

SCHEDULE A

BUDGET AND SUPPORTING DOCUMENTATION

ANNUAL BUDGET OF

OR TAMBO DISTRICT MUNICIPALITY

2015/16 TO 2017/18
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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IN THE 2015/2016 FINANCIAL YEAR THE O.R. TAMBO DISTRICT MUNICIPALITY INTENDS TO IMPLEMENT ITS SPATIAL DEVELOPMENT FRAMEWORK (SDF) IN LINE WITH SPLUMA. THE IMPLEMENTATION OF THE SDF WILL ASSIST THE DISTRICT IN COMPLYING WITH THE RECENTLY ENACTED SPATIAL PLANNING AND LAND USE MANAGEMENT ACT (SPLUMA) NO. 16 OF 2013 AS WELL AS OTHER NATIONAL AND PROVINCIAL PLANS AND POLICIES. SECTION 26 OF THE MSA OBLIGATES ALL MUNICIPALITIES TO PREPARE AN IDP (WHICH MUST INCLUDE LAND USE MANAGEMENT GUIDELINES AS PART OF ITS SPATIAL DEVELOPMENT FRAMEWORK) AS THE PRIMARY AND OVERRIDING MANAGEMENT TOOL. THE IDP BEING THE PRINCIPAL STRATEGIC PLANNING DOCUMENT OF THE MUNICIPALITY REQUIRES THAT ALL BUDGET AND MANAGEMENT BE GUIDED BY IT. 99

THE SPLUMA INTENDS TO PROVIDE A FRAMEWORK FOR SPATIAL PLANNING AND LAND USE MANAGEMENT IN THE REPUBLIC; TO SPECIFY THE RELATIONSHIP BETWEEN THE SPATIAL PLANNING AND LAND USE MANAGEMENT SYSTEM AND OTHER KINDS OF PLANNING; TO PROVIDE FOR INCLUSIVE; DEVELOPMENTAL, EQUITABLE AND EFFICIENT SPATIAL PLANNING AT THE DIFFERENT SPHERES OF GOVERNMENT; TO PROVIDE A FRAMEWORK FOR MONITORING, COORDINATION AND REVIEW OF THE SPATIAL PLANNING AND LAND USE MANAGEMENT SYSTEM; TO PROVIDE A FRAMEWORK FOR POLICIES, PRINCIPLES, NORMS AND STANDARDS FOR SPATIAL DEVELOPMENT PLANNING AND LAND USE MANAGEMENT; TO ADDRESS PAST SPATIAL AND REGULATORY IMBALANCES, TO PROMOTE GREATER CONSISTENCY AND UNIFORMITY IN THE APPLICATION PROCEDURES AND DECISION-MAKING BY AUTHORITIES RESPONSIBLE FOR LAND USE DECISIONS AND DEVELOPMENT

APPLICATIONS' TO PROVIDE FOR THE ESTABLISHMENT, FUNCTIONS AND OPERATIONS OF MUNICIPAL PLANNING TRIBUNALS, AND TO PROVIDE FOR THE FACILITATION AND ENFORCEMENT OF LAND USE DEVELOPMENT MEASURES..... 99

IT IS IN THIS REGARD THAT A PORTION OF THE BUDGET WILL BE SPENT TOWARDS ENSURING THAT PROPER PROCESSES AND PROCEDURES ARE DEVELOPED FOR THE SMOOTH IMPLEMENTATION OF SPLUMA. IN ORDER TO ENSURE EFFECTIVE LAND USE MANAGEMENT AND SPATIAL PLANNING THE LAND SURVEY SECTION THROUGH THIS AVAILABLE BUDGET WILL ALSO ASSIST IN THE FINALIZATION OF THE LANGENI LSDF, AS WELL AS THE DEVELOPMENT OF PRECINCT PLANS FOR THE LOCAL MUNICIPALITIES. 100

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Abbreviations and Acronyms

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

Part 1 – Annual Budget

1.1 Foreword by the Executive Mayor

Honourable Speaker and Speakers from our LM councils,

The Deputy Executive Mayor, Executive Mayor of KSD, and all Mayors from our LMs,

Chief Whip of the DM council and Chief Whips of the LM councils,

Chair of chairs from the DM and all chairpersons of the section 79 committees,

All Members of the Mayoral Committee and all DM councillors,

Sikhahlela ngokubanzi kwikumnkani zakowethu

Kumnkani Ndlovu Yezwe

Kumnkani uZwelibanzi

Kumkan Zanozuko

Ndikhahlele kwinkosi zonke

The Whip of Traditional leaders and all traditional leaders in the DM council,

The board members of Ntinga O.R. Tambo Development Agency and Kei Fresh Produce Market,

The political organisations, the governing party ANC and alliance

The religious fraternity and interfaith,

The business community,

Government sector departments,

The Non-Governmental Organisations,

The CEO of Ntinga, acting municipal manager, all directors, senior managers, with all the administration entourage,

The people of OR Tambo

Fellow Compatriots

Good morning

As I present to you this State of the District Address for 2015, let me begin by recognizing the vast audience that share this address through UCR and Inkonjane community radio stations.

To our audience listening through our community radio stations, we are humbled and very privileged to have all of you with us today.

We therefore take this opportunity, on this momentous occasion to present the State of the District Address, blessed by your presence.

Mr Speaker, to begin, allow me to echo the words of Amilca Cabral, a revolutionary and a poet, as a person who continues to speak to all revolutionaries around the world to this day, especially in Africa, when he says: "Freedom is simultaneously the fruit of a people's history and a determinant of history ..."

- ❖ As the country we are celebrating sixty years since the Congress of the People in Kliptown, Soweto, where the Freedom Charter was adopted. This was a mass gathering of the people who came as delegates from every village, town and city declaring *that South Africa belongs to all who live in it, black and white, and that no government can justly claim authority unless it is based on the will of all the people;*
- ❖ Six days ago, we commemorated fifty-fifth Anniversary of the Sharpeville Massacre, where the Apartheid police brutally mowed down innocent citizens who were protesting against the unjust pass laws.

Brought closer to OR Tambo District, the freedom and democracy we enjoy and the success of our plans to better the lives of our people is the fruits of our history, history of heroic struggles:

- ❖ On the 6th of June 1960, the men and women of Ngquza Hill made a vow that amongst other things they were against the dompass laws, Transkei gaining independence and were against the Trust that was advocated by the South African racist regime of the time. In a sense this group of men and women, in Pondoland, were fighting against the oppressive laws that reduced their lives to that of slaves.

We are confident that the work we are doing today will not fail the heroic history of our people here in OR Tambo District and elsewhere in our country instead will continue to build a better future for the generations to come.

We are thrilled and excited to acknowledge

- ✓ The current South African Mini fly weight champion,
- ✓ Pan African Mini fly weight champion,
- ✓ International Boxing organisation Inter -continental mini fly weight champion
- ✓ Rated number 6 in the World Boxing Association (WBA)
- ✓ The South Africa mini fly weight champion Mr Simphiwe "Chain Reaction" Khonco

We wish to acknowledge the presence of national light weight and world number 6 in body building, Mr Thabelani Myathaza,

We acknowledge the referees that fly our flags high in the South African football, Mr Zolile Mthetho officiating in the PSL elite league was voted as the best referee in South African Premier Soccer League. A woman referee, Tembisa Siyatsha, from O.R Tambo represented South Africa in Germany during the women's challenge in Germany.

Ms Sinazo Nozibele is a woman rugby player from O.R Tambo. She was voted the lady of the tournament during the World Cup tournament held in France in 2014. She is the Springbok rugby player for women (Playing for South Africa). She was part of the team that represented South Africa in France.

I also wish to acknowledge the presence of the new structure of the district chaplains. We launched this structure yesterday. Working with Moral Regeneration Movement (MRM), this structure has a huge task in the restoration of moral fibre in our communities

Honourable Speaker, I present this 2015 Address on the basis of two elementary principles of change we desire.

- ❖ Firstly, we want to focus on imminent Changes we must ready ourselves for, that will alter the way we work and deliver our services to the people of OR Tambo.
- ❖ Secondly, report back on the Changes we have sought, and successfully effected.

Dear Past, thank you for the lessons. Dear Future ... We are ready: A progress made to better people's lives

Honourable Speaker, fellow Councillors and special guests, when we present our reports, as we do today through the SODA, often we present factual information derived from our own internal data. For those who can see no good in what we do, they are quick to dismiss what we present.

For many years as government we have been presenting information on how we have been working to rejuvenate our economy, and the impact that it makes on in changing the tide against **LOW LEVELS OF DEVELOPMENT.**

When the Eastern Cape Socio Economic Consultative Council (ECSECC) presented its ten year report on OR Tambo's socio-economic profile, we eagerly awaited the hard evidence. According to the 2003-2013 ECSECC socio-economic profile, connection to electricity increased from 33.2% in 2003 to 56,4% in 2013. That is a massive 23percentage points in increase to connection to electricity in a 10 year period.

Poverty has dropped from 67,8% in 2003 to 60,3% in 2013. We have undermined poverty by 7,5% in a ten year period. Poverty is still unreasonable high in our district and as such more will be done to reverse the scourge of poverty in our district.

Honourable Speaker, this SODA takes tune from the pragmatic SONA and SOPA as delivered by his excellence President JG Zuma and his worship Premier P Masualle respectively. Pragmatic too, this SODA will align the district programmes with both these of national and provincial government.

Honourable Speaker and honourable councillors, our people have every reason to be happy! The Mzimvubu Multipurpose Development Project which was pronounced by our government is now in motion. The development of this multi- purpose dam will supply water for new irrigation development, hydropower generation and domestic water requirements for our people.

A project management office based in Mthatha is set up. This is a living testimony that ANC government delivers.

Without bulk services such as electricity, water and sewer, development would be strained. In the 2014 SODA, we laid bare our plans to the people of OR Tambo on the sub-regional water schemes that the municipality had since conceptualised. This year's SODA is thus giving progress report as these projects as being implemented and are long-term.

Honourable Speaker, our hard work and dedication to implementing sub-regional water schemes is guided by Amilcar Cabral when he says I quote "Now is the time for actions; not words". We are therefore pleased to report that our sub-regional water schemes remains firmly on track. The Municipality is implementing stand alone and sub-regional schemes that will later be integrated to the regional schemes, in line with the strategic vision of the Municipality on water services. We thus would like to give update to our communities with regards to the following sub-regional schemes:

- ❖ **The Sidwadweni Water Supply Scheme** supplies rural villages in Mhlontlo and Nyandeni. The scope of works includes the abstraction of water from the Nqadu Dam, construction of the water treatment works, reticulation to the rural villages as well as supply of water to the Tsolo hospital. Sidwadweni Water Supply consists of two phases,

namely, Sidwadweni phase 5A with a budget of 31million and expenditure at 26million putting it at 80% completion and Sidwaddweni Phase 5A Remainder with 80% to completion as well. Both projects are at practical completion stages

- ❖ **The Mvumelwano Water Supply Scheme** under the Mhlontlo LM, serves more than 7000 households in Qumbu, including the town. More than R150 million has been invested in this project and the last phase is currently under construction, and in commissioning stages. The scope of works includes abstraction of water from the Tsitsa River, water treatment plant as well as reticulation to rural villages in Mhlontlo Municipality. The town of Qumbu is also supplied through this project.
- ❖ **The first three phases of the Port St John's Regional Water Supply** have been completed to serve a total population of **8 428** in the PSJ Local Municipality. The construction of the dam and abstraction works is currently under way and on completion, the whole scheme will be functional. Infrastructure worth more than **R100 million** has been invested in this project.
- ❖ **The Ngqeleni 27 Villages Regional Water Supply**, to the value of **R100 million** supplies a population of **33 000** in the villages of Libode and Ngqeleni. The construction of the dam to supplement the existing weir in the Mtyu River is currently under construction.
- ❖ **The Upper Culunca Water Supply** under the Mhlontlo LM supplies **7500** households in rural villages under Qumbu. More than **R100 million** has been spent in the development of the scheme since its inception. The scope of works includes the construction of the Dam, in Cengcane, which has recently been completed. This scheme also serves as a backup to the town of Qumbu.
- ❖ **The Flagstaff Water Supply** under Ingquza Hill LM is currently under construction to serve **30 407** households in the rural villages of Flagstaff and the Flagstaff town. **R325 million** is approved for this project. The scope of work includes, the construction of an off channel dam, water treatment plant as well as village reticulation. The first two phases of this project are nearing completion and were focused on source development, construction of a water treatment works and bulk infrastructure. Phase three of the project with a project value of R83 million is for village reticulation and ensuring that the households do receive sustainable water services. The contract was legally challenged by one of prospective tenderers, thereby contract terminated before it could start. These project will be going to tender soon. Costing of the components to tender is underway. The project will be advertised in April for implementation in July 2015
- ❖ **The Coffee-Bay Water Supply** under King Sabatha Dalindyebo supplies Coffee-Bay and the surrounding **38 villages**. More than **R110 million** has been invested in this project. The extension of this project is on construction to further supply **48** villages in the former ward 23 and 24 of the KSD Local Municipality. The scope of works includes abstraction of water from the Mthatha River, water treatment works and village reticulation.

- ❖ **Ntsonyini Ngqongweni Water Supply.** This is a multiyear project that started in the 2013/2014 financial year with a total MIG approved budget of **R148 million**. The project is currently on design and is expected to be implemented over 3 financial years. This is due to the source and bulk infrastructure requirements that need to be in place before the actual households' connection. An off channel storage dam is planned to be constructed in the Umzimvubu river
- ❖ **Extension of Rosedale to Libode Water Supply.** This project commenced in the 2012/2013 financial year and the expected completion date is 2018/2019 financial year. This project is expected to unlock the potential development in the towns of Libode and Ngqeleni. Due to the water resource challenges affecting the Libode Town, water will be taken from Mthatha Dam, treated through the Rosedale Treatment Works and pumped to serve the towns of Libode, Ngqeleni and surrounding villages. The total approved budget for this project is **R146 million**
- ❖ **The Upper Mhlahlane Scheme** is an old project that entails the supply of water to few villages in the KSD Municipality due to insufficient budget at the time. Due to the good yield of the source and the demand from nearby villages, this project was extended to cover additional villages in KSD ward 32. The scope of works includes the upgrading of the existing water treatment works to be able to meet the new demand from the source. This is also a multiyear project with an approved budget of **R 147 million** and completion is expected in the 2015/2016 financial year.

King Sabatha Dalindyebo Presidential Intervention

The KSD Presidential Intervention project is currently under construction. The scope of work identified under this intervention includes; the modifications to the Mthatha Dam abstraction, Upgrade of the Thornhill Water Treatment works, upgrade of the raw water pipe line from the Mthatha Dam to Thornhill, bulk water infrastructure, upgrade of the Mthatha waste water infrastructure and the upgrade of the Mthatha sewer network. In the 2012/2013 financial year the Municipality procured steel pipes to be used in the construction of this project. Some of the pipes were stored at Enkululekweni. In the 2014/2015 financial year the Municipality then appointed contractors to lay the steel pipes. Contractors are now on site and construction is in progress. The following are the sub projects that compose the KSD presidential initiative project;

- ❖ **Thornhill to Airport Corridor.** This project will supply sustainable water to the Mthatha Airport and future development around the airport, Bedford Hospital, Military base and surrounding villages. With the upgrade of the Mthatha Airport, a lot of development is expected in and around the airport and the Municipality will be ready for that in terms of water services provisioning.
- ❖ **Supply of water to the towns of Libode and Ngqeleni.** This project will integrate the existing Rosedale to Libode Water Supply through provision of sustainable water supply to the town of Libode and surrounding villages. The current Mhlanga Dam is not coping with the demand, such that during drought periods the dam levels drop to zero.

- ❖ **Rosedale to Nqadu Corridor.** This project is intended to provide bulk infrastructure to supply water to Nqadu Dam, to augment the supply of water to the Sidwadweni regional scheme. This scheme is currently operating below RDP standards due to the reduction in supply from the Nqadu dam as it is also used for forestry activities.
- ❖ **Thornhill to Mqanduli, via Viedgesville Corridor.** The scope of works includes the provision of bulk infrastructure to supply water to the town of Mqanduli and surrounding villages
- ❖ **Upgrade of the Mthatha Waste Water Treatment works and sewer reticulation.** A number of housing projects are planned in the KSD Municipality, and have been delayed by the commitment from the District Municipality in terms of bulk sewer infrastructure. This project seeks to address that as well as eliminate the number of sewer spillages in Mthatha due to ageing infrastructure.

Funding for KSD Presidential Intervention comes from Department of Water and Sanitation through the Regional Bulk Infrastructure Grant (RBIG) and OR Tambo own Municipal Infrastructure Grant (MIG). The total budget for KSD PI is **R3,2 Billion**.

Pipe Replacement Projects

The main objective of the project is to implement the pipe replacement due to structural and hydraulic capacity constraints together with water fluctuation surveillance system. The following contracts are currently under construction:

- ❖ **Mthatha Pipe Replacement: Lower Fortgale.** We have successfully replaced old asbestos pipes with new MPVC pipes in Fortgale and Ikhwezi. The new pipes will help to improve the level of service and reduce the number of pipe bursts. Construction was completed by the end of September 2014.
- ❖ **Mthatha Pipe Replacement: Ikwezi.** This project is similar to the Fortgale as it includes the replacement of the old asbestos pipeline with MPVC. This contract is expected to be complete by the end of September 2015.
- ❖ **Mthatha Pipe Replacement: CBD (York & Madeira).** With this contract, progress has been slow as the CBD is always busy. Work on these streets is therefore still on hold, due to insufficient funds. This area will be reprioritised for 2015/2016 financial year. The impact is always water leakages through pipe bursts

- ❖ **Mthatha Pipe Replacement: Nelson Mandela Drive.** Work in the Nelson Mandela Drive is 80% complete and has since been put on hold due to the work that is done at the Museum.

Pipelines that are still to be replaced under this programme include Upper Fortgale, kwaMpuku, and the Maydene Farm. The total budget approved for this project is **R80 million**.

The MIG allocation for 2014/ 2015 is R604 768 000.00. Out of the allocation, R301,000,000 million has been transferred to the municipality and has been fully spent. The actual expenditure as at end February 2015 is R355, 915, 409.00, a 59% spending.

Future Plans on Water Provision

There are three Regional Water Schemes planned for O.R. Tambo District Municipality. Once these schemes are funded and implemented, water shortages in O.R. Tambo will be something of the past. The schemes are Mthatha Dam, which will provide 100% coverage to KSD and Nyandeni Local Municipalities, respectively. Mthatha Dam will also cover 5% of Mhlontlo Local Municipality. This project is under construction. Pipes to Ngqeleni and Libode towns have been laid and are under ground. On the Mqanduli corridor, pipe laying is in progress. Pipe laying towards the airport is also in progress.

The second Regional Water Supply Scheme is Ntabelanga Dam, which is in planning stage and has been prioritised by the Presidential office, as a Special Intervention Project. This dam will cover 95% of Mhlontlo Local Municipality.

The third and the last Regional Water Scheme is Mzintlava, which will cover 100% of both Ingquza Hill and Port St Johns Local Municipalities. This is also in planning phase. Once these schemes are completed, they will be connected to the existing standalone schemes, so as to ensure sustainable water provisioning.

Ensuring availability of clean water, adequate sanitation, light and heat and decent housing, are critical in overcoming poverty. In the context of persistent inequalities and social divisions, we are working around the clock to overcome delays in obtaining services. As government we commit in heightening levels of service and lower levels of disconnection in poor communities

We are now developing Wall to Wall Water Services Master Plans. These plans will give details on backlogs and will also highlight the water services demand. The plans will be budgeted for in the 2015/2016 financial year.

Illegal connections

Water losses as a result of illegal connections in O.R. Tambo for 2013/ 2014 financial year is estimated to be 1,565 Mega Litters (Million Litters) of water, amounting to R5, 980, 334.21 million

We call on our people to desist from this act and rather call on government for correct channels to be followed when they either need water connections in their homes or when there is new dwelling far distant from the communal taps provided

In the 2014/2015 financial year, a budget of 6million has been allocated for water carting. This service is made available areas where there is no clean running drinkable water. We assist when there are activities comprising many people like funerals and religious. We also provide free basic services at 3 million each financial year

Rural Sanitation

Owing to our on-going quest to providing dignified sanitation to our people; we are making a significant progress in eradicating the sanitation backlog. The recently completed ward profile by the Municipality revealed that there are only 11 wards in the entire district that do not have sanitation at all. All the other wards, in these Municipalities are either partially covered, fully covered or they have the old zinc structure which was implemented prior the approval of the pre-cast structure as the standard design for the district. The Municipality has prepared business plans for the remainder of the wards and for the completion of those wards that are partially covered.

In KSD LM a lot of ground has been covered recently to reverse the backlogs. The Challenge is that the programme is faced with rapid growth due to urbanization and poor performing contractors, some of which have been terminated.

The situation in Ingquza Hill LM is similar to KSD. The municipality is still engaged in the accelerated programme in meeting the set targets.

Mhlontlo and Nyandenin LMs are almost complete with the exception of reverse backlog.

PSJ has wards and villages (within wards) with no Sanitation. Some of the challenges are bad terrain and inaccessibility due to lack of access roads but there are plans in place to address this situation.

Urban Sanitation

Sanitation in district is characterised by both achievements and challenges. After the end of Apartheid South Africa's government struggled with the then growing service and backlogs with respect to access to water supply and sanitation developed. The government thus made a strong commitment to high service standards and to high levels of investment subsidies to achieve those standards. Since then, government has made some progress with regard to improving access to dignified sanitation.

In our semi-urbanised environment Mthatha, our water borne project consists of the waste water treatment upgrade which is at 65% complete and the completion date is July 2016. The Northern Outfall Sewer at 20% and completion date is June 2016 and Southern Outfall sewer at 45% complete and the completion date is September 2015

Honourable Speaker, ladies and gentlemen - four projects are currently under implementation from the 2013/2014 financial year, for the upgrading of towns sewer into full water borne sewers. The 4 projects that are under implementation are as follows; Mqanduli Sewer, Lusikisiki Sewer, Flagstaff Sewer and Tsolo town sewer. The scope of works was for the construction of waste water treatment plants and related works. In the 2014/2015 financial year, the focus has been on the construction of sewer networks and household connections. Mqanduli town is expected to be completed at the end of the 2014/2015 financial year connecting 1500 households to full water borne sewer. For the towns of Port St John's and Libode, the projects are at design stage and construction is expected to commence towards the end of 2014/2015 financial year. For the remainder of the O.R. Tambo towns, business plans will be prepared for funding applications.

Energy, Environment and Waste Management

Waste Site Cells were excavated in order to extend their lifespan, off which they have been finished, Mqanduli Greening and Street Cleaning have been finalised. A new environmental impact assessment (EIA) application for the Qweqwe landfill site in KSD is being finalized after the first one was turned down due to the dolomite underlying rock that was discovered during the Geo-technical analysis in the adjacent site.

Honourable speaker, ladies and gentlemen, Regional Recycling Facility establishment which is focusing on creating jobs opportunities to a range of 500 as well as reducing waste pollution and combating climate change is being pursued. The district municipality will develop a bankable business plan for the regional recycling facility in the next financial year. This will look at encompassing all types of recycling such as paper, plastic, cans, still (that is being sold along the roads by our people), and bottles, etc. This will also look at innovations such producing renewable energy from biodegradable waste and other forms of producing renewable energy and by-products from waste.

Ladies and gentlemen, trying times needs bravery. The load shedding challenges must unleash our utmost potential. The district has developed a community based renewable energy concept. Unemployed skilful youth will manage the solar energy centre to be budgeted for in the 2015/2016 financial year. This program will also expand to other sub-sectors like the use of renewable energy electric appliances in our communities.

The district is also in a process of broadening and strengthening its environmental regulatory and planning framework through implementation of its Integrated Waste Management plan (IWMP), Environmental Management Plan (EMP), Air Quality Management Plan and Coastal Management Plan. The Climate Change Strategy and the Biodiversity Management Plan are to be developed in the 2015/16 financial year, with an aim of implementing priority projects for job creation purposes.

We call on the creative minds in the business fraternity to meet us half way on the challenges of power supply.

The People Shall Share in the Country`s Wealth: A people centred LED

Honourable Speaker, as a historically and still disadvantaged region, our communities are facing and grappling with socio-economic challenges such as unemployment, lack of adequate economic infrastructure, inability to attract adequate investors, inequality and poverty. Through various Local Economic Development (LED) initiatives, the district is working tirelessly to change the socio-economic status of our communities and attract investors in our shores. Through partnership with various institutions like DEDEAT, COGTA, ECDC, SETAs etc, we are to uplift the conditions of our communities.

Honourable Speaker, we have also managed to forge partnerships with Services and local government SETA's for the capacity development of cooperatives and SMMEs. Our partnership with Services SETA paved the way for fifty unemployed younger men and women graduates enrolled in an Internship programme for a year. The interns are distributed equally amongst all the LMs. This will assist in providing much needed work experience for our unemployed graduates.

The district municipality has committed to assisting cooperatives throughout the district. In the 2014/15 financial, cooperatives have been assisted with R1.7 million and in the 2015/16 financial year, again 1,7 million will be committed to assist not less than ten cooperatives, with preference being given to women, disabled and youths. The impact of cooperatives poverty alleviation cannot be underestimated

Honourable Speaker, leveraging funding through partnerships is a way to go. Our partnership with Anglo Gold Ashanti, a mining company, has secured a 36 million investment to institute an Enterprise development centre which will serve as an information dissemination and capacity provisioning centre for SMMEs, emerging businesses and co-operatives. This partnership also witnessed two waste management trucks donated to assist in the establishment of the Regional Recycling Facility and Waste Management programme.

The district municipality has been at the fore in pushing development of informal traders. After the altercations in Ingquza Hill, the district has taken the responsibility of working with LMs to address the challenges of Informal Traders. We have committed 500.000 towards infrastructure development for Informal Traders in Ingquza Hill. We will now move to assist two LMs in the 2015/16 financial year to develop Informal Traders in the area of their needs. This will be done until all the LMs and their Informal Traders receive the necessary assistance from that will help them to partake meaningfully in the regional economy. The Informal Traders have been galvanized and have formed a forum to discuss their challenges and opportunities in an effort to further develop the sector.

The district has also identified Forestry and timber production as one of the main drivers of economic growth and will assist in the creation of employment. The potential of Langeni forest to be an economic catalyst for the district cannot be underestimated with potential for further beneficiation and value addition. In this regard there are ten incubatees that are currently getting skills development on wood making as part of the programme on forestry development at a cost of R200,000 00. This will bring the total number of youth trained in furniture manufacturing since 2013/14 financial year to twenty. The intention is to capacitate more youth across the district.

In unlocking the true potential of the district there is need for all the stakeholders to focus their efforts and resources in a united front. Some of the infrastructure backlogs have been a challenge in terms of attracting investments critical to uplifting the district.

There shall be Houses, Security and Comfort!

Mr Speaker, our commitment to delivery of houses to our people is part of correcting historical wrongs. The post-1994 Government had a huge task of establishing restorative, redistributive and reconstructive justice through human settlements. Government has reserved R1 053 billion for funding of the Ngangelizwe Sustainable Human Settlement BNG Pilot within KSD with a total of 17450 targeted subsidies to be built over a number of years. As part of the greater Ngangelizwe BNG Project three areas are identified with a total project potential of 6600 units where planning and provision of interim services would be undertaken whilst dealing with the broad challenges of land availability and the provision of bulk infrastructure.

The projects that are prioritized for the provision of interim services and planning related activities are classified as follows:

- ❖ Slovo Hani Mandela Parks 8 050 units
- ❖ Phola Park 1400 Units
- ❖ Ngangelizwe 1850 Units

The Ngangelizwe BNG project is not only limited to the informal upgrading project it also includes the piloting of Alternative building Technologies where a budget of R21 million has been approved and 200 families from Ngangelizwe Township living in dilapidated mud structures will benefit.

Government has built 48 672 houses within the district between 2009/10 and 2013/14 financial years

Progress per Local Municipality

Port St Johns

There are four rural projects totalling to 1050 houses that are currently on construction stage. The Bomvini 200 housing units project was completed during the 2013/2014 financial year. There are projects that are targeted for Destitute and Emergency Cases with one currently running

There are new projects totalling 4 000 housing units where feasibility studies have been done and are planned for implementation during 2016/2017 financial year. The projects are Majola 1000 units, Lutshaya 1000 units, Mantusini 1000 units and Mthambalala 1000 units.

Ingquza Hill

Mr Speaker, Ingquza Hill has seven new rural projects totalling to 2947 houses under construction. Projects targeted for destitute families such as Lubala 91 units, Flagstaff 14 units and Ingquza 76 units are continuing as they were flagged in the 2014 SODA as projects that were initiated. These projects are under construction, except Ingquza 76 units which is currently being unblocked. Work on Flagstaff Rectification 544 units has been completed except the additional scope of works that require land identification.

Mr Speaker and all councillors, there are new projects totalling 2 400 housing units where feasibility studies have been done and are planned for implementation during 2016/2017 financial year. The projects are Unity Park 500 units, Lusi Park 300 units, Zwelitsha 800 units and Enkululekweni 800 units.

Mhlontlo

Mr Speaker, ladies and gentlemen. The rural projects on construction have increase from two as we had announced in the 2014 SODA to three this year, totalling to 1738 houses. We are happy to announce the new project, namely Qumbu 500 which currently has a contractor appointed but with planning issues that are being finalised. We also have a project comprising of 619 units which is currently at procurement stage

King Sabatha Dalindyebo

Honourable Speaker, ladies and gentlemen. KSD has eight rural projects totalling to 3 387 houses with contractors already appointed and are currently at construction stage. There are two destitute projects that are at construction stage with a constructor already appointed

Nyandeni

Ladies and gentlemen, Nyandeni has six rural projects under construction totalling to 4 100 houses and all these projects are under construction. Three projects have already been completed during in this financial year, namely Mhlanganisweni 350, Ntsonyini 5 and Ngqeleni 161. There is an alternative building technology project, namely Nyandeni 190 that will be completed during 2014/2015.

There are two new rural projects that are targeted for destitute and emergency cases. These projects, namely Gxulu 200, Nyandeni 370 are currently at procurement stage with construction stage to be achieved during 2015/2016 financial year. There are two additional projects, namely Nyandeni 669 and Nyandeni 233 where a contractor was appointed but they are still busy with planning matters.

Honourable Speaker, ladies and gentlemen allow me to take the popular tag line by President Zuma ndithi siyaqhuba, additional new projects totalling 5 828 housing units where feasibility studies have already been done and are planned for implementation during 2016/2017 financial year. The projects are Libode 1328, Qhokama 1000, Mgwenyana 1000, Ngcolorha 1000, Mankosi 1000 and Libode 500

Striving for a Healthier Community

Since the launch NHI pilot project in 2013, government has focussed on four main outcomes, namely, district capacity for monitoring and evaluation, coordination and integration of existing municipal ward-based outreach teams within the district; supply chain management and monitoring and evaluation of chronic medication delivery to patients.

In the 2015/16 financial year, construction work will be completed and commissioned in the following facilities: Tabase Clinic, Khambi Clinic, Nkanga Clinic, Lotana Clinic, Nolitha Clinic, Maxwele Clinic, Qengeni Clinic, Luthubeni Clinic, Philani Clinic, Mvezo Clinic, Bumbane Clinic, Tombo Emergency Medical Services and renovations and repairs of Medical and surgical Wards in Mthatha General Hospital

Government will also intensify delivery of health infrastructure in the following facilities: Isilimela Hospital; Canzibe Hospital; Nessie Knight; Mthatha Gateway Clinic; Tsolo Clinic; St Lucy's Hospital; Mthatha Regional Hospital; St Elizabeth Hospital; Flagstaff Community Health Centre and Lusikisiki Gateway Clinic

DISASTER RISK MANAGEMENT CENTRE

Honourable Speakers, ladies and gentlemen, with the assistance from the South African Weather Services, we have established a foundation towards having a District Early Warning System. It will assist to monitor severe weather conditions and speedily advise our communities at risk. We have further established a two way radio communication network to enhance communication amongst response agencies and communities. Currently disaster management, fire and rescue service and local municipal traffic police are using the system. The district funded installation of the equipment in Local Municipal vehicles. Currently the district is in the process to commission establishment of a radio communication high site in PSJ on a site donated by the Local Municipality and the community of Caguba. This site will, for now, ensure direct communication with the large part of Ingquza Hill, PSJ and Nyandeni Local Municipalities and improve communication as far as Coffee Bay in KSD. The project is work in progress and will continue until there is direct communication with every village in the district.

In 2015/16 Financial Year a sum of 15 million has been allocated for the building of the District Disaster Management Centre.

The Doors of Learning and Culture Shall be Opened: Release Human Potential

During our 21 years of freedom and democracy, our education system has evolved to provide for a more holistic education as well as to create multiple pathways for success for students with different inclinations and abilities. This is undoubtedly contributing to the resolution of the socio economic challenges that our country is facing. In tandem with these changes, our government

committed to do more in the education sector to change the face of our communities both socio and economic challenges. Our government's commitment on Education included the following;

- ❖ To improve the quality of teaching and learning
- ❖ To have regular annual national assessments to track improvements or lack thereof
- ❖ To improve Grade R and extend Early Childhood Development
- ❖ To improve the provision of infrastructure and learning material

- ❖ To expand access to higher education institutions

For a considerable period, we have been trailing behind in the matric performance as OR Tambo. Such is fast becoming history with some of our schools counted among the best performing. This improvement is owed to all of us as society as we have heeded the call to make education a societal matter.

