many more people live a dignified life.

Progress has been made in cleaning our area. This has contributed to creating healthy and hygienic work and residential spaces. We need to ensure that in the next five years our town retains the status of being the cleanest town in the Province.

Waste removal service is done twice a week in Cedarville, Matatiele and Maluti, this service is paid for through rates. The CBD is cleaned 7 days a week. The Municipality is considering servicing other wards in future but at a reasonable fee. We encourage our communities to consider recycling.

More than 1309 households are benefitting from our indigent policy with regards to refuse removal and rates.

THE EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

Inkqubo kaRhulumente yemisebenzi evulelekileyo (EPWP) yenye yendlela urhulumente aqinisekisa ngayo ukugxothwa kwekati eziko, kuliwe nendlala intlupheko kunye nentswela ngqesho.

Ukususela ngo-2011 ukuya ku-2016 siqashe abantu abangaphaya kwe Three Thousand (3000) sichitha imali engange R27 million. Saze kulonyaka-mali saqesha abasebenzi abangaphaya ku Three Hundred and Ninety (390) sichitha imali eyi R4. 2 Million. In the next financial we are looking at employing more beneficiaries so that we meet the NDP target of creating more than 11 Million work opportunities with additional of two major projects.

With this tremendous achievement, we have alleviated the social and economic living conditions of many struggling families in the municipality.

Government has adopted seven (7) broad strategic priorities in 2014 and these are:

- Better access to quality education;
- Promoting better healthcare for all our people;
- Stimulating rural development, land reform and food security;
- Transformation of the economy to create jobs and sustainable livelihoods;
- Strengthening the developmental state and good governance;
- Intensifying the fight against crime; as well as
- Integrated human settlements and building of cohesive communities and nation-building.

Through a process of reassessing National and Provincial priorities, we have once again refined and refocused our strategic programmes to ensure that our plans are aligned with the National and provincial plans, as we continue to work and effectively respond to the key challenges faced by the Municipality.

The six key strategic priorities for Matatiele are:

- Reduction of Service Delivery Backlogs
- Local Economic Development, and Rural Development, Employment Creation through the Expanded Public Works Programmes (EPWP) and Community Work Programme (CWP)
- Proper Spatial Development Planning through the SDF and localized SDFs for the Nodal Areas of Maluti, Cedarville and Matatiele
- Sound Financial Management
- Good Governance, Enhancement of Public Participation, IGR and Protocol
- Institutional Arrangements and Developments

The Municipality continues to strive towards addressing service delivery backlogs, and there are also various challenges faced by this municipality in the provision of these services. We also continue to pursue means of creating an environment conducive for the growth of our local economy, thus fostering sustainability in social and economic development. With this in mind, we realise that challenges such as high unemployment rate, especially amongst the youth is a concern for the municipality. Therefore, creation of job opportunities is essential. In line with the vision of the municipality: *“where nature, agriculture and nature are investments of choice”*, we continue to believe that tourism development, agriculture and conservation of our natural resources are key in the attraction of investments to Matatiele, in order to open opportunities which will provide an environment that promotes a sustainable local economic development.

Active participation and involvement by all stakeholders (Communities, Workers, Business Community, NGOs, various interested groups and designated Groups, Sector departments together with Traditional Leaders) has been pivotal towards the development of this document, and continues to be vital in the implementation of the plans and programmes entailed in this

planning document. Therefore, as the Matatiele local Municipality, we value the cooperation, inputs, contributions and support of all the stakeholders in the planning process, as well as in working together towards the provision of services aimed at improving the lives of our people.

The progress we have made thus far has been a collective effort from all the councillors, administration, our stakeholders and the community of Matatiele local municipality.

The Department of Basic Education's drive in the Eastern Cape to ensure that learners have access to decent education is bearing fruits.

Delivering his 2017/2018 policy & budget speech, the MEC for Education in the Eastern Cape stressed the clarion call we made in January as the Municipality. We made the call when we met the stakeholders responsible for education in the district that our biggest challenge in the current generation is the degeneration of the family unit as an embodiment of these values.

Every child comes from a home, one way or another, therefore Home is Authority. Home is the custodian of life values. A child is taught at home how to do greetings, cleanliness and respect.

Children we have at schools come from families (and communities) that are ravaged by unemployment, poverty, and inequality (as well as insecurity).

Our priority as government is to create better access to quality education, working closely with the Department of Basic Education and to ensure that Maluti District is one of the best districts in the entire province and the country. We are however saddened by the recent decline on our NSC Matric results and we have taken key measures to ensure that we improve this dwindling trajectory.

Education should start at a very early age, and we must prioritise Early Childhood Development. Before the end of the year we will have an Imbizo with all stakeholders so that we join our hands to ensure that our education levels are improved.

The Department of Social Development and the Special Programmes unit is working closely to assist in terms of Early Childhood Development. As the municipality we will continue to provide assistance towards this sector.

In pursuit of transforming the education system in Maluti District, the department has been for the past few months, unveiling state-of-the-art schools every month across the district.

Recently, the department handed over the cutting edge Mvenyane Senior Secondary School on the outskirts of Matatiele, in the Eastern Cape, which cost R91 million to construct. This school boasts with computer lab, science laboratory, library, resource centre as well as a multipurpose centre and nutrition centre where the school serves learners with meals daily.

Moreover, R300 Million plus is allocated to refurbish the following schools: Nyaniso SSS, Tholang SSS, Maluti High School, Maluti Multi-Purpose Disability School, Bokamoso SPS, Moshesh SSS, Moorosi Agricultural School, Mt Zion JPS, LA Grange and Mosa Sibi SSS. Cedarville Multipurpose Special School, Hlomendlini JSS, Ludidi SSS, Phamotse J.S.S, Azariel SSS, Bavumile, Damane SPS and Mt Hagreaves S.S.S. The department is also planning to construct new schools at Kennesley S.P.S and Cedarville GI.

Let me also take this opportunity ladies and gentlemen to congratulate the class of 2016. Our top achievers who made it in the District and Provincial levels. The made us made us proud.

Notwithstanding these achievements, we are aware that the matric results of 2016 are also pointing to the reality that, in spite of the package of interventions we have made to date, our education system still needs a lot of attention. This is a challenge, which calls on all of us, as Government, as leaders, as parents, as learners, as all interested stakeholders, to make an extraordinary effort to improve the quality of our education.

Siyaqhubeka singurhulumente ukuqinisekisa ukuba icandelo lethu lezempilo liyaphucuka kwaye nomgangatho wezempilo ube sezingeni eliphezulu.

Maluti is a pilot site for National Health Insurance implementation and the following facilities were selected as ideal clinics: Maluti CHC, Afsondering, Magadla, Mount Hagreaves, Umthumase, Likhetlane, Sheperds Hope, Rholweni, Ntlola ,Mvenyane and Matatiele Clinic.

We have completed the phase 1 construction of Nyaniso Clinic and centralised chronic Medication distribution and dispensing implemented in all 20 Facilities. Mzongwana clinic is being electrified, the service providers are on site and the Department of Health has employed a Dentist for Maluti Health Centre.

The department has also successfully contracted 2 doctors to visit all clinics and received 1 mobile vehicle to support 3 mobile clinics. Indeed, the ANC government has expanded access to primary healthcare services to more people. This has contributed to improving the health status of our people in urban and rural areas.

Allow me to also congratulate Matatiele Clinic which has achieved a gold status for the ideal clinic status. It is the only clinic which achieved this status in the district. This means that the clinic is doing very well in delivering services.

When the late state President of the Republic, the great tatøNelson Mandela spoke at the funeral of Oliver Tambo he said òOliver lived not because he could breathe. He lived not because blood flowed through his veinsí Oliver lived because he had surrendered his very being to the people. He lived because his very being embodied love, an idea, a hope, an aspiration, a vision.ö

The Freedom Charter and the constitution clearly states that we should provide shelter to our people. Indeed, as government we have made significant strides in providing shelter to thousands of our people.

Delivering his 2017 State of the Province Address, the Premier of the Eastern Cape, Mr Phumullo Masualle commended the province that year-after-year, our government continues to outperform other provinces in housing construction by over achieving set targets.

To conquer to this assertion, in Matatiele the Department of Human Settlements has delivered a total of 1 963 housing units spending more than R 23 Million.

We reiterate the call we made last year that our municipality has, by at large, been extremely successful in their key goal to deliver services to the people effectively and efficiently. This includes: successes in the provision of energy and water; creating conditions for inclusive economic growth and job creation.

We also made a commitment as the previous council that we will improve our audit status to clean audit outcome. It is my pleasure to announce that the Municipality finally received a clean audit opinion. This means that process and systems are in place and we shall ensure that we maintain sound financial management, as we dedicate ourselves to improve the lives of our people.

The progress we have made thus far has been a collective effort from all the councillors, administration, our stakeholders and the community of Matatiele Local Municipality.

Lixesha ngoku lokokuba siqhubeke nokwenza izinto ezintle. Siphucule izakhono kumasipala wethu, siqinisekise ukuba siyayilungisa siziphucule iziseko zophuhliso. Simele ukusebenza nzima ukuphucula utyalo mali ukuze kuvele amathuba emisebenzi.

In fact, we made significant strides in improving roads and bridges across the municipality to facilitate access to services and economic development but there is still much to be done.

The Department of Roads and Public Works is rolling out the following projects: Maluti Depot renovations, Maluti boundary wall, Cedarville roads camp and Matatiele Social Development Offices at an amount of more than Forty-Eight Million Rand.

Isebe lezendlela,

Kunyakamali esikuwo elisebe kwi programme yabo yokulungisa iindlela, lenze ezindlela zilandelayo:

Abahlali abanintsi baphakamise ukuba singumasipala noRhulumente ngobubanzi, kumele sijonge uphuhliso loqoqosho kunye nosomashishini abasakhasayo.

Lesedi Francis Setsubi has called for SMME support center, with focus on women and youth in incubator programmes to ensure growth in those SMME's. Indeed, such proposals are welcomed, remember we are in this together, to ensure that our municipality is developed and is a better place.

Isebe likaMasipala lophuhliso lwezoqoqosho lwasemakhaya (LED) kulonyaka odlulileyo lichithe imali efikelela kwizigidi zeerandi ukuphihlisa uqoqosho kuMasipala wethu waseMatatiele.

Nazi iProjekthi esancedise kuzo: Matotomana Training and General Trading, Kuyasa Agricultural Primary Co-operative Limited, Tripple N and A trading, Re-ya Iteka piggery project, Franco Enterprise, Raohang Craft and Multi-Purpose Primary Co-operative Limited, Mokhosi milling, Supa Lucha Development (Co-op) LTD, Robert Sai farming co-operative which specialize in maize production, Mokoanyane farming co-operative, Imida Yam Developments (PTY) LTD is a block manufacturing company, Imvelo Yethu Agricultural Primary Co-operative. Sea Lake Production and services is manufacturing concrete bricks and blocks, and sell them to companies involved in construction of low cost housing.

We have also trained 20 Co-operatives in Financial Management and Business Management. About 25 Female contractors were trained in house-building and 40 youth contractors were also trained in house-building.

Through our Special Programmes Unit, we managed to support projects and programmes which are led by women and elderly this is to realise the dream of women development and address the imbalances of the past.

Some of those projects, which can attest to our development agenda implementation include; Etekeng Poultry Project, Creative Network Sewing Project in Ward 18, Zizamele Agricultural Project in Ward 10, Basadi Baiketsetsa Agricultural Project, Ntataise Elderly, Sonwabise Elderly in Ward 3 and Retshepile Elderly.

Working with the Department of Economic Development, Environmental Affairs & Tourism we have also assisted Raohang Craft and Multi-Purpose Primary Cooperative, the department transferred an amount of R500 000 for the implementation of Matatiele Nature Reserve Fire Management Project. Tlhohonolofatso Thubela enquired about the Umzimvubu water catchment programme. I wish to respond and say, DEDEAT is currently involved in land stewardship programmes as part of the Umzimvubu Catchment Partnership Programme

Isebe elijongene nokhuseleko nezentlalakahle (SASSA) linikezele ngeenkonzo zokutya kumakhaya angathathi ntweni kuba singuRhulumente okhathalayo. Kunikezelwe ukutya okungaphaya ko Two Thousand Three Hundred and Eighty-One.

On Social Grants that is old age, permanent disability, and temporal disability more than Twenty Two Thousand One Hundred and One families have benefitted.

While on Children grants we continue to spend more as government to more than Sixty-Four Thousand Three Hundred and Eight at a value of more than R 28 Million.

iSebe lakwa Social Development and Special Programmes eMatatiele liqhubela phambili ukuncedisa iprojects ze Substance Abuse and Rehabilitation Programme, Care and Support Services to Older Persons, HIV & AIDS Programme, Child Care and Protection Services, Child Care and Protection Services, Victim Empowerment Programme, Care and Support to Families, People with Disabilities and Women Development.

Spah Katangana siyazibulela izimvo zakho xa usithi öFirstly I would like to commend our Mayor Momelezi Mbedla , speaker Nomasomi Mshuqwana and the entire leadership collective for the brilliant and outstanding work they have been doing and are continuing to do.

Indeed Matatiele is no longer the same under your leadership, nenza umsebenzi oncomekayo kakhulu... Even though many areas still don't have access to electricity and other basic services, we are confident that our people have not been forgotten - nakubo ziyenza iinkonzo. I would like his excellency to touch on the opportunities that are there or in the pipeline for our local youth especially in the area of agriculture e.g Internships, Learnerships. Also the plans to eliminate stock theft which seems to be affecting our people negatively (known fact).ö

In delivering basic services to our people, we promote people's socio-economic rights contained in the country's Constitution. The Constitution requires government to provide basic services to the people. Any attempts to separate delivery of basic services to our people from upholding the Constitution are mischievous. We shall continue to uphold the Constitution of the republic by implementing all its provisions, including those relating to delivery of basic services to improve the quality of people's lives.

As we are at the end of the worker's month, I would like to thank every worker in Matatiele for ensuring that our people receive quality services. The government remains committed to ensure the welfare and good conditions of service for workers.

To achieve this, government has put in place progressive labour legislation and key programmes in line with the Constitution. Labour law prevents discrimination, including workplace discrimination. Let us unite and continue doing good.

Njengokuba uzawuva xa ndisenza uhlahlo-lwabiwo mali Somlomo, in the next five years, as per our manifesto together we shall build on the achievements made in the delivery of basic services; we shall improve access to municipal services and reduce outsourcing; we shall continue to improve public participation and accountability; together we shall improve and enhance institutional capacity; we will develop and strengthen local economies, create jobs and promote job placements, especially for the youth; we shall intensify the fight against fraud and corruption; together we shall fight crime in communities; working together to promote education as the apex priority; we shall promote health and primary healthcare in our communities; together we shall

build Spatially integrated communities and we shall promote social cohesion and nation building in our municipality.

2017/18 Budget

I am mindful, in the context of our own transformation challenges and instability in the global environment, of Oliver Tambo's unwavering vision:

We continue to press towards the realization of the values of freedom, dignity and equality as embedded in our constitution. We know how critical it is for our people to have access to basic needs.

These South African realities replicated in our province and municipality are known to all of us.

Income growth has been uneven, Wealth remains highly concentrated 6 95 per cent of wealth is in the hands of 10 per cent of the population. A big percentage of the labour force is unemployed or have given up hope of finding work.

Despite our progress in education, over half of all children in Grade 5 cannot yet read adequately in any language. More than half of all school-leavers each year enter the labour market without a senior certificate pass. 75 per cent of these will still be unemployed five years later.

Our towns remain divided in the sense that poverty is concentrated in the townships and rural areas. These are our realities. They mirror the stresses of poverty and vulnerability in many municipalities, and the inequality between rich and poor throughout the country.

President Zuma has rightly emphasised that the requirements for transformation and change in South Africa are wide-ranging. Laws and regulations, policies and their implementation, initiatives of national, provincial and local government, our black economic empowerment charters and the engagement of business, organised labour and civil society partners are all critical levers of change. So is our budget.

Our transformation will be built through economic participation, partnerships and mobilisation of all our capacities. It is a transformation that must unite, not divide us, and this is the task entrusted to us by Oliver Tambo.

Today's Budget message is that we are once again facing a dilemma. After consultative process, the budget has been tabled in to the council and we can confidently say that the amendments and changes to achieve the development outcomes we seek have been made.

The following were responses after consultation meetings and publications,

No written comments were received by the municipality.

During consultative meetings of the public to all wards, the comments in relation to electrification and bad states of provincial roads and maintenance of access roads were made and these have been noted and considered towards the final budget preparation process.

Further comments and suggestions with frustrations by communities in relation to state of water and sanitation services were raised and the District Municipality as the Authority has been made aware of such comments.

On proposed tariff of charges increases by 5%, communities and stakeholders, Rate Payers in particular raised concerns on affordability and the gloom picture of economy and during the finalization of this budget, 5% for property rates and other charges excluding refuse removal and electricity increases has been considered and the final budget has been adjusted as such. Refuse Removal Charges will increase by 7%. Electricity tariff is proposed to increase with 1.88 % in terms of the guideline from the National Electricity Regulator of South Africa.

On budget related policies, no comments have been received from the public and stakeholders.

I have the privilege to present our municipal budget for the fiscal year 2017/18, and the framework for the next three years.

