

SCHEDULE A

BUDGET AND SUPPORTING DOCUMENTATION

ANNUAL BUDGET OF

OR TAMBO DISTRICT MUNICIPALITY

2017/2018 TO 2019/20
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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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		
mSCOA	Municipal Standard Chart of Accounts		

Part 1 – Annual Budget

1.1 Foreword by the Executive Mayor

1.2 Council Resolutions

On 31 May 2017 the Council of OR Tambo District Municipality met to consider the budget which the Executive Mayor tabled for the draft budget year 2017/2018 for noting and for public participation. 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 consolidated budget of the municipality for the financial year 2017/2018 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)
 - 1.1.2. Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)
 - 1.1.3. Consolidated 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. Consolidated Budgeted Financial Position
 - 1.2.2. Consolidated Budgeted Cash Flows
 - 1.2.3. Consolidated Cash backed reserves and accumulated surplus reconciliation
 - 1.2.4. Consolidated Budgeted Asset management
 - 1.2.5. Consolidated Basic service delivery measurement
- 2 The Executive Mayor further recommends to Council that
 - 2.1 Approves the tabled Budget for 2017/2018 and two outer years
 - 2.2 Approves 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)

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- 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 Adopts 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 budget is approved;
- 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 budget is approved

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.

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The District Municipality will be embarking on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Firstly there is 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, 78, 86 were used to guide the compilation of the 2017/2018 MTREF.

The main challenges experienced during the compilation of the 2017/2018 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.
- Water and Sanitation infrastructure backlogs;
- Drought resulting in water source significantly reducing and some dams running dry.
- 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.
- Compliance with mSCOA equirements

The following budget principles and guidelines directly informed the compilation of the 2017/2018 MTREF:

- The 2016/2017 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 2017/2018 annual budget;
- The government theme of **“infrastructure development”**
- Implementation of cost containing measures as per MFMA circular 82
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;

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- Tariff increase of 6per cent for residential consumers is affordable and cannot be more. The tariff is not cost reflective due to the nature of the municipality (mostly rural and few are paying customers)
- 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 2014/2015 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 2017/2018 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2017/2018 MTREF

Description	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure		
	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Total Revenue (excluding capital transfers and contributions)	1 136 233	1 183 427	1 386 725	1 465 164	1 554 885
Total Expenditure	1 134 233	1 182 427	1 383 009	1 459 180	1 548 479
Surplus/(Deficit)	2 000	1 000	3 716	5 984	6 405
Transfers recognised - capital	1 074 794	1 072 021	1 099 649	1 129 522	1 143 045
Contributions recognised - capital & contributed assets	146 799	144 564	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1 223 593	1 217 585	1 103 365	1 135 506	1 149 450

Operating revenue has increased by 17per cent or R203 million for the 2017/2018 financial year when compared to the 2016/2017 Adjustments Budget this is mainly due to increase in grants received and projected services revenue.

Total operating expenditure for the 2017/2018 financial year has been appropriated at R1,4 billion and translates into a R3.7 million surplus. When compared to the 2016/2017 Adjustments Budget, operational expenditure has increased by 17 per cent and further increased by 5.5 per cent and 6 per cent for each of the respective outer years of the MTREF. 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 R199 million for 2017/2018.

The capital budget of R1,2 billion for 2017/2018 is 4 per cent more when compared to the 2016/2017 Adjustment Budget. This increase is due to the conditional grant allocation increase, in 2017/18 MTREF. The capital expenditure increases to R1,27 billion in the 2018/2019 financial year and in 2019/2020 to R1,25 billion. The total allocation for MIG for 2017/2018 is R645 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.

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.

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 7per cent of consumers of services are able to pay and the 93per cent in rural areas receive the service without paying, this leads to burden of paying for services in the 7per 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 organisational structure 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 87 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 2017/2018 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	150 061	188 615	195 346	236 407	246 407	246 407	246 407	268 583	284 430	300 927
Investment revenue	20 464	19 204	35 170	24 100	27 000	27 000	27 000	27 000	26 900	27 700
Transfers recognised - operational	962 380	833 995	750 729	676 566	674 226	674 226	674 226	735 126	795 825	859 340
Other own revenue	135 172	41 557	144 846	199 161	235 795	235 795	235 795	356 016	358 009	366 918
Total Revenue (excluding capital transfers and contributions)	1 268 077	1 083 371	1 126 091	1 136 233	1 183 427	1 183 427	1 183 427	1 386 725	1 465 164	1 554 885

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.

As compared to 2016/2017 adjustment budget, the revenue increased by R203 million which is 17per cent and increases in 2018/2019 by R79 million and R89 million in 2019/2020. This is mainly as a result of increase in government grants and also projected service charges revenue.

Service Charges

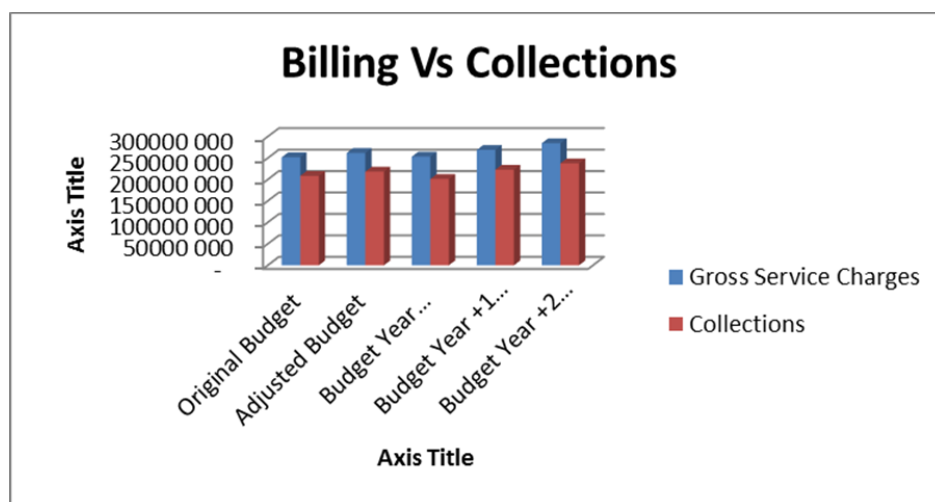
Description	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure		
	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Service Charges billed	236 406 590	246 406 590	268 583 183	284 429 591	300 926 507
Interest on Debtors	15 460 000	15 460 000	5 000 000	6 000 000	6 500 000
Gross Service Charges	251 866 590	261 866 590	273 583 183	290 429 591	307 426 507
Less : Debt Impairment	(43 500 000)	(43 500 000)	(83 337 653)	(84 035 575)	(85 640 258)
Service Charges to be Collected	208 366 590	218 366 590	190 245 530	206 394 016	221 786 249

The gross revenue for services charges for 2017/2018 MTREF amounts to R273 million, R290 million and R307 million respectively. The anticipated debt impairment for 2017/2018 MTREF amounts to R83 million, R84 million and R85 million respectively. Resulting in the anticipated collections being R190 million, R206 million and R221 million being 69 per cent collection rate in MTREF. The collection rate for 2016/2017 was anticipated at 83 per cent, For the mid year the projected collection amounted to R96 million whilst the actual collections for the six months

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amounted to R82 million resulting in 14per cent 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. 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 R27 million and interest on debtors of R5 million. The interest on investments has been constant from adjustment budget to current year budget for prudence since the economy is projected to worsen due to unstable political climate.

Other own revenue consists mainly of reserves of R199 million, tender fees of R1.1 million, and Farm Operations of R3 million.

Operating grants and transfers totals R735 million in the 2017/2018 financial year and increases to R795 million by 2018/2019 and to R859 in 2019/2020. The main item in the operating grants and transfers is the Equitable share amounting to R728 million for 2017/2018, R793 million and R857 million for 2018/2019 and 2019/2020 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.

Table 3 Operating Transfers and Grant Receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		502 230	562 708	631 409	676 566	674 226	674 226	735 126	795 825	859 340
Local Government Equitable Share		493 970	547 280	622 201	669 303	669 303	669 303	728 270	793 525	857 040
Finance Management		1 500	1 500	1 575	1 710	1 710	1 710	2 045	2 300	2 300
Municipal Systems Improvement		890	934	940	2 340	-	-	-	-	-
Water Services Operating Subsidy		-	-	-	-	-	-	-	-	-
EPWP Incentive		5 870	12 994	6 693	3 213	3 213	3 213	4 811	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	502 230	562 708	631 409	676 566	674 226	674 226	735 126	795 825	859 340

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.

1.3.1 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 325 130 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 R167 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 for households, 9 per cent for business and increase of 12 per cent for governamen from 1 July 2017 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

DESCRIPTION	CURRENT TARIFF	PROPOSED TARIFF	PROPOSED TARIFF INCREASE
Domestic/ Residential			
0 to 6kl	6,04	6,41	6,00%
7 to 10kl	6,87	7,29	6,00%
11 to 20kl	8,92	9,45	6,00%
21 to 30kl	10,96	11,62	6,00%
30kl & over	10,96	11,62	6,00%
Business 0 to 30	10,96	11,95	9,00%
30 to 40kl	14,88	16,22	9,00%
40 to 50kl	17,43	19,00	9,00%
Over 50kl	19,66	21,43	9,00%
Government 0 to 30kl	11,38	12,74	12,00%
30 to 40kl	15,44	17,30	12,00%
40 to 50kl	18,09	20,26	12,00%
Over 50kl	20,41	22,86	12,00%

Basic charges are as follows

CHATEGORY	CURRENT TARIFF	PROPOSED TARIFF	PROPOSED TARIFF INCREASE
Domestic	43,42	46,03	6,00%
Business	68,28	74,43	9,00%
Government	81,96	91,80	12,00%

1.3.2 Sanitation and Impact of Tariff Increases

A tariff increase of 6 per cent on households, 9 per cent on businesses and 12 per cent on government for sanitation from 1 July 2017 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

	APPROVED TARIFF	PROPOSED TARIFF	PROPOSED TARIFF INCREASE
Domestic	73,90	78,33	6,00%
Business/Industrial	131,37	143,19	9,00%
Government Institutions	163,11	182,69	12,00%

1.3.3 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 R196. 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 R130 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	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Rand/cent											
Monthly Account for Household - 'Middle Income Range'											
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
sub-total											
VAT on Services											
Total large household bill:											
% increase/-decrease											
Monthly Account for Household - 'Affordable Range'											
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
sub-total											
VAT on Services											
Total small household bill:											
% increase/-decrease											
Monthly Account for Household - 'Indigent' Household receiving free basic services											
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
sub-total											
VAT on Services											
Total small household bill:											
% increase/-decrease											

1.3.4 mSCOA Compliance

mSCOA is a multi-dimensional recording and reporting system across seven segments. Function or sub-function (GFS votes structure) Item (asset, liability, revenue, expenditure, etcetera) Funding source (rates, services charges, grants, loans, etcetera), Region (wards, whole municipality, head office), costing. National Treasury introduced the mSCOA in order to

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standardize and intergrate the municipal activities in order to enhance the comparability, transparency of informantion for better planning, implementation and reporting.

National Treasury requires that the municipalities be able to transact live to mSCOA by 01 July 2017 with the accounting system recognized and accredited by NT.

National Treasury required that :

- All municipalities form a project steering committee that will drive mSCOA with the project manager that will report to the steering committee on a regular basis on the progress of the project.
- Municipalities to form workstreams for all the components of the mSCOA with workstream leaders appointed and relevant members of workstreams.
- All municipalities should acquire intergrated system that is mSCOA compliant
- All municipalities should register Municipal Manager in the National Treasury portal.
- All municipalities to submit the risk register for mSCOA
- all municipalities must submit by end of November 2016 their data strings to the National Treasury reflecting their IDP aligned to the Project, Function and Regional segments of the mSCOA chart version 6. Municipalities must provide proof of their preparations in this regard during October 2016 by means of draft data strings loaded onto the National Treasury LG database. Municipalities will need to utilise system functionality as a first indicator that a system is enabled for the implementation of mSCOA;
- Have a systems-integrated Budget Module. The next critical delivery is the tabling of the budget by 31 March 2017 and will require a municipality's system(s) to have budgeting functionality including but not limited to: a. Organogram Budgeting; b. Billing historical trends and new developments; c. Asset maintenance plans; d. Building rentals; e. Fleet costs; f. Loans, bonds and repayments; g. Grants and subsidies; h. Costing allocations; and i. Long term forecasting and tariff modelling tools. This is the 2nd measurement of whether any system is enabled for the implementation of mSCOA; and (iii) Enable a municipality, with effect 1 July 2017, to transact across the seven segments of mSCOA with subsystems seamlessly integrating to the core financial system.
- This 3rd measurement criterion of mSCOA compliance will be tested by the National Treasury through its data extraction (across the 6 regulated mSCOA segments) from the information submitted by the municipality on/ before the 10th working day of August 2017. The municipality is therefore urged to already submit such data strings to the National Treasury to resolve any errors.

In compelling the municipalities to comply with above mSOCA deadlines, National Treasury has invoked s216 (2) of the constitution where NT can stop transfer of funds to the municipality.

Progress made

- Steering committee has been appointed which is made up of members of the senior management with Municipal Manager being the project owner.
- Project Manager has been appointed (Mrs Dunywa – Director REDP)
- Work streams have been formed with their leaders reporting regularly to the mSCOA implementation team.
- MM has been registered to the National Treasury portal
- Risk register for mSCOA has been developed and submitted to National Treasury.
- Municipality has acquired SOLAR integrated system from service provider namely BCX
- Data strings of 10 key projects of IDP aligned to project, function and region requested in November 2016 have been sent to the BCX for the submission to NT as required above. These are mainly the projects that were selected in the IDP.
 - a. Supply 750 water tanks to indigent households by 2022
 - b. Supply 750 megaliters of water to communities with no water source 2022
 - c. Improve access to affordable, clean and portable water to the population by 2022
 - d. To provide access to ablution facilities for Flagstaff communities by 2017/18.
 - e. Provide water bourne sanitation services to meet the basic level of service by 2022.
- From the individual line items, the budget has been broken down into activities per line item (e.g. subsistence and travelling has been broken down into accommodation, food and beverages, car hire, air travel, travelling claim) with various projects being allocated their expenditure (e.g. events broken into catering, tent hire, transport, sound system hire). The sub line items are broken into six segments required by mSCOA being funding, project, costing, function, item and region.
- Data strings for the draft budget are currently prepared and will be sent to National Treasury.

Challenges faced in mSCOA

Since mSCOA is a huge reform, there are many areas that will totally change and these are the challenges encountered in implementing mSCOA.

Change Management

The reform seeks to integrate all the processes and activities of the municipality forcing intergration and interdependency. Change management is required in order to migrate from a silos mentality to be intergrated. There are some resistances in this change as the IDP and budget is perceived as for the IDP section and the Budget and Treasury office tools.

Handling large volume of data

Quantity of data to be handled, structured and configured resulted in a number of errors identified.

IT related limitations

Training on use of new mSCOA compliant system required and results in delays due to learning curve. Replacement of IT equipment (servers, computers etc) that are compatible with the mSCOA system.

1.4 Operating Expenditure Framework

The District Municipality’s expenditure framework for the 2017/2018 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 2017/2018 budget and MTREF (classified per main type of operating expenditure):

Table 6 Summary of operating expenditure by standard classification item

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance										
Employee costs	302 877	361 466	393 340	407 987	391 664	391 664	391 664	446 254	478 218	512 108
Remuneration of councillors	11 829	17 011	17 643	19 778	19 241	19 241	19 241	17 589	18 838	20 176
Depreciation & asset impairment	217 599	268 857	175 120	159 341	159 341	159 341	159 341	168 008	177 999	188 358
Finance charges	2 437	1 921	459	-	-	-	-	-	-	-
Materials and bulk purchases	63 593	76 192	43 845	115 318	108 918	108 918	108 918	161 447	160 918	170 265
Transfers and grants	40 755	27 646	45 375	50 861	55 661	55 661	55 661	14 344	18 871	21 201
Other expenditure	793 579	569 427	606 068	380 948	447 603	447 603	447 603	575 366	604 335	636 371
Total Expenditure	1 432 668	1 322 520	1 281 851	1 134 233	1 182 427	1 182 427	1 182 427	1 383 009	1 459 180	1 548 479

The budgeted allocation for employee related costs for the 2017/2018 financial year totals R446 million, which equals 33 per cent of the total operating expenditure. Norm recommended in MFMA circular 71 is between 25 per cent to 40 per cent. The increase between the adjustment budget and budget under consideration equals to 14 per cent which is increment of 7,1 per cent and provision for vacant positions and salary disparities of 7 per cent, these are

reasons for the larger increase. An annual increase of 7.1 per cent has been included in 2019/2020.

The district municipality decided to increase the salaries by 7.1 per cent as recommended by circular and 86. 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 69 per cent. For the 2017/2018 financial year this amount equates to R83 million and increases to R85 million by 2019/2020. 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 R168 million for the 2017/2018 financial and equates to 13.7 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 directly inform the revenue provisions. The expenditures include distribution losses and portion of repayment of old debt has been provided for and decrease the creditors.

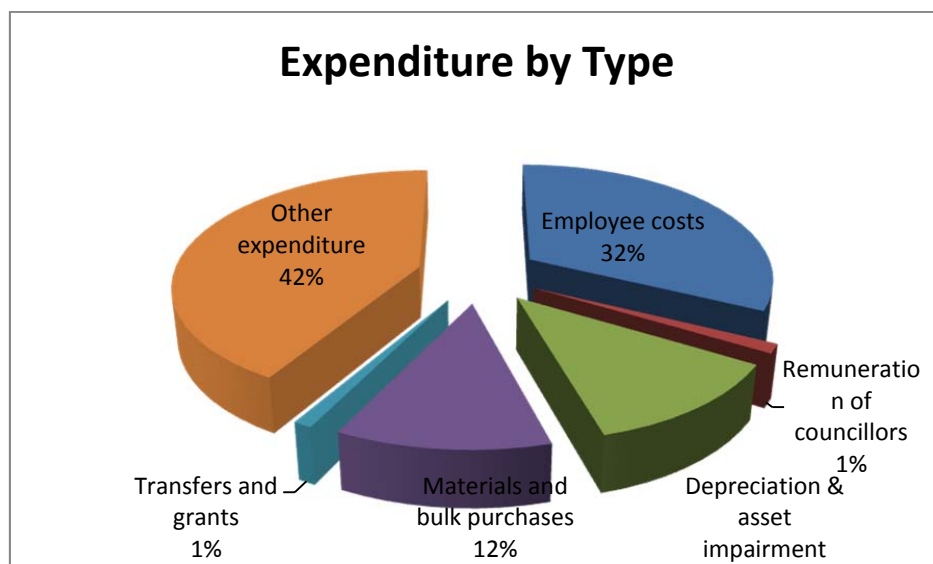
Other materials comprises of amongst others the materials for maintenance, repair of water and sanitation infrastructure and roads, repair of computers, repair of municipal buildings and repair of motor vehicles.

Contracted services expenditure totals R20 million which is made up of contract with the security company and has escalated by 33 per cent, this is due to escalation of fees in security industry and increase in sites that require security services.

Grants and Transfers are made up of transfers by Ntinga Development Agency to the projects. The expenditure will increase by 7 per cent and 6 per cent in 2018/2019 and 2019/2020 respectively.

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 2017/2018 financial year.



The chart above indicates the main operational expenditure categories as a percentage of the total budget for the 2017/2018 financial year

1.4.1 Priority given to repairs and maintenance

During the compilation of the 2017/2018 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 increased by 53 per cent in the 2017/2018 financial year, from R57 million to R83 million. Then decreased by 4 per cent in 2018/2019 and increase by 4 per cent in 2019/2020. 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. Though the percentage of R&M in relation to Capital Expenditure is 6per cent which is too little as the acceptable level is 8per cent of the total capital expenditure, other items of operating and maintenance such as material and stores, water purification chemicals and direct costs on operations for the schemes are included in the general expenditure.

Even the 6per cent would improve if the total capital expenditure only included capital items. Since MIG is considered capital grant, all the expenditure budgeted for under MIG would form part of capital expenditure even though these don't meet the criteria of capital expenditure. In

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the district municipality, there are projects that are awarded for the construction of sanitation VIP toilets in the rural areas under MIG. The expenditure is not recognised as capital under GRAP.

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	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Repairs and Maintenance by Asset Class	3	-	-	-	64 318	57 918	57 918	87 897	83 029	87 858
<i>Roads Infrastructure</i>		-	-	-	20 000	23 000	23 000	14 000	6 348	6 716
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	23 200	18 200	18 200	42 448	44 952	47 559
<i>Sanitation Infrastructure</i>		-	-	-	8 400	7 000	7 000	17 820	17 283	18 285
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	51 600	48 200	48 200	74 268	68 583	72 561
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	3 518	4 518	4 518	3 794	4 022	4 260
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	3 518	4 518	4 518	3 794	4 022	4 260
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	1 000	1 000	1 000	1 085	1 151	1 221
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	1 700	700	700	1 825	1 934	2 048
Transport Assets		-	-	-	6 500	3 500	3 500	6 925	7 338	7 768

For the 2017/2018 financial year, 85 per cent or R74 million of total repairs and maintenance will be spent on water and sanitation infrastructure assets. Other assets (computer repairs, building repairs and vehicle repairs) has been allocated R13 million equating to 15 per cent to total repairs.

1.4.2 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

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register in terms of the district municipality's Indigent Policy. The target is to register more indigent households during the 2017/2018 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 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.

1.5 Capital expenditure

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

Table 8 2017/2018 Medium-term capital budget per vote

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
					Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome							
Capital expenditure - Vote											
<i>Single-year expenditure to be appropriated</i>	2										
Vote 1 - Council & Committes		2 518	-	-	3 000	3 000	3 000	3 000	2 000	-	-
Vote 2 - Finance and Administration		5 754	11 092	18 727	53 491	43 491	43 491	43 491	72 260	76 747	40 666
Vote 3 - Planning and Development		-	824	336	8 640	12 040	12 040	12 040	15 935	4 662	4 184
Vote 4 - Health		-	-	-	1 300	1 300	1 300	1 300	1 100	1 165	1 232
Vote 5 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Housing		-	-	-	4 320	2 830	2 830	2 830	4 070	4 310	4 560
Vote 7 - Public Safety		1 117	-	-	15 000	15 000	15 000	15 000	3 800	1 059	1 120
Vote 8 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-
Vote 9 - Environmental		-	-	-	-	-	-	-	-	-	-
Vote 10 - Roads Transport		-	-	-	12 773	7 000	7 000	7 000	12 664	3 085	3 258
Vote 11 - Water		594 699	422 376	566 824	1 122 874	1 131 874	1 131 874	1 131 874	1 151 404	1 183 290	1 199 938
Vote 12 - Tourism		-	-	-	-	50	50	50	-	-	-
Capital single-year expenditure sub-total		604 088	434 293	585 887	1 221 398	1 216 585	1 216 585	1 216 585	1 263 233	1 274 319	1 254 958

For 2017/2018 an amount of R1.15 billion has been appropriated for the development of infrastructure which represents 92 per cent of the total capital budget which is constant in the outer years. Asset Renewal amount to R78 million, R81 million and R45 million for MTREF which relates to infrastructure, An increase of R15 million in 2016/2017 adjustment budget as

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compared to 2017/2018 budget largely due to increase in grant allocation and further investing in capital infrastructure.

Total new assets represent 94 per cent or R1.18 billion of the total capital budget while asset renewal equates to 6 per cent or R78 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

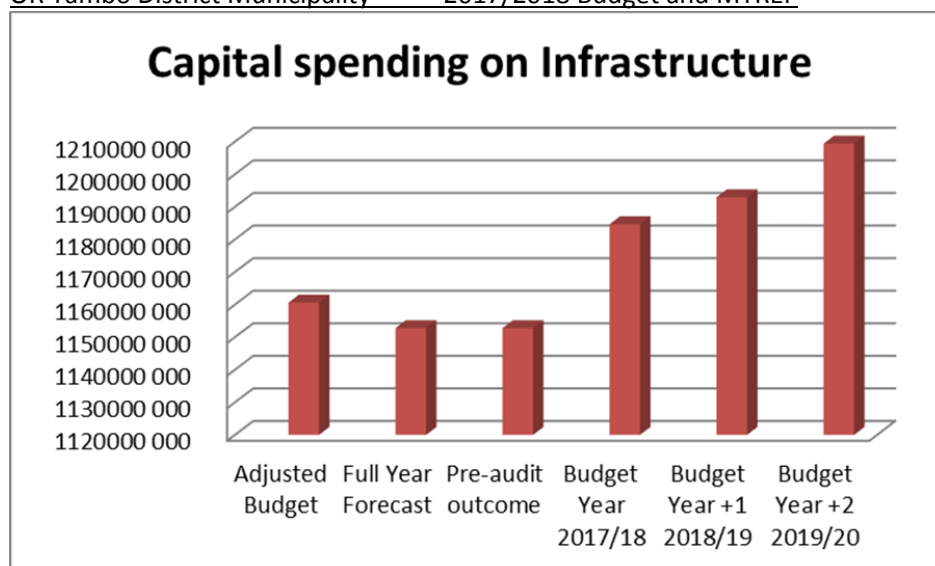
Some of the salient projects to be undertaken over the medium-term includes, amongst others:

• Municipal Infrastructure Grant	-	R645 million
• Regional Bulk Infrastructure Grant	-	R327 million
• Municipal Water Infrastructure Grant	-	R124 million
• Buildings	-	R27 million
• Motor Vehicles	-	R5 million
• Fire Fighting Equipment	-	R1 million
• Disaster facilities	-	R10.8 million
•		

Classified under asset renewal

• Refurbishment of Water Schemes	-	R12 million
• Water Meters	-	R35 million
• Sewerage Reticulation	-	R3 million
• Water Pump Stations	-	R7.6 million
• Maintenance of Pipe Leaks	-	R6.8 million
• Spring Protection	-	R6.5 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 645 million
- Water Services Infrastructure grant - R 124 million
- Bulk Infrastructure Grant - R327 million
- Rural Roads Asset Management - R 2.9 million

Value Added Tax (VAT)

Refunds of VAT - R151 million

Reserves (Ntinga) -R12 million

In arriving at the VAT projection, actual outcome received from previous periods form basis of VAT projection and this is not a provision.

