



DIHLABENG LOCAL MUNICIPALITY

ANNUAL BUDGET DOCUMENTATION MARCH 2018

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ANNUAL BUDGET

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PART 1

1. Resolutions

It is recommended to Council,

- (a) that the Budget Documentation, as set out in APPENDIX 1, be approved for publication;
- (b) that the Draft Annual Budget Tables as prescribed by the Budgeting and Reporting Regulations, as set out in APPENDIX 1 – PART 1 – SECTION 4, be approved for publication;
- (c) that the Service Level Agreements as per MFMA Budget circular 72 and 75 as set out in APPENDIX 2, be approved for publication.
- (d) that the proposed draft rates on properties, tariffs, tariff structures and service charges for water, electricity, refuse, sewerage and other municipal services, as set out in APPENDIX 3 , be approved for publication;
- (e) that the proposed newly developed budget related policies as set out in APPENDIX 4, be approved for publication; and
- (f) that the proposed amendments to existing budget related policies and other policies as set out in APPENDIX 4, be approved for publication.

2. Executive Summary

The 2018 Budget Review emphasised that, although global risk factors remain elevated, the world economy continues to provide a supportive platform for South Africa to expand trade and investment. The world economic growth is at its highest since 2014 and continues to gather pace with Gross Domestic Product (GDP) growth increasing across all major economies.

South Africa has experienced a period of protracted economic weakness which diminishes private investment. This may be attributed to domestic constraints, associated to political uncertainty, and declining business and consumer confidence. The local economy is beginning to recover after a short recession in early 2017 however the improvement is insufficient.

Growth has remained stagnant at less than 2 per cent and unemployment remains high at 26.7 per cent. The prerequisites for increased revenue and expanded service delivery are more rapid growth, investment and job creation. The GDP growth rate is forecasted at 1.5 per cent in 2018, 1.8 per cent in 2019 and 2.1 per cent in 2020. Statistics South Africa's December 2017 economic statistics showed an unexpected improvement in the economic outlook, largely as a result of growth in agriculture and mining.

Economic challenges will continue to exert pressure on municipal revenue generation and collection levels hence a conservative approach is advised for revenue projections. Municipalities affected by the drought should also consider its impact on revenue generation. In addition, municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

Since the 2017 Medium Term Budget Policy Statement (MTBPS) reprioritisation and reductions undertaken have affected planned spending for 2018/19. Local government direct and indirect transfers absorb 18.8 per cent of the reductions. A total of R13.9 billion has been cut from direct local government conditional grant allocations for the Medium Term Expenditure Framework (MTEF) period ahead since the 2017 MTBPS was tabled. Indirect grants to local government have been reduced by an additional R2.2 billion. The reductions did not affect all conditional grants, and not all grants were reduced by the same percentage.

The infrastructure conditional grants, particularly the larger ones, were mainly affected as this was considered the most practical approach. The overall impact of reducing this funding affects capital programmes; therefore local government's share of the reductions is higher than their share of the division of revenue, given that municipalities receive a number of infrastructure grants. The average reductions over the medium term are 3.5 per cent of local government allocations.

Conditional grant funding targets delivery of national government's service delivery priorities. It is imperative that municipalities understand and comply with the conditions stipulated in the Division of Revenue Act (DoRA) in order to access this funding.

The equitable share and the sharing of the general fuel levy constitute additional unconditional funding, of which the equitable share is designed to fund the provision of free basic services to disadvantaged communities. Allocations to the local government equitable share will continue to grow over the next three years, alongside a significant reduction in conditional grants.

The most substantial reduction has been applied to the largest grant – the municipal infrastructure grant. However, the structure of the formula used to allocate this grant reduces the impact of reductions on smaller municipalities. Project-based grants, such as those in the electricity and water sectors, have identified projects that will be postponed as a result of the adjustments. These changes do not affect any water augmentation projects in drought affected areas.

Government proposed the following measures to be carried out in local government, among others:

- Prioritizing the roll-out of basic services to historically disadvantaged areas;
- Eradication of infrastructure backlogs;
- Institutional capacity-building; and
- Reviewing of municipal infrastructure funding arrangements, with a view to promote better management and maintenance of assets;

The effects of the economic challenges (slow growth) experienced over the past three years still affects and continue to place pressure on the finances of the average consumer (levels of disposable income and savings). The multiplier effect of this pressure is that it typically results in greater difficulties for the municipality with regard to revenue collection, which directly affects not only the municipality's ability to deliver services, but also to budget accurately for such service delivery over the short to medium term.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;

- Aging infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity, which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Reductions in allocations of National and Provincial grants due to a worsening fiscal outlook; and
- Limited resources to deal with all key priorities.

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

- Integrated Development Plan was used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be as affordable as possible and should ideally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. However, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- National, provincial and local priorities;
- Headline inflation forecasts; and
- Funding choices and modelling.

The municipality's revenue strategy was based on the following fundamentals:

- Tariff policies of the municipality;
- Economic outlook and development for Dihlabeng and surrounding areas;
- Cost containment measures;
- National Treasury's guidelines and macroeconomic policy;
- National, Provincial and Regional fiscal growth rates; and
- Electricity tariffs as approved by National Electricity Regulator of South Africa (NERSA)

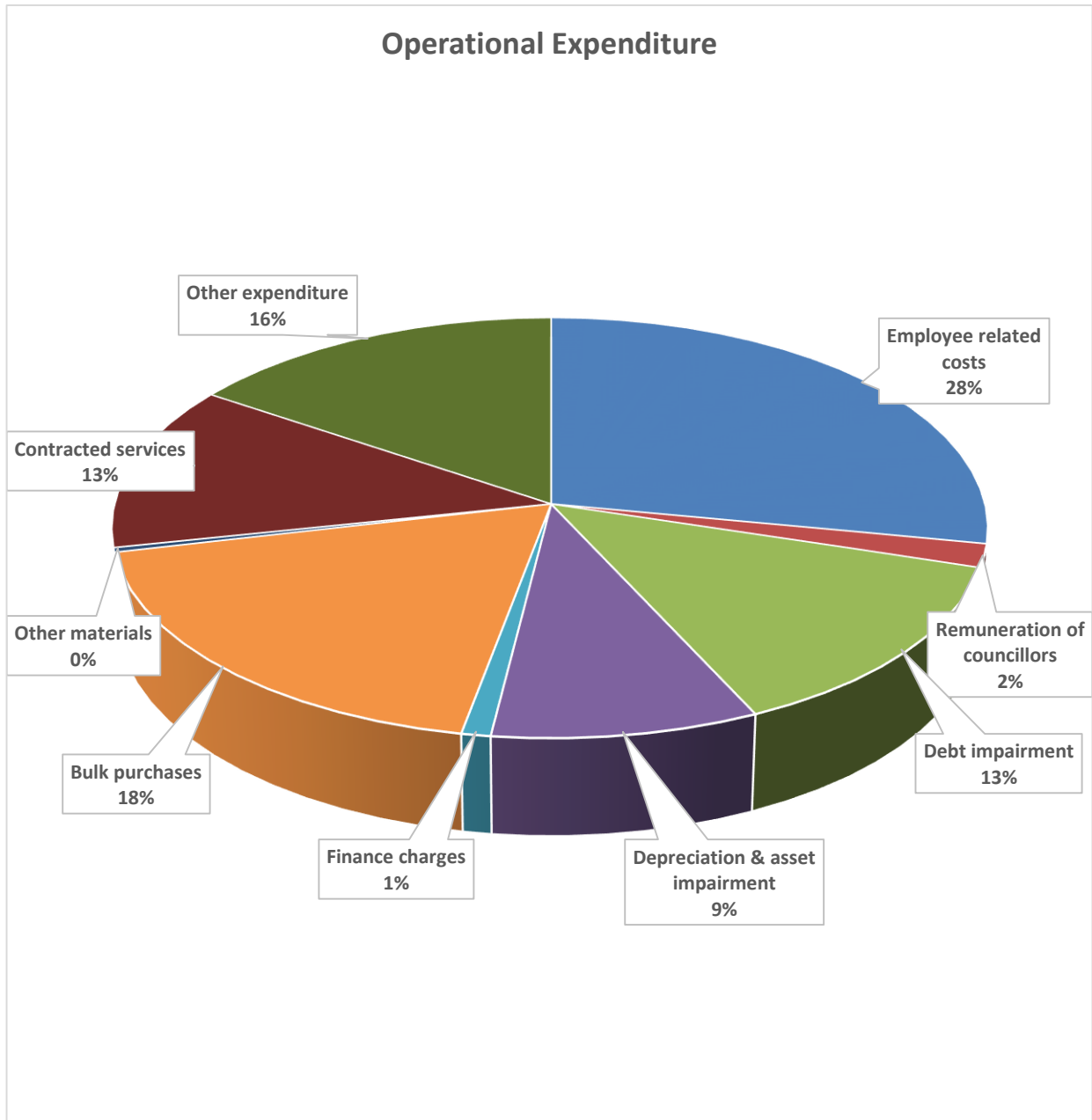
The financial resources to fund the Operational Budget will and must consist of realistically anticipated revenue generated from property taxes, service charges and other income.

The total budget quantum for the 2018/2019 year is R864 217 885, of which R 805 800 678 (93%), is allocated to the operating budget and R58 847 207 (7%) to capital investment.

OPERATING EXPENDITURE

The budget sees an increase in annual operating expenditure from R719 442 469 in 2017/2018 to R 805 800 678 in 2018/2019.

Category	17/18 Adj. Budget	18/19 Budget	% Increase
Employee related costs	232 333 730,00	246 273 753,80	6%
Remuneration of councillors	14 839 640,00	15 730 018,40	6%
Debt impairment	108 436 514,00	117 111 545,28	8%
Depreciation & asset impairment	74 101 139,00	77 806 065,75	5%
Finance charges	10 100 000,00	8 500 000,00	-16%
Bulk purchases	150 948 310,30	161 997 710,19	7%
Other materials	23 930 746,00	3 058 744,00	-87%
Contracted services	25 526 003,03	112 311 678,24	340%
Other expenditure	79 226 386,67	136 535 918,83	72%
	719 442 469,00	879 325 434,49	



Employee Related costs

The Salary and Wage Collective Agreement for the period 01 July 2015 to 31 June 2018 has ended. In the absence of a Wage Agreement, the municipality capped the increase on 6%.

