

ANNUAL BUDGET MTERF FOR 2018/19-20/21



MATATIELE

LOCAL MUNICIPALITY

ANNUAL BUDGET OF
MATATIELE LOCAL
MUNICIPALITY

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

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Abbreviations and Acronyms

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

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

Part 1 – Annual Budget

1.1 Mayor’s report

1.2 Council Resolutions

Council resolves the following,

1. That, the annual budget of the municipality for the year 2018/19; and its indicative for the two projected outer years 2019/2020 and 2020/2021 as outlined on the report be tabled as set out in the following:
 - Total Revenue by source of R479, 696,467
 - Operating Expenditure by source of R337, 612,192
 - Capital Expenditure by type and municipal vote of R142, 082, 100
 - Total budget of R479,694,293

2. That the council approves the following tariff increases for the 2018/19 financial year
 - Property rates tariff to remain the same as 2017/18 and first R65 000 property values as exemption, 40% rebates on all residential properties, 15% rebates on all commercial properties, 70% on farm properties, 15% rebates on industrial properties and 100% rebates to all municipal properties.
 - Refuse tariff increase of 5%.
 - Electricity tariff increase with 6.84 as guided by NERSA.

 - That all other municipal tariff increase with 5%.

3. That, council approves the reviewed policies as listed below,
 - 3.1. Appointment of consultants policy,
 - 3.2. Banking and investments policy,
 - 3.3. Budget policy,
 - 3.4. Cash management policy,
 - 3.5. Credit control and debt collection policy,
 - 3.6. Customer care policy,
 - 3.7. Customer incentive scheme policy,
 - 3.8. Debt capacity policy,
 - 3.9. Donor finance policy,
 - 3.10. Electricity token policy,
 - 3.11. Grants & donation policy,
 - 3.12. GRAP framework policy,
 - 3.13. Indigent Policy,
 - 3.14. Cash-up Policy,
 - 3.15. Fixed Assets Policy,
 - 3.16. Fleet Management Policy,
 - 3.17. Payment Policy,
 - 3.18. Petty Cash Policy,
 - 3.19. Property Rates Policy,
 - 3.20. Special Services Policy,
 - 3.21. Strategy to improve Debtor policy,
 - 3.22. Supply Chain management Policy,
 - 3.23. Tariff Policy,
 - 3.24. Use of Credit Card Policy and
 - 3.25. Virement Policy.
 - 3.26. Impairment and write-off policy
 - 3.27. Infrastructure procurement and delivery management policy.

1.3 Executive Summary

METHOD OF PREPARATION

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

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

The 2018/2019 – 2020/21 MTERF budget preparation have been prepared according to the new requirements of mSCOA regulations.

PAST PERFORMACE IN TERMS OF AUDIT OUTCOMES

For its term started with the financial year ended 30 June 2014, the municipality has managed to receive the audit opinions as follows,

PERIOD	30 June 2014	30 June 2015	30 June 2016	30 JUNE 2017
OPINION	<i>Unqualified</i>	<i>Unqualified</i>	<i>Unqualified</i>	<i>Qualified</i>
AUDIT REPORT MATTERS	<i>With Non-Compliance Matters</i>	<i>With no Matters at all</i>	<i>With no Matters at all</i>	
REMARKS	<i>Unqualified</i>	<i>Clean</i>	<i>Clean</i>	

OPERATING BUDGET

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

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

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

The total budget amounts to R 479,694,293. Table 1 hereunder summarizes the total revenue & expenditure budget. General Managers must manage their own budgets consulting with the Chairpersons of the Standing Committees and the Standing Committees where necessary.

Allocations per line item are done by the departments themselves, as long as they don't exceed the amounts allocated per Table 1. Table 1 which is Consolidated Overview of the 2018/19-2020/21 Medium Term Revenue Expenditure Forecast.

Total Budget 2018/19-2020/21 summary

Description	Adjustments Budget 201/18	Budget Year 2018/19	Budget Year + 1 2018/19	Budget Year +2 2020/21
Total Revenue	498,930,580	479,696,467	511,790,511	539,106,336
Total Operating Expenditure	322,702,086	337,612,192	354,492,802	372,217,442
Operating surplus /(Deficit) for the year	176,228,494	142,084,275	157,297,709	166,888,894
Total Capital Expenditure	176,225,643	142,082,100	149,363,750	151,929,700

Total Revenue Budget 2018/2019-2020/21 MTREF

The revenue is anticipated to be R479, 696, 467 in the 2018/19 financial year. The adjusted budget for 2017/18 was R498, 929, 122. The decrease of R19, million from the adjustment budget as a result of decreased allocation on the electrification grant and classification of income foregone.

The following table is a summary of Revenue classified by main revenue source;

Description	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Revenue By Source</u>					
Property rates	52,204,073	52,204,073	35,612,498	37,393,123	39,262,779
Service charges - electricity revenue	47,417,044	47,970,408	51,956,560	54,554,387	57,282,107
Service charges - refuse revenue	8,482,341	8,482,341	9,859,760	10,352,748	10,870,385
Rental of facilities and equipment	773,876	975,432	1,700,000	1,785,000	1,874,250
Interest earned - external investments	5,600,310	5,600,310	8,900,877	9,345,921	9,813,217
Interest earned - outstanding debtors	6,927,628	6,753,060	5,966,840	6,265,182	6,578,441
Fines, penalties and forfeits	1,500,302	1,577,916	2,330,531	2,447,057	2,569,410
Licences and permits	2,800,000	2,810,592	3,849,000	4,041,450	4,243,523
Transfers and subsidies-Operating	193,512,400	195,459,709	215,541,500	234,221,750	252,591,300
Transfers and subsidies-Capital	170,739,094	175,565,601	142,082,100	149,392,250	151,929,700
Other revenue	1,857,700	1,529,680	1,896,802	1,991,642	2,091,224
Total Revenue	491,814,768	498,929,122	479,696,467	511,790,511	539,106,336

Operating Expenditure budget 2018/2019-2020/2021 MTREF

The operating expenditure budget of R337, 612,192 will be incurred for the 2018/2019 budget year the increase is mainly from repairs and maintenance being prioritised and the employee related costs that is factors at 8 % increase.

The following table represents the operating expenditure budget per type;

Description	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Employee related costs	105,526,044	99,646,045	114,330,466	120,046,989	126,049,339
Remuneration of councillors	17,503,728	17,503,728	20,227,230	21,238,592	22,300,521
Debt impairment	5,000,000	5,000,000	5,000,000	5,250,000	5,512,500
Depreciation & asset impairment	14,222,084	14,222,084	15,547,718	16,325,103	17,141,359
Bulk purchases	43,010,000	43,010,000	42,000,000	44,100,000	46,305,000
Other materials	7,971,006	6,761,096	6,258,228	6,571,139	6,899,696
Contracted services	67,008,522	82,120,574	70,121,526	73,627,602	77,308,982
Repairs & Maintenance	8,620,008	8,517,915	12,710,015	13,345,516	14,012,792
Transfers and subsidies	820,000	263,000	150,000	157,500	165,375
Other expenditure	42,338,452	45,657,644	51,267,010	53,830,361	56,521,879
Total Expenditure	312,019,844	322,702,086	337,612,192	354,492,802	372,217,442

CAPITAL BUDGET 2018/2019-2020/2021 MTREF

The capital expenditure budget for 2018/2019 is budgeted to be R142, 082,100, the national government with fund R 98,435,500 of the budget and the remaining R43, 646,600 will be funded from the municipal capital replacement reserves.

The following table represents the total capital budget 2018/2019 per function and funding sources;

Vote Description	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional					
Governance and administration	33 049 680	3 849 684	12 150 000	1 430 000	1 501 505
Executive and council		50 000	-	-	-
Finance and administration	32 949 680	3 699 684	12 150 000	1 430 000	1 501 505
Internal audit	100 000	100 000	-	-	-
Community and public safety	465 000	1 225 000	2 320 000	350 000	830 000
Community and social services		660 000	230 000	150 000	620 000
Sport and recreation			-	-	-
Public safety	465 000	565 000	2 090 000	200 000	210 000
Housing			-	-	-
Health			-	-	-
Economic and environmental services	47 783 600	73 430 959	76 422 100	98 067 556	107 577 564
Planning and development	120 000	120 000	2 965 000	1 540 000	760 000
Road transport	47 663 600	73 310 959	73 457 100	96 527 556	106 817 564
Environmental protection			-	-	-
Trading services	89 410 000	97 720 000	51 190 000	57 600 000	57 600 000
Energy sources	89 380 000	95 690 000	47 610 000	57 600 000	57 600 000
Water management			-	-	-
Waste water management			-	-	-
Waste management	30 000	2 030 000	3 580 000	-	-
Other					
Total Capital Expenditure - Functional	170 708 280	176 225 643	142 082 100	157 447 556	167 509 069
Funded by:					
National Government	127 663 600	127 583 632	98 435 500	112 447 556	122 509 069
Provincial Government	9 380 000	10 040 000	-	-	-
District Municipality	100 000		-	-	-
Other transfers and grants			-	-	-
Transfers recognised - capital	137 143 600	137 623 632	98 435 500	112 447 556	122 509 069
Public contributions & donations					
Borrowing					
Internally generated funds	33 564 680	38 602 011	43 646 600	45 000 000	45 000 000
Total Capital Funding	170 708 280	176 225 643	142 082 100	157 447 556	167 509 069

Grants & subsidies allocation 2018/2019-2020/2021 MTREF

Description	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand								
RECEIPTS:								
Operating Transfers and Grants								
National Government:	183,069	176,032	192,712	192,712	192,712	212,527	231,312	249,523
Local Government Equitable Share	176,266	170,266	185,808	185,808	185,808	207,642	229,612	247,823
EPWP Incentive	1,780	1,790	2,780	2,780	2,780	3,185	-	-
Finance Management	1,600	1,625	1,700	1,700	1,700	1,700	1,700	1,700
Municipal Infrastructure Grant (MIG)	2,493	2,351	2,424	2,424	2,424	-	-	-
Municipal Systems Improvement	930	-	-	-	-	-	-	-
Provincial Government:	2,359	-	400	400	-	600	447	472
Library Support	2,359	-	400	400	-	600	447	472
District Municipality:	-	-	100	-	-	-	-	-
IDP support	-	-	100	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	185,429	176,032	193,212	193,112	192,712	213,127	231,759	249,995
Capital Transfers and Grants								
National Government:	77,374	124,661	137,044	127,664	127,664	100,850	106,855	109,526
Municipal Infrastructure Grant (MIG)	47,374	44,661	47,664	47,664	47,664	59,690	49,255	51,926
Integrated National Electrification Programme	30,000	80,000	80,000	80,000	80,000	41,160	57,600	57,600
ELECTRIFICATION SUPPORT	-	-	9,380	-	-	-	-	-
Provincial Government:	-	-	-	9,380	9,380	-	-	-
ELECTRIFICATION SUPPORT	-	-	-	9,380	9,380	-	-	-
District Municipality:	-	-	100	-	-	-	-	-
GIS SUPPORT	-	-	100	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	77,374	124,661	137,144	137,044	137,044	100,850	106,855	109,526
TOTAL RECEIPTS OF TRANSFERS & GRANTS	264,757	314,780	330,356	330,156	329,756	313,977	338,614	359,521

EQUITABLE SHARE ALLOCATION

In terms of the division of revenue act 2018 Matatiele Local Municipality will receive an Equitable Share of R207 642 000. This amount is always not enough to meet all the community needs on service delivery as is always utilised for the day to day operations of the municipality which some are strategic programs to deal with special programs in improving community

welfare like gender, youth, indigent support, sport and recreation and many more as identified and approved by council through operational plans.

TARIFFS AND SERVICE CHARGES

Property Rates

The new Property Valuation Roll will come into effect from the 1 July 2018.

Property rates tariff will not increase for the 2018/19 financial year.

Electricity

Electricity tariffs will increase by 6.84% in terms of the directive from NT and National Electricity Regulator of South Africa.

Refuse Removal and Other Tariff of Charges

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

ACCUMULATED SURPLUS

This entire budget will result in a surplus of R 2,175. This should be noted that is budget surplus to ensure that the budget is balanced.

Operating Revenue Framework

For Matatiele Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 85 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- 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 Municipality.

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

Table 1 -Summary of revenue classified by main revenue source

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source										
Property rates	19,112	24,194	25,919	52,204	52,204	52,204	-	35,612	37,393	39,263
Service charges - electricity revenue	37,506	47,025	47,494	47,417	47,970	47,970	-	51,957	54,554	57,282
Service charges - water revenue	7,196	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	7,196	7,619	8,657	8,482	8,482	8,482	-	9,860	10,353	10,870
Service charges - other	-	7,619	-	-	-	-	-	-	-	-
Rental of facilities and equipment	694	588	710	774	975	975	-	1,700	1,785	1,874
Interest earned - external investments	3,607	4,279	14,266	5,600	5,600	5,600	-	8,901	9,346	9,813
Interest earned - outstanding debtors	4,089	5,393	-	6,928	6,753	6,753	-	5,967	6,265	6,578
Dividends received										
Fines, penalties and forfeits	1,821	2,737	2,251	1,500	1,578	1,578	-	2,331	2,447	2,569
Licences and permits	2,291	2,395	2,106	2,800	2,811	2,811	-	3,849	4,039	4,241
Agency services										
Transfers and subsidies-Operationg	149,581	182,560	177,768	193,512	194,800	194,800	-	215,541	234,222	252,591
Transfers and subsidies-Capital	136,665	82,226	137,012	170,708	176,226	171,188	-	142,082	149,392	151,930
Other revenue	1,297	1,868	7,307	1,889	1,530	1,530	-	1,897	1,992	2,091
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total Revenue	371,056	368,504	423,491	491,815	498,929	493,892	-	479,696	511,788	539,104

1.4.1 Property Rates

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

National Treasury's MFMA Circular No.51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio to residential properties to be 1:025. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17 (h) of the MPRA). In addition to this rebate, a further R40 000 reduction on the market value of a property will be granted in terms of the municipality's own Property Rates Policy i.e. the market value less R 55 000.00;
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a minimum total rebate of 40 per cent will be granted to owners of rateable property if the total gross income of the applicant and/or his/her spouse, if any, is the following:
 - Income not exceeding R5 000.00

In this regard the following stipulations are relevant:

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

Additional:

- Residential properties a 40% rebate
- Properties categorized commercial 15% rebate on rates.
- Farms/ Smallholdings used for agricultural purposes 70% rebates.
- The municipality may award a 100 per cent grant in aid on the assessment rates of rate-able properties of certain Classes such as churches, registered welfare organizations, institutions or organizations performing charitable work, Sports grounds used for purposes of amateur sport.