1.6 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 2017/2018 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

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Table 9 MBRR Table A1 - Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	150 061	188 615	195 346	236 407	246 407	246 407	246 407	268 583	284 430	300 927
Investment revenue	20 464	19 204	35 170	24 100	27 000	27 000	27 000	27 000	26 900	27 700
Transfers recognised - operational	1 566 469	1 190 086	1 307 762	676 566	674 226	674 226	674 226	735 126	795 825	859 340
Other own revenue	135 172	41 557	144 846	199 161	235 795	235 795	235 795	356 016	358 009	366 918
Total Revenue (excluding capital transfers and contributions)	1 872 166	1 439 462	1 683 124	1 136 233	1 183 427	1 183 427	1 183 427	1 386 725	1 465 164	1 554 885
Employee costs	302 877	361 466	393 340	407 987	391 664	391 664	391 664	446 254	478 218	512 108
Remuneration of councillors	11 829	17 011	17 643	19 778	19 241	19 241	19 241	17 589	18 838	20 176
Depreciation & asset impairment	217 599	268 857	175 120	159 341	159 341	159 341	159 341	168 008	177 999	188 358
Finance charges	2 437	1 921	459	-	-	-	-	-	-	-
Materials and bulk purchases	63 593	76 192	43 845	115 318	108 918	108 918	108 918	161 447	160 918	170 265
Transfers and grants	40 755	27 646	45 375	50 861	55 661	55 661	55 661	14 344	18 871	21 201
Other expenditure	793 579	569 427	606 068	380 948	447 603	447 603	447 603	575 366	604 335	636 371
Total Expenditure	1 432 668	1 322 520	1 281 851	1 134 233	1 182 427	1 182 427	1 182 427	1 383 009	1 459 180	1 548 479
Surplus/(Deficit)	439 498	116 942	401 273	2 000	1 000	1 000	1 000	3 716	5 984	6 405
Transfers and subsidies - capital (monetary alloc	-	-	-	1 074 794	1 072 021	1 072 021	1 072 021	1 099 649	1 129 522	1 143 045
Contributions recognised - capital & contributed a	-	78 202	-	146 799	144 564	144 564	144 564	-	-	-
Surplus/(Deficit) after capital transfers & contributions	439 498	195 145	401 273	1 223 593	1 217 585	1 217 585	1 217 585	1 103 365	1 135 506	1 149 450
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	439 498	195 145	401 273	1 223 593	1 217 585	1 217 585	1 217 585	1 103 365	1 135 506	1 149 450
Capital expenditure & funds sources										
Capital expenditure	604 088	434 293	585 887	1 221 398	1 216 585	1 216 585	1 216 585	1 263 233	1 274 319	1 254 958
Transfers recognised - capital	513 618	356 091	557 033	1 074 794	1 072 021	1 072 021	1 072 021	1 099 649	1 129 522	1 143 045
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	90 470	78 202	28 854	146 604	144 564	144 564	144 564	163 584	144 797	111 913
Total sources of capital funds	604 088	434 293	585 887	1 221 398	1 216 585	1 216 585	1 216 585	1 263 233	1 274 319	1 254 958
Financial position										
Total current assets	448 255	539 009	577 044	858 499	839 679	839 679	839 679	916 280	1 015 929	1 125 451
Total non current assets	3 574 010	4 295 898	4 830 734	8 242 551	8 233 490	8 233 490	8 233 490	9 329 082	10 424 601	11 491 401
Total current liabilities	423 638	419 602	480 695	338 140	319 453	319 453	319 453	388 272	447 923	474 786
Total non current liabilities	624	12 530	52 306	2 990	90	90	90	100	110	120
Community wealth/Equity	3 586 933	4 402 774	4 874 776	8 759 920	8 753 625	8 753 625	8 753 625	9 856 990	10 992 497	12 141 947
Cash flows										
Net cash from (used) operating	607 469	526 998	616 172	1 237 122	1 216 039	1 216 039	1 216 039	1 271 373	1 313 506	1 337 808
Net cash from (used) investing	(599 200)	(433 468)	(586 211)	(1 074 794)	(1 072 021)	(1 072 021)	(1 072 021)	(1 263 233)	(1 274 319)	(1 254 958)
Net cash from (used) financing	(456)	(747)	(124)	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	235 380	327 850	369 437	653 278	513 455	513 455	513 455	521 596	560 783	643 633
Cash backing/surplus reconciliation										
Cash and investments available	235 380	327 850	369 437	653 278	513 455	513 455	513 455	672 844	855 978	1 050 591
Application of cash and investments	196 169	181 696	351 567	174 421	47 667	47 667	47 667	193 271	324 654	424 799
Balance - surplus (shortfall)	39 210	146 154	17 870	478 856	465 788	465 788	465 788	479 574	531 324	625 792
Asset management										
Asset register summary (WDV)	231	4 123 587	4 816 158	-	-	-	-	-	-	-
Depreciation	-	263 514	-	159 341	159 341	159 341	168 008	168 008	177 999	188 358
Renewal of Existing Assets	-	-	-	60 800	63 800	63 800	63 800	78 563	81 375	45 562
Repairs and Maintenance	-	-	-	64 318	57 918	57 918	87 897	87 897	83 029	87 858
Free services										
Cost of Free Basic Services provided	-	-	-	593 300	593 300	593 300	646 328	646 328	704 086	759 714
Revenue cost of free services provided	-	-	1 948	-	-	-	-	-	-	-
Households below minimum service level										
Water:	216	215	213	212	212	212	211	211	209	208
Sanitation/sewage:	53	45	37	29	29	29	21	21	13	5
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 R3.7 million in 2017/2018 and R5.9 million and R6.4 million in two outer years respectively over the MTREF
 - b. Capital expenditure is funded by grant transfers and own revenue of which
 - i. 51 per cent (R645 million) is MIG allocation
 - ii. 10 per cent (R124 million) is Water Services infrastructure grant
 - iii. 26 per cent (R327 million) is Bulk Infrastructure grant
 - iv. 0.2 per cent (R2.9 million) is rural roads asset management grant
 - v. 10 per cent (R163 million) other assets in capital expenditure are funded by the VAT.
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.

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Table 10 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Revenue - Functional										
<i>Governance and administration</i>		798 751	873 272	998 079	383 235	409 701	409 701	446 319	473 855	503 675
Executive and council		1 017	2 147	5 610	160 765	181 809	181 809	184 036	195 894	208 415
Finance and administration		797 734	871 126	992 469	216 295	221 327	221 327	253 414	268 513	285 199
Internal audit		-	-	-	6 175	6 565	6 565	8 870	9 448	10 061
<i>Community and public safety</i>		5 736	2 758	3 240	61 718	64 616	64 616	73 459	77 289	82 417
Community and social services		1 011	2 758	-	12 425	12 478	12 478	14 270	15 228	16 246
Sport and recreation		-	-	-	4 285	5 731	5 731	7 336	6 735	7 156
Public safety		725	-	-	24 965	25 156	25 156	31 005	33 076	35 276
Housing		4 000	-	-	12 917	13 996	13 996	13 707	14 629	15 609
Health		-	-	3 240	7 124	7 254	7 254	7 141	7 621	8 131
<i>Economic and environmental services</i>		21 253	23 796	19 968	130 630	140 409	140 409	177 124	187 333	200 762
Planning and development		18 597	18 887	17 630	76 626	83 041	83 041	127 566	141 193	151 598
Road transport		2 330	2 363	2 338	29 725	32 725	32 725	22 155	16 887	17 947
Environmental protection		326	2 546	-	24 280	24 643	24 643	27 404	29 252	31 218
<i>Trading services</i>		1 046 426	617 838	661 837	557 711	565 842	565 842	686 162	722 798	763 902
Energy sources		-	-	-	-	-	-	-	-	-
Water management		1 046 426	617 838	661 837	557 711	565 842	565 842	686 162	722 798	763 902
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other	4	-	-	-	2 939	2 859	2 859	3 661	3 889	4 128
Total Revenue - Functional	2	1 872 166	1 517 665	1 683 124	1 136 233	1 183 427	1 183 427	1 386 725	1 465 164	1 554 885
Expenditure - Functional										
<i>Governance and administration</i>		249 776	392 774	350 700	383 235	409 701	409 701	446 319	473 855	503 675
Executive and council		82 608	113 259	143 401	160 765	181 809	181 809	184 036	195 894	208 415
Finance and administration		167 167	279 515	207 298	216 295	221 327	221 327	253 414	268 513	285 199
Internal audit		-	-	-	6 175	6 565	6 565	8 870	9 448	10 061
<i>Community and public safety</i>		49 731	52 207	52 048	61 718	64 616	64 616	73 459	77 289	82 417
Community and social services		8 660	15 216	11 434	12 425	12 478	12 478	14 270	15 228	16 246
Sport and recreation		3 585	2 513	4 109	4 285	5 731	5 731	7 336	6 735	7 156
Public safety		22 980	23 864	23 716	24 965	25 156	25 156	31 005	33 076	35 276
Housing		10 730	7 200	8 085	12 917	13 996	13 996	13 707	14 629	15 609
Health		3 776	3 414	4 704	7 124	7 254	7 254	7 141	7 621	8 131
<i>Economic and environmental services</i>		86 938	89 086	121 552	130 630	140 409	140 409	177 111	185 185	198 496
Planning and development		67 547	66 539	68 558	76 626	83 041	83 041	127 553	139 045	149 331
Road transport		3 719	5 525	30 926	29 725	32 725	32 725	22 155	16 887	17 947
Environmental protection		15 672	17 021	22 068	24 280	24 643	24 643	27 404	29 252	31 218
<i>Trading services</i>		1 044 420	786 699	755 363	555 711	564 842	564 842	682 459	718 961	759 764
Energy sources		-	-	-	-	-	-	-	-	-
Water management		1 044 420	786 699	755 363	546 711	557 842	557 842	678 139	714 386	754 924
Waste water management		-	-	-	9 000	7 000	7 000	4 320	4 575	4 840
Waste management		-	-	-	-	-	-	-	-	-
Other	4	1 803	1 754	2 187	2 939	2 859	2 859	3 661	3 889	4 128
Total Expenditure - Functional	3	1 432 668	1 322 520	1 281 851	1 134 233	1 182 427	1 182 427	1 383 009	1 459 180	1 548 479
Surplus/(Deficit) for the year		439 498	195 145	401 273	2 000	1 000	1 000	3 716	5 984	6 405

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

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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	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote	1									
Vote 1 - COUNCIL AND COMMITTEES		1 017	2 147	5 610	166 940	188 374	188 374	192 905	205 342	218 476
Vote 2 - FINANCE AND ADMINISTRATION		797 734	871 126	992 469	216 295	221 327	221 327	253 414	268 513	285 199
Vote 3 - PLANNING AND DEVELOPMENT		18 597	18 887	17 630	76 626	83 041	83 041	127 566	141 193	151 598
Vote 4 - HEALTH		-	-	3 240	7 124	7 254	7 254	7 141	7 621	8 131
Vote 5 - COMMUNITY AND SOCIAL SERVICES		1 011	2 758	-	12 425	12 478	12 478	14 270	15 228	16 246
Vote 6 - HOUSING		4 000	-	-	12 917	13 996	13 996	13 707	14 629	15 609
Vote 7 - PUBLIC SAFETY		725	-	-	24 965	25 156	25 156	31 005	33 076	35 276
Vote 8 - SPORTS AND RECREATION		-	-	-	4 285	5 731	5 731	7 336	6 735	7 156
Vote 9 - ENVIRONMENTAL		326	2 546	-	24 280	24 643	24 643	27 404	29 252	31 218
Vote 10 - ROADS		2 330	2 363	2 338	29 725	32 725	32 725	22 155	16 887	17 947
Vote 11 - WATER		1 046 426	617 838	661 837	557 711	565 842	565 842	686 162	722 798	763 902
Vote 12 - TOURISM		-	-	-	2 939	2 859	2 859	3 661	3 889	4 128
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	1 872 166	1 517 665	1 683 124	1 136 233	1 183 427	1 183 427	1 386 725	1 465 164	1 554 885
Expenditure by Vote to be appropriated	1									
Vote 1 - COUNCIL AND COMMITTEES		82 608	113 259	143 401	166 940	188 374	188 374	192 905	205 342	218 476
Vote 2 - FINANCE AND ADMINISTRATION		167 167	279 515	207 298	216 295	221 327	221 327	253 414	268 513	285 199
Vote 3 - PLANNING AND DEVELOPMENT		67 547	66 539	68 558	76 626	83 041	83 041	127 553	139 045	149 331
Vote 4 - HEALTH		3 776	3 414	4 704	7 124	7 254	7 254	7 141	7 621	8 131
Vote 5 - COMMUNITY AND SOCIAL SERVICES		8 660	15 216	11 434	12 425	12 478	12 478	14 270	15 228	16 246
Vote 6 - HOUSING		10 730	7 200	8 085	12 917	13 996	13 996	13 707	14 629	15 609
Vote 7 - PUBLIC SAFETY		22 980	23 864	23 716	24 965	25 156	25 156	31 005	33 076	35 276
Vote 8 - SPORTS AND RECREATION		3 585	2 513	4 109	4 285	5 731	5 731	7 336	6 735	7 156
Vote 9 - ENVIRONMENTAL		15 672	17 021	22 068	24 280	24 643	24 643	27 404	29 252	31 218
Vote 10 - ROADS		3 719	5 525	30 926	29 725	32 725	32 725	22 155	16 887	17 947
Vote 11 - WATER		1 044 420	786 699	755 363	555 711	564 842	564 842	682 459	718 961	759 764
Vote 12 - TOURISM		1 803	1 754	2 187	2 939	2 859	2 859	3 661	3 889	4 128
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	1 432 668	1 322 520	1 281 851	1 134 233	1 182 427	1 182 427	1 383 009	1 459 180	1 548 479
Surplus/(Deficit) for the year	2	439 498	195 145	401 273	2 000	1 000	1 000	3 716	5 984	6 405

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 2016/17		2017/18 Medium Term Revenue & Expenditure		
	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands					
Water					
Revenue (including capital grants and transfers)	1 680 585 658	1 697 716 101	1 837 565 829	1 906 088 023	1 963 840 113
Operating Expenditure	555 711 458	564 841 899	682 458 922	718 961 171	759 763 869
Surplus/(Deficit) for the year	1 124 874 200	1 132 874 202	1 155 106 908	1 187 126 852	1 204 076 244
Percentage Surplus	67%	67%	63%	62%	61%

2. The Water Services trading surplus is 67 per cent in 2016/2017 and in 2017/2018 being 63 per cent and decreased to 61 per cent in two outer years.
3. The surplus on the water account remains relatively constant over the MTREF Table 13

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

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	124 740	149 356	156 597	165 402	175 402	175 402	175 402	191 188	200 069	208 974
Service charges - sanitation revenue	2	25 321	39 258	40 697	71 004	71 004	71 004	71 004	77 395	84 360	91 953
Service charges - refuse revenue	2	-	-	(1 948)	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment		29	30	872	50	50	50	50	55	58	62
Interest earned - external investments		20 464	19 204	35 170	24 100	27 000	27 000	27 000	27 000	26 900	27 700
Interest earned - outstanding debtors		28 006	33 622	42 029	15 460	15 460	15 460	15 460	5 000	6 000	6 500
Dividends received											
Fines, penalties and forfeits											
Licences and permits											
Agency services		-	87	714	-						
Transfers and subsidies		1 566 469	1 190 086	1 307 762	676 566	674 226	674 226	674 226	735 126	795 825	859 340
Other revenue	2	101 427	7 503	101 067	183 651	220 285	220 285	220 285	350 961	351 951	360 356
Gains on disposal of PPE		5 709	316	163							
Total Revenue (excluding capital transfers and contributions)		1 872 166	1 439 462	1 683 124	1 136 233	1 183 427	1 183 427	1 183 427	1 386 725	1 465 164	1 554 885
Expenditure By Type											
Employee related costs	2	302 877	361 466	393 340	407 987	391 664	391 664	391 664	446 254	478 218	512 108
Remuneration of councillors		11 829	17 011	17 643	19 778	19 241	19 241	19 241	17 589	18 838	20 176
Debt impairment	3	35 637	64 841	88 795	43 500	43 500	43 500	43 500	83 338	84 036	85 640
Depreciation & asset impairment	2	217 599	268 857	175 120	159 341	159 341	159 341	159 341	168 008	177 999	188 358
Finance charges		2 437	1 921	459							
Bulk purchases	2	40 105	39 262	43 845	51 000	51 000	51 000	51 000	73 550	77 889	82 407
Other materials	8	23 487	36 930		64 318	57 918	57 918	57 918	87 897	83 029	87 858
Contracted services		22 579	21 877	29 215	15 000	15 000	15 000	15 000	20 750	21 974	23 249
Transfers and subsidies		40 755	27 646	45 375	50 861	55 661	55 661	55 661	14 344	18 871	21 201
Other expenditure	4, 5	735 303	456 786	488 058	322 448	389 103	389 103	389 103	471 279	498 325	527 482
Loss on disposal of PPE		61	25 923								
Total Expenditure		1 432 668	1 322 520	1 281 851	1 134 233	1 182 427	1 182 427	1 182 427	1 383 009	1 459 180	1 548 479
Surplus/(Deficit)		439 498	116 942	401 273	2 000	1 000	1 000	1 000	3 716	5 984	6 405
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	78 202	-	146 799	144 564	144 564	144 564	-	-	-
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		439 498	195 145	401 273	1 223 593	1 217 585	1 217 585	1 217 585	1 103 365	1 135 506	1 149 450
Taxation											
Surplus/(Deficit) after taxation		439 498	195 145	401 273	1 223 593	1 217 585	1 217 585	1 217 585	1 103 365	1 135 506	1 149 450
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		439 498	195 145	401 273	1 223 593	1 217 585	1 217 585	1 217 585	1 103 365	1 135 506	1 149 450
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		439 498	195 145	401 273	1 223 593	1 217 585	1 217 585	1 217 585	1 103 365	1 135 506	1 149 450

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

- Total revenue is R1.38 billion in 2017/2018 and increase to R1.55 billion by 2019/2020. This represents an increase of 6 per cent for the 2018/2019 financial year and increase R89 million being 6 per cent for the 2019/2020 financial year.
- Services charges' relating to water and sanitation constitutes the biggest component of the revenue basket of the district municipality totalling R268 million for the 2017/2018 financial year and increasing to R299 million by 2019/2020.

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.

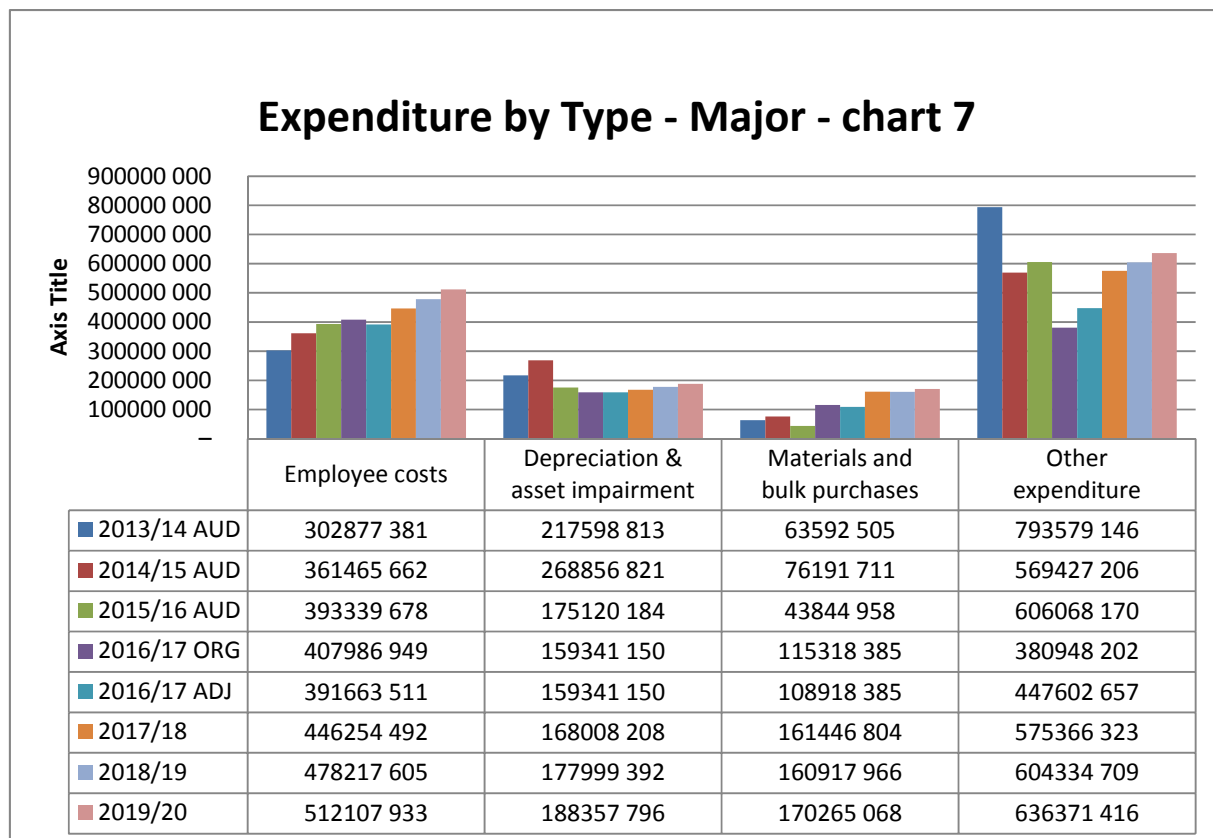


Figure 1 Expenditure by major type

5. Bulk purchases have increased from 2017/2018 to 2018/2019 period from R51 million to R73 million being 4 per cent from 2018/2019 to 2019/2020 respectively. These increases are in line with the tariff increase for bulk water purchases from DWA and repayment of old debt.
6. Employee related costs, bulk purchases, depreciation, 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	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote											
Single-year expenditure to be appropriated	2										
Vote 1 - Council & Committees		2 518	-	-	3 000	3 000	3 000	3 000	2 000	-	-
Vote 2 - Finance and Administration		5 754	11 092	18 727	53 491	43 491	43 491	43 491	72 260	76 747	40 666
Vote 3 - Planning and Development		-	824	336	8 640	12 040	12 040	12 040	15 935	4 662	4 184
Vote 4 - Health		-	-	-	1 300	1 300	1 300	1 300	1 100	1 165	1 232
Vote 5 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Housing		-	-	-	4 320	2 830	2 830	2 830	4 070	4 310	4 560
Vote 7 - Public Safety		1 117	-	-	15 000	15 000	15 000	15 000	3 800	1 059	1 120
Vote 8 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-
Vote 9 - Environmental		-	-	-	-	-	-	-	-	-	-
Vote 10 - Roads Transport		-	-	-	12 773	7 000	7 000	7 000	12 664	3 085	3 258
Vote 11 - Water		594 699	422 376	566 824	1 122 874	1 131 874	1 131 874	1 131 874	1 151 404	1 183 290	1 199 938
Vote 12 - Tourism		-	-	-	-	50	50	50	-	-	-
Capital single-year expenditure sub-total		604 088	434 293	585 887	1 221 398	1 216 585	1 216 585	1 216 585	1 263 233	1 274 319	1 254 958
Total Capital Expenditure - Vote		604 088	434 293	585 887	1 221 398	1 216 585	1 216 585	1 216 585	1 263 233	1 274 319	1 254 958
Capital Expenditure - Standard											
<i>Governance and administration</i>		8 272	11 092	18 727	56 491	46 491	46 491	46 491	63 945	43 573	46 100
Executive and council		2 518	-	-	3 000	3 000	3 000	3 000	2 000	-	-
Finance and administration		5 162	11 092	18 727	53 491	43 491	43 491	43 491	61 945	43 573	46 100
Internal audit		592	-	-	-	-	-	-	-	-	-
Community and public safety		1 117	-	-	20 620	19 130	19 130	19 130	8 970	6 534	6 913
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		1 117	-	-	15 000	15 000	15 000	15 000	3 800	1 059	1 120
Housing		-	-	-	4 320	2 830	2 830	2 830	4 070	4 310	4 560
Health		-	-	-	1 300	1 300	1 300	1 300	1 100	1 165	1 232
Economic and environmental services		-	824	336	21 413	19 040	19 040	19 040	28 599	7 747	7 442
Planning and development		-	824	336	8 640	12 040	12 040	12 040	15 935	4 662	4 184
Road transport		-	-	-	12 773	7 000	7 000	7 000	12 664	3 085	3 258
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		594 699	422 376	566 824	1 122 874	1 131 874	1 131 874	1 131 874	1 151 404	1 183 290	1 199 938
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		594 699	422 376	566 824	1 122 874	1 131 874	1 131 874	1 131 874	1 151 404	1 183 290	1 199 938
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	50	50	50	-	-	-
Total Capital Expenditure - Functional	3	604 088	434 293	585 887	1 221 398	1 216 585	1 216 585	1 216 585	1 252 917	1 241 144	1 260 392
Funded by:											
National Government		512 591	356 091	557 033	1 074 794	1 072 021	1 072 021	1 072 021	1 099 649	1 129 522	1 143 045
Provincial Government		1 027	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	513 618	356 091	557 033	1 074 794	1 072 021	1 072 021	1 072 021	1 099 649	1 129 522	1 143 045
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		90 470	78 202	28 854	146 604	144 564	144 564	144 564	163 584	144 797	111 913
Total Capital Funding	7	604 088	434 293	585 887	1 221 398	1 216 585	1 216 585	1 216 585	1 263 233	1 274 319	1 254 958

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

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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 R1,26 billion for the 2017/2018 financial year and then increases in 2018/2019 to R1.27 billion and in 2019/2020 to R1.25 billion.
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, WSIG and own revenue (VAT).

Table 15 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS											
Current assets											
Cash		63 514	33 297	59 770	139 377	122 054	122 054	122 054	211 081	245 036	269 193
Call investment deposits	1	171 865	294 553	309 668	513 900	391 401	391 401	391 401	461 763	610 943	781 398
Consumer debtors	1	61 541	102 136	112 459	180 548	302 060	302 060	302 060	218 673	134 587	48 897
Other debtors		113 265	92 726	78 436	4 862	4 442	4 442	4 442	4 642	4 842	5 042
Current portion of long-term receivables			-		2 200	2 200	2 200	2 200	2 400	2 600	2 800
Inventory	2	38 070	16 297	16 711	17 611	17 521	17 521	17 521	17 721	17 921	18 121
Total current assets		448 255	539 009	577 044	858 499	839 679	839 679	839 679	916 280	1 015 929	1 125 451
Non current assets											
Long-term receivables			-	1 198							
Investments											
Investment property		2 200	2 200	2 200							
Investment in Associate											
Property, plant and equipment	3	3 554 178	4 276 831	4 808 493	8 224 437	8 216 020	8 216 020	8 216 020	9 311 412	10 406 732	11 473 332
Agricultural											
Biological		17 173	15 246	16 616	15 544	14 935	14 935	14 935	15 035	15 135	15 235
Intangible		252	1 234	2 136	2 571	2 535	2 535	2 535	2 635	2 735	2 835
Other non-current assets		207	387	90							
Total non current assets		3 574 010	4 295 898	4 830 734	8 242 551	8 233 490	8 233 490	8 233 490	9 329 082	10 424 601	11 491 401
TOTAL ASSETS		4 022 265	4 834 907	5 407 778	9 101 050	9 073 168	9 073 168	9 073 168	10 245 362	11 440 530	12 616 853
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	512	124	20	260	260	260	260	270	280	290
Consumer deposits		1 672	2 065	2 450	2 500	2 500	2 500	2 500	3 000	3 100	3 200
Trade and other payables	4	420 119	415 141	476 049	335 380	316 693	316 693	316 693	385 002	444 543	471 296
Provisions		1 335	2 272	2 176							
Total current liabilities		423 638	419 602	480 695	338 140	319 453	319 453	319 453	388 272	447 923	474 786
Non current liabilities											
Borrowing		624	20	52 306	90	90	90	90	100	110	120
Provisions		-	12 510	-	2 900	-	-	-	-	-	-
Total non current liabilities		624	12 530	52 306	2 990	90	90	90	100	110	120
TOTAL LIABILITIES		424 262	432 133	533 002	341 130	319 543	319 543	319 543	388 372	448 033	474 906
NET ASSETS	5	3 598 003	4 402 774	4 874 776	8 759 920	8 753 625	8 753 625	8 753 625	9 856 990	10 992 497	12 141 947
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		3 586 933	4 402 774	4 874 776	8 759 920	8 753 625	8 753 625	8 753 625	9 856 990	10 992 497	12 141 947
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	3 586 933	4 402 774	4 874 776	8 759 920	8 753 625	8 753 625	8 753 625	9 856 990	10 992 497	12 141 947

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.