Remuneration of Councillors

The Remuneration of Councilors is based on the Government Gazette on the Remuneration of Public Office Bearers Act. The increase is capped at 6%

Depreciation

For the 18/19 financial year, capital investment constitutes only 7% of the total budget. The municipality depreciates its assets using straight line method and therefore the 4% increase is deemed sufficient.

Finance Charges

The municipality is not intending on taking any credit facility and therefore, the interest portion of the DBSA liability is on a descending basis.

Bulk Purchases

According to budget circular 91, NERSA increased the bulk tariff for municipalities by 7.32%. The municipality's increase is in alignment with this.

Other Materials

The significant decrease is caused by reclassification of expenditure categories due to mSCOA reforms.

Contracted Services

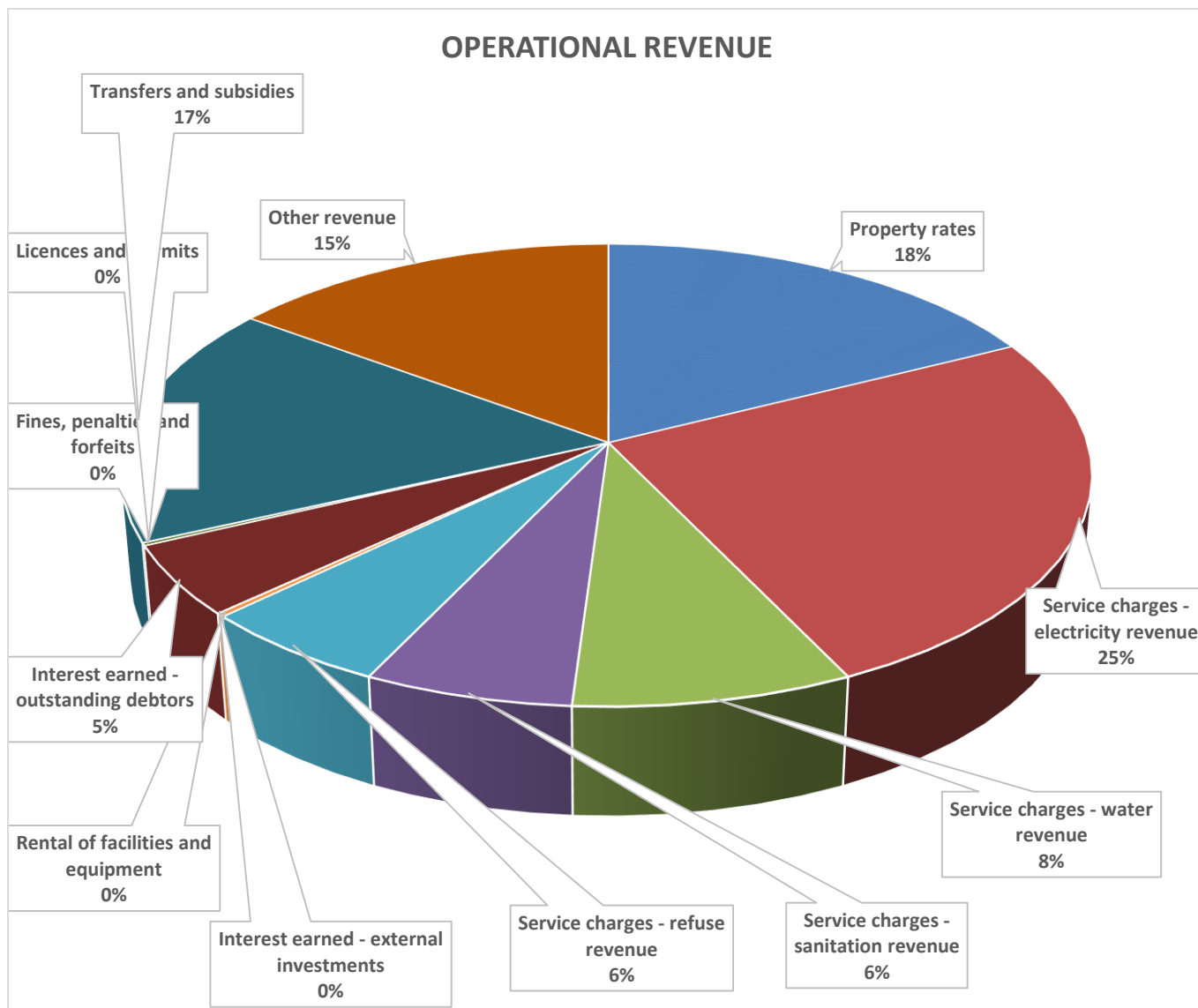
The increase is a result of existing operational contracts such as refuse removal, security, electrical supplies, etc.

Other Expenditure

The significant increase emanates from the reclassification of expenditure categories due to mSCOA reforms.

OPERATING REVENUE

ITEM	17/18 Adj. Budget	18/19 Budget	% Increase
Property rates	147 202 518,00	156 035	6%
Service charges - electricity revenue	214 196 742,00	224 907	5%
Service charges - water revenue	69 231 965,00	72 694	5%
Service charges - sanitation revenue	51 779 916,00	54 206	5%
Service charges - refuse revenue	47 634 615,00	50 493	6%
Rental of facilities and equipment	2 008 441,00	2 128 947,46	6%
Interest earned - external investments	250 000,00	92 167,00	-63%
Interest earned - outstanding debtors	41 045 946,90	43 508 704,00	6%
Fines, penalties and forfeits	2 069 953,00	1 700 545,00	-18%
Licences and permits	54 372,02	57 634,00	6%
Transfers and subsidies	134 964 000,00	150 631 000,00	12%
Other revenue	9 004 000,00	132 353 254,12	1370%
	719 442 468,92	888 805 641,49	



Service Charges: Electricity

Electricity tariff increases are determined by National Electricity Regulator of South Africa and the tariff increase has been proposed at 6.8%.

Service Charges: Water

The less than par 5% increase is motivated by the recent declaration of 3 provinces as national disasters. The water crisis in other areas has a possibility of affecting other provinces such as the Free State. Should this be the case, water usage shall be restricted.

Service Charges: Refuse

The 6% increase is aligned to consumer price inflation indication.

Service Charges: Sewer

The 6% increase is aligned to consumer price inflation indication.

Property Rates

The 6% increase is aligned to consumer price inflation indication.

External Investments

Conditional Grant allocations decreased by 20% and as a result, cash available for short term investments has reduced.

Other Revenue

The significant increase in other revenue results from expected sites to be sold during the financial year.

CAPITAL EXPENDITURE

Capital investments is summarized as follows:

Capital Expenditure

Infrastructure Projects	72 914 000,00
Vehicles	2 115 207,00
Furniture & Equipment	400 000,00
Laptops & Computer Equipment	400 000,00
Other equipment	350 000,00
	76 179 207,00

The projects to be undertaken by the municipality are as follows:

- Mashaeng: Upgrading of the Sewage and 2.2ML Waste Water Treatment works
- Mautse: Installation of water network for 1000 sites in Metati
- Mashaeng: Development of a new cemetery (MIS:252119)
- Mashaeng: Construction of 1.3km block paved roads and storm water channel (MIS:250920)
- Bohlokong: Upgrading of 2nd Recreational and sports facility at phase 7
- Bohlokong: Construction of Lomond 2.6km tarred road and storm water channel
- Dihlabeng: Installation of 30 high mast lights in five towns
- Bohlokong: Resealing of 2.2km tarred road (De Villiers Street)
- Bohlokong: Resealing of 2.5km tarred road (Tseolla Street)
- Mashaeng: Construction of 0,6km blocked paved roads and Storm water channel
- Laprovince: Rising Main
- Bohlokong Sewer Pump Stations
- Extension 4, 205 Houses
- Bulk Electricity Bakenpark

3. High Level Budget Summary

<u>Vote</u>	Operating Expenditure	Capital Expenditure	Total Expenditure
Corporate Services	50 027 069	150 000	50 177 069
Municipal Manager	127 671 487	150 000	127 821 487
Political Office	76 538 556	300 000	76 838 556
Finance	143 196 949	150 000	143 346 949
Public Works	390 216 182	67 215 207	457 431 389
Community Services	63 506 079	8 064 000	71 570 079
Local Economic Development	28 169 113	150 000	28 319 113
	879 325 434	76 179 207	955 504 641

4. Annual Budget Tables

In accordance with the Budget and Reporting Regulations, the following compulsory schedules are attached reflecting the composition and detail of the adjustments budget:

Table name	Table reference
Budget Summary	B1
Financial Performance by standard classification	B2
Financial Performance by vote	B3
Financial Performance	B4
Capital Expenditure by vote and funding	B5
Financial Position	B6
Cash Flows	B7
Cash backed reserves/ Accumulated surplus reconciliation	B8
Asset Management	B9
Basic Service Delivery Measurement	B10

The following other supporting schedules (SB1 – SB19) are attached on Appendix 2 In accordance with the Budget and Reporting Regulations.

