

SEKHUKHUNE DISTRICT MUNICIPALITY

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SEKHUKHUNE DISTRICT
MUNICIPALITY (DC 47)
2018/2019 MTREF BUDGET
BOOK



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PART 1 – ANNUAL BUDGET

1.1 Mayor's Report

The draft medium term budget expenditure framework for 2018-2021 financial year is presented at a challenging yet exciting times in our national body politic.

South Africa is faced with persistent challenges of under-performing economy resulting on sluggish growth, rising unemployment and deepening inequalities. However the election of the 5th President of South Africa Mr Matamela Cyril Ramaphosa and the subsequent appointment of new cabinet has brought about a renewed sense of hope and a new dawn for the country not withstanding challenges stated above.

Already the 2018 state of the nation address and budget speech injected much needed positive sentiments in the country as well as amongst domestic and international investors. We have already witnessed steady improvements manifesting in the following key indicators;

- Strengthening of the rand with an impressive 8% improvement against the dollar by march 2018
- Moderate economic recovery projected for 2018/2019 due to rising commodity prices with economic growth projected around 1.5 to 1.8 % compared to 0.9% in the prior year
- Political and governance stability etc.

Notwithstanding these noticeable improvements, South Africa continues to be confronted with serious challenges of unsustainable national fiscus. As highlighted in the 2018 budget speech, government had to cut expenditure by R85, 7 billion for the next 3 years. Allocation to provincial government has been cut by 1%whiles local government allocation has been cut by 3.5 %.

The impact on cutting of local government allocations by 3.5% will most certainly affect capital infrastructure programmes. In preparing for the medium term budget expenditure framework, we already have to grapple with the reality that our budget for capital projects have been reversed downwards with major programmes such as RBIG and WSIG receiving less allocations than the previous allocations. This is a serious cause for concern given our historic position as a dominantly grant dependent municipality. Equally this offers as an opportunity to turn around the situation and challenge the albatross of relying on grants to provide services to our people.

The total allocation for the municipality in the 2018/2019 financial year is R1.6 billion, consisting of operational budget at R928.312million and capital budget at R 687.343 million. This budget will grow to 1.7 billion over the medium term period.

In order to ensure that the budget meets the service delivery demands of the 1.1 citizens of the district as well as the mandate espoused in the 2014 general elections and 2016 local

government elections manifestos of the ruling party, it is crucial that a delicate balance of resources allocation is under taken.

The task of the fourth council of the district is to ensure that the limited resources are allocated prudently underpinned by a carefully considered prioritisation model. Our business remains the delivery of water and sanitation as well as provision of emergency, fire and health services across all the 4 local municipalities within Sekhukhune.

The reduction on capital grants allocations over the MTREF calls on the leadership of the municipality to devise creative and innovative solutions geared towards revenue enhancement. The decision to increase tariffs by 30% is in line with legislative requirement of ensuring that tariffs are cost reflective and guarantees sustainability of service provision.

Within the confines of a limited budget, the municipality has to ensure that austerity measures and prudent financial management principles are applied without compromising service provision. Amongst the key decisions to be implemented over the MTREF are;

- Reduce current budget deficit of R34 million to zero
- Work towards improving our liquidity ratio from the current.
- Minimise and stabilise personnel growth not to go above the current 40%
- Absorb water pump operators on a gradual basis to improve water provisioning
- Ensure that long term contracts are reviewed and cost effective modalities are explored
- Enhance strategic partnerships with the private sector as part of a building a social compact
- Implement an effective revenue enhancement strategy etc.

In ensuring that we improve revenue collection and strengthen our financial position, municipality will be starting with collections in some of the following areas;

Motetema, Leufontein, Dichoueng, Elandskraal, Praktiseer, Phetwane, Ga-Nkwana, Tsantsabela, Matjering, Letebejane and Morarela

In addition, a flat rate for water tankering will be introduced as part of measures to improve revenue. Indigent policies will be reviewed and strengthened in collaboration with the 4 local municipalities. Individuals and entities who can afford to pay for services will be made to pay through strict application of credit control policy.

This 2018/2019 to 2020/2021 Medium Term Revenue and Expenditure Framework is prepared in accordance with section 24 (1), (2) and 3 of MFMA as well as national Treasury MFMA Budget & Reporting regulations.

1.2 Council Resolution

Council has in its ordinary council of the 25th of May 2018, resolved to approve the tabled budget as per council resolution no SC02/05/18 and make the budget together with supporting schedules a subject of public consultation. The council resolution is attached



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CERTIFIED COUNCIL RESOLUTION

The Council at its Special Council Meeting held on the 25th May 2018 under:

SC 02/05/18 **MTREF BUDGET FOR FINANCIAL YEAR 2018/2019 – 2020/2021**

RESOLVED AS FOLLOWS:

1. Council approved the MTREF budget for the financial years 2018/19 – 2020/21 with details in prescribed schedules;
2. Council approved the tariff increases for municipal services at 30% and 5.3% for other revenue sources;
3. Council approved the following budget related policies:
 - 3.1. Tariff policy and structure;
 - 3.2. Indigent policy;
 - 3.3. Free Basic Water Policy;
 - 3.4. Credit control and debt collection policy;
 - 3.5. Investment and cash management policy;
 - 3.6. Asset management policy;
 - 3.7. Funding and reserves policy ;
 - 3.8. Supply chain management policy;
 - 3.9. Virement policy;
 - 3.10. Budget policy;
 - 3.11. Blacklisting policy;
 - 3.12. Petty cash policy, and;
 - 3.13. Subsistence & Travel allowance policy.


**CERTIFIED AS TRUE RESOLUTION
ACTING COUNCIL SECRETARY
TSOANE A**

28/05/2018
DATE

1.3 Executive Summary

The budget of the municipality was prepared taking into consideration the Municipal Budget and reporting regulations and the National Treasury circulars relating to budgets.

The application of sound financial management principles for the compilation of the district's budget is essential and critical to ensure that the municipality remains financially sound and that the municipality is able to provide services to all communities in a sustainable manner.

The municipality has reviewed the service delivery priorities as part of this year's planning and budget process.

The following areas have been identified since 2013/14 MTREF Budget as key focal areas that will be pursued even in future year's budget. The 2018/2019 MTREF budget is as follows:

1. Maximising municipal own revenue funds

The municipality has adopted revenue enhancement strategy that gives priority focus on stabilisation of water and sewage provision and cost recovery. The municipality has further embarked on enhancing revenue through water tankering and flat rate payments by community that get water on interval bases.

Increase in revenue is at 10% and service charges have increased by 10%. The tariffs are to be increased by 30% for municipal services and other revenue sources tariffs to increase by 5.3%

The municipality has started implementation of cost reflective tariffs in the previous year over a three year period to ensure that the municipality's tariffs are within the market average and also cost reflective

The municipality will start billing for sucking of VIP toilets for all customers who are not classified as indigents.

Revenue enhancement committee has been established and is currently operational, but encounters challenges with external stakeholders. The resolution was made where the district will be able to give feedback in the absence of external committee members.

The following are projects earmarked for revenue enhancement in the 2018/19 financial year:

- Billing to all villages that receive water consistently to be done in the 2018/19 financial year. Five new villages will be billed from May 2018
- Water restrictors have been procured and will be installed in all towns
- We have procured bulk meters during the current financial year and will ensure that bulk meters are installed for all that will assist us in measuring our water losses.
- SMS/email bill system is also implemented.
- Pay bill services appointed for convenient payment of bills by customers.

- The PPP project for smart meter reading.
- To connect Thaba moshate and Tubatse crossing to municipal sewer line and also provide water, as we are the water service authority.

2. Reducing budget deficit

The municipality has reviewed its non-priority spending to ensure that the funds are allocated to the benefit of the communities for the purposes of service delivery. The budget deficit reduced from R35.5m in adjusted budget to R0m in the tabled budget.

As part of cost containment the municipality has significantly reduced non priority spending where several line items were significantly reduced. There are technical committees that are tasked to deal with Security management, fleet management services and water tinkering costs. These committees will come with a way forward on how to maintain costs within these services as they have huge bearing on budget.

The municipality has established capital replacement reserve in 2013/14 that is earmarked to fund internal projects such as refurbishment of assets, etc. The reserve is having its own challenges as it is gradually growing.

The compilation of the 2018/19 MTREF budget was not without challenges and the following is a summary:

- Rising employee cost that constitutes a 39% of operational budget. The major contributor is the absorption of the volunteers within water services (pump operators). The municipality has considered sourcing staff from within as part of reducing bloated structure.
- The municipality has also intensified austerity measures on travel allowances and overtime as part of cost containment measures.
- The municipality is experiencing the challenge in implementing a cost reflective tariff on water and sanitation due to distribution loss and also striving towards a cost reflective tariff.
- The municipality has aligned tariff structures for all locals in this 2016/17 budget, and has increased its service charges tariff by 30% to try and achieve cost reflective tariff, the process of achieving this will unfold in outer years.
- Capital projects that require a huge of own funding. Only projects to the value of R17.8m were provided for.
- Aging and poorly maintained water infrastructure and consideration of replacing dilapidated water network which some are asbestos pipes.

3. Improving planning on municipal infrastructure programme

The district has been struggling to spend its conditional grants from the past financial years that resulted in an increase in an unspent grants liability.

Major challenge is due to municipal projects that are not committed two years prior to the budget year due to challenges on planning.

The municipality has in the 2018/19 financial year planned the following in order to eliminate the challenge of poor planning:

- Completion of the water master plan at a macro (bulk provision) and micro (reticulation) levels. The macro water master plan has been developed with the assistance of DWA.
- Feasibility studies, Water demand, water conservation plan and sector plans such as institutional plan are planned for in the 2018/19 budget year. The results of these plans will be yielding in 2019/20 onwards.

The municipality has also sourced assistance from MISA to assist in both project planning and monitoring in the 2018/19 financial year.

4. Reduction of municipal service delivery backlog

The municipality is identifying backlog figures per ward/village in order to ensure that planning for services is enhanced. Sanitation projects were further prioritised as they have a higher backlog percentage and local municipalities are now being engaged to identify the villages that need this service most within their jurisdiction.

5. The following budget principles and guidelines directly informed the compilation of the 2018/19 MTREF BUDGET:

The Annual Budget was prepared in terms of National Treasury MFMA Municipal Budget and Reporting Regulations. The growth parameters were calculated based on the average CPIX and guidance of Circular 91 issued by treasury as follows:

Fiscal year	2018/19	2019/20	2020/21
Consumer Price Inflation (CPI)	5.3%	5.4%	5.5%
Real GDP Growth	1.5%	1.8%	2.1%

1) Budget Assumptions

National Assumptions

- Cost containment measures as per Government Gazette No 41445 issued in February 2018
- Local Government Grants allocations as per Division of Revenue Bill as per Government Gazette No 41432 issued in February 2018
- Electricity tariffs increase at 8%
- Revenue to increase by maximum of 6% and justification required for all increases above the inflation target
- Remuneration for upper limits to be taken into consideration when preparing budget.
- Employee related cost to be finalised on conclusion of the salary and wage collective agreement
- Cost reflective tariffs and its methodology

- Impact of VAT increase to 15% on tariffs

District Assumptions

1. Curbing of increasing costs for security and fleet services
2. Curbing increase of operating expenditure to 4% which is in line with increased revenues
3. Implementing additional cost containment measures in order to reduce the budget deficit in the 2018/19 financial year and to budget for operating surplus in outer years
4. Prioritising contractual obligations
5. Employee costs increase provided for at 7% pending finalisation of the collective agreement
6. To curb increasing salary costs by providing for 87 new positions in Infrastructure and Water Services (Absorbing of volunteers as per commitment made), 5 positions for heavy duty drivers and one position for Deputy Director

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/19 Medium-term Revenue and Expenditure Framework:

The proposed operating revenue amounts to **R 958 312 107** while operating expenditure amounts to **R940 435 557** that include the portion of **R17.9m** for own funded projects, as a result the municipality is doesn't have any deficit in 2018/19 tabled budget.

Table 1 Consolidated Overview of the 2018/19 MTREF

Code	Description	Original budget	Adjusted budget	2018/19	2019/20	2020/21
Operating revenue						
3405	Service charges	- 61 244 509,00	- 74 825 124,00	- 82 307 636,40	- 90 538 400,04	- 99 592 240,04
3405	Interest income	- 17 939 200,00	- 18 139 200,00	- 19 082 438,40	- 20 074 725,20	- 21 118 610,91
3405	Other revenue	- 7 379 917,00	- 6 339 688,00	- 6 710 269,76	- 7 104 213,57	- 7 523 143,44
3405	Operating grants	- 797 861 000,00	- 790 080 706,08	- 850 211 762,79	- 895 903 271,98	- 978 031 051,93
Total operating revenue		- 884 424 626,00	- 889 384 718,08	- 958 312 107,35	- 1 013 620 610,78	- 1 106 265 046,32
Operating expenditure						
3105	Executive Council - Speaker's office	32 972 235,00	34 036 930,00	35 173 715,10	37 427 087,87	39 787 091,39
3205	Executive Mayor's office	30 759 949,96	33 308 449,96	34 855 031,46	37 071 906,46	39 367 580,67
3305	Municipal Manager's office	44 569 483,00	53 312 921,00	60 794 296,30	58 598 929,36	53 561 170,94
3405	Budget and Treasury	120 959 628,81	117 643 928,81	119 683 358,36	123 967 533,05	130 738 403,07
3510	Infrastructure and Water Services	467 804 850,47	479 370 566,67	502 578 782,70	512 847 239,69	539 119 717,49
3605	Planning and Econ Development	11 570 984,91	11 570 984,91	12 025 153,85	15 370 695,70	16 939 202,82
3705	Community services	47 880 991,11	50 427 210,11	52 456 324,80	55 746 974,67	59 301 162,79
3805	Sekhukhune Development Agency	3 000 000,00	3 600 000,00	3 952 000,00	4 157 504,00	4 386 166,72
3905	Corporate Services	107 106 505,02	128 517 724,02	118 916 894,77	124 676 448,52	131 706 409,24
Total operating expenditure		866 624 628,28	911 788 715,48	940 435 557,34	969 864 319,33	1 014 906 905,13
Operating (Surplus)/ Deficit		-17 799 997,72	22 403 997,40	-17 876 550,00	-43 756 291,46	-91 358 141,20
Capital Expenditure - Own funding						
SDM Funded		17 800 000,00	13 100 000,00	17 876 550,00	15 276 802,30	18 416 729,43
Net (surplus) / Deficit		2,28	35 503 997,40	0,00	- 28 479 489,16	- 72 941 411,77

The operating expenditure for the 2018/19 financial year amounts to R940 435 557. The municipality is implementing the cost containment call raised by the president during the budget speech. The municipality has eliminated non-priority spending projects to give way for service delivery priorities. The bulk purchases, repairs and maintenance, water tankering, security management and fleet management services are services with major cost in 2018/19 budget.