OPERATING BUDGET

Operating expenditure is the day to day management items of the Municipality, i.e.: Salaries and Wages, Repairs and Maintenance, Debt Servicing, Depreciation on Assets, Insurance, Electricity, Telephone, Subsistence and Travelling Allowances, Fuel etc.

Senior Managers will be required to control and properly manage their own budgets as allocated in the approved budget and more controls will be required especial the implementation of spending curtailing measures as recommended by National Treasury and as was stressed by Minister of Finance during his budget speech.

Operating budget will be R321 million and this has increased from the 2015/2016 budget of R289 million.

This operating budget includes budgeted allocations for remuneration of employees including all allowances to the total R99, 5 million and this is 31 per cent of the total operating expenditure. Also Council members, remuneration of councillors is included in this operating budget with the provision allocation of R17 million.

Also included in the budget of R321 million are allocations for repairs and maintenance and electricity bulk purchases from Eskom amounting to R14, 9 million and R43 million respectively.

Further included in this operation budget are the strategic programs of this council. In order for us to confront and change the local reality of poverty, inequality and unemployment. We intend to provide services and improve conditions of living through programs co-designed with communities. Through what we call Mayoral Projects, with a budget allocation of R2, 1 Million, we shall develop a partnership which directly build capabilities in the form of local agents who can build our societies.

To continuously put Matatiele on the map whilst boosting local economy, we have allocated R2 Million for the Music Festival, and R2, 7 Million to develop local economy. Indigent support subsidy to needy households of about R14 million and other special programs to deal with needs of our special groups.

CAPITAL BUDGET

An amount of R170 million in this budget has been allocated to deal with the improvement of our infrastructure through construction of access roads, surfacing of some gravel roads, electrification of rural areas, improvement of our electricity capacity through the newly built electricity sub-station, construction of extra mural facilities, on-going construction of the council chambers and acquisitions of machinery and equipment as will be required by the municipality. The funding of these capital budget honourable councillors will be done through grants and council funding as follows,

The electricity department has a capital budget of R 80 million for rural electrification and substation which will be funded from INEP and R9, 3million which is an allocation from Provincial Treasury. The allocated budget to the department is 51% of the total capital budget.

Six wards have been allocated funding for electrification as Ward 9 with 5 villages, Ward 7 with 2 villages and sub-station, Ward 4 with 2 villages, Ward 13 with 3 villages, Ward 18 with 3 villages and Ward 11 with 1 village.

The project management, operations and maintenance unit has a capital budget of R47, 6 Million for the construction of access roads, bridges and sports fields. These projects will be funded from the municipal infrastructure grant. The allocated capital budget to the department is 28% of the total capital budget.

BUDGET & TREASURY

Budget and Treasury has an allocation of R1, 5 Million which amongst other things is to assist the department in completion of the smart metering project and office furniture. This is 1% of the total capital budget, and will be funded from Capital Replacement reserves.

CORPORATE SERVICES

Corporate services have an allocation of R 495, 000 this amount includes upgrading of connectivity in Maluti, replacement of indoor surveillance cameras. And this is less than 1% of the total capital budget, and will be funded from Capital Replacement Reserves.

COMMUNITY SERVICES

Community services has an allocation of R495 000, inclusive of traffic management system and furniture and equipment. Also for this Department, this amount is less than 1% of the total capital budget, and will be funded from Capital Replacement reserves.

ECONOMIC DEVELOPMENT & PLANNING

The allocated budget to the department is R120 000, which will be used for GIS equipment and furniture.

ELECTRICAL PROJECTS

The electricity department has a capital budget of R 83, million, included in this budget is an amount of R80 million for Rural electrification & substation which will be funded from INEP and the amount of R3 050 000 will be funded from municipal reserves which includes installation of high mast lights and procurement of light motor vehicles & equipment. The allocated budget to the department is 54% of the total budget.

HUMAN SETTLEMENTS

Human settlements has a capital budget of R30 million, for the construction of Council chambers. The allocated capital budget to the department is 18% of the total capital budget.

PROJECT MANAGEMENT

The project management, operations and maintenance unit has a capital budget of R47, 663, 600, for the construction of access roads, bridges and Matatiele Sports Centre. These projects will be funded from the municipal infrastructure grant. The allocated capital budget to the department is 28% of the total capital budget.

The total municipal budget for both 2017/2018 Operating and Capital will be the total of R491, 7 Million.

This budget will be funded as follows,

Municipal revenue from property rates, refuse removal, electricity and other municipal charges through fines, operational grants including equitable share, capital grants including INEP, MIG and council funding from Capital Replacement Reserves all totalling to revenue of R491 million.

Allow me therefore to table the tariff of charges, rates exemptions and rebates which will be key in raising of municipal revenues from council own sources as follows,

All tariff charges excluding electricity and Refuse are calculated to increase by 5% for the 2017/18 financial year, proposed to start 1 July 2017

Electricity tariff is proposed to increase with 1.88 % in terms of the guideline from the National Electricity Regulator of South Africa

Refuse tariff increase at 7%.

For the municipality to be able realistically fund this budget, debt collection and encouragement of communities to pay will be important and council will need to develop strategies to make this happen. Kuzawufuneka sibafundise abantu bakuthi ukubaluleka kokuhlawulwa kweenkonzo zikaMaspala.

In conclusion, allow me to table the 2017/2018 budget as follows ;

Revenue budget of R 491,814, 446 for 2017/2018 to fund all expenditure categories of this budget.

Operating and Repairs and Maintenance budget of R321, 074,674 for 2017/2018 inclusive of Salaries, wages and allowances of municipal employees, councillor's remunerations and bulk purchases of electricity.

Capital budget of R170, 708, 280 for 2017/2018 to cover all municipal expenditures of infrastructure and municipal machinery and equipment.

Total municipal budget for both operating and Capital amounting to R 491, 783, 954 for 2017/2018 to be funded from municipal revenue and grants from National Government.

That tariff of charges increases as follows,

All tariff charges excluding electricity and Refuse are calculated to increase by 5% for the 2017/18 financial year, proposed to start 1 July 2017

Electricity tariff is proposed to increase with 1.88 % in terms of the guideline from the National Electricity Regulator of South Africa

Refuse tariff increase at 7%.

That all other municipal tariff remains increase at an average of 5%.

These are projection of the MTERF two outer-years and are subject to change based on the conditions of the future. Xa ndiqwela honourable members, the Back to Basics Strategy sets a clear target for all municipalities to deliver basic services and improve the lives of all South Africans. It calls on every municipality to make sure that traffic lights work, potholes are filled, water is delivered, refuse is collected, electricity is supplied, refuse and waste management takes place. Kulo misebenzi mihle yenziwe ngurhulumente noMasipala kwindawo yethu sithe safumana uphicotho zincwadi olusulungekileyo kunyaka mali odlulileyo into exela okokuba zonke izinto zihamba kakuhle. Kubalulekile ke ukuba siqhubele phambili nalomsebenzi mhle, singabi sazingcolisa iinceadi zethu.

Ndicela ukusose ndithabatha elithuba Somlomo, ndicele kumalungu abekileyo noluntu ngokubanzi, ukwenza isicelo sokuba sixhasane ekuziseni inguqu kubantu bakowethu.

To my executive members remember, you are the pillar when it comes to ensuring that things happen in our municipality. Honourable councillors, your dedication when it comes to the attendance of community meeting to explain budgets proposed by the municipality, has been noticed with gratitude. Kubahlali kuMasipala waseMatatiele, siyabulela ngokusiboleka iindlebe, xa simana ukuza kuni sizobeka imingeni esijongene nayo singumaspala. Sibamba ngazo zozibini nakubantu abathe bazixhamla ngokusinika izimvo zabo besebenzisa amakhasi ethu onxibelelwano. To our Municipal Manager and his Management Team and staff, thank you for ensuring compliance and compiling of this budget.

I thank you

1.1 Council Resolutions

On 29 May 2017 the Council of Matatiele Local Municipality met in the Sandfontein Community Hall to consider approval of the annual budget of the municipality for the financial year 2017/18. ***Council resolves the following,***

1. The Final annual Budget of the Municipality for the financial year **2017/2018**; and its indicative for the two projected outer years **2018/2019** and **2019/2020** as outlined on the report be approved as set out in the following:
 - a. Total Revenue by source and municipal votes of ***R 491, 814, 466,***
 - b. Operating, Repairs and Maintenance Expenditure by type of ***R 321, 075, 674,***
 - c. Capital Expenditure by source and municipal vote of ***R170, 708, 280,***
 - d. Total budget of Operating, Repairs and Maintenance and Capital of ***R491, 783, 954.***
2. That the council approves the following tariff increases for the 2017/18 financial year
 - a. Property rates tariff increase of 5%,
 - b. First R55 000 property values on residential properties as exemption,
 - c. 35% rebates on all residential properties,
 - d. 10% rebates on all commercial and government properties,
 - e. 65% on farm properties,
 - f. 10% rebates on industrial properties,
 - g. 100% rebates to all municipal properties,
 - h. Refuse tariff increase of 7%,
 - i. Electricity tariff increase with 1.88% as per approval by NERSA,
3. That all other municipal tariff remains increase at an average of 5%,
4. That, council approves the reviewed policies as listed below
 - 1.1 Appointment of consultants policy,
 - 1.2 Banking and investments policy ,
 - 1.3 Budget policy ,
 - 1.4 Cash management policy ,
 - 1.5 Cash shortage policy
 - 1.6 Credit control and debt collection policy ,
 - 1.7 Customer care policy ,
 - 1.8 Customer incentive scheme policy ,
 - 1.9 Data backup policy,
 - 1.10 Debt capacity policy,
 - 1.11 Donor finance policy,
 - 1.12 Electricity token policy,
 - 1.13 Entertainment & refreshments policy,
 - 1.14 Unclaimed deposits policy,

- 1.15 Fraud prevention plan 2017-18,
- 1.16 Gifts policy for officials,
- 1.17 Grants & donation policy,
- 1.18 GRAP framework policy,
- 1.19 Indigent Policy,
- 1.20 Cash-up Policy,
- 1.21 Fixed Assets Policy,
- 1.22 Payment Policy,
- 1.23 Petty Cash Policy,
- 1.24 Rates Policy,
- 1.25 Special Services Policy,
- 1.26 Strategy to improve Debtor policy,
- 1.27 Supply Chain management Policy,
- 1.28 Tariff Policy,
- 1.29 Use of Credit Card Policy and
- 1.30 Virement Policy.
- 1.31 That, council approves the new infrastructure procurement and delivery management policy.

1.2 Executive Summary

METHOD OF PREPARATION

The Budget was prepared according to the Zero Based Method. In terms of the method all votes and line items were reduced to zero and every amount allocated had to be motivated. General Managers were requested to hand their requests to the Chief Financial Officer for inclusion on the budget.

In terms of Section 24(1) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), hereafter called the MFMA, the municipal council must at least 30 days before the start of the budget year consider approval of the annual budget. The views from the community on the tabled budget were considered (Section 22 of the MFMA).

The municipality since November 2016 has started the process of readiness for mSCOA in preparation for draft budget implementation and this has been achieved through acquisition of mSCOA compliant consolidated financial management system (Munsoft) which is already in full operation by the municipality.

The 2017/2018 ó 2019/20 MTERF budget preparation have been prepared according to the new requirements of mSCOA regulations. Draft IDP and draft budget have been submitted to National Treasury on the mSCOA format of seven segments. The final budget also will be submitted to National Treasury on mSCOA format as required.

The implementation of the budget from 1st July 2017 ó 30 June 2018 and future financial years will be done in compliance with mSCOA requirements as per MFMA regulations on mSCOA.

PAST PERFORMANCE IN TERMS OF AUDIT OUTCOMES

For its term started with the financial year ended 30 June 2012, the municipality has managed to receive the audit opinions as follows,

PERIOD	30 June 2013	30 June 2014	30 June 2015	30 JUNE 2016
OPINION	<i>Unqualified</i>	<i>Unqualified</i>	<i>Unqualified</i>	<i>Unqualified</i>
AUDIT REPORT MATTERS	<i>With Non-Compliance Matters</i>	<i>With Non-Compliance Matters</i>	<i>With no Matters at all</i>	<i>With no Matters at all</i>
REMARKS	<i>Unqualified</i>	<i>Unqualified</i>	<i>Clean</i>	<i>Clean</i>

OPERATING BUDGET

In terms of GRAP format Capital Grants receivable are included in the Operating Budget. Capital Expenditure is not included in Operating Budget.

Operating expenditure is the day to day management items of the Municipality, i.e.:

Salaries and Wages, Repairs and Maintenance, Debt Servicing, Depreciation on Assets, Insurance, Electricity, Telephone, Subsistence and Travelling Allowances, Fuel etc.

The total budget amounts to R 491,783,954. Table 1 hereunder summarizes the total revenue & expenditure budget. General Managers must manage their own budgets consulting with the Chairpersons of the Standing Committees and the Standing Committees where necessary.

Allocations per line item are done by the departments themselves, as long as they don't exceed the amounts allocated per Table 1. Table 1 which is Consolidated Overview of the 2017/18-2019/20 Medium Term Revenue Expenditure Forecast.

Table 1
Total Budget 2017/18-2019/20 summary

DESCRIPTION	APPROVED BUDGET 2016/17	ADJUSTMENTS BUDGET 2016/17	APPROVED BUDGET 2017/18	BUDGET +2018/19	BUDGET +2019/20
Operating Expenditure	289 350 034	293 315 256	321 075 674	343 550 971	367 599 539
Capital Expenditure	154 046 400	155 395 900	170 708 280	170 562 676	217 232 252
TOTAL EXPENDITURE BUDGET	443 396 434	448 711 156	491 783 954	514 113 647	584 831 791
TOTAL REVENUE	-443 403 776	-448 755 171	-491 814 466	-526 241 478	-563 078 382

Total Revenue by source

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Revenue By Source			
Property rates	52 204	55 858	59 768
Service charges - electricity revenue	47 417	50 736	54 288
Service charges - refuse revenue	8 482	9 076	9 711
Rental of facilities and equipment	774	828	886
Interest earned - external investments	5 600	5 992	6 412
Interest earned - outstanding debtors	6 928	7 413	7 931
Fines, penalties and forfeits	1 500	1 605	1 717
Licences and permits	2 800	2 996	3 206
Transfers and subsidies	193 512	207 058	235 529
Other Revenue	1 889	2 021	2 162
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational	33 565	35 914	38 428
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	137 144	146 744	143 040
Total Revenue (including capital transfers and contributions)	491 815	526 241	563 079

Total Expenditure by type

Description	2017/18 Medium Term Revenue & Expenditure Framework			
	Budget Year 2017/18	2017/18 % Allocation	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand				
Expenditure By Type				
Employee related costs	105 526	33%	112 913	120 817
Remuneration of councillors	17 504	5%	18 729	20 040
Debt impairment	5 000	2%	5 350	5 725
Depreciation & asset impairment	14 222	4%	15 218	16 283
Finance charges				
Bulk purchases	43 010	13%	46 021	49 242
Other materials	7 971	2%	14 719	15 749
Contracted services	75 628	24%	74 733	73 095
Transfers and subsidies	820	0%	877	939
Other expenditure	51 394	16%	54 992	58 841
Loss on disposal of PPE				
Total Expenditure	321 076	100%	343 551	360 731

Budget 2017/18 per Municipal Vote

DEPARTMENT	APPROVED REVENUE BUDGET 2017/18	APPROVED OPERATING EXPENDITURE BUDGET 2017/18	APPROVED CAPITAL EXPENDITURE 2017/18
EXECUTIVE & COUNCIL	-	46 557 496	860 000
BUDGET & TREASURY	271 773 019	62 098 755	1 569 680
CORPORATE SERVICES	1 374 436	46 077 008	620 000
COMMUNITY SERVICES	19 761 316	54 646 737	495 000
ECONOMIC DEVELOPMENT & PLANNING	1 242 011	16 073 284	120 000
INFRASTRUCTURE	197 663 684	95 622 394	167 043 600
TOTAL BUDGET	491 814 466	321 075 674	170 708 280

CAPITAL BUDGET 2017/18

The approved capital budget 2017/18 is budgeted at R170, 7 million to be funded from MIG R R47, 6 million, Capital reserves R33, 5 million and R80, million from integrated national electrification grant and other grants will fund R9,4 million (from provincial electrical support grant and district GIS support grant) tabulated below:

MUNICIPAL VOTE	CAPITAL SOURCE OF FUNDING 2017/18						INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME (GRANT)	OTHER GRANTS
	APPROVED BUDGET 2016/17	ADJUSTMENTS BUDGET 2016/17	APPROVED BUDGET 2017/18	BUDGET +2018/19	BUDGET +2019/20	MUNICIPAL INFRASTRUCTURE GRANT	CAPITAL REPLACEMENT RESERVES	
MUNICIPAL GOVERNANCE & ADMINISTRATION	1 610 000	7 189 000	3 049 680	-	-	-	3 049 680	-
COMMUNITY & PUBLIC SAFETY	7 650 000	2 576 500	495 000.00	30 323 826	74 191 852	-	495 000	-
ECONOMIC AND ENVIRONMENTAL SERVICES	61 736 400	62 553 435	77 783 600	50 238 850	53 040 400	47 663 600	30 020 000	100 000
TRADING SERVICES	83 050 000	83 075 000	89 380 000	90 000 000	90 000 000	-	-	9 380 000
TOTAL CAPITAL	154 046 400	155 393 935	170 708 280	170 562 676	217 232 252	47 663 600	33 564 680	9 480 000

EQUITABLE SHARE ALLOCATION

In terms of the division of revenue act 2017 Matatiele Local Municipality will receive an Equitable Share of R185 808 000. This amount is always not enough to meet all the community needs on service delivery as is always utilised for the day to day operations of the municipality which some are strategic programs to deal with special programs in improving community welfare like gender, youth, indigent support, sport and recreation and many more as identified and approved by council through operational plans.

