

# SCHEDULE A

DRAFT BUDGET AND SUPPORTING  
DOCUMENTATION BOJANALA  
PLATINUM DISTRICT  
MUNICIPALITY  
2018/19 TO 2020/21

**Adopted by Council on 05 June 2018**

**Resolution: R661/17/18**

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DRAFT BUDGET OF

# **BOJANALA DISTRICT MUNICIPALITY**

## **DC37**

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

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## **Part 1 – Annual Budget**

### **1.1 Foreword to the Budget 2018/19 the Executive Mayor, CLLR Fetsang Mokati**

The Integrated Development Plan (IDP) we are presenting is the strategic blueprint for Bojanala Platinum District Municipality that communicates to the community of Bojanala Platinum service delivery priorities within its jurisdiction.

The drafting of the IDP requires a lengthy planning process, and involves a wide range of role players from inside and outside the municipality. The process therefore needs to be properly organized and prepared.

As a result, municipalities are required to prepare an Operational Plan (commonly known as a Process Plan) which indicate what needs to happen, by when, whom and where and includes the costs estimates for facilitating the process.

It is very important for municipalities to adhere to this plan in order to fulfil the legal requirements of Section 28 of the Local Government Municipal Systems Act of 2000. The processes to be followed in preparing our IDP's are as well guided by White Paper on Local Government promulgated in 1998.

The plan takes cognizance of the successes and challenges of the entire district and outlines projects designed to circumvent the identified service delivery challenges. It also gives an overall framework for development and focuses on economic and social development of the district as a whole.

The plan endeavoured to represent the development priorities contained in the election 2014 election manifesto of the ruling party as well as our constitutional mandate as the sphere of government closer to the people. It is however, of significance to take note that the plan acknowledges the fact that the district is predominantly rural in nature and requires area based service delivery methodologies to ensure equitable service delivery provisioning in both towns and rural nodes.

It gives me pleasure as the Executive Mayor to report to our stakeholders that the partnership between Bojanala Platinum District Municipality as the provider of services and communities as the end-users of those services has once again been successful in assisting the district to plan its responses to the developmental aspirations of its people for the 2018/19 financial year.

This IDP document is thus a direct result of yet another extensive consultative process. It is an expression of the general interest of our people and a mirror that reflects the holistic.

Although much still needs to be done to alleviate poverty and create an environment conducive to economic growth, we strive for the best in ensuring alignment of our IDP and Budget. We will continue to support Council in ensuring that its core functions are maintained.

Yours in the struggle to move South Africa, North West and Bojanala forward.

**CLLR. FETSANG MOKATE**  
**EXECUTIVE MAYOR**

## Council Resolutions

On 05 June 2018 the Council of Bojanala District Municipality met in Council chamber to consider the draft annual budget of the municipality for the financial year 2018/19. The Council approved and adopted the following resolutions: no. R661/17/18

The Bojanala Platinum District Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

The annual budget of the municipality for the financial year 2018/19 and the multi-year and single-year capital appropriations as set out in the following tables:

Budgeted Financial Performance (revenue and expenditure by standard classification)

Budgeted Financial Performance (revenue and expenditure by municipal vote)

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

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

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

Budgeted Financial Position as contained in Table A1 on page 10;

Budgeted Main Revenue Source as contained in Table A2 on page 10;

Operating Transfer and Grants Received as contained in Table A3 on page 11;

Summary of operating Expenditure in Table A4 on page; and

Basic service delivery measurement as contained in Table on page .

To give proper effect to the municipality's annual budget, the Council Bojanala Platinum District Municipality approves:

That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

That the salaries for officials be adjusted with effect from 1<sup>st</sup> July 2018 based on the percentage as approved by the South African Local Government Bargaining Council (excluding Section 57 Managers).

That the salary packages of the Municipal Manager and Section 57 managers be adjusted with 7 percent with effect from 1 July 2018.

That the salaries and allowances of councillors be adjusted with the percentage approved by the Minister for Cooperative Governance and Traditional Affairs in terms of the Remuneration of Public Office Bearers Act, 1998 after concurrence of the responsible MEC have been obtained.

That the amendments to the Budget related policies be approved as discussed in paragraph 2.4 and indicated in the policy documents hereto attached.

The project priority list as submitted by local municipalities was confirmed.

1.2. The quality certification of the Annual budget signed by the Municipal Manager as required by section 5 of the Municipal Budget and Reporting regulations attached must be noted.

1.1. 2 The Budget timetable for 2019/2020 attached was approved.

1.1.3 The draft Budget, through the consultation processes to follow, be considered and reduced in the second and third outer years to remain within sustainable measures

## **Executive Summary**

**2018 / 2019 BOJANALA PLATINUM DISTRICT MUNICIPALITY BUDGET SPEECH  
DELIVERED BY THE EXECUTIVE MAYOR, Cllr FETSANG MOKATI DURING A  
COUNCIL MEETING HELD IN THE BPDM COUNCIL CHAMBERS ON THURSDAY,  
THE 31<sup>st</sup> MAY 2018.**

Speaker of Council, Councillor Asnath Molekwa

Chief Whip of the Ruling Party, Councillor Simon Klaas

Members of the Mayoral Committee

Chairperson of the MPAC, Councillor Solomon Davids

Traditional Leaders and Members of the Traditional Houses

Fellow Councillors

The Municipal Manager, Mr Pogiso Shikwane

Officials and Administration staff

Members of the ward committees

Representatives of all stakeholders present here

Ladies and gentlemen Fellow South Africans

Distinguished Guest

Member of the Media

Bagaetsho Dumelang,



**Madam Speaker,**

Ke ikutlwa ke le motlotlo gape jaaka ke eme fa – go tla go bua ka ditogamaano tsa go leka go fetola matshelo a baagi.

**/2...**

Madam Speaker,

I will begin by paying my sincere gratitude to you Madam Speaker, for allowing me to deliver this budget speech for the 2018/19 Financial Year.

Speaker, an illustrious son of our country – a father – a brother – its none other than our own liberator – Tata Nelson Rolihlahla Mandela – who would have turned 100 years old this year, had he lived longer.

As we celebrate the life of this icon – we cannot ignore the fact that there is another heroin of our struggle – whom we as women – we have been drawn our inspiration from – I am referring to Mama Albertina Sisulu. She too – would have turned 100 years had he live a little longer.

Madam Speaker,

We are meeting here today a week after the continent celebrated Africa Day – which is celebrated annually on the 25<sup>th</sup> May. These celebrations are in honour of the formation of the Organisation of African Unity on the 25<sup>th</sup> May 1963 and the African Union in 2002 – and the progress made by the continent since then to advance democracy, peace, stability and socio-economic development. We must continue to celebrate what we are proud of.

/3...

Tota nte ke re – a letsatsi le lengwe le lengwe e nne letsatsi la go keteka Aforika – gonne re le maAforika.

Ke eme fa gompiano ke tshwere seikokotlelo se se sa bonweng ka matlho. Ke ikaegile sone – mme ke na le tumelo ya gore – se tlaa ntsamaisa. Fa o ipotsa gore ke bua ka eng – ke bua ka mafoko a a tswang mo pineng e e leng gaufi le peloya me – a a reng, *Ha ke tlhagelwa ke dillo – o ntekola ka mosa – o ntlela ka dipolelo – tse di phakisang ho nthusa – ha ke re ke mofutsana – a re chee – o na le nna – ha ke re kgoro ya hana – a re chee – o tlaa kena.*

Ke sone seikokotlelo sa me se ...

Honourable Speaker, as the country we are currently observing the Child Protection Week, which started on Sunday, 27<sup>th</sup> May and will end early next month. The period is observed in South Africa annually to raise awareness of the rights of children as articulated in the Children's Act of 2005.

On Tuesday this week – a community of Chatsworth in Durban buried a nine-year-old girl – Sadia Sukhraj – who became a victim of crime in our country. It is so sad that – the family of Sadia Sukhraj in currently mourning the death of their loved one – a very young girl. We are continuously losing future leaders in our society through these criminal acts.

**/4...**

Protecting children from violence, exploitation and abuse is not only a basic value, but also an obligation clearly set out in Article 28 of the South African Constitution. It is the duty of every South African citizen to take charge of the role in protecting children and creating a safe and secure environment for them.

We call on you ladies and gentlemen to take part in condemning abuse of our children and women. Our country is gripped by fear with the recent kidnapping and killing of our women. This has to stop.

The 2017 / 2018 budget speech raised a number of challenges, which we needed to address as a collective, and today is the appropriate occasion to report on the progress we have made. It will be improper for us to commit ourselves on development for 2018 / 2019, without reflecting on the achievements and challenges of the past financial year.

We have made great strides in the past year, but we need to acknowledge that a lot still needs to be done to ensure that the people of Bojanala Region can confidently say that the developmental programme of this government is starting to impact positively on their lives.

We need to ensure that we achieve our own objectives, as part of the national programme of action, in order for the people of Bojanala Region to realize that their confidence on us, was not misplaced and wishful. The masses entrusted their future prospects, and that of their children unto us – We dare not fail them.