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

Table 2- Operating Transfers and Grant Receipts

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:									
Operating Transfers and Grants									
National Government:	-	183,069	176,032	192,712	192,712	192,712	214,942	233,775	252,119
Local Government Equitable Share		176,266	170,266	185,808	185,808	185,808	207,642	229,612	247,823
EPWP Incentive		1,780	1,790	2,780	2,780	2,780	3,185	-	-
Finance Management		1,600	1,625	1,700	1,700	1,700	1,700	1,700	1,700
Municipal Infrastructure Grant (MIG)		2,493	2,351	2,424	2,424	2,424	2,415	2,463	2,596
Municipal Systems Improvement		930	-	-	-	-	-	-	-
Other transfers/grants [insert description]									
Provincial Government:	-	2,359	-	400	-	-	600	447	472
Sport and Recreation		2,359	-	400			600	447	472
Other transfers/grants [insert description]									
District Municipality:	-	-	-	100	-	-	-	-	-
IDP support				100			-		
Other grant providers:	-	-	-	300	-	-	-	-	-
SETA subsidy				300			-		
Total Operating Transfers and Grants	-	185,429	176,032	193,512	192,712	192,712	215,542	234,222	252,591

The municipality operational grants budget amounts to R215, 542 million for 2018/2019, included in this amount is the equitable share allocation, the operational grants budget equates to 45% of the total revenue budget.

Table 3 Comparison of rated levies for the 2018/19 financial year

CATEGORY	Current Tariff (2017/2018)	Proposed Tariff (Effective from 1st July 2018)
Residential	0.0095791	0.0095791
Vacant Land	0.019158	0.019158
Commercial	0.0115	0.0115
Farms	0.0023948	0.0023948
Government	0.919158	0.919158
Industrial	0.0023948	0.0023948
Municipal	0.0115	0.0115

Sale of Electricity and Impact of Tariff Increases

NERSA has announced the proposed bulk electricity pricing structure. An increase of 6.84 per cent increase in the Eskom bulk electricity tariff to municipalities is proposed to be effective from 1 July 2018.

Table 4 Comparison between current electricity charges and increases

DESCRIPTION	New Tariff Vat Excluded 2017/2018	Increase for 2018/19	New Tariff VAT Excluded 2018/2019
Scale 1: Domestic Consumers			
Basic charge, single or three phase per household per month. Plus the following kWh charges per month.	R 359.70	6.84%	R 384.30
0-50	R 0.80	6.84%	R 0.85
51-350	R 1.04	6.84%	R 1.11
351-600	R 1.47	6.84%	R 1.57
600 over	R 1.76	6.84%	R 1.88
Scale 2: Commercial & Other Consumers			
Basic charge of consumers with the following kVA installed per month			
0 - 25 KVA	R 405.48	6.84%	R 433.21
26 - 64 KVA	R 1,486.94	6.84%	R 1,588.65
65 KVA and more	R 8,700.40	6.84%	R 9,295.51
plus the following kWh charge per month:			
0 - 2000 kWh	R 1.59	6.84%	R 1.70
2000 - and more	R 1.59	6.84%	R 1.70

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2018. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as fuel and oil and the employee related cost.

A 5 per cent increase in the waste tariff is proposed from 1 July 2018.

The following table compares current and proposed amounts payable from 1 July 2018:Table 6
Comparison between current waste removal fees and increases

DESCRIPTION	New Tariff Vat Excluded 2017/2018	Increase for 2018/19	New Tariff VAT Excluded 2018/2019
<i>Domestic Removals</i> Every owner or occupier of premises from which refuse is removed twice weekly shall pay the Council a fee of per bag per month.	R 117.99	5%	R 123.89
<i>Commercial Removals</i> Each individual/separate business shall be charged a basic service charge per month.	R 176.97	5%	R 185.82
In addition to 1.2 every owner or occupier of business premises from which refuse is removed, shall pay the Council a fee of per bag per month, removal twice weekly.	R 176.97	5%	R 185.82
Provided that Council may at any time conclude separate agreements with commercial users who require that refuse be removed more than twice a week. The above tariff shall be the applicable tariff.			
<i>Removal from Separate Consumers on same Premises</i> Where refuse is removed from shops and dwellings or flats situated on the same premises such shops and dwellings or flats shall be regarded as separately occupied buildings, and the charges for the removal of refuse shall be as prescribed in applicable scales.			
<i>Availability Charge</i> A availability fee , is charged to any vacant commercial even located in the town areas of Cedarville, Matatiele and Maluti.	R 200.00	5%	R 210.00
A availability fee , is charged to any vacant domestic even located in the town areas of Cedarville, Matatiele and Maluti.	R 100.00	5%	R 105.00

1.3.1 Overall impact of tariff increases on households

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

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

Table 7 EC441 MATATIELE LOCAL MUNICIPALITY Table SA14 – Household bills

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Rand/cent							% incr.			
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	307.35	307.35	322.72	355.79	355.79	355.79	5.0%	54,814.00	54,814.00	54,814.00
Electricity: Basic lev y	208.78	208.78	219.21	247.76	247.76	247.76	6.8%	50.00	50.00	50.00
Electricity: Consumption	628.15	628.15	659.56	745.45	745.45	745.45	-	-	-	-
Water: Basic lev y	-	-	-	-	-	-	-	-	-	-
Water: Consumption	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Refuse removal	48.43	-	50.85	117.99	117.99	117.99	5.0%	126.25	135.09	144.54
Other	-	-	-	-	-	-	-	-	-	-
sub-total	1,192.71	1,144.28	1,252.35	1,466.99	1,466.99	1,466.99	3,648.5%	54,990.25	54,999.09	55,008.54
VAT on Services										
Total large household bill:	1,192.71	1,144.28	1,252.35	1,466.99	1,466.99	1,466.99	3,648.5%	54,990.25	54,999.09	55,008.54
% increase/-decrease		(4.1%)	9.4%	17.1%	-	-		3,648.5%	0.0%	0.0%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	307.35	307.35	322.72	355.79	355.79	355.79	5.0%	54,814.00	54,814.00	54,814.00
Electricity: Basic lev y	208.78	208.78	219.21	247.76	247.76	247.76	6.8%	50.00	50.00	50.00
Electricity: Consumption	628.15	628.15	659.56	745.45	745.45	745.45	-	-	-	-
Water: Basic lev y	-	-	-	-	-	-	-	-	-	-
Water: Consumption	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Refuse removal	48.43	-	50.85	117.99	117.99	117.99	5.0%	126.25	135.09	144.54
Other	-	-	-	-	-	-	-	-	-	-
sub-total	1,192.71	1,144.28	1,252.35	1,466.99	1,466.99	1,466.99	3,648.5%	54,990.25	54,999.09	55,008.54
VAT on Services										
Total small household bill:	1,192.71	1,144.28	1,252.35	1,466.99	1,466.99	1,466.99	3,648.5%	54,990.25	54,999.09	55,008.54
% increase/-decrease		(4.1%)	9.4%	17.1%	-	-		3,648.5%	0.0%	0.0%
Monthly Account for Household - 'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates	30,000.00	30,000.00	30,000.00	55,000.00	55,000.00	55,000.00	(0.3%)	54,814.00	54,814.00	54,814.00
Electricity: Basic lev y	-	-	-	-	-	-	#DIV/0!	50.00	50.00	50.00
Electricity: Consumption	50.00	50.00	50.00	50.00	50.00	50.00	-	-	-	-
Water: Basic lev y	-	-	-	-	-	-	-	-	-	-
Water: Consumption	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Refuse removal	69,346.37	72,813.69	76,454.37	117.99	126.25	135.90	7.0%	126.25	135.09	144.54
Other	-	-	-	-	-	-	-	-	-	-
sub-total	99,396.37	102,863.69	106,504.37	55,167.99	55,176.25	55,185.90	(0.3%)	54,990.25	54,999.09	55,008.54
VAT on Services										
Total small household bill:	99,396.37	102,863.69	106,504.37	55,167.99	55,176.25	55,185.90	(0.3%)	54,990.25	54,999.09	55,008.54
% increase/-decrease		3.5%	3.5%	(48.2%)	0.0%	0.0%		(0.4%)	0.0%	0.0%

Operating Expenditure Framework

The Municipality’s expenditure framework for the 2018/19 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;

- Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2018/19 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by standard classification item

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Expenditure By Type											
Employee related costs	2	75 879	80 676	276 116	105 526	99 646	99 646	-	114 330	120 047	126 049
Remuneration of councillors		15 937	16 875	17	17 504	17 504	17 504	-	20 227	21 239	22 301
Debt impairment	3	2 249	6 682	1	5 000	5 000	5 000	-	5 000	5 250	5 513
Depreciation & asset impairment	2	20 919	22 850	25 077	14 222	14 222	14 222	-	15 548	16 325	17 141
Finance charges		15	5	-	-	-	-	-	-	-	-
Bulk purchases	2	28 924	34 111	36 714	43 010	43 010	43 010	-	42 000	44 100	46 305
Other materials	8	12 592	-	11	7 971	6 761	6 761	-	6 258	6 571	6 900
Contracted services		13 417	15 099	22 496	75 628	83 899	83 899	-	82 832	86 973	91 322
Transfers and subsidies		33 452	18 517	18 265	820	263	268	-	150	158	165
Other expenditure	4, 5	38 222	59 307	60 958	42 338	45 658	45 658	-	51 267	53 831	56 522
Loss on disposal of PPE		-	-	0	-	-	-	-	-	-	-
Total Expenditure		241 607	254 122	439 655	312 020	315 962	315 967	-	337 612	354 493	372 217

The budgeted allocation for employee related costs for the 2018/19 financial year totals

R114, 3 million, which equals 34 per cent of the total operating expenditure. The Salary and Wage Collection for the period 01 July 2015 to 31 June 2018 has come to an end, the municipality has estimated an increase of 8 % subject to the SALGA agreement to be communicated to the Municipality before end of May 2018.

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

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2018/19 financial year this amount equates to R5 million and escalates to R5,7 million by 2020/21. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R15 million for the 2018/19 financial and equates to 5 per cent of the total operating expenditure.

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

Other material comprises of amongst others materials for maintenance.

For 2018/19 budget year the appropriation against this group of expenditure is by 2 per cent and continues to grow at 3 and 5 per cent for the two outer years.

Other expenditure comprises of various line items relating to the daily operations of the municipality. The appropriation for this group of expenditures equates to 15 per cent for 2018/19.

The following table gives a breakdown of repairs and maintenance on the main expenditure categories for the 2018/19 financial year.

1.3.2 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2018/19 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

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

Table 9 Repairs and maintenance by expenditure item

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>									
<u>Infrastructure</u>									
Roads Infrastructure	-	-	14,928	19,386	19,386	19,386	12,710	13,346	14,013
Roads			14,928	19,386	19,386	19,386	12,710	13,346	14,013
Total Repairs and Maintenance Expenditure	-	-	14,928	19,386	19,386	19,386	12,710	13,346	14,013

For the 2018/19 financial year repairs and maintenance is budgeted at R12,7 million this equates to 4 % of the total operating budget, this increase to R14, million in the 2020/21 outer year.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 17 000 or more indigent households during the 2018/2019 financial year, a process reviewed annually.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.4 Capital expenditure

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

Table 10 2018/19 Medium-term capital budget per vote

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Administration		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate		1 995	-	2 359	-	-	-	-	-	-	-
Vote 4 - Development & Planning		400	-	-	-	-	-	-	-	-	-
Vote 5 - Community		800	-	3 141	-	-	150	-	-	-	-
Vote 6 - Infrastructure		38 938	-	133 330	167 044	165 841	165 841	-	113 936	154 128	164 308
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	42 133	-	138 830	167 044	165 841	165 991	-	113 936	154 128	164 308
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		104	-	-	-	50	50	-	-	-	-
Vote 2 - Budget & Administration		1 385	42	-	2 330	2 480	2 480	-	6 735	1 430	1 502
Vote 3 - Corporate		502	2 127	-	570	1 220	1 220	-	4 900	-	-
Vote 4 - Development & Planning		413	1 399	-	120	120	120	-	2 965	1 540	760
Vote 5 - Community		3 736	9 576	-	495	3 255	3 255	-	6 415	350	940
Vote 6 - Infrastructure		55 974	88 337	-	50	3 160	3 160	-	7 132	-	-
Vote 7 - Internal Audit		-	23	-	100	100	100	-	-	-	-
Capital single-year expenditure sub-total		62 115	101 503	-	3 665	10 385	10 385	-	28 147	3 320	3 202
Total Capital Expenditure - Vote		104 248	101 503	138 830	170 708	176 226	176 376	-	142 082	157 448	167 509

The total capital expenditure budget for the 2018/19 budget year amounts R142, 082,100, this will be funded as follow;

Source of Funding	Budget 2018/29	% allocation
Municipal Infrastructure Grant	R 57,275,500	40%
Integrated National Electrification Programme	R 41,160,000	29%
Capital Replacement Reserve	R 43,646,600	31%