Table Name	Table reference
Supporting detail to 'Budgeted Financial Performance'	SB1
Supporting detail to 'Financial Position Budget'	SB2
Adjustments to the SDBIP	SB3
Adjustments to the budgeted performance indicators & benchmarks	SB4
Social, economic & demographic statistics & assumptions	SB5
Funding measurement	SB6
Transfers & grant receipts	SB7
Expenditure on transfers & grant programme	SB8
Reconciliation of transfers, grant receipts and unspent funds	SB9
Transfers & grants made by the municipality	SB10
Councillor & staff benefits	SB11
Monthly revenue & expenditure (vote)	SB12
Monthly revenue & expenditure (standard classification)	SB13
Monthly revenue & expenditure	SB14
Monthly cash flow	SB15
Monthly capital expenditure (vote)	SB16
Monthly capital expenditure (standard classification)	SB17
Capital expenditure on new assets by asset class	SB18a
Capital expenditure on renewal of existing assets by asset class	SB18b
Expenditure on repairs & maintenance by asset class	SB18c
Depreciation by asset class	SB18d
List of capital programmes & projects affected by the adjusted budget	SB19

PART 2

5. Overview of Dihlabeng Municipality

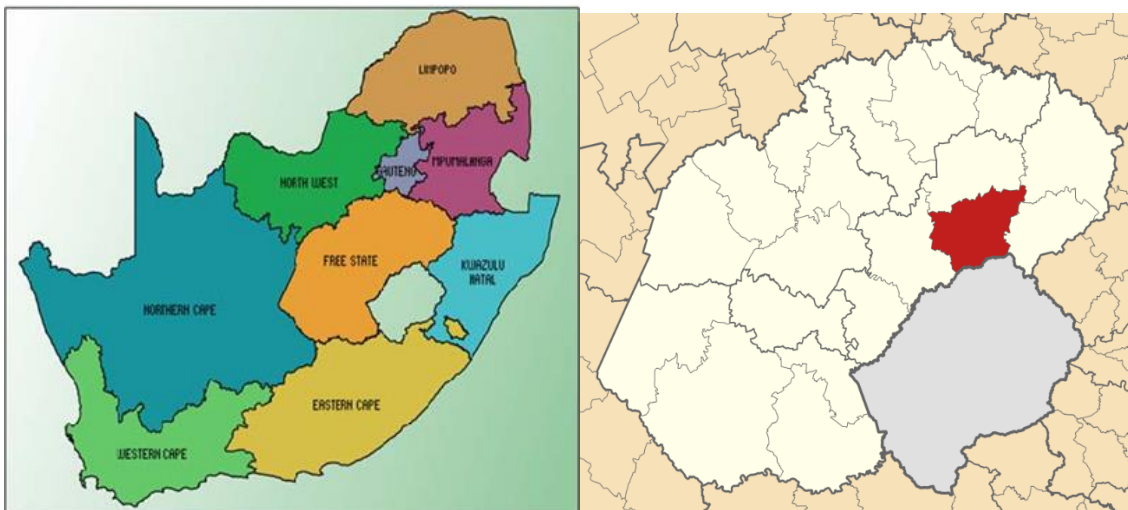
Spatial Rationale / Geographic Location

The Dihlabeng Local Municipality, amongst the Local Municipalities of Setsoto, Phumelela, Maluti a Phofung, Mantsopa and Nketoana falls within the Thabo Mofutsanyana District Municipality, along the eastern boundry of the Free State Province. The total extent of Thabo Mofutsanyana District Municipality covers 28 347km² in the extent of which Dihlabeng Local Municipality takes up 4 739km², which represents 17% of the District.

The Dihlabeng Local Municipality comprise of a large rural component together with the presence of five (5) urban concentrations, which is briefly explained as follows:

Bethlehem/Bohlokong, Clarens/Kgubetswana, Fouriesburg/Mashaeng, Paul Roux /Fateng tse Ntsho and Rosendal/Mautse.

Map 1: AREA LOCATION AND PROVINCIAL CONTEXT



Map 2: AREA LOCATION – REGIONAL CONTEXT



Bethlehem/Bohlokong

Bohlokong can be viewed as the “Capital” of the Eastern Free State and is situated approximately 240km north-east of Bloemfontein, 140km east of Kroonstad and 90km west of Harrismith. The town forms part of the Highland Route and is located 80km from Qwa Qwa and 60km from the Golden Gate Highlands. The town originally developed as a service Centre. Growth is stimulated by the strategic location of the area that presently serves as a central regional center. This is attributed to the fact that the area is situated adjacent to the N5 National Road between Bloemfontein and Durban. Bethlehem/Bohlokong is also directly linked to other towns such as Kroonstad, Reitz, Warden and Ficksburg. The accessibility of the town is further emphasized by the prominence of the railway station at the Kroonstad /Durban and Bloemfontein/Frankford railway intersection in the urban area.

Clarens/ Kgubetswana

The scenic town of Clarens/ Kgubetswana, often referred to as the “Switzerland of South Africa” is situated approximately 34km south east of Bethlehem. Clarens/ Kgubetswana is 20km from Golden Gate Highlands. This urban area is situated 10km from the Lesotho boarder and has a splendid view of the Maluti Mountains. The past few years experienced a rapid growth in the tourist industry. The urban area and surroundings is known for its “art and craft” route in the picturesque sandstone Rooiberg and the Maluti Mountains.

Paul Roux/ Fateng tse Ntsho

Paul Roux/ Fateng tse Ntsho is situated 35km west of Bethlehem. This urban area is located in an area of agricultural significance and mainly provides services in this regard to the surrounding rural areas. Bethlehem influences the area to a great extent as a larger service centre in close proximity.

Fouriesburg/ Mashaeng

Fouriesburg/ Mashaeng is situated on the R26 route and is close proximity of Lesotho. The town’s location in relation to other major centers is as follows: 49km from Bethlehem and 46km from Ficksburg. Situated within the former Fouriesburg District, this urban area is predominantly the function of a small service center to the surrounding agricultural communities. This primary function is being supported by tourism as the latter industry is starting to gain momentum in the eastern Free State.

Rosendal/ Mautse

Rosendal/ Mautse is approximately 60km South West of Bethlehem. 40km South East of Senekal and 40km North of Ficksburg. The town is located in an area of agricultural significance and mainly provides services in this regard to the surrounding rural areas, together with a growth in tourism.

3.2 DEMOGRAPHIC PROFILE OF THE MUNICIPALITY

3.2.1 POPULATION

The Dihlabeng Local Municipal community comprises of approximately 128 704 individuals and 38 593 households according to the Statssa 2011 Census. The 2016 community survey show an increase in population were have noticed that there are 140 044 people and 46 857 households.

Table 12: POPULATION OF THE MUNICIPALITY

TOTAL POPULATION						
Municipality	2011			2016		
	Male	Female	Total	Male	Female	Total
Setso	52 633	59 64	112 597	55 537	62 095	117 632
Dihlabeng	61 153	67 551	128 704	67 562	72 482	140 044
Nketoane	28 611	31 713	60 324	31 142	33 751	64 893
Maluti a phofung	153 20	182 575	335 784	161 275	192 177	353 452
Phumelela	23 162	24 611	47 772	24 700	25 345	50 054
Mantsopa	24 402	26 654	51 056	25 943	27 583	53 525
Thabo Mofutsanyana	343 170	393 068	736 238	366 168	413 432	779 600

Statssa: Community Survey 2016

THE DIHLABENG POPULATION BY AGE PER WARD

AGE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
0-4	667	518	596	730	644	726	572	607	238	242	1081	1231	391	661	742	528	833	629	1345	805
5-9	586	480	556	623	519	680	507	519	204	270	943	1146	380	569	678	508	734	522	1253	718
10-14	532	432	583	575	452	627	473	455	217	301	806	1141	301	641	685	390	665	625	1125	652
15-19	491	422	504	580	469	585	535	486	208	256	744	925	305	525	631	497	670	650	1182	571
20-24	486	418	489	596	545	750	522	533	284	232	991	797	316	606	682	610	768	668	1082	705
25-29	569	455	520	687	536	629	505	649	297	277	867	792	261	607	576	717	606	730	1068	816
30-34	520	389	503	562	426	530	435	564	268	252	698	762	235	472	440	578	487	615	824	857
35-39	453	360	533	401	342	514	290	486	229	339	567	536	169	345	374	437	395	555	856	724
40-44	399	376	508	365	269	542	278	351	226	288	522	370	192	330	385	382	338	485	752	422
45-49	324	294	425	325	308	336	323	287	169	309	538	326	118	347	324	284	339	505	621	378
50-54	271	215	380	305	206	310	311	259	180	299	513	297	122	274	233	229	277	408	392	308
55-59	213	161	308	246	112	222	213	189	117	242	419	247	113	253	240	163	299	434	297	276
60-64	208	136	275	167	111	154	134	160	109	216	297	232	132	183	206	146	190	333	181	267
65-69	144	100	185	76	50	98	82	109	83	172	189	147	83	113	154	94	143	200	129	144
70-74	111	95	111	37	47	75	52	60	85	121	108	126	51	103	105	70	100	143	93	107
75-79	74	53	96	31	41	48	32	49	49	78	83	86	53	86	74	47	73	82	70	76
80-84	49	34	68	21	12	39	14	34	26	48	47	56	26	33	48	24	48	87	36	40
85+	35	27	55	14	9	18	22	23	26	19	53	55	25	28	35	25	48	41	29	39
TOTAL	6132	4965	6694	6341	5097	6882	5300	5821	3016	3960	9464	9273	3276	6177	6611	5727	7014	7713	11336	7905

Statssa: Census 2011

DIHLABENG PERSON INDICATORS

Total Population 2011, Census			Youth (15-34 years)			Youth Proportion	Person aged 20 years+ who have completed grade 12
Male	Female	Total	Male	Female	Total		
61 153	67 551	128 704	22 662	23 233	45 895	35.7	28 285
Total Population 2016, Community Survey			Youth (15-34 years)			Youth Proportion	Person aged 20 years+ who have completed grade 12
Male	Female	Total	Male	Female	Total		
67 562	72 482	140 044	27 73	27 549	55 288	39.5	36 938