Summary on Sekhukhune District's Agency

The district has an emerging entity called Sekhukhune Development Agency. The agency was established with the aim of developing the economy within Sekhukhune's jurisdiction area.

The district is required to disclose funds transferred to SDA in terms of regulation 25 and also submit the entity's Annual budget and SDBIP.

The district has in its annual budget allocated **R3.9m** to the agency. The funds are allocated to salaries and other operational expenses whereas IDC funds there rest of the projects.

The district is expected to prepare a consolidated budget, which was never done before as agency was regarded emerging entity. The municipality has then requested Provincial Treasury to assist both agency and SDM with disclosures and capturing of consolidated budget.

-1.4 Capital expenditure

Capital Budget

Capital expenditure funded from own funds is allocated **R17.9m** in the 2018/19 financial year and it increases to **R18.4m** in the 2020/21 financial year

- Included in capital expenditure from own funding is the following:
 - ✓ Computers - R 850 000
 - ✓ EMS Equipment R 640 000
 - ✓ Capital replacement R5 500 000
 - ✓ Water tankers (Four) R4 500 000
 - ✓ Security Fence R2 000 000
 - ✓ IWS Plans R3 100 000
- The total capital expenditure funded from conditional grants decreased from **R687.3m** to **R651.6m** in the 2018/19 due to decreased funding allocation from WSIG conditional grant and MIG. Funding for capital grants reduces to **R607.5m** in the 2020/21 financial year due to decrease in RBIG funding.
- The **WSIG** is allocated **R65m** compared to **R95m** in the previous year.
- The **MIG** is allocated **R341.6m** for capital projects in the 2018/19 financial year and other funds have been budgeted for MIG overheads and VIP sanitation.
- **RBIG** is allocated **R245m** in the 2018/19 and it reduces to **R160m** in the 2020/21 financial year.

The district is in the process of compiling an informed asset management plan that will guide the next financial year IDP/Budget process.

Municipal funding and reserve policy has also be amended to effect the budget proposal

Asset management

Further detail relating to asset classes and proposed capital expenditure is contained in MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

1.5 Budget Tables

DC47 Sekhukhune - Table A1 Consolidated Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	39 322	51 740	51 780	61 245	74 825	74 825	74 825	82 308	90 538	99 592
Investment revenue	11 388	16 753	12 685	11 704	11 704	11 704	11 704	12 313	12 953	13 626
Transfers recognised - operational	481 199	560 072	613 278	797 861	790 081	790 081	790 081	850 212	895 903	978 031
Other own revenue	22 697	20 342	10 887	13 614	12 775	12 775	12 775	13 480	14 226	15 015
Total Revenue (excluding capital transfers and contributions)	554 606	648 907	688 629	884 424	889 385	889 385	889 385	958 312	1 013 621	1 106 265
Employee costs	268 144	294 567	306 154	316 330	317 266	317 266	317 266	339 474	363 238	388 664
Remuneration of councillors	10 601	16 279	13 873	16 234	16 234	16 234	16 234	17 370	18 586	19 887
Depreciation & asset impairment	86 591	65 413	92 002	63 600	61 580	61 580	61 580	64 844	68 345	72 104
Finance charges	867	1 546	3 073	1 100	1 100	1 100	1 100	1 158	1 221	1 288
Materials and bulk purchases	154 626	151 299	150 368	95 800	123 600	123 600	123 600	141 316	148 948	157 140
Transfers and grants	2 649	5 000	3 000	3 000	3 600	3 600	3 600	3 952	4 158	4 386
Other expenditure	289 252	508 350	425 068	370 561	388 409	388 409	388 409	372 321	365 369	371 437
Total Expenditure	812 730	1 042 454	993 538	866 625	911 789	911 789	911 789	940 436	969 864	1 014 907
Surplus/(Deficit)	(258 124)	(393 547)	(304 909)	17 799	(22 404)	(22 404)	(22 404)	17 877	43 756	91 358
Transfers and subsidies - capital (monetary allocations)	-	636 948	459 632	672 172	687 346	687 346	687 346	651 593	681 272	607 510
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(258 124)	243 401	154 723	689 971	664 942	664 942	664 942	669 470	725 028	698 868
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(258 124)	243 401	154 723	689 971	664 942	664 942	664 942	669 470	725 028	698 868
Capital expenditure & funds sources										
Capital expenditure	174 827	368 203	282 341	689 972	700 446	700 446	700 446	669 469	696 548	625 927
Transfers recognised - capital	174 827	365 378	280 021	672 172	687 346	687 346	687 346	651 593	681 272	607 510
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	2 824	2 320	17 800	13 100	13 100	13 100	17 877	15 277	18 417
Total sources of capital funds	174 827	368 203	282 341	689 972	700 446	700 446	700 446	669 469	696 548	625 927
Financial position										
Total current assets	330 287	190 255	170 186	209 425	225 980	225 980	195 980	235 993	208 053	313 627
Total non current assets	2 150 274	2 395 755	2 587 172	3 179 633	3 183 782	3 183 782	3 183 782	3 788 408	4 416 611	4 970 433
Total current liabilities	403 533	262 723	295 524	206 574	210 774	210 774	210 774	124 039	103 686	89 497
Total non current liabilities	28 821	40 856	52 310	31 979	33 979	33 979	33 979	32 814	34 454	36 177
Community wealth/Equity	2 048 207	2 282 430	2 409 524	3 150 505	3 165 009	3 165 009	3 135 009	3 867 549	4 486 523	5 158 386
Cash flows										
Net cash from (used) operating	333 466	143 563	332 561	685 734	707 795	707 795	677 795	677 068	733 047	719 694
Net cash from (used) investing	(169 566)	(337 180)	(314 122)	(689 972)	(652 494)	(652 494)	(652 494)	(644 470)	(681 549)	(615 927)
Net cash from (used) financing	(45 946)	(813)	(880)	(1 100)	(952)	(952)	(952)	(3 456)	-	-
Cash/cash equivalents at the year end	195 459	914	18 473	(5 338)	72 822	72 822	42 822	71 964	123 462	227 229
Cash backing/surplus reconciliation										
Cash and investments available	195 345	913	18 473	73 631	72 822	72 822	42 822	71 964	123 462	227 229
Application of cash and investments	(153 005)	170 187	231 932	89 217	25 398	25 398	25 398	60 257	81 502	62 399
Balance - surplus (shortfall)	348 350	(169 274)	(213 460)	(15 586)	47 424	47 424	17 424	11 707	41 960	164 830
Asset management										
Asset register summary (WDV)	2 395 755	2 587 172	3 179 633	3 183 782	3 183 782	3 183 782	3 788 408	4 416 611	4 970 433	
Depreciation	86 701	60 400	63 600	63 600	61 580	61 580	64 844	68 345	72 104	
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	
Repairs and Maintenance	45 031	49 000	40 460	285 540	289 011	289 011	28 775	30 328	31 997	
Free services										
Cost of Free Basic Services provided	3 395	3 851	3 890	-	-	-	28 471	28 471	35 582	37 505
Revenue cost of free services provided	-	75 982	115 787	-	-	-	75 982	75 982	75 982	75 982
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

DC47 Sekhukhune - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by functional 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
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		554 606	648 907	688 629	884 424	889 385	889 385	958 312	1 013 621	1 106 265
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		554 606	648 907	688 629	884 424	889 385	889 385	958 312	1 013 621	1 106 265
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>		-	636 948	459 632	672 172	687 346	687 346	651 593	681 272	607 510
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	636 948	459 632	672 172	687 346	687 346	651 593	681 272	607 510
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	554 606	1 285 855	1 148 261	1 556 596	1 576 730	1 576 730	1 609 905	1 694 892	1 713 775
Expenditure - Functional										
<i>Governance and administration</i>		344 510	325 167	339 213	339 368	370 420	370 420	369 422	381 742	395 161
Executive and council		6 945	104 024	112 099	111 302	124 258	124 258	130 823	133 098	132 716
Finance and administration		337 565	221 143	227 114	228 066	246 162	246 162	238 599	248 644	262 445
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		40 807	45 052	45 556	47 881	50 427	50 427	52 456	55 747	59 301
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		40 807	45 052	45 556	47 881	50 427	50 427	52 456	55 747	59 301
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		7 092	7 699	9 562	11 571	11 571	11 571	15 977	19 528	21 325
Planning and development		7 092	7 699	9 562	11 571	11 571	11 571	15 977	19 528	21 325
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		420 321	664 536	599 207	467 805	479 371	479 371	502 580	512 847	539 120
Energy sources		-	-	-	-	-	-	-	-	-
Water management		411 049	615 106	593 744	467 805	479 371	479 371	502 580	512 847	539 120
Waste water management		9 272	49 430	5 463	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	812 730	1 042 454	993 538	866 625	911 789	911 789	940 436	969 864	1 014 907
Surplus/(Deficit) for the year		(258 124)	243 401	154 723	689 971	664 942	664 942	669 470	725 028	698 868

DC47 Sekhukhune - Table A3 Consolidated 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
R thousand										
Revenue by Vote	1									
Vote 1 - [Executive and council]		-	-	-	-	-	-	-	-	-
Vote 2 - [Municipal Manager]		-	-	-	-	-	-	-	-	-
Vote 3 - [Budget and Treasury]		554 606	648 907	688 629	884 424	889 385	889 385	958 312	1 013 621	1 106 265
Vote 4 - [Corporate services]		-	-	-	-	-	-	-	-	-
Vote 5 - Planning and Economic Development		-	-	-	-	-	-	-	-	-
Vote 6 - Community Services		-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure and water services		-	636 948	459 632	672 172	687 346	687 346	651 593	681 272	607 510
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	554 606	1 285 855	1 148 261	1 556 596	1 576 730	1 576 730	1 609 905	1 694 892	1 713 775
Expenditure by Vote to be appropriated	1									
Vote 1 - [Executive and council]		6 945	61 986	66 022	66 732	70 945	70 945	70 029	74 499	79 155
Vote 2 - [Municipal Manager]		-	42 038	46 077	44 569	53 313	53 313	60 794	58 599	53 561
Vote 3 - [Budget and Treasury]		232 928	128 045	126 983	120 960	117 644	117 644	119 683	123 968	130 738
Vote 4 - [Corporate services]		104 637	93 098	100 131	107 107	128 518	128 518	118 917	124 676	131 706
Vote 5 - Planning and Economic Development		7 092	7 699	9 562	11 571	11 571	11 571	15 977	19 528	21 325
Vote 6 - Community Services		40 807	45 052	45 556	47 881	50 427	50 427	52 456	55 747	59 301
Vote 7 - Infrastructure and water services		420 321	664 536	599 207	467 805	479 371	479 371	502 579	512 847	539 120
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	812 730	1 042 454	993 538	866 625	911 789	911 789	940 436	969 864	1 014 907
Surplus/(Deficit) for the year	2	(258 124)	243 401	154 723	689 971	664 942	664 942	669 470	725 028	698 868