1.5 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2018/19 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 11 MBRR Table A1 - Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	19 112	24 194	25 919	52 204	52 204	52 204	–	35 612	37 393	39 263
Service charges	51 899	62 264	56 151	55 899	56 453	56 453	–	61 816	64 907	68 152
Investment revenue	3 607	4 279	14 266	5 600	5 600	5 600	–	8 901	9 346	9 813
Transfers recognised - operational	149 581	182 560	177 768	193 512	194 800	194 800	–	215 541	234 222	252 591
Other own revenue	10 113	12 695	12 375	13 890	13 647	13 647	–	15 743	16 528	17 355
Total Revenue (excluding capital transfers and contributions)	234 312	285 992	286 479	321 106	322 704	322 704	–	337 614	362 396	387 174
Employee costs	75 879	80 676	276 116	105 526	99 646	99 646	–	114 330	120 047	126 049
Remuneration of councillors	15 937	16 875	17	17 504	17 504	17 504	–	20 227	21 239	22 301
Depreciation & asset impairment	20 919	22 850	25 077	14 222	14 222	14 222	–	15 548	16 325	17 141
Finance charges	15	5	–	–	–	–	–	–	–	–
Materials and bulk purchases	41 516	34 111	36 725	50 981	49 771	49 771	–	48 258	50 671	53 205
Transfers and grants	33 452	18 517	18 265	820	263	268	–	150	158	165
Other expenditure	53 889	81 088	83 455	122 967	134 556	134 556	–	139 099	146 054	153 356
Total Expenditure	241 607	254 122	439 655	312 020	315 962	315 967	–	337 612	354 493	372 217
Surplus/(Deficit)	(7 295)	31 870	(153 176)	9 087	6 741	6 736	–	2	7 903	14 957
Transfers and subsidies - capital (monetary allocated)	71 980	82 226	137 012	137 144	137 624	137 624	–	98 435	104 392	106 930
Contributions recognised - capital & contributed assets	–	–	–	33 565	38 602	33 565	–	43 647	45 000	45 000
Surplus/(Deficit) after capital transfers & contributions	64 685	114 097	(16 164)	179 795	182 967	177 924	–	142 084	157 295	166 887
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	64 685	114 097	(16 164)	179 795	182 967	177 924	–	142 084	157 295	166 887
Capital expenditure & funds sources										
Capital expenditure	104 248	101 503	138 829	170 708	176 226	176 226	–	142 082	157 448	167 509
Transfers recognised - capital	103 617	101 503	119 568	137 144	137 624	137 624	–	98 436	112 448	122 509
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	631	–	19 261	33 565	38 602	38 602	–	43 647	45 000	45 000
Total sources of capital funds	104 248	101 503	138 829	170 708	176 226	176 226	–	142 082	157 448	167 509
Financial position										
Total current assets	70 625	92 612	134 413	65 813	65 813	65 813	–	69 103	72 558	76 186
Total non current assets	623 616	704 315	812 220	868 492	868 492	868 492	–	911 917	957 512	1 005 388
Total current liabilities	35 681	35 273	32 099	37 210	37 210	37 210	–	35 533	37 309	39 175
Total non current liabilities	21 063	24 442	25 262	25 664	25 664	25 664	–	26 948	28 295	29 710
Community wealth/Equity	637 497	737 211	889 272	871 430	871 430	871 430	–	918 540	964 467	1 012 690
Cash flows										
Net cash from (used) operating	77 163	119 092	155 947	190 172	154 770	154 770	–	118 985	133 842	144 541
Net cash from (used) investing	(104 243)	(101 169)	(132 524)	(170 708)	(176 226)	(176 226)	–	(98 436)	(104 364)	(106 930)
Net cash from (used) financing	–	–	205	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	30 487	48 411	72 038	91 502	70 046	48 590	–	26 387	55 866	93 476
Cash backing/surplus reconciliation										
Cash and investments available	30 487	48 411	76 010	40 230	40 230	40 230	–	42 242	44 354	46 571
Application of cash and investments	7 803	(7 821)	(17 501)	12 433	9 870	9 870	–	10 252	10 764	11 302
Balance - surplus (shortfall)	22 684	56 232	93 511	27 797	30 360	30 360	–	31 990	33 589	35 269
Asset management										
Asset register summary (WDV)	704 315	812 220	868 492	868 492	844 672	844 672	–	978 562	1 082 954	1 189 884
Depreciation	20 919	22 850	25 077	14 222	14 222	14 222	–	15 548	15 548	16 326
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	–	–	14 928	19 386	19 386	19 386	–	12 710	13 346	14 013
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	14 000	14 000	14 000	19 274	19 274	20 238	21 250
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2018/19, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 12 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional	1									
Governance and administration		172,750	200,755	367,340	273,148	282,097	282,097	305,239	321,829	301,816
Executive and council		130	-	-	-	-	-	-	-	-
Finance and administration		172,620	200,755	367,340	273,148	282,097	282,097	305,239	321,829	301,816
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		5,292	36,371	-	7,080	4,310	4,310	9,185	6,012	6,315
Community and social services		407	29,990	-	2,780	10	10	4,785	1,392	1,464
Sport and recreation		774	586	-	-	-	-	-	-	-
Public safety		4,112	5,130	-	4,300	4,300	4,300	4,400	4,620	4,851
Housing		-	665	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		7,113	1,413	-	51,555	52,369	52,369	61,730	60,848	59,612
Planning and development		7,113	1,413	-	1,242	1,824	1,824	625	656	689
Road transport		-	-	-	50,313	50,545	50,545	61,105	60,192	58,923
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		113,941	137,348	47,503	160,032	160,154	160,154	103,543	123,100	171,361
Energy sources		106,745	137,348	47,494	147,350	147,350	147,350	93,631	112,692	160,433
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		7,196	-	9	12,681	12,803	12,803	9,912	10,407	10,928
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	299,095	375,887	414,843	491,815	498,929	498,929	479,696	511,788	539,104
Expenditure - Functional										
Governance and administration		86,080	117,387	276,116	170,985	170,791	170,791	183,264	192,427	202,048
Executive and council		28,160	32,669	-	26,312	26,262	26,262	29,282	30,746	32,284
Finance and administration		57,920	84,719	276,116	141,502	141,358	141,358	150,642	158,174	166,083
Internal audit		-	-	-	3,171	3,171	3,171	3,339	3,506	3,682
Community and public safety		31,754	46,913	-	16,579	17,104	17,104	25,623	26,904	28,250
Community and social services		15,212	22,169	-	1,948	2,963	2,963	9,491	9,966	10,464
Sport and recreation		6,002	8,473	-	-	-	-	-	-	-
Public safety		10,541	13,472	-	14,631	14,141	14,141	16,132	16,938	17,785
Housing		-	2,798	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		30,727	16,205	-	50,296	51,564	51,564	60,986	64,036	67,237
Planning and development		30,727	16,205	-	16,073	17,491	17,491	20,024	21,025	22,077
Road transport		-	-	-	34,223	34,073	34,073	40,962	43,010	45,161
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		89,369	80,326	-	83,215	83,243	83,243	67,739	71,126	74,682
Energy sources		89,369	80,326	-	61,399	60,864	60,864	49,750	52,237	54,849
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	21,816	22,378	22,378	17,990	18,889	19,833
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	237,930	260,831	276,116	321,076	322,702	322,702	337,612	354,493	372,217
Surplus/(Deficit) for the year		61,165	115,057	138,727	170,739	176,227	176,227	142,084	157,296	166,887

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

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

Table 13 Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote	1									
Vote 1 - Executive & Council		299	145	-	-	-	-	-	-	-
Vote 2 - Budget & Administration		172,427	200,870	-	271,573	276,610	276,610	304,859	321,430	341,897
Vote 3 - Corporate		168	171	-	4,154	5,486	5,486	380	399	419
Vote 4 - Development & Planning		2,459	1,268	-	1,242	1,824	1,824	625	656	689
Vote 5 - Community		16,973	20,418	-	16,981	17,113	17,113	19,097	16,506	17,301
Vote 6 - Infrastructure		106,770	137,727	-	197,864	197,895	197,895	154,736	172,797	178,798
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		0	0	423,491	(0)	0	(5,037)	-	-	1
Total Revenue by Vote	2	299,095	360,599	423,491	491,815	498,929	493,892	479,696	511,788	539,104
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive & Council		21,867	24,361	-	26,312	26,262	26,262	29,282	30,746	32,284
Vote 2 - Budget & Administration		41,452	50,681	-	69,699	81,523	81,523	85,376	89,645	94,127
Vote 3 - Corporate		32,360	34,668	-	46,077	59,835	59,835	65,266	68,530	71,956
Vote 4 - Development & Planning		11,976	4,784	-	36,714	15,845	15,845	20,024	21,025	22,077
Vote 5 - Community		31,670	44,115	-	38,395	41,129	41,129	43,613	45,793	48,083
Vote 6 - Infrastructure		76,777	83,124	-	100,709	94,937	94,937	90,712	95,247	100,010
Vote 7 - Internal Audit		-	-	-	3,171	3,171	3,171	3,339	3,506	3,682
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		25,505	12,390	439,655	(9,056)	(6,739)	(6,734)	-	-	-
Total Expenditure by Vote	2	241,607	254,122	439,655	312,020	315,962	315,967	337,612	354,493	372,217
Surplus/(Deficit) for the year	2	57,489	106,477	(16,164)	179,795	182,967	177,924	142,084	157,296	166,887

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 14 Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	19 112	24 194	25 919	52 204	52 204	52 204	-	35 612	37 393	39 263
Service charges - electricity revenue	2	37 506	47 025	47 494	47 417	47 970	47 970	-	51 957	54 554	57 282
Service charges - water revenue	2	7 196	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	7 196	7 619	8 657	8 482	8 482	8 482	-	9 860	10 353	10 870
Service charges - other		-	7 619	-	-	-	-	-	-	-	-
Rental of facilities and equipment		694	588	710	774	975	975	-	1 700	1 785	1 874
Interest earned - external investments		3 607	4 279	14 266	5 600	5 600	5 600	-	8 901	9 346	9 813
Interest earned - outstanding debtors		4 089	5 393	-	6 928	6 753	6 753	-	5 967	6 265	6 578
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 821	2 737	2 251	1 500	1 578	1 578	-	2 331	2 447	2 569
Licences and permits		2 291	2 395	2 106	2 800	2 811	2 811	-	3 849	4 039	4 241
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		149 581	182 560	177 768	193 512	194 800	194 800	-	215 541	234 222	252 591
Other revenue	2	1 297	1 868	7 307	1 889	1 530	1 530	-	1 897	1 992	2 091
Gains on disposal of PPE		(79)	(286)	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		234 312	285 992	286 479	321 106	322 704	322 704	-	337 614	362 396	387 174
Expenditure By Type											
Employee related costs	2	75 879	80 676	276 116	105 526	99 646	99 646	-	114 330	120 047	126 049
Remuneration of councillors		15 937	16 875	17	17 504	17 504	17 504	-	20 227	21 239	22 301
Debt impairment	3	2 249	6 682	1	5 000	5 000	5 000	-	5 000	5 250	5 513
Depreciation & asset impairment	2	20 919	22 850	25 077	14 222	14 222	14 222	-	15 548	16 325	17 141
Finance charges		15	5	-	-	-	-	-	-	-	-
Bulk purchases	2	28 924	34 111	36 714	43 010	43 010	43 010	-	42 000	44 100	46 305
Other materials	8	12 592	-	11	7 971	6 761	6 761	-	6 258	6 571	6 900
Contracted services		13 417	15 099	22 496	75 628	83 899	83 899	-	82 832	86 973	91 322
Transfers and subsidies		33 452	18 517	18 265	820	263	268	-	150	158	165
Other expenditure	4, 5	38 222	59 307	60 958	42 338	45 658	45 658	-	51 267	53 831	56 522
Loss on disposal of PPE		-	-	0	-	-	-	-	-	-	-
Total Expenditure		241 607	254 122	439 655	312 020	315 962	315 967	-	337 612	354 493	372 217
Surplus/(Deficit)		(7 295)	31 870	(153 176)	9 087	6 741	6 736	-	2	7 903	14 957
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	71 980	82 226	137 012	137 144	137 624	137 624	-	98 435	104 392	106 930
Transfers and subsidies - capital (in-kind - all)		-	-	-	33 565	38 602	33 565	-	43 647	45 000	45 000
Surplus/(Deficit) after capital transfers & contributions		64 685	114 097	(16 164)	179 795	182 967	177 924	-	142 084	157 295	166 887
Taxation											
Surplus/(Deficit) after taxation		64 685	114 097	(16 164)	179 795	182 967	177 924	-	142 084	157 295	166 887
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		64 685	114 097	(16 164)	179 795	182 967	177 924	-	142 084	157 295	166 887
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		64 685	114 097	(16 164)	179 795	182 967	177 924	-	142 084	157 295	166 887

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

1. Total revenue is R479, 6 million (including capital and escalates to R539, million by 2020/21.
2. Revenue to be generated from property rates is R32, million in the 2018/19 financial year and increases to R39, 2 million by 2019/20 which represents 7 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality's own revenue.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R61, 8 million for the 2018/19 financial year and increasing to R68,1 million by 2020/21. For the 2018/19 financial year services charges amount to 12 per cent of the total revenue base .This growth can mainly be attributed to the increase in the bulk prices of electricity.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. The percentage share of this revenue source increases each year as per the allocations on the DORA.
5. Bulk purchases amounts to R42 million and increases to R46 million for 2020/21. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 15 Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Vote	1										
Multi-year expenditure, to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Administration		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate		1 995	-	2 359	-	-	-	-	-	-	-
Vote 4 - Development & Planning		400	-	-	-	-	-	-	-	-	-
Vote 5 - Community		800	-	3 141	-	-	150	-	-	-	-
Vote 6 - Infrastructure		38 938	-	133 330	167 044	165 841	165 841	-	113 936	154 128	164 308
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	42 133	-	138 830	167 044	165 841	165 991	-	113 936	154 128	164 308
Single-year expenditure, to be appropriated	2										
Vote 1 - Executive & Council		104	-	-	-	50	50	-	-	-	-
Vote 2 - Budget & Administration		1 385	42	-	2 330	2 480	2 480	-	6 735	1 430	1 502
Vote 3 - Corporate		502	2 127	-	570	1 220	1 220	-	4 900	-	-
Vote 4 - Development & Planning		413	1 399	-	120	120	120	-	2 965	1 540	760
Vote 5 - Community		3 736	9 576	-	495	3 255	3 255	-	6 415	350	940
Vote 6 - Infrastructure		55 974	88 337	-	50	3 160	3 160	-	7 132	-	-
Vote 7 - Internal Audit		-	23	-	100	100	100	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		62 115	101 503	-	3 665	10 385	10 385	-	28 147	3 320	3 202
Total Capital Expenditure - Vote		104 248	101 503	138 830	170 708	176 226	176 376	-	142 082	157 448	167 509
Capital Expenditure - Functional											
Governance and administration		3 969	2 200	13 616	33 050	3 850	3 850	-	12 150	1 430	1 502
Executive and council		108	23	1 106	-	50	50	-	-	-	-
Finance and administration		3 861	2 177	12 510	32 950	3 700	3 700	-	12 150	1 430	1 502
Internal audit		-	-	-	100	100	100	-	-	-	-
Community and public safety		4 536	26 392	4 484	465	1 225	1 225	-	2 320	350	830
Community and social services		2 216	6 047	3 690	-	660	660	-	230	150	620
Sport and recreation		873	673	-	-	-	-	-	-	-	-
Public safety		1 448	2 856	794	465	565	565	-	2 090	200	210
Housing		-	16 816	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		46 589	48 789	47 362	47 784	73 431	73 431	-	76 422	98 068	107 578
Planning and development		830	1 415	1 016	120	120	120	-	2 965	1 540	760
Road transport		45 759	47 374	46 346	47 664	73 311	73 311	-	73 457	96 528	106 818
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		49 153	24 122	73 367	89 410	97 720	97 720	-	51 190	57 600	57 600
Energy sources		49 153	24 122	73 367	89 380	95 690	95 690	-	47 610	57 600	57 600
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	30	2 030	2 030	-	3 580	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	104 248	101 503	138 829	170 708	176 226	176 226	-	142 082	157 448	167 509
Funded by:											
National Government		103 617	101 503	110 568	127 664	127 584	127 584	-	98 436	112 448	122 509
Provincial Government		-	-	9 000	9 380	10 040	10 040	-	-	-	-
District Municipality		-	-	-	100	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	103 617	101 503	119 568	137 144	137 624	137 624	-	98 436	112 448	122 509
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		631	-	19 261	33 565	38 602	38 602	-	43 647	45 000	45 000
Total Capital Funding	7	104 248	101 503	138 829	170 708	176 226	176 226	-	142 082	157 448	167 509