The Qumbu District, which has long been regarded as on the Eastern Cape's worst matric exam performers, has now become the toast of the district if not of the Province. With the release of the 2014 matric results, it was revealed that the Qumbu district recorded 75% pass rate. This is a whopping 23% point increase when compared with the previous year (2013) when the Qumbu district scored a 52.6% pass rate. The achievement has left the district basking in the limelight of being announced third best performing district in the province

Ladies and gentlemen, the good story in the education sector we are telling today is better appreciated when we remind everyone that prior 1994, all the areas that now comprise OR Tambo district had only one library, that being Transkei National Library at Umtata, York Road currently known as Mthatha Reference Library. This means that the communities around the then Transkei travelled to Umtata in order to get information. There were no libraries in rural areas and townships where the majority of people lived. We are now accounting for 22 Public/Community libraries

We are enjoying the fruits of the implementation of the "star schools" programme. All the schools that are part of this programme have achieved a 100% pass rate with 84% as bachelor passes. This project will be sustained as its fruits are tastier!

As the District Municipality, we are proud to say, after adopting ST Patricks', it has registered a hundred percent pass rate. We have further adopted Sandi which has significantly improved in

its matric results. We challenge all leaders present here to heed the call and adopt a school in community where they reside

We have moved to institutionalise career exhibition and guidance in order to create a seamless transition from school to tertiary institution. On 7 May we will hold a district career exhibition at the Mthatha airport

OR Tambo in partnership with Anglo Gold Ashanti awarded the top achieving schools of the matric class of 2014 with significant amounts of money to improve the infrastructure in their schools. This event will be held annually to motivate, encourage and reward

Touching was a student from ST Johns who was awarded a full bursary by Anglo Gold Ashanti. Our partnership with Anglo Gold Ashanti further witnessed two young men from the Amampondo Kingdom awarded full bursary to study agricultural science. The beneficiaries are coming from families that are living in abject poverty.

The OR Tambo District Municipality's bursary scheme often seems like another ordinary bursary scheme until one is confronted by the bursary recipients' life stories of adversity, pain and victory. Since inception, the OR Tambo District Municipality has assisted a total of 117 young men and women from our region. This year alone, we have an intake of 24 youth beneficiaries. Though the scheme is not sector focused, learning areas from scarce and critical skills are dominant. It is with no doubt that it is making an indelible mark to the lives of people of OR Tambo

In the 2014 academic calendar, our partnership with Motsepe Foundation opened bursary opportunities to 20 youth from our district. This year, 15 young people have been taken in as an addition

Through our partnership with Anglo Gold Ashanti (AGA), we have placed 6 young people for experiential training. For the next five year, AGA will allocate the district 6 interns for experiential learning

Honourable speaker, government has opened the Tsolo Agriculture and Rural Development Institute (Tardi) with 45 students in animal health. The opening of Tardi signifies yet another deliberate commitment by our government when it comes to rural development. The institution will go a long way in first impacting skills to the inhabitants of OR Tambo and the Eastern Cape on the persuasion of animal health. It will further benefit our people through healthy livestock with less diseases and competing in the markets with the previously and still advantaged white

farmers. The skill government is impacting to the beneficiaries is critical for the development of a rural district like OR Tambo where sustenance through farming and small scale farming is practised.

As government we cannot go alone in the battle against poverty and unemployment. The private sector and the civil society must join hands with us. To that effect ladies and gentlemen, allow me to take you through success story of a working public – private partnership.

OR Tambo District Municipality with Anglo Gold Ashanti

- ❖ At Goso Forest in Lusikisiki, our partnership benefited the schools a lab worth 1.5 million rand. The school was further renovated with R700.000
- ❖ In Sonata at Nyandeni six classes, administration block, toilets and soup kitchen was constructed to a cost 1.6 million. Further, a computer centre with grade R was built to a cost of 2.6 million
- ❖ In PSJ's Bolani SSS, 6 classrooms with administration block were built to a cost 3.2 million
- ❖ We will call you soon in the launch of the 1.5 million science laboratory in Mqanduli (Dudumayo)
- ❖ Refurbish ST Johns science lab for 500.000
- ❖ Zamukulungisa high school has been donated to a lab with 30 computers

Our partnership with Sibanye Gold benefited Tembukazi JSS at Makhawuleni A/A in Ward 2 of Ingquza, a Hill construction 6 prefabricated classrooms with furniture, fitted with electricity and 4 water tanks and stands. The project Value totals to 2,75 million. Mtika SPS ,Emabaleni of Mhlontlo Ward 11 was built for 4 prefabricated classrooms with furniture, fitted with electricity and 4 water tanks, stands and Fencing. The project Valued at 1,6 million.

The fact that our country continues to produce more and more university entrants from the previously disadvantaged areas is a clear indication that as government we are on the right track in improving the quality of education in this country

Sinebali elihle nakwezokuhlala nophuhliso loqoqosho entsebenziswaneni yethu no AGA:

- ❖ 1.4 million is shared between Ngcengane sheep sharing in KSD, Siyabulela piggery in Nyandeni, Ifalethu in Ingquza and Sakhisizwe
- ❖ We will soon launch a 4 million agricultural project in Tsolo's Bele location
- ❖ We further will launch a 6 million agricultural project in the Amampondo Kingdom
- ❖ Lutshaya community hall worth 5.5 million in Mhlontlo and

We will train 600 young people. They will be trained in new venture creations, plumbing, carpentry, bricklaying and welding. The programme will be launched on April 7, 2015 and start April 13, 2015.

Though one household: one garden programme, the institution is supporting families in distress with social relief packages and providing vegetable seedlings in the bid to alleviate poverty in the rural in District. Needy families are supported with vegetable seedlings; each household is given 350 seedlings. Currently 500 households have been benefited. The programme on one child: one tree is aim environment sustainability and poverty eradication. We have supported ten schools across the district

In our sanitation programme, we continue to import finished products built else while we could have built them within the district. These young people whom will be trained will be assisted to operate their own prefabs manufacturing and sell to the district. We have made available 1million for the start of the programme

Government will also make 1 million available for young women to operate a sanitary production firm. Young people are the future therefore remains an important sector of our society hence we paid a serious attention on them.

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Good Governance

We commit to implementing the concept of "Back-to Basic" as guide to "Building a responsive, caring and accountable local government". "Back-to Basics" will undoubtedly help us commit on a quest to popular democracy and community participation in the governance matters and development processes.

During the period under review, we have managed to train a substantial number of our employees to build capacity needed for the institution and career pathing for the low level employees of our institution

We will continue skilling general workers to be multi-skilled with a view to improve the quality of service provided by the Municipality.

In our continued effort for improvement, we are capacitating our managers, through performance managements systems and other relevant capacity equipping initiatives.

In pursuit of the proclamation by the President to roll out the broadband connectivity to our municipality, the institutional leadership guided by the provincial government will arrange a session with the National Minister of Telecommunications and Postal Services to devise means of accelerating the roll-out of the broadband connectivity in the district.

We remain worried and overly concerned with the continued static undesirable audit opinion we receive from the auditor general. OR Tambo is committed to the fight against Fraud and Corruption. Fraud represents a significant potential risk to the OR Tambo District assets, service delivery efficiency and reputation. OR Tambo District will not tolerate corrupt or fraudulent activities, whether internal or external to the institution, and will vigorously pursue and prosecute any parties, by all legal means available, which engage in such practices or attempt to do so. We cooperative and are supporting law enforcement agencies in their investigations of allegations of fraud and corruption

As an institution the Municipality remains fully functional with strong oversight from our Municipal Public Accounts Committee (MPAC) and our Audit Committee.

Under the leadership from legislature, the Council of O.R. Tambo District Municipality adopted a new Governance Model, also known as the Separation of Powers Model (SoP) in September 2013 as the current emphasis in local government is to ensure that the overlap between the executive, legislative and oversight roles is effectively managed within a Municipality. The purpose of the model is to strengthen the role of the Speaker in increasing accountability by the members of the Executive thus improving service delivery in our communities. To achieve the above, Section 79 committees have been restructured, wherein in addition to the 7 Section 79 Portfolio Committees; Petitions & Public Participation Committee has been established as to increase the mechanisms to respond to the communities' needs. The newly established Section 79 Portfolio Committees are in line with the municipal departments wherein the monthly, quarterly and annual performance reports of the departments are scrutinised by the committees. The committees also conduct visits for verification of projects completed. This approach strengthens the oversight role played by council through its oversight structures. In the next financial year, the committees will conduct public awareness campaigns as well as community feedback campaigns in service related issues

Deepening Democracy

This State of the District Address, in its format and content, in its outreach and focus, has become our flagship report back event annually. We do this in an endeavour to deepen democracy and to reach as many people as possible.

Our IDP processes and on-going engagements on our development endeavours, allow the municipality to revisit the contract we have with our people to hear them and to give effect to their aspirations. Soon after this engagement, our local municipalities will deliver their State of the Municipality Addresses at various venues across the District. Often we bemoan the lack of accuracy and completeness in media reports on the work that we do. We will continue to supplement the mass media with our own initiatives. One of which is through the external newsletter. It will be distributed in all libraries and will be available for download from our institution's website, and the publication of a summary the State of the District Address today.

Honourable Speaker, ladies and gentlemen. Many of us strive to preserve the honorable and noble aspects of our past. We must indeed preserve the great wisdom of our forefathers and life lessons of our history. Yet as we cherish the past, we must embrace the future.

For aging men and women, like me (note I did not say old, ... I said aging) we have to grapple with a rapidly changing world. A world in which our children live their lives surrounded by technology and rapidly changing ways and means of interacting and communicating with each other and others in the global village through Cyber or Skype digital connectivity.

To serve the incoming generation, we all need to adjust to the demand of our times. Let us not be too quick to dismiss the new means of communication. Yes, there are negative aspects of social media. However, we cannot deny its effectiveness, its speed and powerful potential to reach large numbers of people.

Despite the risks of unedited public attacks, I am on Facebook as a means of communication with members of the public. Several service delivery issues, at the District and at the local municipalities, have been addressed via this medium.

As politicians we should not be afraid to put ourselves out there, amongst public opinion of the people we serve.

Conclusion

Honourable Speaker, ladies and gentleman. As I move to conclude this 2015 State of the District Address, let us pause for a moment to remember the lives of people lost to us but who have enriched our lives with their own.

We lost the Mayor of PSJ, comrade Danisile Manyamezeli Mangqo. The best way to sum up Comrade Mangqo's life is to say he was an accomplished revolutionary in the fullest sense of

the word: he did everything to change this world in order to leave it a better place than he found it. May His Soul Rest in Peace!

Like it was not enough, we also lost the minister of public administration, comrade Collins "Animal" Chabane in tragic car accident. May his beautiful soul rest in peace!

South African society continues to be ravaged and devastated by road accidents that account for the loss of precious life. This is due to reckless and negligent driving, speed and alcohol. The loss of one life is a one too many. We appeal to all roads users to use our roads responsibly.

In conclusion, I take this opportunity to remind us all that we are once again in the year leading up to the local government Elections in 2016. I have no doubt that the government will be measured against what was achieved in the preceding years including this one.

Your government has done much. Our work is there for all to see, in towns and townships, in rural villages and farming areas. This State of the District Address as well as the report from available Statistics paints a clear picture for all to see.

I call on all of the inhabitants of OR Tambo to stand proud and hold each other firm, encouraged by the great things we continue to do together with you. Together united, our aspirations will be met. As your servants we are driven by an undying desire to serve.

It is in the service of the people of OR Tambo that I derive my deepest satisfaction. I know that the MMC's that serve with me, as well as all the members of the Council, of all political parties, share this ethos, and it remains the force that drives us each day to do the best we can collectively and with you, the communities we serve.

That shining light of service to mankind, Mother Theresa, was noted to have said: "At the end of life we will not be judged by how many diplomas we have received, how much money we have made, how many great things we have done. We will be judged by "I was hungry, and you gave me something to eat, I was naked and you clothed me. I was homeless, and you took me in."

Let's stay focused on serving our people!

NDIYABULELA!

1.2 Council Resolutions

On 31 March 2015 the Council of OR Tambo District Municipality met to consider the budget which the Executive Mayor tabled for the budget year 2015/16 for tabling for the consultative processes of stakeholders on the budget for their inputs and comments to be incorporated. The Mayor tabled the budget with following resolutions:

1. The Mayor of OR Tambo District Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003) tabled:

1.1. The draft budget of the municipality for the financial year 2015/16 and the multi-year and single-year capital appropriations as set out in the following tables:

1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification)

1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote)

1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type)

1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source

1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

1.2.1. Budgeted Financial Position

1.2.2. Budgeted Cash Flows

1.2.3. Cash backed reserves and accumulated surplus reconciliation

1.2.4. Asset management

1.2.5. Basic service delivery measurement

2 The Executive Mayor further recommends to Council that

2.1 Notes the tabled Draft budget for 2015/16 and two outer years

2.2 Notes the budget tables in the First Attachment to Schedule a paragraph 6 of Part 1, namely:

- Table A1 Budget Summary
- Table A2 Budgeted Financial Performance (revenue & expenditure by standard classification)
- Table A3 Budgeted Financial Performance (Revenue & expenditure by municipal vote)
- Table A4 Budgeted Financial Performance (Revenue & Expenditure)
- Table A5 Budgeted Capital Expenditure by vote, standard classification & funding
- Table A6 Budgeted Financial Position
- Table A7 Budgeted Cash flows
- Table A8 Cash backed reserves/accumulated surplus reconciliation;
- Table A9 Asset management
- Table A10 Basic service delivery measurement

- 2.3 Notes that further processes will be undertaken in terms of section 21, 22 & 23 of Local Government Municipal Finance Management Act;
- 2.4 Approves the tabled reviewed budget related policies (Tariffs, credit control, assets management, supply chain management policy, budget manual and Investment policy);
- 2.5 Mandates the Executive Mayor to ensure all requirements on Budget supporting documentation in terms of Schedule a MBRR are adhered to before the draft budget is submitted to National Treasury for Benchmark purposes;
- 2.6 Mandates the Executive Mayor to ensure that Ntinga adheres to the requirements of Schedule D of MBRR as stipulated in Chapter 3, paragraph 36, before the draft budget is submitted to National Treasury

1.3 Executive Summary

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

The District Municipality as required by section 23, 24 and 25 of Municipal Systems act (act 32 of 2000) undertook a strategic planning session with a sole mandate of developmental oriented planning so as to have a Integrated Developmental plan with implementable strategies and prioritisation of projects in compliance with section 29 of Municipal Systems act (34 of 2000). Alignment of strategic objectives, priorities and budget was undertaken. The draft IDP has been tabled to the council and further consultations with community, IGR structures and other stakeholders have been undertaken.

The District Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Firstly there has to be development and implementation of by-laws, data cleansing project to ensure the accuracy of billing, full implementation of credit control and debt collection policy. National Treasury's MFMA Circular No. 51 and 54 and 58 and 59, 66, 67 and 70, 72, 74 and 75 were used to guide the compilation of the 2015/16 MTREF.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy resulting in low revenue collection
- Aging and poorly maintained water infrastructure;
- Location of the municipality resulting in subsidising 90per cent of rural households with water without return.

OR Tambo District Municipality 2015/16 Draft Budget and MTREF

- Water and Sanitation infrastructure backlogs;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Increase in demand of water in the bulk infrastructure projects undertaken within the district area by National/Provincial government and local municipalities which requires bulk amounts of water whilst there are no means by municipality to monitor and charge the consumption of that water by that (tarring of N2 and provincial roads and access roads).
- The increased cost of bulk water, which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Increase in ESKOM tariffs
- Anticipated increase in fuel prices;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Funding the renewal of assets through funding depreciation in the operating budget resulting in cutting down on other operating expenditure.
- High cost of delivery of Water to rural communities with no return.

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were draft as the upper limits for the new baselines for the 2015/16 annual budget;
- The government theme of “**infrastructure development**”
- Implementation of belt tightening
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- “Separation of Power” for the legislative arm where this has been introduced in 2014/15 budget but not fully capacitated which will require more resources.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2015/16 MTREF

Description	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands					
Financial Performance					
Total Revenue (excluding capital transfers and contributions)	1,059,139	1,092,237	1,143,223	1,208,666	1,291,142
Total Expenditure	1,006,386	1,091,737	1,141,723	1,207,085	1,289,476
Surplus/(Deficit)	52,753	500	1,500	1,581	1,666
Transfers recognised - capital	711,969	709,299	780,191	746,561	860,996
Contributions recognised - capital & contributed as	123,486	111,358	122,193	121,466	126,359
Surplus/(Deficit) for the year	888,208	821,157	903,884	869,608	989,022

Operating revenue has increased by 4.7 per cent or R51 million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget this is mainly due to the increase recognition of portion of cost of free basic services in the service charges which was not in the adjustment budget, by 5 per cent and 6 per cent in two outer years respectively.

Total operating expenditure for the 2015/16 financial year has been appropriated at 1,141 billion and translates into a R1.5 million surplus. When compared to the 2014/15 Adjustments Budget, operational expenditure has increased by 4.5 per cent and further increased by 5.8 per cent and 6.8 per cent for each of the respective outer years of the MTREF. As from 2013/2014 budget year, the depreciation has been funded and will enable the municipality to set aside funds that will assist in the renewal of infrastructure assets when the need arises in the years to come. The reserves identified to fund the operations amounted to R102 million for 2015/16, R69 million and R66 million for the two outer years.

The capital budget of R902 million for 2015/16 is 10 per cent more when compared to the 2014/15 Adjustment Budget. The capital programme decreases to R868 million in the 2016/17 financial year and increase in 2017/18 to R987 million. The total allocation for MIG for 2015/16 is R617 million and is divided into water projects and sanitation projects. Since the sanitation projects are mainly made up of construction of VIP toilets, this does not meet the requirements of an asset as per GRAP. Previously the municipality resolved on recognising the sanitation portion as operating and only the water projects were recognised as capital. Upon introduction of circular 58, this practice has ceased and the whole MIG allocation is recognised as capital. Circular 58 also allows 5per cent to be set aside for operational expenses; this amount has been taken to the operating budget forming operating revenue. But due to the engagements with National Treasury through benchmark exercise, it has come to light that the separation of the 5per cent results in misleading outcome that the MIG is not according to DORA hence the whole MIG allocation is recognised under capital expenditure.

Items classified as asset renewal are as follows: replacement of pipes, replacement of water meters, refurbishment of boreholes, and refurbishment of water pumps. These form part of capital expenditure as they replace components of infrastructure assets. There were strides to

increase the asset renewal by reducing the other operating expenditure items as recommended by National Treasury to increase the Asset Renewal. Asset Renewal increased by R40 million as compared to the tabled budget.

1.4 Operating Revenue Framework

For O.R. Tambo District 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 and the municipality is in one of poorest regions in South Africa.

The expenditure required to address these challenges will inevitably always exceed available funding due to the area the municipality is situated in as the cost of providing water and sanitation services will not be covered by revenue because only 7 per cent of consumers of services are able to pay and the 93 per cent in rural areas receive the service without paying, this leads to burden of paying for services in the 7 per cent who are in urban areas hence difficult to recover cost of providing the services. The municipality amassed a huge debt book which constantly grows per year due to the non implementation of credit control and debt collection policy as a result of capacity constraints. The orgarnogram is reviewed in order to address this and as the municipality has embarked on an aggressive long outstanding debt collection more especially for the government departments, businesses and households on well to do areas. This has yielded positive results in increase of collections and the municipality will continue the project until historic debt is decreased significantly. Further the revenue strategy is in pipeline where household debtors are offers incentive by discounting a percentage of old debts if they come forward and pay with strict timelines.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the District Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 79 per cent annual collections
- All government debts do not go beyond 30 days and businesses debts do not go beyond 60 days aging
- Undertaking of data cleansing project to ensure completeness and accuracy of debt book.
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the District Municipality.
- Embark on drive to increase revenue by piloting a project for billing the rural areas (peri urban) which receive the high standard of services as urban areas.

The following table is a summary of the 2015/16 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	120,795	127,872	150,061	362,878	362,878	362,878	362,878	392,780	419,315	452,343
Investment revenue	14,821	22,617	20,464	18,879	18,779	18,779	18,779	22,000	23,188	24,440
Transfers recognised - operational	752,827	865,396	962,380	562,407	568,400	568,400	568,400	605,409	674,624	724,959
Other own revenue	65,510	125,638	135,172	114,975	142,180	142,180	142,180	123,034	91,539	89,400
Total Revenue (excluding capital transfers and contributions)	953,953	1,141,523	1,268,077	1,059,139	1,092,237	1,092,237	1,092,237	1,143,223	1,208,666	1,291,142

Table 3 Percentage growth in revenue by main revenue source

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

The District Municipality mainly depends on government grant as the grants comprises of 53per cent of the total operating revenue. As compared to 2014/15 adjustment budget, the revenue increased by R51 million which is 4.7 per cent and increases in 2016/17 by R65 million and R83 million in 2017/18. This is mainly as a result of increase in operating grants, cost on free basic services. Service charges on water and sanitation comprise only 34per cent of the total operating revenue, these increased slightly by 8 per cent compared to the adjustment budget. This is mainly due to the recognition of the cost of free basic services the municipality does not receive from the consumers of the services.

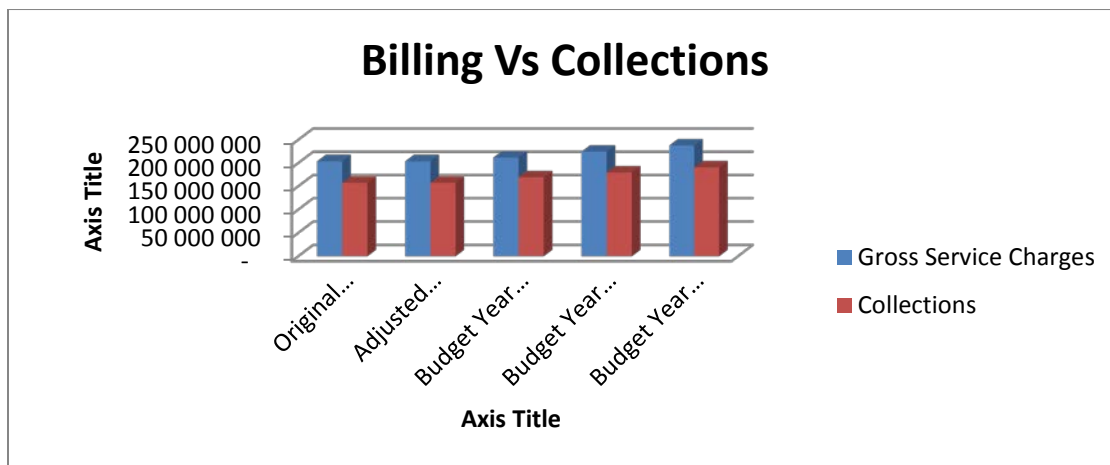
Service Charges

Description	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure		
	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands					
Service charges	362,877,789	362,877,789	392,780,080	419,315,001	452,343,071
Interest on Debtors	18,460,000	18,460,000	15,460,000	16,294,840	17,174,761
Gross Service Charges	381,337,789	381,337,789	408,240,080	435,609,841	469,517,832
Less : Cost of Free Basic Services	(177,588,553)	(177,588,553)	(196,373,489)	(211,124,015)	(231,660,626)
Less : Debt Impairment	(46,243,385)	(46,243,385)	(42,500,000)	(44,795,000)	(47,213,930)
Service Charges to be Collected	157,505,851	157,505,851	169,366,590	179,690,826	190,643,276

The gross revenue for service charges in original and adjustment budget equals to R381 million comprises of service charges of R185 million, free basic services recognition of R177 million and interest on outstanding debtors of R18.4 million resulting in the gross service charges

anticipated to be R381 million. The gross revenue for services charges for 2015/16 MTREF amounts to R408 million, R435 million and R469 million respectively. The anticipated debt impairment for 2015/16 MTREF amounts to R42.5 million, R44.7 million and R47 million respectively and recognition of free basic services is R196 million, R211 million and R231 million. Resulting in the anticipated collections being R169 million, R179.6 million and R190.6 million being 79 per cent collection rate in MTREF. The collection rate for 2014/15 was anticipated at 77per cent, due to the poor collection rate in the past that have embedded the municipality due to number of challenges, there has been an aggressive implementation of credit control and debt collection policy which mainly focused on the government departments (national/provincial) which were some of them at 180 days and above in debt aging. This project yielded positive results where the municipality had to cut off water supply in the properties of these departments to get a response and subsequent payment. This resulted in spike in the collections ending up with the projected collections for 2013/14 being exceeded. For the mid year the projected collection amounted to R72 million whilst the actual collections for the six months amounted to R75 million resulting in 4% positive variance. It is anticipated that the projected collection rate anticipated will be surpassed due to the implementation of the credit control and debt collection policy and this will assist in improving the cash reserves that the municipality has hence the increase in anticipated reserves budgeted for from R94 million in 2014/15 to R102 million in 2015/16. The billing versus the collection will also improve in the budget year and two outer years as depicted in the graph below where the municipality will decrease the number of days for collecting the debt to the almost accepted best practice of 45 days.

Graphic illustration of billing vs. collections budgeted for.



Interest received comprises of interest on investments of R22 million and interest on debtors of R15.4 million. The interest on investments has slightly increased from R18.8 million in adjustment budget to R22 million in 2015/16 budget due to increase in MIG grant transfer which is the main source of increase or decrease in interest received.

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Other own revenue consists mainly of reserves of R102 million, tender fees of R1.2 million, and Farm Operations of R3.5 million.

Operating grants and transfers totals R605.4 million in the 2015/16 financial year and increases to R674.6 million by 2016/17 and to R724.9 in 2017/18. The main item in the operating grants and transfers is the Equitable share amounting to amounting to R596 million for 2015/16 (total allocation amounts to R622 million, of the allocation R26 million is funding capital expenditure) and R643.6 million and R721.8 million for 2016/17 and 2017/18 years respectively.

The organisational structure for BTO has been approved by the council which will address some of the capacity challenges faced by the municipality in collecting the revenue to further increase the revenue base of the municipality in order to decrease the dependency of grants and transfers from the government. Furthermore, the revenue section has been correctly aligned and under the BTO (which was previously under water services).

Table 3 Operating Transfers and Grant Receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		432,746	489,537	502,230	567,762	567,762	567,762	631,409	646,283	724,959
Local Government Equitable Share		414,811	449,954	493,970	552,334	552,334	552,334	622,201	643,613	721,881
Finance Management		1,250	1,500	1,500	1,500	1,500	1,500	1,575	1,710	2,045
Municipal Systems Improvement		790	1,000	890	934	934	934	940	960	1,033
Water Services Operating Subsidy		15,895	27,944	-	-	-	-	-	-	-
EPWP Incentive		-	9,139	5,870	12,994	12,994	12,994	6,693	-	-
Other transfers/grants [insert description]										
Provincial Government:		4,613	-	-	-	638	638	-	-	-
Health subsidy		4,613	-	-	-	-	-	-	-	-
River Health						638	638			
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	437,358	489,537	502,230	567,762	568,400	568,400	631,409	646,283	724,959

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the district municipality.

The percentage increases of both water purchases from Department of Water Affairs (DWA) are far beyond the mentioned inflation target. Given that this tariff increases are determined by external agencies, the impact they have on the municipality's water rate tariffs and in these tariffs are largely outside the control of the district municipality. Discounting the impact of these

price increases in lower consumer tariffs will erode the district municipality's future financial position and viability.

It must also be appreciated that the consumer price index (CPI), as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of water, petrol, diesel, chemicals etc more especially that the petrol price is continuing to increase. The current challenge facing the district municipality in managing the gap between cost drivers and tariffs levied as only 7per cent of consumers are charged for consumption and 93per cent is not charged making it difficult to recover costs and at the same time not increasing the tariffs too much for the 7per cent that are charged.

1.4.1 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

Due to the location and the demographics of the district municipality, the challenge is OR Tambo District Municipality is made up of mostly rural areas. This result in municipality having a huge backlog in providing infrastructure for water and sanitation and the construction of infrastructure is mainly on addressing those backlogs in the rural communities. The overall number of households in the district is over 298 231 of which only 23 000 (7per cent) are in the urban areas of whom the revenue for services is received according to the tariffs. Even in the 23 000 that are in the urban areas, the district has to provide subsidies on services (free basic) due to the indigent status of the households. This presents a challenge because, due to the eradication of backlogs, most of the infrastructures assets are constructed in the rural areas where the household do not pay for the services. Resulting in the value of assets reflected in the financial statement located in rural areas. This means the depreciation of R160 million is largely made up of assets that are located in rural areas.

Currently the depreciation is funded and funding of depreciation will assist in better maintenance of infrastructure.

A tariff increase of 6 per cent from 1 July 2014 for water is proposed. This is based on input cost assumptions of 6 per cent increase in the cost of bulk water by DWA, in addition 6 kℓ water is provided for free to the indigent households.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 4 Proposed Water Tariffs

KL	Current Tariff	Proposed Tariff	Proposed Increase
Households			
0-06	5.23	5.70	9%
*07-10	5.25	5.72	9%
*11-20	9.49	10.34	9%
*21-30	9.49	10.34	9%
*31-50	9.49	10.34	9%
*50-200	9.49	10.34	9%
*200- 500	9.49	10.34	9%
500+	9.49	10.34	9%
Business/Government			
0-30 KM	9.49	10.34	9%
31-40KM	12.88	14.04	9%
41-50KM	15.09	16.45	9%
51-200KM	17.02	18.56	9%
201-500	17.02	18.56	9%
500+	17.02	18.56	9%

Basic charges are as follows

KL	Current Tariff	Proposed Tariff	Proposed Increase
DOMESTIC	37.58	40.96	9%
BUSINESS	59.10	64.41	9%
GOVERNMENT	68.36	74.51	9%

1.4.2 Sanitation and Impact of Tariff Increases

A tariff increase of 9 per cent for sanitation from 1 July 2015 is proposed. This is based on number of units (toilets) the household/business/government has. The tariff is per toilet facility on the household or business and this is tabulated here-under.

Table 4 Proposed sanitation tariffs

KL	Current Tariff	Proposed Tariff	Proposed Increase
DOMESTIC	63.96	69.72	9%
BUSINESS	113.70	123.93	9%
GOVERNMENT	136.04	148.28	9%

1.4.3 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. This shows that for the household, the average bill for water and sanitation per month for the middle income range amounts to R175. This depends on the consumptions as more the consumption, the more the bill. This is only an average for water and sanitation only as other services are not offers by the district municipality. For Indigent, the subsidy offered per month amount to R116 and also depending on the consumption because, if indigent households consumes more than 6kl, the from 7kl upwards, the household is charged.

Table 5 MBRR Table SA14 – Household bills

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Rand/cent											
<u>Monthly Account for Household - 'Middle Income Range'</u>											
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy				35.45	37.57	37.57	37.57		40.95	43.41	46.01
Water: Consumption		6.20	7.13	8.95	9.49	9.49	9.49		10.34	10.96	11.62
Sanitation		76.35	85.51	107.26	113.69	113.69	113.69		123.92	131.36	139.24
Refuse removal											
Other											
sub-total		82.55	92.64	151.66	160.75	160.75	160.75	9.0%	175.21	185.73	196.87
VAT on Services											
Total large household bill:		82.55	92.64	151.66	160.75	160.75	160.75	9.0%	175.21	185.73	196.87
% increase/-decrease			12.2%	63.7%	6.0%	-	-		9.0%	6.0%	6.0%
<u>Monthly Account for Household - 'Affordable Range'</u>											
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy				35.45	37.57	37.57	37.57		40.95	43.41	46.01
Water: Consumption		3.93	4.42	4.95	5.25	5.25	5.25		5.72	6.07	6.43
Sanitation		48.10	53.87	60.34	63.96	63.96	63.96		69.72	73.90	78.33
Refuse removal											
Other											
sub-total		52.03	58.29	100.74	106.78	106.78	106.78	9.0%	116.39	123.37	130.78
VAT on Services											
Total small household bill:		52.03	58.29	100.74	106.78	106.78	106.78	9.0%	116.39	123.37	130.78
% increase/-decrease			12.0%	72.8%	6.0%	-	-		9.0%	6.0%	6.0%
<u>Monthly Account for Household - 'Indigent' Household receiving free basic services</u>											
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy				35.45	37.57	37.57	37.57	#NAME?	40.95	43.41	46.01
Water: Consumption			4.40	4.93	5.23	5.23	5.23	#NAME?	5.70	6.04	6.41
Sanitation			53.87	60.34	63.96	63.96	63.96	#NAME?	69.72	73.90	78.33
Refuse removal											
Other											
sub-total		-	58.27	100.72	106.76	106.76	106.76	9.0%	116.37	123.35	130.75
VAT on Services											
Total small household bill:		-	58.27	100.72	106.76	106.76	106.76	9.0%	116.37	123.35	130.75
% increase/-decrease			-	72.9%	6.0%	-	-		9.0%	6.0%	6.0%

1.5 Operating Expenditure Framework

The District Municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to backlog eradication ;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

Table 6 Summary of operating expenditure by standard classification item

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands										
Financial Performance										
Employee costs	216,042	253,483	302,877	304,510	306,114	306,114	306,114	337,190	361,529	388,362
Remuneration of councillors	9,375	14,425	11,829	18,272	18,272	18,272	18,272	17,720	19,137	20,668
Depreciation & asset impairment	176,182	192,664	217,599	160,491	160,891	160,891	160,891	165,500	174,437	183,857
Finance charges	946	973	2,437	-	-	-	-	-	-	-
Materials and bulk purchases	64,148	141,263	63,593	68,134	76,154	76,154	76,154	83,836	88,364	93,135
Transfers and grants	16,266	45,821	40,755	192,109	221,416	221,416	221,416	235,201	252,048	274,794
Other expenditure	704,256	569,711	793,579	262,870	308,890	308,890	308,890	302,276	311,570	328,659
Total Expenditure	1,187,214	1,218,340	1,432,668	1,006,386	1,091,737	1,091,737	1,091,737	1,141,723	1,207,085	1,289,476

The budgeted allocation for employee related costs for the 2015/16 financial year totals R337 million, which equals 30 per cent of the total operating expenditure. The increase between the adjustment budget and budget under consideration equals to 10per cent which is 2per cent above budgeted increment, these are reasons for the larger increase:

- The municipality is undertaking a review of its organisational structure and filling of vacant positions where there will be rightsizing the structure taking into consideration the recommendations given by National Treasury on the correction of top heavy approach that the municipality currently have.