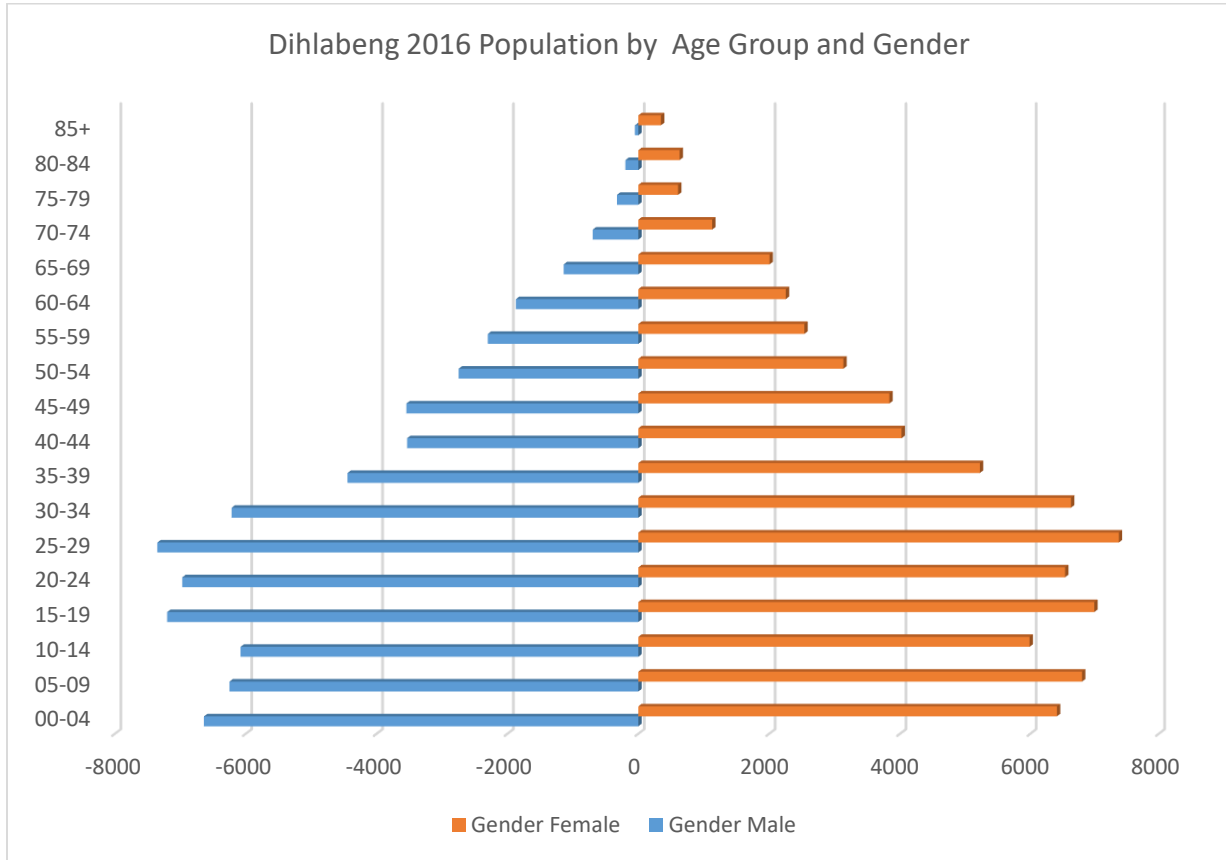
Statssa: Community Survey 2016

POPULATION GROUP BY AGE

POPULATION GROUPS	AGE GROUPS						TOTAL		DEPENDENCY RATIO	
	0 - 14		15 - 64		65 +					
	2011	2016	2011	2016	2011	2016	2011	2016	2011	2016
Black African	34837	36031	72833	39893	4867	8636	112537	84560	54,5	
Coloured	509	359	1407	465	73	145	1990	969	41,4	
Indian or Asian	119	93	474	215	10	-	603	308	27,2	
White	2357	1693	8940	3734	2029	2479	13326	7906	49,1	
Other	39	-	198	-	11	-	248	-	25,3	
Total	37861	38176	83852	44307	6990	11260	128704	93743	53,5	

Graph 1:

DIHLABENG 2016 POPULATION BY AGE GROUP AND GENDER



Statssa: Community Survey 2016

DIHLABENG LOCAL MUNICIPALITY FERTILITY BY AGE AND POPULATION GROUPS

POPULATION GROUP				TOTAL
Black African	Colored	Indian/Asian	White	

05-09	-	-	-	-	-
10-14	14	-	-	-	14
15-19	901	-	-	-	901
20-24	3310	21	-	-	3336
25-29	4830	59	-	5	4980
30-34	4735	85	-	92	4887
35-39	4071	69	6	67	4185
40-44	3145	85	-	39	3313
45-49	2855	16	-	82	3037
50-54	386	-	-	76	462
55-59	-	-	-	-	-
TOTAL	24 247	334	6	527	25 114

Statssa: Community Survey 2016

Table13: IN – MIGRATION OF DIHLABENG BY GEOGRAPHY

GEOGRAPHY	IN MIGRATION
WESTERN CAPE	462
EASTERN CAPE	533
NORTHERN CAPE	381
KWAZULU NATAL	894
NORTH WEST	304
GAUTENG	1827
MPUMALANGA	379
LIMPOPO	248
OTSIDE SOUTH AFRICA	1256

Statssa: Community Survey 2016

Table14: NUMBER OF HH REPORTING DEATH BY GENDER OF HOUSEHOLDS(MORTALITY)

GENDER OF HEAD OF HOUSEHOLD	DEATH IN HOUSEHOLD		
	YES	NO	TOTAL
MALE	425	27 244	27 669
FEMALE	713	18 474	19 187
TOTAL	1138	45 719	46 857

Statssa: Community Survey 2016

Table 15: MARITAL STATUS

MARITAL STATUS	
Married	19 639
Married Traditional/Customary	8 129
Polygamous marriage	122
Living together as married partners	4 184
Never married	62 077
Widower/Widow	2 565
Separated	1 356
Divorced	3 796

Statssa: Census 2011

3.2.2 HOUSEHOLD HEADS

In South Africa most of our families are headed by females, but in DLM the census 2011 revealed that majority of households are headed by females.

Table 16: HOUSEHOLD HEADS

HOUSEHOLDS			
2011		2016	
Total households	Household Size	Total households	Household Size
38 593	3.3	46 857	3.0

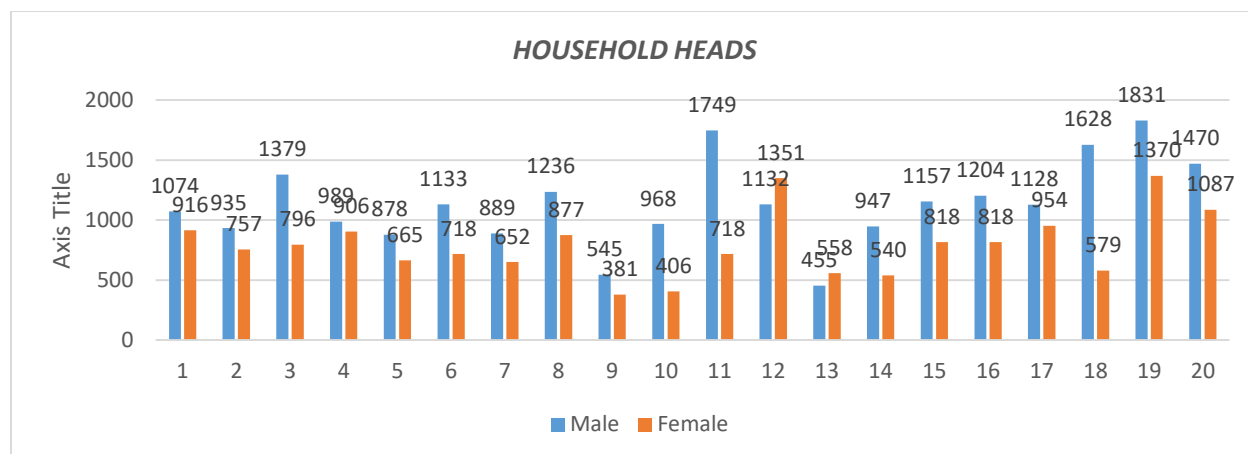
Statssa: Community Survey

The above indicates the total population, number of households as well as average household size in Dihlabeng local Municipality between the 2011 and 2016. Although the total population as well as the number of has increased households the average household size has decreased from 3.3 to 3.0 but in principle it remains constant to 3 members per household.

HOUSEHOLD HEADS AROUND DIHLABENG

In South Africa most of our families are headed by females, but in DLM the census 2011 revealed that majority of households are headed by males. Graph 2 below indicates the household structure of DLM in 2011 which shows 22 725 household males and 15 867 household females.

Graph 2: DIHLABENG HOUSEHOLDS HEADS BY WARDS

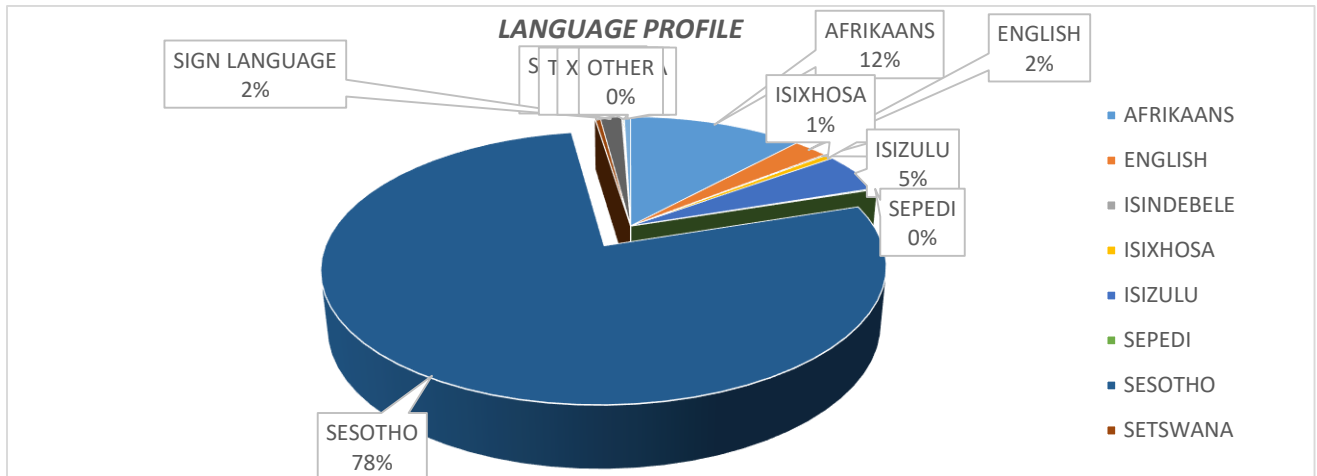


Statssa: Census 2011

3.2.3 LANGUAGE PROFILE

From the Census 2011 it was evident that in DLM the most dominant language is Sesotho with 78%, followed by Afrikaans with 12%. Other languages used are spoken by the minority groups in the area.