DC47 Sekhukhune - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	30 050	41 273	40 571	49 619	63 050	63 050	63 050	69 355	76 290	83 919
Service charges - sanitation revenue	2	9 272	10 466	11 209	11 625	11 775	11 775	11 775	12 953	14 248	15 673
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment											
Interest earned - external investments		11 388	16 753	12 685	11 704	11 704	11 704	11 704	12 313	12 953	13 626
Interest earned - outstanding debtors		4 677	7 415	9 070	6 235	6 435	6 435	6 435	6 770	7 122	7 492
Dividends received											
Fines, penalties and forfeits											
Licences and permits											
Agency services											
Transfers and subsidies		481 199	560 072	613 278	797 861	790 081	790 081	790 081	850 212	895 903	978 031
Other revenue	2	18 020	12 927	1 817	7 379	6 340	6 340	6 340	6 710	7 104	7 523
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		554 606	648 907	688 629	884 424	889 385	889 385	889 385	958 312	1 013 621	1 106 265
Expenditure By Type											
Employee related costs	2	268 144	294 567	306 154	316 330	317 266	317 266	317 266	339 474	363 238	388 664
Remuneration of councillors		10 601	16 279	13 873	16 234	16 234	16 234	16 234	17 370	18 586	19 887
Debt impairment	3	72 230	18 606	25 095	3 800	3 250	3 250	3 250	3 422	3 607	3 805
Depreciation & asset impairment	2	86 591	65 413	92 002	63 600	61 580	61 580	61 580	64 844	68 345	72 104
Finance charges		867	1 546	3 073	1 100	1 100	1 100	1 100	1 158	1 221	1 288
Bulk purchases	2	109 595	151 299	150 368	64 000	94 000	94 000	94 000	112 542	118 619	125 143
Other materials	8	45 031			31 800	29 600	29 600	29 600	28 774	30 329	31 996
Contracted services		42 470	305 970	185 907	253 740	259 411	259 411	259 411	249 188	238 570	241 469
Transfers and subsidies		2 649	5 000	3 000	3 000	3 600	3 600	3 600	3 952	4 158	4 386
Other expenditure	4, 5	174 552	183 775	214 065	113 021	125 748	125 748	125 748	119 710	123 192	126 163
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		812 730	1 042 454	993 538	866 625	911 789	911 789	911 789	940 436	969 864	1 014 907
Surplus/(Deficit)		(258 124)	(393 547)	(304 909)	17 799	(22 404)	(22 404)	(22 404)	17 877	43 756	91 358
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			636 948	459 632	672 172	687 346	687 346	687 346	651 593	681 272	607 510
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		(258 124)	243 401	154 723	689 971	664 942	664 942	664 942	669 470	725 028	698 868
Taxation											
Surplus/(Deficit) after taxation		(258 124)	243 401	154 723	689 971	664 942	664 942	664 942	669 470	725 028	698 868
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(258 124)	243 401	154 723	689 971	664 942	664 942	664 942	669 470	725 028	698 868
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(258 124)	243 401	154 723	689 971	664 942	664 942	664 942	669 470	725 028	698 868

DC47 Sekhukhune - Table A5 Consolidated 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										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - [Executive and council]		-	-	-	-	-	-	-	-	-	-
Vote 2 - [Municipal Manager]		-	-	-	-	-	-	-	-	-	-
Vote 3 - [Budget and Treasury]		-	-	-	-	-	-	-	-	-	-
Vote 4 - [Corporate services]		-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 6 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure and water services		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - [Executive and council]		-	-	-	-	-	-	-	-	-	-
Vote 2 - [Municipal Manager]		-	-	-	-	-	-	2 000	-	-	-
Vote 3 - [Budget and Treasury]		-	-	-	-	-	-	-	-	-	-
Vote 4 - [Corporate services]		-	2 824	2 320	2 100	1 350	1 350	1 350	5 929	4 506	5 089
Vote 5 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 6 - Community Services		-	-	-	2 800	2 650	2 650	2 650	848	1 446	1 526
Vote 7 - Infrastructure and water services		174 827	365 378	280 021	685 072	696 446	696 446	696 446	660 693	690 596	619 312
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		174 827	368 203	282 341	689 972	700 446	700 446	700 446	669 469	696 548	625 927
Total Capital Expenditure - Vote		174 827	368 203	282 341	689 972	700 446	700 446	700 446	669 469	696 548	625 927
Capital Expenditure - Functional											
Governance and administration		-	2 824	2 320	2 100	1 350	1 350	1 350	7 929	4 506	5 089
Executive and council		-	-	-	-	-	-	-	2 000	-	-
Finance and administration		-	2 824	2 320	2 100	1 350	1 350	1 350	5 929	4 506	5 089
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	2 800	2 650	2 650	2 650	848	1 446	1 526
Community and social services		-	-	-	2 800	2 650	2 650	2 650	848	1 446	1 526
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		174 827	365 378	280 021	685 072	696 446	696 446	696 446	660 693	690 596	619 312
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		174 827	365 378	280 021	685 072	696 446	696 446	696 446	660 693	690 596	619 312
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	174 827	368 203	282 341	689 972	700 446	700 446	700 446	669 469	696 548	625 927
Funded by:											
National Government		174 827	365 378	280 021	672 172	687 346	687 346	687 346	651 593	681 272	607 510
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	174 827	365 378	280 021	672 172	687 346	687 346	687 346	651 593	681 272	607 510
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	2 824	2 320	17 800	13 100	13 100	13 100	17 877	15 277	18 417
Total Capital Funding	7	174 827	368 203	282 341	689 972	700 446	700 446	700 446	669 469	696 548	625 927

DC47 Sekhukhune - Table A6 Consolidated 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
ASSETS											
Current assets											
Cash		-			32 830	20 021	20 021	20 322	19 875	32 662	28 479
Call investment deposits	1	202 336	45 794	18 961	40 801	52 801	52 801	22 500	52 089	90 800	198 750
Consumer debtors	1	48 126	54 919	51 238	47 369	46 333	46 333	46 333	61 145	56 555	58 081
Other debtors		70 523	77 286	75 126	79 875	79 875	79 875	79 875	75 126	-	-
Current portion of long-term receivables		-									
Inventory	2	9 302	12 255	24 861	8 550	26 950	26 950	26 950	27 759	28 036	28 316
Total current assets		330 287	190 255	170 186	209 425	225 980	225 980	195 980	235 993	208 053	313 627
Non current assets											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	2 149 676	2 395 755	2 587 172	3 179 633	3 183 782	3 183 782	3 183 782	3 788 408	4 416 611	4 970 433
Agricultural											
Biological											
Intangible		134									
Other non-current assets		464									
Total non current assets		2 150 274	2 395 755	2 587 172	3 179 633	3 183 782	3 183 782	3 183 782	3 788 408	4 416 611	4 970 433
TOTAL ASSETS		2 480 561	2 586 009	2 757 359	3 389 058	3 409 762	3 409 762	3 379 762	4 024 401	4 624 664	5 284 060
LIABILITIES											
Current liabilities											
Bank overdraft	1	6 991	44 881	489							
Borrowing	4	813	3 394	2 972	728	728	728	728	-	-	-
Consumer deposits		1 577	2 106	2 387					2 626	2 888	3 177
Trade and other payables	4	380 168	198 362	280 429	205 846	171 346	171 346	171 346	111 241	90 117	75 105
Provisions		13 984	13 981	9 247		38 700	38 700	38 700	10 172	10 681	11 215
Total current liabilities		403 533	262 723	295 524	206 574	210 774	210 774	210 774	124 039	103 686	89 497
Non current liabilities											
Borrowing		2 336	1 456	505	728	2 728	2 728	2 728	-	-	-
Provisions		26 485	39 400	51 805	31 251	31 251	31 251	31 251	32 814	34 454	36 177
Total non current liabilities		28 821	40 856	52 310	31 979	33 979	33 979	33 979	32 814	34 454	36 177
TOTAL LIABILITIES		432 354	303 580	347 834	238 553	244 753	244 753	244 753	156 852	138 140	125 674
NET ASSETS	5	2 048 207	2 282 430	2 409 524	3 150 505	3 165 009	3 165 009	3 135 009	3 867 549	4 486 523	5 158 386
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		2 048 207	2 282 430	2 409 524	3 150 505	3 165 009	3 165 009	3 135 009	3 867 549	4 486 523	5 158 386
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	2 048 207	2 282 430	2 409 524	3 150 505	3 165 009	3 165 009	3 135 009	3 867 549	4 486 523	5 158 386

DC47 Sekhukhune - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates									-	-	-
Service charges		15 352	26 341	30 366	61 245	52 378	52 378	52 378	49 385	58 008	69 714
Other revenue		267 620	14 109	13 325	7 369	76 340	76 340	76 340	4 026	4 263	4 689
Government - operating	1	547 400	560 072	613 278	797 861	790 081	790 081	790 081	850 212	895 903	978 031
Government - capital	1	239 507	478 911	474 226	672 045	687 346	687 346	687 346	651 593	681 272	607 510
Interest		11 388	16 753	12 685	17 939	18 139	18 139	18 139	15 021	16 514	17 747
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(744 053)	(946 170)	(805 161)	(866 625)	(911 789)	(911 789)	(941 789)	(888 059)	(917 534)	(952 323)
Finance charges		(1 099)	(1 546)	(3 073)	(1 100)	(1 100)	(1 100)	(1 100)	(1 158)	(1 221)	(1 288)
Transfers and Grants	1	(2 649)	(4 908)	(3 085)	(3 000)	(3 600)	(3 600)	(3 600)	(3 952)	(4 158)	(4 386)
NET CASH FROM/(USED) OPERATING ACTIVITIES		333 466	143 563	332 561	685 734	707 795	707 795	677 795	677 068	733 047	719 694
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		24	15						-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables						5 952	5 952	5 952	-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(169 590)	(337 195)	(314 122)	(689 972)	(658 446)	(658 446)	(658 446)	(644 470)	(681 549)	(615 927)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(169 566)	(337 180)	(314 122)	(689 972)	(652 494)	(652 494)	(652 494)	(644 470)	(681 549)	(615 927)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									(728)	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(45 946)	(813)	(880)	(1 100)	(952)	(952)	(952)	(2 728)	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(45 946)	(813)	(880)	(1 100)	(952)	(952)	(952)	(3 456)	-	-
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	77 505	195 345	914	(5 338)	18 473	18 473	18 473	42 822	71 964	123 462
Cash/cash equivalents at the year end:	2	195 459	914	18 473	(5 338)	72 822	72 822	42 822	71 964	123 462	227 229

DC47 Sekhukhune - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	195 459	914	18 473	(5 338)	72 822	72 822	42 822	71 964	123 462	227 229
Other current investments > 90 days		(114)	(1)	(0)	78 969	(0)	(0)	(0)	0	0	(0)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		195 345	913	18 473	73 631	72 822	72 822	42 822	71 964	123 462	227 229
Application of cash and investments											
Unspent conditional transfers		177 467	19 430	34 025	37 801	42 801	42 801	42 801	25 000	15 000	10 000
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(330 472)	150 757	197 908	51 416	(17 403)	(17 403)	(17 403)	35 257	66 502	52 399
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(153 005)	170 187	231 932	89 217	25 398	25 398	25 398	60 257	81 502	62 399
Surplus(shortfall)		348 350	(169 274)	(213 460)	(15 586)	47 424	47 424	17 424	11 707	41 960	164 830

References

1. Must reconcile with Budgeted Cash Flows
2. For example: VAT, taxation
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves

Other working capital requirements

Debtors	541 356	74 190	88 102	116 629	185 448	185 448	185 448	75 984	33 615	37 706
Creditors due	210 884	224 947	286 010	168 045	168 045	168 045	168 045	111 241	100 117	90 105
Total	330 472	(150 757)	(197 908)	(51 416)	17 403	17 403	17 403	(35 257)	(66 502)	(52 399)

Debtors collection assumptions

Balance outstanding - debtors	118 649	132 206	126 364	127 244	126 208	126 208	126 208	136 271	56 555	58 081
Estimate of debtors collection rate	456,3%	56,1%	69,7%	91,7%	146,9%	146,9%	146,9%	55,8%	59,4%	64,9%

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 of the district consist of the following members under the chairpersonship of the MMC for Budget and Treasury

- Municipal manager
- Chief finance Officer
- Senior manager: Infrastructure
- All senior managers
- Manager: Budget
- Manager: Income
- MMC responsible for Infrastructure and Water services
- MMC responsible for Budget and Treasury

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

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

Budget Process Overview

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

Organizational structures for IDP/Budget process

There are various structures responsible to oversee the implementation of the process plan and management of the IDP/Budget process. The IDP/Budget is developed on administrative level by the Municipal Managers and Directors responsible for planning assisted by IDP managers of municipalities and officials of relevant sector departments from the province as well as relevant parastatals /state companies, and developed further by the IDP Steering

Committee. The IDP Representative Forum is a combined structure of public consultation on IDP which comprises of representatives of different constituencies of communities and institutions. The SDM Council is the ultimate authority on the IDP - assisted by the Council portfolio committees and the Mayoral Committee.

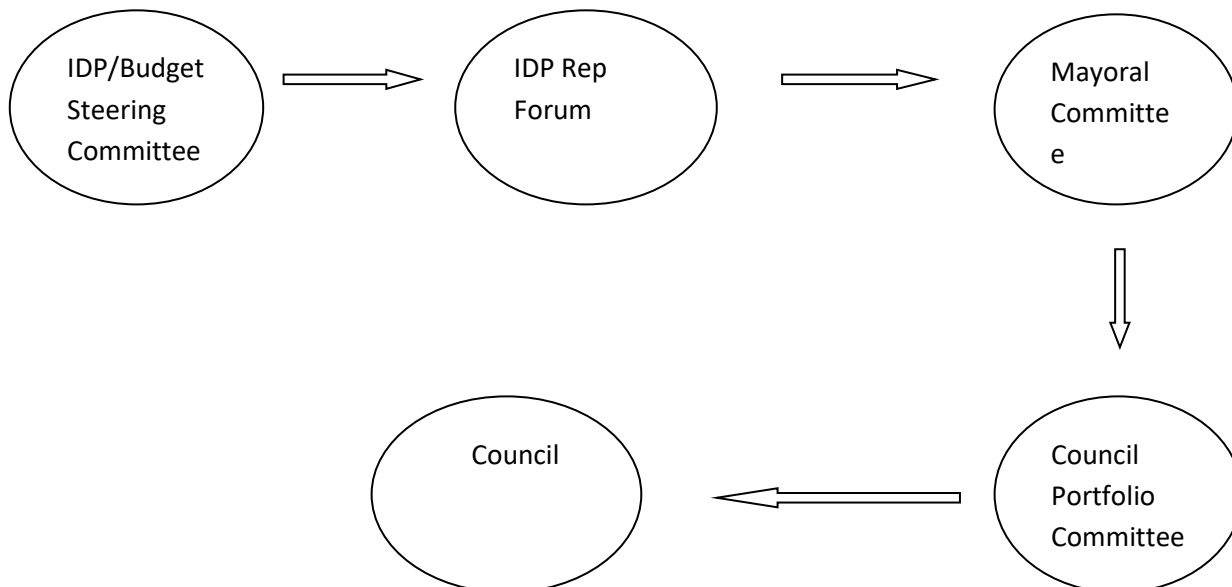


Table 3. IDP consultative report

2018/19 IDP/Budget Public Participation Programme

The following is the summary of the issues raised during the public participation programme

5. Inputs from IDP Consultative Meetings

Will be completed after the above participation programme has been concluded

IDP and Service Delivery and Budget Implementation Plan

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 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 2018/19 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 2018/19 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

The district has planned for a preparation of a 5 year financial plan. The plan will ensure that steps already taken in financial modelling is intensified.