TARIFFS AND SERVICE CHARGES

Property Rates

The new Property Valuation Roll came into effect the 1 July 2013 and this will come to expire at the end of 2017/18 financial year ending 30 June 2018.

Property rates tariff will increase by 5% for the 2017/18 financial year.

Electricity

Electricity tariffs will increase by 1.88% in terms of the directive from NT and National Electricity Regulator of South Africa.

Refuse Removal and Other Tariff of Charges

Refuse tariffs will be increased by 7% and all other tariffs are kept to increase at an average of 5%.

EXTERNAL SERVICE DELIVERY MECHANISMS

External service providers are used for the refuse removal and grass cutting in the towns of Matatiele, Cedarville and Maluti.

ACCUMULATED SURPLUS

This budget will result in a surplus of R30 512. This should be noted that is budget surplus to ensure that the budget is balanced.

Operating Revenue Framework

For Matatiele 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 every 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 tariff increases and balancing expenditures against realistically anticipated revenues.

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

- É National Treasury's guidelines and macroeconomic policy;
- É Growth in the Municipality and continued economic development;
- É Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- É Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);

- É Achievement of full cost recovery of specific user charges especially in relation to trading services;
- É Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- É The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- É Increase ability to extend new services and recover costs;
- É The municipality's Indigent Policy and rendering of free basic services; and
- É Tariff policies of the Municipality.

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

Table 2 Summary of revenue classified by main revenue source

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	52 204	55 858	59 768
Service charges	-	-	-	-	-	-	-	55 899	59 812	63 999
Investment revenue	-	-	-	-	-	-	-	5 600	5 992	6 412
Transfers recognised - operational	-	-	-	-	-	-	-	193 512	207 058	219 729
Other own revenue	-	-	-	-	-	-	-	13 890	14 862	15 903
Total Revenue (excluding capital transfers and contributions)	-	-	-	-	-	-	-	321 106	343 584	365 811
Employee costs	-	-	-	-	-	-	-	105 526	112 913	120 817
Remuneration of councillors	-	-	-	-	-	-	-	17 504	18 729	20 040
Depreciation & asset impairment	-	-	-	-	-	-	-	14 222	15 218	16 283
Finance charges	-	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	-	-	-	-	-	-	-	50 981	60 740	64 991
Transfers and grants	-	-	-	-	-	-	-	820	877	939
Other expenditure	-	-	-	-	-	-	-	132 023	135 075	137 661
Total Expenditure	-	-	-	-	-	-	-	321 076	343 551	360 731
Surplus/(Deficit)	-	-	-	-	-	-	-	31	32	5 080
Transfers and subsidies - capital (monetary allocation)	-	-	-	-	-	-	-	137 144	146 744	143 040
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	33 565	35 914	38 428
Surplus/(Deficit) after capital transfers & contributions	-	-	-	-	-	-	-	170 739	182 690	186 549
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	-	-	-	-	-	170 739	182 690	186 549
Capital expenditure & funds sources										
Capital expenditure	-	-	-	-	-	-	-	170 708	170 563	217 232
Transfers recognised - capital	-	-	-	-	-	-	-	137 144	140 241	143 040
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	33 565	30 321	74 192
Total sources of capital funds	-	-	-	-	-	-	-	170 708	170 563	217 232
Financial position										
Total current assets	-	-	-	-	-	-	-	65 813	110 334	123 471
Total non current assets	-	-	-	-	-	-	-	868 492	841 821	841 821
Total current liabilities	-	-	-	-	-	-	-	37 210	36 901	36 901
Total non current liabilities	-	-	-	-	-	-	-	25 664	25 150	25 150
Community wealth/Equity	-	-	-	-	-	-	-	871 430	890 172	903 308
Cash flows										
Net cash from (used) operating	-	-	-	-	-	-	-	137 254	140 359	150 036
Net cash from (used) investing	-	-	-	-	-	-	-	(170 708)	(170 563)	(217 232)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	-	-	-	-	-	-	-	(1 686)	(31 890)	(99 086)
Cash backing/surplus reconciliation										
Cash and investments available	-	-	-	-	-	-	-	40 230	41 175	42 167
Application of cash and investments	-	-	-	-	-	-	-	12 433	(28 492)	(39 948)
Balance - surplus (shortfall)	-	-	-	-	-	-	-	27 797	69 667	82 116
Asset management										
Asset register summary (WDV)	-	-	-	-	-	-	845 557	845 557	841 821	841 821
Depreciation	-	-	-	-	-	-	14 222	14 222	15 218	16 283
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	7 971	7 971	(14 928)	(15 973)
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	14 000	14 000	16 000	18 000
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Table 3 Percentage growth in revenue by main revenue source

Description	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework				
R thousand	Adjusted Budget	Budget Year 2017/18	% GROWTH	Budget Year +1 2018/19	% GROWTH	Budget Year +2 2019/20
Revenue By Source						
Property rates	36 427	52 204	43%	55 858	6%	59 768
Service charges - electricity revenue	49 536	47 417	-4%	50 736	7%	54 288
Service charges - refuse revenue	8 078	8 482	5%	9 076	7%	9 711
Rental of facilities and equipment	774	774	0%	828	7%	886
Interest earned - external investments	5 987	5 600	-6%	5 992	7%	6 412
Interest earned - outstanding debtors	4 277	6 928	62%	7 413	7%	7 931
Fines, penalties and forfeits	2 730	1 500	-5%	1 605	7%	1 717
Licences and permits	2 047	2 800	36%	2 996	7%	3 206
Transfers and subsidies	181 311	193 512	7%	207 058	7%	235 529
Other Revenue	2 138	1 889	-11%	2 021	7%	2 162
Gains on disposal of PPE	15	-	0%	-	0%	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public	-	33 565	0%	35 914	7%	38 428
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	125 168	137 144	100%	146 744	7%	143 040
Total Revenue (including capital transfers and contributions)	418 489	491 815	-100%	526 241	100%	563 079

The budget will be funded as per table 3. Kindly note that of a total revenue budget (excluding capital grants) of R491, million- Council generates R 161 million (33%), and Total Grants amount to R330 million (67%). Therefore the Council is 67 % dependant on grants.

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 to residential properties to be 1:025. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

~ The first R15 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 rebate, a further R40 000 reduction on the market value of a property will be granted in terms of the municipality's own Property Rates Policy i.e. the market value less R 55 000.00;

~ 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;

~ For pensioners, physically and mentally disabled persons, a minimum total rebate of 40 per cent will be granted to owners of rateable property if the total gross income of the applicant and/or his/her spouse, if any, is the following:

- Income not exceeding R5 000.00

In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse.
- The applicant must submit proof of his/her age, identity and also proof of the annual income from a social pension;
- The applicant's account must be paid in full, or if not, an arrangement to the debt should be in place; and
- The property must be categorized as residential.

Additional:

-Residential properties a 35% rebate

-Properties categorized commercial 10% rebate on rates.

-Farms/ Smallholdings used for agricultural purposes 65% rebates.

~ The municipality may award a 100 per cent grant in aid on the assessment rates of rate-able properties of certain

Classes such as churches, registered welfare organizations, institutions or organizations performing charitable work,

Sports grounds used for purposes of amateur sport.

In considering changes in property rates, cognizance was taken of the local economic conditions such as the gradual recovery in the property market, trends in household incomes and unemployment. Excessive increases in property rates and other tariffs are likely to be counterproductive, resulting in higher levels of non-payment and increased bad debts.

Table 4 Operating Transfers and Grant Receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		125 055	145 998	180 491	173 681	173 681	173 681	192 712	209 744	219 729
Local Government Equitable Share		118 051	138 979	176 181	170 266	170 266	170 266	185 808	205 402	215 237
EPWP Incentive		4 564	4 485	1 780	1 790	1 790	1 790	2 780	–	–
Finance Management		1 550	1 600	1 600	1 625	1 625	1 625	1 700	1 700	1 700
Municipal Infrastructure Grant (MIG)		890	934	930	–	–	–	2 424	2 642	2 792
Other transfers/grants [insert description]										
Provincial Government:		73	952	–	–	–	–	400	–	–
Sport and Recreation		66	809	–	–	–	–	400	–	–
ESTABLISHMENT GRANT			143	–	–	–	–	–	–	–
NATURE RESERVE GRANT		8		–	–	–	–	–	–	–
ELECTION GRANT				–	–	–	–	–	–	–
Other transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	100	–	–
IDP SUPPORT GRANT								100	–	–
Other grant providers:		–	–	–	–	–	–	300	–	–
SETA SUBSIDY								300	–	–
Total Operating Transfers and Grants	5	125 128	146 950	180 491	173 681	173 681	173 681	193 512	209 744	219 729
Capital Transfers and Grants										
National Government:		48 775	68 831	79 170	124 661	124 661	–	137 044	140 241	143 040
Municipal Infrastructure Grant (MIG)		48 775	46 926	49 170	44 661	44 661	–	47 664	50 241	53 040
Integrated National Electrification Programme			21 905	30 000	80 000	80 000	–	80 000	90 000	90 000
ELECTRIFICATION SUPPORT								9 380	–	–
Other capital transfers/grants [insert desc]										
Provincial Government:		–	–	–	–	–	–	100	–	–
GIS SUPPORT								100	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
IDP SUPPORT GRANT								–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
SETA SUBSIDY								–	–	–
Total Capital Transfers and Grants	5	48 775	68 831	79 170	124 661	124 661	–	137 144	140 241	143 040
TOTAL RECEIPTS OF TRANSFERS & GRANTS		173 903	215 781	259 661	298 342	298 342	173 681	330 656	349 985	362 769

The municipality operational grants budget amounts to R193 512 400 for 2017/2018, included in this amount is the equitable share allocation, the operational grants budget equates to 39% of the total revenue budget (excluding capital grants).

Table 5 Comparison of final rated levies for the 2017/18 financial year

CATEGORY	CURRENT TARIFF (July 2016)	Tariff (From July 2017
Residential	0.009123	0.009579
Vacant Land	0.019908	0.019158
Commercial	0.010948	0.014368
Farms	0.002281	0.002395
Government	0.019905	0.019158
Industrial	0.010948	0.014369
Municipal	0.010948	0.014369

Sale of Electricity and Impact of Tariff Increases

NERSA has announced the proposed bulk electricity pricing structure. An increase of 1.88 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2017.

Considering the Eskom increases, the consumer tariff had to be increased by 1.88 per cent to offset the additional bulk purchase cost from 1 July 2017. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity. The following table shows the impact of the proposed increases in electricity tariffs on the charges for domestic customers:

Table 8 Comparison between current electricity charges and increases (Domestic)

<i>Domestic Consumers</i>	2017/2018 without VAT	2017/2018 VAT Inclusive
Basic charge, single or three phase per household per month. Plus the following kWh charges per month.	R 359.70	R 410.06
0-50	R 0.79	R 0.90
51-350	R 1.04	R 1.18
351-600	R 1.47	R 1.67
600 over	R 1.76	R 2.00
Scale 2: <i>Commercial & Other Consumers</i>		
Basic charge of consumers with the following kVA installed per month		

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2017. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will 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 to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the employee related cost.

A 7 per cent increase in the waste tariff is proposed from 1 July 2017.

The following table compares current and proposed amounts payable from 1 July 2017:

Table 11 Comparison between current waste removal fees and increases

REFUSE REMOVAL CHARGES	CURRENT TARIFF 2016/17	BUDGET 2017/18 TARIFF
Domestic Removals		
Every owner or occupier of premises from which refuse is removed twice weekly shall pay the Council a fee of per bag per month.	R 110.27	R 117.99
Commercial Removals		
Each individual/separate business shall be charged a basic service charge per month.	R 165.39	R 176.97
In addition to 1.2 every owner or occupier of business premises from which refuse is removed, shall pay the Council a fee of per bag per month, removal twice weekly.	R 165.39	R 176.97
Availability Charge		
An availability fee, is charged to any vacant commercial erven located in the town areas of Cedarville, Matatiele and Maluti.	R 186.92	R 200.00
An availability fee, is charged to any vacant domestic erven located in the town areas of Cedarville, Matatiele and Maluti.	R 93.46	R 100.00

1.2.1 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.

Note that in all instances the overall impact of the tariff increases on household bills has been kept between 5 and 7 per cent.

Table 11EC441 MATATIELE LOCAL MUNICIPALITY Table SA14 – Household bills

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		269.61	307.35	307.35	322.72	322.72	322.72	5.0%	355.79	373.58	392.26
Electricity: Basic levy		183.14	208.78	208.78	219.21	219.21	219.21	7.6%	247.76	266.69	287.07
Electricity: Consumption		576.29	628.15	628.15	659.56	659.56	659.56	7.6%	745.45	802.40	863.70
Water: Basic levy		–	–	–	–	–	–	–	–	–	–
Water: Consumption		–	–	–	–	–	–	–	–	–	–
Sanitation		–	–	–	–	–	–	–	–	–	–
Refuse removal		46.13	48.43	–	50.85	50.85	50.85	7.0%	117.99	126.25	135.90
Other		–	–	–	–	–	–	–	–	–	–
sub-total		1 075.16	1 192.71	1 144.28	1 252.35	1 252.35	1 252.35	17.1%	1 466.99	1 568.92	1 678.92
VAT on Services		–	–	–	–	–	–	–	–	–	–
Total large household bill:		1 075.16	1 192.71	1 144.28	1 252.35	1 252.35	1 252.35	17.1%	1 466.99	1 568.92	1 678.92
% increase/-decrease			10.9%	(4.1%)	9.4%	–	–		17.1%	6.9%	7.0%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		30 000.00	30 000.00	30 000.00	30 000.00	30 000.00	30 000.00	83.3%	55 000.00	55 000.00	55 000.00
Electricity: Basic levy		–	–	–	–	–	–	–	–	–	–
Electricity: Consumption		50.00	50.00	50.00	50.00	50.00	50.00	–	50.00	50.00	50.00
Water: Basic levy		–	–	–	–	–	–	–	–	–	–
Water: Consumption		–	–	–	–	–	–	–	–	–	–
Sanitation		–	–	–	–	–	–	–	–	–	–
Refuse removal		66 044.16	69 346.37	72 813.69	76 454.37	76 454.37	76 454.37	(99.8%)	117.99	126.25	135.90
Other		–	–	–	–	–	–	–	–	–	–
sub-total		96 094.16	99 396.37	102 863.69	106 504.37	106 504.37	106 504.37	(48.2%)	55 167.99	55 176.25	55 185.90
VAT on Services		–	–	–	–	–	–	–	–	–	–
Total small household bill:		96 094.16	99 396.37	102 863.69	106 504.37	106 504.37	106 504.37	(48.2%)	55 167.99	55 176.25	55 185.90
% increase/-decrease			3.4%	3.5%	3.5%	–	–		(48.2%)	0.0%	0.0%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		30 000.00	30 000.00	30 000.00	30 000.00	30 000.00	30 000.00	83.3%	55 000.00	55 000.00	55 000.00
Electricity: Basic levy		–	–	–	–	–	–	–	–	–	–
Electricity: Consumption		50.00	50.00	50.00	50.00	50.00	50.00	–	50.00	50.00	50.00
Water: Basic levy		–	–	–	–	–	–	–	–	–	–
Water: Consumption		–	–	–	–	–	–	–	–	–	–
Sanitation		–	–	–	–	–	–	–	–	–	–
Refuse removal		66 044.16	69 346.37	72 813.69	76 454.37	76 454.37	76 454.37	(99.8%)	117.99	126.25	135.90
Other		–	–	–	–	–	–	–	–	–	–
sub-total		96 094.16	99 396.37	102 863.69	106 504.37	106 504.37	106 504.37	(48.2%)	55 167.99	55 176.25	55 185.90
VAT on Services		–	–	–	–	–	–	–	–	–	–
Total small household bill:		96 094.16	99 396.37	102 863.69	106 504.37	106 504.37	106 504.37	(48.2%)	55 167.99	55 176.25	55 185.90
% increase/-decrease			3.4%	3.5%	3.5%	–	–		(48.2%)	0.0%	0.0%

Operating Expenditure Framework

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

- É Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- É Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- É Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

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

Table 13 Summary of operating expenditure by standard classification item

Description	2017/18 Medium Term Revenue & Expenditure Framework			
	Budget Year 2017/18	2017/18 % Allocation	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand				
Expenditure By Type				
Employee related costs	105 526	33%	112 913	120 817
Remuneration of councillors	17 504	5%	18 729	20 040
Debt impairment	5 000	2%	5 350	5 725
Depreciation & asset impairment	14 222	4%	15 218	16 283
Finance charges				
Bulk purchases	43 010	13%	46 021	49 242
Other materials	7 971	2%	14 719	15 749
Contracted services	75 628	24%	74 733	73 095
Transfers and subsidies	820	0%	877	939
Other expenditure	51 394	16%	54 992	58 841
Loss on disposal of PPE				
Total Expenditure	321 076	100%	343 551	360 731

The budgeted allocation for employee related costs for the 2017/18 financial year totals R105, 5 million, which equals 33 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7.36 per cent for the 2017/18 financial year.