**/5...**

During last years' budget speech – I made mentioned of few challenges – which I promised that – they need to be attended to. Few have been achieved – particularly in line of service delivery.

Madam Speaker,

In passing this budget, we will continue to align our programs and projects with an aim to *Rebrand, Reposition and Renew* the Bojanala District through the five (5) concretes of Bokhone-Bophirima as:

VTSD - Villages Township and Small Dorpies

ACT – Agriculture Culture and Tourism

RHR - Reconciliation, Healing and Renewal

Quick Service Delivery - Setsokotsane and

United in Diversity to succeed - Saamwerk – Saamtrek

Honourable Councillors, the most challenging task faced by all of us here in this Council, irrespective of our political affiliations is that of acquiring more funding for our district municipality in order to boost our coffers and be able to touch every single corner of this district.

This is because our district is very much dependent on grants from the national government. As a matter of fact, we really need to find creative means of attracting lucrative funding that will help us to unlock various programmes in our district. We have to make notable changes in our communities in the five local municipalities under our jurisdiction.

**/6...**

Once more, Madam Speaker, allow me to bring to the attention of the house that Bojanala Platinum District Municipality is not a Service Authority Municipality hence the municipality does not collect any rates and taxes nor receive conditional grant for projects implementation.

Nonetheless the Municipality remains committed to support its local municipalities through the provision of Section 83 and 84 of Municipal Structures Act No 117 of 1997 of Local Government.

It is a legislated mandate that we have converged here today, 30 days before the beginning of a new municipal financial year, that I present before your august house the 2018 / 2019 Reviewed Integrated Development Plan (IDP) and Budget for Bojanala Platinum District Municipality.

Allow me to quote Local Government Municipal Finance Management Act, No. 56 of 2003 whose supreme purpose is to secure sound and sustainable financial management in the municipal affairs.

***“Section 24 of the Act state that”***

*I quote “The Municipal Council must at least 30 days before the start of the budget year consider approval of the Annual Budget” end quote*

***/7...***

Ladies and gentlemen, we also express our greatest gratitude to the Speaker, Chief Whip, Councillors, Mayoral Committee, Municipal Public Accounts Committee, Audit Performance Committee and Risk Management Committee for your support and for the oversight role you have played over the administration of the affairs of our municipality.

Madam Speaker,

In the current outgoing financial year of 2016 / 2017 we have achieved so much with the little budget that we had, allow me to highlight some of our achievements in line with VTSD, ACT and Setsokotsane Programs.

The Office of the Executive Mayor – through Bojanala District Bursary Scheme, will continue to empower our learners with education. A strong monitoring system has been put in place to track their academic performances.

In his 2018 National Budget Speech – the Minister of Finance announced that, and I quote *“Government will phase in fee-free higher education and training to students from poor and working-class families. This means that all new first-year students with a family income below R350 000 per annum at universities and TVET colleges in the 2018 academic year will be funded for the full cost of study. This will be rolled out in subsequent years until all years of study are covered. Returning NFSAS students at university will have their loans for 2018 onwards converted to a bursary”*. End of quote.

**/8...**

Our new bursary intake will be aligned with the national policy on free higher education as outlined during 2018 national budget speech. Portfolio committee on special projects – which has been assigned to play an oversight role on the administration of bursary – will advise council on the new approach to be taken forward with regards to the funding of the new learners.

## **Community Development Services**

During the 2017 / 2018 financial year the department provided the following services to communities – with regards to the disaster management services – climate change has increased incidents of disasters in the form of drought, floods, strong winds and fires.

These have had a major impact on our communities as lots of properties have been destroyed. With a budget of R3,5 million the municipality has allocated tents, mattresses and blankets to all local municipalities of BPDM. Over 50 families have been assisted with emergency shelter. Disaster awareness campaigns and Risk Assessments were also carried out in specific locations of all our local municipalities

*Le mo ngwageng o o tlang wa ditshetele – masepala o tlaa nna Malala-o-laotswe gore fa go ka nna le tsietsi – re tla thusa baagi ka nako eo ya tlalelo.*

/9...

## **Fire Services**

Through the municipality's Fire and Emergency Services, training has been provided for 11 fire personnel in Fire Fighter 1, Hazmat Awareness and 13 for Basic Ambulance Assistant Course. We have provided support to vehicle accidents and house fires in excess of a combined 500 incidents. Procured and allocated fire-fighting equipment for the umbrella Fire Protection Association for all the 5 local municipalities.

Through the assistance from the Provincial Department of Human settlement (Disaster and fire unit), BPDM Fire unit received assistance in a form of a grant of



about R1 million. The amount was used to repair the fire trucks at our Moretele, Kgetleng Rivier and Moses Kotane stations.

### **Social Services**

The municipality has supported 5 NGO's – one NGO from each local municipality – through the provision of project funding. Each NGO received an amount of one-hundred-thousand rand – (R100, 000-00).

The institution's poverty alleviation programme has planned to temporarily assist in relieving poverty in our communities with food parcels as situations are not the same.

Madam Speaker,

Re tshwanetse ra rotloetsa mananeo a go itshidila mmele – ke ka moo masepala a tsenyang letsogo mo go tse di amang metshameko ...

**/10...**

### **Sports, Arts and Culture**

In collaboration with the Provincial Department of Education and the Bojanala Volleyball Federation we supported volleyball development program, netball development program, table tennis development at the schools in Moretele, soccer development within the district and athletics development.

About two weeks ago, Madam Speaker, Bojanala Platinum District Municipality hosted a very successful annual Bojanala Half Marathon. We are proud to announce that Bojanala Half Marathon continues to attract international athletes and at the same time – it continues to unearth talent from across the province.

The BPDM provides support to the local municipalities through the provision of basic sports equipment – and this comes through requests from the local municipalities.

### **Health & Environmental Services**

The District also provides Health and Environmental Services (HES) and the allocation there is R 6 million. This unit includes services of water quality, monitoring, food monitoring, pollution control, Climate Change, Air Quality, Biodiversity and Waste Management.

**/11...**

### **Technical Services**

#### **Construction of Brakkuil Water Supply**

The project which its objective is to assist the communities with bulk water supply – is located within Brakkuil village, in the jurisdiction of Moses Kotane Local Municipality area in ward no 4. On completion the project will enable the Brakkuil village to have adequate and safe and consumable water. To date we have achieved to lay about 3220 meters of pipes with 63mm and 40mm diameters, sighting and drilling of 1 Borehole and Installation of 8 communal standpipes.

#### **DISLODGING OF VIP TOILETS IN MAZISTA AND DERBY**

The project is located within Derby and Mazista, in the jurisdiction of Kgetlengrivier Local Municipality area in wards no 6 & 8. The objective of the project was to empty the VIP toilets as they were almost in its full capacity. The total number of 495 toilets were emptied in Derby, 100 toilets and a Septic tank in Mazista.

### **JOB CREATION THROUGH EXPANDED PUBLIC WORKS PROGRAMME (EPWP)**

Through its initiative in creating jobs and sustainable livelihood within the communities, the municipality has employed people through EPWP programme which was carried out in the five local municipalities within the jurisdiction of BPDM.

Total number of 138 people were employed through this programme.

**/12...**

### **CONSTRUCTION OF PAVED INTERNAL ROAD IN LETLHAKENG**

As Bojanala Platinum District Municipality we managed to assist Moses Kotane Local Municipality with the upgrade of Letlhakeng internal road from gravel to paved road. The plan is to complete the 2,5 kilometer of paved road by June 2018.

The road upgrade shall provide easy access to local residents, small business and schools within Letlhakeng Village. The road also connects the Provincial road to the Tribal Authority.

Madam Speaker,

With regards to the impact of by the Municipal Standards Chart of Accounts, (mSCOA), the BPDM managed to register on the National Treasury Portal on the 3<sup>rd</sup> November 2016 and managed to upload 2016 / 2017 budget as was required. This enabled the Municipality to go live on mSCOA on 1<sup>st</sup> July 2017 in accordance with the National Treasury requirements.

### **CENTRALISED SUPPLY CHAIN**

To address some of the major related queries raised by Auditor General, the Municipality successfully managed to centralise supply chain to alleviate breaches in supply chain management processes.

**/13...**

### **INTERNS APPOINTED THROUGH FINANCE MANAGEMENT GRANT**

Three of the previously appointed interns have successfully completed the certificate on Minimum competency. The Municipality have recently appointed additional three interns whom the will also be capacitated to acquire the minimum competency requirements.

### **Agriculture and Rural Development (Agripark Programme)**

The National programme implemented by the District Municipality through the office of the Executive Mayor, to support farmers to improve quality of their livestock. More than 1000 farmers continue to benefit from the programme that will also benefit all five local municipalities – by the establishment of the feedlots in each local municipality. About 67 job opportunities have been created.