The following key factors and planning strategies have informed the compilation of the 2018/19 MTREF:

- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt,)
- Performance trends
- MFMA circulars
- The approved 2017/18 adjustments budget and performance against the SDBIP
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services.
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars has been taken into consideration in the planning and prioritisation process.

Community Consultation

The 2018/19 MTREF budget as tabled before Council for community consultation was published on hard copies, municipal website and was made available at municipal offices and those of local municipalities in the district.

The municipality engaged different stakeholders and role-players including traditional leaders, community organisations, mining houses and communities in different local municipalities.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be engaged, and where relevant considered as part of the finalisation of the 2017/18 MTREF.

2.2 Overview of alignment of annual budget with IDP and SDBIP

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

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

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

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

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 (PGDS);
- National and Provincial spatial development perspectives;

- Relevant sector plans such as legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National Development Plan
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

IDP Strategic Objectives

The following are the strategic objectives of the district:

- Economic Growth, Development and job creation
- Community development and Social cohesion
- Spatial development and sustainable land use management
- Active community participation and Inter-Governmental alignment
- Effective, accountable and clean government
- Basic Service Delivery
- Financial viability

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

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 six strategic objectives mentioned above.

In addition to the five-year IDP, the district undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. The district vision 2030. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the district so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the District's IDP, associated sectoral plans and strategies, and the allocation of resources of the City and other service delivery partners.

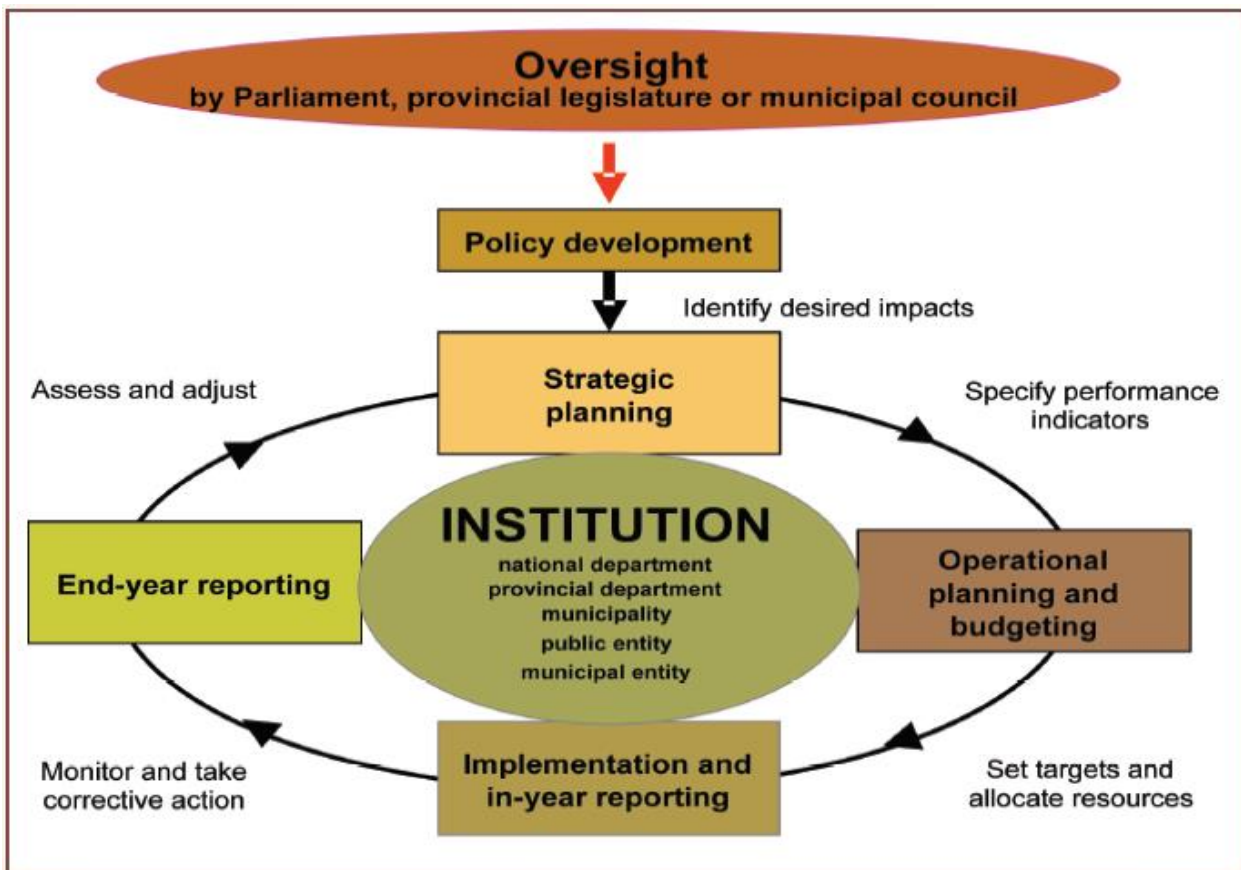
Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the revised IDP, including:

- 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.

2.3 Measurable performance objectives and indicators

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

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



Planning, budgeting and reporting cycle

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

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

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

Free Basic Services: basic social services package for indigent households

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

Details relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is not yet quantified as indigent register is not yet approved by council. The register is in the process of adoption by council.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc.) are also not taken into account. Therefore revenue foregone is calculated at 30% of bulk purchases

Providing clean water and managing waste water

The municipality is a Water Services Authority for the entire district in terms of the Water Services Act, 1997 and has since taken over from three local municipalities that were providing water on behalf of the municipality. The municipality is purchasing bulk water from Lepelle Northern Water and Dr JS Moroka Local Municipality.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

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

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult; hence posts in Infrastructure and Water Services were prioritised to reduce shortages.
- Electrical power supply to some of the plants are often interrupted which hampers the purification processes.

2.4 Overview of budget related-policies

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

Review of credit control and debt collection procedures/policies

The credit control and debt Collection Policy as approved by Council is tabled for review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate.

Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

Asset Management Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation.

The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

Although the policy is considered to be up to date, it is tabled for review to ensure that it aligned with applicable standards.

Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in the previous year.

Key amendments identified are related to the new SCM model for procurement of infrastructure projects, management of expansion or variation of orders against the original contract and contracts sessions. A turnkey approach is also incorporated in the policy. An amended policy was tabled to Council any further review will be extensively consulted on.

Virement Policy

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations. The Budget and Virement Policy was approved by Council in June 2017.

Amendments made for 2018/19 was removing limitations on the approval of virements by the accounting officer. All virements will be approved by the CFO to a limit of R500 000 and all above R500 000 by the accounting officer.

Cash Management and Investment Policy

The Cash Management and Investment Policy were approved by Council. The aim of the policy is to ensure that the district's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and a cash equivalent required at any point in time and introduces time frames to achieve certain benchmarks. The policy is considered up to date.

Tariff Policies

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

Subsidised Motor Vehicle

The municipality's subsidised motor vehicle policy was reviewed with aim of reducing the cost implication it has on salary budget. Before the policy was utilising 25% of basic salary for all employees who applies for such allowance. This created discrepancies and huge cost on the allowance and now a capped amount is introduced on capital financing. The policy requires further engagement with others structures regarding the current implementation.

The policy has been reviewed to monitor travelling costs and has been tabled as such for public consultation

Petty Cash policy

The petty cash policy is now stand alone policy where each depot/region will be given a petty cash allowance of R5000.00 to do maintenance work. The district is so decentralised in such a way that issuing petty cash from Head office is costly. All the reconciliations are done at head office.

The following policies are considered to be up to date although tabled:

- Funding and Reserve policy
- Indigent Policy
- Free Basic Water
- Budget policy

2.5 Overview of budget assumptions

External factors

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

General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2017/18 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk water; and
- The increase in the cost of remuneration.

Collection rate for revenue services

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

The rate of revenue collection as at end March 2017 is at 62% of quarter three billings. In 2017/18 revenue collection is anticipated at 60%.

Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the district, household formation growth rate and the poor household change rate.

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

Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to

align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

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

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

2.6 Overview of budget funding

Medium-term outlook: operating revenue

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The district derives most of its operational revenue from the provision of services such as water and sanitation.

The proposed tariff increase for the 2018/19 MTREF on the water and sanitation revenue is 30% due to the fact that the municipality is in the process of having cost reflective tariffs. At the moment the tariff are below market related tariffs and are also not cost reflective.

- Operating revenue increases from **R889.4m** to **R958.3m** in the 2018/19 financial year and increases to **R1.1billion** in the 2020/21 financial year.
- The increase of 8% from the adjusted budget is due to increase in tariffs by 30% and 4% increase in grants as per the division of revenue bill.
- Capital revenue decreases from **R687.3m** to **R651.6m** in the 2018/19 and further reduces to **R607.5m** in the 2020/21 financial year
- Service charges tariffs to increase by 30% in the current year in an endeavour to have a cost reflective tariff. All other revenue tariffs to increase by 5.4%
- Service charges tariffs to increase by 30% in the current year in an endeavour to have a cost reflective tariff. All other revenue tariffs to increase by 5%
- The increase of 30% on service charges was a result of the following:
 - A benchmarking exercise was undertaken and it showed that the average water tariffs are at R14 while the municipality still charges an average of R8.31
 - The cost analysis was done and it also indicated that our direct cost per litre equates to R15.04 (Excluding depreciation charge on assets) which meant that the municipality is providing the services at a loss

2.7 Expenditure on allocation grant programme

Code	Description	Original budget	Adjusted budget	2018/19	2019/20	2020/21
Capital Expenditure - Own funding						
SDM Funded		17 800 000,00	13 100 000,00	17 876 550,00	15 276 802,30	18 416 729,43
Capital Expenditure - Conditional Grants						
3510	Municipal Infrastructure Grant	351 172 001,00	366 345 543,92	341 593 237,21	351 271 728,02	373 659 948,07
3510	Rural Bulk Infrastructure Grant	226 000 000,00	226 000 000,00	245 000 000,00	260 000 000,00	160 000 000,00
3510	Water Services Infrastructure Grant	95 000 000,00	95 000 000,00	65 000 000,00	70 000 000,00	73 850 000,00
Total capital expenditure		672 172 001,00	687 345 543,92	651 593 237,21	681 271 728,02	607 509 948,07

Discussion

- Capital expenditure funded from own funds is allocated **R17.9m** in the 2018/19 financial year and it increases to **R18.4m** in the 2020/21 financial year
- Included in capital expenditure from own funding is the following:
 - ✓ Computers - R 850 000
 - ✓ EMS Equipment R 640 000
 - ✓ Capital replacement R5 500 000
 - ✓ Water tankers (Four) R4 500 000
 - ✓ Security Fence R2 000 000
 - ✓ IWS Plans R3 100 000
- The total capital expenditure funded from conditional grants decreased from **R687.3m** to **R651.6m** in the 2018/19 due to decreased funding allocation from WSIG conditional grant and MIG. Funding for capital grants reduces to **R607.5m** in the 2020/21 financial year due to decrease in RBIG funding.
- The **WSIG** is allocated **R65m** compared to **R95m** in the previous year.
- The **MIG** is allocated **R341.6m** for capital projects in the 2018/19 financial year and other funds have been budgeted for MIG overheads and VIP sanitation.
- **RBIG** is allocated **R245m** in the 2018/19 and it reduces to **R160m** in the 2020/21 financial year.

Eight (8) percentage of the capital budget is earmarked for asset renewal. The municipality is noting the low percentage; however the strides are being made towards maximising the contributions capital replacement reserve fund that will assist in funding of assets renewal.

Loan Repayment

The municipality has taken over the repayment of loan from one local municipality which was taken for the construction of the water infrastructure. The final instalment on the loan will be made on the 30th of June 2018.