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

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2017/18 financial year this amount equates to R5 million and escalates to R5,7 million by 2019/20. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R14,2 million for the 2017/18 financial and equates to 4 per cent of the total operating expenditure.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other material comprises of amongst others materials for maintenance.

For 2017/18 budget year the appropriation against this group of expenditure is by 5 per cent and continues to grow at 7, 5 and 9 per cent for the two outer years.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. The appropriation for this group of expenditures equates to 22 per cent for 2016/17 and is maintained at 18 per cent for the two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

The following table gives a breakdown of repairs and maintenance on the main expenditure categories for the 2016/17 financial year.

1.2.2 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2017/18 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. 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.

The table below provides a breakdown of the repairs and maintenance in relation expenditure items:

Table 14 Repairs and maintenance by expenditure item

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
Repairs and Maintenance by Expenditure Item	8										
Employee related costs		-	-	-	-	-	-	-	-	-	-
Other materials		-	-	-	11 232	11 232	11 232	-	14 928	15 973	17 091
Contracted Services		-	-	-	-	-	-	-	-	-	-
Other Expenditure		-	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	9	-	-	-	11 232	11 232	11 232	-	14 928	15 973	17 091

For the 2017/18 financial year repairs and maintenance is budgeted at R14,5 million this equates to 5 % of the total operating budget , this increase to R17, million in the 2019/20 outer year .

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists 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. The target is to register 17 000 or more indigent households during the 2017/2018 financial year, a process reviewed annually.

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.

1.3 Capital expenditure

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

Table 6 2017/18 Medium-term capital budget per vote

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		5 529	125	-	-	1 115	-	-	-	-	-
Vote 2 - Finance and administration		4 818	1 866	-	1 580	6 074	-	-	-	-	-
Vote 3 - Trading services		-	-	-	-	-	-	-	89 380	90 000	90 000
Vote 4 - Development & Planning		2 803	413	-	2 905	3 402	-	-	-	-	-
Vote 5 - Community		12 639	3 736	-	7 651	2 577	-	-	-	-	-
Vote 6 - Road transport		64 648	55 974	-	141 911	142 227	-	-	77 664	88 797	94 260
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	90 437	62 115	-	154 046	155 394	-	-	167 044	178 797	184 260
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and administration		-	-	-	-	-	-	-	3 050	-	-
Vote 3 - Trading services		-	-	-	-	-	-	-	30	-	-
Vote 4 - Development & Planning		-	-	-	-	-	-	-	120	-	-
Vote 5 - Community		-	-	-	-	-	-	-	465	-	-
Vote 6 - Road transport		-	-	-	-	-	-	-	-	-	-
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	3 665	-	-
Total Capital Expenditure - Vote		90 437	62 115	-	154 046	155 394	-	-	170 708	178 797	184 260

The total capital budget for 2017/17 is R170, million, this budget is to be funded by Municipal Infrastructure grant with an amount of R 47,6 million , Capital replacement reserves R33 ,5million , the Integrated national electrification grant R 80 million the R9.3 from provincial support grant and R100 000 from the district municipality for GIS support .

1.4 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page

Table 17 MBRR Table A1 - Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	52 204	55 858	59 768
Service charges	-	-	-	-	-	-	-	55 899	59 812	63 999
Investment revenue	-	-	-	-	-	-	-	5 600	5 992	6 412
Transfers recognised - operational	-	-	-	-	-	-	-	193 512	207 058	219 729
Other own revenue	-	-	-	-	-	-	-	13 890	14 862	15 903
Total Revenue (excluding capital transfers and contributions)	-	-	-	-	-	-	-	321 106	343 584	365 811
Employee costs	-	-	-	-	-	-	-	105 526	112 913	120 817
Remuneration of councillors	-	-	-	-	-	-	-	17 504	18 729	20 040
Depreciation & asset impairment	-	-	-	-	-	-	-	14 222	15 218	16 283
Finance charges	-	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	-	-	-	-	-	-	-	50 981	60 740	64 991
Transfers and grants	-	-	-	-	-	-	-	820	877	939
Other expenditure	-	-	-	-	-	-	-	132 023	135 075	137 661
Total Expenditure	-	-	-	-	-	-	-	321 076	343 551	365 731
Surplus/(Deficit)	-	-	-	-	-	-	-	31	32	5 080
Transfers and subsidies - capital (monetary allocation)	-	-	-	-	-	-	-	137 144	146 744	143 040
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	33 565	35 914	38 428
Surplus/(Deficit) after capital transfers & contributions	-	-	-	-	-	-	-	170 739	182 690	186 549
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	-	-	-	-	-	170 739	182 690	186 549
Capital expenditure & funds sources										
Capital expenditure	-	-	-	-	-	-	-	170 708	170 563	217 232
Transfers recognised - capital	-	-	-	-	-	-	-	137 144	140 241	143 040
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	33 565	30 321	74 192
Total sources of capital funds	-	-	-	-	-	-	-	170 708	170 563	217 232
Financial position										
Total current assets	-	-	-	-	-	-	-	65 813	110 334	123 471
Total non current assets	-	-	-	-	-	-	-	868 492	841 821	841 821
Total current liabilities	-	-	-	-	-	-	-	37 210	36 901	36 901
Total non current liabilities	-	-	-	-	-	-	-	25 664	25 150	25 150
Community wealth/Equity	-	-	-	-	-	-	-	871 430	890 172	903 308
Cash flows										
Net cash from (used) operating	-	-	-	-	-	-	-	137 254	140 359	150 036
Net cash from (used) investing	-	-	-	-	-	-	-	(170 708)	(170 563)	(217 232)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	-	-	-	-	-	-	-	(1 686)	(31 890)	(99 086)
Cash backing/surplus reconciliation										
Cash and investments available	-	-	-	-	-	-	-	40 230	41 175	42 167
Application of cash and investments	-	-	-	-	-	-	-	12 433	(28 492)	(39 948)
Balance - surplus (shortfall)	-	-	-	-	-	-	-	27 797	69 667	82 116
Asset management										
Asset register summary (WDV)	-	-	-	-	-	-	845 557	845 557	841 821	841 821
Depreciation	-	-	-	-	-	-	14 222	14 222	15 218	16 283
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	7 971	7 971	(14 928)	(15 973)
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	14 000	14 000	16 000	18 000
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

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 approved by Council 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) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. 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 in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2017/18, when a small surplus is reflected.
5. 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 continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	273 148	292 268	312 727
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	-	-	-	273 148	292 268	312 727
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	7 080	7 575	8 106
Community and social services		-	-	-	-	-	-	2 780	2 974	3 183
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	4 300	4 601	4 923
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	51 555	55 164	59 026
Planning and development		-	-	-	-	-	-	1 242	1 329	1 422
Road transport		-	-	-	-	-	-	50 313	53 835	57 604
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	160 032	171 234	167 421
Energy sources		-	-	-	-	-	-	147 350	157 665	152 902
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	12 681	13 569	14 519
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	-	-	-	-	-	491 815	526 241	547 279
Expenditure - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	170 985	182 954	188 892
Executive and council		-	-	-	-	-	-	26 312	27 928	29 746
Finance and administration		-	-	-	-	-	-	141 502	151 633	155 515
Internal audit		-	-	-	-	-	-	3 171	3 393	3 630
<i>Community and public safety</i>		-	-	-	-	-	-	16 579	17 740	18 982
Community and social services		-	-	-	-	-	-	1 948	2 085	2 231
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	14 631	15 655	16 751
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	50 296	53 817	57 584
Planning and development		-	-	-	-	-	-	16 073	17 198	18 402
Road transport		-	-	-	-	-	-	34 223	36 619	39 182
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	83 215	89 040	95 273
Energy sources		-	-	-	-	-	-	61 399	65 697	70 296
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	21 816	23 343	24 977
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	-	-	-	-	-	-	321 076	343 551	360 731
Surplus/(Deficit) for the year		-	-	-	-	-	-	170 739	182 690	186 549

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

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

Table 7 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Revenue by Vote	1									
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 2 - Finance and administration		-	-	-	-	-	-	275 728	291 211	311 595
Vote 3 - Trading services		-	-	-	-	-	-	160 032	171 234	183 220
Vote 4 - Development & Planning		-	-	-	-	-	-	1 242	1 329	1 422
Vote 5 - Community		-	-	-	-	-	-	4 300	4 601	4 923
Vote 6 - Road transport		-	-	-	-	-	-	50 513	57 866	46 119
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	-	-	-	-	491 815	526 241	547 279
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive & Council		-	-	-	-	-	-	26 312	28 154	30 124
Vote 2 - Finance and administration		-	-	-	-	-	-	115 776	123 880	132 552
Vote 3 - Trading services		-	-	-	-	-	-	83 215	89 040	95 273
Vote 4 - Development & Planning		-	-	-	-	-	-	36 714	39 284	35 164
Vote 5 - Community		-	-	-	-	-	-	16 579	17 740	18 982
Vote 6 - Road transport		-	-	-	-	-	-	39 309	42 061	45 005
Vote 7 - Internal Audit		-	-	-	-	-	-	3 171	3 393	3 630
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	-	-	-	-	321 076	343 551	360 731
Surplus/(Deficit) for the year	2	-	-	-	-	-	-	170 739	182 690	186 549

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 organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 21MBRTable A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref:	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Revenue By Source											
Property rates	2	–	–	–	–	–	–	–	52 204	55 858	59 768
Service charges - electricity revenue	2	–	–	–	–	–	–	–	47 417	50 736	54 288
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	–	–	–	–	–	–	–	8 482	9 076	9 711
Service charges - other											
Rental of facilities and equipment									774	828	886
Interest earned - external investments									5 600	5 992	6 412
Interest earned - outstanding debtors									6 928	7 413	7 931
Dividends received									–	–	–
Fines, penalties and forfeits									1 500	1 605	1 717
Licences and permits									2 800	2 996	3 206
Agency services									–	–	–
Transfers and subsidies									193 512	207 058	219 729
Other revenue	2	–	–	–	–	–	–	–	1 889	2 021	2 162
Gains on disposal of PPE									–	–	–
Total Revenue (excluding capital transfers and contributions)		–	–	–	–	–	–	–	321 106	343 584	365 811
Expenditure By Type											
Employee related costs	2	–	–	–	–	–	–	–	105 526	112 913	120 817
Remuneration of councillors									17 504	18 729	20 040
Debt impairment	3								5 000	5 350	5 725
Depreciation & asset impairment	2	–	–	–	–	–	–	–	14 222	15 218	16 283
Finance charges											
Bulk purchases	2	–	–	–	–	–	–	–	43 010	46 021	49 242
Other materials	8								7 971	14 719	15 749
Contracted services		–	–	–	–	–	–	–	75 628	74 733	73 095
Transfers and subsidies		–	–	–	–	–	–	–	820	877	939
Other expenditure	4, 5	–	–	–	–	–	–	–	51 394	54 992	58 841
Loss on disposal of PPE											
Total Expenditure		–	–	–	–	–	–	–	321 076	343 551	360 731
Surplus/(Deficit)		–	–	–	–	–	–	–	31	32	5 080
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)									137 144	146 744	143 040
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher	6	–	–	–	–	–	–	–	33 565	35 914	38 428
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		–	–	–	–	–	–	–	170 739	182 690	186 549
Taxation											
Surplus/(Deficit) after taxation		–	–	–	–	–	–	–	170 739	182 690	186 549
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		–	–	–	–	–	–	–	170 739	182 690	186 549
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		–	–	–	–	–	–	–	170 739	182 690	186 549

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

1. Total revenue is R491, 8million (including capital and escalates to R563, million by 2019/20.
2. Revenue to be generated from property rates is R55, 2 million in the 2017/18 financial year and increases to R59.7million by 2019/20 which represents 11 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality's own revenue.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R55, 8 million for the 2017/18 financial year and increasing to R63,9 million by 2019/20. For the 2017/18 financial year services charges amount to 11 per cent of the total revenue base .This growth can mainly be attributed to the increase in the bulk prices of electricity.
4. Transfers recognised . operating includes the local government equitable share and other operating grants from national and provincial government. The percentage share of this revenue source increases each year as per the allocations on the DORA.
5. Bulk purchases have significantly increased over the 2013/14 to 2017/18 period escalating from R26 million to R43 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
6. 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 8 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional											
<i>Governance and administration</i>		10 347	3 969	2 216	1 580	7 189	7 189	–	33 050	–	–
Executive and council		5 529	108	39	–	1 115	1 115	–	–	–	–
Finance and administration		4 818	3 861	2 177	1 580	6 074	6 074	–	32 950	–	–
Internal audit								100	–	–	–
<i>Community and public safety</i>		12 610	4 536	20 357	30 001	14 983	14 983	–	465	–	–
Community and social services		610	2 216	12	1 000	–	–	–	–	–	–
Sport and recreation		9 717	873	673	5 800	1 110	1 110	–	–	–	–
Public safety		2 283	1 448	2 856	851	1 467	1 467	–	465	–	–
Housing		–	–	16 816	22 350	12 407	12 407	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		2 803	830	41 614	2 905	3 402	3 402	–	47 784	80 563	127 232
Planning and development		2 803	830	1 399	2 905	3 402	3 402	–	120	–	–
Road transport		–	–	40 215	–	–	–	–	47 664	80 563	127 232
Environmental protection		–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>		64 677	94 912	37 316	119 561	129 821	129 821	–	89 410	90 000	90 000
Energy sources		64 648	94 912	31 281	119 561	129 821	129 821	–	89 380	90 000	90 000
Water management		–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–
Waste management		29	–	6 035	–	–	–	–	30	–	–
<i>Other</i>											
Total Capital Expenditure - Functional	3	90 437	104 248	101 503	154 046	155 394	155 394	–	170 708	170 563	217 232
Funded by:											
National Government		58 708	103 617	77 113	124 661	125 168	125 168	–	127 664	140 241	143 040
Provincial Government								–	9 380	–	–
District Municipality								–	100	–	–
Other transfers and grants								–	–	–	–
Transfers recognised - capital	4	58 708	103 617	77 113	124 661	125 168	125 168	–	137 144	140 241	143 040
Public contributions & donations	5										
Borrowing	6										
Internally generated funds		31 729	631	24 390	29 385	30 226	30 226	–	33 565	30 321	74 192
Total Capital Funding	7	90 436	104 248	101 503	154 046	155 394	155 394	–	170 708	170 563	217 232

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

1. 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 and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations..
3. 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 and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 23 MBRR Table A6 -Budgeted Financial Position
Explanatory notes to Table A6 - Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Current assets											
Cash									18 900	19 845	20 837
Call investment deposits	1	-	-	-	-	-	-	-	21 330	21 330	21 330
Consumer debtors	1	-	-	-	-	-	-	-	12 299	48 582	60 728
Other debtors									12 317	19 097	19 097
Current portion of long-term receivables											
Inventory	2								966	1 479	1 479
Total current assets		-	-	-	-	-	-	-	65 813	110 334	123 471
Non current assets											
Long-term receivables											
Investments											
Investment property									21 614	21 614	21 614
Investment in Associate											
Property, plant and equipment	3	-	-	-	-	-	-	-	846 457	819 786	819 786
Agricultural											
Biological											
Intangible									421	421	421
Other non-current assets											
Total non current assets		-	-	-	-	-	-	-	868 492	841 821	841 821
TOTAL ASSETS		-	-	-	-	-	-	-	934 305	952 155	965 292
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits									379	379	379
Trade and other payables	4	-	-	-	-	-	-	-	35 652	35 344	35 344
Provisions									1 179	1 179	1 179
Total current liabilities		-	-	-	-	-	-	-	37 210	36 901	36 901
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		-	-	-	-	-	-	-	25 664	25 150	25 150
Total non current liabilities		-	-	-	-	-	-	-	25 664	25 150	25 150
TOTAL LIABILITIES		-	-	-	-	-	-	-	62 874	62 052	62 052
NET ASSETS	5	-	-	-	-	-	-	-	871 430	890 103	903 241
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)									785 511	785 511	785 511
Reserves	4	-	-	-	-	-	-	-	85 919	104 661	117 796
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	-	-	-	-	-	871 430	890 172	903 308

1. Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors 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 24MBRTable A7 - Budgeted Cash Flow Statement

Description	Ref:	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates								–	52 204	55 858	59 768
Service charges								–	55 899	59 812	63 999
Other revenue								–	6 962	7 450	7 971
Government - operating	1							–	193 592	207 144	221 644
Government - capital	1							–	137 144	140 241	143 040
Interest								–	12 528	13 405	14 343
Dividends								–	–	–	–
Payments											
Suppliers and employees								–	(267 338)	(299 161)	(320 102)
Finance charges								–	(5 350)	(5 725)	
Transfers and Grants	1							–	(820)	(877)	(939)
NET CASH FROM/(USED) OPERATING ACTIVITIES											
		–	–	–	–	–	–	–	190 172	178 523	184 001
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									–	–	–
Decrease (Increase) in non-current debtors									–	–	–
Decrease (increase) other non-current receivables									–	–	–
Decrease (increase) in non-current investments									–	–	–
Payments											
Capital assets									(170 708)	(170 563)	(217 232)
NET CASH FROM/(USED) INVESTING ACTIVITIES											
		–	–	–	–	–	–	–	(170 708)	(170 563)	(217 232)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits								–	–	–	–
Payments											
Repayment of borrowing									–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES											
		–	–	–	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD											
		–	–	–	–	–	–	–	19 463	7 960	(33 231)
Cash/cash equivalents at the year begin:	2	77 235	57 566	–	(12 711)	(12 711)	–	–	31 768	51 231	59 191
Cash/cash equivalents at the year end:	2	77 235	57 566	–	(12 711)	(12 711)	–	–	51 231	59 191	25 960

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. The 2017/18 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. The estimated surplus for the 2017/18 MTREF is based on enhancing the going concern principle of the municipality , the surplus is estimated at R51,2 million and tR25million in 2019/20 outer year .