OR Tambo District Municipality 2017/2018 Budget and MTREF
Table 16 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	-	-	-	-	-	-	-	-
Service charges		119 975	132 205	138 063	192 907	202 907	202 907	202 907	185 246	200 394	215 286
Other revenue		238 134	142 834	79 866	184 515	220 335	220 335	220 335	351 016	352 009	360 418
Government - operating	1	545 387	548 919	1 297 000	676 566	674 226	674 226	674 226	735 126	795 825	859 340
Government - capital	1	845 538	618 655	-	1 074 794	1 072 021	1 072 021	1 072 021	1 099 649	1 129 522	1 143 045
Interest		26 564	25 719	52 452	39 560	42 460	42 460	42 460	32 000	32 900	34 200
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(1 124 937)	(911 767)	(950 750)	(914 738)	(940 249)	(940 249)	(940 249)	(1 117 319)	(1 178 273)	(1 253 280)
Finance charges		(2 437)	(1 921)	(459)	-	-	-	-	-	-	-
Transfers and Grants	1	(40 755)	(27 646)	-	(16 482)	(55 661)	(55 661)	(55 661)	(14 344)	(18 871)	(21 201)
NET CASH FROM/(USED) OPERATING ACTIVITIES		607 469	526 998	616 172	1 237 122	1 216 039	1 216 039	1 216 039	1 271 373	1 313 506	1 337 808
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		7 103	1 764	999	146 799	144 564	144 564	144 564	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		1 599	-	(901)	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	(180)	-	-	-	-	-	-	-	-
Payments											
Capital assets		(607 902)	(435 053)	(586 308)	(1 221 593)	(1 216 585)	(1 216 585)	(1 216 585)	(1 263 233)	(1 274 319)	(1 254 958)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(599 200)	(433 468)	(586 211)	(1 074 794)	(1 072 021)	(1 072 021)	(1 072 021)	(1 263 233)	(1 274 319)	(1 254 958)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		91	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(547)	(747)	(124)	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(456)	(747)	(124)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		7 812	92 783	29 837	162 328	144 018	144 018	144 018	8 141	39 187	82 850
Cash/cash equivalents at the year begin:	2	227 567	235 067	339 601	490 950	369 437	369 437	369 437	513 455	521 596	560 783
Cash/cash equivalents at the year end:	2	235 380	327 850	369 437	653 278	513 455	513 455	513 455	521 596	560 783	643 633

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 increased from 2013/14 to 2015/16 period owing directly to a net increase in cash.
4. The approved 2017/2018 MTREF budget provide for a R8 million in cash held.
5. The 2017/2018 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.
6. Cash and cash equivalents totals R521 million as at the end of the 2017/2018 financial year and R560 billion and R643 billion in two outer years.

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

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	235 380	327 850	369 437	653 278	513 455	513 455	513 455	521 596	560 783	643 633
Other current investments > 90 days		(0)	(0)	0	0	0	0	0	151 249	295 195	406 959
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		235 380	327 850	369 437	653 278	513 455	513 455	513 455	672 844	855 978	1 050 591
Application of cash and investments											
Unspent conditional transfers		32 565	10 577	9 501	800	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	163 604	171 119	342 066	173 621	47 667	47 667	47 667	193 271	324 654	424 799
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		196 169	181 696	351 567	174 421	47 667	47 667	47 667	193 271	324 654	424 799
Surplus(shortfall)		39 210	146 154	17 870	478 856	465 788	465 788	465 788	479 574	531 324	625 792

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 2013/14 to 2015/16 the surplus was from R39 million to R17 million
6. As part of the budgeting and planning guidelines that informed the compilation of the 2017/2018 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 R479 million in 2017/2018 to R625 million in 2019/2020.

Table 18 MBRR Table A9 - Asset Management

OR Tambo District Municipality 2017/2018 Budget and MTREF

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
CAPITAL EXPENDITURE										
Total New Assets	1	594 699	434 220	18 989	1 160 598	1 152 785	1 152 785	1 185 940	1 195 136	1 211 715
<i>Roads Infrastructure</i>			10 759		2 773			2 931	3 085	3 258
<i>Storm water Infrastructure</i>										
<i>Electrical Infrastructure</i>										
<i>Water Supply Infrastructure</i>		594 699	411 617		1 062 021	1 072 021	1 072 021	1 096 718	1 126 437	1 139 787
<i>Sanitation Infrastructure</i>					2 350	2 350	2 350	2 468	2 613	2 765
<i>Solid Waste Infrastructure</i>										
<i>Rail Infrastructure</i>										
<i>Coastal Infrastructure</i>										
<i>Information and Communication Infrastructure</i>										
Infrastructure		594 699	422 376		1 067 744	1 074 377	1 074 377	1 102 177	1 132 135	1 145 810
<i>Community Facilities</i>					13 000	13 000	13 000	14 000	4 236	4 482
<i>Sport and Recreation Facilities</i>										
Community Assets					13 000	13 000	13 000	14 000	4 236	4 482
Heritage Assets										
<i>Revenue Generating</i>										
<i>Non-revenue Generating</i>										
Investment properties										
<i>Operational Buildings</i>				1 661	30 794	17 794	17 794	30 763	32 261	34 132
<i>Housing</i>					4 050	2 560	2 560	2 560	2 711	2 868
Biological or Cultivated Assets			751	261						
<i>Servitudes</i>										
<i>Licences and Rights</i>					7 600	7 600	7 600	7 950	8 839	8 907
Intangible Assets					7 600	7 600	7 600	7 950	8 839	8 907
<i>Computer Equipment</i>			879	1 561	2 000	2 050	2 050	2 075	1 684	1 596
<i>Furniture and Office Equipment</i>			1 526	2 267	1 700	1 700	1 700	1 880	1 950	2 050
<i>Machinery and Equipment</i>			982	4 691	13 310	13 710	13 710	17 520	5 946	6 185
<i>Libraries</i>										
<i>Zoo's, Marine and Non-biological Animals</i>										
Total Renewal of Existing Assets	2				60 800	63 800	63 800	60 740	43 144	45 646
<i>Roads Infrastructure</i>										
<i>Storm water Infrastructure</i>										
<i>Water Supply Infrastructure</i>					57 800	60 800	60 800	57 590	39 808	42 117
<i>Sanitation Infrastructure</i>					3 000	3 000	3 000	3 150	3 336	3 529
<i>Solid Waste Infrastructure</i>										
<i>Rail Infrastructure</i>										
<i>Coastal Infrastructure</i>										
<i>Infrastructure</i>					60 800	63 800	63 800	60 740	43 144	45 646
Total Capital Expenditure	4									
<i>Roads Infrastructure</i>			10 759		2 773			2 931	3 085	3 258
<i>Storm water Infrastructure</i>										
<i>Electrical Infrastructure</i>										
<i>Water Supply Infrastructure</i>		594 699	411 617		1 119 821	1 132 821	1 132 821	1 154 308	1 166 245	1 181 904
<i>Sanitation Infrastructure</i>					5 350	5 350	5 350	5 618	5 949	6 294
<i>Solid Waste Infrastructure</i>										
<i>Rail Infrastructure</i>										
<i>Coastal Infrastructure</i>										
<i>Information and Communication Infrastructure</i>										
Infrastructure		594 699	422 376		1 127 944	1 138 777	1 138 777	1 162 857	1 175 279	1 191 456
<i>Community Facilities</i>					13 000	13 000	13 000	14 000	4 236	4 482
<i>Sport and Recreation Facilities</i>										
Community Assets					13 000	13 000	13 000	14 000	4 236	4 482
Heritage Assets										
<i>Revenue Generating</i>										
<i>Non-revenue Generating</i>										
Investment properties										
<i>Operational Buildings</i>				1 661	30 794	17 794	17 794	30 763	32 261	34 132
<i>Housing</i>					4 050	2 560	2 560	2 560	2 711	2 868
Other Assets				1 661	34 844	20 354	20 354	33 323	34 972	37 000
Biological or Cultivated Assets			751	261						
<i>Servitudes</i>										
<i>Licences and Rights</i>					7 600	7 600	7 600	7 950	8 839	8 907
Intangible Assets					7 600	7 600	7 600	7 950	8 839	8 907
<i>Computer Equipment</i>			879	1 561	2 000	2 050	2 050	2 075	1 684	1 596
<i>Furniture and Office Equipment</i>			1 526	2 267	1 700	1 700	1 700	1 880	1 950	2 050
<i>Machinery and Equipment</i>			982	4 691	13 310	13 710	13 710	17 520	5 946	6 185
<i>Transport Assets</i>			7 705	8 548	21 000	20 000	20 000	7 075	5 374	5 686
<i>Libraries</i>										
<i>Zoo's, Marine and Non-biological Animals</i>										
TOTAL CAPITAL EXPENDITURE - Asset class		594 699	434 220	18 989	1 221 398	1 216 585	1 216 585	1 246 680	1 238 280	1 257 361
EXPENDITURE OTHER ITEMS										
Repairs and Maintenance by Asset Class	3		263 514		159 341	159 341	159 341	168 008	177 999	188 358
<i>Roads Infrastructure</i>										
<i>Storm water Infrastructure</i>					20 000	23 000	23 000	14 000	6 348	6 716
<i>Electrical Infrastructure</i>										
<i>Water Supply Infrastructure</i>					23 200	18 200	18 200	24 110	25 532	27 013
<i>Sanitation Infrastructure</i>					8 400	7 000	7 000	8 820	9 340	9 882
<i>Solid Waste Infrastructure</i>										
<i>Rail Infrastructure</i>										
<i>Coastal Infrastructure</i>										
<i>Information and Communication Infrastructure</i>										
Infrastructure					51 600	48 200	48 200	46 930	41 221	43 612
<i>Community Facilities</i>										
<i>Sport and Recreation Facilities</i>										
Community Assets										
Heritage Assets										
<i>Revenue Generating</i>										
<i>Non-revenue Generating</i>										
Investment properties										
<i>Operational Buildings</i>					3 518	4 518	4 518	3 794	4 022	4 260
<i>Housing</i>										
Other Assets					3 518	4 518	4 518	3 794	4 022	4 260
Biological or Cultivated Assets										
<i>Servitudes</i>										
<i>Licences and Rights</i>										
Intangible Assets										
<i>Computer Equipment</i>					1 000	1 000	1 000	1 085	1 151	1 221
<i>Furniture and Office Equipment</i>										
<i>Machinery and Equipment</i>					1 700	700	700	1 825	1 934	2 048
<i>Transport Assets</i>					6 500	3 500	3 500	6 925	7 338	7 768
<i>Libraries</i>										
<i>Zoo's, Marine and Non-biological Animals</i>										
TOTAL EXPENDITURE OTHER ITEMS			263 514		223 660	217 260	217 260	228 568	233 666	247 267
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		0,0%	0,0%	0,0%	5,0%	5,2%	5,2%	4,9%	3,5%	3,6%
<i>Renewal and upgrading of Existing Assets as % of deprec R&M as a % of PPE</i>		0,0%	0,0%	0,0%	38,2%	40,0%	40,0%	36,2%	24,2%	24,2%
<i>Renewal and upgrading of Existing Assets as % of PPE</i>		0,0%	0,0%	0,0%	0,8%	0,7%	0,7%	0,7%	0,5%	0,5%
<i>Renewal and upgrading of Existing Assets as % of PPE</i>		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

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

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
Water:										
Piped water inside dwelling		29 378	30 770	32 162	33 554	33 554	33 554	34 946	36 338	37 730
Piped water inside yard (but not in dwelling)		28 242	28 764	29 286	29 809	29 809	29 809	30 331	30 853	31 375
Using public tap (at least min.service level)	2	43 763	45 085	46 406	47 727	47 727	47 727	49 049	50 371	51 693
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		101 383	104 619	107 854	111 090	111 090	111 090	114 326	117 562	120 798
Using public tap (< min.service level)	3	21 014	20 327	19 641	18 954	18 954	18 954	18 267	17 580	16 893
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		195 133	194 484	193 835	193 186	193 186	193 186	192 537	191 888	191 239
<i>Below Minimum Service Level sub-total</i>		216 147	214 811	213 476	212 140	212 140	212 140	210 804	209 468	208 132
Total number of households	5	317 530	319 430	321 330	323 230	323 230	323 230	325 130	327 030	328 930
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		29 378	30 770	32 162	33 554	33 554	33 554	34 946	36 338	37 730
Flush toilet (with septic tank)		19 337	20 373	21 408	22 444	22 444	22 444	23 480	24 516	25 552
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		215 402	222 985	230 569	238 152	238 152	238 152	245 735	253 318	260 901
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		264 117	274 128	284 139	294 150	294 150	294 150	304 161	314 172	324 183
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		53 413	45 302	37 191	29 080	29 080	29 080	20 969	12 858	4 747
No toilet provisions		53 413	45 302	37 191	29 080	29 080	29 080	20 969	12 858	4 747
<i>Below Minimum Service Level sub-total</i>		317 530	319 430	321 330	323 230	323 230	323 230	325 130	327 030	328 930
Total number of households	5	317 530	319 430	321 330	323 230	323 230	323 230	325 130	327 030	328 930
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		102 740	102 740	105 757	105 757	105 757	105 757	106 783	107 819	108 864
Sanitation (free minimum level service)		3 681	4 334	4 767	10 000	10 000	10 000	10 097	10 195	10 294
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	593 300	593 300	593 300	646 328	704 086	759 714
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided		-	-	-	593 300	593 300	593 300	646 328	704 086	759 714

Explanatory notes to Table A10 - Basic Service Delivery Measurement

The following tables contain data that is sourced from Statistics SA. The 2010 to 2012 household figures information is extracted from the Stats SA, and the Average percentage and Household increases and decreases from the 2012/2013, the current 2017/2018 to 2019/2020 in Table A10 is extrapolated from it.

The following tables contain data that is sourced from the Water Services Development Plan (WSDP) *DWA National Framework*. The 2016 to 2018 household figures information is extracted from the WSDP data, and the Average percentage and Household increases and decreases in Table A10 is extrapolated from it.

Out of 325,130 households in the district in the 2017/2018 FY, only 34,946 households constituting to 10,7per cent receive a high level of water and sanitation service. This therefore means that 10,7 per cent of the households in the district are urban in their nature and 89,3per cent of the households are rural in nature.

It is estimated that the households will increase from 325,130 to 328,930 in the 2017/2018 MTREF, and 11.4 per cent of households will be connected with water inside the dwelling.

Service Delivery Standards

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/N0 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
Are the financial statement outsourced? (Yes/No)	Yes
Are there Council adopted business process restructuring 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? (5per cent, 10per cent or more)	< less than 5per cent
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)	
What is the average reaction time of the fire service to an incident? (minutes)	10 mins urban, 1h35 mins rural

<p>What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)</p> <p>What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)</p> <p>Economic development</p> <p>How many economic development projects does the municipality drive?</p> <p>How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?</p> <p>What percentage of the projects have created sustainable job security?</p> <p>Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No)</p> <p>Other Service delivery and communication</p> <p>Is a information package handed to the new customer? (Yes/No)</p> <p>Does the municipality have training or information sessions to inform the community? (Yes/No)</p> <p>Are customers treated in a professional and humanly manner? (Yes/No)</p>	<p>depending terrain</p> <p>Provincial competence</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>
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Part 2 – Supporting Documentation

1.7 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.

1.8 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.

1.9 BUDGET TIME SCHEDULE FOR 2017/2018

PROCESS	ACTIVITY	TIME FRAME	RESPONSIBILITY
JULY 2016 (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 	June – July 2016 1 – 30 July 2016	MM's Office: IDP 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 planning for the next three-year budget Submit section 52(d) report to council. Printing and Distribution of Final approved Budget 	July 2016 14 July 2016 31 July 2016 31 July 2016 31 August 2016	BTO All HODs and Ntinga BTO BTO BTO
PMS	<ul style="list-style-type: none"> Submission of Draft SDBIP 2016/17 and Draft Annual Performance Agreements to the MM Submission of Draft SDBIP 2016/17 and Draft Annual Performance Agreements to the Executive Mayor Submission of Draft 4th Quarter Performance Report 2015/16 to Council Structures Tabling of Draft 4th Quarter Performance Report 2015/16 Finalise 2016/17 performance agreements Executive Mayor tables 4th quarter report to Council 	10 July 2016 14-28 July 2016 15 July 2016 31 July 2016 31 July 2016 31 July 2016	MM and All senior managers MM MM's Office: CPM Executive Mayor All Senior Managers Executive Mayor
AUGUST 2016 (PREPARATION – ANALYSIS PHASE)			
IDP	<ul style="list-style-type: none"> Data Collection (Community Based survey -from ISD) IDP Representative Forum – consultation on the IDP Framework and Process Plan for 2017/18 	01 August – 30 September 2016 31 August 2016	MM's Office: IDP 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 	17 August 2016 August 2016 31 August 2016	BTO BTO BTO
PMS	<ul style="list-style-type: none"> Post 2015/16 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 2015/16 to AG 	31 August 2016 31 August 2016 31 August 2016 31 August 2016	All senior managers MM's Office: CPM, ICTM MM MM's Office: CPM
SEPTEMBER 2016 (ANALYSIS PHASE)			
IDP	<ul style="list-style-type: none"> Mayoral Lekgotla session (to prepare for the start of the IDP processes 2017/2018) Update of situational analysis with line departments including evaluation of sector plans. IGR Roadshows (IDP Roadshow Feedback) 	12-16 September 2016 30 September 2016 30 September 2016	MM Office and OEM 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 	5 September 2016 12 September 2016 12 September 2016	OEM BTO BTO

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PROCESS	ACTIVITY	TIME FRAME	RESPONSIBILITY
	Mayor <ul style="list-style-type: none"> • Consultation of the Local municipalities • Preparation of consolidated AFS – including (Ntinga's & KFPM) • Submission of consolidated AFS to AG 	29 September 2016 20 September 2016 30 September 2016	BTO & Ntinga BTO
PMS	<ul style="list-style-type: none"> • Circulation of first quarter report template to all departments 	20 September 2016	MM's Office: CPM
OCTOBER 2016 (ANALYSIS – STRATEGIES PHASE)			
IDP	<ul style="list-style-type: none"> • Update of situational analysis continues (Local Municipality submissions) • IDP Steering Committee sits to discuss issues identified during Analysis Phase • IDP Representative Forum (Presentation of status Quo Reports by Local Municipalities & Sector Departments) • Sector Forums sittings in preparation for the IDP Lekgotla 	1 – 14 October 2016 18 October 2016 21 October 2016 24 – 31 October 2016	MM's Office: IDP with 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 2017/18 • Submit section 52(d) report to council 	17 October 2016 19 October 2016 31 October 2016 30 October 2016 30 October 2016	BTO All departments BTO MAYCO OEM
PMS	<ul style="list-style-type: none"> • Submission of 1st Quarter Performance Report 2016/17 by Departments • Consolidation of 1st Quarter Performance Report 2016/17 by CPM • Discussion of 1st Quarter Performance Report 2016/17 by management • Submission of Draft 1st Quarter Performance Report 2016/17 to Council Structures • Tabling of Draft 1st Quarter Performance Report 2016/17 to Council 	7 October 2016 12 – 14 October 2016 2016 15 October 2016 19 October 2016 30 October 2016	All departments MM's Office: CPM All HOD's OEM
NOVEMBER 2016 (OBJECTIVES & STRATEGIES PHASE)			
IDP	<ul style="list-style-type: none"> • Sector Forums sittings in preparation for the IDP Lekgotla (continue) • Joint Sector Forum in preparation for IDP Lekgotla • IDP Mega strategic planning (Presentation of Situational Analysis Report, Prioritisation of needs and draft strategic objectives) 	1 – 11 November 2016 10 November 2016 14 November –09 December 2016	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 2017/18 with projected cash flows • Commence community and stakeholder consultation on the proposed tariffs 	16 November 2016 16 November 2016 14 – 22 November 2016	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. 	10 November 2016 10 November 2016	MM's Office: CPM MM's Office: CPM
DECEMBER 2016 (STRATEGIES – PROJECT PHASE)			
IDP	<ul style="list-style-type: none"> • Finalisation of the IDP Lekgotla Report and dissemination to LMs and other relevant stakeholders (continues) • IDP Steering Committee (Strategies) • IDP Rep Forum (Draft Situational Analysis Report) • Submission of report on objectives, strategies and draft projects for each LM. 	14 December 2016 9 December 2016 9 December 2016 9 December 2016	MM with HODs MM's Office: IDP to arrange All departments
BUDGET	<ul style="list-style-type: none"> • Finalise Departmental budget inputs for 2017/18. • Inputs on capital budget with cash flows • Submission of budget inputs with projected cash flows 	5 December 2016 5 December 2016 13 December 2016	All departments All departments All departments

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PROCESS	ACTIVITY	TIME FRAME	RESPONSIBILITY
	<ul style="list-style-type: none"> Preparation and submission of s71 report to the Executive Mayor 	13 December 2016	BTO
PMS	<ul style="list-style-type: none"> Collation of the draft 2015/16 annual report incorporating financial and non-financial on performance, audit reports and annual financial statements. Circulate 2nd Quarter and Midterm Performance Report template 	8 December 2016 9 December 2016	MM's Office: CPM, BTO & Internal Audit MM's Office: CPM
JANUARY 2017 (PROJECT – INTEGRATION PHASE)			
IDP	<ul style="list-style-type: none"> Consolidation Draft IDP 2017/2018 Sector Forums 	16 – 31 January 2017 16 – 31 January 2017	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 	9 – 13 January 2017 9 – 13 January 2017 13 January 2017 27 January 2017 31 January 2017 31 January 2017 31 January 2017 31 January 2017 31 January 2017	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 Performance 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 (2015/16) & Mid Term assessment report for 2016/17 to Council 	16 January 2017 13 January 2017 16 - 20 January 2017 20 January 2017 31 January 2017	All HODs and Section Heads All departments MM's Office: CPM MM's Office: CPM Executive Mayor
FEBRUARY 2017 (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 2017 17 February 2017	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 in line with the DM's recommendations (section 87) Finalise budget policies and tariff policy. The Executive Mayor presents the adjustment budget to council for approval 	1 – 3 February 2017 8 – 12 February 2017 8 – 19 February 2017 12 February 2017 19 February 2017 19 February 2017 26 February 2017 26 February 2017	All HODs and section heads Council structures BTO to lead Accounting Officer BTO Ntinga BTO & Water Services Executive Mayor BTO & Water Services BTO

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PROCESS	ACTIVITY	TIME FRAME	RESPONSIBILITY
	<ul style="list-style-type: none"> Consolidation of the 2016/17-2017/18 detailed operational and capital budgets and budget schedules incorporating national and provincial allocations.(Draft Budget) 		
PMS	<ul style="list-style-type: none"> Publicise the 2014/15 Annual report and invite comments from communities. Work session on Adjustment Budget & Reviewed SDBIP 2016/2017 Submit tabled reports (Annual Report & Mid Term Performance) to AG, National & Provincial Treasury and DLGTA. Mid year performance reviews (top management) 	<p>8 – 12 February 2017</p> <p>8 – 12 February 2017</p> <p>12 February 2017</p> <p>22 – 26 February 2017</p>	<p>MM's Office: CPM All HODs & S/Heads</p> <p>MM's Office; CPM MM</p>
MARCH 2017 (APPROVAL PHASE)			
IDP	<ul style="list-style-type: none"> IDP Rep Forum – Presentation of Draft IDP & Budget 2016/2017 Draft IDP& Budget go to all Council Structures. State of the District Address Draft IDP& Budget tabled to Council 	<p>10 March 2017</p> <p>14 – 18 March 2017</p> <p>25 March 2017</p> <p>31 March 2017</p>	<p>MM's Office: IDP to arrange</p> <p>MM's Office: IDP</p> <p>OEM & Speaker's Office</p> <p>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 2017/18 Mayoral Committee considers the draft budget for 2017/18 The Executive Mayor table in Council the annual budget for 2017/18 and all supporting documents. 	<p>1 March 2017</p> <p>14 March 2017</p> <p>21 March 2017</p> <p>31 March 2017</p>	<p>BTO and Water Services</p> <p>Council Committees</p> <p>Mayoral Committee</p> <p>Executive Mayor</p>
PMS	<ul style="list-style-type: none"> Oversight road shows on the 2015/16 Annual Report Circulation of Third Term Report template to all departments Approval of 2015/16 Oversight report on the Annual Report Adopt the 2015/16 Annual report with the comments of the Oversight Committee. 	<p>1 – 3 March 2017</p> <p>21 March 2017</p> <p>31 March 2017</p> <p>31 March 2017</p>	<p>Speaker's Office</p> <p>MM's Office: CPM</p> <p>Council</p> <p>Council</p>
APRIL 2017 (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 Road show schedule IDP & Budget Road shows Incorporation of community inputs into the IDP 	<p>4 April – 3 May 2017</p> <p>14 April 2017</p> <p>8 April 2017</p> <p>11 – 22 April 2017</p> <p>25 – 29 April 2017</p>	<p>MM's Office: IDP</p> <p>MM's Office: IDP</p> <p>Communications</p> <p>OEM & Speaker's Office</p> <p>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 2017/18 tabled budget for 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. 	<p>April 2017</p> <p>8 April 2017</p> <p>15 April 2017</p> <p>14 April 2017</p> <p>11 – 22 April 2017</p> <p>29 April 2017</p>	<p>MM's office with relevant depts</p> <p>BTO</p> <p>BTO</p> <p>OEM/ Speaker's Office</p>
PMS	<ul style="list-style-type: none"> Submit Annual report to AG, National & Provincial Treasury, Legislature and DLGTA. Submission of Third Quarter Performance Report 2016/2017 by departments Consolidation of Third Quarter Performance Report 2016/2017 Discussion of the Third Quarter Performance Report 2016/2017 by Management Submission of Third Quarter Performance Report 2016//2017 to Council Structures Tabling of Third Quarter Performance Report 2016/2017 to 	<p>14 April 2017</p> <p>8 April 2016</p> <p>11 – 14 April 2017</p> <p>14 April 2016</p> <p>18 April 2017</p> <p>28 April 2017</p>	<p>MM's Office: CPM</p> <p>All departments</p> <p>MM's Office : IDP</p> <p>MM's Office: IDP</p> <p>OEM</p>

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PROCESS	ACTIVITY	TIME FRAME	RESPONSIBILITY
	Council		
MAY 2017 (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 2017/18 IDP and Budget to Council for final adoption. 	19 May 2017 31 May 2017	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 2017/18 and all supporting documents for approval 	2 – 5 May 2017 13 May 2017 20 May 2017 29 May 2017	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 2017 – 2018 SDBIP & Performance Agreements 	11 May 2017 20– 29 May 2017	MM's Office: CPM All HODs
JUNE 2016 (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 Development of the summary of the IDP 	4 – 8 June 2017 12 June 2017 24 June 2017	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) 	4 – 8 June 2017 15 June 2017 14 June 2017 15 -30 June 2017	BTO Accounting Officer BTO BTO
PMS	<ul style="list-style-type: none"> Draft SDBIP & Performance Agreements to 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 and published in newspaper 	20 June 2017 28 June 2017 30 June 2017 30 June 2017 30 June 2017	All HODs 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 budget and IDP.
- Budget inputs by departments were only submitted in March 2016

1.10 IDP and Service Delivery and Budget Implementation Plan

This is the draft IDP as drafted by Council in March 2017.