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations..
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 16 MBRR Table A6 -Budgeted Financial Position
Explanatory notes to Table A6 - Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Current assets											
Cash		8 455	48 411	3 972	18 900	18 900	18 900		19 845	20 837	21 879
Call investment deposits	1	22 032	-	72 038	21 330	21 330	21 330	-	22 397	23 516	24 692
Consumer debtors	1	18 206	31 724	41 821	12 299	12 299	12 299	-	12 914	13 560	14 238
Other debtors		18 592	11 512	15 819	12 317	12 317	12 317		12 933	13 580	14 259
Current portion of long-term receivables		-	-	-							
Inventory	2	3 341	966	763	966	966	966		1 014	1 065	1 118
Total current assets		70 625	92 612	134 413	65 813	65 813	65 813	-	69 103	72 558	76 186
Non current assets											
Long-term receivables		-	-	-							
Investments											
Investment property		19 174	21 614	22 035	21 614	21 614	21 614		22 695	23 830	25 021
Investment in Associate		-	-	-							
Property, plant and equipment	3	603 770	682 280	787 672	846 457	846 457	846 457	-	888 780	933 219	979 880
Agricultural		-	-	-							
Biological		-	-	-							
Intangible		672	421	2 513	421	421	421		442	464	487
Other non-current assets		-	-	-							
Total non current assets		623 616	704 315	812 220	868 492	868 492	868 492	-	911 917	957 512	1 005 388
TOTAL ASSETS		694 241	796 926	946 633	934 305	934 305	934 305	-	981 020	1 030 071	1 081 574
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-							
Borrowing	4	-	-	1 185	-	-	-	-	-	-	-
Consumer deposits		296	279	282	379	379	379		398	418	439
Trade and other payables	4	33 823	33 816	30 632	35 652	35 652	35 652	-	34 737	36 473	38 297
Provisions		1 563	1 179		1 179	1 179	1 179		398	418	439
Total current liabilities		35 681	35 273	32 099	37 210	37 210	37 210	-	35 533	37 309	39 175
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		21 063	24 442	25 262	25 664	25 664	25 664	-	26 948	28 295	29 710
Total non current liabilities		21 063	24 442	25 262	25 664	25 664	25 664	-	26 948	28 295	29 710
TOTAL LIABILITIES		56 744	59 715	57 361	62 874	62 874	62 874	-	62 480	65 604	68 884
NET ASSETS	5	637 497	737 211	889 272	871 430	871 430	871 430	-	918 540	964 467	1 012 690
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		544 741	647 292	802 187	785 511	785 511	785 511		828 325	869 741	913 228
Reserves	4	92 756	89 919	87 085	85 919	85 919	85 919	-	90 215	94 726	99 462
TOTAL COMMUNITY WEALTH/EQUITY	5	637 497	737 211	889 272	871 430	871 430	871 430	-	918 540	964 467	1 012 690

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

Table 17 Table A7 - Budgeted Cash Flow Statement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		9 325	24 194	25 919	52 204	58 957	58 957	-	35 612	37 393	39 263
Service charges		43 258	54 645	45 664	55 899	56 074	56 074	-	61 816	64 907	68 152
Other revenue		4 837	16 923	7 284	6 962	13 063	13 063	-	9 776	10 263	10 776
Government - operating	1	148 861	175 071	175 914	193 592	190 688	190 688	-	215 541	234 222	252 591
Government - capital	1	71 332	87 911	137 012	137 144	139 468	139 468	-	98 436	104 364	106 930
Interest		7 696	9 672	14 266	12 528	-	-	-	14 868	15 611	16 392
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(185 184)	(249 317)	(232 063)	(267 338)	(303 217)	(303 217)	-	(316 914)	(332 760)	(349 398)
Finance charges		(15)	(5)	(34)	-	-	-	-	-	-	-
Transfers and Grants	1	(22 946)	-	(18 016)	(820)	(263)	(263)	-	(150)	(158)	(165)
NET CASH FROM/(USED) OPERATING ACTIVITIES		77 163	119 092	155 947	190 172	154 770	154 770	-	118 985	133 842	144 541
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		5	335	1 198	-	-	-	-	43 647	45 000	45 000
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	5 106	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(104 248)	(101 503)	(138 829)	(170 708)	(176 226)	(176 226)	-	(142 082)	(149 364)	(151 930)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(104 243)	(101 169)	(132 524)	(170 708)	(176 226)	(176 226)	-	(98 436)	(104 364)	(106 930)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	(8)	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	213	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	205	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(27 080)	17 924	23 628	19 463	(21 456)	(21 456)	-	20 550	29 478	37 611
Cash/cash equivalents at the year begin:	2	57 566	30 487	48 411	72 038	91 502	70 046	-	5 837	26 387	55 866
Cash/cash equivalents at the year end:	2	30 487	48 411	72 038	91 502	70 046	48 590	-	26 387	55 866	93 476

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2018/19 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. The estimated surplus for the 2018/19 MTREF is based on enhancing the going concern principle of the municipality, the surplus is estimated at R26 million and R93 million in 2020/21 outer year .

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	30 487	48 411	72 038	91 502	70 046	48 590	-	26 387	55 866	93 476
Other current investments > 90 days		(0)	(0)	3 972	(51 271)	(29 816)	(8 360)	-	15 855	(11 512)	(46 905)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		30 487	48 411	76 010	40 230	40 230	40 230	-	42 242	44 354	46 571
Application of cash and investments											
Unspent conditional transfers		-	-	-	2 570	2 570	2 570	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	7 803	(7 821)	(17 501)	9 863	7 300	7 300	-	10 252	10 764	11 302
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		7 803	(7 821)	(17 501)	12 433	9 870	9 870	-	10 252	10 764	11 302
Surplus(shortfall)		22 684	56 232	93 511	27 797	30 360	30 360	-	31 990	33 589	35 269

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. From the table it can be seen that for the period 2018/19 the surplus is R31million and increases to R35million in 2020/21. For the rest of the MTREF a surplus is indicated.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the tabled 2018/19 MTREF is funded.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 18 A9 - Asset Management

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	104,248	101,503	-	170,708	176,226	176,226	143,170	143,170	128,330
Roads Infrastructure		39,530	32,822	-	38,601	44,318	44,318	48,263	75,442	70,730
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		21,367	29,038	-	90,380	95,380	95,380	46,710	57,600	57,600
Solid Waste Infrastructure		2,206	8,686	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	375	375	600	-	-
Infrastructure		63,103	70,546	-	128,981	140,073	140,073	95,573	133,042	128,330
Community Facilities		4,420	2,519	-	3,320	1,280	1,280	3,050	-	-
Sport and Recreation Facilities		3,220	8,367	-	5,662	6,420	6,420	12,200	-	-
Community Assets		7,640	10,886	-	8,982	7,700	7,700	15,250	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		33,505	20,071	-	30,160	21,443	21,443	19,911	10,128	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		33,505	20,071	-	30,160	21,443	21,443	19,911	10,128	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	380	-	-	600	-	-
Intangible Assets		-	-	-	380	-	-	600	-	-
Computer Equipment		-	-	-	250	1,060	1,060	730	-	-
Furniture and Office Equipment		-	-	-	1,955	2,000	2,000	2,707	-	-
Machinery and Equipment		-	-	-	-	1,410	1,410	600	-	-
Transport Assets		-	-	-	-	2,540	2,540	7,800	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
ASSET REGISTER SUMMARY - PPE (WDV)										
Roads Infrastructure	5	312,141	352,511	353,049	362,010	362,010	362,010	410,273	457,065	506,395
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		21,367	29,038	255,737	214,757	214,757	214,757	259,417	317,017	374,617
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		77,297	94,646	32,761	77,297	77,297	77,297	77,297	77,297	77,297
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		80,699	107,905	56,272	23,820	-	-	600	600	600
Infrastructure		491,503	584,100	697,819	677,884	654,064	654,064	747,587	851,980	958,909
Community Facilities		79,101	84,635	72,557	75,487	75,487	75,487	76,287	76,287	76,287
Sport and Recreation Facilities		-	-	-	-	-	-	12,200	12,200	12,200
Community Assets		79,101	84,635	72,557	75,487	75,487	75,487	88,487	88,487	88,487
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		19,174	21,614	22,035	19,571	19,571	19,571	19,571	19,571	19,571
Investment properties		19,174	21,614	22,035	19,571	19,571	19,571	111,081	111,081	111,081
Operational Buildings		113,865	121,449	73,568	95,551	95,551	95,551	111,081	111,081	111,081
Housing		-	-	-	-	-	-	-	-	-
Other Assets		113,865	121,449	73,568	95,551	95,551	95,551	111,081	111,081	111,081
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		672	421	2,513	-	-	-	-	-	-
Intangible Assets		672	421	2,513	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	730	730	730
Furniture and Office Equipment		-	-	-	-	-	-	2,707	2,707	2,707
Machinery and Equipment		-	-	-	-	-	-	600	600	600
Transport Assets		-	-	-	-	-	-	7,800	7,800	7,800
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	704,315	812,220	868,492	868,492	844,672	844,672	978,562	1,082,954	1,189,884

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 9 per cent of PPE.

Table 19 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Highest level of free service provided per household										
Property rates (R v value threshold)		30,000	–		55,000	55,000		65,000	65,000	65,000
Water (kilolitres per household per month)		–	–							
Sanitation (kilolitres per household per month)		–	–							
Sanitation (Rand per household per month)		–	–							
Electricity (kwh per household per month)		–	–		50	50		50	50	50
Refuse (average litres per week)		–	–		157			124	130	137
Revenue cost of subsidised services provided (R'000)										
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	9	–	–							
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		–	–		14,000	14,000	14,000	19,274	20,238	21,250
Water (in excess of 6 kilolitres per indigent household per month)		–	–		–	–	–	–	–	–
Sanitation (in excess of free sanitation service to indigent households)		–	–		–	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)		–	–		–	–	–	–	–	–
Refuse (in excess of one removal a week for indigent households)		–	–		–	–	–	–	–	–
Municipal Housing - rental rebates		–	–							
Housing - top structure subsidies	6	–	–							
Other		–	–							
Total revenue cost of subsidised services provided		–	–	–	14,000	14,000	14,000	19,274	20,238	21,250

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for 19000 households to be registered as indigent in 2018/19, and therefore entitled to receiving Free Basic Services. The number is to be maintained at 19 000 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
3. It is anticipated that these Free Basic Services will cost the municipality R19 million in 2018/19, increasing to R21 million in 2020/20. This is covered by the municipality's equitable share allocation from national government.

2 Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

1. The process followed in compiling the 2018/19 Budget can be summarised as follows:
 - a) Council Adopted a Budget Timetable in August 2017.
 - b) The Budget & Finance Standing Committee Compiled Budget Assumptions and recommended same to Council for adoption. During this meeting the Budget, Tariff, Rates, Indigent and SCM Policies were reviewed. ;
 - c) The CFO presented the Budget Assumptions and Guideline to the General Manager in September 2017;
 - d) IDP / Budget Outreaches were held in April 2018. Councillors, Managers and support staff were divided in six (6) teams and all wards were visited during one (1) week.
 - e) The budget office consolidated the final budget taking into account the comments from the communities and provincial treasury .

2.2 Overview of alignment of annual budget with IDP

The development of the IDP of 2017-2022 and the 2018/2019 Budget Compilation were done simultaneously. During the Community Participation Process IDP priorities and the implications it will have on the current and future budgets were discussed. Community input in this regard was invited and included in both the IDP and the 2018/2019 Budget. Only capital items listed in the IDP was included in the Budget, funds permitting.

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

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

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

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

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

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

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

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

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

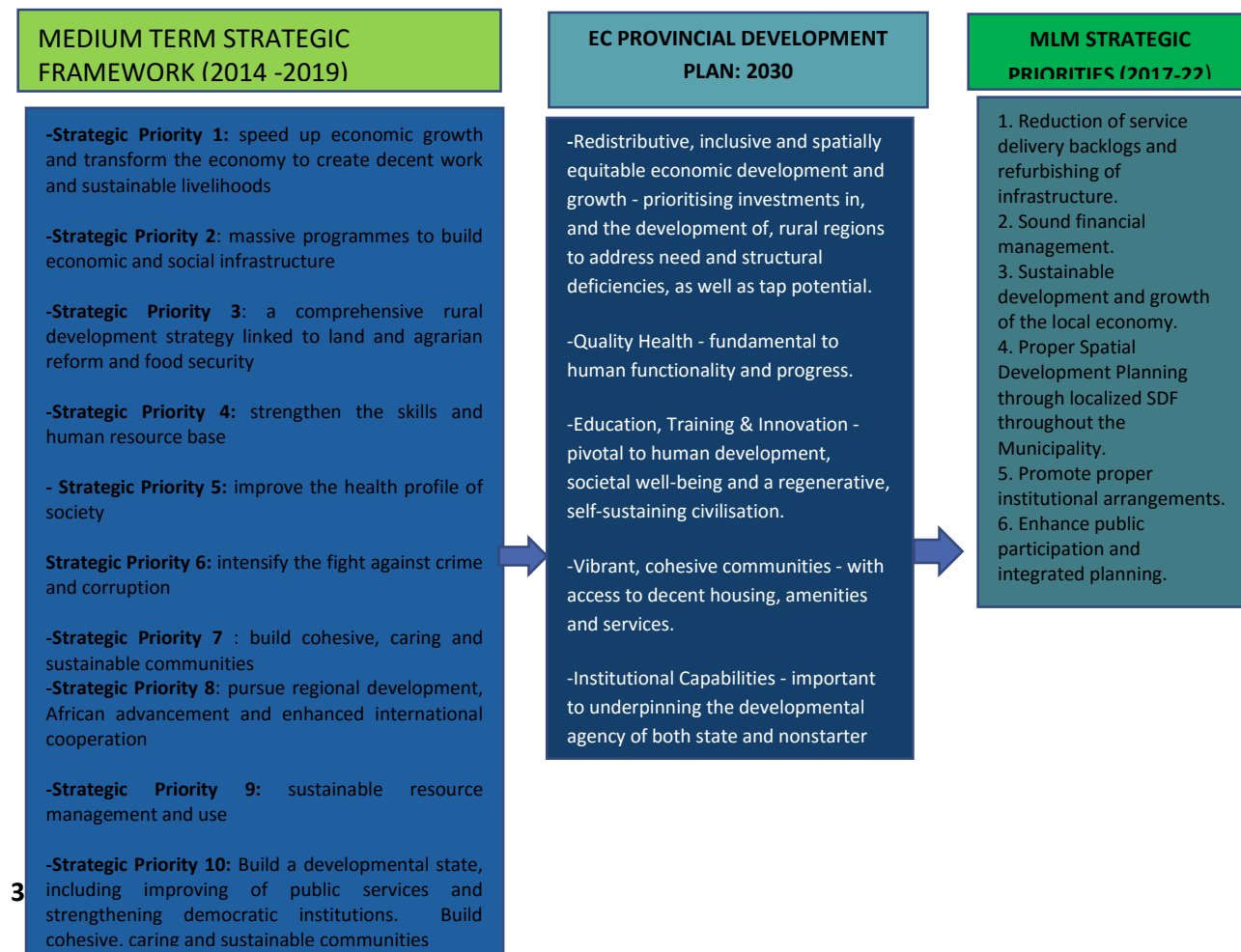
The aim of the revision cycle was develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and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

The national and provision priorities, policies

- Green Paper on National Strategic
- Government Programme of Action
- Development Facilitation Act of
- Provincial Growth and Development
- National and Provincial Spatial Development Perspectives;
- Relevant Sector plans such as transportation, Legislation and policy;
- National Key Performance Indicators (NKPI's);
- Accelerated and Shared Growth
- National Spatial Development
- The National Priority Outcomes

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/2017 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives



In order to ensure integrated and focused service delivery between all spheres of government it was important for the city to align its budget with that of national and provincial government. All spheres of government place a high priority on infrastructure development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements. Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

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

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the Revenue Management Strategy.
- 5.1 Promote sound governance through:
 - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
 - Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 4.3 Optimal institutional transformation to ensure capacity to achieve set objectives
 - Review of the organizational structure to optimize the use of personal;