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

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	77 235	57 566	–	(12 711)	(12 711)	–	–	51 231	59 191	25 960
Other current investments > 90 days		(77 235)	(57 566)	–	12 711	12 711	–	–	(11 001)	(18 016)	16 207
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		–	–	–	–	–	–	–	40 230	41 175	42 167
Application of cash and investments											
Unspent conditional transfers		–	–	–	–	–	–	–	2 570	2 570	2 570
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	–	–	–	–	–	–	–	9 863	(31 062)	(42 518)
Other provisions		–	–	–	–	–	–	–	–	–	–
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		–	–	–	–	–	–	–	12 433	(28 492)	(39 948)
Surplus(shortfall)		–	–	–	–	–	–	–	27 797	69 667	82 116

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. From the table it can be seen that for the period 2017/18 the surplus is R27million and increases to R82million in 2019/20. For the rest of the MTREF a surplus is indicated.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2017/18 MTREF is funded.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2017/18 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 26 MBRR Table A9 - Asset Management

Description	Ref	2013/14 Audited Outcome	2014/15 Audited Outcome	2015/16 Audited Outcome	Current Year 2016/17			2017/18 Medium Term Revenue & Budget		
					Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	90 437	104 248	101 503	154 046	155 393	—	170 708	170 708	178 797
Roads Infrastructure		48 604	39 530	101 503	—	—	—	38 601	46 998	88 797
Electrical Infrastructure		12 517	21 367	—	118 011	119 358	—	90 380	90 000	90 000
Water Supply Infrastructure		11	2 206	—	—	—	—	—	—	—
Solid Waste Infrastructure		302	—	—	3 900	3 900	—	—	—	—
Infrastructure		61 434	63 103	101 503	121 911	123 258	—	128 981	136 998	178 797
Community Facilities		10 109	7 640	—	7 651	7 651	—	3 320	—	—
Sport and Recreation Facilities		—	—	—	—	—	—	5 662	—	—
Community Assets		10 109	7 640	—	7 651	7 651	—	8 982	—	—
Operational Buildings		10 954	32 502	—	23 884	23 884	—	30 160	33 565	—
Housing		7 318	1 003	—	501	501	—	—	—	—
Other Assets		18 273	33 505	—	24 385	24 385	—	30 160	33 565	—
Licences and Rights		621	—	—	100	100	—	380	—	—
Intangible Assets		621	—	—	100	100	—	380	—	—
Computer Equipment		—	—	—	—	—	—	250	—	—
Furniture and Office Equipment		—	—	—	—	—	—	1 955	146	—
Total Renewal of Existing Assets	2	—	—	—	—	—	—	—	—	—
Roads Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
Total Capital Expenditure	4	48 604	39 530	101 503	—	—	—	38 601	46 998	88 797
Roads Infrastructure		48 604	39 530	101 503	—	—	—	38 601	46 998	88 797
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		12 517	21 367	—	118 011	119 358	—	90 380	90 000	90 000
Water Supply Infrastructure		11	2 206	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		302	—	—	3 900	3 900	—	—	—	—
Infrastructure		61 434	63 103	101 503	121 911	123 258	—	128 981	136 998	178 797
Community Facilities		10 109	7 640	—	7 651	7 651	—	3 320	—	—
Sport and Recreation Facilities		—	—	—	—	—	—	5 662	—	—
Community Assets		10 109	7 640	—	7 651	7 651	—	8 982	—	—
Heritage Assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Operational Buildings		10 954	32 502	—	23 884	23 884	—	30 160	33 565	—
Housing		7 318	1 003	—	501	501	—	—	—	—
Other Assets		18 273	33 505	—	24 385	24 385	—	30 160	33 565	—
Licences and Rights		621	—	—	100	100	—	380	—	—
Intangible Assets		621	—	—	100	100	—	380	—	—
Computer Equipment		—	—	—	—	—	—	250	—	—
Furniture and Office Equipment		—	—	—	—	—	—	1 955	146	—
TOTAL CAPITAL EXPENDITURE - Asset class		90 437	104 248	101 503	154 046	155 393	—	170 708	170 708	178 797
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Roads Infrastructure		288 171	312 141	323 409	203 120	203 120	203 120	362 010	358 274	358 274
Electrical Infrastructure		12 517	21 367	123 057	283 551	283 551	283 551	213 437	213 437	213 437
Solid Waste Infrastructure		51 253	77 297	75 010	33 673	33 673	33 673	77 297	77 297	77 297
Infrastructure		351 941	410 804	521 476	520 344	520 344	520 344	652 744	649 008	649 008
Community Facilities		75 983	79 101	75 010	301 728	301 728	301 728	75 487	75 487	75 487
Sport and Recreation Facilities		—	—	—	—	—	—	—	—	—
Community Assets		75 983	79 101	75 010	301 728	301 728	301 728	75 487	75 487	75 487
Heritage Assets		—	—	—	—	—	—	—	—	—
Revenue Generating		21 891	19 174	19 571	19 174	19 174	19 174	19 571	19 571	19 571
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Investment properties		21 891	19 174	19 571	19 174	19 174	19 174	19 571	19 571	19 571
Operational Buildings		92 324	113 865	65 551	24 385	24 385	24 385	95 551	95 551	95 551
Housing		—	—	—	—	—	—	—	—	—
Other Assets		92 324	113 865	65 551	24 385	24 385	24 385	95 551	95 551	95 551
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Licences and Rights		951	672	672	2 990	2 990	2 990	—	—	—
Intangible Assets		951	672	672	2 990	2 990	2 990	—	—	—
Computer Equipment		—	—	—	—	—	—	250	250	250
Furniture and Office Equipment		—	—	—	—	—	—	1 955	1 955	1 955
EXPENDITURE OTHER ITEMS		—	—	—	—	—	—	—	—	—
Depreciation	7	19 062	20 919	22 850	14 886	14 270	14 270	14 222	15 218	16 283
Repairs and Maintenance by Asset Class	3	—	—	—	11 232	11 232	11 232	14 928	(14 928)	(15 973)
Roads Infrastructure		—	—	—	11 232	11 232	11 232	14 928	(14 928)	(15 973)
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		—	—	—	11 232	11 232	11 232	14 928	(14 928)	(15 973)
Community Facilities		—	—	—	—	—	—	—	—	—
TOTAL EXPENDITURE OTHER ITEMS		19 062	20 919	22 850	26 118	25 502	25 502	29 150	290	310

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal 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 of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

Table 9 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided										
Highest level of free service provided per household										
Property rates (R value threshold)		30 000	30 000		30 000	30 000	30 000	55 000	55 000	55 000
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)		50	50		50	50	50	50	51	52
Refuse (average litres per week)		89	89		102	102	102	110	118	126
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	6 300	6 300	6 300	14 000	16 000	18 000
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided		-	-	-	6 300	6 300	6 300	14 000	16 000	18 000

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for 19000 households to be registered as indigent in 2017/18, and therefore entitled to receiving Free Basic Services. The number is to be maintained at 19 000 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
3. It is anticipated that these Free Basic Services will cost the municipality R14 million in 2017/18, increasing to R18 million in 2018/19. This is covered by the municipality's equitable share allocation from national government.

2 Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

1. The process followed in compiling the 2017/18 Budget can be summarised as follows:
 - a) Council Adopted a Budget Timetable in August 2016.
 - b) The Budget & Finance Standing Committee Compiled Budget Assumptions and recommended same to Council for adoption. During this meeting the Budget, Tariff, Rates, Indigent and SCM Policies were reviewed. ;
 - c) The CFO presented the Budget Assumptions and Guideline to the General Manager in September 2016;
 - d) The Draft Budget for 2017/2018 was tabled to Council by the Mayor on 31 March 2017.
 - e) IDP / Budget Outreaches were held in April 2017. Councillors, Managers and support staff were divided in six (6) teams and all wards were visited during one (1) week.
 - f) The Budget Office compiled a Draft Budget which was present to Management, the Budget & Finance Standing Committee and EXCO during March 2016;
 - g) The approved annual Budget is to be submitted to Provincial Treasury and to National Treasury by the 12th June 2017;
 - h) On the 30 May 2017 Council will consider approval of the annual Budget, Tariffs and all budget related schedules and policies.

2. Input from Stakeholders

The following input was received:

The following were other key observations from Provincial Treasury,

- Overview of the alignment of the annual budget with the IDP as well as alignment to national, provincial and sector priorities ó although the SA4, SA5, and SA6 have been populated which talks to the five (5) key strategic focus areas as contained in the IDP, alignment could not be determined as the municipality have not submitted the draft SDBIP.
- Budget process overview ó the municipality's draft budget report outlines a clear budget process including a time schedule of key dates and activities that was followed to arrive at draft 2017/18 budget and its outer years.
- Measurable performance objective and indicators ó the municipality's draft budget does not have a section that deals with measurable performance objectives and indicators, and analysis on this matter was not performed as the municipality did not submit the SDBIP.
- Planning and budget assumptions ó the municipality's budget report state that it has been guided by circular 78 of the MFMA on its planning and budget assumptions, however, some of the assumptions are not in line with the circular.
- Abnormal movement ó in terms of the growth rates, few revenue and expenditure movements that are above or below the norm have been identified in the municipality's 2017/18 draft budget report without detailed explanations.
- Assets renewal and repairs and maintenance ó SA34b was not populated; therefore we were unable to say whether the 40% on renewal of assets has been met.
- Cash flow management and funding ó it is not pleasing to note that the municipality's reworked cash flow statement using actual collection rates reflects an unfavourable cash decrease in the 2017/18 financial year and therefore suggesting the municipality's 2017/18 budget is not fully funded.
- Procurement plans ó the municipality has not submitted its draft procurement plan together with the draft budget and that may impact negatively on spending on capital budget due lack of plans. Cash flow have been prepared using straight line method.
- No asset management plan in place in the municipality, thereby solid waste trading at a deficit.
- Basic service delivery (Indigent support) ó there is no information on basic service delivery by municipality.

As explained above, engagement meeting between the municipality led by Mayor and Provincial Treasury led by Regional Director were held at the municipality and concerns and were discussed and resolved for the final budget.

2.2 Overview of alignment of annual budget with IDP

The development of the IDP of 2017-2022 and the 2017/2018 Budget Compilation were done simultaneously. During the Community Participation Process IDP priorities and the implications it will have on the current and future budgets were discussed. Community input in this regard was invited and included in both the IDP and the 2017/2018 Budget. Only capital items listed in the IDP was included in the Budget, funds permitting.

The Municipal Departments are aligned with the 5 Local Government Key Performance Areas. The Departments' strategies are therefore linked to the 5 KRA's. Details of the Budgets allocated to the various departments are reflected in schedules SA4-6.

The Departmental SDBIP contains projects and programmes listed in the IDP. The General Manager's performances plan is linked to the Departmental SDBIP.

The SDBIP marries the Performance Management System with the budget and the IDP. Thus the strategic Direction mapped out in the IDP is matched with financial resources and delivery of services as specified in the PMS.

The SDBIP allows the budget to be implemented fully as it identifies:

- The Strategic Imperative . Through link with the IDP.
- The Financial Imperative . Through links with the Budget
- The Performance Imperative . Through links to the PMS

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South Africa society can only be realised 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 other, 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 Nation 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 City, 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 City strategically complies with the key national and provincial priorities.

The aim of the revision cycle was 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 City's response to these requirements.

The national and provision priorities, policies

- Green Paper on National Strategic
- Government Programme of Action
- Development Facilitation Act of
- Provincial Growth and Development
- National and Provincial Spatial Development Perspectives;
- Relevant Sector plans such as transportation, Legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth
- National Spatial Development
- The 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's five strategic objectives for the 2016/2017 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 28 IDP Strategic Objectives

NATIONAL KPA	KEY STRATEGIC PRIORITIES	GOALS
BASIC SERVICE DELIVERY	1.Reduction of Service Delivery Backlogs and refurbishing of infrastructure	<ul style="list-style-type: none"> ▪ Sound Environmental, waste management and conservation services ▪ Improve access to services in rural areas through sustainable road network, electricity and buildings infrastructure
MUNICIPAL FINANCIAL VIABILITY	2 .Sound financial management	<ul style="list-style-type: none"> ▪ Financially viable institution that is sustainable and complies with statutes
LOCAL ECONOMIC DEVELOPMENT	3.Sustainable development and Growth of the Local Economy	<ul style="list-style-type: none"> ▪ Reduction of Inequality, Poverty and Unemployment ▪ Sustainable Co-operatives and SMME'S ▪ Improve food security and Overall Livestock Improvement within the municipality area ▪ Growing and Viable Local tourism sector
SPATIAL CONSIDERATIONS	4.Proper Spatial Development Planning through the SDF and localized SDF' throughout the municipality	<ul style="list-style-type: none"> ▪ provide for Residential, Commercial and Industrial development ▪ Cadastral information updated for future use (base information).
INSTITUTIONAL ARRANGEMENTS	5.promote institutional arrangements	<ul style="list-style-type: none"> ▪ Build and strengthen the administrative and institutional capacity of the municipality. ▪ promote an efficient and effective working environment ▪ Enhanced information and communication technologies to achieve optimal service delivery
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	6. enhance public participation and integrated planning	<ul style="list-style-type: none"> ▪ Improve Community involvement in Municipal and Government affairs ▪ Efficient and effective implementation of governance system ▪ archive a cohesive and integrated development Planning ▪ strengthen communication between the Municipality and all its stakeholders internally and externally ▪ -Capacitate special groups to enable them to be active socio-economic participants ▪ -sustain clean administration

In order to ensure integrated and focused service delivery between all spheres of government it was important for the city to align its budget with that of national and provincial government. All spheres of government place a high priority on infrastructure development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic service and infrastructure which includes, amongst others:
 - Provide Electricity
 - Provide Water
 - Provide Sanitation
 - Provide Waste Removal
 - Provide Housing
 - Provide Roads and Storm Water
 - Provide Public Transport
 - Provide City Planning Service; and
 - Maintaining the Infrastructure of the municipality
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
3. Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the Provincial Department of Health to provide primary health care services;
 - Extending waste removal services and ensuring effective city cleansing;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.1 Integrated Social Services for empowered and sustained communities
 - Work with Provincial Departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the Revenue Management Strategy.
- 5.1 Promote sound governance through:
 - Publishing the outcomes of all tender processes on the municipal website

- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 4.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personal;

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

In addition to the five-year IDP, the City undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the City so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the City's IDP, associated scrolal plans and strategies, and the allocation of resources of the City and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines . so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building Social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals

Lessons learned with Previous IDP revision planning cycles as well as changing environments were taken into consideration in the compilation for the fourth revised IDP, including;

- Strengthening the analysis and strategic planning processes of the City;

- Initiating zoned planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

Table 10MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
Ensure full compliance with the requirement of MPRA				-	-	-	-	-	-	52 204	55 858	59 768
To provide access to electricity to households				-	-	-	-	-	-	47 592	50 923	54 488
To achieve sound environmental management				-	-	-	-	-	-	8 482	9 076	9 711
To provide adequate services for testing of vehicles and people (driving)				-	-	-	-	-	-	4 300	4 601	4 923
Encourage customers that owe municipal services to make payment before their debt incurs interest				-	-	-	-	-	-	6 753	7 226	7 732
To ensure that roads and assets are maintained				-	-	-	-	-	-	2 780	2 975	3 183
To improve accessibility in rural areas and road linkages between rural components				-	-	-	-	-	-	50 080	53 586	57 337
To provide households with basic electricity				-	-	-	-	-	-	89 380	95 637	102 331
Sustainable planning and implementation of credible IDP for the period 2017/2022				-	-	-	-	-	-	100	107	114
To provide sustainable development and revenue enhancement				-	-	-	-	-	-	2 289	2 449	2 620
Provide support households that are indigent in the area of jurisdiction.				-	-	-	-	-	-	14 000	14 980	16 029
				294 454	299 095	360 885	414 018	418 489	418 489	213 855	225 008	229 043
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	294 454	299 095	360 885	414 018	418 489	418 489	491 815	522 425	547 279