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 2017/2018 MTREF, based on the approved 2016/2017 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2017/2018 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 2016/2017 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:

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- 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.

1.10.1 Community Consultation

The draft 2017/2018 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 2017/2018 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

OR Tambo District Municipality 2017/2018 Budget and MTREF

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.

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.

1.11 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

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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 2017/2018 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 5 IDP Strategic Objectives

2017/2018 Financial Year	2017/2018 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
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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
 - o Promote transparency and accountability
 - o Promote effective functioning of Inter Governmental Relations (IGR)
 - o Promote Batho Pele principles
3. Financial Viability and Management
 - o Ensure effective financial management planning and budgeting
 - o Develop effective and efficient system of internal controls
 - o Promote transparency in procurement
 - o Achieve optimum revenue collection
4. Fighting poverty, building clean, safe, healthy and sustainable communities
 - o Promote local economic development projects
 - o Provide assistance to local emerging contractors and businesses
5. Provision of quality basic services and infrastructure which includes, amongst others:
 - o Provide water;
 - o Provide sanitation;
 - o Provide housing;
 - o Provide roads and storm water;
 - o Provide public transport;
 - o Provide District Municipality planning services; and
 - o 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;
- 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 2017/2018 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.

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

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Providing Access to potable water, and sanitation services and improve the community lively hood	Provide adequate and accessible infrastructure and enhancing the community lively hood			1 054 492	622 959	667 415	649 154	663 183	663 183	781 775	816 975	864 266
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			18 923	21 434	17 630	103 844	110 544	110 544	158 631	174 334	186 944
Promote workplance skills development	Improve the institutional systems and overerral capacity			3 140	42	607	87 525	93 469	93 469	111 823	118 837	126 213
Strengthening governance and control environment	Building a coherent district that is responsible, accountable and promote clean governance			1 017	2 147	5 610	166 940	188 374	188 374	192 905	205 342	218 476
Financial viability and Management	Ensure sound financial management, sustainability, viability of the municipality			794 594	871 083	991 862	128 770	127 858	127 858	141 590	149 676	158 986
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	1 872 166	1 517 665	1 683 124	1 136 233	1 183 427	1 183 427	1 386 725	1 465 164	1 554 885

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

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Providing Access to potable water, and sanitation services and improve the community lively hood	Provide adequate and accessible infrastructure and enhancing the community lively hood			1 097 870	844 431	838 337	647 154	662 183	662 183	778 072	813 138	860 128
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			85 022	85 315	92 813	103 844	110 544	110 544	158 618	172 186	184 677
Promote workplance skills development	Improve the institutional systems and overerral capacity			88 076	80 435	83 494	87 525	93 469	93 469	111 823	118 837	126 213
Strengthening governance and control environment	Building a coherent district that is responsible, accountable and promote clean governance			82 608	113 259	143 401	166 940	188 374	188 374	192 905	205 342	218 476
Financial viability and Management	Ensure sound financial management, sustainability, viability of the municipality			79 091	199 080	123 805	128 770	127 858	127 858	141 590	149 676	158 986
Allocations to other priorities												
Total Expenditure			1	1 432 668	1 322 520	1 281 851	1 134 233	1 182 427	1 182 427	1 383 009	1 459 180	1 548 479

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

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
Providing Access to potable water, and sanitation services and improve the community	Provide adequate and accessible infrastructure and enhancing the community	A		595 816	422 376	566 824	1 156 267	1 158 004	1 158 004	1 173 037	1 192 909	1 210 109
Improve coordination and intergration of LED programs and enhancing access to LED	Promoting economic growth and creating sustainable economic activities through	B		-	824	336	8 640	12 090	12 090	15 935	4 662	4 184
Promote workplace skills development	Improve the institutional systems and overall capacity	C		592	-	-	1 850	1 850	1 850	1 900	1 165	1 232
Strengthening governance and control environment	Building a coherent district that is responsible, accountable and promote clean	D		2 518	-	-	3 000	3 000	3 000	2 000	-	-
Financial viability and Management	Ensure sound financial management, sustainability, viability of the municipality	E		5 162	11 092	18 727	51 641	41 641	41 641	70 360	75 582	39 433
Allocations to other priorities			3									
Total Capital Expenditure			1	604 088	434 293	585 887	1 221 398	1 216 585	1 216 585	1 263 233	1 274 319	1 254 958

1.12 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:

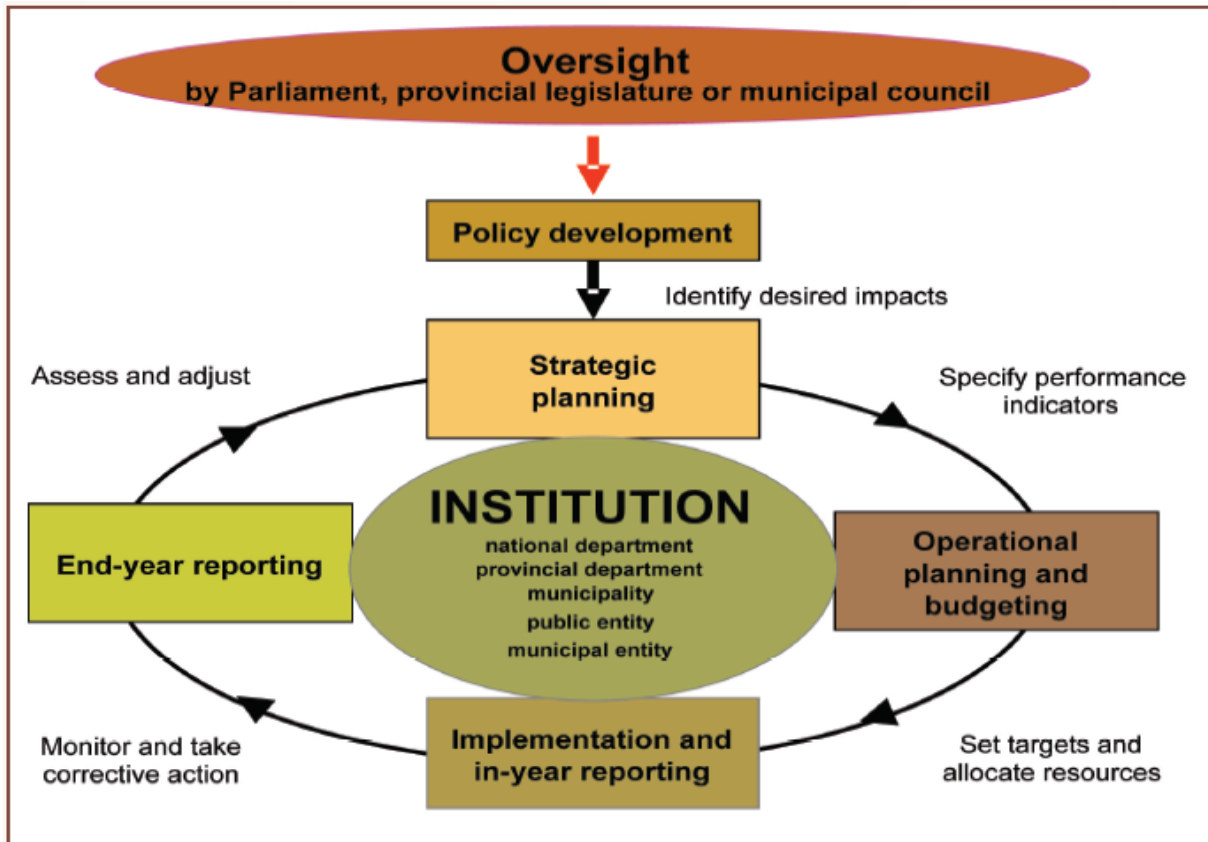


Figure 2 Planning, budgeting and reporting cycle

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:

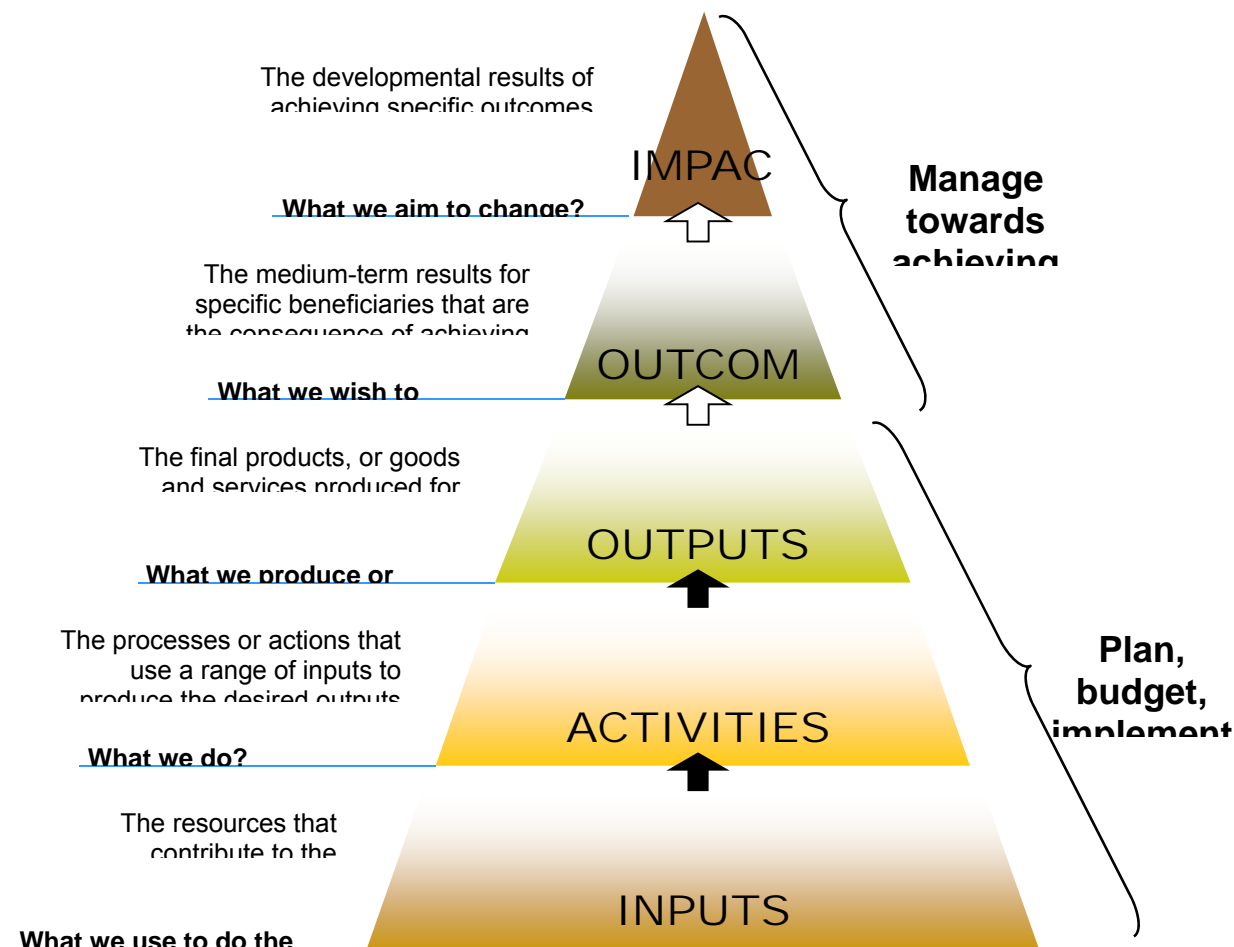


Figure 3 Definition of performance information concepts

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

Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Vote 1 - vote name	Number of Meetings	14	14	14	14	14	14	14	14	14
Function 1 - (name)	Number of Meetings	4	4	4	4	4	4	4	4	4
Sub-function 1 - (name)										
<i>Insert measure's description</i>	Number of Meetings	12	12	12	12	12	12	12	12	12
	Number of Meetings	4	4	4	4	4	4	4	4	4

Table 24 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0,2%	0,2%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1,0%	1,1%	0,2%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Borrowed funding of 'low n' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0,1%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Safety of Capital											
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%
Liquidity											
Current Ratio	Current assets/current liabilities	1,1	1,3	1,2	2,5	2,6	2,6	2,6	2,3	2,3	2,3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1,1	1,3	1,2	2,5	2,6	2,6	2,6	2,3	2,3	2,3
Liquidity Ratio	Monetary Assets/Current Liabilities	0,6	0,8	0,8	1,9	1,6	1,6	1,6	1,7	1,8	2,0
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		81,0%	70,1%	70,2%	81,6%	82,3%	82,3%	82,3%	79,1%	82,5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		80,0%	70,1%	70,7%	81,6%	82,3%	82,3%	82,3%	79,1%	82,5%	83,1%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	13,8%	18,0%	17,1%	16,5%	26,1%	26,1%	26,1%	21,0%	16,5%	12,1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recov ered/Total Debtors > 12 Months Old	45,0%	46,0%	55,0%	58,0%	58,0%	58,0%	58,0%	90,0%	90,0%	90,0%
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	90,0%	91,0%	95,0%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%
Creditors to Cash and Investments		164,7%	123,3%	125,9%	51,2%	61,7%	61,7%	61,7%	74,6%	75,9%	77,2%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kt)	6 586	6 717	6 650	6 517	6 517	6 517	6 517	5 931	5 990	6 050
	Total Cost of Losses (Rand '000)	21	22	21	21	21	21	21	19	19	19
	% Volume (units purchased and generated less units sold)/units purchased and generated	24	25	24	24	24	24	24	22	22	22
Employee costs	Employee costs/(Total Revenue - capital revenue)	23,9%	33,4%	34,9%	35,9%	33,1%	33,1%	33,1%	36,5%	37,3%	37,6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	26,5%	0,0%	0,0%	40,0%	34,7%	34,7%		37,9%	38,7%	39,1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0,0%	0,0%	0,0%	5,7%	4,9%	4,9%		5,0%	4,3%	4,3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	17,4%	25,0%	15,6%	14,0%	13,5%	13,5%	13,5%	13,7%	13,9%	13,8%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	11,6	4,7	9,5	10,8	10,8	10,8	15,9	14,8	14,2	14,7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	116,5%	103,3%	97,3%	79,3%	125,3%	125,3%	125,3%	103,5%	80,4%	59,2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3,7	5,4	5,4	10,6	8,2	8,2	8,2	8,2	8,8	9,4

1.12.1 Performance indicators and benchmarks

1.12.1.1 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 2017/2018 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.

1.12.1.2 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 2016/2017 financial year the ratio was only 0 per cent of equity and debt utilised to finance assets. Then in 2017/2018 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.

1.12.1.3 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 2013/14 to 2015/16 the ratio is 1,2:1 which indicates that the municipality is in break even point to cover the current liabilities due to a number of reasons being one of them the poor collection rate on service charges. But in 2016/2017 budget, it is anticipated that the ratio is 2.5:1 due to the decrease in current liabilities and increase in current assets, this decrease was as a result of decrease in accruals but still this is not safe enough as it is in breakeven point. For the 2017/2018 MTREF the current ratio is 2,3:1 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.

1.12.1.4 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 70 per cent for 2016/2017 which is anticipated to be reached. For 2017/2018, anticipated collection rate is 82 per cent. There is a revenue strategy that is planned by 2017/2018 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

1.12.1.5 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 36 per cent as a percentage of operating revenue is fairly constant over the MTREF. This is due to the increment of 7 per cent and the filling of vacant posts.
- Repairs and Maintenance is significantly lower as the percentage of total property plant and equipment which is 4.9 per cent. This as a result of some items which were reclassified from repairs and maintenance to capital expenditure and other direct costs on operations and maintenance being classified under other 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.

1.12.2 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	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population			1 677	1 862	1 365	1 802	1 977	2 168	2 180	1 490	1 510	1 520
Females aged 5 - 14			287	264	257	339	372	408	410	412	414	416
Males aged 5 - 14			285	270	260	343	377	413	415	417	419	421
Females aged 15 - 34			234	239	248	328	360	394	397	400	403	406
Males aged 15 - 34			197	220	239	316	346	380	382	384	386	388
Unemployment			179	66	67	89	97	107	107	99, 613	101, 207	102, 826
Monthly household income (no. of households)												
No income	1, 12		9 744	3 133	362	478	524	575	584	590	596	602
R1 - R1 600			36 506	17 227	3 640	4 805	5 271	5 783	5 873	5 990	6 110	6 232
R1 601 - R3 200			118 387	91 695	57 244	52 245	50 678	49 157	49 923	50 921	51 939	52 978
R3 201 - R6 400			63 966	95 960	117 911	155 659	170 758	187 321	190 240	194 045	197 926	201 885
R6 401 - R12 800			14 629	41 606	63 479	83 801	91 930	100 847	102 418	104 466	106 555	108 686
R12 801 - R25 600			8 944	20 181	31 263	41 272	45 275	49 667	50 440	51 449	52 478	54 577
R25 601 - R51 200			3 466	7 396	10 804	14 263	15 646	17 164	17 431	17 780	18 136	18 500
R52 201 - R102 400			3 052	7 569	12 337	16 287	17 866	19 599	19 905	20 303	20 710	21 124
R102 401 - R204 800			1 246	2 718	3 983	5 258	5 768	6 328	6 426	6 555	6 686	6 820
R204 801 - R409 600			712	1 140	1 497	1 976	2 168	2 378	2 415	2 463	2 512	2 562
R409 601 - R819 200			131	274	276	302	311	320	325	332	338	345
> R819 200			15	43	48	52	54	56	57	58	59	60
Poverty profiles (no. of households)												
< R2 060 per household per month	13		9 744	3 133	362	349,09	342,80	336,63				
Insert description	2		-	-	-	0,00	0,00	0,00				
Household/demographics (000)												
Number of people in municipal area			1 676 592	1 441 120	1 364 931	1 802	1 977	2 168	(2 207)	1 490	1 510	1 520
Number of poor people in municipal area			1 607 878	-	828 500	1 094	1 200	1 316	1 293	909 542	893 261	877 272
Number of households in municipal area			339 294	356 085	298 229	394	432	474	478	317,221	320, 393	323, 597
Number of poor households in municipal area			9 744	3 133	362	0	1	1	1	291	282	274
Definition of poor household (R per month)			R0 - R2544	R0 - R2544	2 544	3 358	3 684	4 042	-			
Housing statistics												
Formal	3		297 139	277 085	305 303	313 208	314 689	316 129	317 552	138 308	139 691	182 509
Informal			9 324	5 996	3 274	4 322	4 741	5 201	4 816	186 822	187 339	146 421
Total number of households			306 463	283 081	308 577	317 530	319 430	321 330	322 368	325 130	327 030	328 930
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%	0,0%	6,4%	5,7%	5,6%
Interest rate - borrowing						0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Interest rate - investment						0,0%	0,0%	0,0%	0,0%	6,9%	6,9%	6,9%
Remuneration increases						6,6%	5,5%	4,4%	0,0%	7,1%	7,1%	7,1%
Consumption growth (electricity)						0,0%	0,0%	0,0%	0,0%			
Consumption growth (water)						0,57%	0,57%	0,57%	0,57%	1,0%	1,2%	1,2%
Collection rates												
Property tax/service charges	7					90,0%	80,0%	98,0%	98,0%	100,0%	100,0%	100,0%
Rental of facilities & equipment						6,0%	6,0%	6,3%	6,3%	6,9%	6,9%	6,9%
Interest - external investments						10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%
Interest - debtors												
Revenue from agency services												

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 0.97per cent per annum population growth from 2011 census.

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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 325 130 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 2017/2018 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.

1.12.3 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:

- Decrease of water supply due to drought
- 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.

1.13 Overview of budget related-policies

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

1.13.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in October 2008 is reviewed in 2017/2018 and the Council approved the revised Credit Control Policy as well Tariff policy on the 31 March 2017. 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.

1.13.2 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.

1.13.3 Budget and adjustment budget, Reserves and funding 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 related Policies has been approved by the council when tabling 2017/2018 MTREF.

1.13.4 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.

1.13.5 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.

1.14 Overview of budget assumptions

1.14.1 External factors

Domestically, after years of strong growth, during which millions jobs were created, our economy had a CPIX of 6.4 per cent in 2017. Due to the active industrial action in different sectors taking place and mass protests, devaluation of rand to dollar exchange, worsening of country's credit rating (downgrade to junk status), uncertainty on Eskom electricity supply, gloomy political climate, drought resulting in potential import of produce, 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 2017/2018 which is 6.4 per cent and in 2018/2019 and 2019/2020 at 5.7 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.

1.14.2 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 2017/2018 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 36 per cent of total operating expenditure in the 2017/2018 MTREF and a budgeted increment of 8 per cent, and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

1.14.3 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 (82 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.

1.14.4 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 to 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.

1.14.5 Salary increases

The overall salary increases is projected at 7.1 per cent, as guided by MFMA Circular 86 provision for outcome of wage negotiations.

1.14.6 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 2017/2018 MTREF of which performance has been factored into the cash flow budget

2.5.9 Departmental Budget narrative

Water Services

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 	This budget will be used for the repairs of broken down pumps, fixing of sewer spillages and

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	<ul style="list-style-type: none"> • Sewerage Reticulation 	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 • 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) 	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.

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 36 331 and is expected to be eradicated by the end of the 2020/2021 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 2017/2018 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 R380m allocated from the Municipal Infrastructure Grant for water projects, in the 2017/2018 financial year, the actual number of households to receive water is 22 390 households.

4 projects are currently under implementation from the 2016/2017 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 2016/2017 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 2016/2017 financial year connecting around 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 2017/2018 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 R81 million. The first two phases of this project are complete 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, these phases are only awaiting Eskom connection.

- 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 2017/2018 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 R132m 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 R343m 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

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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 2017/2018 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 2017/2018 financial year for this exercise.

- ❖ Sidwadweni phase 5A with a budget of 31million and expenditure at 28 million putting it at 100per cent completion and Sidwadweni Phase 5A Remainder with 100per cent complete as well. Both projects are at completion stages
- ❖ **The Mvumelwano Water Supply Scheme** under the Mhlontlo LM, serves more than 7000 households in Qumbu, including the town, which was never designed for. More than R150 million has been invested in this project and the last phase is has been completed, and commissioned. The scope of works included 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 the Dam is on completion stage, the whole scheme will be functional after the completion of the Abstraction works, and M&E installation. 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 complete. The refurbishment of the Treatment Plant is underway.

- ❖ **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. A Business Plan to upgrade the Upper Chulunca Water Treatment Works is underway; this is done through the assistance of the Department of Water and Sanitation who will be funding the Project.
- ❖ **The Flagstaff Regional Water Supply Scheme** 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** has been 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 complete 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 R81 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 projects have gone for a re-tender. The project has been divided into three Contracts, which are all under Construction.
- ❖ **The Coffee-Bay Water Supply** under King Sabatha Dalindyebo supplies Coffee-Bay and the surrounding **38 villages**. More than **R130 million** has been invested in this project. The extension of this project is on construction to further supply **48** villages in the former ward 24 and 25 of the KSD Local Municipality. The scope of works includes abstraction of water from the Mthatha River, water treatment works and village reticulation. Phase 3 will commence soon. Phase 3 will incorporate the new planned Coffee Bay Town in terms of water supply demands. Further phases will also commence after the completion of Phase 3, the scope of works for these phases include the upgrading of Coffee Bay WTW, Abstraction Works, Pump Station, and some bulk pipelines.
- ❖ **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 around 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 2021/2022 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 new Rosedale Treatment Works (To be constructed) and pumped to serve the towns of Libode, Ngqeleni and surrounding villages. The total MIG approved budget for this project is **R146 million**, also there is another phase that the Municipality is looking at implementing.

- ❖ **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 2017/2018 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 as the source 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. The primary Bulk projects are at completion stages, and secondary Bulk projects need to be initiated, so that the gap between the Primary Bulk is not long
- ❖ **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 **R3,7 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 2018/2019 financial year. The impact is always water leakages through pipe bursts as the infrastructure is dilapidated
- ❖ **Mthatha Pipe Replacement: Nelson Mandela Drive.** Work in the Nelson Mandela Drive is 80per cent complete

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

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The MIG allocation for 2016/ 2017 is R609 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 59per cent 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 100per cent coverage to KSD and Nyandeni Local Municipalities, respectively. Mthatha Dam will also cover 5per cent 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 95per cent of Mhlontlo Local Municipality.

The third and the last Regional Water Scheme is Mzintlava, which will cover 100per cent 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 Plan. These plans will give details on backlogs and will also highlight the water services demand. The plans will be budgeted for in the 2017/2018 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 2016/2017 financial year, a budget of R 6 million 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 9 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 for poor performance and absconding the site.

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 75per cent complete and the completion date is July 2017. The Northern Outfall Sewer at 80per cent and completion date is August 2016 and Southern Outfall sewer at 85per cent complete and the completion date is September 2016

Technical Services

The Technical Services Department is responsible for the following functions:

- Coordination of District Integrated Plan (DITP)
- Coordination of Electricity Sector
- Building Control and Maintenance
- Coordination of roads and storm water function
- Public transport transformation program
- Management of Mechanical workshop

The O. R. Tambo District Municipality is mandated by the National Land Transport Transition Act (NLTTA) 22 of 2009 and the National Land Transport Act (NLTA) No. 5 of 2009 to prepare a comprehensive District Integrated Transport Plan (DITP). In this financial year the Technical Services Department (the Department) has budgeted for the review of this plan.

As support to the Local Municipalities, the District Municipality has also set aside budget for the rehabilitation of roads in the district with more focus on the Vulindlela Industrial Park.

Through the Rural Road Asset Management Grant, the District Municipality will continue with the development of a Rural Road Asset Management System (RAMS) which will guide the road infrastructure investment to improve the accessibility to and mobility of rural communities.

The Municipality will also advocate campaign aimed at promoting road safety and reducing road accidents. This will be achieved through campaign such as arrive alive and stray animal management campaigns. The Municipality will also continue with the coordination of electricity function through the electricity forum that sits on a quarterly basis.

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

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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.

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

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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.