An annual increase of 7 per cent has been included in 2016/17 and 2017/18.

The district municipality decided not to increase the salaries by 4.65 per cent as recommended by circular and 75 due to any possible labour agreement being above the guidance hence the

increase by 8per cent. It should be noted that the total financial implication could not be determined.

The district municipality undertook the Separations of Powers program where there will be significant increase in the council portfolio committees hence increase in the council remuneration costs and the councillors remunerations are budgeted under the upper limits of public office bearers in grand 5 municipality. 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 district municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 79 per cent. For the 2015/16 financial year this amount equates to R42.4 million and escalates to R47 million by 2017/18. 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 and Accounting Policies. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R165.5 million for the 2015/16 financial and equates to 14 per cent of the total operating expenditure.

The depreciation has been funded and this will assist in the renewal of assets in the future should the need arise.

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

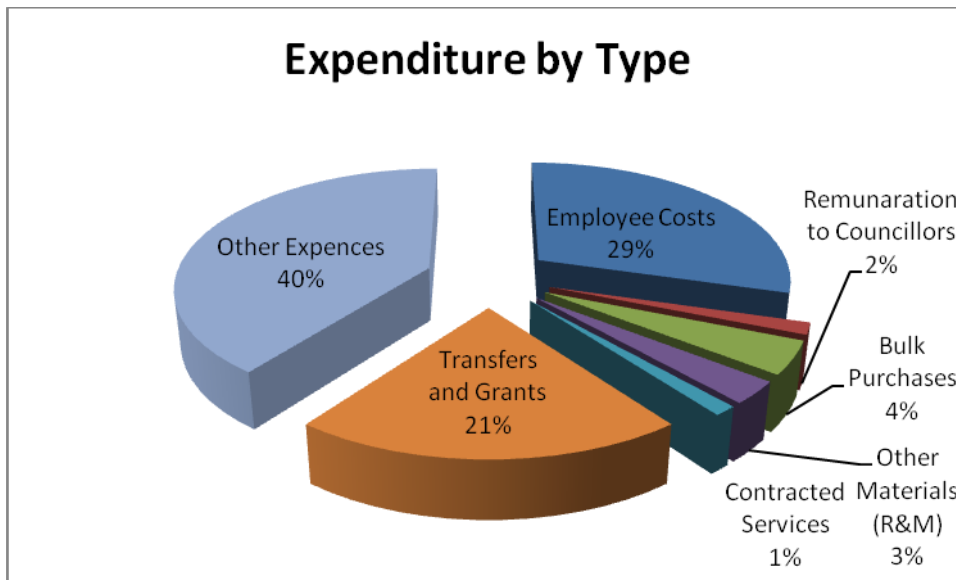
Other materials comprises of amongst others the materials for maintenance, repair of water and sanitation infrastructure and roads, repair of computers, repair of municipal buildings and repair of motor vehicles.

Contracted services expenditure totals R14.5 million which is made up of contract with the security company and has escalated by just 16 per cent, this is due to escalation of fees in security industry and increase in sites that require security services. For the two outer years growth has been 5.5 per cent and 5.3per cent respectively.

Grants and Transfers are made up of transfers to Ntinga Development Agency and include the free basic cost which the municipality incurred in subsidising rural communities. This is included in revenue forming part of service charges and also in the expenditure with the net effect in statement of performance of nil. The free basic cost amounts to R196 million, R211 million and R231 million in MTREF. The expenditure will increase by 7per cent in 2016/17 then increase by 9 in 2017/18.

Other expenditure comprises of various line items relating to the daily operations of the municipality. **Further detailed list will be provided at the end of this document.**

The following table gives a breakdown of the main expenditure categories for the 2015/16 financial year.



The chart above indicates the main operational expenditure categories as a percentage of the total budget for the 2015/16 financial year

1.5.1 Priority given to repairs and maintenance

During the compilation of the 2015/16 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the district municipality's infrastructure and historic deferred maintenance. Repairs and maintenance decreased by 3 per cent in the 2015/16 financial year, from R35 million to R33.8 million. Then increased by 5.4 per cent in MTREF. In 2013/2014 budget, there was a reclassification of most of items which were under repairs and maintenance to asset renewal. These are mainly the items that are replacement of worn out infrastructure components (pipes, generators, water pumps) hence the small portion of repairs and maintenance budget. Repairs and maintenance comprises of maintenance of buildings, sewerage reticulation, road maintenance, spring protection, repairs on motor vehicles and tools and equipment. The percentage of R&M in relation to Capital Expenditure is 0.5% which is too little as the acceptable level is 15% of the total capital expenditure.

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

Table 7 Repairs and maintenance per asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		176,182	192,664	217,599	160,491	160,891	160,891	165,500	174,437	183,857
<u>Repairs and Maintenance by Asset Class</u>	3	36,314	-	23,002	27,134	35,154	35,154	33,836	35,664	37,589
Infrastructure - Road transport		-	-	2,906	5,717	10,017	10,017	9,000	9,486	9,998
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		23,864	-	8,736	8,925	11,945	11,945	11,945	12,590	13,270
Infrastructure - Sanitation		-	-	1,898	3,744	3,744	3,744	3,744	3,946	4,159
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		23,864	-	13,540	18,386	25,706	25,706	24,689	26,022	27,427
Community		-	-	-	218	218	218	218	230	243
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	12,451	-	9,462	8,529	9,229	9,229	8,929	9,411	9,920
TOTAL EXPENDITURE OTHER ITEMS		212,496	192,664	240,601	187,624	196,044	196,044	199,336	210,101	221,446
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	10.3%	10.0%	10.0%	10.1%	11.0%	10.6%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	53.8%	51.0%	51.0%	54.8%	54.5%	57.0%
<i>R&M as a % of PPE</i>		1.1%	0.0%	0.6%	0.4%	0.5%	0.5%	0.5%	0.5%	0.4%
<i>Renewal and R&M as a % of PPE</i>		224.0%	0.0%	117.0%	602.0%	622.0%	622.0%	633.0%	637.0%	663.0%

For the 2015/16 financial year, 73 per cent or R24.7 million of total repairs and maintenance will be spent on water and sanitation infrastructure assets. Community assets have been allocated R0.2 million of total repairs and maintenance equating to 1 per cent. Other assets (computer repairs, building repairs and vehicle repairs) has been allocated R9 million equating to 26 per cent to total repairs.

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 district municipality's Indigent Policy. The target is to register more indigent households during the 2015/16 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement

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.

Since the district municipality is comprised of deeply rural areas, the large quantities of processed water form part of free basic services as the cost will not be recovered since the access to water in rural communities is mainly use of public taps (minimum service levels).

Out of the households in the district, only 7per cent households live in towns and pay for the services rendered being water and sanitation. Even in the 7per cent there are households that

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are registered as indigent. Then 93per cent households do not pay for services rendered and form part of free basic services. To eradicate backlogs, projects funded by Municipal Infrastructure Grant (MIG) are mainly constructed in these rural areas and a large portion of water is supplied to the areas leaving only less than 7per cent of total household paying for the water and sanitation. Cost recovery in these circumstances is difficult to maintain and the municipality is constantly reliant on grant funding.

1.6 Capital expenditure

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

Table 8 2015/16 Medium-term capital budget per vote

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
					Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome							
Capital expenditure - Vote											
Single-year expenditure to be appropriated	2										
Vote 1 - Council & Committees		704	523	2,518	4,000	4,000	4,000	4,000	-	-	-
Vote 2 - Finance and Administration		6,007	6,409	5,754	10,895	10,795	10,795	10,795	40,595	41,997	44,264
Vote 3 - Planning and Development		1,036	1,342	-	5,165	5,687	5,687	5,687	5,050	5,323	5,610
Vote 4 - Health		-	7	-	1,000	1,000	1,000	1,000	1,200	1,265	1,333
Vote 5 - Community and Social Services		-	55	-	-	2,800	2,800	2,800	-	-	-
Vote 6 - Housing		-	-	-	1,070	1,770	1,770	1,770	1,770	1,866	300
Vote 7 - Public Safety		334	142	1,117	10,700	6,700	6,700	6,700	13,000	6,324	6,665
Vote 8 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-
Vote 9 - Environmental		-	-	-	-	-	-	-	-	-	-
Vote 10 - Roads Transport		-	65	-	2,686	2,686	2,686	2,686	27,693	2,773	2,946
Vote 11 - Water		113,897	413,382	594,699	799,739	785,019	785,019	785,019	812,876	808,481	926,236
Vote 12 - Tourism		-	-	-	200	200	200	200	200	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		121,978	421,926	604,088	835,455	820,657	820,657	820,657	902,384	868,027	987,355
Total Capital Expenditure - Vote		121,978	421,926	604,088	835,455	820,657	820,657	820,657	902,384	868,027	987,355

For 2015/16 an amount of R747.5 million has been appropriated for the development of infrastructure which represents 83 per cent of the total capital budget. In the outer years this amount totals R740 million, 85 per cent and R850 million, 86 per cent respectively for each of the financial years. Asset Renewal amount to R90.7 million, R95 million and R104.7 million for MTREF which relates to infrastructure, An increase of R81.7 million in 2014/15 adjustment budget as compared to original budget largely due to increase in conditional grants (MIG, MWIG) and projects funded by own revenue (extension of buildings, disaster facilities, fire fighting equipment). A further decrease in 2016/17 of R35 million due to the decrease in allocation of mainly MWIG which decreased by R39 million.

Total new assets represent 90 per cent or R811.6 million of the total capital budget while asset renewal equates to 10 per cent or R90.7 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 18 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class

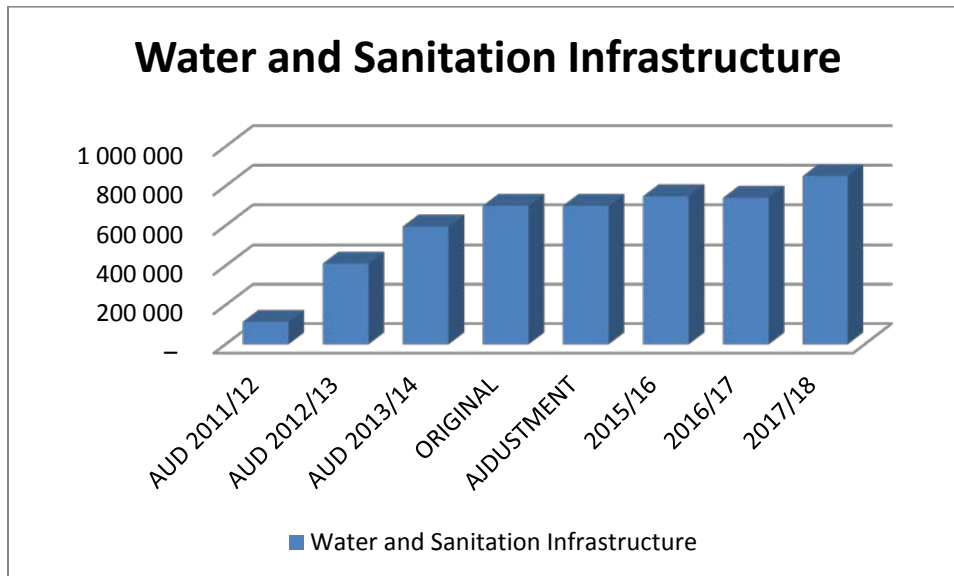
Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Provision of public toilets R2.3 million
- Building Extended Offices R10 million
- Motor Vehicles R8.5 million
- Fire Fighting Equipment R13 million
- Disaster facilities R15 million

Classified under asset renewal

- Refurbishment of Water Schemes R10.5 million
- Water Meters R32 million
- Sewerage Reticulation R8 million
- Water Pump Stations R7 million
- Maintenance of Pipe Leaks R9 million
- Repair of Element of Treatment Works R9 million
- Refurbishment Grant (WSOG) R10 million

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



Capital Expenditure is funded by

Conditional Grants being:-

- Municipal Infrastructure Grant – R 617 million
- Municipal Water Infrastructure grant - R 124 million
- Rural Roads Asset Management - R 2.6 million
- Water Service Operating Grant - R 10 million

Value Added Tax (VAT)

Refunds of VAT - R122 million

In arriving at the VAT projection, actual outcome received from previous periods form basis of VAT projection and this is not a provision. In 2013/14, VAT refunds collected was R141 million which have already surpassed the R123.6 million projected in the adjustment budget and already in 2014/15 the projected VAT claims have already been exceeded. For prudence principle and considering s18 of MFMA stating that revenue budgeted for should be realistic, the municipality decided not to increase the VAT for 2015/16 rather to decrease so that any surplus in collections will assist in the reserves.

1.7 Annual Budget Tables - Consolidation

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 2015/16 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 9 MBRR Table A1 - Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	120,795	127,872	150,061	362,878	362,878	362,878	362,878	392,780	419,315	452,343
Investment revenue	14,821	22,617	20,464	18,879	18,779	18,779	18,779	22,000	23,188	24,440
Transfers recognised - operational	752,827	865,396	962,380	562,407	568,400	568,400	568,400	605,409	674,624	724,959
Other own revenue	65,510	125,638	135,172	114,975	142,180	142,180	142,180	123,034	91,539	89,400
Total Revenue (excluding capital transfers and contributions)	953,953	1,141,523	1,268,077	1,059,139	1,092,237	1,092,237	1,092,237	1,143,223	1,208,666	1,291,142
Employee costs	216,042	253,483	302,877	304,510	306,114	306,114	306,114	337,190	361,529	388,362
Remuneration of councillors	9,375	14,425	11,829	18,272	18,272	18,272	18,272	17,720	19,137	20,668
Depreciation & asset impairment	176,182	192,664	217,599	160,491	160,891	160,891	160,891	165,500	174,437	183,857
Finance charges	946	973	2,437	-	-	-	-	-	-	-
Materials and bulk purchases	64,148	141,263	63,593	68,134	76,154	76,154	76,154	83,836	88,364	93,135
Transfers and grants	16,266	45,821	40,755	192,109	221,416	221,416	221,416	235,201	252,048	274,794
Other expenditure	704,256	569,711	793,579	262,870	308,890	308,890	308,890	302,276	311,570	328,659
Total Expenditure	1,187,214	1,218,340	1,432,668	1,006,386	1,091,737	1,091,737	1,091,737	1,141,723	1,207,085	1,289,476
Surplus/(Deficit)	(233,261)	(76,817)	(164,591)	52,753	500	500	500	1,500	1,581	1,666
Transfers recognised - capital	121,978	421,926	604,088	711,969	709,299	709,299	709,299	780,191	746,561	860,996
Contributions recognised - capital & contributed	-	-	-	123,486	111,358	111,358	111,358	122,193	121,466	126,359
Surplus/(Deficit) after capital transfers & contributions	(111,283)	345,109	439,498	888,208	821,157	821,157	821,157	903,884	869,608	989,022
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(111,283)	345,109	439,498	888,208	821,157	821,157	821,157	903,884	869,608	989,022
Capital expenditure & funds sources										
Capital expenditure	121,978	421,926	604,088	835,455	820,657	820,657	820,657	902,384	868,027	987,355
Transfers recognised - capital	121,978	421,926	513,618	711,969	709,299	709,299	709,299	780,191	746,561	860,996
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	90,470	123,486	111,358	111,358	111,358	122,193	121,466	126,359
Total sources of capital funds	121,978	421,926	604,088	835,455	820,657	820,657	820,657	902,384	868,027	987,355
Financial position										
Total current assets	542,538	509,204	448,255	888,156	602,162	602,162	602,162	822,476	1,031,845	1,229,045
Total non current assets	3,394,493	2,369,015	3,574,010	6,502,684	6,486,149	6,486,149	6,486,149	7,223,865	7,918,329	8,722,745
Total current liabilities	596,597	453,144	423,638	497,625	416,960	416,960	416,960	471,101	505,322	517,910
Total non current liabilities	1,735	677	11,693	70	70	70	70	75	78	85
Community wealth/Equity	3,338,700	2,424,398	3,586,933	6,893,145	6,671,282	6,671,282	6,671,282	7,575,166	8,444,774	9,433,796
Cash flows										
Net cash from (used) operating	415,280	194,406	607,469	1,043,476	982,012	982,012	982,012	947,191	922,579	1,046,519
Net cash from (used) investing	(122,961)	(421,461)	(599,200)	(830,375)	(815,577)	(815,577)	(815,577)	(780,191)	(746,561)	(860,996)
Net cash from (used) financing	3,651	8	(456)	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	454,616	227,569	235,380	842,809	401,815	401,815	401,815	568,815	744,833	930,356
Cash backing/surplus reconciliation										
Cash and investments available	454,616	227,569	235,380	842,809	401,815	401,815	401,815	568,815	744,833	930,356
Application of cash and investments	569,211	281,535	196,169	477,707	282,233	282,233	282,233	352,260	380,666	392,043
Balance - surplus (shortfall)	(114,595)	(53,966)	39,210	365,102	119,583	119,583	119,583	216,555	364,167	538,313
Asset management										
Asset register summary (WDV)	16,244	14,358	19,625	18,838	18,838	18,838	19,670	19,670	20,543	21,460
Depreciation & asset impairment	176,182	192,664	217,599	160,491	160,891	160,891	165,500	165,500	174,437	183,857
Renewal of Existing Assets	-	-	-	86,303	82,003	82,003	82,003	90,750	95,111	104,706
Repairs and Maintenance	36,314	58,037	23,002	27,134	35,154	35,154	33,836	33,836	35,664	37,589
Free services										
Cost of Free Basic Services provided	793	806	165,083	177,589	177,589	177,589	196,373	196,373	211,124	231,661
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	219	217	216	215	215	215	213	213	212	210
Sanitation/sewage:	70	62	53	45	45	45	37	37	29	16
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the district 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 has a surplus of R1.5 million in 2015/16 and R1.58 million and R1.6 million in two outer years respectively over the MTREF
 - b. Capital expenditure is funded by grant transfers and own revenue of which
 - i. 68 per cent (R617 million) is MIG allocation
 - ii. 14 per cent (R124 million) is Municipal water infrastructure grant
 - iii. 0.3 per cent(R2.7 million) is rural roads asset management grant
 - iv. 13 per cent (R122 million) other assets in capital expenditure are funded by the VAT.
 - v. 1 per cent (R10 million) Water Services Operating Grant
 - vi. 3 per cent(R26 million) other assets funded by equitable share
4. 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 10 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard										
<i>Governance and administration</i>		603,000	718,740	798,751	282,385	279,139	279,139	298,371	316,977	337,734
Executive and council		4,265	3,256	1,017	109,910	116,951	116,951	121,493	128,975	137,700
Budget and treasury office		598,558	715,484	794,594	85,693	87,658	87,658	93,307	99,315	105,908
Corporate services		177	-	3,140	86,781	74,530	74,530	83,572	88,688	94,126
<i>Community and public safety</i>		5,316	1,025	5,736	39,657	44,457	44,457	49,777	53,039	56,521
Community and social services		3,583	1,025	1,011	7,014	9,994	9,994	10,648	11,398	12,202
Sport and recreation		-	-	-	2,666	3,178	3,178	3,615	3,847	4,094
Public safety		-	-	725	17,578	19,731	19,731	21,928	23,272	24,701
Housing		1,733	-	4,000	8,095	7,239	7,239	7,728	8,279	8,869
Health		-	-	-	4,303	4,315	4,315	5,858	6,243	6,655
<i>Economic and environmental services</i>		30,013	37,487	21,253	95,020	98,229	98,229	92,701	91,304	96,935
Planning and development		30,013	35,871	18,597	69,782	67,128	67,128	57,497	53,770	56,912
Road transport		-	1,616	2,330	8,819	13,542	13,542	17,556	18,610	19,729
Environmental protection		-	-	326	16,418	17,559	17,559	17,648	18,924	20,294
<i>Trading services</i>		437,602	806,198	1,046,426	639,764	668,515	668,515	700,598	745,463	797,957
Electricity		-	-	-	-	-	-	-	-	-
Water		437,602	806,198	1,046,426	639,764	668,515	668,515	700,598	745,463	797,957
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	2,314	1,897	1,897	1,775	1,882	1,995
Total Revenue - Standard	2	1,075,931	1,563,449	1,872,166	1,059,139	1,092,237	1,092,237	1,143,223	1,208,666	1,291,142
Expenditure - Standard										
<i>Governance and administration</i>		480,344	201,684	249,776	275,173	278,639	278,639	296,871	315,396	336,068
Executive and council		103,386	92,020	82,608	109,910	116,951	116,951	121,493	128,975	137,700
Budget and treasury office		322,093	42,121	79,091	78,482	87,158	87,158	91,807	97,734	104,242
Corporate services		54,865	67,543	88,076	86,781	74,530	74,530	83,572	88,688	94,126
<i>Community and public safety</i>		45,037	41,368	49,731	39,657	44,457	44,457	49,777	53,039	56,521
Community and social services		8,015	5,003	8,660	7,014	9,994	9,994	10,648	11,398	12,202
Sport and recreation		8,250	3,888	3,585	2,666	3,178	3,178	3,615	3,847	4,094
Public safety		17,573	21,337	22,980	17,578	19,731	19,731	21,928	23,272	24,701
Housing		8,353	7,175	10,730	8,095	7,239	7,239	7,728	8,279	8,869
Health		2,847	3,966	3,776	4,303	4,315	4,315	5,858	6,243	6,655
<i>Economic and environmental services</i>		105,724	106,665	86,938	91,848	98,229	98,229	92,701	91,304	96,935
Planning and development		96,041	95,177	67,547	66,611	67,128	67,128	57,497	53,770	56,912
Road transport		1,164	2,831	3,719	8,819	13,542	13,542	17,556	18,610	19,729
Environmental protection		8,519	8,657	15,672	16,418	17,559	17,559	17,648	18,924	20,294
<i>Trading services</i>		554,127	866,102	1,044,420	597,394	668,515	668,515	700,598	745,463	797,957
Electricity		-	-	-	-	-	-	-	-	-
Water		554,127	866,102	1,044,420	597,394	668,515	668,515	700,598	745,463	797,957
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	1,982	2,521	1,803	2,314	1,897	1,897	1,775	1,882	1,995
Total Expenditure - Standard	3	1,187,214	1,218,340	1,432,668	1,006,386	1,091,737	1,091,737	1,141,723	1,207,085	1,289,476
Surplus/(Deficit) for the year		(111,283)	345,109	439,498	52,753	500	500	1,500	1,581	1,666

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 12 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for Water and Waste water functions. As already noted above, the municipality depends on government grants as there is a huge backlog of services, the municipality will be undertaking to endeavour in increasing the revenue collection more especially in water services so as to be able to finance the depreciation of assets and explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

3.

Table 11 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote										
Vote 1 - Council & Committees	1	4,265	3,256	1,017	109,910	116,951	116,951	121,493	128,975	137,700
Vote 2 - Finance and Administration		598,735	715,484	797,734	172,475	162,188	162,188	176,879	188,002	200,034
Vote 3 - Planning and Development		30,013	35,871	18,597	69,782	67,128	67,128	57,497	53,770	56,912
Vote 4 - Health		-	-	-	4,303	4,315	4,315	5,858	6,243	6,655
Vote 5 - Community and Social Services		3,583	1,025	1,011	7,014	9,994	9,994	10,648	11,398	12,202
Vote 6 - Housing		1,733	-	4,000	8,095	7,239	7,239	7,728	8,279	8,869
Vote 7 - Public Safety		-	-	725	17,578	19,731	19,731	21,928	23,272	24,701
Vote 8 - Sports & Recreation		-	-	-	2,666	3,178	3,178	3,615	3,847	4,094
Vote 9 - Environmental		-	-	326	16,418	17,559	17,559	17,648	18,924	20,294
Vote 10 - Roads Transport		-	1,616	2,330	8,819	13,542	13,542	17,556	18,610	19,729
Vote 11 - Water		437,602	806,198	1,046,426	639,764	668,515	668,515	700,598	745,463	797,957
Vote 12 - Tourism		-	-	-	2,314	1,897	1,897	1,775	1,882	1,995
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	1,075,931	1,563,449	1,872,166	1,059,139	1,092,237	1,092,237	1,143,223	1,208,666	1,291,142
Expenditure by Vote to be appropriated										
Vote 1 - Council & Committees	1	103,386	92,020	82,608	109,910	116,951	116,951	121,493	128,975	137,700
Vote 2 - Finance and Administration		376,958	109,664	167,167	165,263	161,688	161,688	175,379	186,421	198,368
Vote 3 - Planning and Development		96,041	95,177	67,547	66,611	67,128	67,128	57,497	53,770	56,912
Vote 4 - Health		2,847	3,966	3,776	4,303	4,315	4,315	5,858	6,243	6,655
Vote 5 - Community and Social Services		8,015	5,003	8,660	7,014	9,994	9,994	10,648	11,398	12,202
Vote 6 - Housing		8,353	7,175	10,730	8,095	7,239	7,239	7,728	8,279	8,869
Vote 7 - Public Safety		17,573	21,337	22,980	17,578	19,731	19,731	21,928	23,272	24,701
Vote 8 - Sports & Recreation		8,250	3,888	3,585	2,666	3,178	3,178	3,615	3,847	4,094
Vote 9 - Environmental		8,519	8,657	15,672	16,418	17,559	17,559	17,648	18,924	20,294
Vote 10 - Roads Transport		1,164	2,831	3,719	8,819	13,542	13,542	17,556	18,610	19,729
Vote 11 - Water		554,127	866,102	1,044,420	597,394	668,515	668,515	700,598	745,463	797,957
Vote 12 - Tourism		1,982	2,521	1,803	2,314	1,897	1,897	1,775	1,882	1,995
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	1,187,214	1,218,340	1,432,668	1,006,386	1,091,737	1,091,737	1,141,723	1,207,085	1,289,476
Surplus/(Deficit) for the year	2	(111,283)	345,109	439,498	52,753	500	500	1,500	1,581	1,666

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 district municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the water trading services.

Table 12 Surplus/ (Deficit) calculations for the trading services

Description	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure		
	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands					
Water					
Revenue (including capital grants and transfers)	1,439,503,090	1,453,534,165	1,513,473,707	1,553,943,537	1,724,193,143
Operating Expenditure	597,394,036	668,515,111	700,597,507	745,462,914	797,957,119
Surplus/(Deficit) for the year	842,109,054	785,019,054	812,876,200	808,480,623	926,236,024
Percentage Surplus	58%	54%	54%	52%	54%

2. The Water Services trading surplus is constant from 2014/15 to 2015/16 being 54 per cent and decreased to 52 per cent and 54 per cent again in two outer years.
3. The surplus on the water account remains relatively constant over the MTREF Table 13

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

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	120,795	127,872	150,061	301,423	301,423	301,423	301,423	331,326	354,173	383,293
Service charges - sanitation revenue	2	-	-	-	61,454	61,454	61,454	61,454	61,454	65,142	69,050
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment		15	17	29	35	35	35	35	50	53	56
Interest earned - external investments		14,821	22,617	20,464	18,879	18,779	18,779	18,779	22,000	23,188	24,440
Interest earned - outstanding debtors		19,636	24,472	28,006	18,460	18,460	18,460	18,460	15,460	16,295	17,175
Dividends received											
Fines											
Licences and permits											
Agency services											
Transfers recognised - operational		752,827	865,396	962,380	562,407	568,400	568,400	568,400	605,409	674,624	724,959
Other revenue	2	45,859	101,149	101,427	96,400	123,685	123,685	123,685	107,524	75,191	72,170
Gains on disposal of PPE		-	-	5,709	80						
Total Revenue (excluding capital transfers and contributions)		953,953	1,141,523	1,268,077	1,059,139	1,092,237	1,092,237	1,092,237	1,143,223	1,208,666	1,291,142
Expenditure By Type											
Employee related costs	2	216,042	253,483	302,877	304,510	306,114	306,114	306,114	337,190	361,529	388,362
Remuneration of councillors		9,375	14,425	11,829	18,272	18,272	18,272	18,272	17,720	19,137	20,668
Debt impairment	3	104,076	80,861	35,637	46,243	46,243	46,243	46,243	42,500	44,795	47,214
Depreciation & asset impairment	2	176,182	192,664	217,599	160,491	160,891	160,891	160,891	165,500	174,437	183,857
Finance charges		946	973	2,437							
Bulk purchases	2	27,808	79,113	40,105	41,000	41,000	41,000	41,000	50,000	52,700	55,546
Other materials	8	36,340	62,150	23,487	27,134	35,154	35,154	35,154	33,836	35,664	37,589
Contracted services		6,972	9,193	22,579	12,500	12,500	12,500	12,500	14,500	15,283	16,108
Transfers and grants		16,266	45,821	40,755	192,109	221,416	221,416	221,416	235,201	252,048	274,794
Other expenditure	4, 5	592,389	479,524	735,303	204,127	250,146	250,146	250,146	245,276	251,492	265,337
Loss on disposal of PPE		820	132	61							
Total Expenditure		1,187,214	1,218,340	1,432,668	1,006,386	1,091,737	1,091,737	1,091,737	1,141,723	1,207,085	1,289,476
Surplus/(Deficit)		(233,261)	(76,817)	(164,591)	52,753	500	500	500	1,500	1,581	1,666
Transfers recognised - capital		121,978	421,926	604,088	711,969	709,299	709,299	709,299	780,191	746,561	860,996
Contributions recognised - capital	6	-	-	-	123,486	111,358	111,358	111,358	122,193	121,466	126,359
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(111,283)	345,109	439,498	888,208	821,157	821,157	821,157	903,884	869,608	989,022
Taxation											
Surplus/(Deficit) after taxation		(111,283)	345,109	439,498	888,208	821,157	821,157	821,157	903,884	869,608	989,022
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(111,283)	345,109	439,498	888,208	821,157	821,157	821,157	903,884	869,608	989,022
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(111,283)	345,109	439,498	888,208	821,157	821,157	821,157	903,884	869,608	989,022

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

1. Total revenue is R1.143 billion in 2015/16 and increase to R1.208 billion by 2016/17. This represents an increase of 5.7 per cent for the 2016/17 financial year and increase R1.291 billion being 7 per cent for the 2017/18 financial year.
2. Services charges' relating to water and sanitation constitutes the biggest component of the revenue basket of the district municipality totalling R392 million for the 2015/16 financial year and increasing to R452 million by 2017/18.
3. Transfers recognised – local government equitable share and other operating grants from national and provincial government.
4. The following graph illustrates the major expenditure items per type.

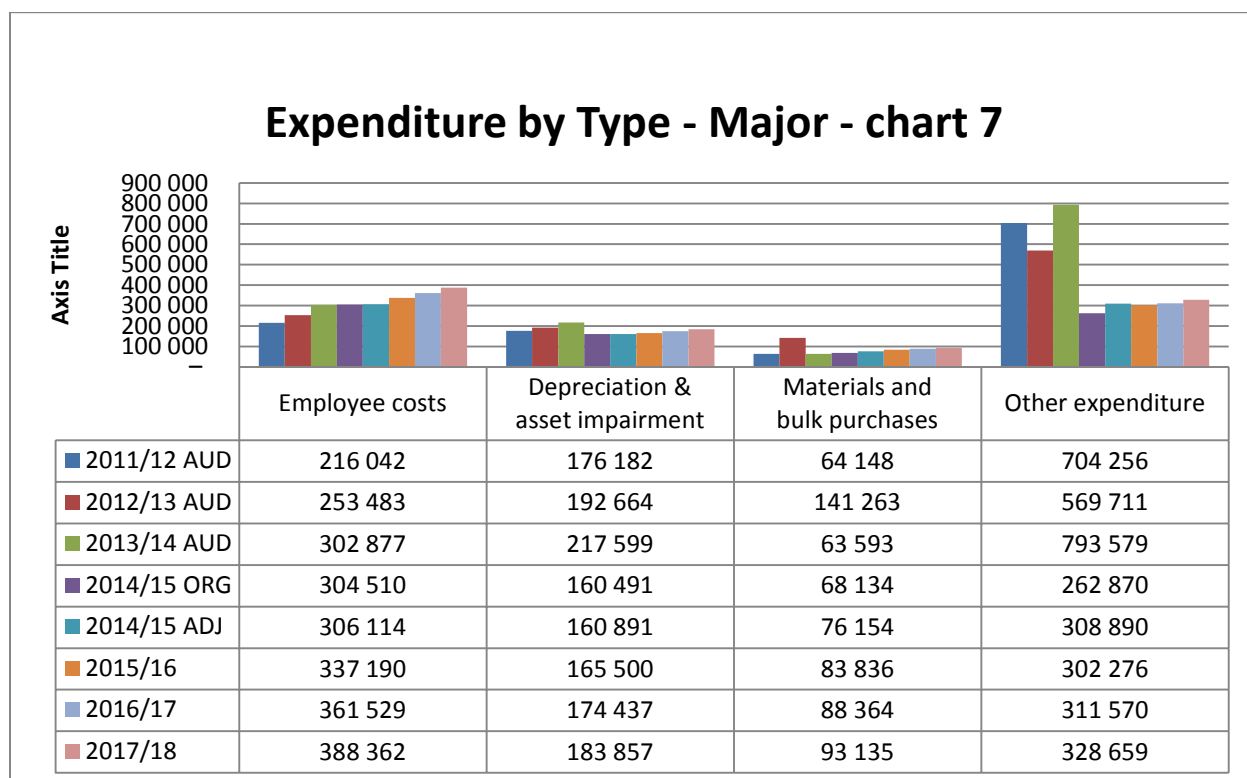


Figure 1 Expenditure by major type

5. Bulk purchases have increased from 2015/16 to 2016/17 period from R50 million to R52.7 million being 5 per cent and from 2016/17 to 2017/18 by 5 per cent. These increases can be attributed to the repayment of historic DWA debt in the outer years.