Table 30MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
Ensure proper efficient payroll administration for the municipality				-	-	-	-	-	-	116 965	125 153	133 914
Ensure that the municipality is able to fairly produce its annual financial statements				-	-	-	-	-	-	14 222	15 218	16 283
To improve lifespan of assets				-	-	-	-	-	-	14 928	15 973	17 091
To maintain existing Electrical Infrastructure for the purpose of reliable Network performance				-	-	-	-	-	-	43 010	46 021	49 242
Ensure efficient grant management				-	-	-	-	-	-	18 580	19 901	21 244
Ensure that the staff are up to date with the changes of the standards from time to time.				-	-	-	-	-	-	-	-	-
Ensure that the staff are up to date with the changes of the standards from time to time.				-	-	-	-	-	-	-	-	-
Report on fleet abuse cases and accidents and ensure that fleet is roadworthy				-	-	-	-	-	-	-	-	-
Appointment of Service Provider				-	-	-	-	-	-	-	-	-
Implementation of annual calendar of meetings and monitoring of compliance with <i>Policy and Order of Council</i>				-	-	-	-	-	-	-	-	-
Enhancement of governance processes through production of reliable and credible <i>Policy and Order of Council</i>				-	-	-	-	-	-	-	-	-
Implementation of annual calendar of meetings and monitoring of compliance with <i>Policy and Order of Council</i>				-	-	-	-	-	-	-	-	-
Implementation of annual calendar of meetings and monitoring of compliance with <i>Policy and Order of Council</i>				-	-	-	-	-	-	-	-	-
Implementation of annual calendar of meetings and monitoring of compliance with <i>Policy and Order of Council</i>				-	-	-	-	-	-	-	-	-
Update the deviation register; contract register; bid awards register; quotation register.				-	-	-	-	-	-	-	-	-
Ensure full compliance with the MFMA and Land and Lease Disposal Policy				-	-	-	-	-	-	-	-	-
Develop community participation and engagement programmes for the <i>designated areas</i>				-	-	-	-	-	-	-	-	-
				249 489	237 930	260 836	289 916	293 315	293 315	113 371	121 287	129 827
By creating more job opportunities for unemployable citizens												
Total Expenditure			1	249 489	237 930	260 836	289 916	293 315	293 315	321 076	343 551	367 600

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, assess and reviews organisational performance which in turn is directly linked to individual employees' 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 5 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 monitor 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 (marking 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:

Figure 6 Definition of performance information concepts

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

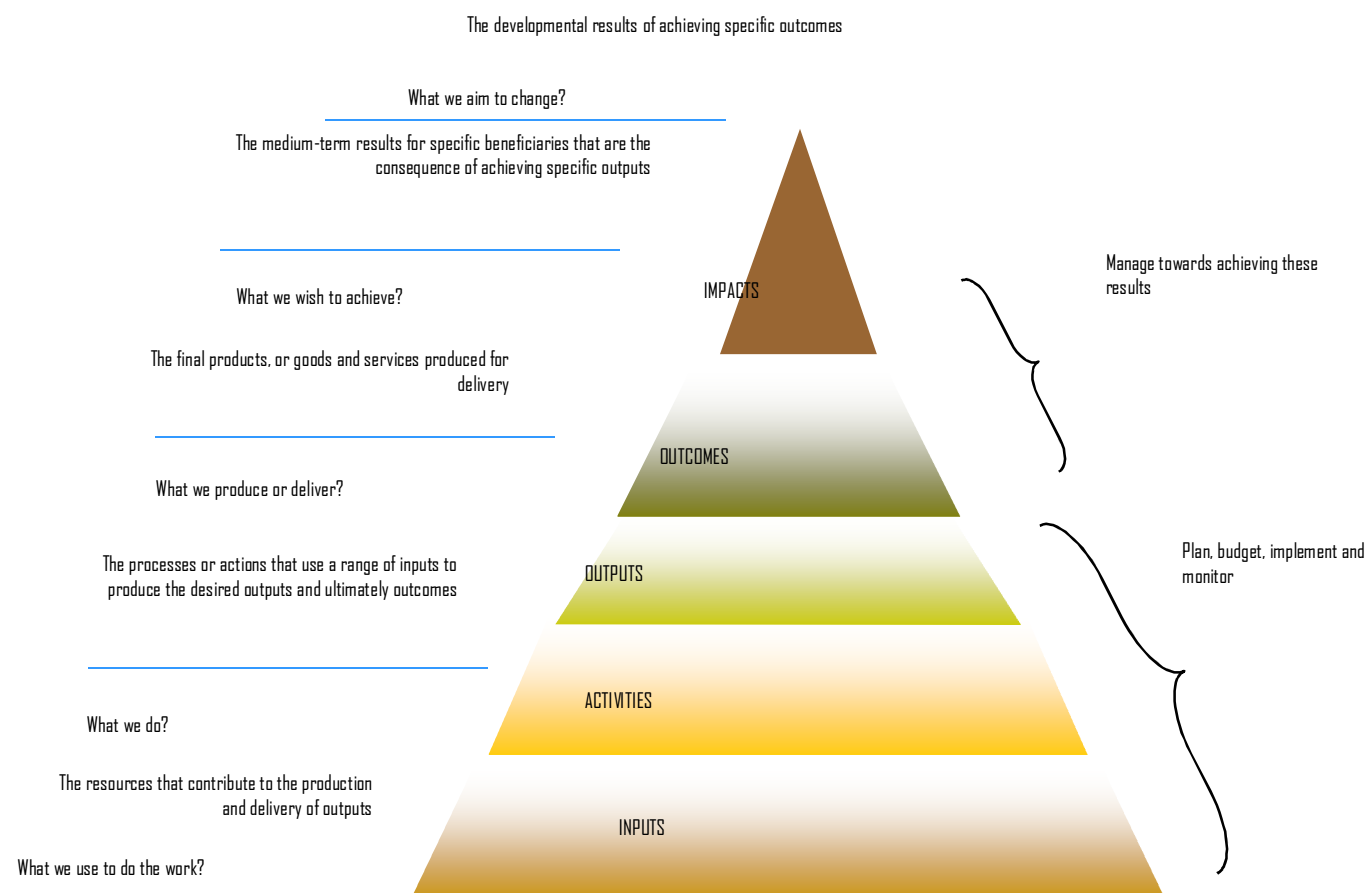


Figure 6 Definition of performance information concepts

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

Table 11MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	7.6%	7.6%	7.6%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	2.8	2.0	1.7	1.9	1.9	1.9	–	1.8	3.0	3.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.8	2.0	1.7	1.9	1.9	1.9	–	1.8	3.0	3.4
Liquidity Ratio	Monetary Assets/Current Liabilities	2.0	0.9	1.4	0.9	0.9	0.9	–	1.1	1.1	1.1
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		48.3%	82.4%	100.0%	69.3%	69.3%	69.3%	0.0%	100.0%	100.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		78.6%	82.4%	100.0%	69.3%	69.3%	69.3%	0.0%	100.0%	100.0%	100.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	10.3%	16.2%	4.1%	10.4%	10.3%	10.3%	0.0%	7.7%	19.5%	21.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		33.9%	91.9%	166.2%	101.5%	104.4%	73.0%	0.0%	64.6%	30.8%	26.5%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	29.3%	33.4%	29.7%	33.1%	29.5%	29.5%	0.0%	31.0%	30.8%	31.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	35.6%	41.1%	34.1%	41.3%	40.8%	40.8%		37.2%	36.9%	37.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	3.9%	3.8%	3.8%		4.6%	-4.3%	-4.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	8.1%	9.2%	8.2%	5.1%	4.9%	4.9%	0.0%	4.4%	4.4%	4.5%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	12.5	8.0	9.4	10.9	10.9	10.9	–	9.5	9.5	10.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	37.0%	57.0%	14.5%	31.8%	31.8%	31.8%	0.0%	22.6%	58.1%	64.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.6	2.1	1.1	1.7	1.7	2.4	–	2.6	4.9	5.4

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Matatiele Local Municipality's borrowing strategy is primarily informed by the affordability of debt repayment. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2017/2018 MTREF:

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2017/18 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.3.1.2 Safety of Capital

É *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets.

É *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.3.1.3 Liquidity

É *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2017/18 MTREF the current ratio is 1.4 in the 2017/18 financial year and 1.3 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.

É *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately.

2.3.1.4 Revenue Management

É As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.1.5 Creditors Management

É The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to

this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.3.1.6 Other Indicators

- É Employee costs as a percentage of operating revenue continues to increase over the MTREF.
- É Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

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

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2017/18 financial year 20 000 registered indigents have been provided for in the budget with this figure increasing to 21 000 by 2017/18. In terms of the Municipality's indigent policy registered households are entitled to 50 kWh of electricity and free waste removal as well as a discount on their property rates.

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 Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 34.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.4 OVERVIEW OF BUDGET RALATED POLICIES

As listed hereunder are all the policies that are current adopted by

Matatiele Local Municipality. All these policies can be viewed on the official municipal website www.matatiele.gov.za

Budget Related Policies

- 1 Credit Control & Debt Collection Policy
- 2, Banking & Investment Policy & Implementation Guide
- 3 Fixed Asset Management Policy & Implementation Guide
- 4 Budget Policy & Implementation Guide
- 5 Property Rates Policy
- 6 Transport Policy
- 7 Tariff Policy
- 8 Supply Chain Management Policy
- 9 Indigent Policy
- 10 GRAP Framework Policy
- 11 Data Backup Policy
- 12 Cash Management Policy
- 13 Special Service Tariff Policy
- 14 Grant & Donation Policy
- 15 Donor Finance Policy
- 16 Payment Policy
- 17 Virement Policy
- 18 Cash-Up Policy
- 19 Cash Shortage Policy
- 20 Electricity Policy
- 21 Credit Card Policy
- 22 Entertainment / Refreshment Policy
- 23 Customer Incentive Scheme Policy
- 24 Strategy to Improve Debtor Payment Policy
- 25 Customer Care Policy
- 26 Fraud Prevention & Response Plan Policy
- 27 Debt Capacity Policy
- 28 Unknown Deposits Policy
- 29 Infrastructure Procurement Policy

Overview of Budget Assumptions

Arising from the above Overview of Economic Analysis, the following Budget Assumptions were made and are affected in the 2017/18 budget:

Estimate Salary Increases

- 2017/18 . 7.36%
- 2018/19 . 7.5%
- 2019/20 . 7.5%

Debt Impairment: the overall collection levels are estimate around 86% overall for the MLM.

Payment levels for the following revenue streams have been estimated as follows:

- Property Rates 85% (90% in 2017 / 2018)
- Electricity 90% (95% in 2017 / 2018)
- Refuse 90% (95% in 2017 / 2018)

Indigent Support to increase from 1% to 30% of all registered indigents;

Bulk Electricity purchases: MLM has assumed tariff increase of 1.88% from Eskom and will increase its tariffs with 7.64% as determined by NERSA;

Other expenditure: In order to accommodate the increases in salaries, bulk purchases, debt Impairment and depreciation, it means that all other expenditure will increase at a reduced rate or maintained at the current levels;

Matatiele Local Municipality will continue with its current powers and functions;

The Budget is based on current service levels.

Government grants for the years 2017/2018 to 2019/2020 are as per the Division of Revenue Act, assuming that all allocations will be received;

Growth in staff related costs has been provided for in the budget at 7.5% per annum, growth in the remaining expense items range from 0% to 10%;

Provision has been made for tariff increases relating to services at an average rate of 7% per annum; and

Provision was made to contribute to the Provision for Leave Reserve. However, staff will be encouraged to redeem their leave.

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:

Table 12 Breakdown of the operating revenue over the medium-term

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

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

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

Table 13 Proposed tariff increases over the medium-term

Revenue Category	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Property Rates	4	0	0	0	0	0	5	5	5
Solid Waste	4	5	5	5	5	5	7	7	7
Electricity	19	9	9	7.64	7.64	7.8	1.88	7	7

Table 14MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														
CALL ACC STD		CALL	CALL	YES	VARIABLE	5%	0	0		7 855	34			7 889
CALL ACC STD		CALL	CALL	YES	VARIABLE	5%	0	0		9 235	84		84	9 403
CALL ACC FNB		MONEY MARKET	MONEY MARKET	YES	VARIABLE	5%	0	0		6 107	27	(0)		6 133
NEDBANK 32 DAY CALL		32 DAY	32 DAY	YES	VARIABLE	7%	0	0		4 964	30		30	5 023
NEDBANK		DAILY CALL	DAILY CALL	YES	VARIABLE	7%	0	0		40 972	262	(8 500)	262	32 997
NEDBANK MIG ACC		DAILY CALL	DAILY CALL	YES	VARIABLE	7%	0	0		16 807	98	(15 676)	5 537	6 766
NEDBANK DOE ACC		DAILY CALL	DAILY CALL	YES	VARIABLE	7%	0	0		19 995	135	(13 221)	135	7 043
NEDBANK RETENTION ACC		DAILY CALL	DAILY CALL	YES	VARIABLE	7%	0	0		3 411	8		18	3 437
NEDBANK SMARTGRID		DAILY CALL	DAILY CALL	YES	VARIABLE	7%	0	0		6 000	28		28	6 056
NEDBANK MAN OF PLANT		DAILY CALL	DAILY CALL	YES	VARIABLE	7%	0	0		1 512	5		1 422	2 940
FNB ESTABLISHMENT PLAN		MONEY MARKET	MONEY MARKET	YES	VARIABLE	5%	0	0		171	2		2	175
FNB HOUSING DEV FUND		MONEY MARKET	MONEY MARKET	YES	VARIABLE	5%	0	0		1 742	16		16	1 774
FNB TOURISM		MONEY MARKET	MONEY MARKET	YES	VARIABLE	5%	0	0		635	6		6	647
FNB BANK ACC		CURRENT	CURRENT	YES	VARIABLE		0	0						-
Municipality sub-total										119 407		(37 397)	7 539	90 283
Entities														
														-
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	1									119 407		(37 397)	7 539	90 283

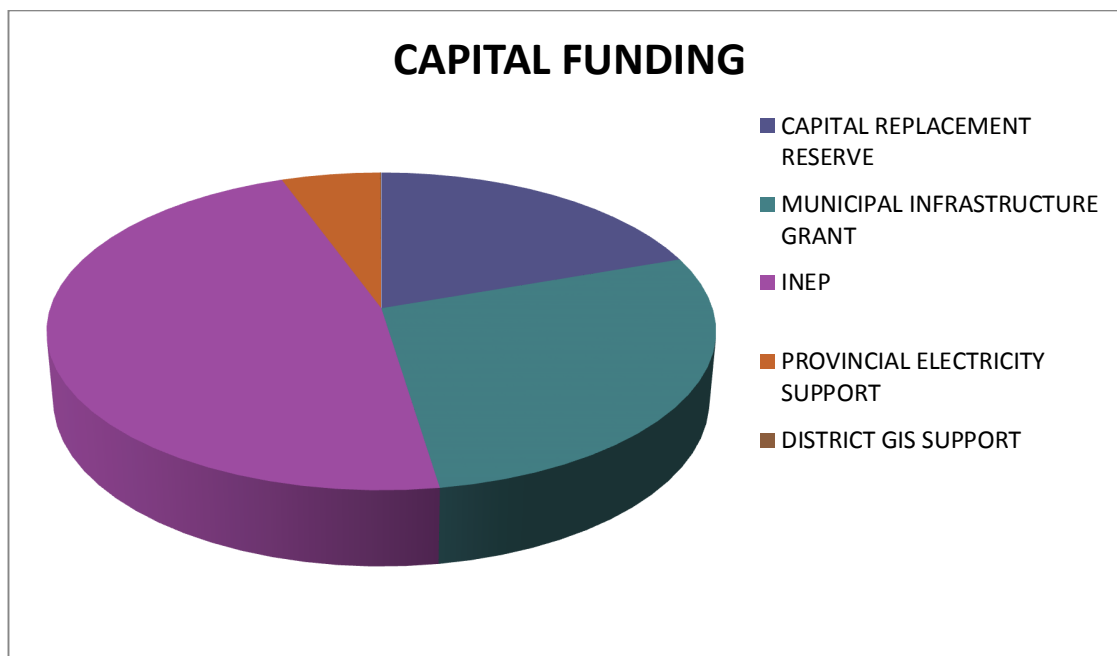
2.6.2 Medium-term outlook: capital revenue

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

Figure 8 Sources of capital revenue for the 2017/18 financial year

FUNDING OF CAPITAL BUDGET	2017/18
DOE	80 000 000
Municipal Infrastructure Grant (MIG)	47 663 600
Capital Replacement Reserve (CRR)	33 564 680
PROVINCIAL ELECTRICITY SUPPORT	9 380 000
DISTRICT GIS SUPPORT	100 000
TOTAL	170 708 280

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



The Municipality's capital funding is dependant highly on the external grants as allocated on the DORA.