Corporate Services

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

Office of the Executive Mayor

This is a summarized narrative intended to highlight the significance of allocating reasonable share of the Municipal budget to the Executive Mayoral Services. The narrative is meant to firstly acknowledge the reasoning by National Treasury, that massive budget of the municipality must be directed to the core business of the municipality, i.e. water and sanitation. Notwithstanding the above highlighted demand, it is also imperative to note that as the sphere of government, the political leadership of the municipality has a socio- economic responsibility to reach out to the inhabitants of the District. The Executive Mayoral Services has therefore flagship programmes that are championed by the Executive Mayor such as One tree one Child and One home one food garden. Within the office of the Executive Mayor there is also a Special Programmes Unit, which is a constitutional responsibility of the District Municipality to care for the vulnerable groups within the District Municipality. The presentation will begin by highlighting the importance of funding programmes under Special Programmes Unit and further elaborate the significance of reasonable funding to the Mayoral Flagship programmes.

1. Special Programmes Unit Reason for Existence and Mandate

The existence of the Special Programmes is based on Chapter 9 of the Constitution of the Republic of South Africa (1996), White Paper on Local Government (1998) and other many pieces of legislations and government policies that promote the wellbeing of all vulnerable population groups. The mandate of the Special Programmes Unit is to spearhead the mainstreaming of all programmes aimed at improving the lives of vulnerable groups (youth, women, children, people with disabilities and elderly) in order to ensure that the District Municipality complies with the constitution of South Africa, Bill of Rights, policies and other pieces of legislations. This includes the implementation of intervention programmes in collaboration with other stakeholders. Mainstreaming is the core function for Special Programmes.

2. Legislative obligation

2.1 The White Paper on Developmental Local Government (1998)

Section B (1) of The White Paper on Developmental Local Government (1998) states that “developmental Local Government is local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve their quality of life”. These groups include women, youth, disabled persons and children.

Some of the important specific policies that demand local government focus on previously disadvantaged population groups include Disability Framework for Local Government (2009), Youth Development Framework for Local Government (2009) and Gender Policy Framework for Local Government.

2.2 Municipal Systems Act (Act No. 32 of 2000)

Chapter 4 of the Local Government Municipal Systems Act (Act No. 32 of 2000) provides for the development of a culture of participatory governance. Municipalities are encouraged to create conditions for local communities to participate in their affairs

2.3 Mainstreaming and budget

In local government Special Programmes Units has a responsibility of ensuring that needs of vulnerable groups (youth, children, women, people with disabilities and elderly) are consciously mainstreamed in the strategic and operational plans of the municipalities. The policies define mainstreaming as a process that entails setting up appropriate mechanisms for vulnerable groups’ participation in policy making and Local Government planning, monitoring and reporting. Mainstreaming consists of two levels: **External mainstreaming** that begins with all spheres of government developing and implementing vulnerable groups friendly policies and strategies, setting out clear targets and budgets for vulnerable groups within their budgetary and programmatic activities. **Internal mainstreaming** is a second level which requires that every line department within a municipality takes into account the issues affecting vulnerable groups needs in communities within municipal areas and further make sure that the budget is available to address their prioritised needs.

3. Poverty relief programmes and flagship programmes

The OR Tambo is classified as a Category C2 municipality, indicating a largely rural character and low urbanisation rate. The district is heavily reliant on the government and community services sector for formal employment. The O.R.Tambo District has a low economy, high levels of poverty, underdevelopment and infrastructure backlogs as well as heavy reliance on government grants.

The Development priorities of the district are accordingly directed at four areas: Alleviation of poverty and high levels of unemployment that contributes to the high crime rate; Access to basic services, housing and social infrastructure, especially in rural areas The O.R.Tambo District also claims a comparatively high proportion of child-headed households, and below average access to education and particularly health services and professionals. The District has a high HIV prevalence rate in the Province, with 29.20per cent of residents infected.

O.R. Tambo has a poor skills base with low literacy rate. The ratio of women to men, at 1.18, reflects a higher presence of women in the area and the overwhelming majority (82.17per cent) of the population is living in poverty and the unemployment rate stands at about 70.per cent.

4. Eradication of poverty in the District

Poverty Relief is a Mayoral Flagship programme which was established to alleviate poverty and to change the lives of distressed people of O.R. Tambo District. The programme has got three segments i.e. One Home One Food Garden, including hydroponic tunnels situated at Walter Sisulu University, Zamukulungisa campus- Mthatha, One Tree One Child and Cleaning and Greening

There is a set of statutory prescripts that mandate the District Municipality to prioritise poverty relief programmes and they are the following,

- O.R.Tambo District Municipality Council resolution.
- United Nations Development Goals, Goal 1

- Local Government Municipal System Act 32 of 2000
- National Anti- Poverty Strategy
- National Council on Poverty

5. Flagship programmes

5.1 ONE HOME ONE FOOD GARDEN

The aim of this programme is to support vulnerable households with vegetable seedlings, fertilisers and necessary gardening tools. 600 households have already benefited from the programme across all O.R.Tambo DM local municipalities. The target beneficiaries for the programme are the elderly, child headed households, HIV/Aids infected, women and generally needy households. There are also hydroponic tunnels placed at WSU that are also under revamp to ensure that the District is able to propagate its own seedlings for quicker and reliable supply to our beneficiaries.

5.2 ONE TREE ONE CHILD

Climate change has been identified as one of the most pressing challenges of our time. The District Municipality has a responsibility to protect its citizens and the inhabitants at large and well as protecting O.R. Tambo environment. Through One tree One Child programme, ten schools within the District were used as a sample to enrol the programme. The schools were issued with different species of fruit trees. Each pupil from these identified schools is given one tree to plant at school and one tree to plant at home. This is an initiative to prevent soil erosion and other natural attacks to the soil. It is also important to make mention of the fact that ORTDM as result of One Tree One Child, it's now a member of the Eastern Cape Forestry Sector Forum which among its mandate is to discuss the XIV WFC 2015.

5.3 CLEANING AND GREENING

The District Municipality is also entrusted with the responsibility of beautifying all its towns through greening and landscaping. The District Municipality has a very rich heritage and it is widely recognised as the home of the Legends. If the cleaning and greening budget can be maximised, that will eventually yield to economic development through tourism. To have these towns beautified will attract investors and tourists and the District will immensely benefit through tourism multiplier effects. Through this programme about 200 job opportunities have been created. The programme is designed to ensure that the towns are cleaned and maintained.

This is a summary intended to project the dire need for the preservation and sustenance of the above mentioned programmes through broader budgetary considerations.

Rural Economic and Developmental Planning

LED SECTION

1. LED STRATEGY

- The LED Strategy budget is meant for the review of the LED Strategy, the roadshow to workshop the strategy, and the implementation of one project.
- The LED Strategy is critical in identifying key economic programmes for the O. R Tambo community. Properly packaged programmes will identify socio-economic opportunities and upliftment of the community. Providing employment opportunities and business opportunities.

2. SECTOR DEVELOPMENT

- The Sector Development budget will be utilized for the development and finalization of various sector plans; Agriculture Strategy, Trade & Investment Strategy, Aquaculture Strategy, & Investment One Stop Shop.
- The sector development is also critical to the identification of opportunities in the region and affording opportunities to the community and external investors to develop the economy of the region.

3. COOPERATIVES SUPPORT

- The cooperatives budget targets to assist 10 cooperatives two from each LM. Priority for support is given to women and youths run cooperatives.

- The cooperatives targeted for support are cooperatives with potential to grow, ability to self sustain beyond the support, and with potential for greater multiplier effect to benefit larger and extended community directly and indirectly.

4. LED CAPACITY

- The LED Capacity budget is meant to capacitate research and development (R&D) within the ORTDM. Capacitate on research and development to conduct research on various socio-economic issues that will inform planning and strategy development.
- Better informed plans, policies, and strategies from well-researched issues. This will ensure opportunities are properly identified to grow the economy.

5. FENCING

- The fencing budget is important to the general fencing maintenance of the fence for the Adam Kok farms. Three farms' fencing have been refurbished already and the remaining four (4) farms which are bigger in size. The budget thus will be used to fence only two farms
- It is critical that these farms are fenced to protect the biological assets of the ORTDM, for security purposes of the produce among others.

TOURISM SECTION

1. Research and Development

- The amount attached to the Research and Development is six hundred thousand it is meant for the overall development of district the following will be implemented in financial year 2017/2018:
 - Identifying and profiling potential tourism resources and attractions with local municipality and product owners will be supported
 - Strengthen relationships between producers and consumers and Grahamstown arts festival will be attended 23 crafters and Visual artists will attend
 - To conduct Tourism infrastructure and Signage audit in all local municipalities on condition of the roads and Signage
 - Develop District Tourism Master Plan by 30 June 2017. (Taking into consideration the SEZ feasibility study
 - Installation of 30 tourism signage 5 per local municipality
 - To create good relationship with the business community and to assist in data collection

2. District Tourism Marketing

- Nine hundred thousand is for the Marketing of the O.R Tambo Region, it is important because its help to market the district's tourism offerings throughout South Africa and

internationally through the finalization of the tourism website and distribution of brochures.

- Increase of distribution points working with brochure management
- Two exhibition shows attended gate away show and tourism indaba
- Population of the tourism website with new information throughout the year

3. Tourism Education and Awareness

- The amount seven hundred and ninety, the programme is aiming to instill the culture of tourism excellence to make the communities to be aware of the local tourism offerings and live the tourism as to provide to the potential tourist the following will be implemented are as follows:
- Two major tourism events supported.
- Tourism awareness campaigns held throughout the district during the tourism month

4. Regional and Local Tourism Organization

- The programme is aiming at establishing and strengthening of all tourism associations, the amount attached is fifty thousand

ENVIRONMENTAL MANAGEMENT SECTION

1. Integrated Waste Management Plan And Environmental Management Planning:

- In the 2017/2018 financial year, Environmental Management section will be developing District Climate change strategy and the Biodiversity Management Plan.
- These two plans 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 one project in 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.

2. 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 to be implemented by the district municipality in the 2017/2018

3. Recycling Facility:

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- Environmental section will also be establishing Regional Recycling Program in 2017/18.
- Regional Recycling Program is mainly looking at enhancing quality of environment, creating jobs opportunities, SMME development, and also responding to rampant pollution and climate change.
- This is looking at linking the harvesting and transportation of recyclable materials from the five local municipalities of O.R Tambo region.
- Each local Municipality is envisaged to have primary cooperative which collect, sort and sell/transport to the secondary cooperative which is based at a regional level.
- This regional recycling facility will look at encompassing all types of recyclable waste such as papers, cans, plastics and bottles etc. In a long term, the facility is considering the option of generating renewable energy from the landfill, as well as establishing a factory that will be producing recyclable by-products.

SPATIAL PLANNING AND LAND SURVEY SECTION

1. Development of Spatial Development Framework

- The SDF budget is for the development of the new O.R. Tambo District Municipality SDF, as well as the development of the LSDFs for the Mzimvubu Dam (Ntabelanga Dam)
- SDFs are critical to the developmental agenda of the municipality, as they are meant to identify opportunities, unlock bottlenecks and address past spatial inequalities.

2. SPLUMA

- The SPLUMA budget is set aside to ensure that Municipal Planning Tribunals are established and function accordingly, with external members being remunerated. This also includes the assistance to municipalities with the development of the Land use Management Schemes as per the requirement of the Act.

3. District Planning Strategy

- The District Planning Strategy budget is mainly meant to develop the Precinct Plan for the Port St. Johns Second Beach as well as the sitting of four District Spatial Planning and Environmental Management Sector Forum.
- Precinct Plans are detailed plans are meant to provide a framework to the management of urban/peri urban spaces, enhancing amenities and addressing service delivery issues.

Office of Municipal Manager

Books and publications	<ul style="list-style-type: none"> ▪ To purchase books and subscription to relevant journals and magazines that is deemed necessary for keeping abreast with municipal issues.
Subsistence and travelling	<ul style="list-style-type: none"> ▪ To cover for the accommodation, flights and all travelling arrangements for the personnel of the department including the Municipal Manager when attending official duties.
Corporate expenses	<ul style="list-style-type: none"> ▪ Expenses in the Municipal Managers office, provision for meetings related to the duties of the organisation.
Inter-Governmental relations	<ul style="list-style-type: none"> ▪ The IGR coordinate an effective IGR across portfolio boundaries of government actors within the district in order to maximise government service delivery planning, implementation and monitoring. ▪ It serves to ensure that service delivery is central in the IGR agenda. ▪ The programs to be executed with the budget include development and implementation of district programme of action, conducting road-shows, coordination of IGR forums meetings and participation to the provincial IGR structures.
International relations	<ul style="list-style-type: none"> ▪ Coordination of International Relations activities, support and visits by the district and its local municipalities. ▪ Facilitation of interface between the district and the province on matters of international relations.
Integrated Development Plan	<ul style="list-style-type: none"> ▪ The funds will be utilised in the development of the 2016/ 2021 IDP and the review of the 2018/19 plan. ▪ Training of the new councillors on the IDP pack and processes, ▪ Preparation of the IDP strategic planning sessions and conduct IDP road-shows ▪ Coordination of district IDP representative forums for all OR Tambo district stakeholders ▪ Printing of the IDP and SDBIP document and advertisement to various stakeholders.
Performance Management System	<ul style="list-style-type: none"> ▪ The budget will be utilised for the review of the performance management system of the district ▪ Conduct workshops and engagement for the performance management

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	<p>system</p> <ul style="list-style-type: none">▪ Coordinate the performance management structures and strengthen performance management system and reporting.
Legal Services	<ul style="list-style-type: none">▪ The budget will mainly cover the legal costs that include legal support and compliance to the institution.▪ Payment of legal fees and litigations.▪ Assist in the support for legal attorneys
Municipal Support Programme	<ul style="list-style-type: none">▪ The funds will be utilised to support Local Municipalities across the district▪ Facilitate the establishment of centralised district support models▪ Support to the identified strategic projects identified in each district.
Communication	<ul style="list-style-type: none">▪ Budget to be utilised to manage internal and external communication▪ Marketing and branding of the municipality as well as production of marketing and advertising material▪ Printing of the quarterly news letters▪ Profiling of the municipal new council and its councillors as well as training of the new councillors on communication matters (how to handle communication)
Audit Committee Allowances	<ul style="list-style-type: none">▪ The funds will be used to arrange and prepare for the sitting of the audit committee▪ Payments of the allowance fees for the audit committee members
Risk Management	<ul style="list-style-type: none">▪ The budget is to be used to conduct risk assessment of the organisation▪ Development of the institutional risk management plan▪ Facilitate the Monitoring and mitigation of the identified risks
Conference	<ul style="list-style-type: none">▪ The fees will be used to attend the relevant conferences that will contribute to the institutional improvement▪ Participate in benchmarking conferences and workshops aimed at improving the performance of the district.

Ntinga O.R. Tambo Development Agency

1. 2017/2018 BUDGET OVERVIEW

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Ntinga O.R. Tambo Development Agency SOC LTD is operating as a wholly owned implementing agent of the parent municipality, O.R. Tambo District Municipality (ORTDM). During 2015/2016 financial year the mandate of the Entity was amended. The amended mandate is mainly derived from the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) and Section 84(1)(a)(b)(d)(k)(m)(n)&(p) of Municipal Structures Act, 1998 (Act 117 of 1998).

It is to facilitate, manage and implement Socio-economic Development initiatives with a special focus on:

- Water and Sanitation;
- Service Centres (e.g. Markets, Abattoirs, Agri-parks, Farms, etc.);
- Rural Development (e.g. Tourism, Forestry, Agriculture, etc.);
- Cooperatives and SMMEs; and
- Any other related function in partnership with either public or private sector.

The entity has shifted away from its traditional poverty alleviation programmes. Coupled with that, the entity has been restructured to assist the parent municipality in the implementation of water and sanitation function.

The Entity in the form of a Service Utility is being dissolved. With effect from 01 July 2017 the Entity will be fully operational as a State Owned Company. Main programmes planned for implementation during the 2017/2018 financial year are summarized as follows:-

- Water services including maintenance of water schemes, billing in peri-urban areas, revenue collection as well as social facilitation;
- Trade and investment promotions;
- Enterprises development;

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 and other enterprises such as the abattoir, Kei Fresh Produce Market and the Dairy farm. To this end the Entity has a strategic goal of enhancing value chains using the available enterprises. Some of the functions will be carried out in the form of strategic partnerships.

The Entity is positioning itself to be one of the key roleplayers in the following strategic programmes:

- Agri-parks initiative;
- Umzimvubu Dam construction;
- N2 toll road roll-out;
- Industrialisation in the district;
- Alternative energy programme.

This budget is prepared on the assumption that the Entity will assume full operations of the Adam Kok Farms including recognition of revenue generated.

Compared with the 2016/2017 budget, there is a decline in grant funding requested from the parent municipality. The Entity expects to generate more revenue on water services. Projected water services revenue includes management and maintenance of water schemes, social facilitation as well as billing of water consumers in rural areas.

2. RESOLUTIONS

In compliance with Local Government: Municipal Finance Management Act Section 87(1), the Board of Directors submits a proposed budget for the Entity

The board of directors considered and deliberated this proposed budget on 20 January 2017. It was approved for submission to the parent municipality before the end of January 2017.

3. EXECUTIVE SUMMARY

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The draft 2017/2018 operational annual budget amounts to R54.3m and capital budget amounts to R12,3m. This gives a total 2017/2018 budget of R66,6m compared to the 2016/2017 financial year budget of R51.5m. For the 2017/2018 financial year, R12m of accumulated cash reserves has been provided to fund capital expenditure.

The portion of grant funding from the parent municipality is R33.4m. For the 2016/2017 financial year grant funding was R53.5m.

Year to year budget increase is estimated to be approximately 10%. Invested funds will reduce through spending mainly on capital expenditure.

There is a 7% estimated increase in salaries and wages budget in the 2017/2018 budget. Budget provision has been made for filling of new vacant positions with special focus on water services.

Of the grant amount of R33,4m from the parent municipality, R17,4m has been allocated to service delivery projects such as water services, enterprise development as well as trade and investment promotions.

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.

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

Budget related policies are in place and will be reviewed before the end of 2016/2017 financial year.

The 2016/2017 budget is presented in terms of the following tables:

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1. Table D2 - Budgeted Statement of Financial Performance

Description	2013/2014	2014/2015	2015/2016	Current Year 2016/2017			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget year 2017/2018	Budget year 2018/2019	Budget year 2019/2020
R thousands									
Revenue by Source									
Abattoir Revenue	450 465	847 612	1 894 935	1 980 000	2 500 000	2 500 000	4 560 000	7 730 000	9 850 000
Dairy Farm Revenue	206 509	180 543	324 138	250 000	250 000	250 000	400 000	500 000	700 000
Kei Fresh Produce Market revenue	0	0	0	2 030 000	0	0	4 430 000	7 655 800	8 762 680
Interest earned - external investments	1 409 248	1 705 759	2 165 234	1 800 000	2 500 000	2 500 000	2 000 000	900 000	700 000
Consultancy fees	4 415 231	913 564	685 511	1 000 000	3 454 794	3 454 794	0	0	0
Grant Transfers Recognised (ORTDM GRANT)	43 109 460	39 803 125	38 324 034	44 615 040	53 567 465	53 567 465	33 404 203	35 375 051	37 426 804
Donations and Farmers Contributions (Maize)	928 202	772 255	0	0	1 102 634	1 102 634	508 434	169 477	0
Other revenue	19 313	263 783	343 311	0	40 000	40 000	0	0	0
Adam Kok Farms revenue	0	0	0	0	0	0	3 240 000	3 574 000	3 896 400
Water Services revenue	0	0	0	0	0	0	10 000 000	12 000 000	12 500 000
Adjustments to biological assets	30 272	8 400	5 295	0	10 000	10 000	15 000	20 000	25 000
Gains on disposal of PPE	0	316 327	163 336	0	111 341	111 341	0	0	0
Total Revenue (excluding capital transfers and contributions)	50 568 700	44 811 368	43 905 794	51 675 040	63 536 235	63 536 235	58 557 637	67 924 328	73 860 884
Expenditure By Type									
Employee related costs	20 985 676	20 495 049	21 872 770	26 089 207	24 089 207	24 089 207	27 251 950	29 322 683	31 312 471
Board of Directors Allowances & re-imbursive costs	330 122	293 476	514 159	700 000	700 000	700 000	800 000	1 000 000	1 100 000
Board of Directors Travelling, Accommodation & other	188 783	260 171	205 240	500 000	500 000	500 000	600 000	600 000	660 000
Debt impairment	767	0	61 391	0	0	0	0	0	0
Depreciation & asset impairment	974 434	827 816	1 222 893	700 000	700 000	700 000	700 000	820 000	902 000
Finance charges	70 144	56 023	53 130	30 000	30 000	30 000	35 000	45 000	49 500
Repairs and Maintenance	485 238	210 018	142 886	210 000	210 000	210 000	300 000	330 000	363 000
Kei Fresh Produce Market Operations	4 858 000	3 325 656	5 400 000	3 000 000	6 400 000	6 400 000	7 758 161	7 827 384	8 421 048
Transfers and grants	20 138 536	10 990 585	9 879 320	13 481 579	21 731 581	21 731 581	14 343 817	18 871 484	21 201 364
Operating Expenditure	4 823 778	4 484 218	5 332 720	6 677 880	7 856 880	7 856 880	6 710 600	6 909 860	7 529 846
Adjustments to Biological Assets	69 022	189 200	78 900	0	40 000	40 000	45 000	50 000	55 000
Loss on disposal of PPE	60 703	0	0	0	0	0	0	0	0
Total Expenditure	52 985 203	41 132 212	44 763 409	51 388 666	62 257 668	62 257 668	58 544 528	65 776 411	71 594 229
Surplus/(Deficit)	-2 416 503	3 679 156	-857 615	286 374	1 278 567	1 278 567	13 109	2 147 917	2 266 655
Surplus/(Deficit) after capital transfers & contributions	-2 416 503	3 679 156	-857 615	286 374	1 278 567	1 278 567	13 109	2 147 917	2 266 655
Taxation									
Surplus/ (Deficit) for the year	-2 416 503	3 679 156	-857 615	286 374	1 278 567	1 278 567	13 109	2 147 917	2 266 655
Accumulated surplus at the beginning of the year	27 970 923	25 554 420	29 376 217	26 379 734	28 518 602	28 518 602	29 797 169	29 810 278	31 958 195
Accumulated surplus at the end of the year	25 554 420	29 233 576	28 518 602	26 666 108	29 797 169	29 797 169	29 810 278	31 958 195	34 224 850

2. Table D4 - Budgeted Statement of Financial Position

Description	2013/2014	2014/2015	2015/2016	Current Year 2016/2017			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget year 2017/2018	Budget year 2018/2019	Budget year 2019/2020
Rands									
ASSETS									
Current assets									
Cash and Cash Equivalents	31 124 466	29 934 387	30 240 288	26 602 397	29 355 412	29 355 412	15 761 548	17 874 465	21 234 392
Receivables from Exchange Transactions	4 258	12 298	1 600	10 000	10 000	10 000	1 050 000	1 100 000	900 000
Receivables from Non-Exchange Transactions	451 165	503 020	875 729	410 000	410 000	410 000	300 000	200 000	200 000
Unpaid Conditional Government Grants and Receipts	0	5 446 394	0	0	0	0	0	0	0
Taxes (VAT)	1 043 617	0	0	0	0	0	0	0	0
Inventory	897 349	435 454	96 547	90 000	90 000	90 000	100 000	120 000	125 000
Total current assets	33 520 855	36 331 553	31 214 164	27 112 397	29 865 412	29 865 412	17 211 548	19 294 465	22 459 392
Non current assets									
Property, plant and equipment	4 740 916	4 531 567	3 526 999	4 108 664	4 912 458	4 912 458	16 547 458	16 577 458	15 825 458
Biological assets	1 071 575	608 775	627 701	608 775	630 000	630 000	630 000	630 000	630 000
Non-current assets held for sale	268 947	0	0	0	0	0	0	0	0
Intangible assets	95 057	65 597	37 294	36 272	36 272	36 272	21 272	6 272	0
Total non current assets	6 176 495	5 205 939	4 191 994	4 753 711	5 578 730	5 578 730	17 198 730	17 213 730	16 455 458
TOTAL ASSETS	39 697 350	41 537 492	35 406 158	31 866 108	35 444 142	35 444 142	34 410 278	36 508 195	38 914 850
LIABILITIES									
Current liabilities									
Current portion of long-term liabilities	83 413	39 973	0	0	0	0	0	0	0
Taxes (VAT)	0	280 193	191 996	300 000	300 000	300 000	300 000	350 000	390 000
Unspent Conditional Government Grants and Receipts	6 866 874	6 466 961	452 729	800 000	800 000	800 000	400 000	500 000	500 000
Payables from exchange transactions	3 673 715	2 074 865	2 470 785	1 200 000	1 200 000	1 200 000	900 000	800 000	850 000
Payables from non-exchange transactions	446 973	446 973	446 973	0	446 973	446 973	0	0	0
Current employee benefits	3 031 982	2 994 952	3 325 072	2 900 000	2 900 000	2 900 000	3 000 000	2 900 000	2 950 000
Total current liabilities	14 102 957	12 303 917	6 887 555	5 200 000	5 646 973	5 646 973	4 600 000	4 550 000	4 690 000
Non current liabilities									
Borrowing	39 973	0	0	0	0	0	0	0	0
Total non current liabilities	39 973	0	0	0	0	0	0	0	0
TOTAL LIABILITIES	14 142 930	12 303 917	6 887 555	5 200 000	5 646 973	5 646 973	4 600 000	4 550 000	4 690 000
NET ASSETS	25 554 420	29 233 575	28 518 603	26 666 108	29 797 169	29 797 169	29 810 278	31 958 195	34 224 850
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	25 554 420	29 233 575	28 518 603	26 666 108	29 797 169	29 797 169	29 810 278	31 958 195	34 224 850
TOTAL COMMUNITY WEALTH/EQUITY	25 554 420	29 233 575	28 518 603	26 666 108	29 797 169	29 797 169	29 810 278	31 958 195	34 224 850