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

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

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

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

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

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

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

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
To improve revenue enhancement through broadening revenue base and improving revenue collection	sustain a Financially viable institution that is sustainable and complies with statutes	Goal 3	P2G308	4,089	5,393	-	6,928	6,753	6,753	5,967	6,265	6,578
To ensure full compliance with legislative requirements of MFMA, MPRA and financial relevant regulations and national treasury guides and reforms to improve financial management and its viability	sustain a Financially viable institution that is sustainable and complies with statutes	Goal 3		19,112	24,194	25,919	52,204	52,204	52,204	54,814	57,555	60,433
Achieve sound environmental management and land use conservation management	Realize sustainable	Goal 2	PIG10	-	-	8,657	8,482	8,482	8,482	9,860	10,353	10,870
Achieve sound environmental management and land use conservation management	sustain a Financially viable institution that is sustainable and complies with statutes	Goal 2		4,113	5,132	4,357	4,300	4,389	4,389	6,178	6,486	6,811
To ensure full compliance with legislative requirements of MFMA, MPRA and financial relevant regulations and national treasury guides and reforms to improve financial management and its viability.	sustain a Financially viable institution that is sustainable and complies with statutes	Goal 3		221,561	264,787	314,780	330,656	332,423	332,423	325,377	338,797	359,711
				50,221	61,094	69,778	89,244	94,678	89,641	77,501	92,332	94,701
Allocations to other priorities												
Total Revenue (excluding capital transfers and contributions)				299,095	360,599	423,491	491,815	498,929	493,892	479,696	511,788	539,104

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

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand													
To ensure full compliance with legislative requirements of MFMA, MPRA and financial	Financially viable institution that is sustainable and complies with statutes	Goal 3		91,815	97,551	276,133	123,030	117,150	117,150	120,985	127,034	133,387	
To improve revenue enhancement through broadening revenue base and	Financially viable institution that is sustainable and complies with statutes	Goal 3		2,249	6,682	1	5,000	5,000	5,000	5,000	5,250	5,513	
To ensure full compliance with legislative requirements of MFMA, MPRA and financial	Financially viable institution that is sustainable and complies with statutes	Goal 3		20,919	22,850	25,077	14,222	14,222	14,222	32,008	33,608	35,289	
To improve the provision basic services to rural and urban communities in the	Improve access to services in rural areas through sustainable road network and buildings	Goal 2		28,924	34,111	36,714	43,010	43,010	43,010	45,115	47,371	49,740	
				97,699	92,928	101,730	126,758	136,581	136,586	134,504	141,229	148,290	
Allocations to other priorities													
Total Expenditure				1	241,607	254,122	439,655	312,020	315,962	315,967	337,612	354,493	372,217

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual 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:

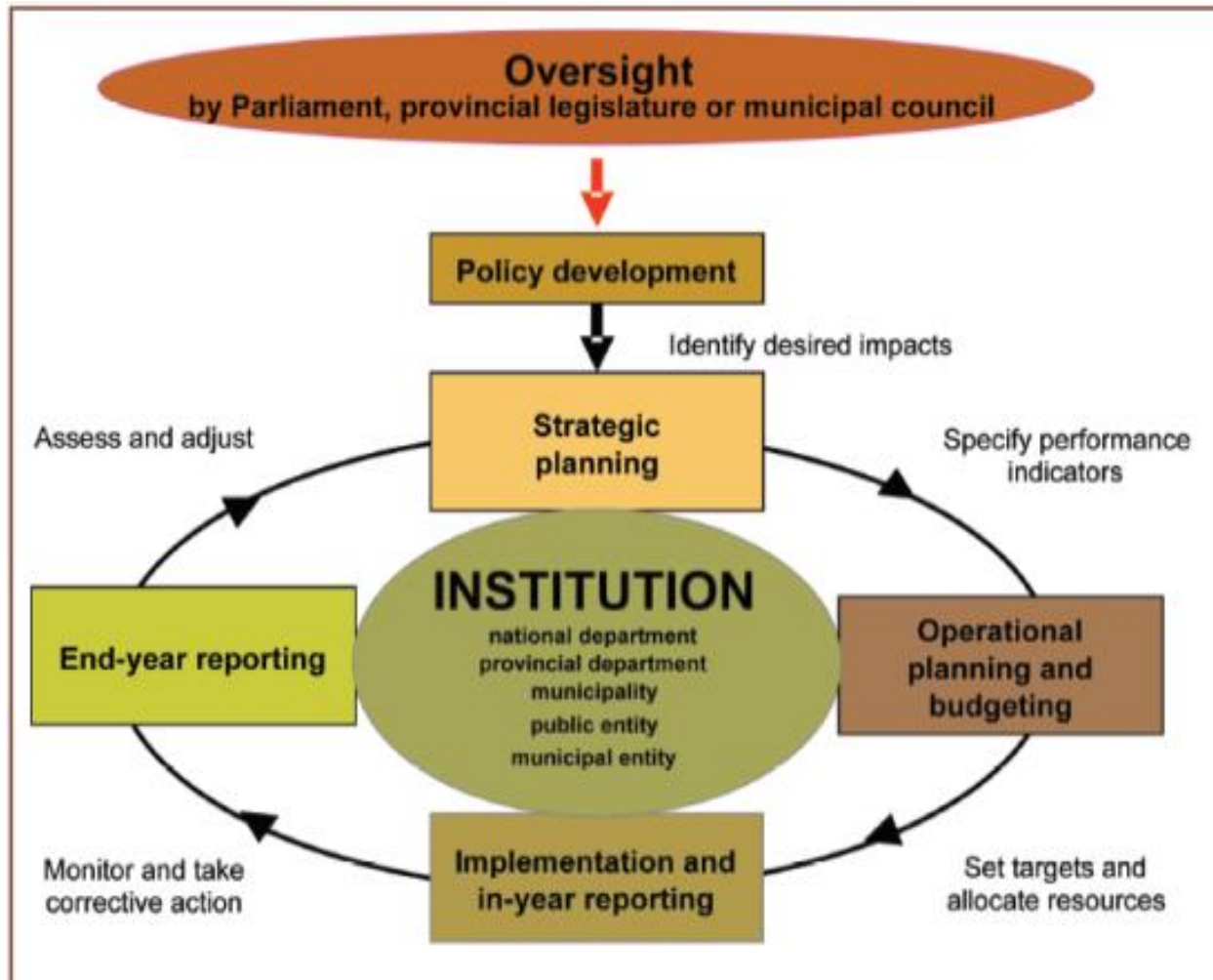


Figure 5 Planning, Budgeting and Reporting Cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

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

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

Figure 6 Definition of performance information concepts

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

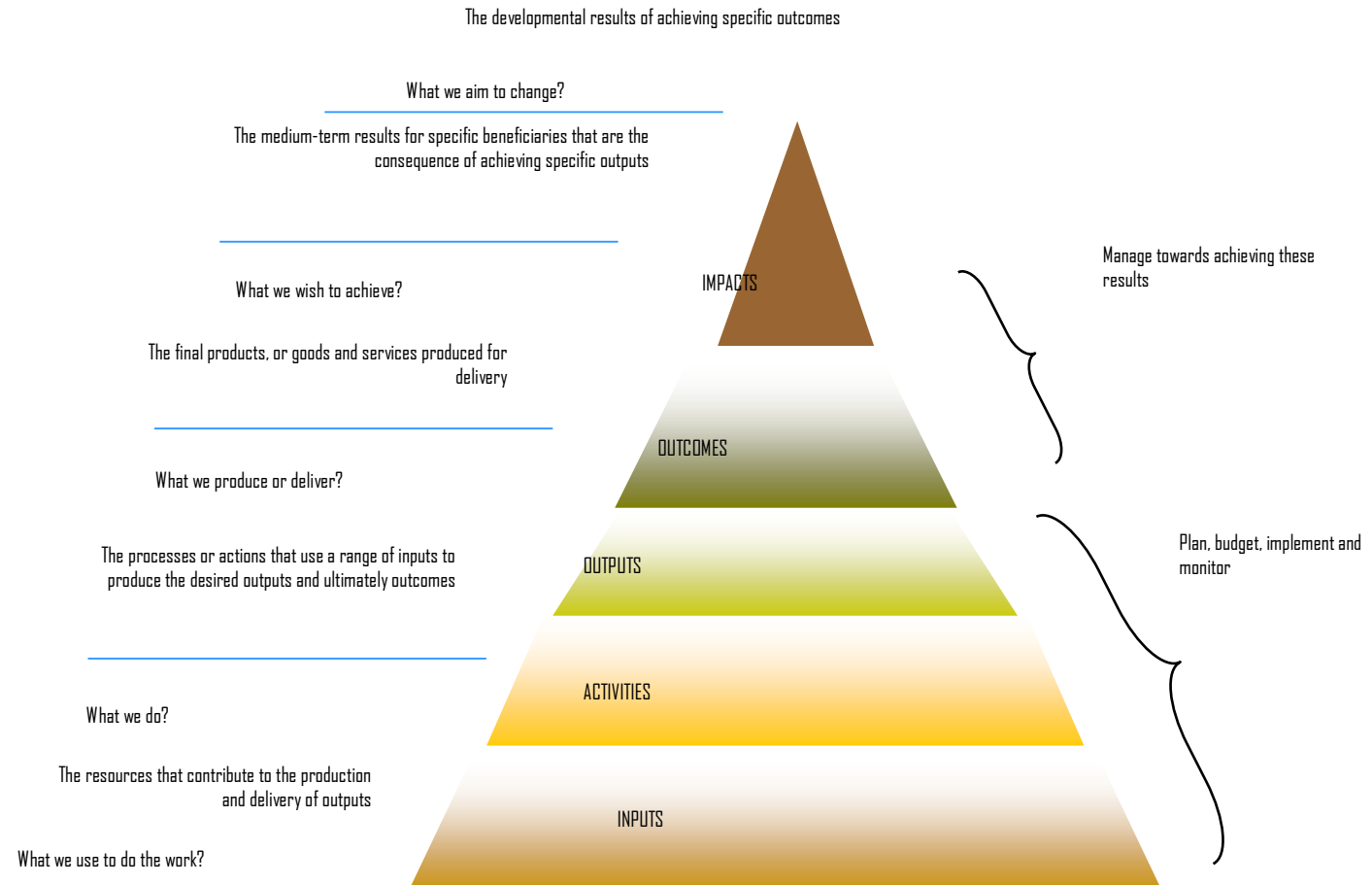


Figure 6 Definition of performance information concepts

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

Table 21MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing / Own Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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	2.0	2.6	4.2	1.8	1.8	1.8	-	1.9	1.9	1.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.0	2.6	4.2	1.8	1.8	1.8	-	1.9	1.9	1.9
Liquidity Ratio	Monetary Assets/Current Liabilities	0.9	1.4	2.4	1.1	1.1	1.1	-	1.2	1.2	1.2
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		74.0%	91.2%	93.4%	100.0%	105.9%	105.9%	0.0%	100.0%	100.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		74.0%	91.2%	87.2%	100.0%	105.9%	105.9%	0.0%	100.0%	100.0%	100.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	15.7%	15.1%	20.1%	7.7%	7.6%	7.6%	0.0%	7.7%	7.5%	7.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		110.9%	69.9%	42.5%	36.2%	47.2%	68.1%	0.0%	131.6%	65.3%	41.0%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	32.4%	28.2%	96.4%	32.9%	30.9%	30.9%	0.0%	33.9%	33.1%	32.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	39.2%	35.0%	34.6%	39.3%	36.3%	36.3%		40.1%	39.3%	38.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	5.2%	6.0%	6.0%	6.0%		3.8%	3.7%	3.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	8.9%	8.0%	8.8%	4.4%	4.4%	4.4%	0.0%	4.6%	4.5%	4.4%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	8.8	7.3	8.7	-	-	-	-	7.8	7.8	8.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	51.3%	49.7%	69.6%	22.6%	22.5%	22.5%	0.0%	26.1%	26.1%	26.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.0	3.0	2.3	4.1	3.1	2.2	-	1.1	2.2	3.5

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Matatiele Local Municipality's borrowing strategy is primarily informed by the affordability of debt repayment. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2018/2019 MTREF:

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2018/19 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

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

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2018/19 MTREF the current ratio is 1.4 in the 2018/19 financial year and 1.3 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately.

2.3.1.4 Revenue Management

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

2.3.1.5 Creditors Management

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

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

2.3.1.6 Other Indicators

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

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

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

For the 2018/19 financial year 19 000 registered indigents have been provided for in the budget with this figured increasing to 21 000 by 2018/19. In terms of the Municipality's indigent policy registered households are entitled to 50 kWh of electricity and free waste removal as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 34.

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

2.4 OVERVIEW OF BUDGET RALATED POLICIES

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

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

Budget Related Policies

- 3.1. Appointment of consultants' policy,
- 3.2. Banking and investments policy,
- 3.3. Budget policy,
- 3.4. Cash management policy,
- 3.5. Credit control and debt collection policy,
- 3.6. Customer care policy,
- 3.7. Customer incentive scheme policy,
- 3.8. Debt capacity policy,
- 3.9. Donor finance policy,
- 3.10. Electricity token policy,
- 3.11. Grants & donation policy,
- 3.12. GRAP framework policy,
- 3.13. Indigent Policy,
- 3.14. Cash-up Policy,
- 3.15. Fixed Assets Policy,
- 3.16. Fleet Management Policy,
- 3.17. Payment Policy,
- 3.18. Petty Cash Policy,
- 3.19. Property Rates Policy,
- 3.20. Special Services Policy,
- 3.21. Strategy to improve Debtor policy,
- 3.22. Supply Chain management Policy,
- 3.23. Tariff Policy,
- 3.24. Use of Credit Card Policy and
- 3.25. Virement Policy.
- 3.26. Impairment and write-off policy
- 3.27. Infrastructure procurement and delivery management policy.

Overview of Budget Assumptions

Arising from the above Overview of Economic Analysis, the following Budget Assumptions were made and are affected in the 2018/19 budget:

✚ Estimate Salary Increases

- 2018/19 – 8%
- 2018/19 – 8%
- 2019/20 – 8%

✚ Debt Impairment: the overall collection levels are estimate around 85% overall for the MLM.

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

- Property Rates (80% in 2018 / 2019)
- Electricity (80% in 2018 / 2019)
- Refuse (95% in 2018 / 2019)

✚ Bulk Electricity purchases: MLM has assumed tariff increase of 7.62% from Eskom and will increase its tariffs with 6.84 % subject to NERSA approval.;

✚ Other expenditure: In order to accommodate the increases in salaries, bulk purchases, debt

Impairment and depreciation, it means that all other expenditure will increase at a reduced rate or maintained at the current levels;

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

✚ The Budget is based on current service levels.

✚ Government grants for the years 2018/2019 to 2020/2021 are as per the Division of Revenue Act, assuming that all allocations will be received;

✚ Growth in staff related costs has been provided for in the budget at 8% per annum, growth in the remaining expense items range from 0% to 10%;

✚ Provision has been made for tariff increases relating to services at an average rate of 5% per annum; and

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

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 2 Breakdown of the operating revenue over the medium-term

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

- The revenue strategy is a function of key components such as:
 - Growth in the municipality and economic development;
 - Revenue management and enhancement;
 - Achievement of a 85 per cent annual collection rate for consumer revenue;
 - National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and the ability to extend new services and obtain cost recovery levels.