6. Employee related costs, bulk purchases, depreciation, cost of free basic services 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 14 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure - Vote											
Single-year expenditure to be appropriated	2										
Vote 1 - Council & Committees		704	523	2,518	4,000	4,000	4,000	4,000	-	-	-
Vote 2 - Finance and Administration		6,007	6,409	5,754	10,895	10,795	10,795	10,795	40,595	41,997	44,264
Vote 3 - Planning and Development		1,036	1,342	-	5,165	5,687	5,687	5,687	5,050	5,323	5,610
Vote 4 - Health		-	7	-	1,000	1,000	1,000	1,000	1,200	1,265	1,333
Vote 5 - Community and Social Services		-	55	-	-	2,800	2,800	2,800	-	-	-
Vote 6 - Housing		-	-	-	1,070	1,770	1,770	1,770	1,770	1,866	300
Vote 7 - Public Safety		334	142	1,117	10,700	6,700	6,700	6,700	13,000	6,324	6,665
Vote 8 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-
Vote 9 - Environmental		-	-	-	-	-	-	-	-	-	-
Vote 10 - Roads Transport		-	65	-	2,686	2,686	2,686	2,686	27,693	2,773	2,946
Vote 11 - Water		113,897	413,382	594,699	799,739	785,019	785,019	785,019	812,876	808,481	926,236
Vote 12 - Tourism		-	-	-	200	200	200	200	200	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		121,978	421,926	604,088	835,455	820,657	820,657	820,657	902,384	868,027	987,355
Total Capital Expenditure - Vote		121,978	421,926	604,088	835,455	820,657	820,657	820,657	902,384	868,027	987,355
Capital Expenditure - Standard											
Governance and administration		6,711	6,932	8,272	14,895	14,795	14,795	14,795	40,595	41,997	44,264
Executive and council		704	523	2,518	4,000	4,000	4,000	4,000	-	-	-
Budget and treasury office		3,727	5,521	5,162	7,845	8,145	8,145	8,145	37,845	39,889	42,043
Corporate services		2,280	888	592	3,050	2,650	2,650	2,650	2,750	2,108	2,222
Community and public safety		334	205	1,117	12,770	12,270	12,270	12,270	15,970	9,454	8,299
Community and social services		-	55	-	-	2,800	2,800	2,800	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		334	142	1,117	10,700	6,700	6,700	6,700	13,000	6,324	6,665
Housing		-	-	-	1,070	1,770	1,770	1,770	1,770	1,866	300
Health		-	7	-	1,000	1,000	1,000	1,000	1,200	1,265	1,333
Economic and environmental services		1,036	1,408	-	7,851	8,373	8,373	8,373	32,743	8,096	8,556
Planning and development		1,036	1,342	-	5,165	5,687	5,687	5,687	5,050	5,323	5,610
Road transport		-	65	-	2,686	2,686	2,686	2,686	27,693	2,773	2,946
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		113,897	413,382	594,699	799,739	785,019	785,019	785,019	812,876	808,481	926,236
Electricity		-	-	-	-	-	-	-	-	-	-
Water		113,897	413,382	594,699	799,739	785,019	785,019	785,019	812,876	808,481	926,236
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	200	200	200	200	200	-	-
Total Capital Expenditure - Standard	3	121,978	421,926	604,088	835,455	820,657	820,657	820,657	902,384	868,027	987,355
Funded by:											
National Government		121,978	421,871	512,591	711,969	709,299	709,299	709,299	780,191	746,561	860,996
Provincial Government		-	55	1,027	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	121,978	421,926	513,618	711,969	709,299	709,299	709,299	780,191	746,561	860,996
Public contributions & donations	5										
Borrowing	6										
Internally generated funds				90,470	123,486	111,358	111,358	111,358	122,193	121,466	126,359
Total Capital Funding	7	121,978	421,926	604,088	835,455	820,657	820,657	820,657	902,384	868,027	987,355

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

1. Table A5 is a breakdown of the capital program 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. Single-year capital expenditure has been appropriated at R902 million for the 2015/16 financial year and then decreases in 2016/17 to R868 million and increased in 2017/18 to R987 billion. Reason for decrease in 2016/17 is mainly due to decrease in capital government grant transfers as compared to 2015/16 as municipality is dependant of grants for capital projects.
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 District 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.
4. The capital programme is funded from capital and provincial grants and transfers being MIG, MWIG, WSOG and some portion of equitable share and own revenue (VAT).

Table 15 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSETS											
Current assets											
Cash		31,566	12,658	63,514	352,398	21,398	21,398	21,398	169,377	175,892	203,481
Call investment deposits	1	423,050	214,911	171,865	490,411	380,417	380,417	380,417	399,438	568,941	726,875
Consumer debtors	1	68,620	44,981	61,541	22,477	177,477	177,477	177,477	229,648	261,798	272,215
Other debtors		6,019	216,950	113,265	4,088	4,088	4,088	4,088	4,292	4,507	4,732
Current portion of long-term receivables					2,085	2,085	2,085	2,085	2,190	2,299	2,414
Inventory	2	13,283	19,705	38,070	16,697	16,697	16,697	16,697	17,531	18,408	19,328
Total current assets		542,538	509,204	448,255	888,156	602,162	602,162	602,162	822,476	1,031,845	1,229,045
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	3,378,249	2,354,658	3,554,178	6,483,847	6,467,312	6,467,312	6,467,312	7,204,196	7,897,786	8,701,285
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		13,770	11,837	17,173	12,986	12,986	12,986	12,986	13,635	14,317	15,032
Intangible		274	320	252	3,652	3,652	3,652	3,652	3,835	4,026	4,228
Other non-current assets		-	-	207	-	-	-	-	-	-	-
Total non current assets		3,394,493	2,369,015	3,574,010	6,502,684	6,486,149	6,486,149	6,486,149	7,223,865	7,918,329	8,722,745
TOTAL ASSETS		3,937,032	2,878,220	4,022,265	7,390,840	7,088,311	7,088,311	7,088,311	8,046,341	8,950,174	9,951,790
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	229	914	512	245	245	245	245	250	255	265
Consumer deposits		1,053	1,478	1,672	-	-	-	-	-	-	-
Trade and other payables	4	595,315	450,752	420,119	497,380	416,715	416,715	416,715	470,851	505,067	517,645
Provisions		-	-	1,335	-	-	-	-	-	-	-
Total current liabilities		596,597	453,144	423,638	497,625	416,960	416,960	416,960	471,101	505,322	517,910
Non current liabilities											
Borrowing		1,735	677	624	70	70	70	70	75	78	85
Provisions		-	-	11,070	-	-	-	-	-	-	-
Total non current liabilities		1,735	677	11,693	70	70	70	70	75	78	85
TOTAL LIABILITIES		598,331	453,822	435,332	497,695	417,030	417,030	417,030	471,176	505,400	517,995
NET ASSETS	5	3,338,700	2,424,398	3,586,933	6,893,145	6,671,282	6,671,282	6,671,282	7,575,166	8,444,774	9,433,796
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		3,338,700	2,424,398	3,586,933	6,893,145	6,671,282	6,671,282	6,671,282	7,575,166	8,444,774	9,433,796
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	3,338,700	2,424,398	3,586,933	6,893,145	6,671,282	6,671,282	6,671,282	7,575,166	8,444,774	9,433,796

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table 45 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
- Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions noncurrent;
 - Changes in net assets; and
 - Reserves
4. 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.
5. 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 16 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges		43,092	77,700	119,975	157,506	157,506	157,506	157,506	153,907	163,396	173,469
Other revenue		5,600	86,077	238,134	196,319	216,582	216,582	216,582	107,574	75,244	72,225
Government - operating	1	619,795	738,267	545,387	562,407	562,930	562,930	562,930	631,409	674,624	724,959
Government - capital	1	562,773	421,926	845,538	711,969	714,769	714,769	714,769	754,191	746,561	860,996
Interest		33,347	47,089	26,564	37,339	37,239	37,239	37,239	37,460	39,483	41,615
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(832,116)	(1,168,756)	(1,124,937)	(607,543)	(663,187)	(663,187)	(663,187)	(698,522)	(735,805)	(783,611)
Finance charges		(946)	(973)	(2,437)	-	-	-	-	-	-	-
Transfers and Grants	1	(16,266)	(6,925)	(40,755)	(14,520)	(43,827)	(43,827)	(43,827)	(38,827)	(40,924)	(43,134)
NET CASH FROM/(USED) OPERATING ACTIVITIES		415,280	194,406	607,469	1,043,476	982,012	982,012	982,012	947,191	922,579	1,046,519
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	7,103	5,080	5,080	5,080	5,080	122,193	121,466	126,359
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	1,599	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(122,961)	(421,461)	(607,902)	(835,455)	(820,657)	(820,657)	(820,657)	(902,384)	(868,027)	(987,355)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(122,961)	(421,461)	(599,200)	(830,375)	(815,577)	(815,577)	(815,577)	(780,191)	(746,561)	(860,996)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		3,854	425	91	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(204)	(417)	(547)	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		3,651	8	(456)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		295,969	(227,047)	7,812	213,101	166,436	166,436	166,436	167,000	176,018	185,523
Cash/cash equivalents at the year begin:	2	158,647	454,616	227,567	629,708	235,380	235,380	235,380	401,815	568,815	744,833
Cash/cash equivalents at the year end:	2	454,616	227,569	235,380	842,809	401,815	401,815	401,815	568,815	744,833	930,356

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the District Municipality decreased from 2011/12 to 2012/13 period owing directly to a net decrease in cash then slightly increased in 2013/14.
4. The approved 2015/16 MTREF budget provide for a R167 million in cash held which are the depreciation of which are the funds reserved for asset renewal, R176 million and R185 million for the two outer years
5. As part of the 2014/15 mid-year review and Adjustments Budget cash held amounts to R166 million.
6. The 2015/16 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term and shows cash available equivalent to the depreciation which will assist the municipality in asset renewal in future.
7. Cash and cash equivalents totals R568 million as at the end of the 2015/16 financial year and R745 billion and R930 billion in two outer years.

Table 17 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash and investments available											
Cash/cash equivalents at the year end	1	454,616	227,569	235,380	842,809	401,815	401,815	401,815	568,815	744,833	930,356
Other current investments > 90 days		-	-	(0)	0	(0)	(0)	(0)	(0)	(0)	0
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		454,616	227,569	235,380	842,809	401,815	401,815	401,815	568,815	744,833	930,356
Application of cash and investments											
Unspent conditional transfers		385,397	205,567	32,565	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	183,814	75,968	163,604	477,707	282,233	282,233	282,233	446,857	459,026	446,604
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		569,211	281,535	196,169	477,707	282,233	282,233	282,233	446,857	459,026	446,604
Surplus(shortfall)		(114,595)	(53,966)	39,210	365,102	119,583	119,583	119,583	121,958	285,807	483,752

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2011/12 to 2012/13 the deficit was from R114 million to R54 million then surplus of R39 million in 2013/14.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
7. As can be seen the budget has been modelled to progressively move from actual deficit to surplus of R122 million in 2015/16 to R484 million in 2017/18.

Table 18 MBRR Table A9 - Asset Management

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CAPITAL EXPENDITURE										
Total New Assets	1	121,978	421,926	604,088	749,152	738,654	738,654	811,634	772,917	882,649
Infrastructure - Road transport		-	-	-	2,686	2,686	2,686	2,693	2,773	2,946
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water	113,897	410,079	594,699	694,813	694,813	694,813	742,498	734,842	844,161	
Infrastructure - Sanitation		-	-	-	2,350	2,350	2,350	2,350	2,477	2,611
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure	113,897	410,079	594,699	699,849	699,849	699,849	747,541	740,092	849,718	
Community		-	-	1,453	14,098	11,898	11,898	30,398	8,588	9,052
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	8,080	11,847	7,936	33,405	25,507	25,507	32,195	23,183	22,768
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	1,800	1,400	1,400	1,500	1,054	1,111
		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	86,303	82,003	82,003	90,750	95,111	104,706
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	74,303	72,003	72,003	82,750	86,679	95,819
Infrastructure - Sanitation		-	-	-	12,000	10,000	10,000	8,000	8,432	8,887
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	86,303	82,003	82,003	90,750	95,111	104,706
		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	2,686	2,686	2,686	2,693	2,773	2,946
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water	113,897	410,079	594,699	769,116	766,816	766,816	825,248	821,521	939,980	
Infrastructure - Sanitation		-	-	-	14,350	12,350	12,350	10,350	10,909	11,498
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure	113,897	410,079	594,699	786,152	781,852	781,852	838,291	835,202	954,424	
Community		-	-	1,453	14,098	11,898	11,898	30,398	8,588	9,052
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	8,080	11,847	7,936	33,405	25,507	25,507	32,195	23,183	22,768	
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	1,800	1,400	1,400	1,500	1,054	1,111
TOTAL CAPITAL EXPENDITURE - Asset class	2	121,978	421,926	604,088	835,455	820,657	820,657	902,384	868,027	987,355
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		176,182	192,664	217,599	160,491	160,891	160,891	165,500	174,437	183,857
Repairs and Maintenance by Asset Class	3	36,314	-	23,002	27,134	35,154	35,154	33,836	35,664	37,589
Infrastructure - Road transport		-	-	2,906	5,717	10,017	10,017	9,000	9,486	9,998
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water	23,864	-	8,736	8,925	11,945	11,945	11,945	12,590	13,270	
Infrastructure - Sanitation		-	1,898	3,744	3,744	3,744	3,744	3,946	4,159	
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure	23,864	-	13,540	18,386	25,706	25,706	24,689	26,022	27,427	
Community		-	-	218	218	218	218	230	243	
Heritage assets		-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	
Other assets	6, 7	12,451	-	9,462	8,529	9,229	9,229	8,929	9,411	9,920
TOTAL EXPENDITURE OTHER ITEMS		212,496	192,664	240,601	187,624	196,044	196,044	199,336	210,101	221,446
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	10.3%	10.0%	10.0%	10.1%	11.0%	10.6%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	53.8%	51.0%	51.0%	54.8%	54.5%	57.0%
R&M as a % of PPE		1.1%	0.0%	0.6%	0.4%	0.5%	0.5%	0.5%	0.5%	0.4%
Renewal and R&M as a % of PPE		224.0%	0.0%	117.0%	602.0%	622.0%	622.0%	633.0%	637.0%	663.0%

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. The district municipality does not meet these recommendations as the district municipality is still having a huge backlog in construction of infrastructure in the rural communities. Bulk of the budget is for construction of new infrastructure.

Table 4 MBRR Table A10 - Basic Service Delivery Measurement

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Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
<u>Water:</u>										
Piped water inside dwelling		26,594	27,986	29,378	30,770	30,770	30,770	32,162	33,554	35,308
Piped water inside yard (but not in dwelling)		27,198	27,720	28,242	28,764	28,764	28,764	29,286	29,809	30,378
Using public tap (at least min.service level)	2	41,121	42,442	43,763	45,085	45,085	45,085	46,406	47,727	49,311
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		94,913	98,148	101,383	104,619	104,619	104,619	107,854	111,090	114,997
Using public tap (< min.service level)	3	22,386	21,700	21,014	20,327	20,327	20,327	19,641	18,954	17,502
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		196,431	195,782	195,133	194,484	194,484	194,484	193,835	193,186	192,621
<i>Below Minimum Service Level sub-total</i>		218,817	217,482	216,147	214,811	214,811	214,811	213,476	212,140	210,123
Total number of households	5	313,730	315,630	317,530	319,430	319,430	319,430	321,330	323,230	325,120
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		26,594	27,986	29,378	30,770	30,770	30,770	32,162	33,554	35,409
Flush toilet (with septic tank)		17,266	18,302	19,337	20,373	20,373	20,373	21,408	22,444	23,801
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		200,236	207,819	215,402	222,985	222,985	222,985	230,569	238,152	249,441
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		244,096	254,107	264,117	274,128	274,128	274,128	284,139	294,150	308,651
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		69,634	61,523	53,413	45,302	45,302	45,302	37,191	29,080	16,469
<i>Below Minimum Service Level sub-total</i>		69,634	61,523	53,413	45,302	45,302	45,302	37,191	29,080	16,469
Total number of households	5	313,730	315,630	317,530	319,430	319,430	319,430	321,330	323,230	325,120
<u>Energy:</u>										
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	-	-	-	-	-	-	-	-	-
<u>Refuse:</u>										
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)		99,070	100,754	102,740	104,248	104,248	104,248	105,757	107,265	108,773
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 (R'000)	8									
Water (6 kilolitres per household per month)		793	806	165,083,000	177,589	177,588,553	177,588,553	196,373,489	211,124,015	231,660,626
Sanitation (free sanitation service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided (minimum social packa		793	806	165,083	177,589	177,589	177,589	196,373	211,124	231,661

Explanatory notes to Table A10 - Basic Service Delivery Measurement

The following tables contain data that is sourced from Global insight. The 2010 to 2012 household figures information is extracted from the Global insight data, and the Average percentage and Household increases and decreases from the 2012/2013, the current 2013/2014 to 2017/18 in Table A10 is extrapolated from it.

H/H Services - Water	2015/16 H/H	2016/17 H/H	2017/18 H/H	Ave. % Growth	Ave. H/H Growth
Piped water inside dwelling	32 162	33 554	35 308	4.67	1 573
Piped water in yard	29 286	29 809	30 378	1.83	546
Using public taps: less than 200m from dwelling (At RDP-level)	46 406	47 727	49 311	3.03	1 453
Using public taps: more than 200m from dwelling (Below RDP)	19 641	18 954	17 502	-5.71	-1 070
No formal piped water	193 835	193 186	192 621	-0.31	-607
Total	321 330	323 230	325120		

H/H Services - Sanitation	2015/16 H/H	2016/17 H/H	2017/18 H/H	Ave. % Growth	Ave. H/H Growth
Flush toilet (connected to sewerage)	32 162	33 554	35 409	4.81	1624
Flush toilet (with septic tanks)	21 408	22 444	23 801	5.3	7607

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Ventilation Improved Pit (VIP)	230 569	238 152	249 441	3.94	9436
Bucket System	0	0	0	0	0
No toilet	37 191	29080	16 469	-37.56	-10 361
Total	321 330	323 230	325 120		

Out of 321,320 households in the district in the 2015/2016 FY, only 32,162 households constituting to 10% receive a high level of water and sanitation service. This therefore means that 10% of the households in the district are urban in their nature and 90% of the households are rural in nature.

The households will increase from 319,430 to 321,320 in the 2015/2016 FY, and a 10% of the household will be connected with water inside the dwelling. The water services backlogs will be reduced to 60% in the 2015/2016 FY.

There are 32,162 households that will receive a high level of sanitation service, constituting to 10% of the 321,320 total households estimated in the 2015/2016 FY. 72% of the households are estimated to be using VIPs and a backlog of 11% is anticipated. Although it is noted that there are households that are recorded by Stats SA to be using bucket system, however the municipality has eradicated its bucket system backlogs. It must be noted that the municipality regards those households to be not receiving any service.

Eastern Cape: OR Tambo District Municipality(DC15) - Schedule of Service Delivery Standards Table

Standard	Description	Service Level
Water Service		
	Water Quality rating (Blue/Green/Brown/NO drop)	Blue Drop and No Drop
	Is free water available to all? (All/only to the indigent consumers)	Only to the Indigent Consumer
	Frequency of meter reading? (per month, per year)	Per Month
	Are estimated consumption calculated on actual consumption over (two month's/three month's/longer period)	Two Months
	On average for how long does the municipality use estimates before reverting back to actual readings? (months)	One month
	Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)	
	One service connection affected (number of hours)	24 hours
	Up to 5 service connection affected (number of hours)	24 hours
	Up to 20 service connection affected (number of hours)	24 hours
	Feeder pipe larger than 800mm (number of hours)	5 Hours
	What is the average minimum water flow in your municipality?	10l/s
	Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	Yes
	How long does it take to replace faulty water meters? (days)	5 days
	Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)	No
Sewerage Service		
	Are your purification system effective enough to put water back in to the system after purification?	No
	To what extend do you subsidize your indigent consumers?	100 Percent
	How long does it take to restore sewerage breakages on average	
	Severe overflow? (hours)	5 Hours
	Sewer blocked pipes: Large pipes? (Hours)	24 Hours
	Sewer blocked pipes: Small pipes? (Hours)	48 Hours
	Spillage clean-up? (hours)	24 Hours
	Replacement of manhole covers? (Hours)	
Road Infrastructure Services		
	Time taken to repair a single pothole on a major road? (Hours)	
	Time taken to repair a single pothole on a minor road? (Hours)	
	Time taken to repair a road following an open trench service crossing? (Hours)	
	Time taken to repair walkways? (Hours)	
Financial Management		
	Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)	Decrease

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Are the financial statement outsources? (Yes/No)	Yes	
Are there Council adopted business process structuring the flow and management of documentation feeding to Trial Balance?	No	
How long does it take for an Tax/Invoice to be paid from the date it has been received?		30
Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?	no	
Administration		
Reaction time on enquiries and requests?	1-3 mins (call centre)	
Time to respond to a verbal customer enquiry or request? (working days)	< less than day	
Time to respond to a written customer enquiry or request? (working days)	3-5 working days	
Time to resolve a customer enquiry or request? (working days)	1-3 days (fire services)	
What percentage of calls are not answered? (5%,10% or more)	< less than 5%	
How long does it take to respond to voice mails? (hours)		
Does the municipality have control over locked enquiries? (Yes/No)	Yes	
Is there a reduction in the number of complaints or not? (Yes/No)	Yes	
How long does it take to open an account to a new customer? (1 day/ 2 days/ a week or longer)		
How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?		
Community safety and licensing services		
How long does it take to register a vehicle? (minutes)		
How long does it take to renew a vehicle license? (minutes)		
How long does it take to issue a duplicate registration certificate vehicle? (minutes)		
How long does it take to de-register a vehicle? (minutes)		
How long does it take to renew a drivers license? (minutes)		10 mins urban, 1h35 mins rural depending terrain
What is the average reaction time of the fire service to an incident? (minutes)		
What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)		Provincial competence
What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)		
Economic development		
How many economic development projects does the municipality drive?		
How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?		
What percentage of the projects have created sustainable job security?		
Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No)		
Other Service delivery and communication		
Is a information package handed to the new customer? (Yes/No)	Yes	
Does the municipality have training or information sessions to inform the community? (Yes/No)	Yes	
Are customers treated in a professional and humanly manner? (Yes/No)	Yes	

Part 2 – Supporting Documentation

1.8 Overview of the annual budget process

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

The Budget Steering Committee consists of the Municipal Manager and senior officials.

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

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

1.9 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

1.10 BUDGET TIME SCHEDULE FOR 2015/16

PROCESS	ACTIVITY	TIME FRAME	RESPONSIBILITY
JULY 2014 (PREPARATION PHASE)			
IDP	<ul style="list-style-type: none"> • Development of IDP Framework and Process Plan • IDP Stakeholder Registration and Advertisement and Circulation of IDP Framework & Process Plan 	May – July 2014 1 - 31 July 2014	MM's Office: IDP MM's Office: IDP
BUDGET	<ul style="list-style-type: none"> • Development of a budget time schedule • Preparation and submission of s71 report to the Executive Mayor • Senior officials of DM and Ntinga begin 	July 2014 14 July 2014 31 July 2014 31 July 2014 31 August 2014	BTO All HODs and Ntinga BTO BTO BTO

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PROCESS	ACTIVITY	TIME FRAME	RESPONSIBILITY
	<ul style="list-style-type: none"> planning for the next three-year budget Submit section 52(d) report to council. Printing and Distribution of Final proved Budget 		
PMS	<ul style="list-style-type: none"> Submission of Draft SDBIP 2014/15 and Draft Annual Performance Agreements to the MM Submission of Draft SDBIP 2014/15 and Draft Annual Performance Agreements to the Executive Mayor Submission of Draft 4th Quarter Performance Report 2013/14 to Council Structures Tabling of Draft 4th Quarter Performance Report 2013/14 Finalise 2014/15 performance agreements Executive Mayor tables 4th quarter report to Council 	10 July 2014 11 July 2014 15 July 2014 30 July 2014 31 July 2014 31 July 2014	All senior managers MM MM's Office: CPM Executive Mayor All Senior Managers Executive Mayor
AUGUST 2014 (PREPARATION – ANALYSIS PHASE)			
IDP	<ul style="list-style-type: none"> Data Collection (Community Based – from ISD) IDP Representative Forum – consultation on the IDP Framework and Process Plan for 2015/16 	August 2014 21 August 2014	MM's Office: IDP
BUDGET	<ul style="list-style-type: none"> Preparation and submission of s71 report to the Executive Mayor Preparation of Annual Financial Statements Annual Financial Statement submitted to AG 	14 August 2014 August 2014 31 August 2014	BTO BTO BTO
PMS	<ul style="list-style-type: none"> Post 2013/14 4TH quarter report on the website Make public Annual Performance Agreements and place on municipal website Submit Annual Performance Agreements to Council & MEC DLGTA Submission of Draft Annual Performance Report 2013/14 to AG 	8 August 2014 8 August 2014 8 August 2014 31 August 2014	All senior managers MM's Office: CPM, ICTM MM MM's Office: CPM
SEPTEMBER 2014 (ANALYSIS PHASE)			
IDP	<ul style="list-style-type: none"> Update of situational analysis with line departments including evaluation of sector plans. IGR Roadshows (IDP Roadshow Feedback) 	1 – 15 September 2014 16 – 30 September 2014 16 – 30 September 2014	All departments MM's Office: IDP IGR, OEM & Speakers Office
BUDGET	<ul style="list-style-type: none"> Establish/Review current institutional budget committee Circulate budget schedules to all departments. Preparation and submission of s71 report to the Executive Mayor Consultation of the Local municipalities Preparation of consolidated AFS – including (Ntinga's & KFPM) Submission of consolidated AFS to AG 	5 September 2014 12 September 2014 12 September 2014 19 September 2014 19 September 2014 30 September 2014	OEM BTO BTO BTO & Ntinga BTO
PMS	<ul style="list-style-type: none"> Circulation of first quarter report template to all departments 	22 September 2014	MM's Office: CPM
OCTOBER 2014 (ANALYSIS – STRATEGIES PHASE)			
IDP	<ul style="list-style-type: none"> Update of situational analysis continues. 	1 – 10 October 2014	MM's Office: IDP with

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PROCESS	ACTIVITY	TIME FRAME	RESPONSIBILITY
	<ul style="list-style-type: none"> IDP Steering Committee sits to discuss issues identified during Analysis Phase IDP Representative Forum (Presentation of status Quo Reports by Sector Departments) Sector Forums sittings in preparation for the IDP Lekgotla 	19 October 2014 23 October 2014 20 – 31 October 2014	all depts MM's Office: IDP MM & HODs MM's Office: IDP to arrange Sector Technical Champions: to arrange
BUDGET	<ul style="list-style-type: none"> Preparation and submission of s71 report to the Executive Mayor Tariff review by departments Preparation of MFMA Implementation Plan Determination of budget limits for Ntinga and Kei Fresh Produce Market for 2015/16 – 2017/18 Submit section 52(d) report to council 	14 October 2014 17 October 2014 31 October 2014 31 October 2014 31 October 2014	BTO All departments BTO MAYCO OEM
PMS	<ul style="list-style-type: none"> Submission of 1st Quarter Report by Departments Consolidation of 1st Quarter Report by CPM Discussion of 1st Quarter Report by management First Quarter Report to Council 	7 October 2014 8 – 10 October 2014 13 October 2014 31 October 2014	All departments MM's Office: CPM All HOD's OEM
NOVEMBER 2014 (OBJECTIVES & STRATEGIES PHASE)			
IDP	<ul style="list-style-type: none"> Joint Sector Forum in preparation for IDP Lekgotla IDP Lekgotla on the Situational Analysis (Prioritisation of needs and draft strategic objectives) Finalisation of the IDP Lekgotla Report and dissemination to LMs and other relevant stakeholders. 	6 November 2014 17 – 20 November 2014 24 - 28 November 2014	IDP Unit to arrange OEM & MM's Office to arrange All Departments
BUDGET	Preparation and submission of s71 reports to EM <ul style="list-style-type: none"> Departmental budget inputs for 2015/16 with projected cashflows for the 2015/16 Commence community and stakeholder consultation on the proposed tariffs 	14 November 2014 14 November 2014 17 – 21 November 2014	BTO All departments BTO & Infrastructure Cluster
PMS	<ul style="list-style-type: none"> Place 1st Quarter Report on the municipal website Submission of 1st Quarter Report to Provincial and National Treasury. 	7 November 2014 7 November 2014	MM's Office: CPM MM's Office: CPM
DECEMBER 2014 (STRATEGIES – PROJECT PHASE)			
IDP	<ul style="list-style-type: none"> IDP Steering Committee (Strategies) IDP Rep Forum (Analysis, priority programmes and draft strategic objectives: Draft Situational Analysis Report) Submission of report on objectives, strategies and draft projects for each LM. 	8 December 2014 10 December 2014 15 December 2014	MM with HODs MM's Office: IDP to arrange All departments
BUDGET	<ul style="list-style-type: none"> Finalise Departmental budget inputs for 2015/16. Inputs on capital budget with cashflows Submission of budget inputs with projected cashflows Preparation and submission of s71 report to the Executive Mayor 	5 December 2014 5 December 2014 10 December 2014 12 December 2014	All departments All departments All departments BTO
PMS	<ul style="list-style-type: none"> Collation of the draft 2013/14 annual report 	8 December 2014	MM's Office: CPM,

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PROCESS	ACTIVITY	TIME FRAME	RESPONSIBILITY
	incorporating financial and non financial on performance, audit reports and annual financial statements. <ul style="list-style-type: none"> Circulate template for 2nd Quarter and Midterm Performance Report 	8 December 2014	BTO & Internal Audit MM's Office: CPM
JANUARY 2015 (PROJECT – INTEGRATION PHASE)			
IDP	<ul style="list-style-type: none"> Consolidation of Report & Dissemination to LMs Sector Forums 	14 January 2014 12 – 16 January 2015 (19 to 30 Jan)	MM's Office: IDP Technical Sector Champions to arrange
BUDGET	<ul style="list-style-type: none"> Preparation of mid year performance assessment Assess the performance of the DM as a whole & submit section 72 report on the assessment to the Mayor, Provincial Treasury and National Treasury. Preparation and submission of s71 report to the Executive Mayor Submit section 72 report to council in terms of section 54 (1) (f). Submit section 52(d) report to council. Ntinga to submit their 2013/14 budget to the DM (section 87) with projected cashflows Final departmental/cluster's budget submission with the projected cashflows and all supporting documents Submission of inputs on adjustment budget Review proposed national and provincial allocations to the municipality for incorporation into the draft IDP 	5 – 16 January 2015 5 – 16 January 2015 15 January 2015 30 January 2015 30 January 2015 30 January 2015 30 January 2015 30 January 2015 30 January 2015	BTO and All HODs All HODs BTO Executive Mayor Accounting Officer All HODs All HODs All HODs All HODs I
PMS	<ul style="list-style-type: none"> Submission of 2nd Quarter and Midterm report by all departments Work session on Mid-term Assessment Consolidation of midterm assessment work session inputs into a report Present Draft Annual report & Mid-term report to Management Executive Mayor tables Annual Report (2014/15) & Mid Term assessment report for 2014/15 to Council 	7 January 2015 12 – 14 January 2015 16 - 18 January 2015 19 January 2015 30 January 2015	All HODs and Section Heads All departments MM's Office: CPM MM's Office: CPM Executive Mayor
FEBRUARY 2015 (INTEGRATION PHASE)			
IDP	<ul style="list-style-type: none"> IDP Steering Committee – Draft Projects (Internal Departments) IDP Rep Forum – Presentation of Projects to be implemented by Sector Departments 	2 February 2015 15 February 2015 (17 Feb 2015)	All HODs MM's Office: IDP
BUDGET	<ul style="list-style-type: none"> Work Session on the Adjustment Budget and revised SDBIP Consider the proposed Ntinga's budget and assess whether it is in line with priorities and objectives and consider making recommendations if necessary (section 87) Adjustment Budget and revised SDBIP to Council Structures Preparation and submission of s71 report to the Executive Mayor Ntinga and KFPM submit a revised budget 	2 – 6 February 2015 9 – 20 February 2015 9 – 20 February 2015 13 February 2014 20 February 2015 20 February 2015 27 February 2015 27 February 2015	All HODs and section heads Council structures BTO to lead Accounting Officer BTO Ntinga & KFPM BTO & Water Services Executive Mayor BTO & Water Services BTO