Graph 3: LANGUAGE PROFILE IN DIHLABENG

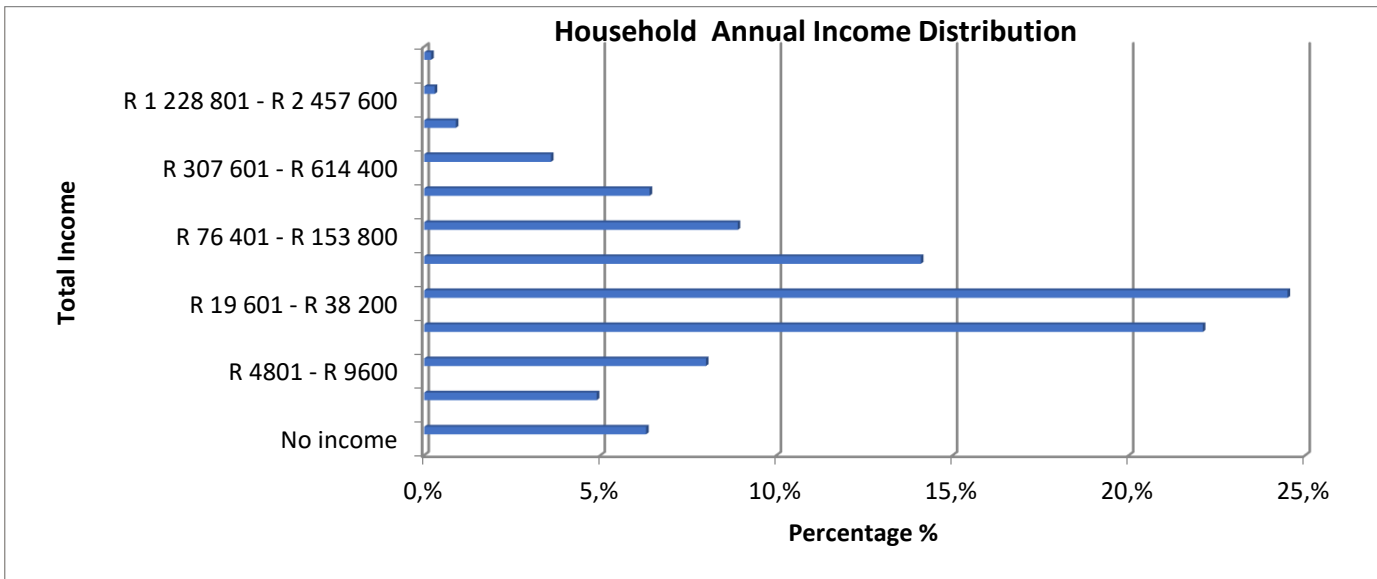


Statssa: Census 2011

3.2.4 INCOME DISTRIBUTION

Is evident that the largest portion (25%) of employed adults in Dihlabeng earns between R19 601-38 200. The second most significant income category, of R 9 601-19600 represents 22% of the Dihlabeng working adults.

Graph 4: INCOME DISTRIBUTION

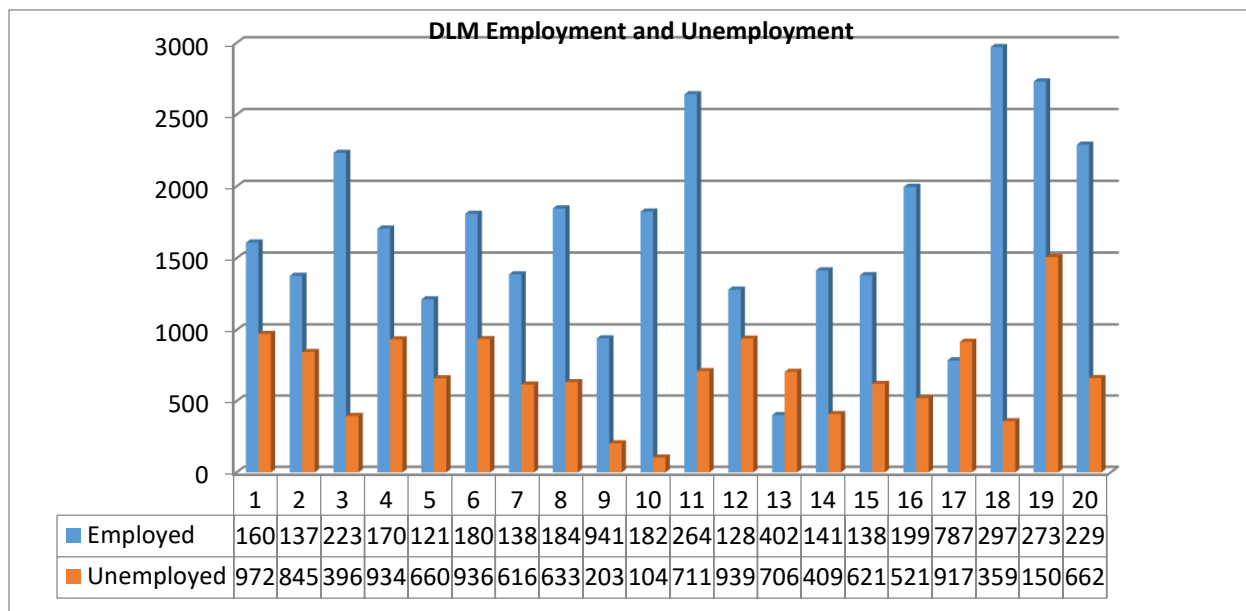


Statssa: Census 2011

3.2.5 EMPLOYMENT AND UNEMPLOYMENT

The graph below shows that most people from ward 18 are employed while people from ward 17 are less employed; there is a need for job creation initiatives for Dihlabeng community.

Graph 5: EMPLOYMENT AND UNEMPLOYMENT RATE



Statssa: Census 2011

3.2.6 POVERTY RATE

DIHLABENG HOUSEHOLD INDICATORS

The table below depicts two measures namely the “poverty headcount and the intensity of poverty” the poverty headcount shows the proportion of indicators in which “multidimensional poor” in the defined area “areas with poverty have decreased from 6.1% in 2011 to 5.2% in 2016”. Intensity of poverty is the average proportion of indicators in which multidimensional poor households are deprived, “poor households have increased by 1 %, from 42.3% in 2011 to 42.4% in 2016”.

TABLE 17: DIHLABENG HOUSEHOLD INDICATORS

POVERTY				HOUSEHOLDS			
2011		2016		2011		2016	
Poverty headcount	Intensity poverty	Poverty headcount	Intensity poverty	Total households	Household Size	Total households	Household Size
6.1%	42.3%	5.2%	42.4%	38 593	3.3	46 857	3.0

Statssa: Community Survey 2016

3.2.7 IMPLICATIONS OF DEMOGRAPHIC PROFILE FOR PLANNING

Table 18: IMPLICATIONS OF DEMOGRAPHIC PROFILE FOR PLANNING

DEMOGRAPHIC CATEGORY	CHARACTERISTICS			IMPLICATIONS FOR PLANNING
Gender Profile	48% Male .52% Female			<ul style="list-style-type: none"> • There is a need to increase the representativity of female persons in the workplace and in the social life in the municipality • Gender violence must be regarded as a priority issue, with social and economic implications in the municipality's planning system processes.
Age Structure		Male	Female	<ul style="list-style-type: none"> • Special interest groups, with specific references to the youth and the elderly must be given priority in the planning of the municipality. • More than 36% of the population is between the ages of 20-39 years; emphasize the importance of local economic development initiatives to create employment opportunities for job seekers.
	Black African	61083	65494	
	Colored	690	917	
	Indian	257	139	
	White	5532	5931	
	Total	67562	72482	
Population Group				<ul style="list-style-type: none"> • Africans constitute more than 90% of the population in the municipal area. This reality must be reflected in a manner in which the municipality is planning. The municipality must prioritize service delivery and economic opportunities.
Wards				
Movement of people In-Migration				<ul style="list-style-type: none"> • Agriculture remains the core economic activity in the municipal area, and attracts a lot of job seekers. There is an increase in the total number of household, which cause pressure on infrastructure and the service capacity of the municipality.
Language				<ul style="list-style-type: none"> • The element of language is extremely important to give practical effect to two of the cornerstone of South African local government dispensation, namely community consultation and customer care.

6. Legislative Environment

The medium term revenue and expenditure framework for 2018/2019, 2019/2020 and 2020/2021 was compiled in accordance with the requirements the relevant legislation, of which the following are the most important:

- i) the Constitution, Act 108 of 1996
- ii) the Local Government Transition Act, Act 209 of 1993
- iii) the Municipal Structures Act, Act 117 of 1998 iv) the Municipal Systems Act, Act 32 of 2000
- iv) the Municipal Finance Management Act, Act 56 of 2003 In addition to the above, the Municipal Budget and Reporting Framework as approved on 17 April 2009 gave a clear directive on the prescribed reporting framework and structure to be used.

Guidelines issued by National Treasury National Treasury issued the following circulars regarding the budget for 2018/2019:

MFMA Circular No. 89 Municipal Budget Circular for the 2018/19 MTREF - 8 December 2017

MFMA Circular No. 91 Municipal Budget Circular for the 2018/19 MTREF - 7 March 2018

Other circulars used during the compilation of the budget:

MFMA Circular No. 48 Municipal Budget Circular for the 2009/10 MTREF – 2 March 2009

MFMA Circular No. 51 Municipal Budget Circular for the 2010/11 MTREF – 19 February 2010

MFMA Circular No. 54 Municipal Budget Circular for the 2011/12 MTREF – 10 December 2010

MFMA Circular No. 55 Municipal Budget Circular for the 2011/12 MTREF – 8 March 2011

MFMA Circular No. 58 Municipal Budget Circular for the 2012/13 MTREF – 14 December 2011

MFMA Circular No. 59 Municipal Budget Circular for the 2012/13 MTREF – 16 March 2012

MFMA Circular No. 64 Municipal Budget Circular for the 2012/13 MTREF – November 2012

MFMA Circular No. 66 Municipal Budget Circular for the 2013/2014 MTREF – 24 January 2013

MFMA Circular No. 67 Municipal Budget Circular for the 2012/13 MTREF – 12 March 2013

MFMA Circular No. 70 Municipal Budget Circular for the 2014/15 MTREF - 4 December 2013

MFMA Circular No. 74 Municipal Budget Circular for the 2015/16 MTREF - 12 December 2014

MFMA Circular No. 75 Municipal Budget Circular for the 2015/16 MTREF - 04 March 2015

MFMA Circular No. 78 Municipal Budget Circular for 2016/2017 MTREF - 7 December 2015

MFMA Circular No.79 Municipal Budget Circular for 2016/2017 MTREF - 7 March 2016

MFMA Circular No. 85 Municipal Budget Circular for 2017/2018 MTREF - 9 December 2016