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

The proposed tariff increases for the 2018/19 MTREF on the different revenue categories are:

Proposed tariff increases over the medium-term- solid waste removal

DESCRIPTION	New Tariff Vat Excluded 2017/2018	Increase for 2018/19	New Tariff VAT Excluded 2018/2019
<i>Domestic Removals</i> Every owner or occupier of premises from which refuse is removed twice weekly shall pay the Council a fee of per bag per month.	R 117.99	5%	R 123.89
<i>Commercial Removals</i> Each individual/separate business shall be charged a basic service charge per month.	R 176.97	5%	R 185.82
In addition to 1.2 every owner or occupier of business premises from which refuse is removed, shall pay the Council a fee of per bag per month, removal twice weekly.	R 176.97	5%	R 185.82
Provided that Council may at any time conclude separate agreements with commercial users who require that refuse be removed more than twice a week. The above tariff shall be the applicable tariff.			
<i>Removal from Separate Consumers on same Premises</i> Where refuse is removed from shops and dwellings or flats situated on the same premises such shops and dwellings or flats shall be regarded as separately occupied buildings, and the charges for the removal of refuse shall be as prescribed in applicable scales.			
<i>Availability Charge</i> A availability fee , is charged to any vacant commercial erven located in the town areas of Cedarville, Matatiele and Maluti.	R 200.00	5%	R 210.00
A availability fee , is charged to any vacant domestic erven located in the town areas of Cedarville, Matatiele and Maluti.	R 100.00	5%	R 105.00

Proposed tariff increases over the medium-term- Electricity

DESCRIPTION	New Tariff Vat Excluded 2017/2018	Increase for 2018/19	New Tariff VAT Excluded 2018/2019
Scale 1: Domestic Consumers			
Basic charge, single or three phase per household per month. Plus the following kWh charges per month.	R 359.70	6.84%	R 384.30
0-50	R 0.80	6.84%	R 0.85
51-350	R 1.04	6.84%	R 1.11
351-600	R 1.47	6.84%	R 1.57
600 over	R 1.76	6.84%	R 1.88
Scale 2: Commercial & Other Consumers			
Basic charge of consumers with the following kVA installed per month			
0 - 25 KVA	R 405.48	6.84%	R 433.21
26 - 64 KVA	R 1,486.94	6.84%	R 1,588.65
65 KVA and more	R 8,700.40	6.84%	R 9,295.51
plus the following kWh charge per month:			
0 - 2000 kWh	R 1.59	6.84%	R 1.70
2000 - and more	R 1.59	6.84%	R 1.70

Table 3MBRR SA16 – Investment particulars by maturity

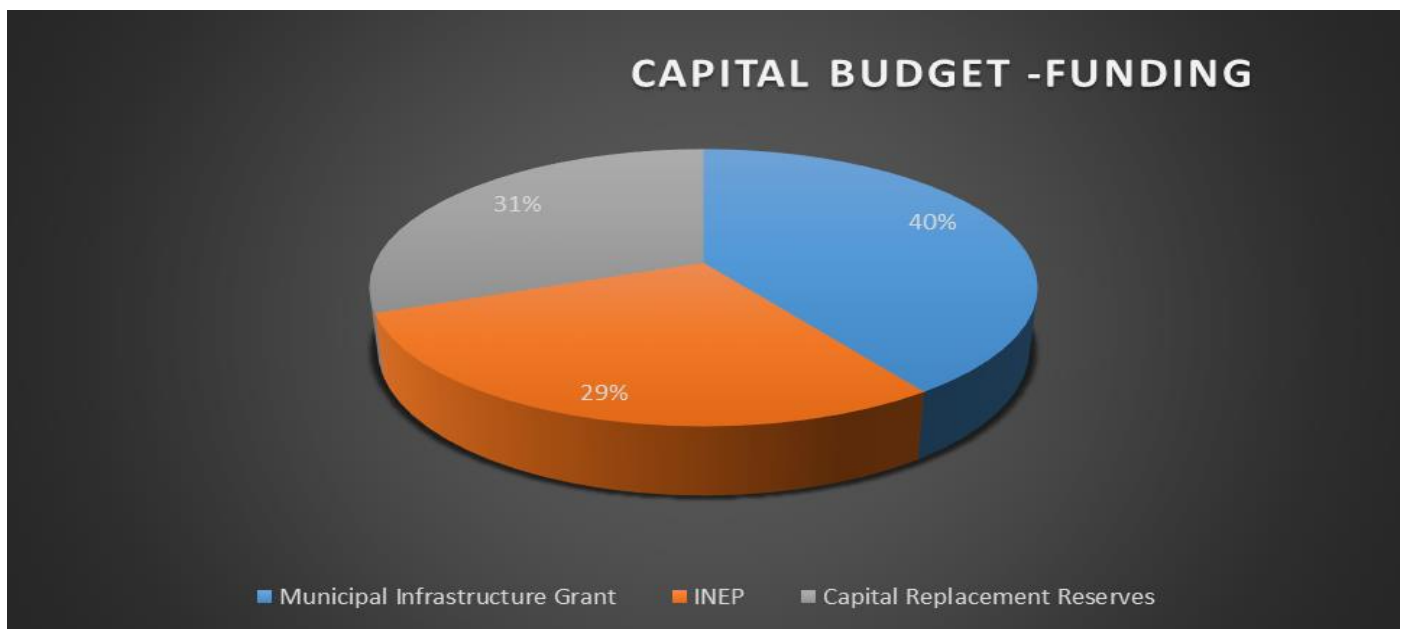
Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														
68600704/001-STDBANK		2	Deposits - Bank (03)	YES	Variable	5.45	0	0		7,855	46	-	9,300	17,201
68600704/002-STDBANK		2	Deposits - Bank (03)	YES	Variable	5.45	0	0		9,319	42	-	42	9,402
61208496573-FNB		2	Deposits - Bank (03)	YES	Variable	5.4	0	0		6,106	28	-	-	6,134
7881006129-NEDBANK		2	Deposits - Bank (03)	YES	Variable	6.5	0	0		4,994	31	-	31	5,055
7881109624-NEDBANK		2	Deposits - Bank (03)	YES	Variable	6.5	0	0		6,668	37	(8,442)	4,121	2,383
7881120797-NEDBANK		2	Deposits - Bank (03)	YES	Variable	6.5	0	0		6,909	101	(6,089)	101	1,022
62175310045-FNB		2	Deposits - Bank (03)	YES	Variable	5.4	0	0		173	1	(9)	1	165
62215611121-FNB		2	Deposits - Bank (03)	YES	Variable	5.4	0	0		1,758	8	(93)	8	1,681
62286478906-FNB		2	Deposits - Bank (03)	YES	Variable	5.4	0	0		641	3	(135)	3	512
7881006129-NEDBANK		1	Deposits - Bank (03)	YES	Variable	7.25	0	0		32,735	184	(17,000)	184	16,102
78881127902-NEDBANK		1	Deposits - Bank (03)	YES	Variable	7.5	0	0		3,429	19	(205)	19	3,262
78881134496-NEDBANK		1	Deposits - Bank (03)	YES	Variable	6.5	0	0		6,028	33	(5,061)	33	1,033
7881134550-NEDBANK		1	Deposits - Bank (03)	YES	Variable	6.5	0	0		2,934	11	-	1,710	4,655
														-
Municipality sub-total										47,525		(22,494)	1,956	68,609
Entities														
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	1									47,525		(22,494)	1,956	68,609

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2018/19 medium-term capital programme:
Sources of capital revenue for the 2018/19 financial year

FUNDING OF CAPITAL BUDGET	2018/19
INEP	41 160 000
Municipal Infrastructure Grant (MIG)	57 275 500
Capital Replacement Reserve (CRR)	43 646 600
TOTAL	142 082 100

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



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

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

Table 4MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorised by type	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Parent municipality										
Annuity and Bullet Loans		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Entities										
Annuity and Bullet Loans		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	-	-	-	-	-	-	-	-
Unspent Borrowing - Categorised by type										
Parent municipality										
Long-Term Loans (annuity/reducing balance)		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Entities										
Long-Term Loans (annuity/reducing balance)		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Unspent Borrowing	1	-	-	-	-	-	-	-	-	-

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

Description	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:								
Capital Transfers and Grants								
National Government:	77,374	124,661	137,044	127,664	127,664	98,436	104,392	106,930
Municipal Infrastructure Grant (MIG)	47,374	44,661	47,664	47,664	47,664	57,276	46,792	49,330
Integrated National Electrification Programme	30,000	80,000	80,000	80,000	80,000	41,160	57,600	57,600
ELECTRIFICATION SUPPORT			9,380	-	-	-	-	-
Other capital transfers/grants [insert desc]								
Provincial Government:	-	-	-	9,380	9,380	-	-	-
ELECTRIFICATION SUPPORT			-	9,380	9,380	-	-	-
District Municipality:	-	-	100	-	-	-	-	-
GIS SUPPORT			100					
Other grant providers:	1,954	14,087	-	-	-	-	-	-
	1,954	14,087						
Total Capital Transfers and Grants	79,328	138,748	137,144	137,044	137,044	98,436	104,392	106,930

2.6.3 Cash Flow Management

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

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

Table 42 MBRR Table A7 - Budget cash flow statement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		9,325	24,194	25,919	52,204	58,957	58,957	-	35,612	37,393	39,263
Service charges		43,258	54,645	45,664	55,899	56,074	56,074	-	61,816	64,907	68,152
Other revenue		4,837	16,923	7,284	6,962	13,063	13,063	-	9,776	10,263	10,776
Government - operating	1	148,861	175,071	175,914	193,592	190,688	190,688	-	215,541	234,222	252,591
Government - capital	1	71,332	87,911	137,012	137,144	139,468	139,468	-	98,436	104,364	106,930
Interest		7,696	9,672	14,266	12,528	-	-	-	14,868	15,611	16,392
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(185,184)	(249,317)	(232,063)	(267,338)	(303,217)	(303,217)	-	(316,914)	(332,760)	(349,398)
Finance charges		(15)	(5)	(34)	-	-	-	-	-	-	-
Transfers and Grants	1	(22,946)	-	(18,016)	(820)	(263)	(263)	-	(150)	(158)	(165)
NET CASH FROM/(USED) OPERATING ACTIVITIES		77,163	119,092	155,947	190,172	154,770	154,770	-	118,985	133,842	144,541
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		5	335	1,198	-	-	-	-	43,647	45,000	45,000
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	5,106	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments				0							
Capital assets		(104,248)	(101,503)	(138,829)	(170,708)	(176,226)	(176,226)	-	(142,082)	(149,364)	(151,930)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(104,243)	(101,169)	(132,524)	(170,708)	(176,226)	(176,226)	-	(98,436)	(104,364)	(106,930)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	(8)	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	213	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	205	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(27,080)	17,924	23,628	19,463	(21,456)	(21,456)	-	20,550	29,478	37,611
Cash/cash equivalents at the year begin:	2	57,566	30,487	48,411	72,038	91,502	70,046	-	5,837	26,387	55,866
Cash/cash equivalents at the year end:	2	30,487	48,411	72,038	91,502	70,046	48,590	-	26,387	55,866	93,476

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

- What are the predicted cash and investments that are available at the end of the budget year?
- 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 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	30,487	48,411	72,038	91,502	70,046	48,590	-	26,387	55,866	93,476
Other current investments > 90 days		(0)	(0)	3,972	(51,271)	(29,816)	(8,360)	-	15,855	(11,512)	(46,905)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		30,487	48,411	76,010	40,230	40,230	40,230	-	42,242	44,354	46,571
Application of cash and investments											
Unspent conditional transfers		-	-	-	2,570	2,570	2,570	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	7,803	(7,821)	(17,501)	9,863	7,300	7,300	-	10,252	10,764	11,302
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		7,803	(7,821)	(17,501)	12,433	9,870	9,870	-	10,252	10,764	11,302
Surplus(shortfall)		22,684	56,232	93,511	27,797	30,360	30,360	-	31,990	33,589	35,269

2.6.5 Funding compliance measurement

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

Table 44MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	30,487	48,411	72,038	91,502	70,046	48,590	-	26,387	55,866	93,476
Cash + investments at the yr end less applications - R'000	18(1)b	2	22,684	56,232	93,511	27,797	30,360	30,360	-	31,990	33,589	35,269
Cash year end/monthly employee/supplier payments	18(1)b	3	2.0	3.0	2.3	4.1	3.1	2.2	-	1.1	2.2	3.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	64,685	114,097	(16,164)	179,795	182,967	177,924	-	142,084	157,296	166,887
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	15.8%	(11.1%)	25.7%	(5.5%)	(6.0%)	(106.0%)	(16.3%)	(1.0%)	(1.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	70.7%	96.3%	83.5%	94.3%	104.7%	104.7%	0.0%	94.7%	94.7%	94.7%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	3.2%	7.7%	0.0%	4.6%	4.6%	4.6%	0.0%	5.1%	5.1%	5.1%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	100.0%	100.0%	100.0%	100.0%	99.9%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	(0.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	17.5%	33.3%	(57.3%)	0.0%	0.0%	(100.0%)	5.0%	5.0%	5.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	1.9%	2.3%	2.3%	2.3%	0.0%	1.4%	1.4%	1.4%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.6.5.1 Cash/cash equivalent position

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

2.6.5.2 Cash plus investments less application of funds

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

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. It is especially important to consider the position should the municipality be faced with an expected disaster that threatens revenue collection such as rate boycotts. As part of the 2018/2019 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.3 and then increase slightly to 9 for outer years. As indicated above the Municipality aims to archive at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.5.4 Surplus/deficit excluding depreciation offsets

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

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

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

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

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 present). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 9% for the respective financial year of the 2018/19 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 5 per cent, with the increase in electricity at 1.88 per cent it is to be expected that the increase in revenue exceed the inflation target figures.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

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

2.6.5.7 Debt impairment expense as a percentage of billable revenue

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

2.6.5.8 Capital payments percentage of capital expenditure

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

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

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

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

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

2.6.5.10 Consumer debtors change (Current and Non-current)

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

2.6.5.11 Repairs and maintenance expenditure level

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

2.6.5.12 Asset renewal/rehabilitation expenditure level

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

Table 45 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		–	183,069	176,032	192,712	192,712	192,712	214,942	233,775	252,119
Local Government Equitable Share			176,266	170,266	185,808	185,808	185,808	207,642	229,612	247,823
EPWP Incentive			1,780	1,790	2,780	2,780	2,780	3,185	–	–
Finance Management			1,600	1,625	1,700	1,700	1,700	1,700	1,700	1,700
Municipal Infrastructure Grant (MIG)			2,493	2,351	2,424	2,424	2,424	2,415	2,463	2,596
Municipal Systems Improvement			930	–	–	–	–	–	–	–
Other transfers/grants [insert description]										
Provincial Government:		–	2,359	–	400	–	–	600	447	472
Sport and Recreation			2,359	–	400	–	–	600	447	472
Other transfers/grants [insert description]										
District Municipality:		–	–	–	100	–	–	–	–	–
IDP support					100	–	–	–	–	–
Other grant providers:		–	–	–	300	–	–	–	–	–
SETA subsidy					300	–	–	–	–	–
Total Operating Transfers and Grants	5	–	185,429	176,032	193,512	192,712	192,712	215,542	234,222	252,591
Capital Transfers and Grants										
National Government:		–	77,374	124,661	137,044	127,664	127,664	98,436	104,392	106,930
Municipal Infrastructure Grant (MIG)			47,374	44,661	47,664	47,664	47,664	57,276	46,792	49,330
Integrated National Electrification Programme			30,000	80,000	80,000	80,000	80,000	41,160	57,600	57,600
ELECTRIFICATION SUPPORT					9,380	–	–	–	–	–
Other capital transfers/grants [insert desc]										
Provincial Government:		–	–	–	–	9,380	9,380	–	–	–
ELECTRIFICATION SUPPORT					–	9,380	9,380	–	–	–
District Municipality:		–	–	–	100	–	–	–	–	–
GIS SUPPORT					100	–	–	–	–	–
Other grant providers:		–	1,954	14,087	–	–	–	–	–	–
			1,954	14,087						
Total Capital Transfers and Grants	5	–	79,328	138,748	137,144	137,044	137,044	98,436	104,392	106,930
TOTAL RECEIPTS OF TRANSFERS & GRANTS		–	264,757	314,780	330,656	329,756	329,756	313,977	338,614	359,521