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PROCESS	ACTIVITY	TIME FRAME	RESPONSIBILITY
	<p>in line with the DM's recommendations (section 87)</p> <ul style="list-style-type: none"> Finalise budget policies and tariff policy. The Executive Mayor presents the adjustment budget to council for approval Consolidation of the 2015/16-2016/17 detailed operational and capital budgets and budget schedules incorporating national and provincial allocations.(Draft Budget) 		
PMS	<ul style="list-style-type: none"> Publicise the 2013/14 Annual report and invite comments from communities. Work session on SDBIP & Adjustment Budget Submit tabled report to AG, National & Provincial Treasury and DLGTA. Mid year performance reviews (top management) 	<p>9 – 13 February 2015 9 – 13 February 2015 19 February 2015 23 – 25 February 2015</p>	<p>MM's Office: CPM All HODs & S/Heads MM's Office; CPM MM</p>
MARCH 2015 (APPROVAL PHASE)			
IDP	<ul style="list-style-type: none"> IDP Rep Forum – presentation of Draft IDP & Budget Draft IDP& Budget go to all Council Structures. State of the District Address Draft IDP& Budget tabled to Council 	<p>11 March 2015 17 – 20 March 2015 27 March 2015 31 March 2015</p>	<p>MM's Office: IDP to arrange MM's Office: IDP OEM & Speaker's Office Executive Mayor</p>
BUDGET	<ul style="list-style-type: none"> Finalise draft budget with related policies – budget, tariff, indigent etc Council Structures considers the draft budget for 2015/16 – 2016/17 Mayoral Committee considers the draft budget for 2015/16 – 2016/17 The Executive Mayor table in Council the annual budget for 2014/15 – 2016/17 and all supporting documents. 	<p>3 March 2015 13 March 2015 20 March 2015 27 March 2015</p>	<p>BTO and Water Services Council Committees Mayoral Committee Executive Mayor</p>
PMS	<ul style="list-style-type: none"> Oversight roadshows on the 2013/14 Annual Report Circulation of Third Term Report template to all departments Approval of 2013/14 Oversight report on the Annual Report Adopt the 2013/14 Annual report with the comments of the Oversight Committee. 	<p>2 – 4 March 2015 24 March 2015 31 March 2015 31 March 2015</p>	<p>Speaker's Office MM's Office: CPM Council Council</p>
APRIL 2015 (APPROVAL PHASE)			
IDP	<ul style="list-style-type: none"> Draft IDP advertised for comments (21 days) Submission of Draft IDP to AG, NT, PT, Legislature and DLGTA Publicise/Advertise the IDP& Budget Roadshow schedule IDP & Budget Roadshows Incorporation of community inputs into the IDP. 	<p>7 April – 7 May 2015 10 April 2015 7 April 2015 13 – 24 April 2015 28 – 30 April 2015</p>	<p>MM's Office: IDP MM's Office: IDP Communications OEM & Speaker's Office MM's Office: IDP</p>
BUDGET	<ul style="list-style-type: none"> Prepare for and attend benchmarking exercise at National Treasury Submit to Provincial and National Treasury and other affected organs of state. Publicise the 2015/16 tabled budget for 	<p>April 2015 10 April 2015 10 April 2015 14 April 2015 14 – 25 April 2015</p>	<p>MM's office with relevant depts BTO BTO OEM/ Speaker's Office</p>

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PROCESS	ACTIVITY	TIME FRAME	RESPONSIBILITY
	<ul style="list-style-type: none"> communities to submit representations. Preparation and submission of s71 report to the Executive Mayor Consultations on the tabled budget Submit section 52(d) report to council. 	30 April 2015	
PMS	<ul style="list-style-type: none"> Submit Annual report to AG, National & Provincial Treasury, Legislature and DLGTA. Submission of Third Quarter Performance Report by departments Compilation of Third Quarter Performance Report Discussion of the Third Quarter Performance Report with Management Submission of Third Quarter Performance Report to Council 	10 April 2015 7 April 2015 8 – 10 April 2015 13 April 2015 30 April 2015	MM's Office: CPM All departments MM's Office : IDP MM's Office: IDP OEM
MAY 2015 (APPROVAL PHASE – FINAL IDP & BUDGET)			
IDP	<ul style="list-style-type: none"> IDP Representative Forum Meeting (Community Inputs & Presentation of Draft IDP & Budget for input) Executive Mayor tables 2015/16 IDP and Budget to Council for final adoption. 	15 May 2015 Latest 29 May 2015	MM's Office: IDP to arrange Executive Mayor
BUDGET	<ul style="list-style-type: none"> Respond to submissions received and if necessary revise the budget for further consideration by relevant committees Submit section 71 report to the Executive Mayor Finalise budget for adoption incorporating all inputs received The Executive Mayor table in Council the annual budget for 2015/16 – 2016/17 and all supporting documents for approval 	4 – 8 May 2015 14 May 2015 15 May 2015 29 May 2015 29 May 2015	BTO BTO Executive Mayor Council
PMS	<ul style="list-style-type: none"> Submission of 3rd Quarter Report to Provincial and National Treasury. Drafting of the 2015 - 16 SDBIP & Performance Agreements 	7 May 2015 19 – 29 May 2015	MM's Office: CPM All HODs
JUNE 2015 (POST APPROVAL PHASE)			
IDP	<ul style="list-style-type: none"> Public notice on adoption of IDP Submission of Final IDP & Budget to AG, National & Provincial Treasury, Legislature and DLGTA Summary of the IDP 	2 – 5 June 2015 12 June 2015 19 June 2015	MM's Office: IDP MM's Office: IDP MM's Office: IDP
BUDGET	<ul style="list-style-type: none"> Public notice on adoption of budget Submit approved Budget to National and Provincial Treasuries as well as COGTA. Submit section 71 report to the Executive Mayor Capture approved budget into the financial system (Venus) 	8 – 12 June 2015 12 June 2015 12 June 2015 15 -27 June 2015	BTO Accounting Officer BTO BTO
PMS	<ul style="list-style-type: none"> Draft SDBIP & Performance Agreements to 	18 June 2015	All HODs

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PROCESS	ACTIVITY	TIME FRAME	RESPONSIBILITY
	the Mayor 14 days after adoption of IDP & Budget • Submit approved SDBIP to MEC for Local Government, National and Provincial Treasury. • Publicise SDBIP and Performance Agreements • Executive Mayor approves Institutional SDBIP within 28 days of Budget approval • Approved SDBIP placed on the website	26 June 2015 30 June 2015 30 June 2015 30 June 2015	MM's office: CPM MM's office: CPM Executive Mayor MM's office: CPM, ICTM

The process was partially followed and not all the process was done at the stipulated timeframes being:

- No review of tariffs in October, the tariffs were first reviewed in February and no consultative processes for tariffs were undertaken in November. Tariffs were only consulted on when the budget has been tabled and community consultations are undertaken on draft budget and IDP.
- Budget inputs by departments were only submitted in March 2015

1.11 IDP and Service Delivery and Budget Implementation Plan

This is the draft IDP as draft by Council in March 2015.

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

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2015/16 MTREF, based on the approved 2014/15 MTREF, Mid-year Review and adjustments

budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2015/16 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2014/15 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

The Local Government Municipal Systems Act No. 32 of 2000, section 28 stipulates that the Municipal Council must adopt a process to guide the planning, drafting and adoption of its IDP within a prescribed period (10 months before the start of the new financial year as per MFMA 21 (1)). The Local Government Municipal Finance Management Act No. 56 of 2003 (MFMA), section 21 (1) (b) prescribes that the Executive Mayor must table in the Municipal Council a time schedule outlining the key deadlines for the preparation, tabling and approval of the annual budget, annual review of the Integrated Development Plan as well as the budget related policies and related consultative processes.

The main objective of an IDP process plan is to set out a procedure to guide planning, drafting and adoption of the IDP. It seeks to achieve the following: -

- i. To draw up a process that would encourage inclusiveness and transparency by ensuring the following:
 - a) Participation by all local municipalities, other stakeholders and communities is encouraged in every way possible
 - b) Comments and inputs made during the IDP Road Shows and Mayoral and IGR outreach programmes are fully considered in developing the IDP
- ii. To solicit and align development priorities of the O.R. Tambo District Municipality with those of the local municipalities as well as provincial and national sector departments, by looking at the following:
 - a) Aligning the IDP, PMS and Budgeting process to the budgeting cycles of the National and Provincial Government department
 - b) Developing a schedule for critical alignment deadlines to ensure that the district is able to timeously align its planning and budgeting processes to inform those of the national and provincial spheres, thereby increasing the scope for funding commitments.
- iii. To enhance service delivery and development through the following:
 - a) Preparation and review of relevant sector plans.
 - b) Implementation and review of PMS.
 - c) Preparation and adoption of annual municipal budget.
 - d) Alignment of IDP and Budgeting processes with national and provincial planning and budgeting processes.

1.11.1 Community Consultation

The draft 2015/16 MTREF as tabled before Council on 31 March 2015 for community consultation. Notice of community road shows for different wards will be published in the local newspaper.

Ward Committees will be utilised to facilitate the community consultation process, and included public briefing sessions. The applicable dates and venues will be published in the local and provincial newspapers. Other stakeholders will be involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant considered as part of the finalisation of the 2015/16 MTREF. Feedback and responses to the submissions received is available on request. The following are some of the main issues and concerns raised as well as comments received in consultation processes in previous years:

- Several complaints were received regarding poor service delivery, especially water distribution in rural communities, state of road infrastructure;
- Incomplete pit toilets and poor access to health facilities in rural communities.
- Poor performance of contractors relating to water infrastructure development and maintenance were raised;
- Constant water outages.

These issues will be addressed together with any new that will be raised when the public participation gatherings will be in progress.

The MSA, 2000: Section 17(4) states that participation must take place through the established structures. It must also take place through mechanisms, processes and procedures that exist in terms of the MSA itself or that have been established by the Council. The MSA mentions the ward committees as a vehicle for participation. In addition to ward committees, the council may for instance, establish advisory committees consisting of persons who are not councillors. The mechanisms, processes and procedures mentioned in the MSA must include:

- Procedures to receive and deal with petitions and complaints of the public;
- Procedures to notify the community about important decisions (such as the IDP, service delivery choices etc) and allowing public comment when it is appropriate;
- Public hearings;
- Consultative meetings with recognized community organizations when appropriate, traditional authorities; and
- Report back to the community

These systems must as a minimum measure, be established in every municipality. The special needs of women, illiterate people, physically challenged people, and other disadvantaged groups must be taken into account. Four major functions can be aligned with the public participation process namely; Needs orientation, Appropriateness of solutions, Community ownership and Empowerment.

The following participation mechanisms are proposed:

IDP REPRESENTATIVE FORUM

The IDP Representative Forum is the main organizational mechanism in place for discussion, negotiation and decision-making between stakeholders with the municipal area. It is constituted of Councillors, Mayors and Municipal managers of all constituent municipalities, representative of organised role playing groups, NGO, Senior officials from Government departments and municipal heads of departments. Additional organizations should be encouraged to participate in the Forum throughout the process.

MEDIA

Amongst others the local press will be used to inform the community of the progress with respect to the IDP.

CIRCULATE NOTICE

Notices on the IDP Process (in English and isiXhosa) will be placed at strategic Notice boards: public buildings (e.g. Schools, Clinics, and Tribal/Magistrates Courts etc) and places of religion. Notices can also be attached on the municipal customer's monthly accounts.

WEBSITE AND ELECTRONIC BILLBOARD

Notices on the IDP processes will be published in the O.R. Tambo DM website and the Electronic billboards

ROADSHOWS

A number of road shows will be conducted in an effort to ensure that the public is actively involved throughout the process. Announcements of the road show programme will have to be made in local and community radio stations and also make use of local newspaper publications.

1.12 Overview of alignment of annual budget with IDP

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

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

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

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

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

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

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;

- National Spatial Development Perspective (NSDP) and
- 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 2015/16 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 5 IDP Strategic Objectives

2015/16 Financial Year	2015/16 MTREF
1. Institutional Transformation and Development	1. Improve workplace and community skills development to ensure capacity to achieve set objectives and sustainable job creation
2. Good governance and public participation	1. Building a coherent district that is responsible, accountable and promote clear governance
3. Financial viability and Management	1. Ensure sound financial management, sustainability, viability of the municipality
4. Improve coordination and intergration of LED programs and enhancing access to LED infrastructure and promoting sustainable community livelihood	1. Promote economic growth and creating sustainable economic activities through rationalised programmes within a limited natural resources
5. The provision of quality basic services and infrastructure	1. Provide adequate accessible infrastructure and enhancing the community

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

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. Institutional Transformation and Development
 - o Promote workplace and community skills development
 - o Improve institutional systems and structures
 - o Proper Labour relations planning
 - o Review existing organisational structure
2. Good Governance and public participation

- Promote transparency and accountability
 - Promote effective functioning of Inter Governmental Relations (IGR)
 - Promote Batho Pele principles
3. Financial Viability and Management
- Ensure effective financial management planning and budgeting
 - Develop effective and efficient system of internal controls
 - Promote transparency in procurement
 - Achieve optimum revenue collection
4. Fighting poverty, building clean, safe, healthy and sustainable communities
- Promote local economic development projects
 - Provide assistance to local emerging contractors and businesses
5. Provision of quality basic services and infrastructure which includes, amongst others:
- Provide water;
 - Provide sanitation;
 - Provide housing;
 - Provide roads and storm water;
 - Provide public transport;
 - Provide District Municipality planning services; and
 - Maintaining the infrastructure of the District Municipality.

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

In addition to the five-year IDP, the District Municipality 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 District Municipality 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 District Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the District Municipality 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;

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- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the District Municipality;
- Initiating zonal 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.

The 2015/16 MTREF has therefore been directly informed by the IDP process and the following tables provide reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 20 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand												
Providing Access to potable water, and sanitation services and improve the community livelihood	Provide adequate and accessible infrastructure and enhancing the community			557,150	1,222,490	1,650,308	1,503,435	1,526,489	1,526,489	1,624,470	1,637,820	1,811,688
Improve coordination and intergration of LED programs and enhancing access to LED infrastructure and promoting sustainable community livelihood	Promoting economic growth and creating sustainable economic activities through rationalised programmes within limited natural resources			31,048	37,213	18,923	93,880	92,470	92,470	82,171	79,899	84,810
Promote workplace skills development	Improve the institutional systems and overall capacity			2,457	888	3,731	89,831	77,180	77,180	86,322	90,796	96,348
Strengthening governance and control environment	Building a coherent district that is responsible, accountable and promote clean governance			4,969	3,779	3,535	113,910	120,951	120,951	121,493	128,975	137,700
Financial viability and Management	Ensure sound financial management, sustainability, viability of the municipality			602,285	721,005	799,757	93,538	95,803	95,803	131,152	139,203	147,951
Allocations to other priorities												
Surplus/(Deficit)			1	1,197,909	1,985,375	2,476,254	1,894,594	1,912,893	1,912,893	2,045,607	2,076,693	2,278,497

Table 21 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

OR Tambo District Municipality 2015/16 Draft Budget and MTREF

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousand													
Providing Access to potable water, and sanitation services and improve the community lively hood	Provide adequate and accessible infrastructure and enhancing the community			600,328	910,301	1,097,870	645,870	726,514	726,514	767,930	817,112	874,207	
Improve coordination and intergration of LED programs and enhancing access to LED infrastructure and promoting sustainable community lively hood	Promoting economic growth and creating sustainable economic activities through rationalised programmes within limited natural resources			106,542	106,355	85,022	85,343	86,584	86,584	76,921	74,576	79,200	
Promote workplace skills development	Improve the institutional systems and overall capacity			54,865	67,543	88,076	86,781	74,530	74,530	83,572	88,688	94,126	
Strengthening governance and control environment	Building a coherent district that is responsible, accountable and promote clean governance			103,386	92,020	82,608	109,910	116,951	116,951	121,493	128,975	137,700	
Financial viability and Management	Ensure sound financial management, sustainability, viability of the municipality			322,093	42,121	79,091	78,482	87,158	87,158	91,807	97,734	104,242	
Allocations to other priorities													
Surplus/(Deficit)				1	1,187,214	1,218,340	1,432,668	1,006,386	1,091,737	1,091,737	1,141,723	1,207,085	1,289,476

Table 22 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousand													
Providing Access to potable water, and sanitation services and improve the community lively hood	Provide adequate and accessible infrastructure and enhancing the community			114,231	413,652	595,816	815,195	799,975	799,975	856,539	820,708	937,481	
Improve coordination and intergration of LED programs and enhancing access to LED infrastructure and promoting sustainable community lively hood	Promoting economic growth and creating sustainable economic activities through rationalised programmes within limited natural resources			1,036	1,342	-	5,365	5,887	5,887	5,250	5,323	5,610	
Promote workplace skills development	Improve the institutional systems and overall capacity			2,280	888	592	3,050	2,650	2,650	2,750	2,108	2,222	
Strengthening governance and control environment	Building a coherent district that is responsible, accountable and promote clean governance			704	523	2,518	4,000	4,000	4,000	-	-	-	
Financial viability and Management	Ensure sound financial management, sustainability, viability of the municipality			3,727	5,521	5,162	7,845	8,145	8,145	37,845	39,889	42,043	
Allocations to other priorities													
Surplus/(Deficit)				1	121,978	421,926	604,088	835,455	820,657	820,657	902,384	868,027	987,355

1.13 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 District 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 employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

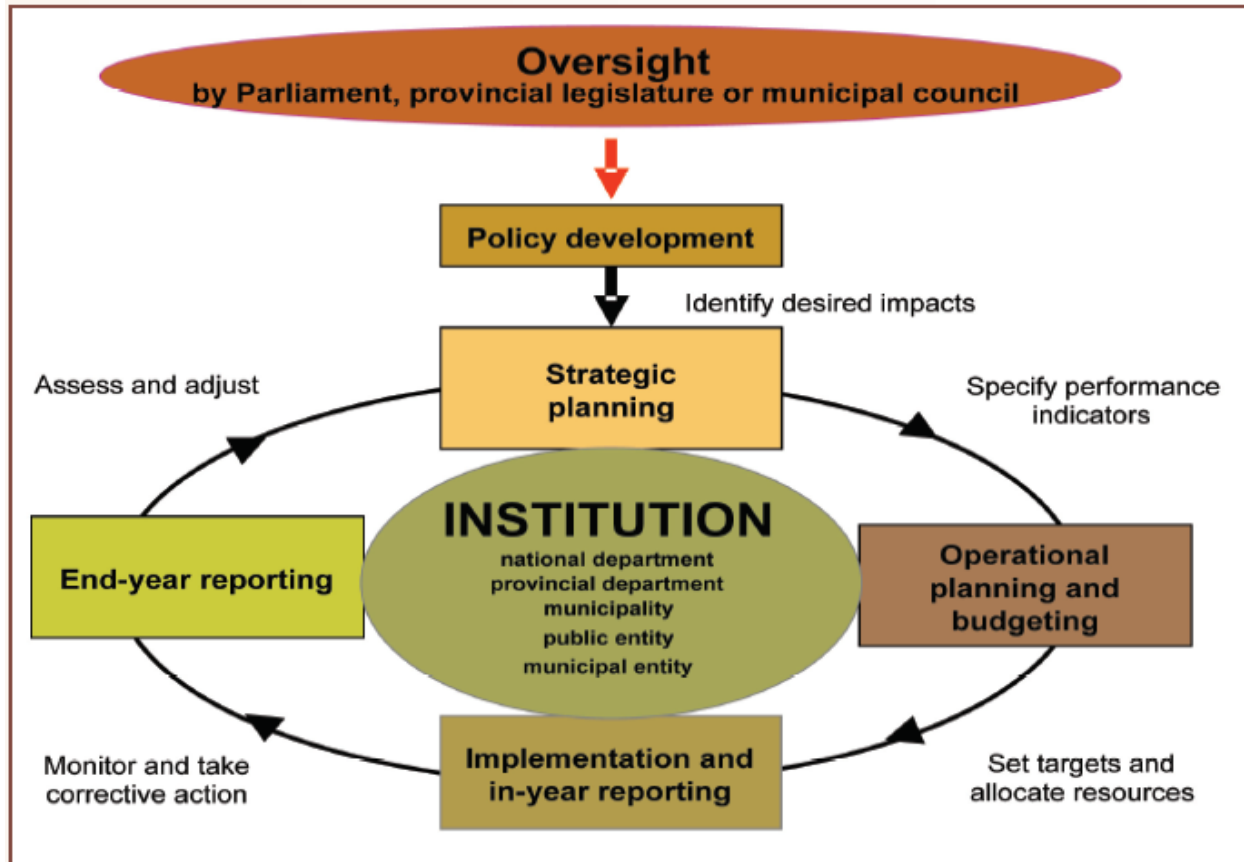


Figure 2 Planning, budgeting and reporting cycle

The performance of the District 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 District Municipality therefore has drafted an integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);

- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

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

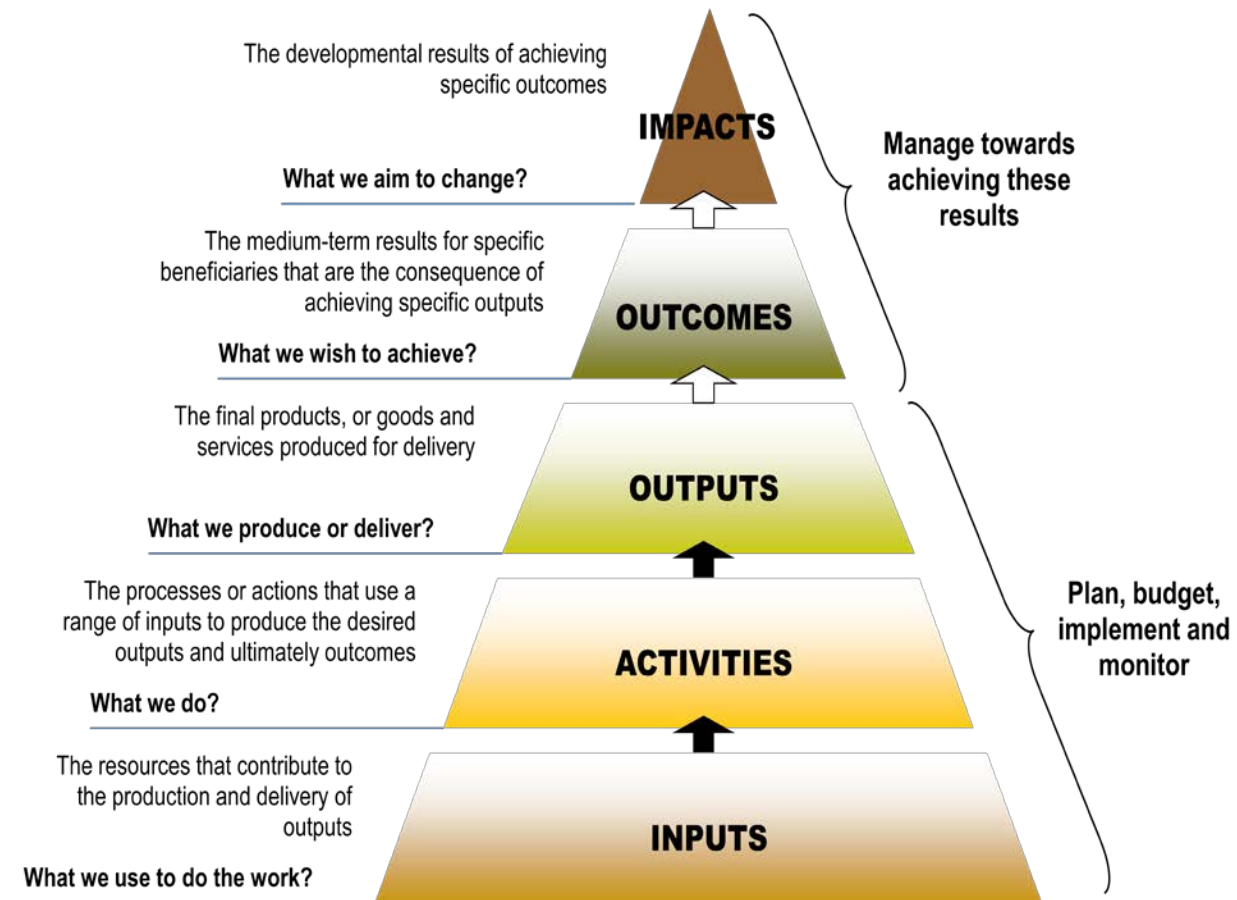


Figure 3 Definition of performance information concepts

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

Table 63 MBRR Table SA7 - Measurable performance objectives

OR Tambo District Municipality 2015/16 Draft Budget and MTREF

Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Vote 1 - Executive and Council										
Function 1 - Council and Committees										
Sub-function 1 - Speakers Office										
<i>Council Meetings</i>	Number of Meetings	4	4	4	4	4	4	4	4	4
Oversight Meetings	Number of meetings	4	4	4	4	4	4	4	4	4
Sub-function 2 - Mayors office										
<i>Public Participation Meetings</i>	Number of Meetings	14	14	14	14	14	14	14	14	14
Community Mobilisation	Number of Meetings	4	4	4	4	4	4	4	4	4
Sub-function 3 - Office of Municipal										
<i>Management Meetings</i>	Number of Meetings	12	12	12	12	12	12	12	12	12
Internal Audit committee	Number of Meetings	4	4	4	4	4	4	4	4	4
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										

Table 24 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.1%	0.1%	0.2%	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	0.6%	0.5%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex.cl. transfers and grants and contributions	0.0%	0.0%	0.1%	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%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	0.9	1.1	1.1	1.8	1.4	1.4	1.4	1.7	2.0	2.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.9	1.1	1.1	1.8	1.4	1.4	1.4	1.7	2.0	2.4
Liquidity Ratio	Monetary Assets/Current Liabilities	0.8	0.5	0.6	1.7	1.0	1.0	1.0	1.2	1.5	1.8
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		26.1%	64.6%	128.7%	74.1%	74.1%	74.1%	74.1%	50.7%	46.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		26.1%	64.6%	128.1%	74.1%	74.1%	74.1%	74.1%	50.7%	46.7%	45.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	7.8%	22.9%	13.8%	2.7%	16.8%	16.8%	16.8%	20.7%	22.2%	21.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	36.0%	39.0%	45.0%	45.0%	45.0%	45.0%	45.0%	55.0%	56.0%	58.0%
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	93.0%	93.0%	92.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%
Creditors to Cash and Investments		44.7%	107.7%	164.7%	59.0%	103.7%	103.7%	103.7%	82.8%	67.8%	55.6%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kt)	5,410	6,262	6,586	6,717	6,717	6,717	6,717	6,785	6,852	6,921
Employee costs	Total Cost of Losses (Rand '000)	19	20	21	22	22	22	22	22	22	22
	% Volume (units purchased and generated less units sold)/units purchased and generated	21	23	24	25	25	25	25	25	25	25
Employee costs	Employee costs/(Total Revenue - capital revenue)	22.6%	22.2%	23.9%	28.8%	28.0%	28.0%	28.0%	29.5%	29.9%	30.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	23.8%	23.5%	26.5%	30.2%	31.8%	31.8%	31.8%	33.2%	33.7%	33.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.8%	5.1%	1.8%	2.6%	3.2%	3.2%	3.2%	3.0%	3.0%	2.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	18.6%	17.0%	17.4%	15.2%	14.7%	14.7%	14.7%	14.5%	14.4%	14.2%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	4.2	10.2	8.2	13.3	13.3	13.3	14.0	13.6	12.8	13.6
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	61.8%	204.8%	116.5%	7.9%	50.6%	50.6%	50.6%	60.1%	64.0%	61.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	8.6	3.9	3.7	19.1	8.3	8.3	8.3	11.1	13.8	16.1

1.13.1 Performance indicators and benchmarks

1.13.1.1 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, OR Tambo District Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the District Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2015/16 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. The District Municipality is not intending to borrow funds.

1.13.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. During the 2014/15 financial year the ratio was only 0 per cent of equity and debt utilised to finance assets. Then in 2015/16 MTREF the ratio is 0per cent.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Since the District is not intending to borrow, this ratio is nil since the municipality does not intend to borrow funds.

1.13.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities. This gives an indication of how much the cash will be able to cover the current liabilities and the best practice is about 3:1. In 2011/12 to 2013/14 the ratio is below 1 which indicates that the municipality did not have the safety margin to cover the current liabilities due to a number of reasons being one of them the poor collection rate on service charges. But in 2014/15 budget, it is anticipated that the ratio is 1.7:1 due to the decrease in current liabilities, this decrease was as a result of DWA debt that the municipality had disputed but paid progressively but still this is not safe enough as it is in breakeven point. For the 2015/16 MTREF the current ratio is 1.2:1, 1.5:1 and 1.8:1 this will improve as the collections rate will improve and the cash on hand will increase (largely due to the reserve funds from depreciation) but there is still room for improvement in the area of collections for this ratio to rise and closer to the best practice.

1.13.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management strategy 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, credit control and debt collection. Currently the projected collection rate is at 74per cent for 2014/15 which is anticipated to be reached. For 2015/16, anticipated collection rate is 79per cent (though the table shows 74per cent, this is as a result of inclusion of free basic

services of R196 million in the table whilst this is will not form part of collections). There is a revenue strategy that is planned by 2015/16 where the consumers will be encouraged to pay their old debts. The proposal is to effect amnesty for the households and private schools debtors by writing off certain percentage of the debt for each consumer who is not current in the aging of debtors. This will result in the consumer paying portion of their debt only and only when they pay within six (6) months of effecting the amnesty. Where the remainder is not paid within six months, the amnesty fall away. This proposal is still to be approved by the council

1.13.1.5 Creditors Management

- The District Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. Though there are some challenges in payments of contractors for MIG spending due to the process of verification of work done, there are mechanisms in place to address these. 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.
- Other Indicators
- Employee costs being 29 per cent as a percentage of operating revenue is fairly constant over the MTREF. This is due to the increment of 8 per cent and the filling of vacant posts. Though circular 75 suggests increment of 4.4 per cent, the provision of 8 per cent is to have the safe net since the SALGA bargaining has not yet started.
- Repairs and Maintenance is significantly lower as the percentage of total property plant and equipment which is 3 per cent. This as a result of some items which were reclassified from repairs and maintenance to capital expenditure. Even then this is not enough still to address the aging of the infrastructure more especially in towns. Funding the depreciation will assist in asset renewal and replacement.

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

Table 24 a MBRR Table SA9 – Social, Economic and demographic statistics assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population			1,677	1,862	1,365	1,497	1,643	1,802	1,977	2,168	2,379	2,610
Females aged 5 - 14			287	264	257	282	309	339	372	408	447	491
Males aged 5 - 14			285	270	260	285	313	343	377	413	453	497
Females aged 15 - 34			234	239	248	272	299	328	360	394	433	475
Males aged 15 - 34			197	220	239	262	288	316	346	380	417	457
Unemployment			179	66	67	74	81	89	97	107	117	129
Monthly household income (no. of households)												
R0 - R2 400	1, 12		10	3	0	0	0	0	1	1	1	1
R2 401 - R6 000			37	17	4	4	4	5	5	6	6	7
R6 001 - R18 000			118	92	57	56	54	52	51	49	48	52
R18 001 - R42 000			64	96	118	129	142	156	171	187	205	225
R42 001 - R72 000			15	42	63	70	76	84	92	101	111	121
R72 001 - R132 000			9	20	31	34	38	41	45	50	54	60
R132 001 - R192 000			3	7	11	12	13	14	16	17	19	21
R192 001 - R360 000			3	8	12	14	15	16	18	20	22	24
R360 001 - R600 000			1	3	4	4	5	5	6	6	7	8
R600 001 - R1 200 000			1	1	1	2	2	2	2	2	3	3
R1 200 001 - R2 400 000			0	0	0	0	0	0	0	0	0	0
> R2 400 000			0	0	0	0	0	0	0	0	0	0
Poverty profiles (no. of households)												
< R2 544 per household per month	13		10	3	0	-	-	-				
Insert description	2		-	-	-	-	-	-				
Household/demographics (000)												
Number of people in municipal area			1,677	1,441	1,365	1,497	1,643	1,802	1,977	2,168	2,379	2,609
Number of poor people in municipal area			1,608	-	829	909	997	1,094	1,200	1,316	1,444	1,584
Number of households in municipal area			339	356	298	327	359	394	432	474	520	570
Number of poor households in municipal area			10	3	0	0	0	0	1	1	1	1
Definition of poor household (R per month)			R0 - R2544	R0 - R2544	3	3	3	3	4	4	4	5
Housing statistics												
Formal	3		297	277	305	335	367	403	442	485	532	584
Informal			9	6	3	4	4	4	5	5	6	6
Total number of households			306,463	283,081	308,577	338,509	371,344	407,365	446,879	490,226	537,778	589,943
Dwellings provided by municipality	4		-	-	-	-	-	-	-	-	-	-
Dwellings provided by province/s			-	-	-	-	-	-	-	-	-	-
Dwellings provided by private sector	5		-	-	-	-	-	-	-	-	-	-
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic												
Inflation/inflation outlook (CPIX)	6							5.8%	5.6%	4.8%	5.9%	5.6%
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases								6.6%	5.5%	4.4%	4.7%	4.9%
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates												
Property tax/service charges	7											
Rental of facilities & equipment												
Interest - external investments						95.0%	96.0%	90.0%	80.0%	98.0%	95.0%	95.0%
Interest - debtors						5.6%	5.7%	6.0%	6.0%	6.3%	6.2%	6.5%
Revenue from agency services						10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

The table above indicates the statistical demographic information for the district municipality. Based on the census for 2001 and later on the census for 2011 with the projected growing index of 0.97 per cent per annum population growth from 2011 census.

As indicated in the table above total number of people in the municipal area amount to 1.36 million in the 2011 census and out of that number, number of poor people in the

municipal area amounted to 828,500 which means 60per cent of people in the municipal area are poor. This number grew in the subsequent years using the growth index to 1 million poor people out of 1.9 million total population but the percentage remains the same since the same index in both total population and poor people. But this indicated the challenge the municipality has in the expanding its revenue base due to the demographic dynamics.