MFMA Circular No.86 Municipal Budget Circular for 201/2018 MTREF - 8 March 2017

7. Overview of Annual Budget Process

Below is the draft Annual Budget Process

Dihlabeng 2018/19 Draft Budget Process											
Month	Aug -17	Sep -17	Oct -17	Nov -17	Dec -17	Jan -18	Feb -18	Mar -18	Apr -18	May -18	Jun -18
Action											
Establish Budget Committees											
Advertise Budget schedules											
Commence process of IDP review											
Determine IDP & Budget Strategic Objectives											
Prepare revenue envelope											
Departmental Operational Plans Developed											
First Draft Budget prepared											
Start community participation											
Get inputs from bulk suppliers											
Get written comments from bulk suppliers											
Review strategic objectives from state of the nation address											
Review proposed NT increase guidelines											
Finalise Operational and Capital Budget											
Report to Council on state of the Budget											
Start compiling NT schedules											
Note transfers of payments from NT											
Note transfers of payments from other municipalities											
Get bulk purchase increases											
Table Draft Budget											

Dihlabeng 2018/19 Draft Budget Process											
Month	Aug -17	Sep -17	Oct -17	Nov -17	Dec -17	Jan -18	Feb -18	Mar -18	Apr -18	May -18	Jun -18
Make draft budget public and invite comments											
Conduct public hearings											
Confirm Provincial and National allocations											
Review DORA											
Conclude public consultation											
Consider public inputs											
Respond to public comments											
Approve Budget, IDP and SDBIP											
Submit to National and Provincial Treasury											

8. Alignment of Annual Budget and IDP

VISION, MISSION AND STRATEGIC DEVELOPMENT OBJECTIVES

- **VISION:**

To be people centered, people driven and self- sufficient municipality committed to the provision of effective and quality services to its community”.

- **MISSION:**

A mission statement reflect the way in which Dihlabeng Local Municipality will conduct its everyday tasks. It describes the purposes of the Municipality and the area on which the Municipality should focus in order to achieve its vision

“To provide effective and efficient people centered governance that will facilitate the developmental role of Local Government”.

- **STRATEGIC DEVELOPMENT OBJECTIVES**

Our approach propels the local authority to continue towards building the Developmental State and we will continue to:

- Provide democratic and accountable government for local communities.
- Be responsive to the needs of the local community.
- Ensure the provision of services to communities in a sustainable manner.
- Promote social and economic development.
- Promote safe and healthy environment.
- Encourage the involvement of communities and community organizations in the matters of local government.
- Facilitate the culture of public service and accountability amongst its staff and
- Assign clear responsibilities for the management and co-ordination of administrative units and mechanisms.

- **KEY PRIORITIES**

- Basic Services and Infrastructure Development.
- Local Economic Development.
- Institutional Development and Transformation.
- Good Governance and Transformation.
- Financial Viability and Management.

- **CORE VALUES**

Values are the nexus to our future progress and they are an expression of our emotionalized truths.

They serve to guide our decision making and conduct. It is the Devine to the minds of men and women of Dihlabeng to seek and pursue a better life for all, and in no particular order of significance, they are: Dedication, Discipline, Sacrifice and Accountability.

STRATEGIC GOALS AND PRIORITY AREAS

KPA 1.1: Basic Services and Infrastructure Development. (Ensure the provision of services to communities in a sustainable manner).	
Water and Sanitation. Bulk Services, Install and Maintain Installation & maintenance of Reticulation systems in urban & rural areas. Installation and maintenance of appropriate sanitation facilities in rural and Urban areas. Water provision to informal settlements and farm dwellers in rural areas. Maintenance of existing infrastructure. Upgrading and refurbishment of existing Infrastructure and equipment. Participate in the Blue and Green drop incentive by DWA.	Roads and Storm Water. Construction of new roads. Installation of Storm water systems. Maintenance of Roads & storm water systems. Construction of paved walkways. Maintenance and upgrading of equipment. Rehabilitation of roads according to PMS Upgrade storm water systems. Maintenance and upgrade of bridges. Construction of new bridges.
Electricity Bulk services. Maintenance and upgrading of existing network. Electrification of new developments (Residential, industrial and commercial). Sustainability of power supply Integrated Energy Management. Area lighting. Energy measurement and quantifying. Cognizance to climate change. Anti-tamper management system.	
KPA 1.2: Basic Services and Infrastructure Development. (Ensure the provision of services to communities in a sustainable manner).	
Parks & Cemeteries. Development of Parks and maintenance of Graves.	Sports Arts and Culture. Maintenance of Sports facilities e.g. (Stadiums, Heritage sites)
Public Safety, Emergency and Fire services. Promote healthy environment. Rendering of Fire services. And enforcing Traffic laws. Disaster Management.	Libraries. Construction and maintenance of Libraries.
KPA 2: Local Economic Development: Promote social and economic development.	
Agriculture. Enabling environment for Agronomic growth and development.	Tourism. Enabling environment for Tourism and growth.
Airfield. Enabling economic development through aviation.	Small Medium Enterprises. Development of small businesses.
KPA 3: Institutional Development and Transformation. Facilitate the culture of public service and accountability amongst its staff.	
Human Resources and Performance Management. HR Skills Development. Labour Relations. Recruitment, Selection, Retention, Exit. Policy & Procedure. Internal Business processes. Performance Management System.	
KPA 4: Good Governance and Public Participation: Encourage the community and organizations in the matters of local government.	
Ward Committees management. Communications Public participation Fraud and Corruption Risk Management Reporting (Auditing)	

KPA 5: Financial Viability:	
Provide sound financial management. Budgeting Supply Chain Management Revenue Management Expenditure Management Assets Management	

9. Overview of Budget-related Policies

The following policies were developed.

Borrowing, Funds and Reserves

This policy strives to establish a borrowing framework policy for the Municipality and set out the objectives, policies, statutory requirements and guidelines for the borrowing of funds. The policy provides a framework to ensure that the annual budget of Dhlabeng Municipality is fully funded and that all funds and reserves are maintained at the required level to avoid future year non cash backed liabilities. The policy aims to give effect to the requirements and stipulations of the Municipal Finance Management Act and Municipal Budget and Reporting Framework. Refer to Appendix 4 - Annexure 1.

SCM Policy: Infrastructure & Delivery

This policy establishes the Dhlabeng Local Municipality's policy for infrastructure procurement and delivery management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management. It includes the procurement of goods and services necessary for a new facility to be occupied and used as a functional entity but excludes:

- a) the storage of goods and equipment following their delivery to Dhlabeng Local Municipality which are stored and issued to contractors or to employees;
- b) the disposal or letting of land;
- c) the conclusion of any form of land availability agreement;
- d) the leasing or rental of moveable assets; and
- e) public private partnerships.

Refer to Appendix 4 - Annexure 2.

The following policies were reviewed

Budget Policy

The policy aims to give effect to the requirements and stipulations of the Municipal Finance Management Act and Municipal Budget and Reporting Framework in terms of the planning, preparation and approval of the annual and adjustments budgets. The framework for virements is also explained and regulated in this policy as well as monitoring roles and responsibilities. Refer to Appendix 4 - Annexure 3.

Accounting Policy

This policy provides the accounting framework applicable to the finances of the municipality and is informed by the Municipal Finance Management Act (Act no 56 of 2003). Refer to Appendix 4 - Annexure 4.

Credit Control and Debt Collection Policy

This policy provides a framework to enable Council to proactively manage and collect all money due for services rendered and outstanding property taxes, subject to the provisions of the Municipal Systems Act of 2000 and any other applicable legislation and internal policies of Council. Refer to Appendix 4 - Annexure 5.

Asset Policy

The Municipal Finance Management Act Number 56 of 2003 will be the legislative framework for the Asset Management Policy whilst Generally Recognised Accounting Practice (GRAP) will be the accounting framework.

The Municipal Council of Dihlabeng is in terms of the MFMA and GRAP obliged to adopt an Asset Management Policy to regulate the effective management of all council's assets.

And whereas the municipal manager as accounting officer of municipal funds, assets and liabilities is responsible for the effective implementation of the asset management policy which regulates the acquisition, safeguarding, maintenance of all assets and disposal of assets where the assets are no longer used to provide a minimum level of basic service as regulated in terms of section 14 of the MFMA. And whereas these assets must be protected over their useful life and may be used in the production or supply of goods and services or for administrative purposes in meeting the municipality's operational requirements. Refer to Appendix 4 - Annexure 6.

SCM Policy

Section 111 of the MFMA requires each Municipality and municipal entity to adopt and implement a supply chain management policy, which gives effect to the requirements of the Act. The Preferential Procurement Policy Framework Act, no 5 of 2000 and its accompanying regulations influences and dictates process around the evaluation and awarding of points. Refer to Appendix 4 - Annexure 7.

Unallocated Receipts Policy

This policy highlights the importance of the recognition or identification of each transaction in order to reflect the substance of each transaction and to ensure the municipality maintains a sound accounting system, in particular the bank deposits and bank transfers. Refer to Appendix 4 - Annexure 8.

Property Rates

Refer to Appendix 4 - Annexure 9

10. Overview of Key Budget Assumptions

Municipalities' long-term financial viability depends largely on the extent to which improved and sustainable revenue capacity on the one hand and sound financial management of its resources on the other hand can be achieved. These imperatives necessitate proper multi-year financial planning. Future impacts of revenue streams, expenditure requirements and the financial implications for the community at large (i.e. the potential influence on rates, tariffs and service charges) must be identified and assessed to determine the sustainability of planned interventions, programs, projects and sundry service delivery actions.

Taking these principals into consideration, the following assumptions (*ceteris paribus*) were made and relates to the parameters within which the budget was compiled for the next financial years.