3. Table D5 - Budgeted Cash Flow Statement

Description	2013/2014	2014/2015	2015/2016	Current Year 2016/2017			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget year 2017/2018	Budget year 2018/2019	Budget year 2019/2020
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Sales of goods and services	9 455 921	4 241 672	2 811 091	5 260 000	6 204 794	6 204 794	22 630 000	31 629 277	35 709 080
Grants and public contributions	37 169 994	33 956 818	43 770 428	44 615 040	54 670 099	54 670 099	33 912 637	35 544 528	37 426 804
Interest	1 409 248	1 705 759	2 165 234	1 800 000	2 500 000	2 500 000	2 000 000	900 000	700 000
Payments									
Suppliers and employees	-46 123 146	-37 907 431	-42 828 533	-48 526 666	-52 465 975	-52 465 975	-59 851 501	-65 185 888	-70 341 457
Finance charges	-70 144	-56 023	-53 130	-30 000	-30 000	-30 000	-35 000	-45 000	-49 500
Transfers and Grants	-4 858 000	-3 325 656	-5 400 000	0	-6 400 000	-6 400 000	0	0	0
NET CASH FROM/(USED) OPERATING ACTIVITIES	-3 016 127	-1 384 861	465 090	3 118 374	4 478 919	4 478 919	-1 343 864	2 842 917	3 444 927
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	492 681	1 102 685	364 153	0	225 000	225 000	85 000	120 000	65 000
Payments									
Capital assets	-788 702	-824 489	-483 368	-195 000	-5 588 794	-5 588 794	-12 335 000	-850 000	-150 000
NET CASH FROM/(USED) INVESTING ACTIVITIES	-296 021	278 196	-119 215	-195 000	-5 363 794	-5 363 794	-12 250 000	-730 000	-85 000
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Payments									
Repayment of borrowing	-46 444	-83 413	-39 973	0	0	0	0	0	0
NET CASH FROM/(USED) FINANCING ACTIVITIES	-46 444	-83 413	-39 973	0	0	0	0	0	0
NET INCREASE/ (DECREASE) IN CASH HELD	-3 358 592	-1 190 078	305 902	2 923 374	-884 876	-884 876	-13 593 864	2 112 917	3 359 927
Cash/cash equivalents at the year begin:	34 483 058	31 124 465	29 934 386	23 679 023	30 240 288	30 240 288	29 355 412	15 761 548	17 874 465
Cash/cash equivalents at the year end:	31 124 466	29 934 387	30 240 288	26 602 397	29 355 412	29 355 412	15 761 548	17 874 465	21 234 392

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4. Table SD2 - Financial and non-financial indicators

Description of indicator	Basis of calculation	2013/2014	2014/2015	2015/2016	Current Year 2016/2017			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget year 2017/2018	Budget year 2018/2019	Budget year 2019/2020
Borrowing Management										
Borrowing to Asset Ratio	Total Long-term Borrowing/ Total Assets	0,10%	0,00%	0,00%	0,00%		0,00%	0,00%	0,00%	0,00%
Capital Charges to Operating Expenditure	Finance charges & Depreciation / Operating Expenditure	21,65%	19,71%	23,93%	10,93%		9,29%	10,95%	12,52%	12,64%
Safety of Capital										
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision / Funds & Reserves	55,34%	42,09%	24,15%	19,50%		18,95%	15,43%	14,24%	13,70%
Gearing	Long Term Borrowing / Funds & Reserves	0,16%	0,00%	0,00%	0,00%		0,00%	0,00%	0,00%	0,00%
Liquidity										
Current Ratio	Current assets / current liabilities	2,38	2,95	4,53	5,21		5,29	3,74	4,24	4,79
Liquidity Ratio	Monetary Assets / Current Liabilities	2,31	2,92	4,52	5,20		5,27	3,72	4,21	4,76
Creditors Management										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))	100,00%	100,00%	100,00%	100,00%		100,00%	100,00%	100,00%	100,00%
Other Indicators										
Employee costs	Employee costs/Total Revenue - capital revenue	41,50%	45,74%	49,82%	50,49%		37,91%	46,54%	43,17%	42,39%
Repairs & Maintenance	R&M/Total Revenue - capital revenue	0,96%	0,47%	0,33%	0,41%		0,33%	0,51%	0,49%	0,49%
Interest & Depreciation	I&D/Total Revenue - capital revenue	2,07%	1,97%	2,91%	1,41%		1,15%	1,26%	1,27%	1,29%
Financial viability indicators										
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0,65%	1,20%	0,07%	0,23%		0,36%	11,18%	6,92%	4,66%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	77,43	80,11	68,05	47,80		44,84	28,19	31,04	33,84

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5. SD 4 - Board Members Allowances and Staff Benefits

Summary of Employee and Board Member remuneratic	2013/2014	2014/2015	2015/2016	Current Year 2016/2017			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget year 2017/2018	Budget year 2018/2019	Budget year 2019/2020
R									
Remuneration									
Board Members of Entities									
Board Members of Entities	330 122	126 261	514 159	700 000	700 000	700 000	800 000	1 000 000	1 100 000
Sub Total - Board Members of Entities	330 122	126 261	514 159	700 000	700 000	700 000	800 000	1 000 000	1 100 000
% increase		-62%	307%	36%	36%	36%	14%	25%	10%
Senior Managers of Entities									
Basic Salaries	4 084 216	4 315 937	4 669 622	5 996 496	4 996 496	4 996 496	5 346 251	5 720 488	6 120 922
Annual Bonus (13th cheque)	229 807	273 810	305 891	327 303	327 303	327 303	350 215	374 730	400 961
Provident Fund Contributions	746 768	333 389	611 824	654 652	654 652	654 652	700 477	749 511	801 977
Motor v ehicle allowance	446 909	529 880	566 971	606 659	606 659	606 659	649 125	694 563	743 183
Cell phone allowance	134 879	144 056	154 140	164 930	164 930	164 930	176 475	188 828	202 046
Sub Total - Senior Managers of Entities	5 642 579	5 597 072	6 308 448	7 750 039	6 750 039	6 750 039	7 222 542	7 728 120	8 269 088
% increase		-1%	13%	23%	7%	7%	7%	7%	7%
Other Staff of Entities									
Basic Salaries	11 197 835	10 223 603	11 703 584	13 126 278	12 126 278	12 126 278	13 757 996	14 721 056	15 751 530
Annual Bonus (13th cheque)	785 727	478 723	615 138	658 198	658 198	658 198	933 785	999 150	1 069 091
Provident Contributions	1 098 556	1 630 043	1 454 451	1 556 262	1 556 262	1 556 262	1 657 803	1 773 849	1 898 018
Motor v ehicle allowance	1 787 551	1 481 450	1 347 964	1 442 322	1 442 322	1 442 322	1 982 077	2 120 822	2 269 280
Cell phone allowance	473 427	1 084 158	443 185	474 208	474 208	474 208	691 295	739 686	791 464
Sub Total - Other Staff of Entities	15 343 097	14 897 977	15 564 322	17 257 268	16 257 268	16 257 268	19 022 957	20 354 563	21 779 383
% increase		-3%	4%	11%	4%	4%	17%	7%	7%
Total Municipal Entities remuneration	21 315 798	20 621 310	22 386 929	25 707 307	23 707 307	23 707 307	27 045 498	29 082 683	31 148 471

4. 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.

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

Ntinga is represented in 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 before the end of March of each year. 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. 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.

c. 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

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- Property, plant and equipment policy
- Budget policy

These policies are subject of review annually.

d. Overview of budget assumptions

The budget proposals are based on the following assumptions:-

- Medium Term Expenditure Framework (MTEF) Guide was used to inform some of the budget proposals. Primarily the budgeted grant amounts for 2017/2018 and 2018/2019 are based on its MTEF budget.
- Operations under a state owned company form would commence in full on 01 July 2017;
- The Entity will take full responsibility for operations at Kei Fresh Produce Market with effect from 01 July 2017;
- Improved returns on investments made on projects such as the dairy farm and the abattoir are expected in the 2017/2018 financial year. However, these projects are not expected to be self sustainable at-least for another year;
- Revenue from Adam Kok farms will be recognised by the Entity.
- Year to year price increase is estimated to be approximately 10%. This is informed by the continuing weakening of the rand when compared with foreign currencies. The drought experienced since 2015/2016 financial year is expected to have adverse effect on future prices.
- The Entity is attending to operational challenges in service centers such as the farms, fresh produce market, the abattoir and the dairy farm. This will be done gradually over the years. There is a strategy that links operations of various service centers thereby maximizing return on investment.
- The Entity has budgeted for depreciation in value of assets.
- There will be new appointments of staff particularly in water services

e. Overview of budget funding

Bulk of the budget is funded from grant funding from the Parent Municipality.

Own revenue in the form of sales at the dairy, the fresh produce market and the abattoir is expected to improve. Accumulated cash reserves have been applied to partly fund the budget.

5. 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.

6. Other supporting documents

Additional information on expenditure

- a) Estimates of year to year budgets are based on the costing of projects and programmes. In an event that budgets require annual increases, we used an average percentage of 10%.
- 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. With operations under the state owned company form of the entity expected to commence on 01 July 2017, expenditure on training of staff is expected to increase.
- c) Board and committees fees 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 number of board members is expected to increase. The budget includes all board related expenses.
- d) R2.3m has been budgeted for audit fees for Auditor General to perform their statutory work.

Community Services

Subsistence & Travelling	To cover for the accommodation, flights and all travelling arrangements for the personnel and the office of the Portfolio Head in areas of programmes that require his intervention.
Disaster Risk Management	Budget will be used to ensure integrated approach to disaster risk management focusing on building resilience, improved institutional capacity to mitigate and respond to disasters through programmes like Disaster Management Information System; Scientific Disaster Management; Skills Development and Capacity Building; Stipend for emergency volunteers- who are used to do community awareness programmes on disaster management and Disaster preparedness and response- This programme serves as an immediate intervention whenever an strikes
Fire Emergency Services	Budget for Fire Fighting Services covers matters like uniform and protective clothing, Business and Public building inspections in terms of compliance to fire prevention; stipend for volunteers who assist in building community awareness on fire emergency services; Firefighting equipment that focuses on purchasing fire trucks.
Municipal Health Services	Municipal health services establishment focusing in establishing Satellite Offices in Local Municipalities; Primary Health Care- focussing in coordinating National Health Insurance programme; municipal health services which includes testing of water, taking food samples, inspecting funeral parlours and waste management landfill sites.
Sports, Recreation, Arts, Culture and Heritage	District Sports Council and establishment and building capacity of other structures of all sport codes ; Transfer of Sports Facilities that are developed in rural areas where communities especially youth is affected; Ingquza Hill Massacre (Pondoland Revolt) which is commemorated yearly in June; Sports and Recreation which includes building capacity and supporting arts and cultural groups with necessary equipment
Social Development and Community Safety	Budget will assist in coordinating Safety and security programmes; coastal safety- which supports four Local municipalities with coastal beaches by providing coastal patrollers and life guards (when funds permit); social relief programme which serves as an intervention whenever an incident strikes; library services- that promotes usage of libraries and building capacity of librarians that are in the rural libraries; early childhood development- which supports some of the centres that are not catered for by Department of Education and Social Development; child protection

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	services- which is a programme that is used to create public awareness on violence committed against children and moral regeneration programs that are meant for youth.
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Speakers Office

<u>ITEM</u>	<u>ACTIVITIES</u>
1. S&T	Attendance of councillors to 12 council and 12 committee meetings for the period of 12 months. This also includes any other council related business that requires accommodation, including IDP & Budget Rep Forums, Roadshows; Capacity Building / Induction Programmes
2. Functionality of Council	<ul style="list-style-type: none"> • 12 Council Meetings • 2 Open Councils • 2 Sector Parliaments • Newspaper adverts for 14 Council meetings
3. Committees	Due to Municipal Oversight Model that has been adopted by Council <ul style="list-style-type: none"> • MPAC x 15 sittings • Sitting of 13 Sect 79 committees as per Oversight Model x 12 each.
4. Public Participation	<ul style="list-style-type: none"> • Oversight Roadshows • IDP/ Budget Roadshows • Community Education Outreaches • District Speakers Forum
5. Whippery	<ul style="list-style-type: none"> • Constituency work • Study Groups for 14 committees • Multi – party meetings • Whippery forums
6. Municipal Vehicles for the Speaker	1 Vehicle for the Speaker. (The mileage of the car has reached the limit and needs to be replaced) 1 vehicle for whippery 1 vehicle for public participation

Table 27 MBRR Table A7 - Budget cash flow statement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	-	-	-	-	-	-	-	-
Service charges		119 975	132 205	138 063	192 907	202 907	202 907	202 907	185 246	200 394	215 286
Other revenue		238 134	142 834	79 866	184 515	220 335	220 335	220 335	351 016	352 009	360 418
Government - operating	1	545 387	548 919	1 297 000	676 566	674 226	674 226	674 226	735 126	795 825	859 340
Government - capital	1	845 538	618 655	-	1 074 794	1 072 021	1 072 021	1 072 021	1 099 649	1 129 522	1 143 045
Interest		26 564	25 719	52 452	39 560	42 460	42 460	42 460	32 000	32 900	34 200
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(1 124 937)	(911 767)	(950 750)	(914 738)	(940 249)	(940 249)	(940 249)	(1 117 319)	(1 178 273)	(1 253 280)
Finance charges		(2 437)	(1 921)	(459)	-	-	-	-	-	-	-
Transfers and Grants	1	(40 755)	(27 646)	-	(16 482)	(55 661)	(55 661)	(55 661)	(14 344)	(18 871)	(21 201)
NET CASH FROM/(USED) OPERATING ACTIVITIES		607 469	526 998	616 172	1 237 122	1 216 039	1 216 039	1 216 039	1 271 373	1 313 506	1 337 808
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		7 103	1 764	999	146 799	144 564	144 564	144 564	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		1 599	-	(901)	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	(180)	-	-	-	-	-	-	-	-
Payments											
Capital assets		(607 902)	(435 053)	(586 308)	(1 221 593)	(1 216 585)	(1 216 585)	(1 216 585)	(1 263 233)	(1 274 319)	(1 254 958)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(599 200)	(433 468)	(586 211)	(1 074 794)	(1 072 021)	(1 072 021)	(1 072 021)	(1 263 233)	(1 274 319)	(1 254 958)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		91	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(547)	(747)	(124)	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(456)	(747)	(124)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		7 812	92 783	29 837	162 328	144 018	144 018	144 018	8 141	39 187	82 850
Cash/cash equivalents at the year begin:	2	227 567	235 067	339 601	490 950	369 437	369 437	369 437	513 455	521 596	560 783
Cash/cash equivalents at the year end:	2	235 380	327 850	369 437	653 278	513 455	513 455	513 455	521 596	560 783	643 633

The above table shows that cash and cash equivalents of the District Municipality increased from the 2013/14 from R235 million to 2015/16 R369 million. With the 2016/2017 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 R653 million was budgeted for and in the adjustment budget decreased to R513 million. For the 2017/2018 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-

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term with cash levels anticipated to be R521 million, R660 million, R643 billion for MTREF respectively

1.14.7 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	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	235 380	327 850	369 437	653 278	513 455	513 455	513 455	521 596	560 783	643 633
Other current investments > 90 days		(0)	(0)	0	0	0	0	0	151 249	295 195	406 959
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		235 380	327 850	369 437	653 278	513 455	513 455	513 455	672 844	855 978	1 050 591
Application of cash and investments											
Unspent conditional transfers		32 565	10 577	9 501	800	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	163 604	171 119	342 066	173 621	47 667	47 667	47 667	193 271	324 654	424 799
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		196 169	181 696	351 567	174 421	47 667	47 667	47 667	193 271	324 654	424 799
Surplus(shortfall)		39 210	146 154	17 870	478 856	465 788	465 788	465 788	479 574	531 324	625 792

From the above table it can be seen that the cash and investments available total R672 million in 2017/2018 then increase to R1 billion at end of the MTERF, 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:

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- 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 2017/18 MTREF there are no unspent conditional transfers projected.
- 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. 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 2016/2017 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.

1.14.8 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	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	235 380	327 850	369 437	653 278	513 455	513 455	513 455	521 596	560 783	643 633
Cash + investments at the yr end less applications - R'000	18(1)b	2	39 210	146 154	17 870	478 856	465 788	465 788	465 788	479 574	531 324	625 792
Cash year end/monthly employee/supplier payments	18(1)b	3	3,7	5,4	5,4	10,6	8,2	8,2	8,2	7,1	7,2	7,8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	439 498	195 145	401 273	1 223 593	1 217 585	1 217 585	1 217 585	1 103 365	1 135 506	1 149 450
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	19,7%	(2,4%)	15,0%	(1,8%)	(6,0%)	(6,0%)	3,0%	(0,1%)	(0,2%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	128,1%	119,7%	64,1%	86,7%	87,8%	87,8%	87,8%	85,9%	86,0%	86,2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	23,7%	34,4%	45,5%	18,4%	17,7%	17,7%	17,7%	31,0%	29,5%	28,5%
Capital payments % of capital expenditure	18(1)c;19	8	100,6%	100,2%	100,1%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0,1%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100,0%	100,0%	100,0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	11,5%	(2,0%)	(1,7%)	64,5%	0,0%	0,0%	(26,9%)	(37,1%)	(60,1%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0,0%	0,0%	(100,0%)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0,0%	0,0%	0,0%	0,8%	0,7%	0,7%	1,1%	0,9%	0,8%	0,8%
Asset renewal % of capital budget	20(1)(vi)	14	0,0%	0,0%	0,0%	5,0%	5,2%	5,2%	0,0%	6,2%	6,4%	3,6%

1.14.8.1 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 2017/2018 MTREF shows R521 million then R560 million and R643 million at end of MTREF.

1.14.8.2 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.

1.14.8.3 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 2017/2018 MTREF the indicative outcome is a surplus of R1.1 billion respectively.

1.14.8.4 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 2017/2018 resulted in (3per cent) then in 2019/2020 amounted to 0 per cent. Reason for increase in revenue has been mentioned in the revenue analysis above being the anticipated increase in billing due to the data cleansing resulting in higher collection rate.

1.14.8.5 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 86 per cent for MTREF. Given that the assumed collection rate was based on a 69 per cent performance target and the free basic component in determining the collection rate is reduced hence the targeted collection is 69 per cent 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.

1.14.8.6 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 average of 30 per cent over the MTREF.

1.14.8.7 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.

1.14.8.8 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.

1.14.8.9 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.

1.14.8.10 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.

1.14.8.11 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.

1.14.8.12 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.

1.15 Expenditure on grants and reconciliations of unspent funds

Table 30 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:		502 230	562 708	631 409	676 566	674 226	674 226	735 126	795 825	859 340
Local Government Equitable Share		493 970	547 280	622 201	669 303	669 303	669 303	728 270	793 525	857 040
Finance Management		1 500	1 500	1 575	1 710	1 710	1 710	2 045	2 300	2 300
Municipal Systems Improvement		890	934	940	2 340	-	-	-	-	-
Water Services Operating Subsidy		-	-	-	-	-	-	-	-	-
EPWP Incentive		5 870	12 994	6 693	3 213	3 213	3 213	4 811	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		502 230	562 708	631 409	676 566	674 226	674 226	735 126	795 825	859 340
Capital expenditure of Transfers and Grants										
National Government:		678 310	706 499	754 191	1 074 794	1 062 021	1 062 021	1 099 649	1 129 522	1 143 045
Municipal Infrastructure Grant (MIG)		648 134	604 371	617 195	609 099	609 099	609 099	645 218	684 904	726 787
Rural Transport Services and Infrastructure		2 290	2 686	2 693	2 773	-	-	2 931	3 085	3 258
Rural Households Infrastructure		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure		-	-	-	343 183	343 183	343 183	327 500	341 533	313 000
Municipal Water Infrastructure Grant		14 886	89 442	124 303	109 739	109 739	109 739	124 000	100 000	100 000
Water Services Operating Subsidy		13 000	10 000	10 000	10 000	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		678 310	706 499	754 191	1 074 794	1 062 021	1 062 021	1 099 649	1 129 522	1 143 045
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		1 180 540	1 269 207	1 385 600	1 751 360	1 736 247	1 736 247	1 834 775	1 925 347	2 002 385

1.16 Councillor and employee benefits

Table 31 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		8 953			13 751	13 378	13 378	13 228	14 167	15 173
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance		2 350			5 473	5 325	5 325	4 362	4 671	5 003
Cellphone Allowance		527			553	538	538			
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors	4	11 829	-	-	19 778	19 241	19 241	17 589	18 838	20 176
% increase			(100.0%)	-	-	(2.7%)	-	(8.6%)	7.1%	7.1%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		9 137			17 241	17 241	17 241	14 747	15 794	16 915
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3	1 329			988	988	988	1 279	1 370	1 467
Cellphone Allowance	3	318			404	404	404	296	317	339
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality	4	10 783	-	-	18 634	18 634	18 634	16 321	17 480	18 721
% increase			(100.0%)	-	-	-	-	(12.4%)	7.1%	7.1%
Other Municipal Staff										
Basic Salaries and Wages		210 366			308 924	294 364	294 364	312 167	334 331	358 069
Pension and UIF Contributions		33 138			27 260	26 565	26 565	30 751	32 934	35 273
Medical Aid Contributions		7 475			12 215	11 887	11 887	12 545	13 436	14 390
Overtime		11 089			8 210	8 210	8 210	8 210	8 793	9 417
Performance Bonus										
Motor Vehicle Allowance	3	10 778			13 698	13 302	13 302	18 543	19 859	21 269
Cellphone Allowance	3	645			524	503	503	955	1 023	1 096
Housing Allowances	3	9 111			10 857	10 563	10 563	10 976	11 755	12 590
Other benefits and allowances	3	5 204			7 316	7 285	7 285	7 384	7 908	8 470
Payments in lieu of leave		4 288								
Long service awards					349	349	349	349	374	401
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff	4	292 094	-	-	389 353	373 030	373 030	401 881	430 415	460 974
% increase			(100.0%)	-	-	(4.2%)	-	7.7%	7.1%	7.1%
Total Parent Municipality		314 706	-	-	427 765	410 904	410 904	435 792	466 733	499 871
			(100.0%)	-	-	(3.9%)	-	6.1%	7.1%	7.1%
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees		330			700			800	1 000	1 100
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities	4	330	-	-	700	-	-	800	1 000	1 100
% increase			(100.0%)	-	-	(100.0%)	-	-	25.0%	10.0%
Senior Managers of Entities										
Basic Salaries and Wages		4 715			5 363			5 696	6 095	6 522
Pension and UIF Contributions		501			660			700	750	802
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3	633			638			649	695	743
Cellphone Allowance	3				189			176	189	202
Housing Allowances	3									
Other benefits and allowances	3				59					
Payments in lieu of leave		565								
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities	4	6 415	-	-	6 908	-	-	7 223	7 728	8 269
% increase			(100.0%)	-	-	(100.0%)	-	-	7.0%	7.0%
Other Staff of Entities										
Basic Salaries and Wages		9 587			14 326			15 698	16 960	18 085
Pension and UIF Contributions		1 923			1 648			1 658	1 774	1 898
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3	2 558			1 821			1 982	2 121	2 269
Cellphone Allowance	3				622			691	740	791
Housing Allowances	3									
Other benefits and allowances	3	258			763					
Payments in lieu of leave		246								
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities	4	14 571	-	-	19 181	-	-	20 029	21 595	23 043
% increase			(100.0%)	-	-	(100.0%)	-	-	7.8%	6.7%
Total Municipal Entities		21 316	-	-	26 789	-	-	28 052	30 323	32 412
TOTAL SALARY, ALLOWANCES & BENEFITS		336 022	-	-	454 554	410 904	410 904	463 844	497 056	532 284
% increase	4		(100.0%)	-	-	(9.6%)	-	12.9%	7.2%	7.1%
TOTAL MANAGERS AND STAFF	5,7	323 863	-	-	434 076	391 664	391 664	445 454	477 218	511 008

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Table 32 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		592 420		197 473			789 894
Chief Whip			555 394		185 131			740 525
Executive Mayor			740 526		246 842			987 368
Deputy Executive Mayor			592 420		197 473			789 894
Executive Committee			4 054 099		1 351 366			5 405 464
Total for all other councillors			6 692 944		2 183 408			8 876 352
Total Councillors	8	-	13 227 802	-	4 361 694			17 589 496
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 501 341		167 076			1 668 417
Chief Finance Officer			1 170 698		514 176			1 684 873
Director - Legislature			1 139 586		224 910			1 364 496
Director - OEM			1 203 846		160 650			1 364 496
Director - Municipal Manager			1 158 579		32 130			1 190 709
Director - Corporate			1 332 366		32 130			1 364 496
<i>List of each official with packages >= senior manager</i>								
Director - Rural Economic and Development			1 562 779		122 094			1 684 873
Director - Community and Social Services			1 395 703		289 170			1 684 873
Director - Housing			1 071 000		-			1 071 000
Director - Water and Sanitation Services			1 071 000		-			1 071 000
Director - Technical Services			1 071 000		-			1 071 000
Director - Internal Audit			1 069 009		32 130			1 101 139
								-
								-
								-
								-
								-
								-
								-
								-
Total Senior Managers of the Municipality	8,10	-	14 746 907	-	1 574 466	-		16 321 373
A Heading for Each Entity	6,7							
List each member of board by designation								
Chairperson of the Board					55000			55 000
Board Members x 8					260000			260 000
								-
Chairperson of Audit and Risk Sub-committee					52000			52 000
Board Members x 3					110000			110 000
								-
Chairperson of Strategic Development and investment sub committee					52000			52 000
Board Members x 3					110000			110 000
								-
Chairperson of HR and Remuneration Sub-committee					51000			51 000
Board Members x 3					110000			110 000
								-
								-
								-
								-
Total for municipal entities	8,10	-	-	-	800 000	-		800 000
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	27 974 709	-	6 736 159	-		34 710 869

Table 33 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		60	-	60	60	-	60	71	-	71
Board Members of municipal entities	4	7	-	7	7	-	7	11	-	11
Municipal employees	5	-	-	-	-	-	-	-	-	-
Municipal Manager and Senior Managers	3	16	-	16	18	-	18	10	-	10
Other Managers	7	50	34	16	50	50	-	55	55	-
Professionals		102	77	25	103	93	10	105	93	12
Finance		50	25	25	51	41	10	51	41	10
Spatial/town planning		1	1	-	1	1	-	1	1	-
Information Technology		-	-	-	-	-	-	2	-	2
Roads		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Other		51	51	-	51	51	-	51	51	-
Technicians		72	66	6	97	95	2	94	94	-
Finance		-	-	-	-	-	-	-	-	-
Spatial/town planning		-	-	-	-	-	-	-	-	-
Information Technology		8	6	2	8	6	2	6	6	-
Roads		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		60	56	4	85	85	-	84	84	-
Sanitation		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Other		4	4	-	4	4	-	4	4	-
Clerks (Clerical and administrative)		248	245	3	249	245	4	363	245	118
Service and sales workers		73	73	-	73	73	-	73	73	-
Skilled agricultural and fishery workers		19	-	19	18	-	18	-	-	-
Craft and related trades		-	-	-	-	-	-	-	-	-
Plant and Machine Operators		60	60	-	60	60	-	59	59	-
Elementary Occupations		890	363	527	909	833	76	895	895	-
TOTAL PERSONNEL NUMBERS	9	1 597	918	679	1 644	1 449	195	1 736	1 514	222
% increase					2,9%	57,8%	(71,3%)	5,6%	4,5%	13,8%
Total municipal employees headcount	6, 10	-	-	-	-	-	-	-	-	-
Finance personnel headcount	8, 10	33	24	9	118	118	-	118	118	-
Human Resources personnel headcount	8, 10	21	19	2	20	-	-	22	21	1

Implementation of the Approved Organisational Structure

The revised Micro Organizational Structure which was approved by Council on 6 December 2014 is presumed to be 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. However, the personnel that is currently operational which is still to migrate to the newly approved organogram is the main cost driver within the municipality's payroll.

Currently nine senior management S56 posts have been filled with three outstanding.