The district is located in one of the deeply rural areas in the country with nonexistent infrastructure in some of the areas. The district as per 2011 census comprises of close to 298,231 households of which 93per cent are rural. The rural communities comprising of 93per cent households receive water and sanitation without paying for them and this forms part of free basic service.

For the 7per cent in towns social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the District Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2015/16 financial year 1600 registered indigent households have been provided for in the budget with this figured expected to increase. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water.

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 19 MBRR A10 (Basic Service Delivery Measurement)

Note that the number of households in rural 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.

1.13.3 Providing clean water and managing waste water

The District Municipality is the Water Services Authority for the entire district in terms of the Water Services Act, 1997 and acts as water services provider. The District Municipality source water from dams (DWA) to water pump stations for purification then to consumers. There are other sources of water being boreholes

The following is briefly the main challenges facing the District Municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and

- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

1.14 Overview of budget related-policies

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

1.14.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in October 2008 is reviewed in 2015/16 and the Council approved the revised Credit Control Policy as well Tariff policy on the 31 March 2015. The newly revised draft policy is now credible, sustainable, manageable and informed by affordability and value for money that has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions have been included to enhance the lowering of the credit periods for the down payment of debt. In addition emphasis has been placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the District Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

1.14.2 Supply Chain Management Policy

The Supply Chain Management Policy was drafted by Council in December 2005. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on and will be in compliance with the newly revised SCM regulations.

1.14.3 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the District Municipality's system of delegations. The Budget and Virement Policy has been approved by the council when tabling 2015/16 MTREF.

1.14.4 Cash Management and Investment Policy

The aim of the policy is to ensure that the District Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

1.14.5 Tariff Policies

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

1.15 Overview of budget assumptions

1.15.1 External factors

Domestically, after years of strong growth, during which millions jobs were created, our economy had a CPIX of 5.8per cent in 2014 and jobs were lost. Due to the active industrial action in different sectors taking place, devaluation of rand to dollar exchange, worsening of country's credit rating, uncertainty on Eskom leadership, this will have negative impact on the economy in a long run and the loss of jobs will continue to increase as these circumstances prevail. It is expected that recovery from this deterioration will be slow and uneven, and this will be the same for 2015/16 which is 4.8 per cent and in 2016/17 and 2017/18 at 5.9 and 5.6 respectively. The anticipated rise in fuel prices as the crude oil is rising in price. This will likely increase the inflation.

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

1.15.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2015/16 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on District Municipality's residents and businesses;
- The impact of municipal cost drivers;

- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 31 per cent of total operating expenditure in the 2015/16 MTREF and a budgeted increment of 8 per cent, and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

1.15.3 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. This relates to water and sanitation revenue sources. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (79 per cent) of annual billings. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

1.15.4 Growth or decline in tax base of the municipality

Due to the location of the District Municipality which is situated in one of the poorest provinces in the country, even then in one of the poorest regions the tax base will both grow and decline as in towns, there is a potential for growth due to increase in job creation projects whilst in rural areas, the tax base will decrease as the municipality have to subsidise services without revenue.

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

1.15.5 Salary increases

The overall salary increases is projected at 8 per cent, broken down into normal increase of 4.4 per cent as guided by MFMA Circular 75 and 3.6 per cent provision for outcome of wage negotiations.

1.15.6 Impact of national, provincial and local policies

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

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

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

2.5.7 VAT Refunds

The municipality is registered on cash basis. Receipt of grants is zero rated and does not attract output vat. Main component of refund is the spending on the MIG grant. The municipality ensures that the service providers for the spending of MIG are VAT registered so as to be able to claim the VAT. VAT refund funds the capital expenditure of the district. Therefore it is assumed that the amount projected will be fully collected.

2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of 100 per cent is achieved on operating expenditure and on the capital programme for the 2015/16 MTREF of which performance has been factored into the cash flow budget

2.5.9 Infrastructure and Services

Water Services

An amount of R 1,513,473,707 has been allocated for the 2015/16 financial year. The budget will be split as per the following functional areas:

EXPENSES	ALLOCATION	PERCENTAGE OF THE BUDGET
Personnel Expenses	137,465,923	9.2%
Repairs & Maintenance	15,688,751	1%
General Expenses	547,442,832	36.1%
Capital Expenses	812,876,200	53.7%
TOTAL	1,513,473,707	100%

EXPENSE	LINE ITEMS	SUMMARY
Personnel expenses	<ul style="list-style-type: none"> • Salaries • Overtime & Standby Allowances • Travelling, Cell phone, Housing Allowances 	This budget will be utilised for the payment off salaries, medical Aid, Allowances (etc) of the water services personnel.
Repairs & Maintenance	<ul style="list-style-type: none"> • Water Pump Stations • Spring Protection • Sewerage Reticulation 	This budget will be used for the repairs of broken down pumps, fixing of sewer spillages and spring protection.
General Expenses	<ul style="list-style-type: none"> • Consultants & professional fees • Subsistence & travelling • Water purification chemicals • Electricity purchases • Protective clothing • Free basic services • Waste water management • Bulk water purchases • Bulk water meters • Reviewal of the sustainability audit • Water services development plan • Water quality monitoring • Water carting expenditure • Water conservation & demand management • Village water committees • Customer relations services • Forums • Office rental 	This budget will be used the purchase of water purification chemicals, electricity, protective clothing, office rentals and for the payment of salaries for casuals and learners.
Capital expenses	<ul style="list-style-type: none"> • Motor vehicles • Trucks • Municipal Infrastructure Grant • Municipal Water Infrastructure Grant • Bulk Water Meters • Fencing • Generators • Provision of Public Toilets in Towns • Bumbane great place reticulation • TLB 	These funds will be used for the purchase of motor vehicles, trucks (TLB, Honey suckers, water cart trucks and tipper trucks) to be used by the infrastructure department. Water boards will be and registrations will professional bodies will be done with these funds.

	<ul style="list-style-type: none"> • Refurbishment of water schemes • Sewerage Reticulation • Water Pump Station • Repair of elements on Treatment Works • Sealing of Reservoirs • Honey sucker • Registration fees (ECSA & project management bodies) 	
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The OR Tambo District Municipality assumed the status of being a Water Services Authority (WSA) in 2003 followed by the process of transferring water services assets by the then Department of Water Affairs and Forestry. In terms of the Water Services Strategic Framework, as a WSA, the district is responsible for ensuring provision of water services within its area of jurisdiction.

In terms of basic services provisioning, the Municipality has significantly reduced the rural VIP sanitation backlogs. According to the Water Services Development Plan, as reviewed and adopted by Council, the number of households still to be connected with VIP sanitation is 37 191 and is expected to be eradicated by the end of the 2019/2020 financial year. This target, does not take into consideration, the eradication of the old corrugated iron structures that were implemented prior the Municipality adopting a standard design for the VIP sanitation toilet. This target is considering only those households that were never provided with a VIP toilet.

Slow progress on the eradication of the water backlogs is attributed to the fact that most of the projects that are under implementation are still focusing on source development and bulk infrastructure. The household connection for water is expected to significantly rise in the 2015/2016 when it is anticipated that most of the bulk infrastructure will have been constructed and all projects will be focusing on reticulation and household connections. The household targets that have been set for this financial year, have been reduced from the ones planned in the IDP, as they were not taking into consideration the bulk requirements. The targets were therefore unrealistic and might have been informed by budget allocations not taking into consideration all the processes that need to be followed before the actual household water connection is done. As much as there is close to R400m allocated from the Municipal Infrastructure Grant for water projects, in the 2015/2016 financial year, the actual number of households to receive water is 16 723 households.

4 projects are currently under implementation from the 2015/2016 financial year, for the upgrading of towns sewer into full water borne sewers. The 4 projects that are under implementation are as follows; Mqanduli Sewer, Lusikisiki Sewer, Flagstaff Sewer and Tsolo town sewer. The scope of works was for the construction of waste water treatment plants and related works. In the 2015/2016 financial year, the focus will be on the construction of sewer networks and household connections. Mqanduli town is expected to be completed at the end of the 2014/2015 financial year connecting 1500 households to full water borne sewer. For the towns of Port St John's and Libode, the projects are at design stage and construction is expected to commence in the 2014/2015 financial year. For the remainder of the O.R. Tambo towns business plans will be prepared for funding applications.

In line with the resolution of the Water Summit of 2006, whereby a three stage approach to water services provisioning was adopted, the Municipality still continues to eradicate backlogs through the implementation of standalones and sub regional schemes. Some of the sub regional schemes planned are as follows:

- Ntsonyini Ngqongweni Water Supply. This is a multiyear project that started in the 2013/2014 financial year with a total MIG approved budget of R148m. Preliminary designs have been prepared and is expected to be implemented over 3 financial years. This is due to the source and bulk infrastructure requirements that need to be place before the actual households' connection.
- Phase 3 of the Flagstaff Regional Water Supply with a project value of R83 million. The first two phases of this project are nearing completion and were focused on source development, construction of a water treatment works and bulk infrastructure. The current phase will be for village reticulation and ensuring that the households do receive sustainable water services.
- Extension of Rosedale to Libode Water Supply. This project commenced in the 2012/2013 financial year and is expected to unlock the potential development in the town of Libode. Due to the water resource challenges affecting the Libode Town, water will be taken from Mthatha Dam, treated through the Rosedale Treatment Works and pumped to serve the town of Libode and surrounding villages. This project will later be merged into the Southern Scheme. The total approved budget for this project is R146m.
- Upgrade of the Mhlahlane Water Supply Scheme. The Upper Mhlahlane Scheme is an old project that entailed the supply of water to few villages in the KSD Municipality due to insufficient budget at the town. Due to the good yield of the source and the demand from nearby villages, this project was extended to cover additional villages in KSD ward 32. The scope of works includes the upgrading of the existing water treatment works to be able to meet the new demand from the source. This is also a multiyear project with an approved budget of R 147m and completion is expected in the 2014/2015 financial year.
- Coffee Bay Regional Water Supply. This project is an extension of the existing scheme to cover additional villages in KSD ward 23 and 24. The first phase of the project was funded by through the Regional Bulk Infrastructure Grant, which was for the bulk infrastructure. Phase 2 was funded through the Municipal Infrastructure Grant and it covered the first phase of the reticulation. The approved funding for this project is R113m and is implemented by the Amatola Water Board on behalf of the Municipality.

Through the KSD Presidential Intervention, the Municipality has been allocated an amount of R595m from the Regional Bulk Infrastructure Grant. This intervention is assisting the Municipality in its implementation of the Southern Scheme which seeks to optimally utilize the Mthatha Dam to serve the KSD, Mhlontlo and Nyandeni Local Municipalities. The scope of work identified under this intervention includes; the modifications to the Mthatha Dam abstraction, Upgrade of the Thornhill Water Treatment works, upgrade of the raw water pipe line from the Mthatha Dam to Thornhill, bulk water infrastructure, upgrade of the Mthatha waste water infrastructure and the upgrade of the Mthatha sewer network infrastructure. This intervention will be counter funded through the Municipal Infrastructure Grant. Amatola Water is the implementing agent as per the recommendation by the Department of Water Affairs. The following are the sub projects that compose the KSD presidential initiative project;

- Thornhill to Airport Corridor. This project will supply sustainable water to the Mthatha Airport and future development around the airport, Bedford Hospital, Military base and surrounding villages. With the upgrade of the Mthatha Airport, a lot of development is expected in and around the airport and the Municipality will be ready for that in terms of water services provisioning.
- Supply of water to the towns of Libode and Ngqeleni. This project will integrate the existing Rosedale to Libode Water Supply through provision of sustainable water supply to the town of Libode and surrounding villages. The current Mhlanga Dam is not coping with the demand, such that during drought periods the dam levels drop to zero.
- Rosedale to Nqadu Corridor. This project is intended to provide bulk infrastructure to supply water to Nqadu Dam, to augment the supply of water to the Sidwadweni regional scheme. This scheme is currently operating below RDP standards due to the reduction in supply from the Nqadu dam as it is also used for forestry activities.
- Thornhill to Mqanduli, via Viedgesville Corridor. The scope of works includes the provision of bulk infrastructure to supply water to the town of Mqanduli and surrounding villages
- Upgrade of the Mthatha Waste Water Treatment works and sewer reticulation. A number of housing projects are planned in the KSD Municipality, and have been delayed by the commitment from the District Municipality in terms of bulk sewer infrastructure. This project seeks to address that as well as eliminate the number of sewer spillages in Mthatha due to ageing infrastructure.

In the 2015/2016 financial year, a consolidated water master plan will be developed which will integrate all the existing sub regional schemes into one District Wide Water Master Plan as well as review and update the sanitation master plan. The water master plan will also seek to optimally utilize the Ntabelanga Dam, which will be implemented by the Department of Water Affairs, to serve people from the Mhlontlo Local Municipality and parts of the Nyandeni Local Municipality and thereby releasing demand from the Mthatha Dam.

In terms of rural sanitation, the profile of all the wards in the Local Municipality has been completed. The next step is to take it further to the household level, in order to quantify the actual backlogs. In some villages that have already been covered there are new households that have been constructed which need to be quantified and planned for. Budget has been allocated in the 2015/2016 financial year for this exercise.

1.16 Human Settlement

CONFERENCE FEES

The funds are budgeted for attendance to Human Settlements development conferences that officials and Portfolio Head for Human Settlements must attend.

PROTECTIVE CLOTHING

The money will be used for protective clothing for officials such as building inspectors on sites as per Health and Safety regulations.

COMMUNITY TRAINING

The department is currently developing a business plan with a purpose of attaining projects to implement them through different housing subsidy instruments. Communities will be trained on different housing instruments and qualification criteria in order for them to understand Human Settlements policies when applying for a housing subsidy. In areas where there is a housing project being implemented these funds will be also used in training communities on building, carpentry, plastering etc. The training will be conducted by Accredited Service providers with the officials from the DM and the Regional Office of Human Settlements.

SUBSISTENCE TRAVELLING

This will be used for travelling expenses and booking for officials and the Portfolio Head. The travelling relates to Human Settlement development e.g. monitoring of projects, filling of beneficiary subsidy forms, attending conferences, workshops and meetings etc.

LAUNCHES – HOUSING PROJECTS

There are preparations for project launches events to take place in all 5 Local Municipalities for social relief houses that are being constructed and to be handed over to beneficiaries.

HOUSING FORUMS

The department convenes Human Settlements forums quarterly which are organised to deal with Human Settlement matter for the region in consultation with all the five local municipalities. Other departments also participate and government departments are also invited when there is a need. The meetings are chaired by the Portfolio Head for Human Settlement

GRANT ADHOC HOUSING

The funds will be used to enhance housing development in areas where houses are constructed for special cases as identified by the Local Municipalities in areas where destitute programme will be implemented.

EQUIPMENT AND LABORATORY FEES

The budget will be used to buy things like cameras, tools for testing of building material where quality is suspected not to conform to the norms and standards.

DISTRICT HOUSING DEVELOPMENT STRATEGY

The budget will be used for payment of a service provider appointed for development of this policy document.

ADAM KOK FARMS

The budget will be used to build eight (8) houses adding to the number that will be already built in last financial year for Adam Kok Farm workers. The farms are owned by the District Municipality. An assessment was conducted and the housing conditions were found to be a health risk to occupants.

HOUSING SOCIAL RELIEF PROGRAMME

The program is meant to assist destitute families in the O R Tambo region by providing them with adequate housing with basic level of services. The funding will be used for building houses for people identified as special cases in all 5 local municipalities of the DM. It is important that in the program provincial norms and standards be adhered to as the DM is requested to finance the program where upon completion of the houses the provincial department is expected to refund .The fund is aimed at constructing more houses through this fund together with the funding from E.P.W.P to assist top up in the program, so as to have an incremental system of construction.

1.17 Corporate Affairs

The HR Services budget is used for

- Organisational Structure Review
- Job Evaluation
- Staff Provisioning
- Conditions of Service
- Skills Development and Training
- Employee Wellness
- Labour Relations

The ICT Management budget is used for

- Procurement, installation, support and maintenance of ICT Infrastructure
- Development, installation, support and maintenance of Information Systems

The Security Services budget is used for

- Procurement, installation, monitoring and maintenance of Security systems

The GIS Service budget is used for

- Procurement, installation, support and maintenance of Spatial and Geographic Information Systems

The Records and Auxiliary services budget is used for

- Procurement, installation, support and maintenance of records management and archiving systems

1.18 Office of the Executive Mayor

Programme	Motivation
Financial Academic Assistance	<ul style="list-style-type: none"> • Budget is required to address low levels of education in the District, resulting to self sustainable citizens. • To increase access to tertiary education with aim of reducing high unemployment, high crime and poverty.
HIV/AIDS programmes	<ul style="list-style-type: none"> • HIV/AIDS is a social issue, hence all spheres of government have to contribute towards mitigation of HIV/AIDS. • HIV/AIDS programmes are championed by highest offices in all spheres of government, hence the budget has to be provided for by the District municipality in order to ensure well coordinated, integrated, mainstreaming of HIV/AIDS and support services. • Memorandum of understanding will be signed between the O.R.Tambo District municipality and department of health.
Special programmes	<ul style="list-style-type: none"> • Special programmes are coordinated at District level. Funds for coordination , mainstreaming and support services have to be budgeted for. • District municipality has to sure the protection of all vulnerable groups as stipulated in the Constitution of South Africa. This is done in partnership with the championing department (Social development). • Memorandum of understanding will be signed between the O.R.Tambo District municipality and department of Social development.
Poverty relief	<ul style="list-style-type: none"> • District municipality has a responsibility to ensure the provisioning of basic services, which one of them is food as stipulated by the

	<p>Constitution of South Africa.</p> <ul style="list-style-type: none"> • Budget has to be set aside to ensure that District municipality is able to contribute towards the alleviation of poverty, considering that this district is among the poorest districts in South Africa. This is done in partnership with department of rural development and agrarian reforms. • Memorandum of understanding will be signed between the O.R.Tambo district municipality and department of rural development and agrarian reforms.
<p>Support to traditional leaders</p>	<ul style="list-style-type: none"> • Minimum budget is required to ensure maximum and meaningful participation of traditional leaders in service delivery planning processes, monitoring and evaluation of service delivery.

1.19 Rural Economic and Developmental Planning

TOURISM RESEARCH AND DEVELOPMENT:

The budget for tourism research and development will be mainly spent on two programs; Product development & SMME Support and Arts and Craft.

Product Development and SMME Support: this programme seeks to give overall support to tourism product owners / entrepreneurs by assessing the state of tourism products, identify training needs and coordinate training, create linkages to funding opportunities, assisting in development of business plans, Assist in registration of cooperatives, and individual operators, Resources mobilization Facilitate establishment of associations, Forge linkages to marketing , Assist SMME to attend exhibitions and shows e.g. Tourism Indaba Trade Shows.

Plans for 2015/2016 is to support and train 10 product Owners product Development, Marketing and Financial Management

VISUAL ARTS AND CRAFT DEVELOPMENT AND COMMERCIALIZATION:

The programme enables members of the visual arts and craft community to promote their work and showcase their product to national and international markets. Identifying potential projects / new opportunities. Assessment of skills, improving quality of craft products, capacity building, facilitating e.g. setting up cooperatives / institutional arrangements, facilitate establishment of permanent production centres and provision of equipment, access to markets, quality control. Resource mobilization, liaising with sector departments and stakeholders. Development of a unique branding to allow potential customers to easily distinguish authentic regional Visual arts and Craft products.

Plans for 2015/2016 is to support and train 30 Visual artists in Product Development, Financial Management and Advertising

TURISM EDUCATION AND AWARENESS:

The program focuses on issues aimed to encourage participation of local stakeholders in tourism planning, by creating platforms such as stakeholder engagements and tourism forums, wherein experiences, challenges and solutions are shared. Campaigns to create awareness focusing on host communities (where there are tourism activities), use of media (print and electronic) to engage learners and public to debate and support the cause for tourism. Holding tourism awareness and tourism safety campaigns and security related activities with SAPS.

Plans for 2015/2016 Awareness Campaigns in all Local Municipalities in the form of Road Shows, Distribution of tourism information brochures to the Local and national Communities, Heritage and Cultural dimensions of the district are also marketed and promoted through tourism awareness programs.

DISTRICT TOURISM MARKETING:

This deals with Research information and management systems, Visitor arrivals trends, destination marketing (print Media, Website, Social Media, Exhibitions, Shows, and Identify platforms). The programme is meant to improve or expand our tourism product or operation to fit identified trends in global tourism and to position our local business to meet future market demands.

Plans for 2015/2016 Distribution of promotional Material, Population of the Tourism Website & Training to tourism Officials, Development of the promotional material (Brochures, Maps, Safety Leaflets, Installation of the Signage to 5 Tourists Attractions and Attending of the Exhibition Shows such as Tourism Indaba and Graham's town Festival

REGIONAL TOURISM ORGANISATION:

This programme seeks to strengthen the functionality of the Local Tourism Organizations as it serves as one of the IGR structures.

Plans for the 2015/2016 is to Strengthening of 5 LTO'S.

URBAN RENEWAL:

As for the 2015/2016 budget, to further develop economic opportunities for the district and as in the IDP the LED section will be developing business plans for the quarry and sand mining. This will also include the implementation of the quarry and sand mining project which will likely be in partnership with other stakeholders.

FENCING:

The budget is set aside for upgrading fencing for the Adam Kok Farms. This is critical as the non-upgrade of the fence presents a hazard wherein the DM livestock encroaches into neighbouring farms resulting to threats of litigation. As part of maintenance and safe keeping of livestock at Adam Kok farms, the district will be carrying out fencing of 3 farms for security purposes this financial year. The process will go through tender.

LED Strategy:

The district is mandated with the responsibility of coordinating all strategic economic development initiatives and developing plans for economic development. Having developed such LED Strategy, the budget for 2015/2016 will be used for the implementation of minimum two projects identified from the LED Strategy.

SECTOR DEVELOPMENT:

Again in line with the duties and responsibilities of the district municipality, the budget is for the development of strategies and plans for the district and implementation thereof. In the 2015/2016 financial year, four projects will be implemented mainly from the Agriculture Strategy and Aquaculture & Mari culture Strategy. The implementation of the projects from Trade & Investment Strategy, Forestry Strategy, and SMME & Cooperatives Strategy projects / programmes will also be from this budget.

COOPERATIVES SUPPORT:

As part of our drive to boost cooperatives in the region, LED unit will be providing financial and technical support to the 10 cooperatives from the district. Also there will be support to the informal trade development initiative started by Oxfam & Nets Africa in Ingquza Hill with the intention of rolling the project to another municipality.

LED CAPACITY:

The LED Capacity vote will be for the skills development of the enterprises (SMMEs mainly) and also the LED personnel for the district and its municipalities. It is crucial for the district to impart skills to the other LED personnel in the district for efficient and effective LED implementation.

INTEGRATED WASTE MANAGEMENT PLAN AND ENVIRONMENTAL MANAGEMENT PLAN:

In the 2015/2016 financial year, Environmental Management section will be developing District Climate change strategy and the Biodiversity Management Plan. These two plans have two are one of the sector plans that are supposed to be integrated in the IDP as compliance and planning tools. The district municipality will also be implementing its IWMP and EMP as well as the developed air quality management plan due to the fact that the air quality function has been devolved from being the Provincial function to the district as per amended National Environmental Management Air Quality Act (39 of 2004). This act mandates the Municipality to develop and implement Air quality management Plan for complying with the Atmospheric Emission standards.

ENVIRONMENTAL EDUCATION AND AWARENESS:

In order to improve the standards and manner in which the environment is managed and protected, the National Environmental Management Act mandates all spheres of Government to conduct and facilitate environmental management program to ensure environmental awareness in the communities around. Greenest Municipality competition, training and workshops apart of the environmental education programs which are implemented by the district municipality in the 2015/2016

SPATIAL DEVELOPMENT FRAMEWORK:

In the 2015/2016 financial year the O.R. Tambo District Municipality intends to implement its Spatial Development Framework (SDF) in line with SPLUMA. The implementation of the SDF will assist the District in complying with the recently enacted Spatial Planning and Land Use Management Act (SPLUMA) No. 16 of 2013 as well as other national and provincial plans and policies. Section 26 of the MSA obligates all municipalities to prepare an IDP (which must include land use management guidelines as part of its spatial development framework) as the primary and overriding management tool. The IDP being the principal strategic planning document of the Municipality requires that all budget and management be guided by it.

The SPLUMA intends to provide a framework for spatial Planning and land use management in the Republic; to specify the relationship between the spatial planning and land use management system and other kinds of planning; to provide for inclusive; developmental, equitable and efficient spatial planning at the different spheres of government; to provide a framework for monitoring, coordination and review of the spatial planning and land use management system; to provide a framework for policies, principles, norms and standards for spatial development planning and land use management; to address past spatial and regulatory imbalances, to promote greater consistency and uniformity in the application procedures and decision-making by authorities responsible for land use decisions and development applications' to provide for the establishment, functions and operations of Municipal Planning Tribunals, and to provide for the facilitation and enforcement of land use development measures.

It is in this regard that a portion of the budget will be spent towards ensuring that proper processes and procedures are developed for the smooth implementation of SPLUMA. In order to ensure effective Land Use Management and Spatial Planning the Land Survey Section through this available budget will also assist in the finalization of the Langeni LSDF, as well as the development of precinct plans for the local municipalities.

1.20 Office of Municipal Manager

Books and publications	To purchase books and subscribe to relevant journals and magazines that are deemed necessary for keeping abreast with municipal issues.
Subsistence & travelling	To cover for the accommodation, flights and all travelling arrangements for the personnel.
Corporate expenses	Expenses in the MM's office, provision for meetings
Intergovernmental relations	Key to IGR focus is to coordinate an effective IGR across portfolio boundaries of Government actors within the District with a purpose of maximising Government service delivery planning, implementation and monitoring. That is ensuring that service delivery is central in the IGR agenda. Key programs include Development of a district programme of action, conducting IGR roadshows, IGR forum meetings, approval of IGR policy and related protocols.
International relations	International relations meetings and visits
IDP	IDP development processes and required participatory processes, Design and printing of the DP document, preparation and printing of content for IDP roadshows, IDP training, IDP rep and IDP engagement meetings, IDP strategic planning workshops.
PMS	Budget to be spent mainly on PMS training, PMS workshops, Conducting PMS review sessions, PMS support to LMs and Establishing a M & E unit within the DM
Legal Services	Mainly to cover costs incurred on legal matters, development of Legal Procedures Manual for the District and legal services support to LMs.
Municipal Support Programme	The budget will mainly be utilised to identify areas of support for LMs and also to develop a centralised programme/ model to address for LM needs.
Communications	Budget to be used mainly on managing internal and external communications within the District, marketing and branding of the municipality, production of marketing and advertising material.

1.21 Internal Audit Unit

1.22 Ntinga O.R. Tambo Development Agency

1. 2015/2016 BUDGET OVERVIEW

Ntinga O.R. Tambo Development Agency is operating as an implementing agent of the parent municipality, O.R. Tambo District Municipality (ORTDM). The mandate given to the agency is to focus on:-

- Strategic infrastructure such as rails, dams, electrification, roads;
- Agriculture and food production;
- Mari culture and tourism;
- Social infrastructure and services;
- Institutional building
- Any other functions delegated to Ntinga by the O.R. Tambo District Municipality in terms of its powers and functions.

The entity is gradually moving away from its traditional poverty alleviation programmes. It is moving towards pro economic growth initiatives which include sustainable communities model and revitalization of small towns. Coupled with that, the entity is gearing itself to take up the implementation of infrastructure projects on behalf of the parent municipality.

In the previous financial year the parent municipality realized that there is a need for change. The intention is to narrow our mandate. With effect from the 2014/2015 financial year the parent municipality engaged in the re-engineering or conversion process of the agency. The plan is to conclude the process by end of June 2015. This conversion process will culminate to a clearer mandate which will be easy for the entity to implement.

Currently Ntinga is a Service Utility type of a municipal entity which was established through a municipal by-law in terms of section 86H of the Municipal Systems Act. It is unable to satisfy all the needs of a Regional Economic Development Agency (REDA) and be a catalyst for sustainable development, hence the need for the conversion.

The current establishment (Service Utility) of Ntinga makes it to be a municipal entity that is not:

- providing value for money;
- fully addressing the needs of the poor;
- affordable to the parent municipality; and
- transferring appropriate technical, operational and financial risk from the parent municipality to Ntinga.

The essence of Ntinga conversion from a Service Utility to a State Owned Company (SOC) is to address all deficiencies mentioned above, and also go beyond such that it operates as a well capacitated, self-sufficient and sustainable REDA. The SOC will be able to partner with the private sector and other strategic partners to attract all those resources and benefits that the ORTDM is not structured and positioned to bring for the benefit of its residents.

Aligned with the district municipality's objective to enhance access to LED infrastructure, agro-processing and value add facilities, Ntinga is planning to maximize return on the operations of farms. Some of the farm produce will be sold within the district through the Kei Fresh Produce Market located in Mthatha. Local farmers will continue to benefit by making use of the fresh produce market as well as the abattoir for their livestock.

Due to decreasing budget allocations from the parent municipality the agency is rigorously doing external fundraising and resources mobilization. We do not expect to fund the medium term budget with reserves hence it will be necessary that there is some level of stability and predictability of funding from the parent municipality. Any further decrease of the budget would severely hamper operations of the entity.

2. RESOLUTIONS

On 30 January 2015 (150 before the beginning of the 2015/2016 financial year) the entity submitted its budget to the parent municipality. The budget request was for R47 722 497. The budget approved by the parent municipality amounts to R38 827 146 (Vat inclusive). This amount includes R7 050 000 allocated to Adam Kok Farms.

The board of directors considered the revised 2015/2016 budget in line with MFMA section 87(2). Ntinga's budget has been prepared based on the budget allocation expected to be received by the parent municipality.

The Entity's revised budget was considered by the board of directors in its meeting of 26 March 2015.

3. EXECUTIVE SUMMARY

The revised 2015/2016 total annual budget amounts to R40 248 900. Major source of funding for the budget is grant funding amounting to R34 058 900 (**excluding Vat**) from the parent municipality. Kei Fresh Produce Market has been allocated an amount R1.3m.

Year to year budget increase is estimated to be approximately 7%. Invested funds will reduce through spending hence there is corresponding decrease in interest revenue. In the past the agency was providing social facilitation services for water and sanitation projects of the parent municipality. To date there is no indication that the entity will continue performing this function hence social facilitation has been excluded from the 2015/2016 budget.

There is an estimated increase in salaries and wages budget in the 2015/2016 budget when compared with the previous year. In addition to annual salary increments of 7%, this increase is attributed to new positions that will be created following the conversion to a state owned enterprise. A provision has been made in the budget for the payment of staff performance bonuses.

We anticipate that conditional grant or project funds will be spent in full hence there is no expected roll over from year to year. There is amount allocated for project expenditure and is mainly composed of expenditure on crop production, farms operations, abattoir

operations and sustainable villages programmes. Source of funding for crop production is fundraising and resource mobilization. Other programmes will be funded partly out of a grant to be received from the parent municipality.

Funds that are not readily required for operational requirements are invested in call deposits in line with the investment policy.

The entity does not have long term borrowings. The only borrowings we have are leases of equipment such as photocopiers as well as contracts with telecommunication service providers.

Net assets position is expected to be sound into the foreseeable future with assets exceeding liabilities.

Budget related policies remain the same as those that were implemented in the 2014/2015 financial year. However, these policies are reviewed annually.

4. DETAILED BUDGET

Below is the detailed budget of the entity:-

DRAFT BUDGET FOR THE 2015/2016 MTEF PERIOD

5. SUPPORTING DOCUMENTATION

a. Overview of annual budget process

There is an agreement in place between the entity and the parent municipality. This agreement is based on the mandate that was given to the entity. As part of the integrated development plan of the parent municipality activities to be carried out by the entity are outlined. In addition to this the board of directors prepares its strategy of implementing the mandate. All of these are then used to inform budget proposals. Heads of departments prepare departmental budgets for submission to Chief Financial Officer for checking alignment with the strategy as well as consolidation.

Normally the consolidated draft budget is then considered by the committee of the board before it is discussed by the board of directors. Upon approval by the board of directors the budget is submitted to the parent municipality.

Ntinga is represented in some of the meetings of the parent municipality where the budget is discussed. Where there are changes that are proposed by the parent municipality they are taken into account before the consolidated budget is tabled in Council. The consolidated budget is then taken for public consultation by the parent municipality. Views of the community and key stakeholders are then considered by the board of directors before the final budget is submitted to the parent municipality for adoption by Council.

b. Overview of alignment of annual budget with service delivery agreement

Ntinga is a wholly owned municipal entity of O.R. Tambo District Municipality. The parent municipality appoints the board of directors. As a means of oversight the parent municipality is represented in meetings of board of directors albeit in an observer status. Financial reports of the entity are submitted to the parent municipality monthly. Furthermore, quarterly performance reports and financial reports are subject of discussions by council of the parent municipality. The entity is also subjected to Municipal Public Accounts Committee processes.

The mandate given to the agency is to focus on:-

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- Strategic infrastructure such as rails, dams, electrification, roads;
- Agriculture and food production;
- Mari culture and tourism;
- Social infrastructure and services;
- Institutional building
- Any other functions delegated to Ntinga by the O.R. Tambo District Municipality in terms of its powers and functions.

Expected deliveries on items that are listed on the mandate are outlined in the service delivery agreement. The annual budget is then based on the signed agreement. Due to budgetary constraints the entity is unable to implement all programmes that are contained in the service delivery agreement.

c. Measurable performance objectives and indicators

In the past the budget consultation and engagement processes resulted in drastic changes being made to the tabled budget. It is for this reason that this section will be finalized upon finalization of IDP processes as well the completion of the strategy review.

d. Overview of budget related policies

Listed are Ntinga's budgeted related policies. They are accessible in our records management office. For those with access to the internet, they can access them from our website www.ntinga.org.za under Acts and policies.