The following table is of the Municipality's borrowing liability, which is not applicable for the 2017/18 as we have no long term debt

Table 15MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorised by type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Parent municipality										
Annuity and Bullet Loans					23 953	23 953	23 953			
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	-	-	23 953	23 953	23 953	-	-	-
Entities										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	-	-	23 953	23 953	23 953	-	-	-

Table 41 MBRR Table SA 18 - Capital transfers and grants receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2									
Capital Transfers and Grants										
National Government:		48 775	68 831	79 170	124 661	124 661	–	137 044	140 241	143 040
Municipal Infrastructure Grant (MIG)		48 775	46 926	49 170	44 661	44 661		47 664	50 241	53 040
Integrated National Electrification Programme			21 905	30 000	80 000	80 000		80 000	90 000	90 000
ELECTRIFICATION SUPPORT								9 380		
Other capital transfers/grants [insert desc]										
Provincial Government:		–	–	–	–	–	–	100	–	–
GIS SUPPORT								100		
District Municipality:		–	–	–	–	–	–	–	–	–
IDP SUPPORT GRANT										
Other grant providers:		–	–	–	–	–	–	–	–	–
SETA SUBSIDY										
Total Capital Transfers and Grants	5	48 775	68 831	79 170	124 661	124 661	–	137 144	140 241	143 040

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management. Some specific features include:

- É Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from ~~R~~atepayers and otherqto be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
 - Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 42 MBRR Table A7 - Budget cash flow statement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates								-	52 204	55 858	59 768
Service charges								-	55 899	59 812	63 999
Other revenue								-	6 962	7 450	7 971
Government - operating	1							-	193 592	207 144	221 644
Government - capital	1							-	137 144	140 241	143 040
Interest								-	12 528	13 405	14 343
Dividends								-	-	-	-
Payments											
Suppliers and employees								-	(267 338)	(299 161)	(320 102)
Finance charges								-	-	(5 350)	(5 725)
Transfers and Grants	1							-	(820)	(877)	(939)
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	-	-	-	-	190 172	178 523	184 001
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets									(170 708)	(170 563)	(217 232)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	-	-	(170 708)	(170 563)	(217 232)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits								-	-	-	-
Payments											
Repayment of borrowing									-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	-	-	-	-	-	19 463	7 960	(33 231)
Cash/cash equivalents at the year begin:	2	77 235	57 566		(12 711)	(12 711)			31 768	51 231	59 191
Cash/cash equivalents at the year end:	2	77 235	57 566	-	(12 711)	(12 711)	-	-	51 231	59 191	25 960

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- É How are those funds used?
- É What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be funded. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	77 235	57 566	–	(12 711)	(12 711)	–	–	51 231	59 191	25 960
Other current investments > 90 days		(77 235)	(57 566)	–	12 711	12 711	–	–	(11 001)	(18 016)	16 207
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		–	–	–	–	–	–	–	40 230	41 175	42 167
Application of cash and investments											
Unspent conditional transfers		–	–	–	–	–	–	–	2 570	2 570	2 570
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	–	–	–	–	–	–	–	9 863	(31 062)	(42 518)
Other provisions		–									
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		–	–	–	–	–	–	–	12 433	(28 492)	(39 948)
Surplus(shortfall)		–	–	–	–	–	–	–	27 797	69 667	82 116

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 44MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	77 235	57 566	–	(12 711)	(12 711)	–	–	51 231	59 191	25 960
Cash + investments at the yr end less applications - R'000	18(1)b	2	–	–	–	–	–	–	–	27 797	69 667	82 116
Cash year end/monthly employee/supplier payments	18(1)b	3	–	–	–	–	–	–	–	2.3	2.5	1.0
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	–	–	–	–	–	–	–	170 739	182 690	186 549
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.6%	4.6%	4.6%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	95.4%	117.9%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	174.9%	17.9%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	(1.8%)	(1.9%)
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
High Level Outcome of Funding Compliance												
Total Operating Revenue			–	–	–	–	–	–	–	321 106	343 584	365 811
Total Operating Expenditure			–	–	–	–	–	–	–	321 076	343 551	360 731
Surplus/(Deficit) Budgeted Operating Statement			–	–	–	–	–	–	–	31	32	5 080
Surplus/(Deficit) Considering Reserves and Cash Backing			–	–	–	–	–	–	–	27 797	69 667	82 116
MTREF Funded (1) / Unfunded (0)		15	1	1	1	1	1	1	1	1	1	1
MTREF Funded ü / Unfunded ü		15	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

2.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A positive cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 43, on page 84. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. It is especially important to consider the position should the municipality be faced with an expected disaster that threatens revenue collection such as rate boycotts. As part of the 2017/2018 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.3 and then increase slightly to 9 for outer years. As indicated above the Municipality aims to archive at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An adjusted surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in revenue which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 present). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 9% for the respective financial year of the 2017/18 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 5 per cent, with the increase in electricity at 1.88 per cent it is to be expected that the increase in revenue exceed the inflation target figures.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are collected. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 85 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's own-funded capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (Dora) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.5.10 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors' accounts within 30 days.

2.6.5.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

2.6.5.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability.

Table 45 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		125 055	145 998	180 491	173 681	173 681	173 681	192 712	209 744	219 729
Local Government Equitable Share		118 051	138 979	176 181	170 266	170 266	170 266	185 808	205 402	215 237
EPWP Incentive		4 564	4 485	1 780	1 790	1 790	1 790	2 780	—	—
Finance Management		1 550	1 600	1 600	1 625	1 625	1 625	1 700	1 700	1 700
Municipal Infrastructure Grant (MIG)		890	934	930	—	—	—	2 424	2 642	2 792
Other transfers/grants [insert description]										
Provincial Government:		73	952	—	—	—	—	400	—	—
Sport and Recreation		66	—	—	—	—	—	400	—	—
ESTABLISHMENT GRANT		—	809	—	—	—	—	—	—	—
NATURE RESERVE GRANT		—	143	—	—	—	—	—	—	—
ELECTION GRANT		8	—	—	—	—	—	—	—	—
Other transfers/grants [insert description]										
District Municipality:		—	—	—	—	—	—	100	—	—
IDP SUPPORT GRANT		—	—	—	—	—	—	100	—	—
Other grant providers:		—	—	—	—	—	—	—	—	—
SETA SUBSIDY		—	—	—	—	—	—	—	—	—
Total operating expenditure of Transfers and Grants		125 128	146 950	180 491	173 681	173 681	173 681	193 212	209 744	219 729
Capital expenditure of Transfers and Grants										
National Government:		48 775	68 831	79 170	124 661	124 661	—	137 044	140 241	143 040
Municipal Infrastructure Grant (MIG)		48 775	46 926	49 170	44 661	44 661	—	47 664	50 241	53 040
Integrated National Electrification Programme		—	21 905	30 000	80 000	80 000	—	80 000	90 000	90 000
ELECTRIFICATION SUPPORT		—	—	—	—	—	—	9 380	—	—
Other capital transfers/grants [insert desc]										
Provincial Government:		—	—	—	—	—	—	100	—	—
GIS SUPPORT		—	—	—	—	—	—	100	—	—
District Municipality:		—	—	—	—	—	—	—	—	—
IDP SUPPORT GRANT		—	—	—	—	—	—	—	—	—
Other grant providers:		—	—	—	—	—	—	—	—	—
SETA SUBSIDY		—	—	—	—	—	—	—	—	—
Total capital expenditure of Transfers and Grants		48 775	68 831	79 170	124 661	124 661	—	137 144	140 241	143 040
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		173 903	215 781	259 661	298 342	298 342	173 681	330 356	349 985	362 769

2.8 Table 16MBRR SA23 - Summary of councillor and staff benefits

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		468 867	18 367	189 279			676 513
Chief Whip			458 361	179 090				637 451
Executive Mayor			567 042	42 528	230 019			839 589
Deputy Executive Mayor			—	—	—			—
Executive Committee			2 855 374	59 492	1 074 871			3 989 737
Total for all other councillors			7 359 526	133 054	3 868 373			11 360 953
Total Councillors	8	—	11 709 170	432 531	5 382 542			17 564 243
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 369 560	2 009	258 000			1 629 569
Chief Finance Officer			1 024 963	2 018	225 750			1 252 731
GENERAL MANAGER CORPORATE SERVICES			1 076 722	2 018	187 638			1 266 378
GENERAL MANAGER COMMUNITY SERVICES			666 742	2 018	316 806			985 566
GENERAL MANAGER ECONOMIC DEVELOPMENT AND PLANNING			666 742	2 018	220 056			888 816
GENERAL MANAGER INFREASTRUCTURE SERVICES			1 005 613	2 018	245 100			1 252 731
List of each official with packages >= senior manager								
								—
								—
								—
								—
								—
								—
								—
								—
								—
								—
								—
Total Senior Managers of the Municipality	8,10	—	5 810 342	12 099	1 453 350	—		7 275 791
A Heading for Each Entity	6,7							
List each member of board by designation								
								—
								—
								—
								—
								—
								—
								—
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								—
								—
								—
								—
								—
								—
								—
								—
								—
								—
Total for municipal entities	8,10	—	—	—	—	—		—
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	—	17 519 512	444 630	6 815 892	—		24 780 034

Table 49 MBRR SA24–Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)	4	85	–	85	61	–	61	56	–	56
Board Members of municipal entities	5									
Municipal employees										
Municipal Manager and Senior Managers	3	6	–	6	6	–	6	6	–	6
Other Managers	7	22	–	22	22	–	22	22	–	22
Professionals		120	77	5	99	85	6	99	85	6
Finance		40	29	–	40	39	1	40	39	1
Spatial/town planning		23	9	–	8	8	–	8	8	–
Information Technology		7	2	–	1	1	–	1	1	–
Roads		31	26	1	31	26	1	31	26	1
Electricity		8	5	1	8	5	1	8	5	1
Water										
Sanitation										
Refuse		11	6	3	11	6	3	11	6	3
Other										
Technicians		5	5	2	5	5	2	5	5	2
Finance		–	–	–	–	–	–	–	–	–
Spatial/town planning		2	2	1	2	2	1	2	2	1
Information Technology		3	3	1	3	3	1	3	3	1
Roads		–	–	–	–	–	–	–	–	–
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–
Sanitation		–	–	–	–	–	–	–	–	–
Refuse		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Clerks (Clerical and administrative)		–	–	–	–	–	–	–	–	–
Service and sales workers		–	–	–	–	–	–	–	–	–
Skilled agricultural and fishery workers		–	–	–	–	–	–	–	–	–
Craft and related trades		–	–	–	–	–	–	–	–	–
Plant and Machine Operators		9	–	9	9	–	9	9	–	9
Elementary Occupations		103	101	2	103	103	–	93	95	–
TOTAL PERSONNEL NUMBERS	9	350	183	131	305	193	106	290	185	101
% increase					(12.9%)	5.5%	(19.1%)	(4.9%)	(4.1%)	(4.7%)
Total municipal employees headcount	6, 10	–	–	–	–	–	–	–	–	–
Finance personnel headcount	8, 10	41	36	5	40	34	6	40	36	6
Human Resources personnel headcount	8, 10	12	8	4	12	8	–	12	8	4

2.9 Monthly targets for revenue, expenditure and cash flow

Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand																
Revenue By Source																
Property rates		4 350	4 350	4 350	4 350	4 350	4 350	4 350	4 350	4 350	4 350	4 350	4 350	52 204	55 858	59 768
Service charges - electricity revenue		3 951	3 951	3 951	3 951	3 951	3 951	3 951	3 951	3 951	3 951	3 951	3 951	47 417	50 736	54 288
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		707	707	707	707	707	707	707	707	707	707	707	707	8 482	9 076	9 711
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		64	64	64	64	64	64	64	64	64	64	64	64	774	828	886
Interest earned - external investments		467	467	467	467	467	467	467	467	467	467	467	467	5 600	5 992	6 412
Interest earned - outstanding debtors		577	577	577	577	577	577	577	577	577	577	577	577	6 928	7 413	7 931
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		125	125	125	125	125	125	125	125	125	125	125	125	1 500	1 605	1 717
Licences and permits		233	233	233	233	233	233	233	233	233	233	233	233	2 800	2 996	3 206
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		16 126	16 126	16 126	16 126	16 126	16 126	16 126	16 126	16 126	16 126	16 126	16 126	193 512	207 058	219 729
Other revenue		157	157	157	157	157	157	157	157	157	157	157	157	1 889	2 021	2 162
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		26 759	26 759	26 759	26 759	26 759	26 759	26 759	26 759	26 759	26 759	26 759	26 759	321 106	343 584	365 811
Expenditure By Type																
Employee related costs		8 794	8 794	8 794	8 794	8 794	8 794	8 794	8 794	8 794	8 794	8 794	8 794	105 526	112 913	120 817
Remuneration of councillors		1 459	1 459	1 459	1 459	1 459	1 459	1 459	1 459	1 459	1 459	1 459	1 459	17 504	18 729	20 040
Debt impairment		417	417	417	417	417	417	417	417	417	417	417	417	5 000	5 350	5 725
Depreciation & asset impairment		1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	14 222	15 218	16 283
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases		3 584	3 584	3 584	3 584	3 584	3 584	3 584	3 584	3 584	3 584	3 584	3 584	43 010	46 021	49 242
Other materials		664	664	664	664	664	664	664	664	664	664	664	664	7 971	14 719	15 749
Contracted services		6 302	6 302	6 302	6 302	6 302	6 302	6 302	6 302	6 302	6 302	6 302	6 302	75 628	74 733	73 095
Transfers and subsidies		68	68	68	68	68	68	68	68	68	68	68	68	820	877	939
Other expenditure		4 283	4 283	4 283	4 283	4 283	4 283	4 283	4 283	4 283	4 283	4 283	4 283	51 394	54 992	58 841
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		26 756	26 756	26 756	26 756	26 756	26 756	26 756	26 756	26 756	26 756	26 756	26 756	321 076	343 551	360 731
Surplus/(Deficit)		3	3	3	3	3	3	3	3	3	3	3	3	31	32	5 080
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		45 257	-	200	-	46 629	-	-	-	45 057	-	-	-	137 144	146 744	143 040
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		2 797	2 797	2 797	2 797	2 797	2 797	2 797	2 797	2 797	2 797	2 797	2 797	33 565	35 914	38 428
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		48 057	2 800	3 000	2 800	49 428	2 800	2 800	2 800	47 857	2 800	2 800	2 800	170 739	182 690	186 549
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	48 057	2 800	3 000	2 800	49 428	2 800	2 800	2 800	47 857	2 800	2 800	2 800	170 739	182 690	186 549

Table 17MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand																
Revenue by Vote																
Vote 1 - Executive & Council													-	-	-	-
Vote 2 - Finance and administration		22 977	22 977	22 977	22 977	22 977	22 977	22 977	22 977	22 977	22 977	22 977	22 977	275 728	291 211	311 595
Vote 3 - Trading services		13 336	13 336	13 336	13 336	13 336	13 336	13 336	13 336	13 336	13 336	13 336	13 336	160 032	171 234	183 220
Vote 4 - Development & Planning		104	104	104	104	104	104	104	104	104	104	104	104	1 242	1 329	1 422
Vote 5 - Community		358	358	358	358	358	358	358	358	358	358	358	358	4 300	4 601	4 923
Vote 6 - Road transport		4 209	4 209	4 209	4 209	4 209	4 209	4 209	4 209	4 209	4 209	4 209	4 209	50 513	57 866	46 119
Vote 7 - Internal Audit													-	-	-	-
Vote 8 - [NAME OF VOTE 8]													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Total Revenue by Vote		40 985	40 985	40 985	40 985	40 985	40 985	40 985	40 985	40 985	40 985	40 985	40 985	491 815	526 241	547 279
Expenditure by Vote to be appropriated																
Vote 1 - Executive & Council		2 193	2 193	2 193	2 193	2 193	2 193	2 193	2 193	2 193	2 193	2 193	2 193	26 312	28 154	30 124
Vote 2 - Finance and administration		9 648	9 648	9 648	9 648	9 648	9 648	9 648	9 648	9 648	9 648	9 648	9 648	115 776	123 880	132 552
Vote 3 - Trading services		6 935	6 935	6 935	6 935	6 935	6 935	6 935	6 935	6 935	6 935	6 935	6 935	83 215	89 040	95 273
Vote 4 - Development & Planning		3 059	3 059	3 059	3 059	3 059	3 059	3 059	3 059	3 059	3 059	3 059	3 059	36 714	39 284	35 164
Vote 5 - Community		1 382	1 382	1 382	1 382	1 382	1 382	1 382	1 382	1 382	1 382	1 382	1 382	16 579	17 740	18 982
Vote 6 - Road transport		3 276	3 276	3 276	3 276	3 276	3 276	3 276	3 276	3 276	3 276	3 276	3 276	39 309	42 061	45 005
Vote 7 - Internal Audit		264	264	264	264	264	264	264	264	264	264	264	264	3 171	3 393	3 630
Vote 8 - [NAME OF VOTE 8]													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Total Expenditure by Vote		26 756	26 756	26 756	26 756	26 756	26 756	26 756	26 756	26 756	26 756	26 756	26 756	321 076	343 551	360 731
Surplus/(Deficit) before assoc.		14 228	14 228	14 228	14 228	14 228	14 228	14 228	14 228	14 228	14 228	14 228	14 228	170 739	182 690	186 549
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	14 228	14 228	14 228	14 228	14 228	14 228	14 228	14 228	14 228	14 228	14 228	14 228	170 739	182 690	186 549

Table 18MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Trading services		7 448	7 448	7 448	7 448	7 448	7 448	7 448	7 448	7 448	7 448	7 448	7 448	89 380	90 000	90 000
Vote 4 - Development & Planning		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Road transport		6 472	6 472	6 472	6 472	6 472	6 472	6 472	6 472	6 472	6 472	6 472	6 472	77 664	88 797	94 260
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	13 920	13 920	13 920	13 920	13 920	13 920	13 920	13 920	13 920	13 920	13 920	13 920	167 044	178 797	184 260
Single-year expenditure to be appropriated																
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and administration		254	254	254	254	254	254	254	254	254	254	254	254	3 050	-	-
Vote 3 - Trading services		3	3	3	3	3	3	3	3	3	3	3	3	30	-	-
Vote 4 - Development & Planning		10	10	10	10	10	10	10	10	10	10	10	10	120	-	-
Vote 5 - Community		39	39	39	39	39	39	39	39	39	39	39	39	465	-	-
Capital single-year expenditure sub-total	2	305	305	305	305	305	305	305	305	305	305	305	305	3 665	-	-
Total Capital Expenditure	2	14 226	14 226	14 226	14 226	14 226	14 226	14 226	14 226	14 226	14 226	14 226	14 226	170 708	178 797	184 260