Another project situated in Dipompong Village – Madam Speaker – it’s a project that has five beneficiaries registered as a primary Cooperative. It consists of one broiler house fully completed with a carrying capacity of 20 000 chickens. Second house infrastructural building is completed but not equipped due to limited funding.

/14...

### **Enterprise development**

Madam Speaker, the Disake sewing project is situated in the heart of Disake Village. It is 100% cooperative owned by women. They have registered it as Baa Le Rona Sewing Co-op. The BPDM has financially supported them with construction of a factory.

### **Training of SMME in mining**

The BPDM is in a process of supporting Madibeng local municipality with training of small scale miners in granite production.

Preparations are underway for a full training to begin in few week's time. It will be conducted by MINTEK during this last quarter of 2017/18 financial year.

### **Tourism (Grading of establishment)**

Madam Speaker,

The BPDM supported small scale establishment with grading of ten guests houses to ensure quality service provision to our local and international guests. With this move – about 55 job opportunities have been created.

**/15...**

Madam Speaker,

We present this budget with an aim to create a Bojanala Platinum District Municipality as a home of excellence and opportunities for a better life with limited resources at our disposal.

The total income budget for 2018 /19 is – three hundred and twenty-nine million rands (R 329 m) of which grants and subsidies are our biggest source of income.

We are here today tabling before your council Madam Speaker – a breakdown of Income Budget Service Components Revenue for 2018 /19 as follows.

## **Proposed Budget for the 2018/19 financial year**

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018 / 2019 Medium-term Revenue and Expenditure Framework:

### **REVENUE PER REVENUE SOURCE**

National Treasury circular 91 is a follow-up to circulars issued in December 2017 regarding municipal budget and reporting. It guides municipalities with their preparation of the 2018/19 Medium Term Revenue and Expenditure Framework (MTREF) and, as with previous annual budget circulars it should be read within this context.

**/16...**

Among the objectives of this Circular, is to support municipalities with giving effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR) within the current economic climate. The key focus of this Circular is the grant allocations per the 2018 Budget Review and the 2018 Division of Revenue Bill.

Total revenue is: three-hundred-and-twenty-nine-million – eight hundred and seventy-four thousand rands (R329 874 000) in 2018/2019 financial year and escalates to: three-hundred-and-fourty-two million – nine hundred and twenty-three thousand rands (R342 923 000) by 2019/2020 and 2020 / 2021 is: three-hundred-and-fifty-eight million – six hundred and sixty-seven thousand rands (R358 667 000) this represents a year-on-year increase of 4%.

Transfers recognised includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted

that in real terms the grants receipts from national government are growing rapidly over the MTREF for the two outer years. The equitable share remains to be the most important part of the municipality's revenue base as no services are rendered for which revenue can be collected.

Equitable share represents 98% of the Municipality's total revenue and the remaining 1% is made up of other conditional grants of which can only be realised as an incoming after it meets its condition after the expenditure and the other 1% is interest on investment as well as revenue collected in respect of municipal by-laws.

/17...

### **OPERATING Expenditure**

Total operating expenditure for the 2018/2019 financial year has been appropriated at three-hundred-and-twenty-two million – one hundred and fifty-six thousand – eight-hundred-and-thirty-three (R322 156 833) and translates into a budgeted surplus of seven million seven hundred and seventeen – one-hundred-and-sixty-six rands (R7 717 166).

When compared to the 2017/2018 Adjustments Budget, operational expenditure has increase by 0.77% per cent in the 2018/2019, there is a slight increase reason being municipality depends only on the increase of equitable share.

The capital budget of nineteen-million-six-hundred-and-seventy one thousand rands (R19 671 000) for 2018/2019 is 1.4% per cent lower when compared to the 2017/2018 Adjustment Budget.



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

**/18...**

Operating grants and transfers totals – three-hundred-and-twenty-two million – two-hundred-and-two-thousand rands (R322 202 000) for 2018/2019 financial year and increases to – three-hundred-and-thirty-seven million-nine-hundred-and-nineteen-thousand rands (R337 919 000) by 2019/2020. The 2019/2020 financial year increase is – three hundred and fifty-two thousand – five-hundred-and-eighty-six (R352 586) for the 2020/2021.

## **SALARIES**

The South African Local Government Bargaining Council in its letter dated 18 April 2018 have indicated that they, together with bargaining parties, concluded negotiations on salary and wages where a facilitator proposal has been developed.

The facilitator 's proposal on the salary and wage collective agreement is that for the 2018/2019 financial year, all employees covered by the agreement shall receive a salary increase of 7% with effect from 1 July 2018, and for those earning below R9000 will receive additional 0,5% in January 2019. For the two outer years 2019/2020 and 2020/2021, the proposal indicates that the increment will be CPI plus 1.5 and 1,25% respectively.

The Municipality adjusted the salary budget according to the facilitators proposal, pending the conclusions by municipalities to solicit mandates on the concluded negotiations.

**/19...**

Furthermore, the collective agreement on conditions of service for the North West Division of SALGBC also contributes to the increase in salaries, particularly on the 7 days' workers who receive several allowances according to the agreement. Some of these allowances increase at the same percentage as that of salaries.

Salaries amounts to – one-hundred-and-seventy-seven million – five hundred-and-ninety-seven thousand – nine-hundred-and-ninety rands (R177 597 990) and constitutes 55% of the total expenditure, 20% more than the 35% norm of the salary bill. Councillor allowances increased from – sixteen-million-rand – six-hundred-and-seventy-eight thousand rands (R16 678 000) to seventeen million – six-hundred-and-seventy-two thousand – one-hundred-and-seventy-one rand (R17 672 171).

Madam Speaker,

We should not lose sight of the powers and functions of the district amongst

That of district wide integrated development programme,

Infrastructural development and bulk services delivery,  
Capacity building of local municipalities, and  
Administrative assistance to local municipalities where capacity is lacking.

**/20...**

The budget presented today has undergone stringent cost cutting measures to ensure that we only focus on those items that would ensure that we provide the best services to our community.

Departments have been instructed to ensure that every effort is made to cut down costs that are not entirely crucial for the completion of projects. Day-to-day operational costs have been narrowed down to the bare essentials.

**In terms of our operating revenue...**

Our operating revenue has decreased by R2.3 million for the 2018/19 financial year when compared to the 2017/18 Adjustments Budget.

This Budget is guided by practical prioritization determined by the realities of our resources capacity informed by our local municipalities and other stakeholders as defined by Chapter five (5) of Local Government Municipal Systems Act No. 32 of 2001.

Madam Speaker, I think I should say again that – the Bojanala Platinum District Municipality unlike other district municipality in the country, is not a Water Services Authority and therefore is only dependent on grants as a source of revenue and income.

**/21...**

This is the budget that we believe is strongly redistributive of the limited resources of the municipality and also addressing the service delivery that we carry in line with the five key thrusts of local government – as the

Institutional Transformation

Organisational Development

Basic Service Delivery

Local Economic Development

Municipal Financial Management and Viability

Good Governance and Public Participation

**In conclusion Madam Speaker,**

Allow me to acknowledge and appreciate the role played by combine effort of the following structures in accelerating service delivered and putting Bojanala on top of Bokone Bophirima and one amongst the best in the country.

Members of the Mayoral Committee,

Members of the MPAC & Audit Committee,

Honorable Councilors (from both the opposition and ruling party)

Municipal Manager,

Chief Financial Officer,

Chief of Staff and Senior Management,

**/22...**

And the entire staff for having worked sleepless nights to ensure that the aspirations and wishes of our community do get necessary attention.

We can only achieve great things if we work together and I believe that this was a team effort. The credit is shared by all who played a part in tabling this final product today.

As we move forward in reflecting and implementing our programmes, we need to make sure that we have the same commitment, dedication, cooperation, collective leadership and excellent performance that we continue to make

Bojanala Platinum District Municipality a star of the province of Bokone Bophirima.

**Honorable Madam Speaker,**

It is therefore my pleasure to present to council the IDP and Budget for the Financial Year 2017 / 18 for Consideration and Approval.

Bagaetsho ke a leboga – lo nkadimile ditsebe tsa lona ... ntetleng gore ke khutle fa – kana lo se ke lwa lebala – kgomo ga e ke e ntsha boloko jotlhe

Kana kgetse ya puo ga e tlale ...

Nelwang ke pula ya mariga Bagaetsho ...

Ke a leboga ...

<b>Table 1 Consolidated Overview of the 2018/2019 MTREF</b>				
<b>Description</b>	<b>Final 2017/18</b>	<b>Budget year</b>	<b>Budget year + 1</b>	<b>Budget year + 2</b>
	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b>R Thousands</b>	R,000	R,000	R,000	R,000
<b>Total Operating Revenue</b>	321,884	329 874 000	342 923 000	358 267 000
<b>Total Operating Expenditure</b>	298,589	322 156 833	336 508 022	351 542 817
<b>Surplus/Deficit for the year</b>	<b>23 295</b>	<b>7 767 000</b>	<b>8 034 000</b>	<b>1 919 583</b>

National Treasury circular 91 is a follow-up to circulars issued in December 2017 regarding municipal budget and reporting. It guides municipalities with their preparation of the 2018/19 Medium Term Revenue and Expenditure Framework (MTREF) and, as with previous annual budget circulars it should be read within this context.