- Asset management policy
- Credit control policy
- Fleet management policy
- Investment policy
- Leave policy
- Performance management policy
- Property, plant and equipment policy
- Budget policy

Some of these policies are subject of review annually.

e. Overview of budget assumptions

The budget proposals are based on the following assumptions:-

- Medium Term Expenditure Framework Guide was used to inform some of the budget proposals;
- Operations under a state owned company form would commence on 01 July 2015;
- Improved returns on investments made in projects such as the dairy and the abattoir are expected in the 2015/2016 financial year;
- Management is gradually working in attending to operational deficiencies in projects such as the farms. It must be noted that revenue from farms is reflected in the budget of the parent municipality;
- Although we expect improvement in fund raising, we have not factored such in the budget for the two outer years. The 2015/2016 budget is largely based on pledges that have already been made by potential funders;
- There will be no social facilitation work that the entity will be doing for the parent municipality;
- Social contribution programmes that are implemented by Ntinga will decrease until they are equivalent to 30% of the total budget;
- Year to year price increase is estimated to be approximately 8%. In the 2015/2016 budget we have made provision of 7% for salary increments.
- No provision has been made in the budget to finance depreciation. As the entity is not capital asset intensive, the depreciation amount is insignificant.
- There will be few appointments of staff following the conversion to a state owned company.

f. Overview of budget funding

84.6% of Ntinga's 2015/2016 budget is grant funding from the parent municipality. When compared with the 2014/2015 financial year, the budget has decreased. The budget is aligned with the strategy that has been approved by the board of directors.

Own revenue in the form of sales at the dairy and the abattoir is expected to improve.

6. Legislation compliance status

Ntinga is fully implementing all legislation that is applicable to it. There are no delays in implementation and there is no application for such.

7. Other supporting documents

Additional information on expenditure

- a) Estimates of year to year budgets are based on the costing of projects and programmes. We did not simply increase the previous year's budget by a percentage. In an event that budgets require annual increases, we used a percentage of 8%.
- b) Accommodation and travel budget will be utilized for all employees within the institution. This is mainly based on travelling to be done by staff when doing their duties as well as training requirements and workshops that will be attended to skill and capacitate employees.
- c) Board and committees related budget is set aside for board and committee meetings. It is expected that the Board and its Committees will hold the minimum of four meetings each during the year. The budget includes all board related expenses.
- d) There is a budget set aside for server hosting. This is to service the existing arrangement with Vodacom for them to back up and host our information amongst other things.
- e) R1.5m has been budgeted for audit fees for Auditor General to perform their statutory work. We do not expect a significant increase in the audit fees.
- f) The proposed salaries and wages budget constitutes 55.4% of the total budget which could be perceived as high. The main cause for this is that the entity does not have resources to implement its programmes whilst on the other hand there are people that are already employed in positions. The percentage is expected to improve towards the benchmark of 35% as the entity's revenue mobilization strategy begins to show results. Year to year salary increment is estimated to be 7%.

g) The new strategic focus of the entity is derived from the ORTDM Local Economic Development Strategy and the Eastern Cape Provincial Growth and Development Plan. The new Ntinga mandate is promotion and facilitation of Socio-Economic Development of our rural region prioritising:

- i) Primary Agriculture and Agro Processing
- ii) Manufacturing, Value Adding and Beneficiation
- iii) Tourism and Green Economy
- iv) Small Town Revitalisation
- v) Development, Support and Sustainability of SMME and Co-operatives.
- vi) Promotion of Trade and Investment

Further to this, the crafting and design phases of the transformational strategy, specifically the Business Model (Sustainable Villages concept) will continue to consider, align and incorporate specifically all the above programmes. In order to implement the above strategic programmes, a budget allocation on each strategic programme is proposed to facilitate implementation of selected projects throughout the region. The programmes to be undertaken for the 2015/2016 financial year are as follows:

Sustainable Villages Programme

- a) Project initiation, facilitation and management of special projects.
- b) Identifying capacity needs and supporting municipalities to ensure integrated and sustainable delivery of services
- c) Research and project information management
- d) Resource mobilization and fundraising

SMME Development:-

Umzikantu Red Meat Abattoir

The budget for Umzikantu Red Meat Abattoir shall be utilized for capital replacements of old equipment (which has reached end of life cycle and obsolete) and the funding of operations. The abattoir provides slaughter services to the district community. There is also sale of meat that is done.

Maize or crop production

Source of funding for this programme is resource mobilization and fundraising. The budget is set aside to fund the maize production programme. Costs for mechanisation and planting are

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included in this budget. Farmers partaking in this programme contribute R1 800 per hectare. Cost per hectare is approximately R9 000.

The maize program is currently very popular as many subsistence farmers want to commercialize this project for food security reasons and it is a source of livelihood for them.

Dairy farm

The entity is operating a dairy farm using a leased property. Produced milk is sold to the community. Operational expenses are high hence the farms require continuous financial injection.

Farm operations

R6.1m is allocated to fund operations at Adam Kok Farms. This will be utilized for repairs and maintenance, pay salaries and wages and the seasonal workers on the farm. The budget will also be used for fruit and beef production. Revenue that is generated by the farms is not included in this budget because it goes directly to the parent municipality.

Table 27 MBRR Table A7 - Budget cash flow statement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		-	-						-	-	-
Service charges		43,092	77,700	119,975	157,506	157,506	157,506	157,506	153,907	163,396	173,469
Other revenue		5,600	86,077	238,134	196,319	216,582	216,582	216,582	107,574	75,244	72,225
Government - operating	1	619,795	738,267	545,387	562,407	562,930	562,930	562,930	631,409	674,624	724,959
Government - capital	1	562,773	421,926	845,538	711,969	714,769	714,769	714,769	754,191	746,561	860,996
Interest		33,347	47,089	26,564	37,339	37,239	37,239	37,239	37,460	39,483	41,615
Dividends									-	-	-
Payments											
Suppliers and employees		(832,116)	(1,168,756)	(1,124,937)	(607,543)	(663,187)	(663,187)	(663,187)	(698,522)	(735,805)	(783,611)
Finance charges		(946)	(973)	(2,437)					-	-	-
Transfers and Grants	1	(16,266)	(6,925)	(40,755)	(14,520)	(43,827)	(43,827)	(43,827)	(38,827)	(40,924)	(43,134)
NET CASH FROM/(USED) OPERATING ACTIVITIES		415,280	194,406	607,469	1,043,476	982,012	982,012	982,012	947,191	922,579	1,046,519
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				7,103	5,080	5,080	5,080	5,080	122,193	121,466	126,359
Decrease (increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables				1,599					-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(122,961)	(421,461)	(607,902)	(835,455)	(820,657)	(820,657)	(820,657)	(902,384)	(868,027)	(987,355)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(122,961)	(421,461)	(599,200)	(830,375)	(815,577)	(815,577)	(815,577)	(780,191)	(746,561)	(860,996)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing		3,854	425	91					-	-	-
Increase (decrease) in consumer deposits		-	-						-	-	-
Payments											
Repayment of borrowing		(204)	(417)	(547)					-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		3,651	8	(456)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		295,969	(227,047)	7,812	213,101	166,436	166,436	166,436	167,000	176,018	185,523
Cash/cash equivalents at the year begin:	2	158,647	454,616	227,567	629,708	235,380	235,380	235,380	401,815	568,815	744,833
Cash/cash equivalents at the year end:	2	454,616	227,569	235,380	842,809	401,815	401,815	401,815	568,815	744,833	930,356

The above table shows that cash and cash equivalents of the District Municipality decreased from the 2011/12 from R454.6 million to 2013/14 R235 million. With the 2014/15 budget various cost efficiencies and savings had to be realised to ensure the District Municipality could meet its operational expenditure commitments and an increase to R401 million was budgeted for. For the 2015/16 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to be R568.8 million, R744.8 million, R930 million for MTREF respectively

1.22.1 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?

- How are those funds used?
- 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 28 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash and investments available											
Cash/cash equivalents at the year end	1	454,616	227,569	235,380	842,809	401,815	401,815	401,815	568,815	744,833	930,356
Other current investments > 90 days		-	-	(0)	0	(0)	(0)	(0)	(0)	(0)	0
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		454,616	227,569	235,380	842,809	401,815	401,815	401,815	568,815	744,833	930,356
Application of cash and investments											
Unspent conditional transfers		385,397	205,567	32,565	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	183,814	75,968	163,604	477,707	282,233	282,233	282,233	446,857	459,026	446,604
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		569,211	281,535	196,169	477,707	282,233	282,233	282,233	446,857	459,026	446,604
Surplus(shortfall)		(114,595)	(53,966)	39,210	365,102	119,583	119,583	119,583	121,958	285,807	483,752

From the above table it can be seen that the cash and investments available total R568 million in 2015/16 then increase to R930 million at end of the MTREF, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. For 2013/14 financial year, there were no under spending instead overspending was realised. During the 2014/15 and 2015/16 financial year no provision has been made for this liability as there will not be any unspent conditional grants
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors.

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High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the District Municipality in 2014/15 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month’s operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the District Municipality to meet its creditor obligations.

It can be concluded that the District Municipality has a surplus against the cash backed and accumulated surpluses reconciliation.

1.22.2 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 29 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	454,616	227,569	235,380	842,809	401,815	401,815	401,815	568,815	744,833	930,356
Cash + investments at the yr end less applications - R'000	18(1)b	2	(114,595)	(53,966)	39,210	365,102	119,583	119,583	119,583	216,555	364,167	538,313
Cash year end/monthly employee/supplier payments	18(1)b	3	8.6	3.9	3.7	19.1	8.3	8.3	8.3	11.1	13.8	16.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(111,283)	345,109	439,498	888,208	821,157	821,157	821,157	903,884	869,608	989,022
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(0.1%)	11.4%	135.8%	(6.0%)	(6.0%)	(6.0%)	2.2%	0.8%	1.9%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	26.1%	64.6%	128.1%	74.1%	74.1%	74.1%	74.1%	50.7%	46.7%	45.4%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	86.2%	63.2%	23.7%	12.7%	12.7%	12.7%	12.7%	10.8%	10.7%	10.4%
Capital payments % of capital expenditure	18(1)c:19	8	100.8%	99.9%	100.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (ex cl. transfers)	18(1)c	9	0.0%	0.0%	0.1%	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.	250.9%	(33.3%)	(83.6%)	541.0%	0.0%	0.0%	28.6%	13.8%	4.0%
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)(v.i)	13	1.1%	2.5%	0.6%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.4%
Asset renewal % of capital budget	20(1)(v.i)	14	0.0%	0.0%	0.0%	10.3%	10.0%	10.0%	0.0%	10.1%	11.0%	10.6%

1.22.2.1 Cash/cash equivalent position

The District 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.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2014/15 MTREF shows R401.8 million then R568.8 million and R930 million at end of MTREF.

1.22.2.2 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 28,. 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.

1.22.2.3 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. For the 2015/16 MTREF the indicative outcome is a surplus of R903.8 million, R869.6 million and R989 million.

1.22.2.4 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. For 2015/16 resulted in 2.2% then in 2017/18 amounted to 1.9%.

1.22.2.5 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. It can be seen that the outcome is at 50.7 per cent for 2015/16 then 46 per cent and 45 per cent in each of the respective outer years. Given that the assumed collection rate was based on a 79 per cent performance target and the free basic component in determining the collection rate is reduced hence the targeted collection is 79 per cent whilst this table reflects 50.7 per cent because in the table, the free basic component is included. The cash flow statement has been conservatively determined. 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. The municipality has succeeded in collecting the refunds from SARS for VAT. The collection rate is above 95per cent of the claims that are submitted for the VAT refund. The amount for VAT claims is directly affected by the level of spending on more especially MIG projects.

1.22.2.6 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. The provision has been appropriated at 10 per cent over the MTREF.

1.22.2.7 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.

1.22.2.8 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. District Municipality will not undertake any borrowing.

1.22.2.9 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 District Municipality has budgeted for all transfers.

1.22.2.10 Consumer debtors change (Current and Non-current)

The purposes of these measures are 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.

1.22.2.11 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. Details of the District Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 42 MBRR SA34C.

1.22.2.12 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. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 41 MBRR SA34b.

1.23 Expenditure on grants and reconciliations of unspent funds

Table 30 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:		432,746	495,137	516,736	567,762	567,762	567,762	631,409	646,283	724,959
Local Government Equitable Share		414,811	449,954	493,970	552,334	552,334	552,334	622,201	643,613	721,881
Finance Management		1,250	1,500	1,500	1,500	1,500	1,500	1,575	1,710	2,045
Municipal Systems Improvement		790	1,000	890	934	934	934	940	960	1,033
Water Services Operating Subsidy		15,895	27,944	-	-	-	-	-	-	-
EPWP Incentive		-	14,739	20,376	12,994	12,994	12,994	6,693	-	-
Other transfers/grants [insert description]										
Provincial Government:		4,613	-	-	-	638	638	-	-	-
Health subsidy		4,613								
River Health						638	638			
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		437,358	495,137	516,736	567,762	568,400	568,400	631,409	646,283	724,959
Capital expenditure of Transfers and Grants										
National Government:		220,419	862,299	871,300	706,499	706,499	706,499	754,191	742,061	856,496
Municipal Infrastructure Grant (MIG)		218,731	860,523	841,124	604,371	604,371	604,371	617,195	643,613	683,213
Rural Transport Services and Infrastructure		1,688	1,776	2,290	2,686	2,686	2,686	2,693	2,773	2,946
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Municipal Water Infrastructure Grant		-	-	14,886	89,442	89,442	89,442	124,303	85,675	155,337
Water Services Operating Subsidy		-	-	13,000	10,000	10,000	10,000	10,000	10,000	15,000
Provincial Government:		6,745	1,027	1,027	-	2,800	2,800	-	-	-
LED, Libraries & Housing		6,745	1,027	1,027	-	2,800	2,800	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		227,164	863,326	872,327	706,499	709,299	709,299	754,191	742,061	856,496
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		664,522	1,358,463	1,389,063	1,274,261	1,277,699	1,277,699	1,385,600	1,388,344	1,581,455

1.24 Councillor and employee benefits

Table 31 MBRR SA22 - Summary of councillor and staff benefits

Table 33 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers	Ref	2013/14			Current Year 2014/15			Budget Year 2015/16		
		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)		60	-	60	60	-	60	60	-	60
Board Members of municipal entities	4	10	-	10	10	-	10	10	-	10
Municipal employees	5	-	-	-	-	-	-	-	-	-
Municipal Manager and Senior Managers	3	12	-	12	12	-	12	12	-	12
Other Managers	7	51	34	17	48	34	14	50	34	16
Professionals		102	86	16	93	77	16	93	77	16
Finance		40	24	16	41	25	16	41	25	16
Spatial/town planning		1	1	-	1	1	-	1	1	-
Information Technology		-	-	-	-	-	-	-	-	-
Roads		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Other		61	61	-	51	51	-	51	51	-
Technicians		70	66	4	70	66	4	70	66	4
Finance		-	-	-	-	-	-	-	-	-
Spatial/town planning		-	-	-	-	-	-	-	-	-
Information Technology		6	6	-	6	6	-	6	6	-
Roads		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		60	56	4	60	56	4	60	56	4
Sanitation		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Other		4	4	-	4	4	-	4	4	-
Clerks (Clerical and administrative)		245	245	-	245	245	-	245	245	-
Service and sales workers		73	73	-	73	73	-	73	73	-
Skilled agricultural and fishery workers		-	-	-	-	-	-	-	-	-
Craft and related trades		-	-	-	-	-	-	-	-	-
Plant and Machine Operators		45	60	-	60	60	-	60	60	-
Elementary Occupations		833	363	470	833	363	470	720	363	357
TOTAL PERSONNEL NUMBERS	9	1,501	927	589	1,504	918	586	1,393	918	475
% increase					0.2%	(1.0%)	(0.5%)	(7.4%)	-	(18.9%)
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10	33	24	9	33	24	9	33	24	9
Human Resources personnel headcount	8, 10	21	19	2	21	19	2	21	19	2

Implementation of the Approved Organisational Structure

The revised Micro Organizational Structure which was approved by Council on 6 December 2014 is still vacant pending completion of the following sequence of processes:

1. Job Description writing
2. Job Evaluation
3. Costing of Organizational Structure
4. Placement of Employees

The processes in question are still work in progress. The Corporate Services Department has therefore updated the Report that it submitted in 2014.

Employment of Casual Employees

The District Municipality has employed casual workers who have been retained for a number of years. These casuals now fit the definition of employee in terms of our LRA amendment as they have been employed for more than three (03) months since the date of effect of the amendment namely 01 January 2015.

They were contracted on twelve (12) months fixed contract so as to regulate their open ended employment with the District Municipality. When their fixed term contracts were terminated upon their expiry, the Union SAMWU negotiated on their behalf for continued employment citing among other things economic dislocation and the high rate of unemployment in our region. It was agreed that they be put on a month to month basis pending verification of those that were appointed from January 2010 backwards. The verification is work in progress.

1.25 Monthly targets for revenue, expenditure and cash flow

Table 34 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source																
Property rates																
Property rates - penalties & collection charges																
Service charges - electricity revenue																
Service charges - water revenue		29,552	26,578	27,692	29,110	26,449	21,962	22,045	29,263	34,799	26,431	28,945	28,498	331,326	354,173	383,293
Service charges - sanitation revenue		6,005	4,651	5,158	5,804	4,592	2,549	2,587	5,874	8,395	4,584	5,729	5,525	61,454	65,142	69,050
Service charges - refuse revenue																
Service charges - other																
Rental of facilities and equipment		4	4	4	4	4	4	4	4	4	4	4	4	50	53	56
Interest earned - external investments		1,833	1,750	2,387	936	2,664	1,196	1,928	1,833	1,972	1,833	1,833	1,833	22,000	23,188	24,440
Interest earned - outstanding debtors		1,288	1,230	1,678	658	1,872	841	1,355	1,288	1,386	1,288	1,288	1,288	15,460	16,295	17,175
Dividends received																
Fines																
Licences and permits																
Agency services																
Transfers recognised - operational		241,134	940	-	-	200,407	-	-	1,673	161,255	-	-	0	605,409	674,624	724,959
Other revenue		103,215	392	392	392	392	392	392	392	392	392	392	392	107,524	75,191	72,170
Gains on disposal of PPE																
Total Revenue (excluding capital transfers and contributions)		383,033	35,546	37,312	36,904	236,381	26,944	28,309	40,328	208,202	34,532	38,191	37,541	1,143,223	1,208,666	1,291,142
Expenditure By Type																
Employee related costs		28,099	28,099	28,099	28,099	28,099	28,099	28,099	28,099	28,099	28,099	28,099	28,099	337,190	361,529	388,362
Remuneration of councillors		1,477	1,477	1,477	1,477	1,477	1,477	1,477	1,477	1,477	1,477	1,477	1,477	17,720	19,137	20,668
Debt impairment		3,542	3,542	3,542	3,542	3,542	3,542	3,542	3,542	3,542	3,542	3,542	3,542	42,500	44,795	47,214
Depreciation & asset impairment		13,792	13,792	13,792	13,792	13,792	13,792	13,792	13,792	13,792	13,792	13,792	13,792	165,500	174,437	183,857
Finance charges																
Bulk purchases		4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000	52,700	55,546
Other materials		1,648	1,398	5,048	1,866	2,048	5,198	1,898	2,198	1,998	5,498	2,727	2,315	33,836	35,664	37,589
Contracted services		1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	14,500	15,283	16,108
Transfers and grants		19,600	19,600	19,600	19,600	19,600	19,600	19,600	19,600	19,600	19,600	19,600	19,600	235,201	252,048	274,794
Other expenditure		24,531	24,099	21,922	20,960	23,978	17,434	17,349	17,901	25,054	21,783	15,905	14,360	245,276	251,492	265,337
Loss on disposal of PPE																
Total Expenditure		98,063	97,380	98,854	94,710	97,910	94,516	91,130	91,983	98,936	99,164	90,516	88,560	1,141,723	1,207,085	1,289,476
Surplus/(Deficit)																
Transfers recognised - capital		163,793	-	-	-	236,116	-	-	-	380,282	-	-	-	780,191	746,561	860,996
Contributions recognised - capital		10,310	11,876	11,527	13,567	11,940	13,304	4,863	11,886	10,245	6,267	6,452	9,954	122,193	121,466	126,359
Contributed assets																
Surplus/(Deficit) after capital transfers & contributions		459,074	(49,959)	(50,015)	(44,239)	386,526	(54,268)	(57,958)	(39,769)	499,794	(58,365)	(45,873)	(41,065)	903,884	869,608	989,022
Taxation																
Attributable to minorities																
Share of surplus/ (deficit) of associate																
Surplus/(Deficit)	1	459,074	(49,959)	(50,015)	(44,239)	386,526	(54,268)	(57,958)	(39,769)	499,794	(58,365)	(45,873)	(41,065)	903,884	869,608	989,022

Table 35 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote																
Vote 1 - Council & Committees		47,763	940	-	-	40,184	-	-	32,606	-	-	0	121,493	128,975	137,700	
Vote 2 - Finance and Administration		65,714	1,356	1,812	774	54,782	960	1,483	44,334	1,416	1,416	1,416	176,879	188,002	200,034	
Vote 3 - Planning and Development		22,380	292	292	292	17,733	292	292	13,086	292	292	292	57,497	53,770	56,912	
Vote 4 - Health		2,321	-	-	-	1,953	-	-	1,584	-	-	0	5,858	6,243	6,655	
Vote 5 - Community and Social Services		4,219	-	-	-	3,549	-	-	2,880	-	-	(0)	10,648	11,398	12,202	
Vote 6 - Housing		3,062	-	-	-	2,576	-	-	2,090	-	-	0	7,728	8,279	8,869	
Vote 7 - Public Safety		8,688	-	-	-	7,309	-	-	5,931	-	-	(0)	21,928	23,272	24,701	
Vote 8 - Sports & Recreation		1,432	-	-	-	1,205	-	-	978	-	-	0	3,615	3,847	4,094	
Vote 9 - Environmental		6,992	-	-	-	5,883	-	-	4,773	-	-	(0)	17,648	18,924	20,294	
Vote 10 - Roads Transport		6,956	-	-	-	5,852	-	-	4,748	-	-	0	17,556	18,610	19,729	
Vote 11 - Water		212,803	32,958	35,208	35,839	94,763	25,692	26,534	94,711	32,825	36,484	35,834	700,598	745,463	797,957	
Vote 12 - Tourism		703	-	-	-	592	-	-	480	-	-	(0)	1,775	1,882	1,995	
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue by Vote		383,033	35,546	37,312	36,904	236,381	26,944	28,309	40,328	208,202	34,532	38,191	37,541	1,143,223	1,208,666	1,291,142
Expenditure by Vote to be appropriated																
Vote 1 - Council & Committees		11,492	10,364	9,972	9,852	11,207	10,387	10,685	9,332	9,860	10,391	9,039	8,914	121,493	128,975	137,700
Vote 2 - Finance and Administration		20,097	14,910	17,695	14,854	12,850	13,575	12,835	13,010	13,635	16,170	13,110	12,637	175,379	186,421	198,368
Vote 3 - Planning and Development		4,923	4,918	4,863	4,843	4,873	4,778	4,673	4,723	4,773	4,733	4,673	4,723	57,497	53,770	56,912
Vote 4 - Health		498	483	483	498	483	483	483	498	483	483	498	483	5,858	6,243	6,655
Vote 5 - Community and Social Services		711	711	751	786	1,331	736	811	1,421	1,001	961	736	696	10,648	11,398	12,202
Vote 6 - Housing		557	597	641	563	857	565	612	923	566	653	628	565	7,728	8,279	8,869
Vote 7 - Public Safety		2,474	1,581	1,711	2,759	1,546	1,661	1,401	2,349	1,631	1,481	1,441	1,889	21,928	23,272	24,701
Vote 8 - Sports & Recreation		245	145	605	355	295	295	325	205	295	245	155	445	3,615	3,847	4,094
Vote 9 - Environmental		1,308	1,558	1,568	1,828	1,768	1,458	1,303	1,528	1,458	1,303	1,283	1,283	17,648	18,924	20,294
Vote 10 - Roads Transport		738	738	3,738	738	738	3,738	738	738	596	3,863	596	596	17,556	18,610	19,729
Vote 11 - Water		54,978	60,917	56,614	57,463	61,819	56,682	57,021	57,214	64,484	58,839	58,284	56,286	700,598	745,463	797,957
Vote 12 - Tourism		42	457	212	172	142	157	242	42	152	42	72	42	1,775	1,882	1,995
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		98,063	97,380	98,854	94,710	97,910	94,516	91,130	91,983	98,936	99,164	90,516	88,560	1,141,723	1,207,085	1,289,476
Surplus/(Deficit) before assoc.		284,970	(61,835)	(61,542)	(57,806)	138,471	(67,572)	(62,821)	(51,655)	109,267	(64,632)	(52,325)	(51,019)	1,500	1,581	1,666
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	284,970	(61,835)	(61,542)	(57,806)	138,471	(67,572)	(62,821)	(51,655)	109,267	(64,632)	(52,325)	(51,019)	1,500	1,581	1,666

Table 36 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousand																	
Revenue - Standard																	
<i>Governance and administration</i>		113,477	2,296	1,812	774	94,966	960	1,483	1,416	76,940	1,416	1,416	1,416	298,371	316,977	337,734	
Executive and council		47,763	940	-	-	40,184	-	-	-	32,606	-	-	0	121,493	128,975	137,700	
Budget and treasury office		32,604	1,356	1,812	774	26,924	960	1,483	1,416	21,731	1,416	1,416	1,416	93,307	99,315	105,908	
Corporate services		33,111	-	-	-	27,857	-	-	-	22,604	-	-	0	83,572	88,688	94,126	
<i>Community and public safety</i>		19,721	-	-	-	16,592	-	-	-	13,463	-	-	0	49,777	53,039	56,521	
Community and social services		4,219	-	-	-	3,549	-	-	-	2,880	-	-	(0)	10,648	11,398	12,202	
Sport and recreation		1,432	-	-	-	1,205	-	-	-	978	-	-	0	3,615	3,847	4,094	
Public safety		8,688	-	-	-	7,309	-	-	-	5,931	-	-	(0)	21,928	23,272	24,701	
Housing		3,062	-	-	-	2,576	-	-	-	2,090	-	-	0	7,728	8,279	8,869	
Health		2,321	-	-	-	1,953	-	-	-	1,584	-	-	0	5,858	6,243	6,655	
<i>Economic and environmental services</i>		36,328	292	292	292	29,468	292	292	1,965	22,608	292	292	292	92,701	91,304	96,935	
Planning and development		22,380	292	292	292	17,733	292	292	1,965	13,086	292	292	292	57,497	53,770	56,912	
Road transport		6,956	-	-	-	5,852	-	-	-	4,748	-	-	0	17,556	18,610	19,729	
Environmental protection		6,992	-	-	-	5,883	-	-	-	4,773	-	-	(0)	17,648	18,924	20,294	
<i>Trading services</i>		212,803	32,958	35,208	35,839	94,763	25,692	26,534	36,947	94,711	32,825	36,484	35,834	700,598	745,463	797,957	
Electricity																	
Water		212,803	32,958	35,208	35,839	94,763	25,692	26,534	36,947	94,711	32,825	36,484	35,834	700,598	745,463	797,957	
Waste water management																	
Waste management																	
<i>Other</i>		703	-	-	-	592	-	-	-	480	-	-	(0)	1,775	1,882	1,995	
Total Revenue - Standard		383,033	35,546	37,312	36,904	236,381	26,944	28,309	40,328	208,202	34,532	38,191	37,541	1,143,223	1,208,666	1,291,142	
Expenditure - Standard																	
<i>Governance and administration</i>		31,588	25,274	27,667	24,705	24,057	23,962	23,520	22,342	23,495	26,561	22,149	21,551	296,871	315,396	336,068	
Executive and council		11,492	10,364	9,972	9,852	11,207	10,387	10,685	9,332	9,860	10,391	9,039	8,914	121,493	128,975	137,700	
Budget and treasury office		13,413	8,472	7,572	8,000	7,072	7,072	7,072	6,927	6,722	6,832	6,302	6,351	91,807	97,734	104,242	
Corporate services		6,683	6,438	10,123	6,853	5,778	6,503	5,763	6,083	6,913	9,338	6,808	6,286	83,572	88,688	94,126	
<i>Community and public safety</i>		4,485	3,518	4,192	4,961	4,513	3,741	3,633	5,396	3,977	3,823	3,459	4,078	49,777	53,039	56,521	
Community and social services		711	711	751	786	1,331	736	811	1,421	1,001	961	736	696	10,648	11,398	12,202	
Sport and recreation		245	145	605	355	295	295	325	205	295	245	155	445	3,615	3,847	4,094	
Public safety		2,474	1,581	1,711	2,759	1,546	1,661	1,401	2,349	1,631	1,481	1,441	1,889	21,928	23,272	24,701	
Housing		557	597	641	563	857	565	612	923	566	653	628	565	7,728	8,279	8,869	
Health		498	483	483	498	483	483	483	498	483	483	498	483	5,858	6,243	6,655	
<i>Economic and environmental services</i>		6,969	7,214	10,169	7,409	7,379	9,974	6,714	6,989	6,828	9,899	6,553	6,603	92,701	91,304	96,935	
Planning and development		4,923	4,918	4,863	4,843	4,873	4,778	4,673	4,723	4,773	4,733	4,673	4,723	57,497	53,770	56,912	
Road transport		738	738	3,738	738	738	3,738	738	738	596	3,863	596	596	17,556	18,610	19,729	
Environmental protection		1,308	1,558	1,568	1,828	1,768	1,458	1,303	1,528	1,458	1,303	1,283	1,283	17,648	18,924	20,294	
<i>Trading services</i>		54,978	60,917	56,614	57,463	61,819	56,682	57,021	57,214	64,484	58,839	58,284	56,286	700,598	745,463	797,957	
Electricity																	
Water		54,978	60,917	56,614	57,463	61,819	56,682	57,021	57,214	64,484	58,839	58,284	56,286	700,598	745,463	797,957	
Waste water management																	
Waste management																	
<i>Other</i>		42	457	212	172	142	157	242	42	152	42	72	42	1,775	1,882	1,995	
Total Expenditure - Standard		98,063	97,380	98,854	94,710	97,910	94,516	91,130	91,983	98,936	99,164	90,516	88,560	1,141,723	1,207,085	1,289,476	
Surplus/(Deficit) before assoc.		284,970	(61,835)	(61,542)	(57,806)	138,471	(67,572)	(62,821)	(51,655)	109,267	(64,632)	(52,325)	(51,019)	1,500	1,581	1,666	
Share of surplus/ (deficit) of associate																	
Surplus/(Deficit)	1	284,970	(61,835)	(61,542)	(57,806)	138,471	(67,572)	(62,821)	(51,655)	109,267	(64,632)	(52,325)	(51,019)	1,500	1,581	1,666	

Table 37 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - Council & Committees													-	-	-	-
Vote 2 - Finance and Administration													-	-	-	-
Vote 3 - Planning and Development													-	-	-	-
Vote 4 - Health													-	-	-	-
Vote 5 - Community and Social Services													-	-	-	-
Vote 6 - Housing													-	-	-	-
Vote 7 - Public Safety													-	-	-	-
Vote 8 - Sports & Recreation													-	-	-	-
Vote 9 - Environmental													-	-	-	-
Vote 10 - Roads Transport													-	-	-	-
Vote 11 - Water													-	-	-	-
Vote 12 - Tourism													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Vote 1 - Council & Committees													-	-	-	-
Vote 2 - Finance and Administration		1,250	900	1,700	8,250	9,450	1,250	3,000	4,995	3,050	3,450	3,250	50	40,595	41,997	44,264
Vote 3 - Planning and Development		-	150	450	750	550	300	100	1,050	400	650	300	350	5,050	5,323	5,610
Vote 4 - Health		-	-	1,200	-	-	-	-	-	-	-	-	-	1,200	1,265	1,333
Vote 5 - Community and Social Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Housing		-	246	-	270	-	-	125	216	700	-	213	-	1,770	1,866	300
Vote 7 - Public Safety		7,000	-	-	-	-	-	-	-	6,000	-	-	-	13,000	6,324	6,665
Vote 8 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Environmental		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Roads Transport		-	-	-	5,000	5,405	-	-	10,000	-	763	5,763	763	27,693	2,773	2,946
Vote 11 - Water		14,595	14,121	57,921	42,721	34,521	89,321	24,243	63,782	72,371	141,321	132,774	125,187	812,876	808,481	926,236
Vote 12 - Tourism		-	-	-	-	200	-	-	-	-	-	-	-	200	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	22,845	15,417	61,271	56,990	50,126	90,871	27,468	80,043	82,521	146,183	142,300	126,349	902,384	868,027	987,355
Total Capital Expenditure	2	22,845	15,417	61,271	56,990	50,126	90,871	27,468	80,043	82,521	146,183	142,300	126,349	902,384	868,027	987,355