2.8 Summary of Councillors allowance and employee benefits

	Original budget	Adjustment amount	Adjusted budget	2018/19	2019/20	2020/21
Executive Council - Speaker's office	16 553 930,00	12 073 000,00	28 626 930,00	29 630 815,10	31 527 187,27	33 544 927,25
Executive Mayor's office	24 074 949,96	2 030 500,00	26 105 449,96	27 932 831,46	29 888 129,66	31 980 298,74
Municipal Manager's office	10 108 090,00	2 575 000,00	12 683 090,00	13 570 906,30	14 439 444,30	15 363 568,74
Budget and Treasury	33 349 628,81	-910 700,00	32 438 928,81	34 709 653,83	36 931 071,67	39 294 660,26
Infrastructure and Water Services	146 789 371,47	-2 735 000,00	144 054 371,47	168 184 372,45	178 948 172,28	190 400 855,31
Planning and Econ Development	7 611 751,91	1 219 233,00	8 830 984,91	9 365 153,85	9 964 523,70	10 602 253,22
Community services	45 314 424,11	3 960 000,00	49 274 424,11	51 401 633,80	54 691 338,36	58 191 584,02
Corporate Services	29 780 648,02	1 705 000,00	31 485 648,02	33 498 543,38	35 642 450,16	37 923 566,97
Totals	313 582 794,28	19 917 033,00	333 499 827,28	368 293 910,16	392 032 317,40	417 301 714,49
BASIC SALARIES	221 615 602,77	6 572 283,00	228 187 885,77	255 610 132,75	271 460 675,57	288 290 057,73
PENSION AND UIF CONTR	33 643 024,11	48 383,00	33 691 407,11	36 049 805,61	38 573 292,00	41 273 422,44
MEDICAL AID CONTRIBUTIONS	10 773 591,00	115 275,00	10 888 866,00	11 651 086,62	12 466 662,68	13 339 329,07
OVERTIME	12 706 932,00	4 192 000,00	16 898 932,00	18 081 857,24	19 347 587,25	20 701 918,35
LEAVE BONUS	16 518 537,00	-10 889 000,00	5 629 537,00	6 023 604,59	6 445 256,91	6 896 424,90
TRANSPORT ALLOWANCE	27 869 257,00	2 146 906,00	30 016 163,00	32 117 294,41	34 365 505,02	36 771 090,37
CELLPHONE ALLOWANCE	2 308 345,00	70 865,00	2 379 210,00	2 545 754,70	2 723 957,53	2 914 634,56
HOUSING ALLOWANCE	2 820 654,00	-1 710 000,00	1 110 654,00	1 188 399,78	1 271 587,76	1 360 598,91
OTHER BENEFITS	4 307 672,40	389 500,00	4 697 172,40	5 025 974,47	5 377 792,68	5 754 238,17
Total employee costs	332 563 615,28	936 212,00	333 499 827,28	368 293 910,16	392 032 317,40	417 301 714,49
Councillor allowances	16 234 000,00	-	16 234 000,00	17 370 380,00	18 586 306,60	19 887 348,06
Net employee costs	316 329 615,28	936 212,00	317 265 827,28	339 474 435,19	363 237 645,65	388 664 280,85

Discussions

- The cost for employees have increased to **R368.3m** from **R333.5m** in the 2018/19 financial year and will increase to **R417.3m** in the 2021/21 financial year. A percentage increase of **7%** was applied across board pending the finalization of the wage agreement
- 93 new posts were funded during the financial year. 87 for absorbing of volunteers in Infrastructure Water Services department, 5 for water tankers drivers and the position for IWS Deputy Director

Salary increases

The salary percentage increment is projected at **7%** was applied across board pending the finalization of the wage agreement.

As part of the district's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. Prioritised posts will have to be financed by funds from abolished posts and savings realised during data cleansing (alignment of current staff to relevant departments).

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

2.9 Monthly targets for revenue, expenditure and cash flow

Operating Revenue Framework

In these tough economic times strong revenue management is fundamental to the financial sustainability of the district. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality is currently looking at enhancing the revenue to ensure that the strategy is implemented in a phased-in approach. There are challenges of collecting operating revenue from communities.

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

- National Treasury's guidelines and macroeconomic policy;
- Local economic development
- Efficient revenue management, which aims to ensure revenue collection is maximised
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- Extend billing to villages where water supply is continuous
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the district

Summary of revenue classified by main revenue source

As the district is depending on grants from the National and Provincial government for the purpose of funding the operating and capital expenditure, revenue from own sources contribute a minimal percentage to the coffers of the municipality.

Growth in revenue by revenue source

The proposed tariff increase for the 2018/19 MTREF on the water and sanitation revenue is 30% due to the fact that the municipality is in the process of having cost reflective tariffs. At the moment the tariffs are below market related tariffs and are also not cost reflective.

- Operating revenue increases from **R889.4m** to **R958.3m** in the 2018/19 financial year and increases to **R1.1billion** in the 2020/21 financial year.
- The increase of 8% from the adjusted budget is due to increase in tariffs by 30% and 4% increase in grants as per the division of revenue bill.

- Capital revenue decreases from **R687.3m** to **R651.6m** in the 2018/19 and further reduces to **R607.5m** in the 2020/21 financial year
- Service charges tariffs to increase by 30% in the current year in an endeavour to have a cost reflective tariff. All other revenue tariffs to increase by 5.4%
- The increase of 30% on service charges was a result of the following:
 - A benchmarking exercise was undertaken and it showed that the average water tariffs are at R14 while the municipality still charges an average of R8.31
 - The cost analysis was done and it also indicated that our direct cost per litre equates to R15.04 (Excluding depreciation charge on assets) which meant that the municipality is providing the services at a loss

The rates and tariff revision are undertaken after consideration of different factors relevant to the geographic spread of the municipality. The following were considered during the tariff and rates increase; local economic conditions, cost drivers, affordability of services and poverty and indigents. As the municipality is not profit driven, the breakeven of costs and revenue will be an acceptable ratio unlike providing service at a loss and an ever increasing debtor's book which will be close to impossible and costly to collect.

The percentage increases of electricity tariffs granted to Eskom has a direct impact on the water tariffs as electricity is one of the cost drivers for water tariffs and is beyond the mentioned inflation target.

The current challenge facing the district is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the district has undertaken the tariff setting process relating to service charges as follows.

Sale of Water and Impact of Tariff Increases

The district is facing water supply challenges as the bulk supply projects are still under construction and the current water demand is way above the supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

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

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective. Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

Table 2 Proposed Water Tariffs for areas billed by Sekhukhune District Municipality.

ANNEXURE A

SEKHUKHUNE DISTRICT MUNICIPALITY

WATER AND SANITATION (SEWER) TARIFFS 2018/19

		2017/18	2018/19	2019/20	2020/2021
AREA OF SUPPLY SEKHUKHUNE DISTRICT MUNICIPALITY DIRECT SUPPLY					
WATER		2017/18	2018/19	2019/20	2020/2021
i)	Residential				
	Metered				
	Basic charge Full Time Supply	40,54	42,56	44,69	46,93
Rebates	Basic Charge Part Time / Time Managed Supply (50% Discount)	20,27	21,28	22,35	23,46
	Basic charge (1001 sqm to 5000 sqm)	0,00	500,00	525,00	551,25
	Basic charge (> 5000 sqm)	0,00	800,00	864,00	910,66
	Unit Charge				
	First 6 Units (Indigents)	Free	Free	Free	Free
	First 6 Units (Non-Indigents)	8,31	10,81	13,51	14,24
	7 to 10 Units	9,70	12,60	15,76	16,61
	11 to 30 Units	10,67	13,86	17,33	18,27
	Above 30 units	11,73	15,25	19,06	20,09
	Unmetered				
	Monthly Flat Rate	108,91	141,58	176,97	186,53
	Pre-Paid				
	Unit Charge	9,77	12,71	15,88	16,74
	Communal Stand Pipes (Above RDP)				
	Monthly Flat Rate	59,57	77,44	96,80	102,03
	Communal Stand Pipes (Pre-Paid)				
	First 6 Units	8,31	10,81	13,51	14,24
	After First 6 Units	9,71	12,63	15,79	16,64
	Above 30 units	10,34	13,44	16,80	17,71
ii)	Business				
	Basic charge	119,83	125,82	132,11	138,72
	Basic charge (1001 sqm to 5000 sqm)	0,00	500,00	525,00	551,25
	Basic charge (> 5000 sqm)	0,00	800,00	840,00	882,00
	Consumption charge				
Business Area	First 6 Units	11,96	15,54	19,43	20,48
Schools	7 to 30 Units	11,96	15,54	19,43	20,48
Churches & Government Insti	Above 30 units	11,96	15,54	19,43	20,48
	Departmental	11,96	15,54	19,43	20,48
	Commercial/ Industry				
	Basic charge	119,83	125,82	132,11	139,25
iii)	Water Tankers (per tank)	437,47	459,34	482,31	508,35
Tankers	Per kiloliter	12,63	13,26	13,92	14,67
<i>All tariffs are VAT exclusive</i>					
SEWERAGE		2017/18	2018/19	2019/20	2020/2021
i)	Basic charge (Residential)	52,62	55,25	58,01	61,15
	Basic charge (Commercial)	98,68	103,61	108,79	114,67
ii)	Sewerage Points				
	Residential				
	First two Points	8,76	9,20	9,66	10,18
	There after per point	8,76	9,20	9,66	10,18
	Commercial	34,91	36,66	38,49	40,57
Schools	Per student	4,93	5,18	5,44	5,73
	Departmental	8,22	8,64	9,07	9,56
iii)	Other Sewerage Tariffs				
IV)	New connections (Water/Sewerage)				
	As calculated by the Director Technical Services (Cost + 10%)				
V)	Issue of Council Documents/Information				
	Basic Fee of R30 plus photo copy fees as in paragraph (II) of Sundry Tariffs				
Sucking					
	Residential Sucking	341,44	358,51	376,43	396,76
	Business Sucking	394,03	413,74	434,42	457,88
	Basic charge for sucking (Businesses)	370,33	388,85	408,29	430,34

Sanitation and Impact of Tariff Increases

It should be noted that electricity costs contributes to waste water treatment input costs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the value of the property
- Indigent tariff for disposal of waste from VIP sanitation is proposed to registered indigents.

Operating Expenditure Framework

The district expenditure framework for the 2018/19 budget and MTREF is informed by the following:

- The priority focus area should be given to repairs and maintenance of water assets. At least 10% of the budget should be appropriated towards operation and maintenance.
- Elimination of non-core expenses should be done. Expenses such as entertainment, gala dinners, excessive catering, etc.
- Assets management plan should be done in order to assess the conditions of our infrastructure asset. The plan will in future determine the acceptable allocations towards operations and maintenance
- Current ratio should be improved to 1.9:1 within the MTREF
- The departmental allocations on operating expenditure amounted to **R940.4m** which increases to **R1.0billion** over the MTREF period (2020/21 financial year). This represent 3% increase in operational expenditure from the adjusted budget
- We have firstly prioritized the contractual obligations and the following are material line items that have material impact on the operating expenditure :(The amounts are shown on the detail operational expenditure schedule attached)
 - ✓ Bulk purchases – **R149.1m**
 - ✓ Security – **R35.0m**
 - ✓ Depreciation and impairments – **R66.1m**
 - ✓ Fleet management – **R50.2m**
 - ✓ Water tankering – **R25.8m** (We provided for tankering costs for seven months and also provided for purchase of four water tankers)
 - ✓ Repairs and maintenance – **R27.4m**
 - ✓ Other contracted services (IWS) – **R18.4m** (Borehole development, Honey sucking, chemicals and laboratory services)
- Included in the operating expenditure is the anticipated cost for VIP sanitation amounting to **R103.3m** which is wholly funded by the MIG grant
- Other operating expenditure was increased by 2% across the board in an endeavor to reduce the increasing operating expenditure

Highlights of other expense allocation

- The amount of **R9.9m** allocated for professional fees.
- The amount of **R3m** has been allocated for legal fees
- An amount **R3.8m** is set aside for operations of SDA.
- The external bursaries allocated at **R3m** and internal allocated **R100 000** to encourage staff empowering.
- The amount of **R9.1m** allocated for lease costs (Property rentals and equipment rentals).

The provision of debt impairment was determined based on an annual collection rate. For the 2018/19 financial year this amount equates to R3.3 million. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R 62.8 million for the 2018/19 financial year, the decrease is as the results of transfer of taxi ranks and landfill site to local municipalities.

Bulk purchases are directly informed by the purchase of bulk water from Lepelle Northern Water and Dr JS Moroka Local Municipality. The annual price increases have been factored into the budget appropriations. The expenditures includes the cost of water distribution losses as the cost in included in the bulk purchases amount. The district is in the process of procuring outlet and inlet bulk meters at all reservoirs for the purpose of managing the water losses.

The bulk purchases also increased due to the anticipation of new areas receiving surface water as a result of completion of de hoop dam.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. The repairs and maintenance this group of expenditure has been prioritised to ensure sustainability of the district's infrastructure.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the District's current infrastructure, the 2018/19 budget and MTREF provide for extensive growth in the area of asset maintenance. 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 and purchases of materials. Considering these cost drivers operations and maintenance is still below the acceptable norm of 10% of operating budget.

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the District's Indigent Policy. The target is to register more indigent households during the MTREF, this process will be reviewed annually.

Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in MBRR A10 (Basic Service Delivery Measurement).

The municipality provides 6 kilolitre of water to indigents but is unable to account for such service because indigent register is not yet approved.

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

In addition the municipality is providing free diesel and fuel to all household that are supplied through boreholes.

2.10 Contracts having future budgetary implication

The municipality is in the process of entering into long term contract of PPP for smart meter reading.

2.11 Capital Expenditure details

For 2018/19 an amount of R651.59m has been appropriated for the development of infrastructure.

The municipality has commenced in the 2013/14 financial year with ring fencing capital replacement reserve fund.

The reserve will initially be funded from interest on investment and vat refunds from conditional grants.

The district is in the process of compiling an informed asset management plan that will guide the next financial year IDP/Budget process.

Municipal funding and reserve policy has also be amended to effect the budget proposal

Further detail relating to asset classes and proposed capital expenditure is contained in MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

2.12 Legislation compliance status

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

In year reporting

- Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved.

Internship programme

- The District is participating in the Municipal Financial Management Internship programme and has employed four interns undergoing training in various divisions of the Budget and Treasury. The two of the interns have been appointed in the 2016/17 financial year. Since the introduction of the Internship programme the municipality has successfully employed and trained interns through this programme and a majority of them were appointed either in the municipality or other Institutions.

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.

Service Delivery and Implementation Plan

- The detail SDBIP document is not yet drafted, but will be finalised after approval of the 2017/18 MTREF.