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. The basis of entering into the one year contract was a resolution taken by the LLF that casual employees must be contracted for a year (1st March 2014 to 28 February 2015), meanwhile a verification process to distinguish between those employed prior 2010 and those employed post 2010 is being conducted. The objective was that those employed post 2010 were unlawfully employed as it was resolved not to employ any additional casual employees after 31 January 2010.

Upon expiry of the fixed term contract in February 2015, it became realistic that the verification process was not finalized and that no alternative plans were in place for the service delivery department, specifically DWASS, in ensuring uninterrupted water provisioning to communities, however, the departments affected reported that despite the expiry of contracts, the contracted workers refused to accept termination as their contractual arrangements were to allow time to finalise verification. The verification is currently at its final stages.

A budget of R35 m is set aside to normalise the employment of the casual employees once the on going independent investigation has been concluded.

1.17 Monthly targets for revenue, expenditure and cash flow

Table 34 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source																
Property rates																
Service charges - electricity revenue																
Service charges - water revenue		18 683	14 470	16 048	18 057	14 287	7 930	8 047	18 274	26 117	14 261	17 823	17 190	191 188	208 974	
Service charges - sanitation revenue		7 563	5 858	6 496	7 310	5 784	3 210	3 258	7 397	10 572	5 773	7 215	6 959	77 395	91 953	
Service charges - refuse revenue																
Service charges - other																
Rental of facilities and equipment		5	5	5	5	5	5	5	5	5	5	5	5	55	62	
Interest earned - external investments		2 283	2 189	2 913	1 264	3 228	1 519	2 340	2 233	2 381	2 223	2 213	2 213	27 000	27 700	
Interest earned - outstanding debtors		417	398	543	213	606	272	438	417	448	417	417	417	5 000	6 500	
Dividends received																
Fines, penalties and forfeits																
Licences and permits																
Agency services																
Transfers and subsidies		292 989	–	–	–	243 959	–	–	1 203	196 975	–	–	0	735 126	859 340	
Other revenue		212 534	10 539	12 348	14 199	12 466	7 888	7 282	14 288	19 485	11 535	15 053	13 343	350 961	360 356	
Gains on disposal of PPE																
Total Revenue (excluding capital transfers and contributions)		534 474	33 459	38 353	41 047	280 333	20 824	21 370	43 816	255 983	34 214	42 726	40 126	1 386 725	1 554 885	
Expenditure By Type																
Employee related costs		37 188	37 188	37 188	37 188	37 188	37 188	37 188	37 188	37 188	37 188	37 188	37 188	446 254	512 108	
Remuneration of councillors		1 466	1 466	1 466	1 466	1 466	1 466	1 466	1 466	1 466	1 466	1 466	1 466	17 589	20 176	
Debt impairment		6 945	6 945	6 945	6 945	6 945	6 945	6 945	6 945	6 945	6 945	6 945	6 945	83 338	85 640	
Depreciation & asset impairment		14 001	14 001	14 001	14 001	14 001	14 001	14 001	14 001	14 001	14 001	14 001	14 001	168 008	188 358	
Finance charges																
Bulk purchases		6 129	6 129	6 129	6 129	6 129	6 129	6 129	6 129	6 129	6 129	6 129	6 129	73 550	82 407	
Other materials		7 629	7 784	7 699	6 885	7 210	7 210	7 270	7 159	7 139	8 178	7 609	6 129	87 897	87 858	
Contracted services		1 729	1 729	1 729	1 729	1 729	1 729	1 729	1 729	1 729	1 729	1 729	1 729	20 750	23 249	
Transfers and subsidies		717	717	1 017	1 312	1 217	1 267	1 317	1 442	1 517	1 417	1 217	1 182	14 344	21 201	
Other expenditure		41 740	43 951	51 870	41 033	39 752	45 476	26 614	35 650	45 516	32 869	31 194	35 614	471 279	527 482	
Loss on disposal of PPE																
Total Expenditure		117 544	119 909	128 043	116 688	115 637	121 411	102 659	111 708	121 629	109 922	107 477	110 382	1 383 009	1 548 479	
Surplus/(Deficit)		416 930	(86 451)	(89 691)	(75 641)	164 696	(100 587)	(81 289)	(67 892)	134 354	(75 707)	(64 751)	(70 256)	3 716	6 405	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		222 274	–	–	–	329 015	–	–	–	548 360	–	–	–	1 099 649	1 143 045	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																
Transfers and subsidies - capital (in-kind - all)																
Surplus/(Deficit) after capital transfers & contributions		639 205	(86 451)	(89 691)	(75 641)	493 711	(100 587)	(81 289)	(67 892)	682 714	(75 707)	(64 751)	(70 256)	1 103 365	1 149 450	
Taxation																
Attributable to minorities																
Share of surplus/ (deficit) of associate																
Surplus/(Deficit)	1	639 205	(86 451)	(89 691)	(75 641)	493 711	(100 587)	(81 289)	(67 892)	682 714	(75 707)	(64 751)	(70 256)	1 103 365	1 149 450	

OR Tambo District Municipality 2017/2018 Budget and MTREF

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

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote																
Vote 1 - COUNCIL AND COMMITTEES		76 428	-	-	-	64 302	-	-	-	52 175	-	-	0	192 905	205 342	218 476
Vote 2 - FINANCE AND ADMINISTRATION		93 453	2 085	2 809	1 160	78 195	1 456	2 287	2 180	63 251	2 180	2 180	2 180	253 414	268 513	285 199
Vote 3 - PLANNING AND DEVELOPMENT		40 704	1 263	2 048	2 596	36 044	2 813	2 121	3 697	28 181	2 334	3 532	2 232	127 566	141 193	151 598
Vote 4 - HEALTH		2 829	-	-	-	2 380	-	-	-	1 931	-	-	0	7 141	7 621	8 131
Vote 5 - COMMUNITY AND SOCIAL SERVICES		5 654	-	-	-	4 757	-	-	-	3 860	-	-	0	14 270	15 228	16 246
Vote 6 - HOUSING		5 431	-	-	-	4 569	-	-	-	3 707	-	-	0	13 707	14 629	15 609
Vote 7 - PUBLIC SAFETY		12 284	-	-	-	10 335	-	-	-	8 386	-	-	0	31 005	33 076	35 276
Vote 8 - SPORTS AND RECREATION		2 906	-	-	-	2 445	-	-	-	1 984	-	-	0	7 336	6 735	7 156
Vote 9 - ENVIRONMENTAL		10 857	-	-	-	9 135	-	-	-	7 412	-	-	0	27 404	29 252	31 218
Vote 10 - ROADS		8 778	-	-	-	7 385	-	-	-	5 992	-	-	0	22 155	16 887	17 947
Vote 11 - WATER		273 698	30 111	33 496	37 291	59 566	16 555	16 962	37 940	78 114	29 700	37 014	35 714	686 162	722 798	763 902
Vote 12 - TOURISM		1 451	-	-	-	1 220	-	-	-	990	-	-	0	3 661	3 889	4 128
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		534 474	33 459	38 353	41 047	280 333	20 824	21 370	43 816	255 983	34 214	42 726	40 126	1 386 725	1 465 164	1 554 885
Expenditure by Vote to be appropriated																
Vote 1 - COUNCIL AND COMMITTEES		17 173	15 080	19 065	15 444	13 758	14 838	14 829	14 588	21 369	15 204	13 619	17 939	192 905	205 342	218 476
Vote 2 - FINANCE AND ADMINISTRATION		29 416	24 148	26 923	21 319	21 101	20 808	18 145	18 132	18 136	20 936	16 916	17 433	253 414	268 513	285 199
Vote 3 - PLANNING AND DEVELOPMENT		7 211	10 509	13 350	8 939	12 171	13 567	7 237	7 958	16 020	9 331	7 836	13 423	127 553	139 045	149 331
Vote 4 - HEALTH		586	596	586	636	606	586	596	606	586	586	586	586	7 141	7 621	8 131
Vote 5 - COMMUNITY AND SOCIAL SERVICES		842	842	884	921	2 839	1 178	1 262	1 362	1 615	842	863	821	14 270	15 228	16 246
Vote 6 - HOUSING		1 240	1 089	1 351	1 089	1 462	1 166	822	1 189	1 152	1 064	1 064	1 023	13 707	14 629	15 609
Vote 7 - PUBLIC SAFETY		2 548	2 457	3 269	2 818	2 800	3 392	1 947	2 309	2 229	2 352	2 110	2 772	31 005	33 076	35 276
Vote 8 - SPORTS AND RECREATION		543	179	1 355	844	929	828	206	565	635	528	494	229	7 336	6 735	7 156
Vote 9 - ENVIRONMENTAL		1 689	2 319	2 544	2 245	2 709	2 314	1 899	2 045	2 881	2 297	2 772	1 689	27 404	29 252	31 218
Vote 10 - ROADS		2 026	2 026	2 551	1 778	1 652	1 652	1 589	1 767	1 851	2 589	2 089	589	22 155	16 887	17 947
Vote 11 - WATER		53 766	60 266	55 778	60 045	55 475	60 895	54 045	60 795	54 758	53 795	59 045	53 795	682 459	718 961	759 764
Vote 12 - TOURISM		503	398	387	613	135	188	83	393	398	398	83	83	3 661	3 889	4 128
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		117 544	119 909	128 043	116 688	115 637	121 411	102 659	111 708	121 629	109 922	107 477	110 382	1 383 009	1 459 180	1 548 479
Surplus/(Deficit) before assoc.		416 930	(86 451)	(89 691)	(75 641)	164 696	(100 587)	(81 289)	(67 892)	134 354	(75 707)	(64 751)	(70 256)	3 716	5 984	6 405
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	416 930	(86 451)	(89 691)	(75 641)	164 696	(100 587)	(81 289)	(67 892)	134 354	(75 707)	(64 751)	(70 256)	3 716	5 984	6 405

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

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional																
<i>Governance and administration</i>		169 882	2 085	2 809	1 160	142 497	1 456	2 287	2 180	115 426	2 180	2 180	2 180	446 319	473 855	503 675
Executive and council		72 914	—	—	—	61 345	—	—	—	49 776	—	—	0	184 036	195 894	208 415
Finance and administration		93 453	2 085	2 809	1 160	78 195	1 456	2 287	2 180	63 251	2 180	2 180	2 180	253 414	268 513	285 199
Internal audit		3 514	—	—	—	2 957	—	—	—	2 399	—	—	0	8 870	9 448	10 061
<i>Community and public safety</i>		29 104	—	—	—	24 486	—	—	—	19 868	—	—	0	73 459	77 289	82 417
Community and social services		5 654	—	—	—	4 757	—	—	—	3 860	—	—	0	14 270	15 228	16 246
Sport and recreation		2 906	—	—	—	2 445	—	—	—	1 984	—	—	0	7 336	6 735	7 156
Public safety		12 284	—	—	—	10 335	—	—	—	8 386	—	—	0	31 005	33 076	35 276
Housing		5 431	—	—	—	4 569	—	—	—	3 707	—	—	0	13 707	14 629	15 609
Health		2 829	—	—	—	2 380	—	—	—	1 931	—	—	0	7 141	7 621	8 131
<i>Economic and environmental services</i>		60 339	1 263	2 048	2 596	52 564	2 813	2 121	3 697	41 585	2 334	3 532	2 232	177 124	187 333	200 762
Planning and development		40 704	1 263	2 048	2 596	36 044	2 813	2 121	3 697	28 181	2 334	3 532	2 232	127 566	141 193	151 598
Road transport		8 778	—	—	—	7 385	—	—	—	5 992	—	—	0	22 155	16 887	17 947
Environmental protection		10 857	—	—	—	9 135	—	—	—	7 412	—	—	0	27 404	29 252	31 218
<i>Trading services</i>		273 698	30 111	33 496	37 291	59 566	16 555	16 962	37 940	78 114	29 700	37 014	35 714	686 162	722 798	763 902
Energy sources		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Water management		273 698	30 111	33 496	37 291	59 566	16 555	16 962	37 940	78 114	29 700	37 014	35 714	686 162	722 798	763 902
Waste water management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other		1 451	—	—	—	1 220	—	—	—	990	—	—	0	3 661	3 889	4 128
Total Revenue - Functional		534 474	33 459	38 353	41 047	280 333	20 824	21 370	43 816	255 983	34 214	42 726	40 126	1 386 725	1 465 164	1 554 885
Expenditure - Functional																
<i>Governance and administration</i>		46 589	39 229	45 987	36 762	34 859	35 646	32 974	32 720	39 505	36 140	30 536	35 372	446 319	473 855	503 675
Executive and council		16 434	14 341	18 325	14 704	13 019	14 098	14 090	13 849	20 630	14 465	12 880	17 199	184 036	195 894	208 415
Finance and administration		29 416	24 148	26 923	21 319	21 101	20 808	18 145	18 132	18 136	20 936	16 916	17 433	253 414	268 513	285 199
Internal audit		739	739	739	739	739	739	739	739	739	739	739	739	8 870	9 448	10 061
<i>Community and public safety</i>		5 759	5 163	7 445	6 307	8 636	7 149	4 832	6 031	6 217	5 372	5 117	5 431	73 459	77 289	82 417
Community and social services		842	842	884	921	2 839	1 178	1 262	1 362	1 615	842	863	821	14 270	15 228	16 246
Sport and recreation		543	179	1 355	844	929	828	206	565	635	528	494	229	7 336	6 735	7 156
Public safety		2 548	2 457	3 269	2 818	2 800	3 392	1 947	2 309	2 229	2 352	2 110	2 772	31 005	33 076	35 276
Housing		1 240	1 089	1 351	1 089	1 462	1 166	822	1 189	1 152	1 064	1 064	1 023	13 707	14 629	15 609
Health		586	596	586	636	606	586	596	606	586	586	586	586	7 141	7 621	8 131
<i>Economic and environmental services</i>		10 926	14 854	18 445	12 961	16 531	17 533	10 725	11 770	20 752	14 217	12 696	15 701	177 111	185 185	198 496
Planning and development		7 211	10 509	13 350	8 939	12 171	13 567	7 237	7 958	16 020	9 331	7 836	13 423	127 553	139 045	149 331
Road transport		2 026	2 026	2 551	1 778	1 652	1 652	1 589	1 767	1 851	2 589	2 089	589	22 155	16 887	17 947
Environmental protection		1 689	2 319	2 544	2 245	2 709	2 314	1 899	2 045	2 881	2 297	2 772	1 689	27 404	29 252	31 218
<i>Trading services</i>		53 766	60 266	55 778	60 045	55 475	60 895	54 045	60 795	54 758	53 795	59 045	53 795	682 459	718 961	759 764
Energy sources		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Water management		53 406	59 906	55 418	59 685	55 115	60 535	53 685	60 435	54 398	53 435	58 685	53 435	678 139	714 386	754 924
Waste water management		360	360	360	360	360	360	360	360	360	360	360	360	4 320	4 575	4 840
Waste management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other		503	398	387	613	135	188	83	393	398	398	83	83	3 661	3 889	4 128
Total Expenditure - Functional		117 544	119 909	128 043	116 688	115 637	121 411	102 659	111 708	121 629	109 922	107 477	110 382	1 383 009	1 459 180	1 548 479
Surplus/(Deficit) before assoc.		416 930	(86 451)	(89 691)	(75 641)	164 696	(100 587)	(81 289)	(67 892)	134 354	(75 707)	(64 751)	(70 256)	3 716	5 984	6 405
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)	1	416 930	(86 451)	(89 691)	(75 641)	164 696	(100 587)	(81 289)	(67 892)	134 354	(75 707)	(64 751)	(70 256)	3 716	5 984	6 405

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

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Multi-year expenditure to be appropriated	1																
Vote 1 - COUNCIL AND 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 AND RECREATION																	
Vote 9 - ENVIRONMENTAL																	
Vote 10 - ROADS																	
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 AND COMMITTEES						1 000	1 000								2 000		
Vote 2 - FINANCE AND ADMINISTRATION		5 500	6 500	7 200	4 900	6 850	10 000	8 100	12 400	2 725	3 550	4 485	50	72 260	76 747	40 666	
Vote 3 - PLANNING AND DEVELOPMENT			100	2 100	455	2 300	300	300	3 980	300	3 400	300	2 400	15 935	4 662	4 184	
Vote 4 - HEALTH				1 000	100									1 100	1 165	1 232	
Vote 5 - COMMUNITY AND SOCIAL SERVICES																	
Vote 6 - HOUSING		100	400	300	1 120		240	1 300		50	560			4 070	4 310	4 560	
Vote 7 - PUBLIC SAFETY			2 800							1 000				3 800	1 059	1 120	
Vote 8 - SPORTS AND RECREATION																	
Vote 9 - ENVIRONMENTAL																	
Vote 10 - ROADS		100	800	800	2 633	850	1 950	973	958	850	950	900	900	12 664	3 085	3 258	
Vote 11 - WATER		94 726	97 266	94 726	95 034	103 254	95 034	95 034	95 034	95 034	96 504	95 034	94 726	1 151 404	1 183 290	1 199 938	
Vote 12 - TOURISM																	
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	100 426	107 866	106 126	104 241	114 254	108 524	105 707	112 372	99 959	104 964	100 719	98 076	1 263 233	1 274 319	1 254 958	
Total Capital Expenditure	2	100 426	107 866	106 126	104 241	114 254	108 524	105 707	112 372	99 959	104 964	100 719	98 076	1 263 233	1 274 319	1 254 958	

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

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional	1															
<i>Governance and administration</i>		5 500	6 500	7 200	4 900	7 850	11 000	8 100	12 400	2 725	3 550	4 485	50	74 260	76 747	40 666
Executive and council		-	-	-	-	1 000	1 000	-	-	-	-	-	-	2 000	-	-
Finance and administration		5 500	6 500	7 200	4 900	6 850	10 000	8 100	12 400	2 725	3 550	4 485	50	72 260	76 747	40 666
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		100	3 200	1 300	1 220	-	240	1 300	-	1 050	560	-	-	8 970	6 534	6 913
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	2 800	-	-	-	-	-	-	1 000	-	-	-	3 800	1 059	1 120
Housing		100	400	300	1 120	-	240	1 300	-	50	560	-	-	4 070	4 310	4 560
Health		-	-	1 000	100	-	-	-	-	-	-	-	-	1 100	1 165	1 232
<i>Economic and environmental services</i>		100	900	2 900	3 088	3 150	2 250	1 273	4 938	1 150	4 350	1 200	3 300	28 599	7 747	7 442
Planning and development		-	100	2 100	455	2 300	300	300	3 980	300	3 400	300	2 400	15 935	4 662	4 184
Road transport		100	800	800	2 633	850	1 950	973	958	850	950	900	900	12 664	3 085	3 258
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		94 726	97 266	94 726	95 034	103 254	95 034	95 034	95 034	95 034	96 504	95 034	94 726	1 151 404	1 183 290	1 199 938
Energy sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management		94 726	97 266	94 726	95 034	103 254	95 034	95 034	95 034	95 034	96 504	95 034	94 726	1 151 404	1 183 290	1 199 938
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	2	100 426	107 866	106 126	104 241	114 254	108 524	105 707	112 372	99 959	104 964	100 719	98 076	1 263 233	1 274 319	1 254 958
Funded by:																
National Government		222 274	-	-	-	329 015	-	-	-	548 360	-	-	-	1 099 649	1 129 522	1 143 045
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		222 274	-	-	-	329 015	-	-	-	548 360	-	-	-	1 099 649	1 129 522	1 143 045
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		12 762	14 700	16 269	16 949	16 779	16 467	6 020	17 793	12 681	10 857	7 987	14 321	163 584	144 797	111 913
Total Capital Funding		235 036	14 700	16 269	16 949	345 794	16 467	6 020	17 793	561 041	10 857	7 987	14 321	1 263 233	1 274 319	1 254 958

OR Tambo District Municipality 2017/2018 Budget and MTREF
Table 39 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand															
Cash Receipts By Source													1		
Property rates															
Service charges - electricity revenue															
Service charges - water revenue	11 738	7 526	9 103	11 112	7 342	985	1 102	11 329	19 172	7 316	10 878	10 245	107 851	116 034	123 333
Service charges - sanitation revenue	7 563											69 832	77 395	84 360	91 953
Service charges - refuse revenue															
Service charges - other															
Rental of facilities and equipment	5	5	5	5	5	5	5	5	5	5	5	5	55	58	62
Interest earned - external investments	2 283	2 189	2 913	1 264	3 228	1 519	2 340	2 233	2 381	2 223	2 213	2 213	27 000	26 900	27 700
Interest earned - outstanding debtors	417	398	543	213	606	272	438	417	448	417	417	417	5 000	6 000	6 500
Dividends received															
Fines, penalties and forfeits															
Licences and permits															
Agency services															
Transfer receipts - operational	292 989				243 959			1 203	196 975			0	735 126	795 825	859 340
Other revenue	212 534	10 539	12 348	14 199	12 466	7 888	7 282	14 288	19 485	11 535	15 053	13 343	350 961	351 951	360 356
Cash Receipts by Source	527 529	20 656	24 911	26 793	267 605	10 669	11 167	29 474	238 466	21 496	28 566	96 054	1 303 388	1 381 128	1 469 244
Other Cash Flows by Source															
Transfer receipts - capital	222 274				329 015				548 360				1 099 649	1 129 522	1 143 045
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)															
Proceeds on disposal of PPE															
Short term loans															
Borrowing long term/refinancing															
Increase (decrease) in consumer deposits															
Decrease (increase) in non-current debtors															
Decrease (increase) other non-current receivables															
Decrease (increase) in non-current investments															
Total Cash Receipts by Source	749 803	20 656	24 911	26 793	596 620	10 669	11 167	29 474	786 826	21 496	28 566	96 054	2 403 037	2 510 650	2 612 289
Cash Payments by Type															
Employee related costs	37 188	37 188	37 188	37 188	37 188	37 188	37 188	37 188	37 188	37 188	37 188	37 188	446 254	478 218	512 108
Remuneration of councillors	1 466	1 466	1 466	1 466	1 466	1 466	1 466	1 466	1 466	1 466	1 466	1 466	17 589	18 838	20 176
Finance charges															
Bulk purchases - Electricity															
Bulk purchases - Water & Sewer	6 129	6 129	6 129	6 129	6 129	6 129	6 129	6 129	6 129	6 129	6 129	6 129	73 550	77 889	82 407
Other materials	7 629	7 784	7 699	6 885	7 210	7 210	7 270	7 159	7 139	8 178	7 609	6 129	87 897	83 029	87 858
Contracted services	1 729	1 729	1 729	1 729	1 729	1 729	1 729	1 729	1 729	1 729	1 729	1 729	20 750	21 974	23 249
Transfers and grants - other municipalities															
Transfers and grants - other	717	717	1 017	1 312	1 217	1 267	1 317	1 442	1 517	1 417	1 217	1 182	14 344	18 871	21 201
Other expenditure	41 740	43 951	51 870	41 033	39 752	45 476	26 614	35 650	45 516	32 869	31 194	35 614	471 279	498 325	527 482
Cash Payments by Type	96 598	98 964	107 098	95 742	94 692	100 465	81 714	90 763	100 684	88 976	86 532	89 437	1 131 663	1 197 145	1 274 481
Other Cash Flows/Payments by Type															
Capital assets	100 426	107 866	106 126	104 241	114 254	108 524	105 707	112 372	99 959	104 964	100 719	98 076	1 263 233	1 274 319	1 254 958
Repayment of borrowing															
Other Cash Flows/Payments															
Total Cash Payments by Type	197 024	206 829	213 223	199 984	208 946	208 989	187 420	203 135	200 643	193 940	187 251	187 512	2 394 896	2 471 464	2 529 439
NET INCREASE/(DECREASE) IN CASH HELD	552 780	(186 173)	(188 312)	(173 191)	387 674	(198 320)	(176 253)	(173 660)	586 183	(172 444)	(158 684)	(91 458)	8 141	39 187	82 850
Cash/cash equivalents at the month/year begin:	513 455	1 066 235	880 061	691 750	518 559	906 233	707 912	531 659	357 999	944 182	771 738	613 054	513 455	521 596	560 783
Cash/cash equivalents at the month/year end:	1 066 235	880 061	691 750	518 559	906 233	707 912	531 659	357 999	944 182	771 738	613 054	521 596	521 596	560 783	643 633

1.18 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).

1.19 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.