Among the objectives of this Circular, is to support municipalities with giving effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR) within the current economic climate. The key focus of this Circular is the grant allocations per the 2018 Budget Review and the 2018 Division of Revenue Bill.

Total revenue is R329 874 000 in 2018/2019 financial year and escalates to R342 923 000 by 2019/2020 and 2020/2021 is R358 267 000 this represents a year-on-year increase of 4%

Transfers recognised includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF for the two outer years. The equitable share remains to be the most important part of the municipality's revenue base as no services are rendered for which revenue can be collected.

Equitable share represents 98% of the Municipality's total revenue and the remaining 1% is made up of other conditional grants of which can only be realised as an incoming

after it meets its condition after the expenditure and the other 1% is interest on investment as well as revenue collected in respect of municipal by-law

#### Operating Revenue Framework

For Bojanala Platinum District Municipality to continue improving the quality of services provided to its citizens and local municipalities 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 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 BPDM and continued economic development and

Efficient revenue management,

Percentage growth in revenue by main revenue source

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

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table A1 BUDGET SUMMARY

## **Table 2 main revenue source**

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

Operating Grants form a significant percentage of the revenue basket for the District. In the 2017/18 financial year, the operating grants total R3329 874 million and constitute 98 per cent. This increases to R342 923 million and R358 267 million in the respective financial years of the MTREF. The



main portion of the operating grants is the RSC Levy Replacement grant, which can be classified as own revenue as well because it replaced the RSC Levies that were abolished in 2006.

### **Table 3 Operating Transfers and Grant Receipts**

Investment revenue is the second largest revenue source, the third largest source is 'other revenue' which consists of various items such as, sale of tender documents and sundry income. It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, petrol, diesel, contracted services etc. The current challenge facing the District is managing the gap between cost drivers and revenue income, as any shortfall must be made up by either operational efficiency gains or service level reductions.

#### **1.4 Operating Expenditure Framework**

The District'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;
- The contribution to local municipalities is aligned to the asset, IDP and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the contribution to local Municipalities and other core services; and
- Project lists submitted by local municipalities.

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

**Table 1 Summary of operating expenditure by standard classification**

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Financial Performance</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-
Investment revenue	1 361	2 637	2 591	1 100	1 100	1 100	1 100	1 500	1 500	1 500
Transfers recognised - operational	271 947	306 593	317 474	318 413	297 982	297 982	297 982	328 124	341 323	356 667
Other own revenue	685	1 943	4 156	630	1 500	1 500	1 500	250	100	100
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>273 993</b>	<b>311 173</b>	<b>324 220</b>	<b>320 143</b>	<b>300 582</b>	<b>300 582</b>	<b>300 582</b>	<b>329 874</b>	<b>342 923</b>	<b>358 267</b>

The South African Local Government Bargaining Council in its letter dated 18 April 2018 have indicated that they, together with bargaining parties have concluded negotiations on salary and wages where a facilitator proposal has been developed.

The facilitator 's proposal on the salary and wage collective agreement is that for the 2018/2019 financial year, all employees covered by the agreement shall receive a salary increase of 7% with effect from 1 July 2018, and for those earning below R9000 will receive additional 0,5% in January 2019. For the two outer years 2019/2020 and 2020/2021, the proposal indicates that the increment will be CPI plus 1.5 and 1,25% respectively.

The Municipality adjusted the salary budget according to the facilitators proposal, pending the conclusions by municipalities to solicit mandates on the concluded negotiations

Furthermore, the collective agreement on conditions of service for the North West Division of SALGBC also contributes to the increase in salaries, particularly on the 7 days' workers who receive several allowances according to the agreement. Some of these allowances increase at the same percentage as that of salaries.

Salaries amounts to R177 597 990 and constitutes 55% of the total expenditure, 20% more than the 35% norm of the salary bill. Councillor allowances increased from R16 678 000 to R17 672 171.

## **COUNCILLORS**

Councillor allowances reduced from R18 171 503 to R17 672 171. This is because for the past financial years, the increase has been projected to the increment the general salary increase of South Africa Local Government Bargaining Council. The Gazettes on upper limits for the past two years were used as a base for increment.

## **GENERAL EXPENSES**

General expenses also reduced from R86 781 827 to R72 679 295

## **DEPRECIATION**



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. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance: repairs and Maintenance of the municipality is mainly on vehicle maintenance and building.

During the compilation of the 2018/19 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's Assets and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 1.27 per cent in the 2017/18 financial year

**TABLE 2 Capital expenditure:**

DC37 Bojanala Platinum - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

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										
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Community Development		-	-	-	445	750	750	750	522	538	554
Vote 2 - Environmental & Health Services		-	-	-	200	150	150	150	211	217	223
Vote 3 - Municipal Manager's Office		-	-	19 031	150	100	100	100	105	108	112
Vote 4 - Municipal council		-	-	-	205	-	-	-	216	222	229
Vote 5 - Corporate Support Services		2 071	-	-	1 503	1 540	1 540	1 540	1 505	1 550	1 597
Vote 6 - Economic Development Agric and Tourism		-	-	-	200	3 870	3 870	3 870	4 728	4 870	5 016
Vote 7 - Budget and Treasury Office		-	47 486	-	200	100	100	100	100	103	106
Vote 8 - Technical Services		-	-	-	490	14 488	14 488	14 488	12 126	12 490	12 861
Vote 9 - Mayoral Executive		-	-	-	200	305	305	305	158	163	168
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]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>2 071</b>	<b>47 486</b>	<b>19 031</b>	<b>3 593</b>	<b>21 303</b>	<b>21 303</b>	<b>21 303</b>	<b>19 672</b>	<b>20 262</b>	<b>20 866</b>
<b>Total Capital Expenditure - Vote</b>		<b>2 071</b>	<b>47 486</b>	<b>19 031</b>	<b>3 593</b>	<b>21 303</b>	<b>21 303</b>	<b>21 303</b>	<b>19 672</b>	<b>20 262</b>	<b>20 866</b>

Total assets represent R21 303 million of the total budget. Further detail relating to asset classes and proposed capital expenditure, this expenditure decrease from R21 303 to R19 672. This constitute the 1% decrease, as a remedial action in the 2018/2019 financial year, all budget relating to service delivery project to be done on behalf of Municipalities has been included in capital expenditure as working in progress before hand over.

*Basic Service Delivery and Infrastructure Investment Strategies*

Objectives	Strategies	Projects	Allocation (R'000)		
			2018/19	2019/20	2020/2021
Provide Municipal Public Transport Planning	Solicit funds to support the Integrated Transport Network (IPTN)	Transport Programme	200	206	212
	District Integrated Transport Plan reviewed	Rural Asset Management Grant	2 364	2 504	2 649
		Community Safety Programme	200	206	212
Provide Fire Fighting Service	Familiarise council with status quo of fire service	Capacity Building x 3 fire stations	259	365	273
	Ensure Kgetleng Fire Station is operational	Provision of uniform & PPE x 3 Fire stations	1 052	1 082	1 125
	Provide guidance on future of service	Support to FPAs x 3 fire stations	146	150	156
	Take service closer to communities	Radio Communications	357	374	385
		Replacement of equipment	230	238	245
		Public Information & Education Relations x 3 fire stations	100	103	106
Provide Disaster Risk Management Services	Ensure district is disaster ready	Risk Assessment	52	54	55
	Secure disaster equipment	Capacity Building			
	Support Local municipalities	Disaster Interventions	2 000	2 060	2 121
	Build capacity	Education & Awareness	231	238	245
		Radio Communications	155	159	164
		Geographic Information Systems	100	103	106

Objectives	Strategies	Projects	Allocation (R'000)
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			2018/19	2019/20	2020/2021
Provide Municipal Health Services	Enforce compliance to the Municipal Health Bylaws	<b>Indigents burials</b>	<b>400</b>	<b>412</b>	<b>424</b>
	Enforce compliance to the Health Act standards and requirements	<b>Burial of Paupers</b>	<b>279</b>	<b>287</b>	<b>296</b>
	Assist in provision of licencing to Early Childhood Development centres	<b>Food &amp; Water samples testing</b>	<b>494</b>	<b>509</b>	<b>525</b>
Facilitate the provision of Solid Waste Management Services	<b>Revise Integrated District waste management strategy</b>	<b>Waste Management Programmes</b>	<b>321</b>	<b>330</b>	<b>340</b>
	<b>Conduct comprehensive audit of landfill sites and revitalization strategy</b>	<b>Waste Resources recovery</b>	<b>263</b>	<b>271</b>	<b>279</b>
	<b>Support review of waste management plans by locals</b>				
Promote the protection of the environment	Administration and Monitoring of Atmospheric Emissions Licenses (AEL's)	<b>Roll out of Air quality management programme</b>	<b>390</b>	<b>402</b>	<b>414</b>
	Implementation of the Bojanala/Waterberg Priority Area Air Quality Management Plan (BWPA: AQMP)	<b>Environmental Education &amp; Awareness</b>	<b>581</b>	<b>598</b>	<b>617</b>
	Review and implementation of the District's Air Quality Management Plan (AQMP)	<b>Environmental rehabilitation</b>	<b>302</b>	<b>311</b>	<b>321</b>
	Review and enforcement of the District's Air quality by-laws	<b>Climate Change</b>	<b>300</b>	<b>309</b>	<b>318</b>
	Implementation and Roll out of Climate Change and Cleaner Production programmes and projects	<b>Biodiversity</b>	<b>315</b>	<b>325</b>	<b>335</b>