Annual Report

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

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 of the district consist of the following members under the chairpersonship of the MMC for Budget and Treasury

- Municipal manager
- Chief finance Officer
- Senior manager: Infrastructure
- All senior managers
- Manager: Budget and Reporting
- Manager: Income
- MMC responsible for Infrastructure and Water services
- MMC responsible for Planning and economic development

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

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

2.8 Annual Budget supporting schedules

The tables are included on excel sheets from SA1 to SA38

DC47 Sekhukhune - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

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											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates											
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)											
Net Property Rates		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	6										
Total Service charges - electricity revenue											
less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
less Cost of Free Basis Services (50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	-
Net Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	6										
Total Service charges - water revenue		33 445	121 106	160 247	49 619	63 050	63 050	63 050	159 572	170 063	178 653
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)			75 982	115 787					75 982	75 982	75 982
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		3 395	3 851	3 890	-	-	-	-	14 235	17 791	18 752
Net Service charges - water revenue		30 050	41 273	40 571	49 619	63 050	63 050	63 050	69 355	76 290	83 919
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		9 272	10 466	11 209	11 625	11 775	11 775	11 775	12 953	14 248	15 673
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-
Net Service charges - sanitation revenue		9 272	10 466	11 209	11 625	11 775	11 775	11 775	12 953	14 248	15 673
Service charges - refuse revenue	6										
Total refuse removal revenue											
Total landfill revenue											
less Revenue Foregone (in excess of one removal a week to indigent households)											
less Cost of Free Basis Services (removed once a week to indigent households)		-	-	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-
Other Revenue by source											
Bad debts recovered		18 020			68	10	10	10	11	11	12
Insurance refund					11	11	11	11	11	12	12
Fire services			202	303	160	310	310	310	341	375	413
interest on current account					4 380	3 380	3 380	3 380	3 556	3 741	3 936
skills development SEDA			449	362	797	797	797	797	838	882	928
MHS					954	454	454	454	500	550	605
Application tender documents			1 225	675	774	1 274	1 274	1 274	1 340	1 410	1 483
emergency services training fee					177	77	77	77	85	93	103
proceeds from sale of assets					15	15	15	15	16	17	17
sundries			11 051	478	42	11	11	11	12	13	14
Application for data base											
Total 'Other' Revenue	3	18 020	12 927	1 817	7 379	6 340	6 340	6 340	6 710	7 104	7 523

EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	176 686	185 069	197 757	205 382	218 977	218 977	218 977	234 305	250 706	268 256
Pension and UIF Contributions		25 189	28 517	30 884	33 643	33 198	33 198	33 198	35 522	38 008	40 669
Medical Aid Contributions		8 706	9 908	10 154	10 774	10 750	10 750	10 750	11 503	12 308	13 169
Overtime		11 482	16 716	17 432	12 707	16 899	16 899	16 899	18 082	19 348	20 702
Performance Bonus		–	–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		23 373	26 872	26 402	27 869	24 406	24 406	24 406	26 115	27 943	29 899
Cellphone Allowance		1 747	1 537	1 473	2 308	1 599	1 599	1 599	1 711	1 830	1 959
Housing Allowances		4 243	4 392	2 311	2 821	1 111	1 111	1 111	1 188	1 272	1 361
Other benefits and allowances		6 412	4 158	4 845	4 308	4 697	4 697	4 697	5 026	5 378	5 754
Payments in lieu of leave		10 306	17 399	14 895	16 519	5 630	5 630	5 630	6 024	6 445	6 896
Long service awards		–	–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations		–	–	–	–	–	–	–	–	–	–
sub-total	4	268 144	294 567	306 154	316 330	317 266	317 266	317 266	339 474	363 238	388 664
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	268 144	294 567	306 154	316 330	317 266	317 266	317 266	339 474	363 238	388 664
Contributions recognised - capital											
<i>List contributions by contract</i>											
Total Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		63 108	65 390	68 359	62 000	60 380	60 380	60 380	63 580	67 013	70 699
Lease amortisation		–	–	–	–	–	–	–	–	–	–
Capital asset impairment		23 483	23	23 643	1 600	1 200	1 200	1 200	1 264	1 332	1 405
Depreciation resulting from revaluation of PPE		–	–	–	–	–	–	–	–	–	–
Total Depreciation & asset impairment	10	86 591	65 413	92 002	63 600	61 580	61 580	61 580	64 844	68 345	72 104
Bulk purchases											
Electricity Bulk Purchases		28 000	38 365	42 717	–	–	–	–	–	–	–
Water Bulk Purchases		81 595	112 934	107 651	64 000	94 000	94 000	94 000	112 542	118 619	125 143
Total bulk purchases	1	109 595	151 299	150 368	64 000	94 000	94 000	94 000	112 542	118 619	125 143
Transfers and grants											
Cash transfers and grants		2 649	5 000	3 000	3 000	3 600	3 600	3 600	3 952	4 158	4 386
Non-cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Total transfers and grants	1	2 649	5 000	3 000	3 000	3 600	3 600	3 600	3 952	4 158	4 386
Contracted services											
Water and Sewer related security services		–	–	–	58 000	64 300	64 300	64 300	49 404	34 880	33 248
insurance		26 200	22 017	28 405	24 238	31 738	31 738	31 738	35 000	30 000	25 000
office rental		770	1 821	3 079	2 000	2 000	2 000	2 000	2 106	2 220	2 342
lease of office machine		4 200	10 813	9 304	6 132	6 132	6 132	6 132	7 106	7 385	7 769
fleet management system		3 300	5 834	6 303	1 500	2 100	2 100	2 100	2 100	2 213	2 335
VIP contracted services		8 000	23 000	–	41 000	55 000	55 000	55 000	50 236	52 949	55 861
		–	242 485	138 816	120 870	98 141	98 141	98 141	103 343	108 923	114 914
sub-total	1	42 470	305 970	185 907	253 740	259 411	259 411	259 411	249 188	238 570	241 469
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		42 470	305 970	185 907	253 740	259 411	259 411	259 411	249 188	238 570	241 469
Other Expenditure By Type											
Collection costs											
Contributions to 'other' provisions											
Consultant fees		40 300	18 074	25 729	9 534	10 884	10 884	10 884	11 461	12 080	12 744
Audit fees		3 900	6 342	6 308	3 800	5 450	5 450	5 450	5 739	6 049	6 381
General expenses											
Accommodation		2 426	2 289	2 937	2 050	2 420	2 420	2 420	1 748	1 665	1 570
asset management		5 410	1 800	2 000	1 800	2 000	2 000	2 000	2 000	2 108	2 224
contribution to leave bonus		1 392	2 300	–	2 500	2 500	2 500	2 500	1 500	1 581	1 668
cost recovery programme		2 439	497	437	4 500	4 500	4 500	4 500	3 000	3 162	3 336
fuel and lubricant purchases		4 837	10 484	10 431	6 750	8 750	8 750	8 750	7 793	8 214	8 666
human resource development		7 031	600	–	1 000	1 000	1 000	1 000	900	950	999
laboratories and chemicals		8 873	17 252	7 406	12 000	7 500	7 500	7 500	5 955	6 283	6 683
legal matters		2 189	2 200	–	2 200	5 700	5 700	5 700	3 000	3 162	3 336
news letter production		1 719	3 600	–	850	970	970	970	500	527	556
placement fees		–	–	–	–	–	–	–	–	–	–
levies paid RAMS programme		1 258	2 069	–	–	–	–	–	–	–	–
stakeholder and community engagement		1 428	2 573	2 356	2 000	2 460	2 460	2 460	2 263	2 385	2 517
stores and materials		1 354	1 800	–	1 800	1 800	1 800	1 800	1 836	1 935	2 042
strategic events		1 169	2 100	–	1 000	1 180	1 180	1 180	1 135	1 196	1 262
communication/telephone		2 089	4 880	7 846	3 036	3 536	3 536	3 536	2 407	2 537	2 676
water tankering		–	32 497	37 923	–	–	–	–	–	–	–
contribution to capital replacement reserve		–	–	–	–	–	–	–	–	–	–
sports and art development/ EAP		696	960	–	760	760	760	760	760	802	843
VIP sanitation		28 817	–	–	–	–	–	–	–	–	–
electricity water and rates		821	–	–	34 560	36 560	36 560	36 560	36 534	40 654	43 654
other expenditure		56 404	71 458	112 692	22 881	27 778	27 778	27 778	31 459	30 350	28 407
Total 'Other' Expenditure	1	174 552	183 775	214 065	113 021	125 748	125 748	125 748	119 710	123 192	126 163
by Expenditure Item											
Employee related costs	8										
Other materials		45 031	35 500	40 460	31 800	29 600	29 600	29 600	28 775	30 328	31 997
Contracted Services			13 500		253 740	259 411	259 411	259 411			
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	45 031	49 000	40 460	285 540	289 011	289 011	289 011	28 775	30 328	31 997

DC47 Sekhukhune - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Call investment deposits											
Call deposits		202 336	45 794	18 961	40 801	52 801	52 801	22 500	52 089	90 800	198 750
Other current investments											
Total Call investment deposits	2	202 336	45 794	18 961	40 801	52 801	52 801	22 500	52 089	90 800	198 750
Consumer debtors											
Consumer debtors		104 265	126 113	121 399	118 423	120 294	120 294	120 294	125 106	130 110	135 314
Less: Provision for debt impairment		(56 139)	(71 194)	(70 161)	(71 054)	(73 961)	(73 961)	(73 961)	(63 961)	(73 555)	(77 233)
Total Consumer debtors	2	48 126	54 919	51 238	47 369	46 333	46 333	46 333	61 145	56 555	58 081
Debt impairment provision											
Balance at the beginning of the year		27 550	56 138	71 194	71 194	70 161	70 161	70 161	73 961	63 961	56 555
Contributions to the provision		28 588	15 056	25 095	11 860	3 800	3 800	3 800	8 000	-	1 526
Bad debts written off				(26 129)	(12 000)	-	-	-	(18 000)	(7 406)	
Balance at end of year		56 138	71 194	70 161	71 054	73 961	73 961	73 961	63 961	56 555	58 081
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		2 526 313	2 830 588	3 093 168	3 742 464	3 751 613	3 751 613	3 751 613	4 421 082	5 117 631	5 743 558
Leases recognised as PPE											
Less: Accumulated depreciation		376 637	434 833	505 996	562 831	567 831	567 831	567 831	632 675	701 020	773 124
Total Property, plant and equipment (PPE)	2	2 149 676	2 395 755	2 587 172	3 179 633	3 183 782	3 183 782	3 183 782	3 788 408	4 416 611	4 970 433
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)			2 514	2 020							
Current portion of long-term liabilities		813	880	952	728	728	728	728	-	-	-
Total Current liabilities - Borrowing		813	3 394	2 972	728	728	728	728	-	-	-
Trade and other payables											
Trade and other creditors		210 884	224 947	286 010	168 045	168 045	168 045	168 045	111 241	100 117	90 105
Unspent conditional transfers		177 467	19 430	34 025	37 801	42 801	42 801	42 801	25 000	15 000	10 000
VAT		(8 183)	(46 015)	(39 605)	-	(39 500)	(39 500)	(39 500)	(25 000)	(25 000)	(25 000)
Total Trade and other payables	2	380 168	198 362	280 429	205 846	171 346	171 346	171 346	111 241	90 117	75 105
Non current liabilities - Borrowing											
Borrowing		2 336	1 456	505	728	728	728	728	-	-	-
Finance leases (including PPP asset element)						2 000	2 000	2 000			
Total Non current liabilities - Borrowing	4	2 336	1 456	505	728	2 728	2 728	2 728	-	-	-
Provisions - non-current											
Retirement benefits		26 485	39 400	51 805	31 251	31 251	31 251	31 251	32 814	34 454	36 177
List other major provision items											
Refuse landfill site rehabilitation											
Other											
Total Provisions - non-current		26 485	39 400	51 805	31 251	31 251	31 251	31 251	32 814	34 454	36 177
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		2 306 331	2 039 029	2 254 801	2 460 534	2 500 067	2 500 067	2 470 067	3 198 079	3 761 495	4 459 518
GRAP adjustments				-	-						
Restated balance		2 306 331	2 039 029	2 254 801	2 460 534	2 500 067	2 500 067	2 470 067	3 198 079	3 761 495	4 459 518
Surplus/(Deficit)		(258 124)	243 401	154 723	689 971	664 942	664 942	664 942	669 470	725 028	698 868
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	2 048 207	2 282 430	2 409 524	3 150 505	3 165 009	3 165 009	3 135 009	3 867 549	4 486 523	5 158 386
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	2 048 207	2 282 430	2 409 524	3 150 505	3 165 009	3 165 009	3 135 009	3 867 549	4 486 523	5 158 386

DC47 Sekhukhune - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand													
Basic Services and selvery	To supply water, sanitation and maintain infrastructure of the district			99 916	907 839	753 930	1 157 776	1 144 312	1 144 312	1 181 471	1 247 625	1 248 278	
Good Governance & public participation	Improve organisational staff and other financial related matters			101 960	104 123	112 099	108 302	120 658	120 658	129 823	132 034	131 584	
Financial Viability & management	improvement of systems used by the organisation			235 494	128 045	126 983	120 960	117 644	117 644	119 683	123 968	130 738	
Institutional Development	Review organisational structure &v improvement of capital administration			70 410	93 098	100 131	107 107	128 518	128 518	110 495	115 798	122 344	
Local economic development	Improve local economic development through job creation & support toSMME's			7 143	7 699	9 562	14 571	15 171	15 171	15 977	19 667	21 474	
Community Development	To encourage community development by involving community in various projects			39 683	45 052	45 556	47 881	50 427	50 427	52 456	55 800	59 357	
Allocations to other priorities			2										
Total Revenue (excluding capital transfers and contributions)				1	554 606	1 285 855	1 148 261	1 556 596	1 576 730	1 576 730	1 609 905	1 694 892	1 713 775