2.8 Table 5MBRR SA23 - Summary of councillor and staff benefits

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
				1.				2.
Rand per annum								
Councillors	3							
Speaker	4		497,090	18,662	219,869			735,621
Chief Whip			483,518		209,125			692,643
Executive Mayor			599,711	44,978	262,848			907,537
Deputy Executive Mayor			–	–	–			–
Executive Committee			3,129,562	146,444	1,532,622			4,808,628
Total for all other councillors			7,728,215	613,972	4,740,612			13,082,799
Total Councillors	8	–	12,438,096	824,056	6,965,076			20,227,228
Senior Managers of the Municipality	5							
Municipal Manager (MM)			847,673	13,356	477,207	–		1,338,236
Chief Finance Officer			593,138	132,031	394,354	–		1,119,523
General Manager Corporate Services			1,193,490	13,597	155,520	–		1,362,607
General Manager Community Services			511,205	95,663	335,777	–		942,645
General Manager EDP			498,859	149	390,772	–		889,780
General Manager Infrastructure			809,406	256	539,604	–		1,349,266
Total Senior Managers of the Municipality	8,10	–	4,453,772	255,052	2,293,234	–		7,002,058
A Heading for Each Entity	6,7							
List each member of board by designation								–
Total for municipal entities	8,10	–	–	–	–	–		–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	–	16,891,868	1,079,108	9,258,310	–		27,229,286

Table 49 MBRR SA24–Summary of personnel numbers

Summary of Personnel Numbers Number	Ref 1,2	2016/17			Current Year 2017/18			Budget Year 2018/19		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		85	–	85	56	–	56	61	–	61
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	6	–	6	6	–	6	6	–	6
Other Managers	7	22	–	22	22	–	22	20	–	20
Professionals		120	77	5	99	85	6	44	40	4
<i>Finance</i>		40	29	–	40	39	1	11	10	1
<i>Spatial/town planning</i>		23	9	–	8	8	–	2	2	–
<i>Information Technology</i>		7	2	–	1	1	–	1	1	–
<i>Roads</i>		31	26	1	31	26	1	6	3	3
<i>Electricity</i>		8	5	1	8	5	1	6	6	–
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>		11	6	3	11	6	3			
<i>Other</i>								18	18	–
Technicians		5	5	2	5	5	2	102	102	–
<i>Finance</i>		–	–	–	–	–	–	18	18	–
<i>Spatial/town planning</i>		2	2	1	2	2	1	2	2	–
<i>Information Technology</i>		3	3	1	3	3	1	4	4	–
<i>Roads</i>		–	–	–	–	–	–	3	3	–
<i>Electricity</i>		–	–	–	–	–	–	–	–	–
<i>Water</i>		–	–	–	–	–	–	–	–	–
<i>Sanitation</i>		–	–	–	–	–	–	–	–	–
<i>Refuse</i>		–	–	–	–	–	–	1	1	–
<i>Other</i>		–	–	–	–	–	–	74	74	–
Clerks (Clerical and administrative)		–	–	–	–	–	–	48	48	–
Service and sales workers		–	–	–	–	–	–	25	25	–
Skilled agricultural and fishery workers		–	–	–	–	–	–	–	–	–
Craft and related trades		–	–	–	–	–	–	9	9	–
Plant and Machine Operators		9	–	9	9	–	9	13	13	–
Elementary Occupations		103	101	2	103	101	2	93	93	–
TOTAL PERSONNEL NUMBERS	9	350	183	131	300	191	103	421	330	91
% increase					(14.3%)	4.4%	(21.4%)	40.3%	72.8%	(11.7%)
Total municipal employees headcount	6, 10	40	34	6	40	36	6	331	270	61
Finance personnel headcount	8, 10	12	8	–	12	8	4	40	34	6
Human Resources personnel headcount	8, 10							13	12	1

2.9 Monthly targets for revenue, expenditure and cash flow
Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
Revenue By Source																	
Property rates		2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	35 612	37 393	39 263	
Service charges - electricity revenue		4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	51 957	54 554	57 282	
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - refuse revenue		822	822	822	822	822	822	822	822	822	822	822	822	9 860	10 353	10 870	
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment		142	142	142	142	142	142	142	142	142	142	142	142	1 700	1 785	1 874	
Interest earned - external investments		742	742	742	742	742	742	742	742	742	742	742	742	8 901	9 346	9 813	
Interest earned - outstanding debtors		497	497	497	497	497	497	497	497	497	497	497	497	5 967	6 265	6 578	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits		194	194	194	194	194	194	194	194	194	194	194	194	2 331	2 447	2 569	
Licences and permits		321	321	321	321	321	321	321	321	321	321	321	321	3 849	4 039	4 241	
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies		17 962	17 962	17 962	17 962	17 962	17 962	17 962	17 962	17 962	17 962	17 962	17 962	215 541	234 222	252 591	
Other revenue		158	158	158	158	158	158	158	158	158	158	158	158	1 897	1 992	2 091	
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)		28 135	28 135	28 135	28 135	28 135	28 135	28 135	28 135	28 135	28 135	28 135	28 135	337 614	362 396	387 174	
Expenditure By Type																	
Employee related costs		9 528	9 528	9 528	9 528	9 528	9 528	9 528	9 528	9 528	9 528	9 528	9 528	114 330	120 047	126 049	
Remuneration of councillors		1 686	1 686	1 686	1 686	1 686	1 686	1 686	1 686	1 686	1 686	1 686	1 686	20 227	21 239	22 301	
Debt impairment		417	417	417	417	417	417	417	417	417	417	417	417	5 000	5 250	5 513	
Depreciation & asset impairment		1 296	1 296	1 296	1 296	1 296	1 296	1 296	1 296	1 296	1 296	1 296	1 296	15 548	16 325	17 141	
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bulk purchases		3 500	3 500	3 500	3 500	3 500	3 500	3 500	3 500	3 500	3 500	3 500	3 500	42 000	44 100	46 305	
Other materials		522	522	522	522	522	522	522	522	522	522	522	522	6 258	6 571	6 900	
Contracted services		6 899	6 899	6 899	6 899	6 899	6 899	6 899	6 899	6 899	6 899	6 899	6 899	82 832	86 973	91 322	
Transfers and subsidies		13	13	13	13	13	13	13	13	13	13	13	13	150	158	165	
Other expenditure		4 276	4 276	4 276	4 276	4 276	4 276	4 276	4 276	4 276	4 276	4 276	4 276	51 267	53 831	56 522	
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure		28 134	28 134	28 134	28 134	28 134	28 134	28 134	28 134	28 134	28 134	28 134	28 134	337 612	354 493	372 217	
Surplus/(Deficit)		0	0	0	0	0	0	0	0	0	0	0	0	2	7 903	14 957	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		39 371	-	-	-	29 531	-	-	-	29 531	-	-	3 099.00	98 435	104 392	106 930	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		3 637	3 637	3 637	3 637	3 637	3 637	3 637	3 637	3 637	3 637	3 637	3 637	43 647	45 000	45 000	
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions		43 008	3 637	3 637	3 637	33 168	3 637	3 637	3 637	33 168	3 637	3 637	3 640	142 084	157 295	166 887	
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)	1	43 008	3 637	3 637	3 637	33 168	3 637	3 637	3 637	33 168	3 637	3 637	3 640	142 084	157 295	166 887	

Table 6MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand																
Revenue by Vote																
Vote 1 - Executive & Council													-	-	-	-
Vote 2 - Budget & Administration		25 405	25 405	25 405	25 405	25 405	25 405	25 405	25 405	25 405	25 405	25 405	25 405	304 859	321 430	341 897
Vote 3 - Corporate		32	32	32	32	32	32	32	32	32	32	32	32	380	399	419
Vote 4 - Development & Planning		52	52	52	52	52	52	52	52	52	52	52	52	625	656	689
Vote 5 - Community		1 591	1 591	1 591	1 591	1 591	1 591	1 591	1 591	1 591	1 591	1 591	1 591	19 097	16 506	17 301
Vote 6 - Infrastructure		12 895	12 895	12 895	12 895	12 895	12 895	12 895	12 895	12 895	12 895	12 895	12 895	154 736	172 797	178 798
Vote 7 - Internal Audit													-	-	-	-
Total Revenue by Vote		39 975	39 975	39 975	39 975	39 975	39 975	39 975	39 975	39 975	39 975	39 975	39 975	479 696	511 788	539 104
Expenditure by Vote to be appropriated																
Vote 1 - Executive & Council		2 440	2 440	2 440	2 440	2 440	2 440	2 440	2 440	2 440	2 440	2 440	2 440	29 282	30 746	32 284
Vote 2 - Budget & Administration		7 115	7 115	7 115	7 115	7 115	7 115	7 115	7 115	7 115	7 115	7 115	7 115	85 376	89 645	94 127
Vote 3 - Corporate		5 439	5 439	5 439	5 439	5 439	5 439	5 439	5 439	5 439	5 439	5 439	5 439	65 266	68 530	71 956
Vote 4 - Development & Planning		1 669	1 669	1 669	1 669	1 669	1 669	1 669	1 669	1 669	1 669	1 669	1 669	20 024	21 025	22 077
Vote 5 - Community		3 634	3 634	3 634	3 634	3 634	3 634	3 634	3 634	3 634	3 634	3 634	3 634	43 613	45 793	48 083
Vote 6 - Infrastructure		7 559	7 559	7 559	7 559	7 559	7 559	7 559	7 559	7 559	7 559	7 559	7 559	90 712	95 247	100 010
Vote 7 - Internal Audit		278	278	278	278	278	278	278	278	278	278	278	278	3 339	3 506	3 682
Total Expenditure by Vote		28 134	28 134	28 134	28 134	28 134	28 134	28 134	28 134	28 134	28 134	28 134	28 134	337 612	354 493	372 217
Surplus/(Deficit) before assoc.		11 840	11 840	11 840	11 840	11 840	11 840	11 840	11 840	11 840	11 840	11 840	11 840	142 084	157 296	166 887
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	11 840	11 840	11 840	11 840	11 840	11 840	11 840	11 840	11 840	11 840	11 840	11 840	142 084	157 296	166 887

Table 7MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand																	
Multi-year expenditure to be appropriated	1																
Vote 1 - Executive & Council													-	-	-	-	
Vote 2 - Budget & Administration													-	-	-	-	
Vote 3 - Corporate													-	-	-	-	
Vote 4 - Development & Planning													-	-	-	-	
Vote 5 - Community													-	-	-	-	
Vote 6 - Infrastructure		9 960	9 960	9 960	9 960	9 960	9 960	9 960	9 960	9 960	9 960	9 960	4 372	113 936	154 128	164 308	
Vote 7 - Internal Audit													-	-	-	-	
Capital multi-year expenditure sub-total	2	9 960	9 960	9 960	9 960	9 960	9 960	9 960	9 960	9 960	9 960	9 960	4 372	113 936	154 128	164 308	
Single-year expenditure to be appropriated																	
Vote 1 - Executive & Council													-	-	-	-	
Vote 2 - Budget & Administration		395	395	395	395	395	395	395	395	395	395	395	2 395	6 735	1 430	1 502	
Vote 3 - Corporate		200	200	200	200	200	200	200	200	200	200	200	2 700	4 900	-	-	
Vote 4 - Development & Planning		247	247	247	247	247	247	247	247	247	247	247	247	2 965	1 540	760	
Vote 5 - Community		535	535	535	535	535	535	535	535	535	535	535	535	6 415	350	940	
Vote 6 - Infrastructure		594	594	594	594	594	594	594	594	594	594	594	594	7 132	-	-	
Vote 7 - Internal Audit													-	-	-	-	
Capital single-year expenditure sub-total	2	1 971	1 971	1 971	1 971	1 971	1 971	1 971	1 971	1 971	1 971	1 971	6 471	28 147	3 320	3 202	
Total Capital Expenditure	2	11 931	11 931	11 931	11 931	11 931	11 931	11 931	11 931	11 931	11 931	11 931	10 843	142 082	157 448	167 509	

Table 8MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand															
Cash Receipts By Source															
Property rates	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	35 612	37 393	39 263
Service charges - electricity revenue	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	4 330	51 957	54 554	57 282
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	822	822	822	822	822	822	822	822	822	822	822	822	9 860	10 353	10 870
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	142	142	142	142	142	142	142	142	142	142	142	142	1 700	1 785	1 874
Interest earned - external investments	742	742	742	742	742	742	742	742	742	742	742	742	8 901	9 346	9 813
Interest earned - outstanding debtors	497	497	497	497	497	497	497	497	497	497	497	497	5 967	6 265	6 578
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	194	194	194	194	194	194	194	194	194	194	194	194	2 331	2 447	2 569
Licences and permits	321	321	321	321	321	321	321	321	321	321	321	321	3 849	4 039	4 241
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	17 962	17 962	17 962	17 962	17 962	17 962	17 962	17 962	17 962	17 962	17 962	17 962	215 541	234 222	252 591
Other revenue	158	158	158	158	158	158	158	158	158	158	158	158	1 897	1 992	2 091
Cash Receipts by Source	28 135	28 135	28 135	28 135	28 135	28 135	28 135	28 135	28 135	28 135	28 135	28 135	337 614	362 396	387 174
Other Cash Flows by Source															
Transfer receipts - capital allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Proceeds on disposal of PPE	8 203	8 203	8 203	8 203	8 203	8 203	8 203	8 203	8 203	8 203	8 203	8 203	98 436	104 364	106 930
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	39 975	39 975	39 975	39 975	39 975	39 975	39 975	39 975	39 975	39 975	39 975	39 975	479 696	511 760	539 104
Cash Payments by Type															
Employee related costs	9 528	9 528	9 528	9 528	9 528	9 528	9 528	9 528	9 528	9 528	9 528	9 528	114 330	120 047	126 049
Remuneration of councillors	1 686	1 686	1 686	1 686	1 686	1 686	1 686	1 686	1 686	1 686	1 686	1 686	20 227	21 239	22 301
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity	3 500	3 500	3 500	3 500	3 500	3 500	3 500	3 500	3 500	3 500	3 500	3 500	42 000	44 100	46 305
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	522	522	522	522	522	522	522	522	522	522	522	522	6 258	6 571	6 900
Contracted services	6 899	6 899	6 899	6 899	6 899	6 899	6 899	6 899	6 899	6 899	6 899	6 899	82 792	86 931	91 278
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	13	13	13	13	13	13	13	13	13	13	13	13	150	158	165
Other expenditure	4 276	4 276	4 276	4 276	4 276	4 276	4 276	4 276	4 276	4 276	4 276	4 276	51 307	53 872	56 566
Cash Payments by Type	26 422	26 422	26 422	26 422	26 422	26 422	26 422	26 422	26 422	26 422	26 422	26 422	317 064	332 918	349 564
Other Cash Flows/Payments by Type															
Capital assets	11 840	11 840	11 840	11 840	11 840	11 840	11 840	11 840	11 840	11 840	11 840	11 840	142 082	149 364	151 930
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	38 262	38 262	38 262	38 262	38 262	38 262	38 262	38 262	38 262	38 262	38 262	38 262	459 147	482 281	501 493
NET INCREASE/(DECREASE) IN CASH HELD	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	20 550	29 478	37 611
Cash/cash equivalents at the month/year begin:	5 837	7 550	9 262	10 975	12 687	14 400	16 112	17 825	19 537	21 250	22 962	24 675	5 837	26 387	55 866
Cash/cash equivalents at the month/year end:	7 550	9 262	10 975	12 687	14 400	16 112	17 825	19 537	21 250	22 962	24 675	26 387	26 387	55 866	93 476