Objectives	Strategies	Projects	Allocation (R'000)		
			2018/19	2019/20	2020/2021
Promote Sport, Arts & Culture	Support local sports federations	<b>Support sport</b>	661	681	700
	Support the Tourism programme	<b>Provision of basic</b>	280	288	297

	through cataloguing of heritage sites	<b>sport equipment</b>			
	Profile Performing and other performing arts	<b>Arts &amp; Culture support</b>	300	309	318

### *Municipal Financial Viability and Management Strategies*

Objectives	Strategies	Projects	Allocation (R'000)		
			2018/19	2019/20	2020/2021
Promote sound financial governance	Improve accountability	mSCOA implementation	800	824	848
	Compile quarterly and annual performance reports	Management of FMG	1 000	1 000	1 432
		Maintenance of Financial Systems	500	515	530
	Support internal audit service	Audit Fees	3 800	3 914	4 031
	Implement mSCOA	Payment for security services	8 200	8 446	8 699
		Data Cleansing	2 500	2 575	2 652
Manage Assets	Review asset management Policy Update Asset register Establish Asset Committee	<b>Municipal vehicles</b>	1 300	1 339	1 379

### *Local Economic Development Strategies*

Objectives	Strategies	Projects	Allocation (R'000)		
			2018/19	2019/20	2020/2021
Promote agriculture	Increase role in National Agripark programme	Support AgriPark programme	1 895	1 952	2 010
	Support RD & LR land reform post settlement process	Agricultural Rural School	210	216	223

	<b>Develop Database of Agric cooperatives</b>	<b>Agriculture Summit</b>	<b>315</b>	<b>325</b>	<b>335</b>
	<b>Support Land Care projects</b>	<b>Agricultural Shows</b>	<b>210</b>	<b>216</b>	<b>223</b>
	Revisit Fresh Produce markets plans				
	Feasibility study to establish export market	<b>Agriculture support &amp; EPWP</b>	<b>500</b>	<b>515</b>	<b>530</b>
Promote Rural Development	Develop Business Plan for Rural Development	Rural one shop Initiative	450	463	477
	Familiarise stakeholders with VTSD				
	<b>Support Village, Local and District Chamber of Commerce</b>	<b>Enterprise support</b>	<b>2 053</b>	<b>2 114</b>	<b>2 178</b>
	<b>Revitalise LED forum</b>	<b>LED Strategy</b>	<b>110</b>	<b>113</b>	<b>117</b>
Promote Enterprise Development	<b>Develop Business Plans for funding</b>	<b>LED Summit</b>	<b>200</b>	<b>206</b>	<b>212</b>
	PPPs ventures supported				
	Train small scale miners				
	<b>Design bankable LED</b>				



Objectives	Strategies	Projects	Allocation (R'000)		
			2018/19	2019/20	2020/2021
Support Tourism and Marketing development	Increase BPDM's role in Heritage park	Tourism support	106	109	113
	Compile business plan for heritage sites and Museums	District Marketing	600	618	636
	Compile SMME data base				
	Revise SMME support Strategy				
	Revise District tourism and Marketing Strategy				
	Develop Business Plan for tourism routes				
	Introduce new tourism products				
	Promote local tourism				
Increase role in big district based events					
Support Job Creation initiatives	Support EPWP	EPWP (social development)	1 558	1 604	1 652
	Coordinate Job creation initiatives in all government spheres				
	Conduct Status quo analysis of SLPs				

*Municipal Transformation & Organisational Development Strategies*

Objectives	Strategies	Projects	Allocation (R'000)		
			2018/19	2019/20	2020/2021
Promote Skills Development	Conduct Skills Audit	Mayoral Bursary Scheme	1 000	1 030	1 060
	Compile WSDP	BPDM Training	200	206	212
	Develop Community Skills Development Programme	Employee Bursaries	500	515	530
	Solicit funding for community skills programme	Learnership programme	900	927	954
Recruit and Retain Staff	Revise Selection and Recruitment policy	HR Implementation	100	103	106
	Revise the Organisational structure				
	Develop Talent Management Policy				
Provide Support to council	Design corporate calendar	Institutional support	1 000	1 030	1 060
	Improve secretariat service	Professional Fees	495	510	526
	Revise council rules of order	Legal Fees	1 000	1 030	1 060
Achieve Positive Employee Climate	Conduct employee satisfaction survey	Clocking system	300	309	318
	Hold a team building exercise	Employee wellness programme	200	206	212
	Develop an employee wellness programme				
	Conduct Employee Satisfaction Survey				

Objectives	Strategies	Projects	Allocation (R'000)		
			2018/19	2019/20	2020/2021

Provide Filing and archiving services	Revise Filing Plan	Records & storage Maintenance	100	103	106
	Automate the Document management system				
	Train staff on new system				
Strengthen Integrated development Planning	Compile IDP	<b>IDP Review</b>	600	618	636
	Provide leadership in urban management	<b>SDF review/update</b>	<b>454</b>	467	481
	Support SPLUMA implementation	<b>District Investment Incentives</b>	350	360	371
	Improve sector planning				
<b>Promote technology efficiency</b>	Information and Communication Technology Helpdesk established	<b>Maintenance of the municipal website</b>	<b>100</b>	<b>103</b>	<b>106</b>
		<b>Computer license maintenance</b>	<b>767</b>	<b>790</b>	<b>814</b>
		<b>Replacement of computer hardware</b>	<b>52</b>	<b>54</b>	<b>55</b>
		<b>Repair of computers &amp; servers</b>	<b>52</b>	<b>54</b>	<b>55</b>
		<b>Office machine rental</b>	<b>4 600</b>	<b>4 738</b>	<b>4 880</b>
Improve Performance Management	Conduct regular performance assessments	Mid Term Performance Review	224	230	237
	Revise PMS policy				
	Develop plan to cascade PMS				
	Cascade PMS				

Objectives	Strategies	Projects	Allocation (R'000)		
			2018/19	2019/20	2020/2021
<b>Provide Occupational Health and Safety</b>	Compile OHS Plan	Office & Parking rental	6 500	6 695	6 895
	Establish OHS committee Compile regular OHS reports	Security Payments	8 200	8 446	8 699
<b>Provide fleet management service</b>	Revise Fleet Management Policy Design Fleet management strategy	Acquisition of municipal vehicles	1 300	1 339	1 379

*Good Governance and Public Participation strategies*

Objectives	Strategies	Projects	Allocation (R'000)		
			2018/19	2019/20	2020/2021
Promote good governance	Improve accountability	NGO/NPO support	758	780	804
	Compile quarterly and annual performance reports	Food parcels	300	309	318
	Design integrity management framework	Anti-Corruption programmes	425	438	451
	Review Anti-corruption policy	Capacity Building	320	330	340
	Review Anti-Corruption Strategy	Ward Committee Programmes	500	515	530
	Conduct ethics awareness programmes	Printing	400	412	424
	Conduct a Council Mid Term Customer satisfaction survey	Training (Office of the Single Whip)	298	307	315
	Support social cohesion initiatives	Meetings (Office of the Single Whip)	641	660	680
	Promote stakeholder participation	Review community participation policy	Public Participation Programmes	584	601
Hold community consultation meetings		District Imbizo	500	515	530
Hold Imbizo		Outreach Programme	400	412	424
Support Setsokotsane programme		Communication	560	577	594
		Placement of Advertisements/Public notices	100	103	106
		Advocacy Programmes	600	618	636
<b>Facilitate and Support Municipal Committees</b>	Develop ward support strategy	IGR	100	103	106
	Ensure support to ward committees is provided Ensure that the IGR committees are supported				
Achieve clean audit	Develop Audit Action Plan	MPAC Programmes	742	764	787
	Adhere to internal Audit Charter	Risk Assessment	50	51	53
	Implement Internal Audit	Audit Committee	513	528	544

	recommendations Ensure support to the office of the MPAC				
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## MTREF 2018/21 BUDGET SUMMARY