Percentage increase	2018/2019
Property Rates	6%
Water	5%
Electricity	6,84%
Refuse	6%
Sewer	6%
Collection rates	
Property Rates	85%
Water	85%
Electricity	85%
Refuse	85%
Sewer	85%
Employee Related Costs	
Salaries, Wages & related costs	6%
Councillor Remuneration	6%
Notch Increment	0%
Other Increases	
Bulk Purchases - Electricity	7,32%
Bulk Purchases - Water	6%

11. High Level Budget Overview

<u>Vote</u>	<u>Operational Budget</u>	<u>Capital Budget</u>	<u>Total Budget</u>
Corporate Services	50 027 069	150 000	50 177 069
Municipal Manager	127 671 487	150 000	127 821 487
Political Office	76 538 556	300 000	76 838 556
Finance	143 196 949	150 000	143 346 949
Public Works	390 216 182	67 365 207	457 581 389
Community Services	63 506 079	8 064 000	71 570 079
Local Economic Development	28 169 113	150 000	28 319 113
	879 325 434	76 329 207	955 654 641

FS192 Dihlabeng - Table A1 Budget Summary

Description	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	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	152 203	(5 000)	147 203	147 203	156 035	165 397	175 321
Service charges	392 843	(10 000)	382 843	382 843	402 299	423 461	445 743
Investment revenue	–	250	250	250	92	98	104
Transfers recognised - operational	136 329	(1 365)	134 964	134 964	150 631	165 562	181 354
Other own revenue	50 783	3 400	54 183	54 183	179 749	60 356	63 978
Total Revenue (excluding capital transfers and contributions)	732 157	(12 715)	719 442	719 442	888 806	814 874	866 499
Employee costs	205 201	27 133	232 334	232 334	246 274	261 050	276 713
Remuneration of councillors	13 040	1 800	14 840	14 840	15 730	16 674	17 674
Depreciation & asset impairment	83 101	(9 000)	74 101	74 101	77 806	81 696	85 781
Finance charges	10 100	–	10 100	10 100	8 500	9 000	10 000
Materials and bulk purchases	189 879	(15 000)	174 879	174 879	165 056	168 242	183 437
Transfers and grants	–	–	–	–	–	–	–
Other expenditure	230 837	(17 648)	213 189	213 189	365 959	277 894	292 511
Total Expenditure	732 157	(12 715)	719 442	719 442	879 325	814 556	866 116
Surplus/(Deficit)	–	(0)	(0)	(0)	9 480	317	384
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	69 281	–	–	–	72 914	77 371	85 211
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	69 281	(0)	(0)	(0)	82 394	77 688	85 595
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	69 281	(0)	(0)	(0)	82 394	77 688	85 595
Capital expenditure & funds sources							
Capital expenditure	69 281	3 280	72 561	72 561	76 179	80 159	85 511
Transfers recognised - capital	69 281	–	69 281	69 281	72 914	77 371	85 211
Public contributions & donations	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–
Internally generated funds	–	3 280	3 280	3 280	3 265	2 788	300
Total sources of capital funds	69 281	3 280	72 561	72 561	76 179	80 159	85 511
Financial position							
Total current assets	(495 992)	598 939	102 947	102 947	116 067	122 514	128 604
Total non current assets	2 172 116	956 018	3 128 133	3 128 133	3 137 174	3 148 790	3 169 282
Total current liabilities	284 357	–	284 357	284 357	295 112	293 822	286 045
Total non current liabilities	93 273	–	93 273	93 273	84 789	83 593	80 173
Community wealth/Equity	1 897 433	956 018	2 853 451	2 853 451	2 873 341	2 893 890	2 931 668
Cash flows							
Net cash from (used) operating	265 851	1 802	267 653	267 653	352 138	317 994	342 706
Net cash from (used) investing	(69 281)	–	(69 281)	(69 281)	(72 914)	(77 371)	(85 211)
Net cash from (used) financing	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	372 098	1 802	198 372	198 372	279 224	519 848	777 343
Cash backing/surplus reconciliation							
Cash and investments available	1 734	–	1 734	1 734	1 117	1 208	1 299
Application of cash and investments	673 642	(557 540)	116 102	116 102	165 143	159 631	145 908
Balance - surplus (shortfall)	(671 908)	557 540	(114 368)	(114 368)	(164 026)	(158 423)	(144 609)

FS192 Dihlabeng - Table A1 Budget Summary

Description R thousands	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Asset management							
Asset register summary (WDV)	1 128 313	956 097	2 084 331		2 160 510	2 229 890	2 307 865
Depreciation	111 028	(36 927)	74 101		77 806	81 696	85 781
Renewal of Existing Assets	33 367	-	-		23 265	24 788	22 300
Repairs and Maintenance	23 931	4 383	19 548		23 931	25 522	28 602
Free services							
Cost of Free Basic Services provided	-	-	-	20 585	20 585	21 758	22 977
Revenue cost of free services provided	19 420	-	19 420	-	-	-	-
Households below minimum service level							
Water:	-	-	-	-	-	-	-
Sanitation/sewerage:	1	-	1	-	-	-	-
Energy:	-	-	-	-	-	-	-
Refuse:	1	-	1	1	1	1	1

12. Overview of the Budget Funding

Financing the Operational Budget

<u>ITEM</u>	<u>18/19 Budget</u>
Property rates	156 034 669,08
Service charges	402 558 964,00
Equitable Share	147 861 000,00
Finance Management Grant	1 770 000,00
EPWP Grant	1 000 000,00
Other revenue	99 841 251,92
Total	<u>809 065 885,00</u>

Financing the Capital Budget

Funding	Amount
MIG	37 914 000,00
Water Services Infrastructure Grant	20 000 000,00
INEP	10 000 000,00
Regional Bulk Infrastructure Grant	5 000 000,00
CRR	3 265 207,00
	<u>76 197 207,00</u>

13. Expenditure on Allocation and Grant Programmes

FS192 Dihlabeng - Supporting Table SA19 Expenditure on transfers and grant programme

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
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		134 970	133 466	129 263	136 329	(1 365)	134 964	150 631	165 562	181 354
Local Government Equitable Share		131 369	125 216	124 304	129 764		129 764	147 861	163 327	178 687
Municipal Systems Improvement		934	930	-	1 365	(1 365)	-	-	-	-
Finance Management		1 600	1 600	1 625	1 700		1 700	1 770	2 235	2 667
Water Services Operating Subsidy		-	2 720							
EPWP Incentive		1 067	1 000	1 000	1 000		1 000	1 000	-	-
Library grant			2 000	2 334	2 500		2 500			
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		134 970	133 466	129 263	136 329	(1 365)	134 964	150 631	165 562	181 354
Capital expenditure of Transfers and Grants										
National Government:		72 103	78 008	62 889	69 281	-	69 281	72 914	77 371	85 211
Municipal Infrastructure Grant (MIG)		40 410	37 428	36 892	39 281		39 281	37 914	38 648	40 679
Water Services Infrastructure Grant		-				15 000	15 000	20 000	14 323	15 110
Neighbourhood Development Partnership		893								
Regional Bulk Infrastructure		25 000	35 580	25 997	30 000	(15 000)	15 000	5 000	20 000	23 000
Rural Households Infrastructure		5 800								
Electricity Demand Side Management			5 000	-				10 000	4 400	6 422
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		72 103	78 008	62 889	69 281	-	69 281	72 914	77 371	85 211
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		207 073	211 474	192 152	205 610	(1 365)	204 245	223 545	242 933	266 565

14. Allocations and Grants made by the Municipality

FS192 Dihlabeng - Supporting Table SA21 Transfers and grants made by the municipality

Description R thousand	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 Transfers to other municipalities <i>Insert description</i>	1										
Total Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Entities/Other External Mechanisms <i>Insert description</i>	2										
Total Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
Cash Transfers to other Organs of State <i>Insert description</i>	3										
Total Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Organisations <i>Insert description</i>											
Total Cash Transfers To Organisations		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Groups of Individuals <i>Insert description</i>											
Total Cash Transfers To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	6	-	-	-	-	-	-	-	-	-	-

15. Councillor Allowances and Employee Benefits

FS192 Dihlabeng - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	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
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		8 673	11 099	7 993	10 796	1 800	12 596	13 351	14 152	15 002
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		3 665	3 491	3 904	2 244	-	2 244	2 379	2 521	2 673
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	5 001	-	-	-	-	-	-	-
Sub Total - Councillors		12 338	19 591	11 898	13 040	1 800	14 840	15 730	16 674	17 674
% increase	4		58,8%	(39,3%)	9,6%	(86,2%)	724,4%	6,0%	6,0%	6,0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		14 821	5 985	6 257	6 695	-	6 695	5 700	6 042	6 405
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	6 575	5 831	1 763	1 886	-	1 886	900	954	1 011
Cellphone Allowance	3	278	292	336	360	-	360	350	371	393
Housing Allowances	3	300	315	338	361	-	361	-	-	-
Other benefits and allowances	3	5 860	-	-	-	-	-	400	424	449
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		27 834	12 423	8 694	9 302	-	9 302	7 350	7 791	8 258
% increase	4		(55,4%)	(30,0%)	7,0%	(100,0%)	-	(21,0%)	6,0%	6,0%
Other Municipal Staff										
Basic Salaries and Wages		87 772	110 589	119 115	120 604	27 133	147 737	159 120	168 668	178 788
Pension and UIF Contributions		18 455	19 776	22 556	21 229	-	21 229	22 503	23 853	25 284
Medical Aid Contributions		12 505	12 997	15 502	15 634	-	15 634	16 572	17 567	18 621
Overtime		5 138	8 799	4 364	5 311	-	5 311	5 630	5 967	6 325
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	5 831	4 603	4 888	-	4 888	5 182	5 492	5 822
Cellphone Allowance	3	-	314	-	-	-	-	-	-	-
Housing Allowances	3	5 898	3 013	2 892	1 530	-	1 530	1 622	1 720	1 823
Other benefits and allowances	3	17 890	11 972	26 844	24 962	-	24 962	26 460	28 048	29 731
Payments in lieu of leave		-	998	1 070	1 145	-	1 145	1 214	1 287	1 364
Long service awards		581	1 195	1 282	585	-	585	620	658	697
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		148 240	175 485	198 228	195 890	27 133	223 023	238 924	253 259	268 455
% increase	4		18,4%	13,0%	(1,2%)	(86,1%)	722,0%	7,1%	6,0%	6,0%

FS192 Dihlabeng - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	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
Total Parent Municipality		188 412	207 499	218 820	218 232	28 933	247 165	262 004	277 724	294 387
			10,1%	5,5%	(0,3%)	(86,7%)	754,3%	6,0%	6,0%	6,0%