DC47 Sekhukhune - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5,8%	0,2%	0,4%	0,3%	0,2%	0,2%	0,2%	0,4%	0,1%	0,1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	63,8%	2,7%	5,2%	2,5%	2,1%	2,1%	2,1%	3,6%	1,0%	1,0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	-4,1%	0,0%	0,0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Liquidity											
Current Ratio	Current assets/current liabilities	0,8	0,7	0,6	1,0	1,1	1,1	0,9	1,9	2,0	3,5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0,8	0,7	0,6	1,0	1,1	1,1	0,9	1,9	2,0	3,5
Liquidity Ratio	Monetary Assets/Current Liabilities	0,5	0,2	0,1	0,4	0,3	0,3	0,2	0,6	1,2	2,5
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		39,0%	50,9%	58,6%	100,0%	78,0%	78,0%	78,0%	60,0%	64,1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		39,0%	50,9%	58,6%	100,0%	70,0%	70,0%	70,0%	60,0%	64,1%	70,0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	21,4%	20,4%	18,4%	14,4%	14,2%	14,2%	14,2%	14,2%	5,6%	5,3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		107,9%	24610,5%	1548,3%	-3148,3%	230,8%	230,8%	392,4%	154,6%	81,1%	39,7%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kWh)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kℓ)										
Water Distribution Losses (2)	Total Cost of Losses (Rand '000)		75981599	115786831							
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	48,3%	45,4%	44,5%	35,8%	35,7%	35,7%	35,7%	35,4%	35,8%	35,1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	50,3%	49,4%	48,9%	37,9%	37,9%	37,9%		37,6%	38,1%	37,3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	8,1%	7,6%	5,9%	32,3%	32,5%	32,5%		3,0%	3,0%	2,9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	15,8%	10,3%	13,8%	7,3%	7,0%	7,0%	7,0%	6,9%	6,9%	6,6%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	4,2	6,5	4,0	4,5	4,5	4,5	5,6	6,5	6,6	7,2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	301,7%	255,5%	244,0%	207,8%	168,7%	168,7%	168,7%	165,6%	62,5%	58,3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	4,3	0,0	0,3	(0,1)	1,2	1,2	0,7	1,1	1,8	3,2

DC47 Sekhukhune Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	195 459	914	18 473	(5 338)	72 822	72 822	42 822	71 964	123 462	227 229
Cash + investments at the yr end less applications - R'000	18(1)b	2	348 350	(169 274)	(213 460)	(15 586)	47 424	47 424	17 424	11 707	41 960	164 830
Cash year end/monthly employee/supplier payments	18(1)b	3	4,3	0,0	0,3	(0,1)	1,2	1,2	0,7	1,1	1,8	3,2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(258 124)	243 401	154 723	689 971	664 942	664 942	664 942	669 470	725 028	698 868
Service charge rev % change - macro CPI-X target exclusive	18(1)a,(2)	5	N.A.	25,6%	(5,9%)	12,3%	16,2%	(6,0%)	(6,0%)	4,0%	4,0%	4,0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	456,3%	56,1%	69,7%	91,7%	146,9%	146,9%	146,9%	55,8%	59,4%	64,9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	183,7%	36,0%	48,5%	6,2%	4,3%	4,3%	4,3%	4,2%	4,0%	3,8%
Capital payments % of capital expenditure	18(1)c,(19)	8	97,0%	91,6%	111,3%	100,0%	94,0%	94,0%	94,0%	96,3%	97,8%	98,4%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0,0%	0,0%	0,0%
Current consumer debtors % change - inc/(decr)	18(1)a	11	N.A.	11,4%	(4,4%)	0,7%	(0,8%)	0,0%	0,0%	8,0%	(58,5%)	2,7%
Long term receivables % change - inc/(decr)	18(1)a	12	N.A.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2,1%	2,0%	1,6%	9,0%	9,1%	9,1%	9,0%	0,8%	0,7%	0,6%
Asset renewal % of capital budget	20(1)(vi)	14	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

Total Operating Revenue			554 606	648 907	688 629	884 424	889 385	889 385	889 385	958 312	1 013 621	1 106 265
Total Operating Expenditure			812 730	1 042 454	993 538	866 625	911 789	911 789	911 789	940 436	969 864	1 014 907
Operating Performance Surplus/(Deficit)			(258 124)	(393 547)	(304 909)	17 799	(22 404)	(22 404)	(22 404)	17 877	43 756	91 358
Cash and Cash Equivalents (30 June 2012)										71 964		
Revenue												
% Increase in Total Operating Revenue				17,0%	6,1%	28,4%	0,6%	0,0%	(0,0%)	7,8%	5,8%	9,1%
% Increase in Property Rates Revenue				0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
% Increase in Electricity Revenue				0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
% Increase in Property Rates & Services Charges				31,6%	0,1%	18,3%	22,2%	0,0%	0,0%	10,0%	10,0%	10,0%
Expenditure												
% Increase in Total Operating Expenditure				28,3%	(4,7%)	(12,8%)	5,2%	(0,0%)	0,0%	3,1%	3,1%	4,6%
% Increase in Employee Costs				9,9%	3,9%	3,3%	0,3%	0,0%	0,0%	7,0%	7,0%	7,0%
% Increase in Electricity Bulk Purchases				37,0%	11,3%	(100,0%)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Average Cost Per Budgeted Employee Position (Remuneration)					201417,1461	264490,0236				283841,501		
Average Cost Per Councillor (Remuneration)					231210,65	270566,6667				289506,3333		
R&M % of PPE			2,1%	2,0%	1,6%	9,0%	9,1%	9,1%		0,8%	0,7%	0,6%
Asset Renewal and R&M as a % of PPE			2,0%	2,0%	1,0%	9,0%	9,0%	9,0%		1,0%	1,0%	1,0%
Debt Impairment % of Total Billable Revenue			183,7%	36,0%	48,5%	6,2%	4,3%	4,3%	4,3%	4,2%	4,0%	3,8%
Capital Revenue												
Internally Funded & Other (R'000)			-	2 824	2 320	17 800	13 100	13 100	13 100	17 877	15 277	18 417
Borrowing (R'000)			-	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)			174 827	365 378	280 021	672 172	687 346	687 346	687 346	651 593	681 272	607 510
Internally Generated funds % of Non Grant Funding			0,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Borrowing % of Non Grant Funding			0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grant Funding % of Total Funding			100,0%	99,2%	99,2%	97,4%	98,1%	98,1%	98,1%	97,3%	97,8%	97,1%
Capital Expenditure												
Total Capital Programme (R'000)			174 827	368 203	282 341	689 972	700 446	700 446	700 446	669 469	696 548	625 927
Asset Renewal			-	-	-	-	-	-	-	-	-	-
Asset Renewal % of Total Capital Expenditure			0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Cash												
Cash Receipts % of Rate Payer & Other			456,3%	56,1%	69,7%	91,7%	146,9%	146,9%	146,9%	55,8%	59,4%	64,9%
Cash Coverage Ratio			0	0	0	(0)	0	0	0	0	0	0
Borrowing												
Credit Rating (2009/10)										0		
Capital Charges to Operating			5,8%	0,2%	0,4%	0,3%	0,2%	0,2%	0,2%	0,4%	0,1%	0,1%
Borrowing Receipts % of Capital Expenditure			0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Reserves												
Surplus/(Deficit)			348 350	(169 274)	(213 460)	(15 586)	47 424	47 424	17 424	11 707	41 960	164 830
Free Services												
Free Basic Services as a % of Equitable Share			0,7%	0,7%	0,6%	0,0%	0,0%	0,0%		4,0%	4,6%	4,4%
Free Services as a % of Operating Revenue (excl operational transfers)			0,0%	85,5%	153,7%	0,0%	0,0%	0,0%		70,3%	64,5%	59,3%
High Level Outcome of Funding Compliance												
Total Operating Revenue			554 606	648 907	688 629	884 424	889 385	889 385	889 385	958 312	1 013 621	1 106 265
Total Operating Expenditure			812 730	1 042 454	993 538	866 625	911 789	911 789	911 789	940 436	969 864	1 014 907
Surplus/(Deficit) Budgeted Operating Statement			(258 124)	(393 547)	(304 909)	17 799	(22 404)	(22 404)	(22 404)	17 877	43 756	91 358
Surplus/(Deficit) Considering Reserves and Cash Backing			348 350	(169 274)	(213 460)	(15 586)	47 424	47 424	17 424	11 707	41 960	164 830
MTREF Funded (1) / Unfunded (0)	15		1	0	0	0	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗	15		✓	✗	✗	✗	✓	✓	✓	✓	✓	✓

DC47 Sekhukhune - Supporting Table SA36 Consolidated detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	2018/19 Medium Term Revenue & Expenditure Framework		
								Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	4				6	3	3			
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>										
Infrastructure and Water Services		SDM- EM REHAB-GROBLERSDAL BULK SEWER			Yes	Water Supply Infrastructure	Bulk Mains	500	527	556
Infrastructure and Water Services		SDM- PIET GOUWS			Yes	Water Supply Infrastructure	Bulk Mains	-	-	-
Corporate Services		SDM- COMPUTERS			Yes	Furniture and Office Equipment	Bulk Mains	850	896	945
Community services		SDM-MHS			Yes	Water Supply Infrastructure	Bulk Mains	158	166	176
Community services		SDM-EMS			Yes	Water Supply Infrastructure	Bulk Mains	640	640	675
Infrastructure and Water Services		SDM-DISASTER MANAGEMENT			Yes	Water Supply Infrastructure	Bulk Mains	50	640	675
Corporate Services		SDM-OFFICE EQUIPMENT			Yes	Water Supply Infrastructure	Bulk Mains	579	610	644
Infrastructure and Water Services		SDM+D7- WCWDM PLAN			Yes	Water Supply Infrastructure	Bulk Mains	500	500	500
Community services		SDM-MINI BUSES (Two)			Yes	Water Supply Infrastructure	Bulk Mains	-	-	-
Infrastructure and Water Services		SDM-O&M MANAGEMENT PLAN			Yes	Water Supply Infrastructure	Bulk Mains	800	500	528
Infrastructure and Water Services		SDM-SERVITUDE-BWPP			Yes	Water Supply Infrastructure	Bulk Mains	-	-	-
Infrastructure and Water Services		SDM-CAPITAL REPLACEMENT RESERVE			Yes	Water Supply Infrastructure	Bulk Mains	5 500	7 797	10 218
Infrastructure and Water Services		SDM-MARBLE HALL TOWN			Yes	Water Supply Infrastructure	Bulk Mains	-	-	-
Infrastructure and Water Services		SDM WATER & SANITATION MASTER PLAN			Yes	Water Supply Infrastructure	Bulk Mains	1 300	-	-
Infrastructure and Water Services		SDM WSDP (Update)			Yes	Water Supply Infrastructure	Bulk Mains	500	-	-
Corporate Services		Water tankers (Four)			Yes	Water Supply Infrastructure	Bulk Mains	4 500	-	-
Municipal Manager office	1	Security fence			Yes	Water Supply Infrastructure	Bulk Mains	2 000	3 000	3 500
SDM FUNDED PROJECTS								17 877	15 277	18 417
Infrastructure and Water Services		MIG-GTLM GA-MALEKANE			Yes	Water Supply Infrastructure	Bulk Mains	-	47 087	156 313
Infrastructure and Water Services		MIG-EM ZAAIPLAAS CONNECTOR PIPES			Yes	Water Supply Infrastructure	Bulk Mains	425	-	-
Infrastructure and Water Services		MIG-EM CARBONATITES TO ZAAIPLAAS P2			Yes	Water Supply Infrastructure	Bulk Mains	-	-	-
Infrastructure and Water Services		MIG-EM MASAKANENG WATER SUPPLY			Yes	Water Supply Infrastructure	Bulk Mains	-	59 767	-
Infrastructure and Water Services		BLOEMPOORT WATER SUPPLY			Yes	Water Supply Infrastructure	Bulk Mains	-	10 800	-
Infrastructure and Water Services		UIT SPANNING WATER SUPPLY			Yes	Water Supply Infrastructure	Bulk Mains	-	16 292	-
Infrastructure and Water Services		TAERENG WATER SUPPLY			Yes	Water Supply Infrastructure	Bulk Mains	-	10 907	-
Infrastructure and Water Services		SEKWATI WATER SUPPLY PHASE 4			Yes	Water Supply Infrastructure	Bulk Mains	-	-	-
Infrastructure and Water Services		SEKWATI WATER SUPPLY PHASE 5			Yes	Water Supply Infrastructure	Bulk Mains	-	65 933	-
Infrastructure and Water Services		TAFELKOP RETICULATION			Yes	Water Supply Infrastructure	Bulk Mains	-	-	-
Infrastructure and Water Services		MAMPURU			Yes	Water Supply Infrastructure	Bulk Mains	-	-	200 000
Infrastructure and Water Services		GA MOLOI & SURROUNDING VILLAGES			Yes	Water Supply Infrastructure	Bulk Mains	-	-	-
Infrastructure and Water Services		MIG-FKLM OLIFANTS CONTRACT 24: BULK (MOOIPLAAS AN			Yes	Water Supply Infrastructure	Bulk Mains	3 000	-	-
Infrastructure and Water Services		MIG-FKLM OLIFANTS CONTRACT 21 : SOUTHERN			Yes	Water Supply Infrastructure	Bulk Mains	3 000	-	-
Infrastructure and Water Services		MIG-FKLM OLIFANTS CONTRACT 22 : NORTHERN			Yes	Water Supply Infrastructure	Bulk Mains	3 000	-	-
Infrastructure and Water Services		MIG-GTLM GA - MAPHOPHA COMMAND RESERVOIR			Yes	Water Supply Infrastructure	Bulk Mains	9 000	-	-
Infrastructure and Water Services		MIG-GTLM PRAKTISEER WATER RETICULATION			Yes	Water Supply Infrastructure	Bulk Mains	-	-	-
Infrastructure and Water Services		MIG-FKLM OLIFANTS CONTRACT 24: BULK (MOO			Yes	Water Supply Infrastructure	Bulk Mains	-	-	-
Infrastructure and Water Services		MIG-FKLM Nkadingeng: Phase 9 to 11			Yes	Water Supply Infrastructure	Bulk Mains	15 938	84 065	17 347
Infrastructure and Water Services		MIG- MKLM GA-MASHABELA WATER RETICULATION			Yes	Water Supply Infrastructure	Bulk Mains	23 897	-	-
Infrastructure and Water Services		MIG-MKLM GA-MARISHANE WATER RETICULATION			Yes	Water Supply Infrastructure	Bulk Mains	9 590	-	-
Infrastructure and Water Services		MIG-MKLM MALOMA AND SURROUNDING VILLAGES WS			Yes	Water Supply Infrastructure	Bulk Mains	-	-	-
Infrastructure and Water Services		MIG-MKLM LOBETHAL WATER SUPPLY			Yes	Water Supply Infrastructure	Bulk Mains	425	-	-
Infrastructure and Water Services		MIG-MKLM GA-PHAAHLA WATER SUPPLY			Yes	Water Supply Infrastructure	Bulk Mains	6 721	-	-
Infrastructure and Water Services		MIG-GTLM LEBALELO SOUTH CONNECTOR PIPES			Yes	Water Supply Infrastructure	Bulk Mains	70 559	-	-
Infrastructure and Water Services		MIG-GTLM LEBALELO SOUTH CONNECTOR PIPES PHASE 2			Yes	Water Supply Infrastructure	Bulk Mains	195 615	56 422	-
Infrastructure and Water Services		MIG-FKLM OLIFANTS CONTRACT 25 TO 32 : (BULK RESEVOI			Yes	Water Supply Infrastructure	Bulk Mains	-	-	-
Infrastructure and Water Services		MIG-FKLM OLIFANTS CONTRACT 26: (BULK RESEVOIR)			Yes	Water Supply Infrastructure	Bulk Mains	-	-	-
Infrastructure and Water Services		MIG-FKLM OLIFANTS CONTRACT 27: (MMASWIKE)			Yes	Water Supply Infrastructure	Bulk Mains	-	-	-
Infrastructure and Water Services		MIG-FKLM OLIFANTS CONTRACT 28:			Yes	Water Supply Infrastructure	Bulk Mains	425	-	-
MIG FUNDED PROJECTS								341 593	351 272	373 660