### MUNICIPAL REVENUE BY SOURCE

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework			
				R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome
<u>Financial Performance</u>											
Property rates	-	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-	-
Investment revenue	1 361	2 637	2 591	1 100	1 100	1 100	1 100	1 500	1 500	1 500	
Transfers recognised - operational	271 947	306 593	317 474	318 413	297 982	297 982	297 982	328 124	341 323	356 667	
Other own revenue	685	1 943	4 156	630	1 500	1 500	1 500	250	100	100	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>273 993</b>	<b>311 173</b>	<b>324 220</b>	<b>320 143</b>	<b>300 582</b>	<b>300 582</b>	<b>300 582</b>	<b>329 874</b>	<b>342 923</b>	<b>358 267</b>	

### MUNICIPAL EXPENDITURE BY VOTE

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
				R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Employee costs	138 838	146 374	154 838	167 693	158 660	158 660	158 660	177 598	188 758	201 971
Remuneration of councillors	14 304	13 721	13 667	18 172	16 678	16 678	16 678	17 672	18 626	19 632

Depreciation & asset impairment	12 990	4 337	13 157	5 000	4 500	4 500	4 500	15 000	15 450	15 914
Finance charges	-	-	-	250	250	250	-	100	103	106
Materials and bulk purchases	1 821	1 810	1 464	3 256	3 379	3 379	3 379	2 780	2 864	2 950
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	127 675	58 935	138 732	88 827	115 371	115 371	115 371	89 285	91 291	93 341
<b>Total Expenditure</b>	295 627	225 176	321 858	283 198	298 838	298 838	298 588	302 435	317 092	333 913
<b>Surplus/(Deficit)</b>	(21 634)	85 998	2 362	36 945	1 744	1 744	1 994	27 439	25 831	24 354
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	(21 634)	85 998	2 362	36 945	1 744	1 744	1 994	27 439	25 831	24 354
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	(21 634)	85 998	2 362	36 945	1 744	1 744	1 994	27 439	25 831	24 354



**Table A3 - 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
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-
Investment revenue	1 361	2 637	2 591	1 100	1 100	1 100	1 100	1 500	1 500	1 500
Transfers recognised - operational	271 947	306 593	317 474	318 413	297 982	297 982	297 982	328 124	341 323	356 667
Other own revenue	685	1 943	4 156	630	1 500	1 500	1 500	250	100	100
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>273 993</b>	<b>311 173</b>	<b>324 220</b>	<b>320 143</b>	<b>300 582</b>	<b>300 582</b>	<b>300 582</b>	<b>329 874</b>	<b>342 923</b>	<b>358 267</b>
Employee costs	138 838	146 374	154 838	167 693	158 660	158 660	158 660	177 598	188 758	201 971
Remuneration of councillors	14 304	13 721	13 667	18 172	16 678	16 678	16 678	17 672	18 626	19 632
Depreciation & asset impairment	12 990	4 337	13 157	5 000	4 500	4 500	4 500	15 000	15 450	15 914
Finance charges	-	-	-	250	250	250	-	100	103	106
Materials and bulk purchases	1 821	1 810	1 464	3 256	3 379	3 379	3 379	2 780	2 864	2 950
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	127 675	58 935	138 732	88 827	115 371	115 371	115 371	89 285	91 291	93 341
<b>Total Expenditure</b>	<b>295 627</b>	<b>225 176</b>	<b>321 858</b>	<b>283 198</b>	<b>298 838</b>	<b>298 838</b>	<b>298 588</b>	<b>302 435</b>	<b>317 092</b>	<b>333 913</b>
<b>Surplus/(Deficit)</b>	<b>(21 634)</b>	<b>85 998</b>	<b>2 362</b>	<b>36 945</b>	<b>1 744</b>	<b>1 744</b>	<b>1 994</b>	<b>27 439</b>	<b>25 831</b>	<b>24 354</b>
Transfers and subsidies - capital (monetary allocations)	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(21 634)</b>	<b>85 998</b>	<b>2 362</b>	<b>36 945</b>	<b>1 744</b>	<b>1 744</b>	<b>1 994</b>	<b>27 439</b>	<b>25 831</b>	<b>24 354</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(21 634)</b>	<b>85 998</b>	<b>2 362</b>	<b>36 945</b>	<b>1 744</b>	<b>1 744</b>	<b>1 994</b>	<b>27 439</b>	<b>25 831</b>	<b>24 354</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>2 071</b>	<b>47 486</b>	<b>19 031</b>	<b>3 593</b>	<b>21 303</b>	<b>21 303</b>	<b>-</b>	<b>19 671</b>	<b>20 262</b>	<b>20 866</b>
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	3 593	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	21 303	21 303	-	19 671	20 262	20 866
<b>Total sources of capital funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 593</b>	<b>21 303</b>	<b>21 303</b>	<b>-</b>	<b>19 671</b>	<b>20 262</b>	<b>20 866</b>
<b>Financial position</b>										
Total current assets	2 030	7 628	6 776	23 503	23 503	23 503	23 503	7 470	9 234	14 881
Total non current assets	42 737	47 486	44 801	48 755	48 755	48 755	48 755	71 974	95 890	120 523
Total current liabilities	27 505	49 540	46 041	31 770	20 510	20 510	20 510	2 900	2 980	3 010
Total non current liabilities	839	-	40 914	12 086	12 086	12 086	12 086	7 400	6 115	4 450
Community wealth/Equity	16 423	5 574	(35 378)	28 402	39 662	39 662	39 662	69 144	96 029	127 944
<b>Cash flows</b>										
Net cash from (used) operating	(5 115)	18 136	18 327	19 763	26 925	26 925	26 925	42 289	41 281	40 268
Net cash from (used) investing	-	934	20 162	(369)	(21 300)	-	-	(19 672)	(19 744)	(20 336)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>(4 353)</b>	<b>19 234</b>	<b>39 251</b>	<b>21 983</b>	<b>13 426</b>	<b>34 725</b>	<b>34 725</b>	<b>30 417</b>	<b>51 954</b>	<b>71 886</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	164	2 582	762	23 503	23 503	23 503	23 503	7 020	8 834	14 481
Application of cash and investments	25 839	49 540	45 303	10 255	10 255	10 255	10 255	1 550	1 600	1 600
<b>Balance - surplus (shortfall)</b>	<b>(25 674)</b>	<b>(46 958)</b>	<b>(44 541)</b>	<b>13 248</b>	<b>13 248</b>	<b>13 248</b>	<b>13 248</b>	<b>5 470</b>	<b>7 234</b>	<b>12 881</b>
<b>Asset management</b>										
Asset register summary (WDV)	28 948	78 310	44 831	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-	2 930	2 915	3 003
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

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).

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.

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:

The operating surplus/deficit (after Total Expenditure) is positive over the MTREF

Capital expenditure is balanced by capital funding sources, of which

Transfers recognised is reflected on the Financial Performance Budget;

Borrowing is incorporated in the net cash from financing on the Cash Flow Budget

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.

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. 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 once the municipality can have the revenue enhancement strategy,

**NB:** The amount that relate to actual payable has a debit balance of R5,1 million. Major balance of R24 million related to the bank reconciliation while R16,6 related to provisions The amount relating to bank recon is an accounting error due take on balances from prior years but it will be cleared in the 2017/18 financial year On aggregate, this means that the municipality did not owe creditors

This means that the municipality did not owe creditors It is against this backdrop that the municipality provided lower amount for creditors at year end. Therefore, the municipality does not project that the 2018/19 budget will be unfunded

### Explanatory notes to MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure by standard classification)

DC37 Bojanala Platinum - 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
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		164	2 582	762	16 383	16 383	16 383	16 383	7 020	8 834	14 481
Call investment deposits	1	-	-	-	7 120	7 120	7 120	7 120	-	-	-
Consumer debtors	1	-	-	-	-	-	-	-	-	-	-
Other debtors		1 866	5 046	6 013					450	400	400
Current portion of long-term receivables											
Inventory	2										
<b>Total current assets</b>		<b>2 030</b>	<b>7 628</b>	<b>6 776</b>	<b>23 503</b>	<b>23 503</b>	<b>23 503</b>	<b>23 503</b>	<b>7 470</b>	<b>9 234</b>	<b>14 881</b>
<b>Non current assets</b>											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	42 737	47 486	43 419	48 755	48 755	48 755	48 755	71 974	95 890	120 523
Agricultural											
Biological											
Intangible				1 382							
Other non-current assets											
<b>Total non current assets</b>		<b>42 737</b>	<b>47 486</b>	<b>44 801</b>	<b>48 755</b>	<b>48 755</b>	<b>48 755</b>	<b>48 755</b>	<b>71 974</b>	<b>95 890</b>	<b>120 523</b>
<b>TOTAL ASSETS</b>		<b>44 767</b>	<b>55 114</b>	<b>51 577</b>	<b>72 258</b>	<b>72 258</b>	<b>72 258</b>	<b>72 258</b>	<b>79 444</b>	<b>105 124</b>	<b>135 404</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1										
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits											
Trade and other payables	4	27 505	49 540	45 303	31 770	20 510	20 510	20 510	2 000	2 000	2 000
Provisions				738					900	980	1 010
<b>Total current liabilities</b>		<b>27 505</b>	<b>49 540</b>	<b>46 041</b>	<b>31 770</b>	<b>20 510</b>	<b>20 510</b>	<b>20 510</b>	<b>2 900</b>	<b>2 980</b>	<b>3 010</b>
<b>Non current liabilities</b>											
Borrowing		839	-	21 332	4 086	4 086	4 086	4 086	4 100	4 115	4 200
Provisions		-	-	19 582	8 000	8 000	8 000	8 000	3 300	2 000	250
<b>Total non current liabilities</b>		<b>839</b>	<b>-</b>	<b>40 914</b>	<b>12 086</b>	<b>12 086</b>	<b>12 086</b>	<b>12 086</b>	<b>7 400</b>	<b>6 115</b>	<b>4 450</b>
<b>TOTAL LIABILITIES</b>		<b>28 344</b>	<b>49 540</b>	<b>86 955</b>	<b>43 856</b>	<b>32 596</b>	<b>32 596</b>	<b>32 596</b>	<b>10 300</b>	<b>9 095</b>	<b>7 460</b>
<b>NET ASSETS</b>	5	<b>16 423</b>	<b>5 574</b>	<b>(35 378)</b>	<b>28 402</b>	<b>39 662</b>	<b>39 662</b>	<b>39 662</b>	<b>69 144</b>	<b>96 029</b>	<b>127 944</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		13 681	2 831	(38 004)	17 668	28 928	28 928	28 928	66 518	93 403	125 318
Reserves	4	2 743	2 743	2 626	10 734	10 734	10 734	10 734	2 626	2 626	2 626
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>16 423</b>	<b>5 574</b>	<b>(35 378)</b>	<b>28 402</b>	<b>39 662</b>	<b>39 662</b>	<b>39 662</b>	<b>69 144</b>	<b>96 029</b>	<b>127 944</b>