Table 38 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital Expenditure - Standard	1															
<i>Government and administration</i>		1,250	900	1,700	8,250	9,450	1,250	3,000	4,995	3,050	3,450	3,250	50	40,595	41,997	44,264
Executive and council														-	-	-
Budget and treasury office		1,250	450	1,500	8,250	8,350	1,250	3,000	4,795	3,000	3,000	3,000		37,845	39,889	42,043
Corporate services		-	450	200	-	1,100	-	-	200	50	450	250	50	2,750	2,108	2,222
<i>Community and public safety</i>		7,000	246	1,200	270	-	-	125	216	6,700	-	213		15,970	9,454	8,299
Community and social services														-	-	-
Sport and recreation														-	-	-
Public safety		7,000	-	-	-	-	-	-	-	6,000	-	-		13,000	6,324	6,665
Housing		-	246	-	270	-	-	125	216	700	-	213		1,770	1,866	300
Health		-	-	1,200	-	-	-	-	-	-	-	-		1,200	1,265	1,333
<i>Economic and environmental services</i>		-	150	450	5,750	5,955	300	100	11,050	400	1,413	6,063	1,113	32,743	8,096	8,556
Planning and development		-	150	450	750	550	300	100	1,050	400	650	300	350	5,050	5,323	5,610
Road transport		-	-	-	5,000	5,405	-	-	10,000	-	763	5,763	763	27,693	2,773	2,946
Environmental protection														-	-	-
<i>Trading services</i>		14,595	14,121	57,921	42,721	34,521	89,321	24,243	63,782	72,371	141,321	132,774	125,187	812,876	808,481	926,236
Electricity														-	-	-
Water		14,595	14,121	57,921	42,721	34,521	89,321	24,243	63,782	72,371	141,321	132,774	125,187	812,876	808,481	926,236
Waste water management														-	-	-
Waste management														-	-	-
<i>Other</i>		-	-	-	-	200	-	-	-	-	-	-	-	200	-	-
Total Capital Expenditure - Standard	2	22,845	15,417	61,271	56,990	50,126	90,871	27,468	80,043	82,521	146,183	142,300	126,349	902,384	868,027	987,355
Funded by:																
National Government		163,793	-	-	-	236,116	-	-	-	380,282	-	-	-	780,191	746,561	860,996
Provincial Government														-	-	-
District Municipality														-	-	-
Other transfers and grants														-	-	-
Transfers recognised - capital		163,793	-	-	-	236,116	-	-	-	380,282	-	-	-	780,191	746,561	860,996
Public contributions & donations														-	-	-
Borrowing														-	-	-
Internally generated funds		10,310	11,876	11,527	13,567	11,940	13,304	4,863	11,886	10,245	6,267	6,452	9,954	122,193	121,466	126,359
Total Capital Funding		174,104	11,876	11,527	13,567	248,056	13,304	4,863	11,886	390,527	6,267	6,452	9,954	902,384	868,027	987,355

OR Tambo District Municipality 2015/16 Draft Budget and MTREF
Table 39 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS R thousand	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash Receipts By Source													1		
Property rates															
Property rates - penalties & collection charges															
Service charges - electricity revenue															
Service charges - water revenue	9,646	6,672	7,786	9,204	6,543	2,056	2,138	9,357	14,893	6,525	9,039	8,592	92,452	98,254	104,418
Service charges - sanitation revenue	6,005	4,651	5,158	5,804	4,592	2,549	2,587	5,874	8,395	4,584	5,729	5,525	61,454	65,142	69,050
Service charges - refuse revenue															
Service charges - other															
Rental of facilities and equipment	4	4	4	4	4	4	4	4	4	4	4	4	50	53	56
Interest earned - external investments	1,833	1,750	2,387	936	2,664	1,196	1,928	1,833	1,972	1,833	1,833	1,833	22,000	23,188	24,440
Interest earned - outstanding debtors	1,288	1,230	1,678	658	1,872	841	1,355	1,288	1,386	1,288	1,288	1,288	15,460	16,295	17,175
Dividends received															
Fines															
Licences and permits															
Agency services															
Transfer receipts - operational	251,436	940	-	-	209,073	-	-	1,673	168,287	-	-	0	631,409	674,624	724,959
Other revenue	103,215	392	392	392	392	392	392	392	392	392	392	392	107,524	75,191	72,170
Cash Receipts by Source	373,428	15,640	17,405	16,998	225,141	7,038	8,403	20,422	195,329	14,626	18,285	17,635	930,349	952,747	1,012,268
Other Cash Flows by Source															
Transfer receipts - capital	153,492	-	-	-	227,449	-	-	-	373,250	-	-	-	754,191	746,561	860,996
Contributions recognised - capital & Contributed	10,310	11,876	11,527	13,567	11,940	13,304	4,863	11,886	10,245	6,267	6,452	9,954	122,193	121,466	126,359
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	537,231	27,516	28,933	30,565	464,530	20,341	13,266	32,308	578,823	20,893	24,738	27,589	1,806,733	1,820,774	1,999,623
Cash Payments by Type															
Employee related costs	28,099	28,099	28,099	28,099	28,099	28,099	28,099	28,099	28,099	28,099	28,099	28,099	337,190	361,529	388,362
Remuneration of councillors	1,477	1,477	1,477	1,477	1,477	1,477	1,477	1,477	1,477	1,477	1,477	1,477	17,720	19,137	20,668
Finance charges															
Bulk purchases - Electricity															
Bulk purchases - Water & Sewer	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000	52,700	55,546
Other materials	1,648	1,398	5,048	1,866	2,048	5,198	1,898	2,198	1,998	5,498	2,727	2,315	33,836	35,664	37,589
Contracted services	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	14,500	15,283	16,108
Transfers and grants - other municipalities															
Transfers and grants - other	3,236	3,236	3,236	3,236	3,236	3,236	3,236	3,236	3,236	3,236	3,236	3,236	38,827	40,924	43,134
Other expenditure	24,531	24,099	21,922	20,960	23,978	17,434	17,349	17,901	25,054	21,783	15,905	14,360	245,276	251,492	265,337
Cash Payments by Type	64,365	63,683	65,156	61,013	64,212	60,818	57,433	58,285	65,238	65,466	56,819	54,862	737,349	776,729	826,745
Other Cash Flows/Payments by Type															
Capital assets	22,845	15,417	61,271	56,990	50,126	90,871	27,468	80,043	82,521	146,183	142,300	126,349	902,384	868,027	987,355
Repayment of borrowing															
Other Cash Flows/Payments															
Total Cash Payments by Type	87,210	79,100	126,427	118,003	114,338	151,689	84,901	138,328	147,759	211,650	199,118	181,211	1,639,733	1,644,756	1,814,100
NET INCREASE/(DECREASE) IN CASH HELD	450,021	(51,584)	(97,494)	(87,438)	350,192	(131,347)	(71,635)	(106,020)	431,065	(190,757)	(174,381)	(153,622)	167,000	176,018	185,523
Cash/cash equivalents at the month/year begin:	401,815	851,836	800,252	702,758	615,320	965,513	834,165	762,531	656,510	1,087,575	896,818	722,437	401,815	568,815	744,833
Cash/cash equivalents at the month/year end:	851,836	800,252	702,758	615,320	965,513	834,165	762,531	656,510	1,087,575	896,818	722,437	568,815	568,815	744,833	930,356

1.26 Contracts having future budgetary implications

In terms of the District Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years).

1.27 Capital expenditure details

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

Table 40 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		113,897	410,079	594,699	699,849	699,849	699,849	747,541	740,092	849,718
Infrastructure - Road transport		-	-	-	2,686	2,686	2,686	2,693	2,773	2,946
<i>Roads, Pavements & Bridges</i>					2,686	2,686	2,686	2,693	2,773	2,946
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>										
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		113,897	410,079	594,699	694,813	694,813	694,813	742,498	734,842	844,161
<i>Dams & Reservoirs</i>										
<i>Water purification</i>		113,897	410,079	594,699	694,813	694,813	694,813	742,498	734,842	844,161
<i>Reticulation</i>										
Infrastructure - Sanitation		-	-	-	2,350	2,350	2,350	2,350	2,477	2,611
<i>Reticulation</i>					2,350	2,350	2,350	2,350	2,477	2,611
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>	2									
<i>Gas</i>										
<i>Other</i>	3									
Community		-	-	1,453	14,098	11,898	11,898	30,398	8,588	9,052
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries						2,800	2,800			
Recreational facilities										
Fire, safety & emergency				1,117	6,000	4,000	4,000	13,000	6,324	6,665
Security and policing				336	2,398	2,398	2,398	2,398	2,264	2,386
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other					5,700	2,700	2,700	15,000	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		8,080	11,847	7,936	33,405	25,507	25,507	32,195	23,183	22,768
General vehicles		1,331	3,173	1,045	16,375	12,868	12,868	10,375	10,935	11,526
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		1,370	1,140	-	7,735	700	700	700	738	778
Computers - hardware/equipment		-	-	-	1,500	1,500	1,500	1,500	1,581	1,666
Furniture and other office equipment		3,990	5,939	6,891	1,075	1,382	1,382	1,000	1,054	1,111
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	1,595	-	1,000	1,000	1,000	11,000	1,054	1,111
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		1,390	-	-	5,720	8,057	8,057	7,620	7,821	6,577
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		-	-	-	1,800	1,400	1,400	1,500	1,054	1,111
Computers - software & programming					1,800	1,400	1,400	1,500	1,054	1,111
Other (<i>list sub-class</i>)										
Total Capital Expenditure on new assets	1	121,978	421,926	604,088	749,152	738,654	738,654	811,634	772,917	882,649

Table 41 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
<u>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</u>										
<u>Infrastructure</u>		-	-	-	86,303	82,003	82,003	90,750	95,111	104,706
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
<i>Roads, Pavements & Bridges</i>										
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>										
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		-	-	-	74,303	72,003	72,003	82,750	86,679	95,819
<i>Dams & Reservoirs</i>										
<i>Water purification</i>					74,303	72,003	72,003	82,750	86,679	95,819
<i>Reticulation</i>										
Infrastructure - Sanitation		-	-	-	12,000	10,000	10,000	8,000	8,432	8,887
<i>Reticulation</i>					12,000	10,000	10,000	8,000	8,432	8,887
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>	2									
<i>Gas</i>										
<i>Other</i>	3									
<u>Community</u>		-	-	-	-	-	-	-	-	-

Table 42 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		23,864	51,574	13,540	18,386	25,706	25,706	24,689	26,022	27,427
Infrastructure - Road transport		-	-	2,906	5,717	10,017	10,017	9,000	9,486	9,998
<i>Roads, Pavements & Bridges</i>				2,906	5,717	10,017	10,017	9,000	9,486	9,998
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>										
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		23,864	38,288	8,736	8,925	11,945	11,945	11,945	12,590	13,270
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>		23,864	38,288	8,736	8,925	11,945	11,945	11,945	12,590	13,270
Infrastructure - Sanitation		-	13,286	1,898	3,744	3,744	3,744	3,744	3,946	4,159
<i>Reticulation</i>			13,286	1,898	3,744	3,744	3,744	3,744	3,946	4,159
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>	2									
<i>Gas</i>										
<i>Other</i>	3									
Community		-	-	-	218	218	218	218	230	243
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7				218	218	218	218	230	243
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										

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Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		12,451	5,613	8,661	8,529	9,229	9,229	8,929	9,411	9,920
General vehicles		4,537	4,011	4,839	4,771	4,771	4,771	4,771	5,028	5,300
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		289	1,053	1,856	1,680	1,680	1,680	1,680	1,770	1,866
Computers - hardware/equipment		929	32	474	600	800	800	1,000	1,054	1,111
Furniture and other office equipment		309								
Abattoirs		-								
Markets		-								
Civic Land and Buildings		-								
Other Buildings		5,288	517	1,493	1,479	1,979	1,979	1,479	1,559	1,643
Other Land		-								
Surplus Assets - (Investment or Inventory)		-								
Other		1,099								
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	850	801	-	-	-	-	-	-
Computers - software & programming			850	801						
Other (list sub-class)										
Total Repairs and Maintenance Expenditure	1	36,314	58,037	23,002	27,134	35,154	35,154	33,836	35,664	37,589
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
R&M as a % of PPE		1.1%	2.5%	0.6%	0.4%	0.5%	0.5%	0.5%	0.5%	0.4%
R&M as % Operating Expenditure		3.1%	4.8%	1.6%	2.7%	3.2%	3.2%	3.0%	3.0%	2.9%

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 not fully complied with on a monthly basis since there are returns that the district municipality was unable to prepare due to the capacity challenges (staff shortages) in the unit.
2. Internship programme
The District 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 (BTO)
The Budget and Treasury Office has been established in accordance with the MFMA, but council has approved the proposed structure that will be in compliance with the requirements of MFMA for establishment of BTO office.
4. Audit Committee
The Audit Committee has been appointed by the municipality and started to operating as from November 2012.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2015/16 MTREF in June 2015 directly aligned and informed by the 2015/16 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
Senior management of the district municipality and the all the staff the Budget and Treasury office have registered for the minimum competency level program required by National Treasury.

1.28 Other supporting documents

Table 43 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
REVENUE ITEMS:											
<u>Property rates</u>	6										
Total Property Rates											
<i>less Revenue Foregone</i>											
Net Property Rates		-	-	-	-	-	-	-	-	-	-
<u>Service charges - electricity revenue</u>	6										
Total Service charges - electricity revenue											
<i>less Revenue Foregone</i>											
Net Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-
<u>Service charges - water revenue</u>	6										
Total Service charges - water revenue		120,795	127,872	150,061	301,423	301,423	301,423	301,423	331,326	354,173	383,293
<i>less Revenue Foregone</i>											
Net Service charges - water revenue		120,795	127,872	150,061	301,423	301,423	301,423	301,423	331,326	354,173	383,293
<u>Service charges - sanitation revenue</u>											
Total Service charges - sanitation revenue					61,454	61,454	61,454	61,454	61,454	65,142	69,050
<i>less Revenue Foregone</i>											
Net Service charges - sanitation revenue		-	-	-	61,454	61,454	61,454	61,454	61,454	65,142	69,050
<u>Service charges - refuse revenue</u>	6										
Total refuse removal revenue											

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Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
Total landfill revenue <i>less Revenue Foregone</i>											
Net Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-
Other Revenue by source											
<i>List other revenue by source</i>											
<i>Sundry Revenue</i>											
<i>Tender Fees</i>				203	1,100	1,100	1,100	1,100	1,200	1,265	1,333
VAT Refund				90,470		20,128	20,128	20,128	-	-	-
Commision Received							-	-			
Farm Operations				3,912	3,000	3,000	3,000	3,000	3,500	4,000	4,500
Increase in fair value of assets							-	-			
Fuel levy							-	-			
Other revenue		45,859	101,149	6,842	3,850	5,000	5,000	5,000			
Accumulative reserves					88,450	94,456	94,456	94,456	102,824	69,926	66,337
	3										
Total 'Other' Revenue	1	45,859	101,149	101,427	96,400	123,685	123,685	123,685	107,524	75,191	72,170
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	192,361	159,534	219,503	244,288	238,445	238,445	238,445	263,954	283,540	304,610
Pension and UIF Contributions		23,681	29,234	33,138	20,574	24,267	24,267	24,267	26,611	28,475	30,589
Medical Aid Contributions											

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Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
				7,475	8,810	10,777	10,777	10,777	11,689	12,525	13,450
Overtime			8,173	11,089	1,710	7,710	7,710	7,710	7,710	8,281	8,894
Performance Bonus				–		–	–	–			
Motor Vehicle Allowance			40,194	12,107	13,817	11,213	11,213	11,213	12,179	12,711	13,640
Cellphone Allowance				963	1,679	764	764	764	827	798	852
Housing Allowances			7,975	9,111	10,050	9,741	9,741	9,741	10,568	11,337	12,178
Other benefits and allowances			1,228	5,204	3,233	2,849	2,849	2,849	3,303	3,486	3,746
Payments in lieu of leave			7,144	4,288		–	–	–			
Long service awards					349	349	349	349	349	375	404
Post-retirement benefit obligations	4										
sub-total	5	216,042	253,483	302,877	304,510	306,114	306,114	306,114	337,190	361,529	388,362
<u>Less: Employees costs capitalised to PPE</u>											
Total Employee related costs	1	216,042	253,483	302,877	304,510	306,114	306,114	306,114	337,190	361,529	388,362
Contributions recognised - capital											
<i>VAT Refund</i>					123,486	111,358	111,358	111,358	122,193	121,466	126,359
Total Contributions recognised - capital		–	–	–	123,486	111,358	111,358	111,358	122,193	121,466	126,359
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		176,182	192,664	217,599	160,491	160,891	160,891	160,891	165,500	174,437	183,857
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation	10										

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Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
of PPE											
Total Depreciation & asset impairment	1	176,182	192,664	217,599	160,491	160,891	160,891	160,891	165,500	174,437	183,857
<u>Bulk purchases</u>											
Electricity Bulk Purchases											
Water Bulk Purchases		27,808	79,113	40,105	41,000	41,000	41,000	41,000	50,000	52,700	55,546
Total bulk purchases	1	27,808	79,113	40,105	41,000	41,000	41,000	41,000	50,000	52,700	55,546
<u>Transfers and grants</u>											
Cash transfers and grants		16,266	45,821	40,755	14,520	43,827	43,827	43,827	38,827	40,924	43,134
Non-cash transfers and grants		–	–	–	177,589	177,589	177,589	177,589	196,373	211,124	231,661
Total transfers and grants	1	16,266	45,821	40,755	192,109	221,416	221,416	221,416	235,201	252,048	274,794
<u>Contracted services</u>											
<i>Security costs</i>		6,972	9,193	22,579	12,500	12,500	12,500	12,500	14,500	15,283	16,108
sub-total	1	6,972	9,193	22,579	12,500	12,500	12,500	12,500	14,500	15,283	16,108
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		6,972	9,193	22,579	12,500	12,500	12,500	12,500	14,500	15,283	16,108
<u>Other Expenditure By Type</u>											
Collection costs	–		–		1,000	1,800	1,800	1,800	2,000	2,108	2,222

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Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
Contributions to 'other' provisions					6,000	8,000	8,000	8,000	6,000	6,324	6,665
Consultant fees					6,500	7,950	7,950	7,950	8,250	8,696	9,165
Audit fees					5,200	5,200	5,200	5,200	5,400	5,692	5,999
General expenses	3	592,389	479,524	735,303	67,733	89,608	89,608	89,608	97,211	102,486	108,284
<i>Assessment Rates</i>					1,500	1,500	1,500	1,500	2,500	2,635	2,777
<i>Municipal Health Services</i>					1,800	1,800	1,800	1,800	2,000	2,108	2,222
<i>Water Carting</i>					1,854	6,154	6,154	6,154	6,154	6,486	6,837
<i>Electricity Purchases</i>					24,000	26,443	26,443	26,443	30,145	31,773	33,489
<i>Protective Clothing</i>					3,585	3,585	3,585	3,585	2,925	3,083	3,249
<i>Fuel & Oil</i>					6,000	8,000	8,000	8,000	6,000	6,324	6,665
<i>Hiring of Machinery and Equipment</i>					2,500	4,200	4,200	4,200	2,500	2,635	2,777
<i>Insurance on Assets</i>					3,133	1,483	1,483	1,483	3,133	3,303	3,481
<i>License Fees</i>					1,000	3,006	3,006	3,006	3,406	3,589	3,783
<i>Water Purification Chemicals</i>					5,048	9,048	9,048	9,048	12,000	12,648	13,331
<i>Salga Fees</i>					3,000	3,000	3,000	3,000	3,500	3,689	3,888
<i>Poverty Relief Program</i>					3,000	3,000	3,000	3,000	3,000	3,162	3,333
<i>Printing and Stationery</i>					2,000	4,250	4,250	4,250	2,000	2,108	2,222
<i>Telephone</i>					5,000	5,000	5,000	5,000	5,000	5,270	5,555
<i>Subsistence & Travelling</i>					15,079	25,225	25,225	25,225	16,759	17,664	18,618

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Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
IDP					2,000	800	800	800	2,000	2,108	2,222
Village Water Committees					10,500	2,100	2,100	2,100	2,100	2,213	2,333
Workman's Compensation					3,000	3,000	3,000	3,000	3,000	3,162	3,333
Group Life Assurance Scheme					7,000	7,000	7,000	7,000	7,000	7,378	7,776
Skills Development and Capacity Building					2,000	3,600	3,600	3,600	3,100	3,267	3,444
Rental of IT Equipment					1,700	2,400	2,400	2,400	1,500	1,581	1,666
EPWP					12,994	12,994	12,994	12,994	6,693	-	-
Total 'Other' Expenditure	1	592,389	479,524	735,303	204,127	250,146	250,146	250,146	245,276	251,492	265,337

Detailed list of other expenditure reflected at R97 million

EXPENDITURE	AMOUNT	EXPENDITURE	AMOUNT
ADVERTISING FEES	850,000	WEBSITE MAINTENANCE	3,000,000
FINANCIAL ACADEMIC ASSISTANCE	2,500,000	COASTAL SAFETY	800,000
ASSESSMENT RATES	1,500,000	RESEARCH AND DEVELOPMENT	200,000
ASSISTANCE TO EX-COMBATANTS	250,000	INTEGRATED DEVELOPMENT PLAN-GRANT	2,000,000
SPATIAL DEVELOPMENT FRAMEWORK	500,000	LAUNCHES - HOUSING PROJECTS	200,000
BANK CHARGES	1,500,000	HOUSING FORUMS	70,000
BOOKS & PUBLICATIONS	218,500	SOCIAL RELIEF PROGRAMME	200,000
RAIN HARVESTING	1,000,000	HOUSING SOCIAL RELIEF PROGRAMME	600,000
CLEANING MATERIALS AND SERVICES	1,450,000	LIBRARY SERVICES	500,000
COMMUNITY PARTICIPATION & ROAD SHOWS	800,000	EARLY CHILDHOOD DEVELOPMENT	200,000
SECTORAL ENGAGEMENT	300,000	CHILD PROTECTION SERVICES	200,000

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EXPENDITURE	AMOUNT	EXPENDITURE	AMOUNT
COUNCIL RECEPTIONS	20,000	COUNCIL AND COMMITTEE	2,500,000
COMMUNICATION	1,000,000	AUDIT COMMITTEE ALLOWANCES	250,000
WOMEN'S CAUCUS	100,000	VILLAGE WATER COMMITTEES	2,100,000
SAFETY AND SECURITY PROGRAMMES	200,000	FUNCTIONS & STAFF WELFARE	250,000
CONFERENCE FEES	1,760,000	DISASTER MANAGEMENT INFORMATION SYSTEM	1,000,000
MUNICIPAL HEALTH SERVICES	2,000,000	REGIONAL & LOCAL TOURISM ORGANISATIONS	100,000
FINANCIAL & BUDGETING REFORMS	1,575,000	DISTRICT TOURISM MARKETING	500,000
FREE BASIC SERVICES	1,100,000	TOURISM EDUCATION AND AWARENESS	450,000
CORPORATE EXPENSES	240,000	WARD BASED PLANNING INFORMATION SYSTEM	500,000
DISTRICT SKILLS DEVELOPMENT PROGRAMME	300,000	MUNICIPAL SUPPORT PROGRAM	500,000
ENVIRONMENTAL MANAGEMENT PLAN	350,000	WORKMEN'S COMPENSATION FUND	3,000,000
MEDICAL EXAMINATION	700,000	GRANT - ADHOC HOUSING	50,000
PROTECTIVE CLOTHING	2,925,000	RELOCATION COSTS	500,000
HIRE - EQUIPMENT & MACHINERY	2,500,000	WATER PLANT HIRE	5,600,000
INSURANCE : EXTERNAL	3,133,350	MORAL REGENERATION PROGRAMS	200,000
HIV/AIDS COMMUNITY AWARENESS	1,000,000	SCIENTIFIC DISASTER MANAGEMENT PROGRAM	200,000
HIV/AIDS (OR TAMBO DM) & INKCIYO PROGRAMME	250,000	DISASTER MANAGEMENT SUMMIT	500,000
PRIMARY HEALTHCARE	60,000	ENVIROMENTAL AWARENESS	500,000
LICENCE FEES	3,405,519	RISK MANAGEMENT	350,000
INTER-GOVERNMENTAL RELATIONS	1,000,000	EMPLOYEE ASSISTANCE PROGRAM	500,000
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	934,000	AMBASSADORS	150,000
WATER QUALITY MONITORING	1,049,779	MANDELA MONTH	150,000
FIRE FIGHTING SERVICE	670,000	MAYORAL IMBIZO	1,000,000
MEMBERSHIP FEES	101,250	TRANSFER OF SPORTS FACILITIES	200,000
JOB EVALUATION PROGRAM	800,000	SKILLS DEVELOPMENT AND CAPACITY BUILDING	3,100,000
OCCUPATIONAL HEALTH & SAFETY	500,000	DEVELOPMENT OF GUILDELINNESS	200,000
COMMUNITY TRAINING	200,000	AFFLUENT MANAGEMENT PROGRAM	500,000

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EXPENDITURE	AMOUNT	EXPENDITURE	AMOUNT
SUPPORT TO TRADITIONAL AUTHORITIES	250,000	WSA PLANS	6,300,000
SPU'S - WOMEN	1,250,000	BLUE AND GREEN DROP PROGRAM	500,000
OFFICE RENTAL	650,000	LOCAL LABOUR FORUM PROGRAMME DEVELOPMENT	150,000
SPU'S - PHYSICALLY CHALLENGED	250,000	DISTRICT PLANNING STRATEGY	300,000
SPU'S - YOUTH	1,000,000	INTEGRATED SPATIAL MANAGEMENT SYSTEM	262,500
SPU'S - CHILDREN	1,300,000	ESTABLISHMENT OF ARCHIEVES	350,000
SPU'S - OLD AGE	850,000	RESEARCH AND POLICY DEVELOPMENT	800,000
SPORTS, ARTS, CULTURE & HERITAGE	350,000	INTRANET DEVELOPME T	500,000
HERITAGE SECTOR PLAN	200,000	INGQUZA HILL MASSACRE (PONDOLAND REVOLT)	500,000
INTERNATIONAL RELATIONS	200,000	CUSTOMER RELATIONS SERVICES	2,000,000
INTERNSHIP PROGRAMME	650,000	RENTAL OF IT EQUIPMENT	1,500,000
POVERTY RELIEF PROGRAM	3,000,000	OVERSIGHT COMMITTEE & ROADSHOWS	550,000
WHIPPERY SUPPORT	1,400,000	PUBLIC PARTICIPATION & SECTION 79 COMMITTES	2,000,000
HUMAN RESOURCE DEVELOPMENT PLAN	200,000	DISTRICT SPEAKER'S FORUM	300,000
HUMAN RESOURCE WORKSHOP	400,000	COUNCIL MEETINGS	530,000
OR TAMBO MONTH	500,000	STANDING ORDERS & RESOLUTIONS REGISTER	70,000
POSTAGE	100,000	INTEGRATED WASTE MANAGEMENT PLAN	300,000
PRINTING & STATIONERY	2,000,000	TECHNICAL FORUM WSJTT	650,000
TELEPHONE	5,000,000	DISTRICT INTERGRATED TRANSPORT PLAN	2,400,000
VIP PROTECTION UNIT	850,000	PUBLIC TRANSPORT ASSISTANCE PROGRAM	800,000
EMPLOYMENT EQUITY PLAN	50,000	STIPEND FOR EMERGENCY VOLUNTEERS	2,130,000
WASTE WATER MANAGEMENT	600,000	PERFORMANCE MANAGEMENT SYSTEM	800,000
DISTRICT SPORTS COUNCIL	70,000	ORGANISATIONAL DEVELOPMENT	350,000
DISASTER PREPAREDNESS AND RESPONSE	450,000	INVESTMENT PROMOTIONS	500,000
SPORTS AND RECREATION	500,000	SITTING ALLOWANCE - TRADITIONAL LEADERS	200,000

Table 44 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - Council & Committees	Vote 2 - Finance and Administration	Vote 3 - Planning and Development	Vote 4 - Health	Vote 5 - Community and Social Services	Vote 6 - Housing	Vote 7 - Public Safety	Vote 8 - Sports & Recreation	Vote 9 - Environmental	Vote 10 - Roads Transport	Vote 11 - Water	Vote 12 - Tourism	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																		-
Property rates - penalties & collection charges																		-
Service charges - electricity revenue																		-
Service charges - water revenue												331,326						331,326
Service charges - sanitation revenue												61,454						61,454
Service charges - refuse revenue																		-
Service charges - other																		-
Rental of facilities and equipment			50															50
Interest earned - external investments			15,739									6,261						22,000
Interest earned - outstanding debtors			-									15,460						15,460
Dividends received																		-
Fines																		-
Licences and permits																		-
Agency services																		-
Other revenue			1,200	3,500								102,824						107,524
Transfers recognised - operational		121,493	159,889	53,997	5,858	10,648	7,728	21,928	3,615	17,648	17,556	183,273	1,775					605,409
Gains on disposal of PPE																		-
Total Revenue (excluding capital transfers and contributions)		121,493	176,879	57,497	5,858	10,648	7,728	21,928	3,615	17,648	17,556	700,598	1,775	-	-	-	-	1,143,223
Expenditure By Type																		
Employee related costs		59,992	72,498	10,557	3,298	8,348	6,348	15,978	1,745	15,398	5,056	137,466	505					337,190
Remuneration of councillors		17,720																17,720
Debt impairment												42,500						42,500
Depreciation & asset impairment												165,500						165,500
Finance charges																		-
Bulk purchases												50,000						50,000
Other materials			9,148								9,000	15,689						33,836
Contracted services			14,500															14,500
Transfers and grants				38,827								196,373						235,201
Other expenditure		43,781	79,233	8,113	2,560	2,300	1,380	5,950	1,870	2,250	3,500	93,069	1,270					245,276
Loss on disposal of PPE																		-
Total Expenditure		121,493	175,379	57,497	5,858	10,648	7,728	21,928	3,615	17,648	17,556	700,598	1,775	-	-	-	-	1,141,723
Surplus/(Deficit)		(0)	1,500	(0)	(0)	0	(0)	0	(0)	0	(0)	0	0	-	-	-	-	1,500
Transfers recognised - capital																		-
Contributions recognised - capital																		-
Contributed assets																		-
Surplus/(Deficit) after capital transfers & contributions		(0)	1,500	(0)	(0)	0	(0)	0	(0)	0	(0)	0	0	-	-	-	-	1,500

Table 45 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		423,050	214,911	171,865	490,411	380,417	380,417	380,417	399,438	568,941	726,875
Other current investments > 90 days											
Total Call investment deposits	2	423,050	214,911	171,865	490,411	380,417	380,417	380,417	399,438	568,941	726,875
Consumer debtors											
Consumer debtors		290,715	341,023	393,016	256,829	411,829	411,829	411,829	421,500	408,855	372,058
Less: Provision for debt impairment		(222,095)	(296,042)	(331,475)	(234,352)	(234,352)	(234,352)	(234,352)	(191,852)	(147,057)	(99,843)
Total Consumer debtors	2	68,620	44,981	61,541	22,477	177,477	177,477	177,477	229,648	261,798	272,215
Debt impairment provision											
Balance at the beginning of the year		118,019	222,074	296,042	324,109	324,109	324,109	324,109	234,352	191,852	147,057
Contributions to the provision		104,076	73,968	35,433	(89,757)	(89,757)	(89,757)	(89,757)	(42,500)	(44,795)	(47,214)
Bad debts written off											
Balance at end of year		222,095	296,042	331,475	234,352	234,352	234,352	234,352	191,852	147,057	99,843
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		4,316,036	4,144,477	5,485,790	9,043,893	9,027,758	9,027,758	9,027,758	9,930,143	10,798,170	11,785,525
Leases recognised as PPE	3				832	832	832	832	832	832	832
Less: Accumulated depreciation		937,787	1,789,820	1,931,612	2,560,879	2,561,279	2,561,279	2,561,279	2,726,779	2,901,216	3,085,073
Total Property, plant and equipment (PPE)	2	3,378,249	2,354,658	3,554,178	6,483,847	6,467,312	6,467,312	6,467,312	7,204,196	7,897,786	8,701,285
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		229	914	512	245	245	245	245	250	255	265
Total Current liabilities - Borrowing		229	914	512	245	245	245	245	250	255	265
Trade and other payables											
Trade and other creditors		203,322	245,185	387,554	497,380	416,715	416,715	416,715	470,851	505,067	517,645
Unspent conditional transfers		385,397	205,567	32,565							
VAT		6,595	-								
Total Trade and other payables	2	595,315	450,752	420,119	497,380	416,715	416,715	416,715	470,851	505,067	517,645
Non current liabilities - Borrowing											
Borrowing	4	-	-	-	70	70	70	70	75	78	85
Finance leases (including PPP asset element)		1,735	677	624	70	70	70	70	75	78	85
Total Non current liabilities - Borrowing		1,735	677	624	70	70	70	70	75	78	85
Provisions - non-current											
Retirement benefits		-	-	11,070							
List other major provision items											
Refuse landfill site rehabilitation											
Other		-	-								
Total Provisions - non-current		-	-	11,070	-	-	-	-	-	-	-
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance			2,079,289	3,147,436	6,052,847	6,052,847	6,052,847	6,052,847	6,671,282	7,575,166	8,444,774
GRAP adjustments											
Restated balance		-	2,079,289	3,147,436	6,052,847	6,052,847	6,052,847	6,052,847	6,671,282	7,575,166	8,444,774
Surplus/(Deficit)		(111,283)	345,109	439,498	888,208	821,157	821,157	821,157	903,884	869,608	989,022
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments					(47,910)	(202,722)	(202,722)	(202,722)			
Accumulated Surplus/(Deficit)	1	(111,283)	2,424,398	3,586,933	6,893,145	6,671,282	6,671,282	6,671,282	7,575,166	8,444,774	9,433,796
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	(111,283)	2,424,398	3,586,933	6,893,145	6,671,282	6,671,282	6,671,282	7,575,166	8,444,774	9,433,796

1.29 Municipal manager's quality certificate

I, municipal manager of OR Tambo District Municipality , hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of OR Tambo District Municipality (DC15)

Signature _____

Date _____