OR Tambo District Municipality 2017/2018 Budget and MTREF
Table 40 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		594 699	422 376	–	1 067 144	1 074 371	1 074 371	1 102 117	1 132 135	1 145 810
Roads Infrastructure		–	10 759	–	2 773	–	–	2 931	3 085	3 258
<i>Roads</i>		–	10 759	–	2 773	–	–	2 931	3 085	3 258
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		594 699	411 617	–	1 062 021	1 072 021	1 072 021	1 096 718	1 126 437	1 139 787
<i>Water Treatment Works</i>		594 699	411 617	–	1 062 021	1 072 021	1 072 021	1 096 718	1 126 437	1 139 787
Sanitation Infrastructure		–	–	–	2 350	2 350	2 350	2 468	2 613	2 765
<i>Toilet Facilities</i>		–	–	–	2 350	2 350	2 350	2 468	2 613	2 765
<i>Capital Spares</i>		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	13 000	13 000	13 000	14 800	4 236	4 482
Community Facilities		–	–	–	13 000	13 000	13 000	14 800	4 236	4 482
<i>Halls</i>		–	–	–	–	–	–	–	–	–
<i>Centres</i>		–	–	–	13 000	13 000	13 000	14 800	4 236	4 482
Other assets		–	–	1 661	34 844	20 354	20 354	34 563	36 285	38 389
Operational Buildings		–	–	1 661	30 794	17 794	17 794	30 763	32 261	34 132
<i>Municipal Offices</i>		–	–	1 661	28 360	15 360	15 360	27 000	28 593	30 251
<i>Yards</i>		–	–	–	2 434	2 434	2 434	3 763	3 668	3 880
Housing		–	–	–	4 050	2 560	2 560	3 800	4 024	4 258
<i>Staff Housing</i>		–	–	–	4 050	2 560	2 560	3 200	3 389	3 585
<i>Social Housing</i>		–	–	–	–	–	–	600	635	672
<i>Capital Spares</i>		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	751	261	–	–	–	–	–	–
Biological or Cultivated Assets		–	751	261	–	–	–	–	–	–
Intangible Assets		–	–	–	7 600	7 600	7 600	2 600	3 173	2 913
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	7 600	7 600	7 600	2 600	3 173	2 913
<i>Water Rights</i>		–	–	–	–	–	–	–	–	–
<i>Effluent Licenses</i>		–	–	–	–	–	–	–	–	–
<i>Solid Waste Licenses</i>		–	–	–	–	–	–	–	–	–
<i>Computer Software and Applications</i>		–	–	–	7 600	7 600	7 600	2 600	3 173	2 913
<i>Load Settlement Software Applications</i>		–	–	–	–	–	–	–	–	–
<i>Unspecified</i>		–	–	–	–	–	–	–	–	–
Computer Equipment		–	879	1 561	2 000	2 050	2 050	2 075	1 684	1 596
Computer Equipment		–	879	1 561	2 000	2 050	2 050	2 075	1 684	1 596
Furniture and Office Equipment		–	1 526	2 267	1 700	1 700	1 700	2 380	2 480	2 610
Furniture and Office Equipment		–	1 526	2 267	1 700	1 700	1 700	2 380	2 480	2 610
Machinery and Equipment		–	982	4 691	13 310	13 710	13 710	20 060	8 636	9 031
Machinery and Equipment		–	982	4 691	13 310	13 710	13 710	20 060	8 636	9 031
Transport Assets		–	7 705	8 548	21 000	20 000	20 000	6 075	4 315	4 566
Transport Assets		–	7 705	8 548	21 000	20 000	20 000	6 075	4 315	4 566
Libraries		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure on new assets	1	594 699	434 220	18 989	1 160 598	1 152 785	1 152 785	1 184 670	1 192 944	1 209 396

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

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	60 800	63 800	63 800	78 563	81 375	45 562
Roads Infrastructure		-	-	-	-	-	-	1 733	-	-
<i>Roads</i>								1 733		
Water Supply Infrastructure		-	-	-	57 800	60 800	60 800	72 680	78 039	42 033
<i>Dams and Weirs</i>										
<i>Boreholes</i>					12 000	12 000	12 000	19 100	20 227	21 400
<i>Reservoirs</i>					500	500	500	-	-	-
<i>Pump Stations</i>					26 800	26 800	26 800	11 590	12 274	12 986
<i>Capital Spares</i>					18 500	21 500	21 500	41 990	45 538	7 647
Sanitation Infrastructure		-	-	-	3 000	3 000	3 000	4 150	3 336	3 529
<i>Pump Station</i>								1 000		
<i>Reticulation</i>					3 000	3 000	3 000	3 150	3 336	3 529
Total Capital Expenditure on renewal of existing	1	-	-	-	60 800	63 800	63 800	78 563	81 375	45 562
<i>Renewal of Existing Assets as % of total capex</i>		0,0%	0,0%	0,0%	5,0%	5,2%	5,2%	6,2%	6,4%	3,6%
<i>Renewal of Existing Assets as % of deprecn"</i>		0,0%	0,0%	0,0%	38,2%	40,0%	40,0%	46,8%	45,7%	24,2%

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

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		-	-	-	51 600	48 200	48 200	74 268	68 583	72 561
Roads Infrastructure		-	-	-	20 000	23 000	23 000	14 000	6 348	6 716
<i>Roads</i>					20 000	23 000	23 000	14 000	6 348	6 716
Water Supply Infrastructure		-	-	-	23 200	18 200	18 200	42 448	44 952	47 559
<i>Dams and Weirs</i>										
<i>Boreholes</i>					7 500	5 500	5 500	875	927	980
<i>Reservoirs</i>								1 025	1 085	1 148
<i>Pump Stations</i>					15 700	12 700	12 700	25 285	26 777	28 330
<i>Capital Spares</i>								15 263	16 163	17 100
Sanitation Infrastructure		-	-	-	8 400	7 000	7 000	17 820	17 283	18 285
<i>Pump Station</i>								1 500		
<i>Reticulation</i>					8 400	7 000	7 000	14 320	15 165	16 044
<i>Waste Water Treatment Works</i>								2 000	2 118	2 241
Other assets		-	-	-	3 518	4 518	4 518	3 794	4 022	4 260
Operational Buildings		-	-	-	3 518	4 518	4 518	3 794	4 022	4 260
<i>Municipal Offices</i>					3 300	4 300	4 300	3 565	3 779	4 003
<i>Yards</i>					218	218	218	229	243	257
Computer Equipment		-	-	-	1 000	1 000	1 000	1 085	1 151	1 221
Computer Equipment					1 000	1 000	1 000	1 085	1 151	1 221
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment										
Machinery and Equipment		-	-	-	1 700	700	700	1 825	1 934	2 048
Machinery and Equipment					1 700	700	700	1 825	1 934	2 048
Transport Assets		-	-	-	6 500	3 500	3 500	6 925	7 338	7 768
Transport Assets					6 500	3 500	3 500	6 925	7 338	7 768
Total Repairs and Maintenance Expenditure	1	-	-	-	64 318	57 918	57 918	87 897	83 029	87 858
R&M as a % of PPE		0,0%	0,0%	0,0%	0,8%	0,7%	0,7%	1,1%	0,9%	0,8%
R&M as % Operating Expenditure		0,0%	0,0%	0,0%	5,7%	4,9%	4,9%	7,4%	6,0%	6,0%

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 is yet to be appointed as the previous committee term has recently expired.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2017/2018 MTREF in June 2015 directly aligned and informed by the 2017/2018 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.
8. MSCOA compliance

1.20 Other supporting documents

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

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
REVENUE ITEMS:											
<u>Property rates</u>	6										
Total Property Rates											
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>											
Net Property Rates		-	-	-	-	-	-	-	-	-	-
<u>Service charges - electricity revenue</u>	6										
Total Service charges - electricity revenue											
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>											
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>		-	-	-	-	-	-	-	-	-	-
Net Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-
<u>Service charges - water revenue</u>	6										
Total Service charges - water revenue		124 740	149 356	156 597	758 702	768 702	768 702	768 702	837 516	904 155	968 688
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>											

OR Tambo District Municipality 2017/2018 Budget and MTREF

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>		-	-	-	593 300	593 300	593 300	593 300	646 328	704 086	759 714
Net Service charges - water revenue		124 740	149 356	156 597	165 402	175 402	175 402	175 402	191 188	200 069	208 974
<u>Service charges - sanitation revenue</u>											
Total Service charges - sanitation revenue		25 321	39 258	40 697	71 004	71 004	71 004	71 004	77 395	84 360	91 953
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>											
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>		-	-	-	-	-	-	-	-	-	-
Net Service charges - sanitation revenue		25 321	39 258	40 697	71 004	71 004	71 004	71 004	77 395	84 360	91 953
<u>Service charges - refuse revenue</u>	6										
Total refuse removal revenue											
Total landfill revenue											
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>				1 948							
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>		-	-	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue		-	-	(1 948)	-	-	-	-	-	-	-
<u>Other Revenue by source</u>											
<i>Other Gains on Continued Operations</i>				1 782	-						
<i>Other Revenue</i>				99 285							
<i>Sundry Revenue</i>											
<i>Tender Fees</i>		203	704		1 200	1 200	1 200	1 200	1 100	1 165	1 232
<i>VAT Refund</i>		90 470	-								
<i>Commision Received</i>		-	-								
<i>Farm Operations</i>		3 912	3 433		3 500	3 500	3 500	3 500	3 000	3 300	3 630
<i>Increase in fair value of assets</i>		-	-								

OR Tambo District Municipality 2017/2018 Budget and MTREF

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
<i>Old debt</i>		-	-						124 000	50 000	40 000
<i>Other revenue - Ntinga Agency</i>		6 842	3 365						23 153	31 649	35 734
<i>Accumulative reserves</i>		-	-		178 951	215 585	215 585	215 585	199 708	265 837	279 760
Total 'Other' Revenue	3 1	101 427	7 503	101 067	183 651	220 285	220 285	220 285	350 961	351 951	360 356
EXPENDITURE ITEMS:											
<u>Employee related costs</u>											
Basic Salaries and Wages	2	219 503	276 574	271 892	326 165	311 606	311 606	311 606	348 309	373 180	399 590
Pension and UIF Contributions		33 138	43 009	46 680	27 260	26 565	26 565	26 565	33 109	35 458	37 973
Medical Aid Contributions		7 475	-	-	12 215	11 887	11 887	11 887	12 545	13 436	14 390
Overtime		11 089	6 261	11 651	8 210	8 210	8 210	8 210	8 210	8 793	9 417
Performance Bonus		-	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		12 107	31 911	55 169	14 686	14 290	14 290	14 290	22 453	24 044	25 749
Cellphone Allowance		963	-	-	929	907	907	907	2 119	2 268	2 428
Housing Allowances		9 111	-	-	10 857	10 563	10 563	10 563	10 976	11 755	12 590
Other benefits and allowances		5 204	-	-	7 316	7 285	7 285	7 285	8 184	8 908	9 570
Payments in lieu of leave		4 288	-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	349	349	349	349	349	374	401
Post-retirement benefit obligations	4	-	3 712	7 948	-	-	-	-	-	-	-
<i>sub-total</i>	5	302 877	361 466	393 340	407 987	391 664	391 664	391 664	446 254	478 218	512 108
<u>Less: Employees costs capitalised to PPE</u>											
Total Employee related costs	1	302 877	361 466	393 340	407 987	391 664	391 664	391 664	446 254	478 218	512 108
<u>Contributions recognised - capital</u>											
<i>VAT Refund</i>		-	78 202	-	146 799	144 564	144 564	144 564			

OR Tambo District Municipality 2017/2018 Budget and MTREF

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
Total Contributions recognised - capital		-	78 202	-	146 799	144 564	144 564	144 564	-	-	-
<u>Depreciation & asset impairment</u>											
Depreciation of Property, Plant & Equipment		217 599	161 197	156 133	211 440	211 440	211 440	211 440	220 107	230 098	240 457
Lease amortisation		-	-	-	-	-	-	-	-	-	-
Capital asset impairment		-	107 660	18 987	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE		-	-	-	52 099	52 099	52 099	52 099	52 099	52 099	52 099
Total Depreciation & asset impairment	10	217 599	268 857	175 120	159 341	159 341	159 341	159 341	168 008	177 999	188 358
<u>Bulk purchases</u>											
Electricity Bulk Purchases											
Water Bulk Purchases		40 105	39 262	43 845	51 000	51 000	51 000	51 000	73 550	77 889	82 407
Total bulk purchases	1	40 105	39 262	43 845	51 000	51 000	51 000	51 000	73 550	77 889	82 407
<u>Transfers and grants</u>											
Cash transfers and grants		40 755	27 646	45 375	50 861	55 661	55 661	55 661	14 344	18 871	21 201
Non-cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Total transfers and grants	1	40 755	27 646	45 375	50 861	55 661	55 661	55 661	14 344	18 871	21 201
<u>Contracted services</u>											
Internal Audit				94	-						
Professional Fees				12 873	-						
Security Services		22 579	21 877	13 520	15 000	15 000	15 000	15 000	20 750	21 974	23 249
Waste Management				2 010	-						
Water Purification				21	-						
Other Contracted Services				697	-						

OR Tambo District Municipality 2017/2018 Budget and MTREF

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
<i>sub-total</i>	1	22 579	21 877	29 215	15 000	15 000	15 000	15 000	20 750	21 974	23 249
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		22 579	21 877	29 215	15 000	15 000	15 000	15 000	20 750	21 974	23 249
Other Expenditure By Type	-										
Collection costs				-	5 500	5 500	5 500	5 500	5 775	6 116	6 470
Contributions to 'other' provisions				-	4 000	4 000	4 000	4 000	7 000	7 413	7 843
Consultant fees				-	16 950	19 720	19 720	19 720	23 548	24 937	26 383
Audit fees				9 072	8 000	9 000	9 000	9 000	9 000	9 531	10 084
General expenses	3	735 303	456 786	378 910	131 893	158 832	158 832	158 832	231 656	245 624	260 125
<i>Assessment Rates</i>				99 995	1 500	1 500	1 500	1 500	1 575	1 668	1 765
<i>Municipal Health Services</i>				81	2 000	1 700	1 700	1 700	1 750	1 853	1 961
<i>Water Carting</i>					10 154	21 154	21 154	21 154	20 000	21 180	22 408
<i>Electricity Purchases</i>					37 000	37 000	37 000	37 000	38 850	41 142	43 528
<i>Protective Clothing</i>					1 800	2 000	2 000	2 000	3 390	3 590	3 798
<i>Fuel & Oil</i>					7 000	9 000	9 000	9 000	9 850	10 431	11 036
<i>Hiring of Machinery and Equipment</i>					2 500	6 700	6 700	6 700	7 625	7 016	7 423
<i>Insurance on Assets</i>					3 250	3 250	3 250	3 250	3 413	3 614	3 823
<i>License Fees</i>					3 500	5 000	5 000	5 000	4 675	4 951	5 238
<i>Water Purification Chemicals</i>					14 000	12 800	12 800	12 800	14 700	15 567	16 470
<i>Salga Fees</i>					4 500	4 500	4 500	4 500	5 000	5 295	5 602
<i>Poverty Relief Program</i>					3 800	3 800	3 800	3 800	3 490	3 696	3 910
<i>Printing and Stationery</i>					4 000	5 000	5 000	5 000	4 200	4 448	4 706
<i>Telephone</i>					5 000	5 000	5 000	5 000	5 250	5 560	5 882
<i>Subsistence & Travelling</i>					24 088	37 284	37 284	37 284	30 144	31 922	33 774
<i>IDP</i>					7 500	5 800	5 800	5 800	7 263	7 691	8 137
<i>Village Water Committees</i>					-	-	-	-			
<i>Workman's Compensation</i>					3 000	5 500	5 500	5 500	3 150	3 336	3 529

OR Tambo District Municipality 2017/2018 Budget and MTREF

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
<i>Group Life Assurance Scheme</i>					7 000	7 000	7 000	7 000	7 350	7 784	8 235
<i>Skills Development and Capacity Building</i>					4 800	6 350	6 350	6 350	12 428	13 161	13 924
<i>Rental of IT Equipment</i>					1 500	1 500	1 500	1 500	1 575	1 668	1 765
<i>EPWP</i>					8 213	10 213	10 213	10 213	8 624	9 132	9 662
Total 'Other' Expenditure	1	735 303	456 786	488 058	322 448	389 103	389 103	389 103	471 279	498 325	527 482
Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials					64 318	57 918	57 918	57 918	87 897	83 029	87 858
Contracted Services											
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	-	-	-	64 318	57 918	57 918	57 918	87 897	83 029	87 858

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Detailed list of other expenditure reflected at R231 million

DISCRPTION	AMOUNT	DISCRPTION	AMOUNT
ADVERTISING FEES	892 500,00	HOUSING SOCIAL RELIEF PROGRAMME	2 705 000,00
ASSESSMENT RATES	1 575 000,00	LIBRARY SERVICES	577 500,00
ASSISTANCE TO EX-COMBATANTS	367 500,00	EARLY CHILDHOOD DEVELOPMENT	1 165 500,00
SPATIAL DEVELOPMENT FRAMEWORK	1 680 000,00	CHILD PROTECTION SERVICES	241 500,00
BANK CHARGES	1 800 000,00	COUNCIL AND COMMITTEE	4 440 000,00
BOOKS & PUBLICATIONS	334 425,00	AUDIT COMMITTEE ALLOWANCES	315 000,00
RAIN HARVESTING	1 050 000,00	FUNCTIONS & STAFF WELFARE	840 000,00
CLEANING MATERIALS AND SERVICES	1 554 000,00	DISASTER MANAGEMENT INFORMATION SYSTEM	1 575 000,00
COMMUNITY PARTICIPATION & ROAD SHOWS	2 625 000,00	SPLUMA	2 100 000,00
SECTORAL ENGAGEMENT	525 000,00	REGIONAL & LOCAL TOURISM ORGANISATIONS	52 500,00
COUNCIL RECEPTIONS	21 000,00	DISTRICT TOURISM MARKETING	945 000,00
WOMEN'S CAUCUS	525 000,00	TOURISM EDUCATION AND AWARENESS	829 500,00
SAFETY AND SECURITY PROGRAMMES	220 500,00	WARD BASED PLANNING INFORMATION SYSTEM	630 000,00
CONFERENCE FEES	1 323 000,00	INITIATION SUPPORT	367 500,00
MUNICIPAL HEALTH SERVICES	1 800 000,00	WORKMEN'S COMPENSATION FUND	3 150 000,00
FINANCIAL & BUDGETING REFORMS	2 045 000,00	GRANT - ADHOC HOUSING	52 500,00
FREE BASIC SERVICES	1 155 000,00	RELOCATION COSTS	525 000,00
INTEREST EXPENSES - EXTERNAL	630 000,00	LED STRATEGY	420 000,00
CORPORATE EXPENSES	262 500,00	SECTOR DEVELOPMENT	1 050 000,00
DISTRICT SKILLS DEVELOPMENT PROGRAMME	1 155 000,00	CO-OPERATIVE SUPPORT	1 785 000,00
ENVIRONMENTAL MANAGEMENT PLANNING	1 627 500,00	LED CAPACITY	367 500,00

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MEDICAL EXAMINATION	105 000,00	MORAL REGENERATION PROGRAMS	210 000,00
PROTECTIVE CLOTHING	1 890 000,00	SCIENTIFIC DISASTER MANAGEMENT PROGRAM	210 000,00
HIV/AIDS COMMUNITY AWARENESS	1 050 000,00	ENVIROMENTAL AWARENESS	1 050 000,00
HIV/AIDS (OR TAMBO DM) & INKCIYO PROGRAMME	783 500,00	RISK MANAGEMENT	367 500,00
PRIMARY HEALTHCARE	60 000,00	EMPLOYEE ASSISTANCE PROGRAM	1 575 000,00
LEGAL FEES	5 775 000,00	AMBASSADORS	315 000,00
LICENCE FEES	4 675 000,00	MANDELA MONTH	420 000,00
INTER-GOVERNMENTAL RELATIONS	825 000,00	MAYORAL IMBIZO	2 295 000,00
WATER QUALITY MONITORING	1 102 267,95	NTINGA CONVERSION	210 000,00
FIRE FIGHTING SERVICE	703 500,00	TRANSFER OF SPORTS FACILITIES	210 000,00
MEMBERSHIP FEES	110 250,00	AFFLUENT MANAGEMENT PROGRAM	525 000,00
SALGA FEES	5 000 000,00	WSA PLANS	3 150 000,00
JOB EVALUATION PROGRAM	2 100 000,00	BLUE AND GREEN DROP PROGRAM	525 000,00
OCCUPATIONAL HEALTH & SAFETY	525 000,00	LOCAL LABOUR FORUM PROGRAMME DEVELOPMENT	157 500,00
COMMUNITY TRAINING	210 000,00	DISTRICT PLANNING STRATEGY	840 000,00
SUPPORT TO TRADITIONAL AUTHORITIES	787 500,00	INTEGRATED SPATIAL MANAGEMENT SYSTEM	262 500,00
SPU'S - WOMEN	2 100 000,00	ESTABLISHMENT OF ARCHIEVES	1 283 500,00
OFFICE RENTAL	787 500,00	RESEARCH AND POLICY DEVELOPMENT	1 050 000,00
SPU'S - PHYSICALLY CHALLENGED	367 500,00	INTRANET DEVELOPME T	525 000,00
SPU'S - YOUTH	1 312 500,00	INGQUZA HILL MASSACRE (PONDOLAND REVOLT)	577 500,00
SPU'S - CHILDREN	2 205 000,00	CUSTOMER RELATIONS SERVICES	2 100 000,00
SPU'S - OLD AGE	1 102 500,00	RENTAL OF IT EQUIPMENT	1 575 000,00
SPORTS, ARTS, CULTURE & HERITAGE	577 500,00	OVERSIGHT COMMITTEE & ROADSHOWS	420 000,00

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HERITAGE SECTOR PLAN	262 500,00	PUBLIC PARTICIPATION & SECTION 79 COMMITTEES	2 415 000,00
INTERNATIONAL RELATIONS	52 500,00	DISTRICT SPEAKER'S FORUM	420 000,00
INTERNSHIP PROGRAMME	682 500,00	COUNCIL MEETINGS	535 500,00
POVERTY RELIEF PROGRAM	3 990 000,00	STANDING ORDERS & RESOLUTIONS REGISTER	52 500,00
WHIPPERY SUPPORT	2 705 000,00	WSDIP	2 100 000,00
HUMAN RESOURCE DEVELOPMENT PLAN	210 000,00	INTEGRATED WASTE MANAGEMENT PLAN	735 000,00
HUMAN RESOURCE WORKSHOP	420 000,00	TECHNICAL FORUM WSJTT	682 500,00
OR TAMBO MONTH	1 840 000,00	DISTRICT INTERGRATED TRANSPORT PLAN	1 732 500,00
POSTAGE	505 000,00	PUBLIC TRANSPORT ASSISTANCE PROGRAM	1 155 000,00
PRINTING & STATIONERY	4 200 000,00	DISTRICTWIDE ELECTRIFICATION PLAN	525 000,00
TELEPHONE	5 250 000,00	STIPEND FOR EMERGENCY VOLUNTEERS	2 236 500,00
VIP PROTECTION UNIT	997 500,00	EPWP OPERATION	8 623 650,00
WASTE WATER MANAGEMENT	630 000,00	PERFORMANCE MANAGEMENT SYSTEM	1 260 000,00
DISTRICT SPORTS COUNCIL	73 500,00	ORGANISATIONAL DEVELOPMENT	367 500,00
WEBSITE MAINTENANCE	210 000,00	DISASTER PREPAREDNESS AND RESPONSE	1 942 500,00
COASTAL SAFETY	840 000,00	SPORTS AND RECREATION	1 630 000,00
RESEARCH AND DEVELOPMENT	630 000,00	SITTING ALLOWANCE - TRADITIONAL LEADERS	210 000,00
LAUNCHES - HOUSING PROJECTS	210 000,00		
HOUSING FORUMS	73 500,00		
SOCIAL RELIEF PROGRAMME	241 500,00		

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

Description	Ref	Vote 1 - COUNCIL AND COMMITTEE	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 AND RECREATION	Vote 9 - ENVIRONMENTAL	Vote 10 - ROADS	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																	
Revenue By Source																	
Property rates																	-
Service charges - electricity revenue																	-
Service charges - water revenue												191 188					191 188
Service charges - sanitation revenue												77 395					77 395
Service charges - refuse revenue																	-
Service charges - other																	-
Rental of facilities and equipment			55														55
Interest earned - external investments			25 000	2 000													27 000
Interest earned - outstanding debtors												5 000					5 000
Dividends received																	-
Fines, penalties and forfeits																	-
Licences and permits																	-
Agency services																	-
Other revenue			1 100	26 153								323 708					350 961
Transfers and subsidies		192 905	227 259	99 412	7 141	14 270	13 707	31 005	7 336	27 404	22 155	88 871	3 661				735 126
Gains on disposal of PPE																	-
Total Revenue (excluding capital transfers and contributions)		192 905	253 414	127 566	7 141	14 270	13 707	31 005	7 336	27 404	22 155	686 162	3 661	-	-	-	1 386 725
Expenditure By Type																	
Employee related costs		70 336	89 423	43 790	4 881	9 651	9 419	20 207	2 151	19 294	5 740	170 389	973				446 254
Remuneration of councillors		17 589															17 589
Debt impairment												83 338					83 338
Depreciation & asset impairment				700								168 008					168 708
Finance charges																	-
Bulk purchases												73 550					73 550
Other materials			18 329	300								55 268					87 897
Contracted services			20 750								14 000						20 750
Transfers and subsidies				14 344													14 344
Other expenditure		104 980	124 911	68 418	2 260	4 619	4 289	10 798	5 185	8 110	2 415	131 906	2 688				470 579
Loss on disposal of PPE																	-
Total Expenditure		192 905	253 414	127 553	7 141	14 270	13 707	31 005	7 336	27 404	22 155	682 459	3 661	-	-	-	1 383 009
Surplus/(Deficit)		(0)	(0)	13	(0)	0	(0)	(0)	(0)	0	(0)	3 703	0	-	-	-	3 716
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)											2 931	1 096 718					1 099 649
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																	-
Transfers and subsidies - capital (in-kind - all)																	-
Surplus/(Deficit) after capital transfers & contributions		(0)	(0)	13	(0)	0	(0)	(0)	(0)	0	2 931	1 100 421	0	-	-	-	1 103 365

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

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Call investment deposits											
Call deposits		171 865	294 553	309 668	513 900	391 401	391 401	391 401	461 763	610 943	781 398
Other current investments											
Total Call investment deposits	2	171 865	294 553	309 668	513 900	391 401	391 401	391 401	461 763	610 943	781 398
Consumer debtors											
Consumer debtors		393 016	467 043	638 421	415 900	537 413	537 413	537 413	537 363	537 313	537 263
Less: Provision for debt impairment		(331 475)	(364 907)	(525 962)	(235 352)	(235 352)	(235 352)	(235 352)	(318 690)	(402 726)	(488 366)
Total Consumer debtors	2	61 541	102 136	112 459	180 548	302 060	302 060	302 060	218 673	134 587	48 897
Debt impairment provision											
Balance at the beginning of the year					191 852	191 852	191 852	191 852	235 352	318 690	402 726
Contributions to the provision					43 500	43 500	43 500	43 500	83 338	84 036	85 640
Bad debts written off											
Balance at end of year		-	-	-	235 352	235 352	235 352	235 352	318 690	402 726	488 366
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		5 485 790	6 344 305	7 087 675	11 110 425	11 101 308	11 101 308	11 101 308	12 364 540	13 638 859	14 893 818
Leases recognised as PPE	3	-	-	34 256	832	832	832	832	1 000		
Less: Accumulated depreciation		1 931 612	2 067 474	2 313 438	2 886 820	2 886 120	2 886 120	2 886 120	3 054 129	3 232 128	3 420 486
Total Property, plant and equipment (PPE)	2	3 554 178	4 276 831	4 808 493	8 224 437	8 216 020	8 216 020	8 216 020	9 311 412	10 406 732	11 473 332
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		512	124	20	260	260	260	260	270	280	290
Total Current liabilities - Borrowing		512	124	20	260	260	260	260	270	280	290
Trade and other payables											
Trade and other creditors		387 554	404 284	465 181	334 280	316 693	316 693	316 693	385 002	444 543	471 296
Unspent conditional transfers		32 565	10 577	9 501	800	-	-	-			
VAT		-	280	1 367	300	-	-	-			
Total Trade and other payables	2	420 119	415 141	476 049	335 380	316 693	316 693	316 693	385 002	444 543	471 296
Non current liabilities - Borrowing											
Borrowing	4	-	-	52 306							
Finance leases (including PPP asset element)		624	20	-	90	90	90	90	100	110	120
Total Non current liabilities - Borrowing		624	20	52 306	90	90	90	90	100	110	120
Provisions - non-current											
Retirement benefits		-	12 510	-	2 900	-	-	-	-	-	-
List other major provision items											
Refuse landfill site rehabilitation											
Other											
Total Provisions - non-current		-	12 510	-	2 900	-	-	-	-	-	-
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		3 147 436	4 207 630	4 473 503	7 536 040	7 536 040	7 536 040	7 536 040	8 753 625	9 856 990	10 992 497
GRAP adjustments											
Restated balance		3 147 436	4 207 630	4 473 503	7 536 040	7 536 040	7 536 040	7 536 040	8 753 625	9 856 990	10 992 497
Surplus/(Deficit)		439 498	195 145	401 273	1 223 593	1 217 585	1 217 585	1 217 585	1 103 365	1 135 506	1 149 450
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit) Reserves	1	3 586 933	4 402 774	4 874 776	8 759 633	8 753 625	8 753 625	8 753 625	9 856 990	10 992 497	12 141 947
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	3 586 933	4 402 774	4 874 776	8 759 633	8 753 625	8 753 625	8 753 625	9 856 990	10 992 497	12 141 947

1.21 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 _____