**Explanatory notes to MBRR Table A5 - 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
<b>Revenue - Functional</b>	1									
<i>Governance and administration</i>		273 993	312 253	324 220	320 143	321 014	321 014	329 874	342 923	358 267
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		273 993	312 253	324 220	320 143	321 014	321 014	329 874	342 923	358 267
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	273 993	312 253	324 220	320 143	321 014	321 014	329 874	342 923	358 267
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		296 609	307 116	322 640	151 940	162 925	162 925	160 368	166 978	174 373
Executive and council		-	-	322 640	63 855	70 117	70 117	64 261	67 277	70 444
Finance and administration		296 609	307 116	-	88 085	92 808	92 808	96 107	99 700	103 929
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	112 238	114 665	114 665	122 842	127 376	133 782
Community and social services		-	-	-	15 866	12 971	12 971	13 735	12 754	13 360
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	58 886	64 050	64 050	71 731	75 390	79 239
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	37 487	37 645	37 645	37 376	39 232	41 183
<i>Economic and environmental services</i>		-	-	-	37 294	42 300	42 300	38 947	40 536	42 192
Planning and development		-	-	-	16 334	15 323	15 323	14 954	15 568	16 209
Road transport		-	-	-	20 960	26 977	26 977	23 993	24 968	25 983
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	296 609	307 116	322 640	301 473	319 891	319 891	322 157	334 889	350 347
<b>Surplus/(Deficit) for the year</b>		(22 616)	5 137	1 580	18 670	1 124	1 124	7 717	8 034	7 920

1. Table A5 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.

**Table A6 - 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
<b>Revenue by Vote</b>										
Vote 1 - Community Development	1	-	-	-	-	-	-	-	-	-
Vote 2 - Environmental & Health Services		-	-	-	-	-	-	-	-	-
Vote 3 - Municipal Manager's Office		-	-	-	-	-	-	-	-	-
Vote 4 - Municipal council		-	-	-	-	-	-	-	-	-
Vote 5 - Corporate Support Services		-	-	-	-	-	-	-	-	-
Vote 6 - Economic Development Agric and Tourism		-	-	-	-	-	-	-	-	-
Vote 7 - Budget and Treasury Office		273 993	312 253	324 220	320 143	321 014	321 014	329 874	342 923	358 267
Vote 8 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 9 - Mayoral Executive		-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	273 993	312 253	324 220	320 143	321 014	321 014	329 874	342 923	358 267
<b>Expenditure by Vote to be appropriated</b>										
Vote 1 - Community Development	1	-	-	-	86 191	79 366	79 366	85 466	88 144	92 599
Vote 2 - Environmental & Health Services		-	-	-	37 487	37 644	37 644	37 376	39 232	41 183
Vote 3 - Municipal Manager's Office		-	-	-	21 646	28 973	28 973	21 751	22 721	23 737
Vote 4 - Municipal council		-	-	322 640	28 679	24 767	24 767	26 686	27 992	29 364
Vote 5 - Corporate Support Services		-	-	-	61 544	58 048	58 048	57 099	59 228	61 499
Vote 6 - Economic Development Agric and Tourism		-	-	-	16 334	14 973	14 973	14 954	15 568	16 209
Vote 7 - Budget and Treasury Office		296 609	307 116	-	27 003	34 410	34 410	39 008	40 472	42 430
Vote 8 - Technical Services		-	-	-	27 268	26 757	26 757	23 993	24 968	25 983
Vote 9 - Mayoral Executive		-	-	-	13 530	14 952	14 952	15 824	16 565	17 342
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]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	296 609	307 116	322 640	319 682	319 891	319 891	322 157	334 889	350 347
<b>Surplus/(Deficit) for the year</b>	2	(22 616)	5 137	1 580	461	1 123	1 123	7 717	8 034	7 920

1. Table A6 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the District. This means it is possible to present the operating surplus or deficit of a vote.

2. The following graph illustrates the major expenditure items per type

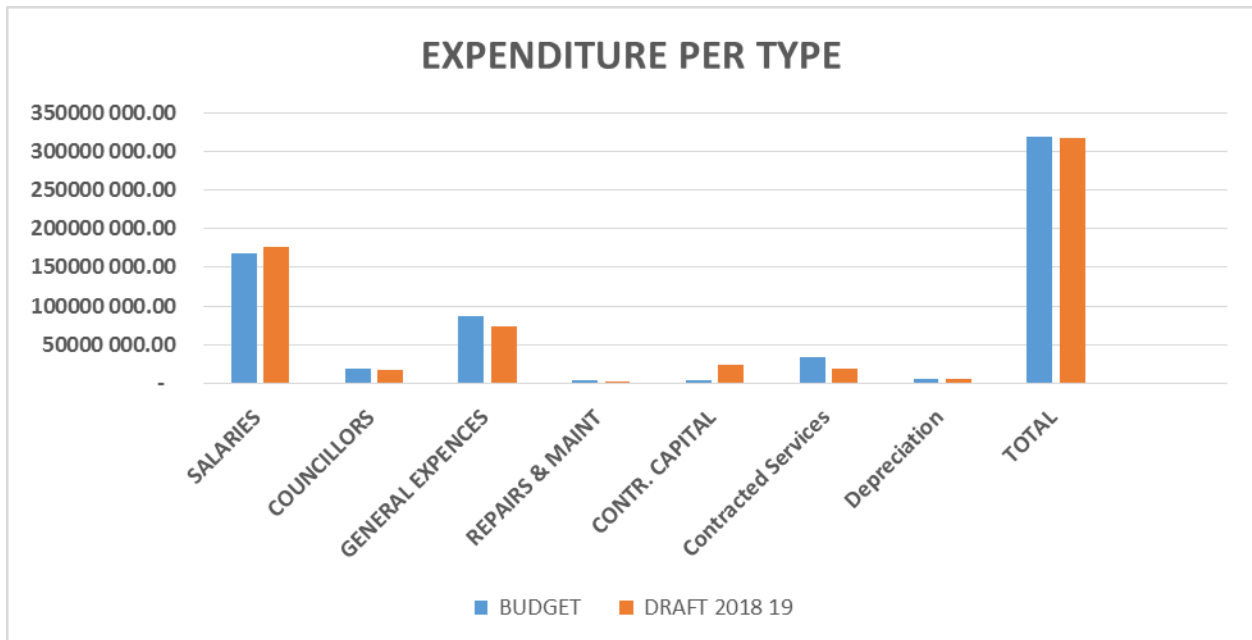


Figure 2 Expenditure by major type

EXPENDITURE	BUDGET	DRAFT 2018 19
SALARIES	158 660 000	177 597 990
COUNCILLORS	16 678 393	17 672 171

<b>GENERAL EXPENCES</b>	98 107 146	69 984 522
<b>REPAIRS &amp; MAINT</b>	3 379	2 780 000
<b>CONTR. CAPITAL</b>	21 302 603	19 671 695
<b>Contracted Services</b>	17 263 445	19 300 000
<b>Depreciation</b>	4 500 000	15 000 000
<b>TOTAL</b>	<b>319 891 221</b>	<b>322 156 833</b>

#### **Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Capital 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. Municipality has budgeted an amount of R19 300 million for a single year. In relation to multi-year appropriations municipality don't have any, for the 2018/19 and 2019/21 m financial years' municipality has budgeted an amount of R20 262 million and R20 866 million respectively. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the District. For the purpose of funding assessment of the MTREF.