2.10 Contracts having future budgetary implications

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

Table

Description	Ref	Preceding Years	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework			Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Total Contract Value
		Total	Original Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
R thousand	1,3													
Parent Municipality:														
Revenue Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Entities:														
Revenue Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-

2.11 Capital expenditure details

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

Detailed Capital expenditure

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2018/19 Medium Term		Project information	
										Audited Outcome 2016/17	Current Year Full Year Forecast	Budget Year 2018/19	Ward location	New or renewal	
R thousand	4			2	6	3	3	5							
Parent municipality:															
List all capital projects grouped by Municipal Vote															
Furniture & Equipment		Furniture & Equipment			No	Furniture and Office Equipment	Furniture and Office Equipment		2 612	-	-	2 612	Administration	New	
Municipal Fleet		Municipal Fleet			Yes	Transport Assets	Transport Assets		7 800	-	-	7 800	Administration	New	
Machinery & Equipment		Machinery & Equipment			No	Machinery and Equipment	Machinery and Equipment		3 000	-	-	3 000	Administration	New	
Pound Structure		Pound Structure			Yes	Community Facilities	Community Facilities		1 500	-	-	1 500	Whole Of Municipality	New	
Palisade Fencing		Palisade Fencing			Yes	Community Facilities	Community Facilities		1 000	-	-	1 000	Whole Of Municipality	New	
Uninterrupted Power Supply (UPS)		Uninterrupted Power Supply (UPS)				Information and Communication Infrastructure	Information and Communication Infrastructure		600	-	-	600	Whole Of Municipality	New	
Hawker stalls		Hawker stalls			Yes	Community Facilities	Community Facilities		800	-	-	800		19 New	
Poultry Abattoir		Poultry Abattoir			Yes	Community Facilities	Community Facilities		1 200	-	-	1 200	Whole Of Municipality	New	
Fresh Produce Market		Fresh Produce Market			Yes	Community Facilities	Community Facilities		800	-	-	800	Whole Of Municipality	New	
Tsitsong		Tsitsong			Yes	Electrical Infrastructure	Electrical Infrastructure		3 444	-	-	3 444	4	New	
Kohleng		Kohleng			Yes	Electrical Infrastructure	Electrical Infrastructure		4 347	-	-	4 347	3	New	
Black Diamond		Black Diamond			Yes	Electrical Infrastructure	Electrical Infrastructure		2 247	-	-	2 247	26	New	
Mohapi		Mohapi			Yes	Electrical Infrastructure	Electrical Infrastructure		6 090	-	-	6 090	13	New	
Nice Field		Nice Field			Yes	Electrical Infrastructure	Electrical Infrastructure		7 350	-	-	7 350	14	New	
Matseleng		Matseleng			Yes	Electrical Infrastructure	Electrical Infrastructure		2 352	-	-	2 352	14	New	
Goxa		Goxa			Yes	Electrical Infrastructure	Electrical Infrastructure		4 536	-	-	4 536	5	New	
Nkungwini		Nkungwini			Yes	Electrical Infrastructure	Electrical Infrastructure		2 940	-	-	2 940	18	New	
Kwa Matlas A		Kwa Matlas A			Yes	Electrical Infrastructure	Electrical Infrastructure		2 898	-	-	2 898	9	New	
Palamaville Phase 2		Palamaville Phase 2			Yes	Electrical Infrastructure	Electrical Infrastructure		4 956	-	-	4 956	5	New	
High Mast Lights		High Mast Lights			Yes	Electrical Infrastructure	Electrical Infrastructure		3 000	-	-	3 000	19/20	New	
Construction of Concrete Headwalls		Construction of Concrete Headwalls			Yes	Roads Infrastructure	Roads Infrastructure		500	-	-	500	9,11,13,17,20,22	New	
Sijoka Access Road		Sijoka Access Road			Yes	Roads Infrastructure	Roads Infrastructure		467	-	-	467	10	New	
Lagrange Pedestrian Bridge		Lagrange Pedestrian Bridge			Yes	Roads Infrastructure	Roads Infrastructure		102	-	-	102	7	New	
Matatiele Sports Centre		Matatiele Sports Centre			Yes	Sport and Recreation Facilities	Sport and Recreation Facilities		8 000	-	-	8 000	19	New	
Epiphany Access Road		Epiphany Access Road			Yes	Roads Infrastructure	Roads Infrastructure		3 170	-	-	3 170	22	New	
T13-Zwellisha Access Road		Msukeni Access Road			Yes	Roads Infrastructure	Roads Infrastructure		1 976	-	-	1 976	6	New	
Nomgavu Access Road		Nomgavu Access Road			Yes	Roads Infrastructure	Roads Infrastructure		2 196	-	-	2 196	18	New	
Vikinduku Access Road		Vikinduku Access Road			Yes	Roads Infrastructure	Roads Infrastructure		380	-	-	380	5	New	
Butsula via Taung Access Road		Butsula via Taung Access Road			Yes	Roads Infrastructure	Roads Infrastructure		277	-	-	277	6	New	
Gudintaba Access Road		Gudintaba Access Road			Yes	Roads Infrastructure	Roads Infrastructure		328	-	-	328	9	New	
Ngowengane-Bomvini Access Road		Ngowengane-Bomvini Access Road			Yes	Roads Infrastructure	Roads Infrastructure		289	-	-	289	7	New	
Silo Facility Phase 2		Silo Facility Phase 2			Yes	Roads Infrastructure	Roads Infrastructure		921	-	-	921	19	New	
Matatiele CBD Internal Streets Phase 2		Matatiele CBD Internal Streets Phase 2			Yes	Roads Infrastructure	Roads Infrastructure		12 832	-	-	12 832	19	New	
Mountain View Internal Streets		Mountain View Internal Streets			Yes	Roads Infrastructure	Roads Infrastructure		2 100	-	-	2 100	20	New	
Freystata Bridge		Freystata Bridge			Yes	Roads Infrastructure	Roads Infrastructure		2 520	-	-	2 520	15	New	
Cedarville Internal Streets Phase 3		Cedarville Internal Streets Phase 3			Yes	Roads Infrastructure	Roads Infrastructure		500	-	-	500	26	New	
Maluti Internal Streets Phase 4		Maluti Internal Streets Phase 4			Yes	Roads Infrastructure	Roads Infrastructure		500	-	-	500	1	New	
Mabheleni Bridge		Mabheleni Bridge			Yes	Roads Infrastructure	Roads Infrastructure		2 730	-	-	2 730	21	New	
Ngowengane Bridge		Ngowengane Bridge			Yes	Roads Infrastructure	Roads Infrastructure		2 500	-	-	2 500	7	New	
Nomgavu Bridge		Nomgavu Bridge			Yes	Roads Infrastructure	Roads Infrastructure		3 089	-	-	3 089	18	New	
Mahangu Bridge		Mahangu Bridge			Yes	Roads Infrastructure	Roads Infrastructure		500	-	-	500	9	New	
Khoapha to Maluti Clinic walkways		Khoapha to Maluti Clinic walkways			Yes	Roads Infrastructure	Roads Infrastructure		500	-	-	500	6	New	
Cedarville Sport Center		Cedarville Sport Center			Yes	Sport and Recreation Facilities	Sport and Recreation Facilities		11 400	-	-	11 400	26	New	
Council Chambers		Council Chambers			Yes	Operational Buildings	Operational Buildings		15 000	-	-	15 000	Administration	New	
Silo Phase 2		Silo Phase 2			Yes	Community Facilities	Community Facilities		921	-	-	921	19	New	
Two way Radios x 4		Two way Radios x 4			Yes	Furniture and Office Equipment	Furniture and Office Equipment		15	-	-	15	Administration	New	
Other Asset									4 899	-	-	4 899	Administration	New	
	1											142 082	445		

2.13 Legislation compliance status

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

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme

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

3. Budget and Treasury Office

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

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2018/2019 MTREF in May 2018 directly aligned and informed by the 2018/19 MTREF.

6. Annual Report

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

2.14 Other supporting documents

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

Description	Ref	Vote 1 - Executive & Council	Vote 2 - Budget & Administration	Vote 3 - Corporate	Vote 4 - Development & Planning	Vote 5 - Community	Vote 6 - Infrastructure	Vote 7 - Internal Audit	Total
R thousand	1								
Revenue By Source									
Property rates		–	35,612	–	–	–	–	–	35,612
Service charges - electricity revenue		–	–	–	–	–	51,957	–	51,957
Service charges - water revenue		–	–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–
Service charges - refuse revenue		–	–	–	–	9,860	–	–	9,860
Service charges - other		–	–	–	–	–	–	–	–
Rental of facilities and equipment		–	–	–	–	500	1,200	–	1,700
Interest earned - external investments		–	8,901	–	–	–	–	–	8,901
Interest earned - outstanding debtors		–	5,967	–	–	–	–	–	5,967
Dividends received		–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	1,381	–	30	900	20	–	2,331
Licences and permits		–	–	–	47	3,802	–	–	3,849
Agency services		–	–	–	–	–	–	–	–
Other revenue		–	404	300	548	250	395	–	1,897
Transfers and subsidies		–	209,342	–	–	3,785	2,415	–	215,542
Gains on disposal of PPE		–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		–	261,607	300	625	19,097	55,986	–	337,614
Expenditure By Type									
Employee related costs		2,168	28,789	30,401	8,206	19,706	22,850	2,212	114,330
Remuneration of councillors		20,227	–	–	–	–	–	–	20,227
Debt impairment		–	5,000	–	–	–	–	–	5,000
Depreciation & asset impairment		145	1,254	161	15	10	13,963	–	15,548
Finance charges		–	–	–	–	–	–	–	–
Bulk purchases		–	–	–	–	–	42,000	–	42,000
Other materials		180	845	450	912	862	2,960	50	6,258
Contracted services		1,550	32,322	18,094	7,020	18,980	4,230	636	82,832
Transfers and subsidies		–	–	–	150	–	–	–	150
Other expenditure		5,013	17,166	16,161	3,721	4,056	4,709	441	51,267
Loss on disposal of PPE		–	–	–	–	–	–	–	–
Total Expenditure		29,282	85,376	65,266	20,024	43,613	90,712	3,339	337,612
Surplus/(Deficit)		(29,282)	176,231	(64,966)	(19,399)	(24,516)	(34,726)	(3,339)	2
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	–	–	–	–	98,435	–	98,435
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	43,647	–	–	–	–	–	43,647
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(29,282)	219,877	(64,966)	(19,399)	(24,516)	63,710	(3,339)	142,084

Table 9MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Call investment deposits											
Call deposits		22,032		72,038	21,330	21,330	21,330	–	22,397	23,516	24,692
Other current investments											
Total Call investment deposits	2	22,032	–	72,038	21,330	21,330	21,330	–	22,397	23,516	24,692
Consumer debtors											
Consumer debtors		18,206	31,724	41,821	30,550	30,550	30,550	–	32,078	33,681	35,365
Less: Provision for debt impairment					(18,251)	(18,251)	(18,251)	–	(19,163)	(20,121)	(21,127)
Total Consumer debtors	2	18,206	31,724	41,821	12,299	12,299	12,299	–	12,914	13,560	14,238
Debt impairment provision											
Balance at the beginning of the year					(30,550)	(30,550)	(30,550)	–	(32,078)	(33,681)	(35,365)
Contributions to the provision											
Bad debts written off											
Balance at end of year		–	–	–	(30,550)	(30,550)	(30,550)	–	(32,078)	(33,681)	(35,365)
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		603,770	682,280	787,672	1,016,688	1,016,688	1,016,688	–	1,067,522	1,120,898	1,176,943
Leases recognised as PPE	3	–	–	–	–	–	–	–	–	–	–
Less: Accumulated depreciation		–	–	–	170,231	170,231	170,231	–	178,742	187,679	197,063
Total Property, plant and equipment (PPE)	2	603,770	682,280	787,672	846,457	846,457	846,457	–	888,780	933,219	979,880
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)				1,185							
Current portion of long-term liabilities											
Total Current liabilities - Borrowing		–	–	1,185	–	–	–	–	–	–	–
Trade and other payables											
Trade and other creditors		33,823	33,816	30,632	33,082	33,082	33,082	–	34,737	36,473	38,297
Unspent conditional transfers		–	–	–	2,570	2,570	2,570	–	–	–	–
VAT		–	–	–	–	–	–	–	–	–	–
Total Trade and other payables	2	33,823	33,816	30,632	35,652	35,652	35,652	–	34,737	36,473	38,297
Non current liabilities - Borrowing											
Borrowing	4	–	–	–	–	–	–	–	–	–	–
Finance leases (including PPP asset element)		–	–	–	–	–	–	–	–	–	–
Total Non current liabilities - Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions - non-current											
Retirement benefits		21,063	24,442	25,262	11,329	11,329	11,329	–	11,895	12,490	13,114
List other major provision items											
Refuse landfill site rehabilitation		–	–	–	14,336	14,336	14,336	–	15,052	15,805	16,595
Other		–	–	–	–	–	–	–	–	–	–
Total Provisions - non-current		21,063	24,442	25,262	25,664	25,664	25,664	–	26,948	28,295	29,710
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance				798,215	785,511	785,511	785,511	–	828,325	869,741	913,228
GRAP adjustments											
Restated balance		–	–	798,215	785,511	785,511	785,511	–	828,325	869,741	913,228
Surplus/(Deficit)		64,685	114,097	(16,164)	179,795	182,967	177,924	–	142,084	157,296	166,887
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit) Reserves	1	64,685	114,097	782,051	965,306	968,478	963,436	–	970,409	1,027,037	1,080,115
Housing Development Fund		–	–	–	–	–	–	–	–	–	–
Capital replacement		–	–	87,085	–	–	–	–	–	–	–
Self-insurance		–	–	–	–	–	–	–	–	–	–
Other reserves		92,756	89,919	–	85,919	85,919	85,919	–	90,215	94,726	99,462
Revaluation		–	–	–	–	–	–	–	–	–	–
Total Reserves	2	92,756	89,919	87,085	85,919	85,919	85,919	–	90,215	94,726	99,462
TOTAL COMMUNITY WEALTH/EQUITY	2	157,441	204,016	869,136	1,051,225	1,054,397	1,049,355	–	1,060,624	1,121,762	1,179,577