Infrastructure and Water Services	RBIG-MKLM NEBO BWS Makgeru to Schoonoord	Yes	Water Supply Infrastructure	Bulk Mains	32 000	50 000	
Infrastructure and Water Services	RBIG-MKLM NEBO BWS Commission Ga Malekana to Jane Furse	Yes	Water Supply Infrastructure	Bulk Mains	3 500	87 500	135 000
Infrastructure and Water Services	RBIG-MKLM NEBO BWS Jane Furse to Lobethal BWS	Yes	Water Supply Infrastructure	Bulk Mains	10 000	55 000	25 000
Infrastructure and Water Services	RBIG-GTML PHASE 4F BULK	Yes	Water Supply Infrastructure	Bulk Mains	26 000	20 000	
Infrastructure and Water Services	RBIG-EMLM MOUTSE BWS - PROJECT 7 TO 12	Yes	Water Supply Infrastructure	Bulk Mains	5 000		
Infrastructure and Water Services	RBIG-EMLM MOUTSE BWS - PROJECT 13 TO 14	Yes	Water Supply Infrastructure	Bulk Mains	24 245		
Infrastructure and Water Services	RBIG-EMLM MOUTSE BWS - PROJECT 1 TO 6 Commissioning	Yes	Water Supply Infrastructure	Bulk Mains	5 000		
Infrastructure and Water Services	RBIG-GTML PHASE 4BB BULK	Yes	Water Supply Infrastructure	Bulk Mains	22 513		
Infrastructure and Water Services	RBIG-GTML PHASE 4E BULK	Yes	Water Supply Infrastructure	Bulk Mains	29 915	5 000	
Infrastructure and Water Services	RBIG-GTML PHASE 4G BULK	Yes	Water Supply Infrastructure	Bulk Mains	27 710	20 000	
Infrastructure and Water Services	RBIG-GTML PHASE 4C1.1 BULK	Yes	Water Supply Infrastructure	Bulk Mains			
Infrastructure and Water Services	RBIG-GTML PHASE 4C1.2 BULK	Yes	Water Supply Infrastructure	Bulk Mains	17 974		
Infrastructure and Water Services	RBIG-GTML PHASE 4C1.3 BULK	Yes	Water Supply Infrastructure	Bulk Mains			
Infrastructure and Water Services	RBIG-GTML PHASE 4C2 BULK	Yes	Water Supply Infrastructure	Bulk Mains	6 144		
Infrastructure and Water Services	RBIG-GTML PHASE 4H BULK	Yes	Water Supply Infrastructure	Bulk Mains	35 000	22 500	
Infrastructure and Water Services		Yes	Water Supply Infrastructure	Bulk Mains	245 000	260 000	160 000
RBIG FUNDED PROJECTS							
Infrastructure and Water Services	GTLM TUKAKGOMO RDP SECTION BOREHOLE EQP	Yes	Water Supply Infrastructure	Distribution	3 962		
Infrastructure and Water Services	GTLM PRAKTISEER EXT WATER SUPPLY EXT	Yes	Water Supply Infrastructure	Distribution			
Infrastructure and Water Services	WSIG VLAKFONTEIN BOREHOLE EQP	Yes	Water Supply Infrastructure	Distribution			
Infrastructure and Water Services	WSIG - FTLM PHASHAMALANOTO BOREHOLE EQP	Yes	Water Supply Infrastructure	Distribution			
Infrastructure and Water Services	WSIG - ELM MZIMDALA (ZAAIPLAAS) BOREHOLE EQP	Yes	Water Supply Infrastructure	Distribution			
Infrastructure and Water Services	WSIG - MKLM MANTHLANYANE BOREHOLE EQP	Yes	Water Supply Infrastructure	Distribution			
Infrastructure and Water Services	WSIG - EMLM RATHOKE EXT OF WATER RETICUL	Yes	Water Supply Infrastructure	Distribution	2 500		
Infrastructure and Water Services	WSIG - MKLM THABAMPHE	Yes	Water Supply Infrastructure	Distribution	1 000	2 000	
Infrastructure and Water Services	WSIG - APEL CROSS RDP RETICULATION NETWORK	Yes	Water Supply Infrastructure	Distribution	3 000	5 000	
Infrastructure and Water Services	WSIG - DIPHAGENG WATER SUPPLY	Yes	Water Supply Infrastructure	Distribution		3 300	5 000
Infrastructure and Water Services	WSIG - JANE FURSE RDP PACKAGE PLANT	Yes	Water Supply Infrastructure	Distribution	4 000		
Infrastructure and Water Services	WSIG - KEEROM WATER SUPPLY	Yes	Water Supply Infrastructure	Distribution			
Infrastructure and Water Services	WSIG - LETEBEJANE WATER METERS INSTALLATION	Yes	Water Supply Infrastructure	Distribution	8 000	4 429	5 000
Infrastructure and Water Services	WSIG - LOBETHAL	Yes	Water Supply Infrastructure	Distribution			
Infrastructure and Water Services	WSIG - MADIBONG WATER SUPPLY	Yes	Water Supply Infrastructure	Distribution	3 000	8 000	2 300
Infrastructure and Water Services	WSIG - MAMATJEKLE PACKAGE PLANT	Yes	Water Supply Infrastructure	Distribution		6 000	
Infrastructure and Water Services	WSIG - MAMPURU WATER ABSTRACTION AND RETICULATION	Yes	Water Supply Infrastructure	Distribution			
Infrastructure and Water Services	WSIG - MORETSELE WATER RISING MAIN	Yes	Water Supply Infrastructure	Distribution		3 000	
Infrastructure and Water Services	WSIG - NEBO PHASE 1A-TESING AND COMMISSIONING	Yes	Water Supply Infrastructure	Distribution	6 000	6 804	
Infrastructure and Water Services	WSIG - PHIRING WATER INTERVENTION	Yes	Water Supply Infrastructure	Distribution	2 353	1 147	
Infrastructure and Water Services	WSIG - RUTSENG WATER INTERVENTION	Yes	Water Supply Infrastructure	Distribution		2 500	
Infrastructure and Water Services	WSIG - UITSPANNING WATER SOURCE DEVELOPMENT	Yes	Water Supply Infrastructure	Distribution		3 820	
Infrastructure and Water Services	WSIG - UITVLUGHT WATER SUPPLY	Yes	Water Supply Infrastructure	Distribution	3 000	3 000	
Infrastructure and Water Services	WSIG - ELM MAGAGAMATALA BOREHOLE EQP	Yes	Water Supply Infrastructure	Distribution			
Infrastructure and Water Services	WSIG FTLM GA PHOTO BULK WATER	Yes	Water Supply Infrastructure	Distribution		5 000	
Infrastructure and Water Services	EMLM RATHOKE EXT WATER RETIC NETW	Yes	Water Supply Infrastructure	Distribution		4 000	
Infrastructure and Water Services	WSIG - MKLM MORETSELE VIDP	Yes	Water Supply Infrastructure	Distribution	5 000	5 500	
Infrastructure and Water Services	WSIG - GTLM MAPODILE EXT POND	Yes	Water Supply Infrastructure	Distribution			
Infrastructure and Water Services	WSIG - GTLM THOKWANE BOREHOLE EQUIPPING	Yes	Water Supply Infrastructure	Distribution			
Infrastructure and Water Services	WSIG-MKLM LEOLO WATER SUPPLY	Yes	Water Supply Infrastructure	Distribution		3 000	
Infrastructure and Water Services	Leeuwfontein Water Reticulation	Yes	Water Supply Infrastructure	Distribution			
Infrastructure and Water Services	Mooihoeke(Tsimanyane) Water Supply Extension	Yes	Water Supply Infrastructure	Distribution			
Infrastructure and Water Services	Mohlaletse (Maroteng) Water Supply	Yes	Water Supply Infrastructure	Distribution			
Infrastructure and Water Services	Ga-Moretsele (NEW SECTION) Water Supply	Yes	Water Supply Infrastructure	Distribution			
Infrastructure and Water Services	Ga-Komane	Yes	Water Supply Infrastructure	Distribution			
Infrastructure and Water Services	WSIG-MAHLAKWANA TO MAPODILE PIPE LINE	Yes	Water Supply Infrastructure	Distribution	5 185	3 500	
Infrastructure and Water Services	WSIG - TJBENG REFURBISHMENT OF PACKAGE PLANT	Yes	Water Supply Infrastructure	Distribution	-		
Infrastructure and Water Services	Maebe drilling and equipping of borehole	Yes	Water Supply Infrastructure	Distribution	4 000		
Infrastructure and Water Services	Maseven bulk water supply	Yes	Water Supply Infrastructure	Distribution	14 000		
Infrastructure and Water Services	Phokwane Brooklyn water supply	Yes	Water Supply Infrastructure	Distribution			5 100
Infrastructure and Water Services	Moraba water reticulation	Yes	Water Supply Infrastructure	Distribution			5 500
Infrastructure and Water Services	Merakeng water reticulation	Yes	Water Supply Infrastructure	Distribution			4 325
Infrastructure and Water Services	Taung construction of reticulation network	Yes	Water Supply Infrastructure	Distribution			3 525
Infrastructure and Water Services	Mashikwe drilling and equipping of borehole	Yes	Water Supply Infrastructure	Distribution			3 000
Infrastructure and Water Services	Mabulela drilling and equipping of borehole	Yes	Water Supply Infrastructure	Distribution			2 500
Infrastructure and Water Services	Seokodibeng construction reticulation network	Yes	Water Supply Infrastructure	Distribution			4 000
Infrastructure and Water Services	Mapulaneng drilling and equipping of borehole	Yes	Water Supply Infrastructure	Distribution			4 000
Infrastructure and Water Services	Lerajane drilling and equipping of borehole	Yes	Water Supply Infrastructure	Distribution			5 500
Infrastructure and Water Services	Manoge drilling and equipping of borehole	Yes	Water Supply Infrastructure	Distribution			4 000
Infrastructure and Water Services	Makgane Interventions	Yes	Water Supply Infrastructure	Distribution			3 300
Infrastructure and Water Services	Bothashoek Water Supply	Yes	Water Supply Infrastructure	Distribution			6 000
Infrastructure and Water Services	Mokgapaneng	Yes	Water Supply Infrastructure	Distribution			4 500
Infrastructure and Water Services	Manganeng, Madirane water supply	Yes	Water Supply Infrastructure	Distribution			6 300
WSIG FUNDED PROJECTS					65 000	70 000	73 850

Municipal manager's quality certificate

I **Maseko NT**, Municipal Manager of Sekhukhune District Municipality, hereby certify that the budget and supporting documentation have been prepared in accordance with Municipal Finance Management Act and the Regulations made under the Act, and that the budget and supporting documents are consistent with the Integrated Development Plan of the Municipality

Print Name _____

Municipal Manager of Sekhukhune District Municipality (DC47)

Signature _____

Date _____ -