3. The capital programme is funded from internally generated funds from current year surpluses and accumulated surpluses

1. 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 bet from cash, appear first.

3. Table A6 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:

- Call investments deposits;
- Property, plant and equipment;
- Trade and other payables;
- Provisions non-current;
- Changes in net assets; and

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

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 flows versus cash-outflow that is likely to result from the implementation of the budget.

3. It can be seen that the cash levels of the District decreased from R26 million over the 2018/19 to R7 million and decrease to R1.8 million in 2019/20 period and increase to



R5.6 million in 2020/21 financial years.

4. The approved 2018/19 MTREF provide for a further net decrease in cash of R7 million for the 2018/19 financial year resulting in an overall projected positive cash position.

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

5. From the table it can be seen that for the period 2018/19 to 2019/21 the surplus stabilises to

**R12 million.**

6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2018/19 MTREF was sufficiently funded.

7. 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

### **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 4 - 8 per cent of PPE. The District does not meet both these recommendations.

## **Part 2 – Supporting Documentation**

### **2.1 Overview of the annual budget process**

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

The Budget Steering Committee consists of the MMC for Finance, MMC for Technical Services,

Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Executive Mayor.

The primary aims of the Budget Steering Committee are to ensure:

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

### 2.1.1 Budget Process Overview

ACTIVITIES	MONTH
Review and finalisation of the IDP/Budget process plan with the guidance of the Municipal Finance Management Act and Municipal Systems Act.  Consultation on the <b>4<sup>th</sup> Generation</b> IDP Framework and IDP/Budget process plan with all stakeholders.  Tabling of the IDP/Budget process plan as well as framework to Council.  <b>IDP/Budget process plan made public.</b>	Aug 2017
<b>Presentation of the IDP Framework and Process Plan to the 1<sup>st</sup> IDP Representative Forum (decentralised Approach to include ward Committee Representatives at LM level)</b>	<b>Sept – Oct 2017</b>

<p>IDP Context and Process</p> <p>Community Needs analysis and prioritisation and by local municipalities.</p> <p>Consolidation &amp; Presentation of community needs/issues to the IDP Managers Forum</p>	
<p><b>Presentation of the status quo to the 2<sup>nd</sup> District IDP Representative Forum.</b></p> <p><b>(decentralised Approach to include ward Committee Representatives at LM level)</b></p>	<b>Dec 2017</b>
<p>Mid Term Performance and Budget Review</p> <p>Review/development of strategic priorities review of municipal vision and mission.</p> <p>Determination of strategic objectives for service delivery and development for next three year budget including review of provincial and national sector and strategic plans.</p>	Dec 2017 – Jan 2018
<p><b>Tabling of Annual Report to Council.</b></p> <p>Oversight Committee appointed by Council to consider annual report.</p> <p><b>Consultations on Annual Report</b></p> <p>Review/identification of the projects in line with reviewed municipal objectives and priorities.</p> <p>IDP Forum Meetings to consider the preliminary drafts of the IDPs and budgets of all municipalities.</p> <p>Presentation of municipal priorities and proposed projects to sector departments.</p> <p>Presentation of BPDM of programmes/projects by Sector Departments</p>	Jan-Feb 2018.
<p>Consolidation and confirmation of final programmes &amp; projects from internal &amp; external departments</p> <p>Finalise draft IDP/Budget for the next three financial years.</p>	Jan-Feb 2018
<p><b><i>Submission of the draft budget, IDP and plans for the next three years to management, Executive Mayor, Portfolio committees , Mayoral Committee.</i></b></p>	<b>Feb 2018</b>
<p><b>Issue notice of Council meeting to consider proposed IDP/Budget.</b></p> <p>Tabling of Draft IDP/Budget &amp; Annual Report to Council</p> <p>Adoption of oversight report to Council</p> <p>The tabled documents are sent to prescribe organs of state.</p>	Mar 2018
<p><b>3<sup>rd</sup> District IDP/Budget Representatives Forum</b></p> <p><b>(decentralised Approach to include ward Committee Representatives at LM level)</b></p>	<b>March 2018</b>

<p>Community participation and stakeholders' consultations on the draft IDP/Budget.</p> <p>Public comments and comments from other organs of state are taken into consideration and where necessary, amendments are made to the IDP and Budget.</p> <p>Political inputs on the final drafts</p>	<p>April – May 2018</p>
<p><b>4<sup>th</sup> District IDP/Budget Representatives Forum</b></p> <p><b>Broad Service Delivery Summit format in line with the IGRF Act</b></p>	<p><b>May 2018</b></p>
<p>Tabling of IDP/Budget for final approval to Council.</p> <p>Copies of the approved IDP/Budget are sent to prescribed organs of state.</p> <p><b>Copies of the approved IDP/Budget are made public.</b></p>	<p>May – Jun 2018</p>
<p><i>Drafting and approval of Service Delivery Budget Implementation Plan (SDBIP)</i></p> <p><b>Approved Top Layer SDBIP is made public.</b></p> <p>Service Delivery and Budget Implementation Plan</p> <p>Performance agreements are submitted to the Executive Mayor</p>	<p>Jun 2018</p>

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

Council is going to adopt a new IDP for 2018/19 to 2021/22. The IDP will be submitted to Council for approval on the 05 June 2018.

The District's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the

Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;

- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2019/18 MTREF, based on the approved 2017/18 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2017/18 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2017/18 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2018/19 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2018/19 MTREF:

- District growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, household debt, migration patterns)
- Performance trends
- The approved 2017/18 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Investment possibilities
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 55, 58, 66, 67, 70, 72, 74, 75, 78, 85, 86 & 89 has been taken into consideration in the planning

## **Community Consultation**

The 2018/19 MTREF as tabled before Council on 05 June 2018 for community consultation will be published on the municipality's website.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Local Municipalities were utilised to facilitate the community consultation process from January to March 2018, Individual sessions were scheduled with organised business and Imbizo's were held to further ensure transparency and interaction. Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant considered as part of the finalisation of the 2018/19 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

## **Overview of alignment of annual budget with IDP**

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

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

those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. Integrated developmental planning in the South African context is amongst others, an approach

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

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



A clear understanding of such intent is therefore imperative to ensure that the District strategically complies with the key national and provincial priorities.

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

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

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

- The National Priority Outcomes and
- The National Development Plan.

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 six strategic objectives for the 2018/19 MTREF and further planning refinements that have directly informed the compilation of the budget:

### **IDP Strategic Objectives**

- Local Economic Development
- Infrastructure Development and Service Delivery
- Institutional Development and Municipal Transformation
- Good Governance and Public Participation
- Build more united, non-racial, integrated and safer communities;
- Financial Viability
- Ensure more effective, accountable and clean Local Government that works together with National and Provincial Spheres of Government. In order to ensure integrated and focused service delivery between all spheres of government it was important for the District to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities.

The key performance areas can be summarised as follows against the five strategic objectives:

Provision of quality basic services 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 district planning services; and

Maintaining the infrastructure of the District.

Economic growth and development that leads to sustainable job creation by:

Ensuring there is a clear structural plan for the District;

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.

Fight poverty and build clean, healthy, safe and sustainable communities: Working with strategic partners such as SAPS to address crime;

Ensuring safe working environments

Promote viable, sustainable communities through proper zoning; and

Promote environmental sustainability by protecting wetlands and key open spaces.

Implementing initiatives to reduce the effect of climate change.

Integrated Social Services for empowered and sustainable communities

Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly coordinated with the informal settlements upgrade programme

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.

Promote sound governance through:

Publishing the outcomes of all tender processes on the municipal website

Ensure financial sustainability through:

Reviewing the use of contracted services

Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

Optimal institutional transformation to ensure capacity to achieve set objectives

Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the District. The five-year programme responds to the development challenges and opportunities faced by the District by identifying the key performance areas to achieve the five the strategic objectives mentioned above. Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the IDP, including:

Strengthening the analysis and strategic planning processes of the District;

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.

## **Overview of the annual budget process**

Legislation compliance status

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

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. Of

the first intake in 2010 five were employed permanently, and we have appointed another six in 2012 and appointed two and one has been appointed another institution. The municipality have appointed another 5 on the 31 August 2014, and one has been appointed permanent, and National Treasury have renewed contract of the remaining. The municipality has appointed three more interns on the Budget and Treasury Office

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

#### Audit Committee

An Audit Committee has been established and is fully functional assisting our two local kgetleng and Moses kotane.

#### Service Delivery and Implementation Plan

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

#### Annual Report

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

#### MFMA Training

The MFMA training module in electronic format is available to all financial staff.

#### 2.2.1Policies

All financial related policies are reviewed on an annual bases or whenever the need arises and submitted with the budget for adoption by council.

Municipal manager's quality certificate

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

Print Name: Pogisho Shikwane

Acting - Municipal Manager of Bojanala Platinum District Municipality (DC37)

Signature

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Date