Table 19MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand															
Cash Receipts By Source													1		
Property rates	4 350	4 350	4 350	4 350	4 350	4 350	4 350	4 350	4 350	4 350	4 350	4 350	52 204	55 858	59 768
Service charges - electricity revenue	3 951	3 951	3 951	3 951	3 951	3 951	3 951	3 951	3 951	3 951	3 951	3 951	47 417	50 736	54 288
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	707	707	707	707	707	707	707	707	707	707	707	707	8 482	9 076	9 711
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	64	64	64	64	64	64	64	64	64	64	64	64	774	828	886
Interest earned - external investments	467	467	467	467	467	467	467	467	467	467	467	467	5 600	5 992	6 412
Interest earned - outstanding debtors	577	577	577	577	577	577	577	577	577	577	577	577	6 928	7 413	7 931
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	125	125	125	125	125	125	125	125	125	125	125	125	1 500	1 605	1 717
Licences and permits	233	233	233	233	233	233	233	233	233	233	233	233	2 800	2 996	3 206
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	16 133	16 133	16 133	16 133	16 133	16 133	16 133	16 133	16 133	16 133	16 133	16 133	193 592	207 144	221 644
Other revenue	157	157	157	157	157	157	157	157	157	157	157	157	1 889	2 021	2 162
Cash Receipts by Source	26 766	26 766	26 766	26 766	26 766	26 766	26 766	26 766	26 766	26 766	26 766	26 766	321 186	343 669	367 726
Other Cash Flows by Source															
Transfer receipts - capital	2 797	2 797	2 797	2 797	2 797	2 797	2 797	2 797	2 797	2 797	2 797	106 376	137 144	140 241	143 040
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	29 563	29 563	29 563	29 563	29 563	29 563	29 563	29 563	29 563	29 563	29 563	133 141	458 330	483 911	510 766
Cash Payments by Type															
Employee related costs	8 794	8 794	8 794	8 794	8 794	8 794	8 794	8 794	8 794	8 794	8 794	2 794	99 526	112 913	120 817
Remuneration of councillors	1 459	1 459	1 459	1 459	1 459	1 459	1 459	1 459	1 459	1 459	1 459	1 459	17 504	18 729	20 040
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	5 350	5 725
Bulk purchases - Electricity	3 584	3 584	3 584	3 584	3 584	3 584	3 584	3 584	3 584	3 584	3 584	3 584	43 010	15 218	16 283
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	664	664	664	664	664	664	664	664	664	664	664	664	7 971	46 021	49 242
Contracted services	6 302	6 302	6 302	6 302	6 302	6 302	6 302	6 302	6 302	6 302	6 302	6 302	75 628	80 922	86 587
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	68	68	68	68	68	68	68	68	68	68	68	68	820	877	939
Other expenditure	4 283	4 283	4 283	4 283	4 283	4 283	4 283	4 283	4 283	4 283	4 283	(23 413)	23 699	25 358	27 133
Cash Payments by Type	25 154	25 154	25 154	25 154	25 154	25 154	25 154	25 154	25 154	25 154	25 154	(8 541)	268 158	305 388	326 765
Other Cash Flows/Payments by Type															
Capital assets	14 226	14 226	14 226	14 226	14 226	14 226	14 226	14 226	14 226	14 226	14 226	14 226	170 708	170 563	217 232
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	39 380	39 380	39 380	39 380	39 380	39 380	39 380	39 380	39 380	39 380	39 380	5 685	438 866	475 951	543 997
NET INCREASE/(DECREASE) IN CASH HELD	(9 818)	(9 818)	(9 818)	(9 818)	(9 818)	(9 818)	(9 818)	(9 818)	(9 818)	(9 818)	(9 818)	127 457	19 463	7 960	(33 231)
Cash/cash equivalents at the month/year begin:	31 768	21 950	12 133	2 315	(7 502)	(17 320)	(27 138)	(36 955)	(46 773)	(56 590)	(66 408)	(76 225)	31 768	51 231	59 191
Cash/cash equivalents at the month/year end:	21 950	12 133	2 315	(7 502)	(17 320)	(27 138)	(36 955)	(46 773)	(56 590)	(66 408)	(76 225)	51 231	51 231	59 191	25 960

2.10 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, there were no contracts awarded beyond the medium-term revenue and expenditure framework (three years). See table attached:-

Table 57

Description	Ref	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
R thousand	1,3	Total	Original Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:														
Revenue Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Entities:														
Revenue Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-

2.11 Capital expenditure details

The following two tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 58MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Approved Outcomes	Approved Outcomes	Approved Outcomes	Original Budget	Adjusted Budget	Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		61 434	63 193	101 503	121 313	123 258	—	126 881	136 898	178 797
Roads Infrastructure		48 604	39 530	101 503	—	—	—	58 601	46 598	88 797
Roads		48 604	39 530	101 503	—	—	—	58 601	46 598	88 797
Road Structures		—	—	—	—	—	—	—	—	—
Road Furniture		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Drainage Collection		—	—	—	—	—	—	—	—	—
Storm water Conveyance		—	—	—	—	—	—	—	—	—
Attenuation		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		12 517	21 367	—	118 011	119 358	—	90 380	90 000	90 000
Power Plants		—	—	—	—	—	—	—	—	—
HV Substations		—	—	—	—	—	—	—	—	—
HV Switching Station		—	—	—	—	—	—	—	—	—
HV Transmission Conductors		—	—	—	—	—	—	—	—	—
MV Substations		—	—	—	—	—	—	—	—	—
MV Switching Stations		—	—	—	—	—	—	—	—	—
MV Networks		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Water Supply Infrastructure		11	2 206	—	—	—	—	—	—	—
Dams and Weirs		—	—	—	—	—	—	—	—	—
Boreholes		—	—	—	—	—	—	—	—	—
Reservoirs		—	—	—	—	—	—	—	—	—
Pump Stations		—	—	—	—	—	—	—	—	—
Water Treatment Works		—	—	—	—	—	—	—	—	—
Bulk Mains		—	—	—	—	—	—	—	—	—
Distribution		—	—	—	—	—	—	—	—	—
Distribution Points		—	—	—	—	—	—	—	—	—
PIV Stations		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	—	—	—	—	—	—	—
Pump Station		—	—	—	—	—	—	—	—	—
Refiltration		—	—	—	—	—	—	—	—	—
Waste Water Treatment Works		—	—	—	—	—	—	—	—	—
Outfall Sewers		—	—	—	—	—	—	—	—	—
Toilet Facilities		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		302	—	—	3 900	3 900	—	—	—	—
Landfill Sites		302	—	—	3 900	3 900	—	—	—	—
Waste Transfer Stations		—	—	—	—	—	—	—	—	—
Waste Processing Facilities		—	—	—	—	—	—	—	—	—
Waste Drop-off Points		—	—	—	—	—	—	—	—	—
Waste Separation Facilities		—	—	—	—	—	—	—	—	—
Electricity Generation Facilities		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Rail Lines		—	—	—	—	—	—	—	—	—
Rail Structures		—	—	—	—	—	—	—	—	—
Rail Furniture		—	—	—	—	—	—	—	—	—
Drainage Collection		—	—	—	—	—	—	—	—	—
Storm water Conveyance		—	—	—	—	—	—	—	—	—
Attenuation		—	—	—	—	—	—	—	—	—
MV Substations		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Sand Pumps		—	—	—	—	—	—	—	—	—
Piers		—	—	—	—	—	—	—	—	—
Revetments		—	—	—	—	—	—	—	—	—
Promenades		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
Data Centres		—	—	—	—	—	—	—	—	—
Core Layers		—	—	—	—	—	—	—	—	—
Distribution Layers		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Community Assets		10 109	7 640	—	7 651	7 651	—	8 982	—	—
Community Facilities		10 109	7 640	—	7 651	7 651	—	3 320	—	—
Halls		66	—	—	—	—	—	—	—	—
Centres		2 930	1 385	—	5 900	5 900	—	—	—	—
Cracches		115	—	—	—	—	—	—	—	—
Clinics/Care Centres		3 984	1 583	—	1 401	1 401	—	—	—	—
Fire/Ambulance Stations		—	—	—	—	—	—	—	—	—
Testing Stations		178	1 835	—	—	—	—	—	—	—
Museums		564	293	—	100	100	—	—	—	—
Galleries		1 848	1 046	—	250	250	—	—	—	—
Theatres		—	—	—	—	—	—	—	—	—
Libraries		—	—	—	—	—	—	—	—	—
Cemeteries/Crematoria		—	—	—	—	—	—	—	—	—
Police		—	500	—	—	—	—	—	—	—
Parks		423	999	—	—	—	—	—	—	—
Public Open Space		—	—	—	—	—	—	—	—	—
Nature Reserves		—	—	—	—	—	—	—	—	—
Public Abolition Facilities		—	—	—	—	—	—	—	—	—
Markets		—	—	—	—	—	—	3 320	—	—
Stalls		—	—	—	—	—	—	—	—	—
Abattoirs		—	—	—	—	—	—	—	—	—
Airports		—	—	—	—	—	—	—	—	—
Taxi Ranks/Bus Terminals		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Sport and Recreation Facilities		—	—	—	—	—	—	5 662	—	—
Indoor Facilities		—	—	—	—	—	—	—	—	—
Outdoor Facilities		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	5 662	—	—
Heritage assets		—	—	—	—	—	—	—	—	—
Monuments		—	—	—	—	—	—	—	—	—
Historic Buildings		—	—	—	—	—	—	—	—	—
Works of Art		—	—	—	—	—	—	—	—	—
Conservation Areas		—	—	—	—	—	—	—	—	—
Other Heritage		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Unimproved Property		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Unimproved Property		—	—	—	—	—	—	—	—	—
Other assets		15 273	33 552	—	24 385	24 385	—	30 186	33 565	—
Operational Buildings		10 554	33 552	—	23 855	23 854	—	30 000	33 565	—
Municipal Offices		570	4 767	—	900	900	—	—	—	—
Pay/Enquiry Points		—	2 240	—	79	79	—	—	—	—
Building Plan Offices		1 091	2 061	—	105	105	—	—	—	—
Workshops		—	—	—	2 800	2 800	—	—	—	—
Yards		—	—	—	—	—	—	—	—	—
Stores		—	—	—	—	—	—	—	—	—
Laboratories		8 037	20 951	—	20 000	20 000	—	—	—	—
Training Centres		—	—	—	—	—	—	—	—	—
Manufacturing Plant		—	—	—	—	—	—	—	—	—
Depots		1 256	2 483	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	160	—	—
Housing		7 318	1 003	—	501	501	—	—	—	—
Staff Housing		—	—	—	—	—	—	—	—	—
Social Housing		—	—	—	—	—	—	—	—	—
Capital Spares		—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Intangible Assets		—	—	—	—	—	—	—	—	—
Services		621	—	—	100	100	—	380	—	—
Licences and Rights		621	—	—	100	100	—	380	—	—
Water Rights		—	—	—	—	—	—	—	—	—
Effluent Licences		—	—	—	—	—	—	—	—	—
Solid Waste Licences		—	—	—	—	—	—	—	—	—
Computer Software and Applications		—	—	—	—	—	—	—	—	—
Local Settlement Software Applications		—	—	—	—	—	—	—	—	—
Unspecified		—	—	—	—	—	—	—	—	—
Computer Equipment		—	—	—	—	—	—	250	—	—
Computer Equipment		—	—	—	—	—	—	250	—	—
Furniture and Office Equipment		—	—	—	—	—	—	1 955	146	—
Furniture and Office Equipment		—	—	—	—	—	—	1 955	146	—
Machinery and Equipment		—	—	—	—	—	—	—	—	—
Machinery and Equipment		—	—	—	—	—	—	—	—	—
Transport Assets		—	—	—	—	—	—	—	—	—
Transport Assets		—	—	—	—	—	—	—	—	—
Libraries		—	—	—	—	—	—	—	—	—
Libraries		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Total Capital Expenditure on new assets	1	96 437	104 248	101 503	154 046	155 393	—	179 708	170 708	178 797

2.13 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 Municipality's website.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2016/2017 MTREF in May 2016 directly aligned and informed by the 2016/17 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.14 Other supporting documents

Table 65 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - Executive & Council	Vote 2 - Finance and administrati on	Vote 3 - Trading services	Vote 4 - Development & Planning	Vote 5 - Community	Vote 6 - Road transport	Vote 7 - Internal Audit	Vote 8 - [NAME OF VOTE 8]	Vote 9 - [NAME OF VOTE 9]	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
Revenue By Source																	
Property rates		-	52 204	-	-	-	-	-	-	-	-	-	-	-	-	-	52 204
Service charges - electricity revenue		-	-	-	-	47 417	-	-	-	-	-	-	-	-	-	-	47 417
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	8 482	-	-	-	-	-	-	-	-	-	-	8 482
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	674	-	-	100	-	-	-	-	-	-	-	-	-	-	774
Interest earned - external investments		-	5 600	-	-	-	-	-	-	-	-	-	-	-	-	-	5 600
Interest earned - outstanding debtors		-	6 753	175	-	-	-	-	-	-	-	-	-	-	-	-	6 928
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	1 500	-	-	-	-	-	-	-	-	-	-	1 500
Licences and permits		-	-	-	-	2 800	-	-	-	-	-	-	-	-	-	-	2 800
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue		-	143	379	1 042	99	225	-	-	-	-	-	-	-	-	-	1 889
Transfers and subsidies		-	174 208	10 000	100	6 780	2 424	-	-	-	-	-	-	-	-	-	193 512
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	239 583	10 553	1 142	67 178	2 650	-	-	-	-	-	-	-	-	-	321 006
Expenditure By Type																	
Employee related costs		11 660	39 435	3 475	7 275	24 653	16 972	2 056	-	-	-	-	-	-	-	-	105 526
Remuneration of councillors		17 504	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17 504
Debt impairment		-	5 000	-	-	-	-	-	-	-	-	-	-	-	-	-	5 000
Depreciation & asset impairment		500	3 115	631	387	523	9 067	-	-	-	-	-	-	-	-	-	14 222
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases		-	-	43 010	-	-	-	-	-	-	-	-	-	-	-	-	43 010
Other materials		270	2 323	737	251	430	3 960	-	-	-	-	-	-	-	-	-	7 971
Contracted services		250	45 439	22 314	4 585	450	1 920	670	-	-	-	-	-	-	-	-	75 628
Transfers and subsidies		-	-	-	820	-	-	-	-	-	-	-	-	-	-	-	820
Other expenditure		5 356	29 066	9 279	2 735	2 268	2 304	384	-	-	-	-	-	-	-	-	51 394
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		35 540	124 378	79 446	16 053	28 324	34 223	3 111	-	-	-	-	-	-	-	-	321 075
Surplus/(Deficit)		(35 540)	115 205	(68 892)	(14 911)	38 854	(31 573)	(3 111)	-	-	-	-	-	-	-	-	31
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	89 380	100	-	47 664	-	-	-	-	-	-	-	-	-	137 144
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	33 565	-	-	-	-	-	-	-	-	-	-	-	-	-	33 565
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(35 540)	148 769	20 488	(14 811)	38 854	16 090	(3 111)	-	-	-	-	-	-	-	-	170 739

Table 20MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Call investment deposits											
Call deposits									21 330	21 330	21 330
Other current investments											
Total Call investment deposits	2	–	–	–	–	–	–	–	21 330	21 330	21 330
Consumer debtors											
Consumer debtors									42 849	86 770	108 463
Less: Provision for debt impairment									(30 550)	(38 188)	(47 734)
Total Consumer debtors	2	–	–	–	–	–	–	–	12 299	48 582	60 728
Debt impairment provision											
Balance at the beginning of the year									(30 550)	(38 188)	(47 734)
Contributions to the provision											
Bad debts written off											
Balance at end of year		–	–	–	–	–	–	–	(30 550)	(38 188)	(47 734)
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)									1 016 688	1 013 687	1 013 687
Leases recognised as PPE	3								170 231	193 901	193 901
Less: Accumulated depreciation											
Total Property, plant and equipment (PPE)	2	–	–	–	–	–	–	–	846 457	819 786	819 786
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities											
Total Current liabilities - Borrowing		–	–	–	–	–	–	–	–	–	–
Trade and other payables											
Trade and other creditors									33 082	32 774	32 774
Unspent conditional transfers									2 570	2 570	2 570
VAT											
Total Trade and other payables	2	–	–	–	–	–	–	–	35 652	35 344	35 344
Non current liabilities - Borrowing											
Borrowing	4								–	–	–
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions - non-current											
Retirement benefits									11 329	11 412	11 412
List other major provision items											
Refuse landfill site rehabilitation									14 336	13 738	13 738
Other											
Total Provisions - non-current		–	–	–	–	–	–	–	25 664	25 150	25 150
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance											
GRAP adjustments											
Restated balance		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)		–	–	–	–	–	–	–	170 739	182 690	186 549
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	–	–	–	–	–	–	–	170 739	182 690	186 549
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation									85 919	104 661	117 796
Total Reserves	2	–	–	–	–	–	–	–	85 919	104 661	117 796
TOTAL COMMUNITY WEALTH/EQUITY	2	–	–	–	–	–	–	–	256 658	287 351	304 345