16. Monthly targets for Revenue, Expenditure and Cash Flows

FS192 Dihlabeng - Supporting Table
SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand															
Cash Receipts By Source													1		
Property rates	10 202	13 161	13 528	10 304	8 553	12 216	7 697	13 096	8 405	10 593	11 052	13 822	132 629	140 587	149 022
Service charges - electricity revenue	14 705	18 970	19 499	14 852	12 328	17 608	11 095	18 876	12 116	15 268	15 931	19 922	191 171	200 729	210 766
Service charges - water revenue	4 753	6 131	6 303	4 801	3 984	5 691	3 586	6 101	3 916	4 935	5 149	6 439	61 790	64 879	68 123
Service charges - sanitation revenue	3 544	4 572	4 700	3 580	2 971	4 244	2 674	4 549	2 920	3 680	3 840	4 802	46 075	48 840	51 770
Service charges - refuse revenue	3 301	4 259	4 378	3 334	2 768	3 953	2 491	4 238	2 720	3 428	3 577	4 473	42 919	45 494	48 224
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	164	211	217	165	137	196	124	210	135	170	177	222	2 129	2 257	2 392
Interest earned - external investments	7	9	9	7	6	8	5	9	6	7	8	10	92	98	104
Interest earned - outstanding debtors	2 845	3 670	3 772	2 873	2 385	3 406	2 146	3 652	2 344	2 954	3 082	3 854	36 982	39 201	41 553
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	131	169	173	132	110	157	99	168	108	136	142	177	1 701	1 803	1 911
Licences and permits	4	6	6	4	4	5	3	6	4	5	5	6	58	61	65
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational		65 290			58 275				27 066				150 631	165 562	181 354
Other revenue	10 181	13 134	13 500	10 283	8 535	12 191	7 681	13 068	8 388	10 571	11 029	13 793	132 353	10 117	10 724
Cash Receipts by Source	49 838	129 582	66 086	50 337	100 054	59 675	37 602	63 972	68 127	51 746	53 992	67 519	798 529	719 627	766 007
Other Cash Flows by Source															
Transfer receipts - capital		27 000				24 500				21 414			72 914	77 371	85 211
Total Cash Receipts by Source	49 838	156 582	66 086	50 337	100 054	84 175	37 602	63 972	68 127	73 160	53 992	67 519	871 443	796 998	851 218

**FS192 Dihlabeng - Supporting Table
SA30 Budgeted monthly cash flow**

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash Payments by Type																
Employee related costs	18 944	24 438	25 120	19 134	15 881	22 683	14 293	24 316	15 608	19 669	20 523	25 665	246 274	261 050	276 713	
Remuneration of councillors	1 210	1 561	1 604	1 222	1 014	1 449	913	1 553	997	1 256	1 311	1 639	15 730	16 674	17 674	
Finance charges	654	843	867	660	548	783	493	839	539	679	708	886	8 500	9 000	10 000	
Bulk purchases - Electricity	7 477	9 645	9 914	7 552	6 268	8 953	5 641	9 597	6 160	7 763	8 100	10 129	97 199	99 000	108 000	
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other materials	176	228	234	178	148	211	133	227	145	183	191	239	2 294	2 432	2 578	
Contracted services	5 184	6 687	6 873	5 235	4 345	6 207	3 911	6 654	4 271	5 382	5 616	7 023	67 387	49 594	52 949	
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure	6 302	8 129	8 356	6 365	5 283	7 545	4 754	8 089	5 192	6 543	6 827	8 537	81 922	41 254	40 598	
Cash Payments by Type	39 947	51 531	52 969	40 346	33 487	47 831	30 138	51 275	32 911	41 476	43 275	54 118	519 305	479 004	508 512	
Other Cash Flows/Payments by Type																
Capital assets		27 000				24 500				21 414		-	72 914	77 371	85 211	
Total Cash Payments by Type	39 947	78 531	52 969	40 346	33 487	72 331	30 138	51 275	32 911	62 890	43 275	54 118	592 219	556 375	593 723	
NET INCREASE/(DECREASE) IN CASH HELD	9 892	78 050	13 117	9 991	66 567	11 844	7 463	12 697	35 216	10 270	10 716	13 401	279 224	240 623	257 495	
Cash/cash equivalents at the month/year begin:		9 892	87 942	101 059	111 050	177 617	189 461	196 924	209 621	244 837	255 107	265 823	-	279 224	519 848	
Cash/cash equivalents at the month/year end:	9 892	87 942	101 059	111 050	177 617	189 461	196 924	209 621	244 837	255 107	265 823	279 224	279 224	519 848	777 343	

17. Contracts having future budgetary implications

FS192 Dihlabeng - Supporting Table SA33 Contracts having future budgetary implications

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

FS192 Dihlabeng - Supporting Table SA33 Contracts having future budgetary implications

Description	R ef	Preced ing Years	Curren t Year 2017/1 8	2018/19 Medium Term Revenue & Expenditure Framework			Fore cast 2021/ 22	Fore cast 2022/ 23	Fore cast 2023/ 24	Fore cast 2024/ 25	Fore cast 2025/ 26	Fore cast 2026/ 27	Fore cast 2027/ 28	Total Contr act Value		
				Total	Origina l Budget	Budge t Year 2018/1 9	Budge t Year +1 2019/2 0	Budg et Year +2 2020/ 21	Esti mate	Esti mate	Esti mate	Esti mate	Esti mate	Esti mate	Esti mate	Esti mate
<i>Contract 1</i>	1, 3													-		
<i>Contract 2</i>															-	
<i>Contract 3 etc</i>															-	
Total Operating Expenditure Implication			-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital Expenditure Obligation By Contract		2														
<i>Contract 1</i>																-
<i>Contract 2</i>																-
<i>Contract 3 etc</i>																-
Total Capital Expenditure Implication				-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication			-	-	-	-	-	-	-	-	-	-	-	-	-	

18. Detailed Capital Budgets

FS192 Dihlabeng - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Program/Project description	Project number	Individually Approved (Yes/No)	Asset Class	Total Project Estimate	2018/19 Medium Term Revenue & Expenditure Framework		
						Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand			6	3				
Public Works	EL IUC - LV NETWORKS:ACQUISITION	35106433020MGC06ZZ06	Yes	Electrical Infrastructure	20 822	10 000	4 400	6 422
Public Works	WA AT C - RESERVOIRS: ACQUISITION	35106447020MGC29ZZ03	Yes	Water Supply Infrastructure	31 000	10 000	12 000	9 000
Public Works	PPE CO: INF WASTE WTR - ACQUISITIONS	35106449420MGC09ZZ15	Yes	Sanitation Infrastructure	33 000	10 000	10 000	13 000
Public Works	ROADS INFRA - IUC: ACQUISITION	35106472420MGC15ZZ04	Yes	Roads Infrastructure	34 500	10 000	11 500	13 000
Public Works	COMMUNITY ASSETS - IUC: ACQUISITION	35106473520MGC01ZZ10	Yes	Community Facilities	18 741	7 914	5 148	5 679
Public Works	PPE CO: INF WASTE WTR - ACQUISITIONS	35106449420MGC08ZZ14	Yes	Sanitation Infrastructure	48 000	5 000	20 000	23 000
Public Works	WA AT C - RESERVOIRS: ACQUISITION	35106447020MGC21ZZ20	Yes	Water Supply Infrastructure	49 433	20 000	14 323	15 110
Public Works	MECHANICAL: New vehicles acquired	35306420420CFF76ZZHO	Yes	Transport Assets	4 054	2 115	1 638	300
Corporate Serv	CS ADMIN: Laptops and computer equip	30056470020CFD01ZZHO	Yes	Computer Equipment	100	50	50	-
Municipal Manager	MM ADMIN.: Laptops and computer equip	31056470020CFD31ZZHO	Yes	Computer Equipment	100	50	50	-
Council	MAYORS OFFICE: Laptops & computer equip	32056470020CFD71ZZHO	Yes	Computer Equipment	100	50	50	-
Council	SPEAKER & COUNCIL Laptops & computer eq	33056470020CFF22ZZHO	Yes	Computer Equipment	100	50	50	-
Finance	FINANCIAL ADMIN: Laptops & computer equi	34056470020CFF27ZZHO	Yes	Computer Equipment	100	50	50	-
Public Works	PUBLIC WORKS ADMIN: Laptops & comp equip	35056470020CFF52ZZHO	Yes	Computer Equipment	100	50	50	-
Community Serv	Com ServS ADMIN.: Laptops & computer eq	36056470020CFF97ZZHO	Yes	Computer Equipment	100	50	50	-
LED	LED ADMIN: Laptops and computer equip	37056470020CFG48ZZHO	Yes	Computer Equipment	100	50	50	-

FS192 Dihlabeng - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Program/Project description	Project number	Individually Approved (Yes/No)	Asset Class	Total Project Estimate	2018/19 Medium Term Revenue & Expenditure Framework		
						Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand			6	3				
Corporate Serv	CS ADMIN:Office furniture and equip	3005646002CFD02ZZHO	Yes	Furniture and Office Equipment	100	50	50	-
Municipal Manager	MM ADMIN.:Office furniture and equip	3105646002CFD32ZZHO	Yes	Furniture and Office Equipment	100	50	50	-
Council	MAYORS OFFICE:Office furniture and equip	3205646002CFD72ZZHO	Yes	Furniture and Office Equipment	100	50	50	-
Council	SPEAKER & COUNCIOffice furniture & equi	3305646002CFF23ZZHO	Yes	Furniture and Office Equipment	100	50	50	-
Finance	FINANCIAL ADMIN:Office furniture & equip	3405646002CFF28ZZHO	Yes	Furniture and Office Equipment	100	50	50	-
Public Works	PUBLIC WORKS ADMIN:Office furniture & eq	3505646002CFF53ZZHO	Yes	Furniture and Office Equipment	100	50	50	-
Community Serv	Com ServS ADMIN.:Office furniture & equ	3605646002CFF98ZZHO	Yes	Furniture and Office Equipment	100	50	50	-
LED	LED ADMIN:Office furniture and equip	3705646002CFG49ZZHO	Yes	Furniture and Office Equipment	100	50	50	-
Corporate Serv	CS ADMIN: Other equip & furniture	3005645602CFD03ZZHO	Yes	Machinery and Equipment	100	50	50	-
Municipal Manager	MM ADMIN.: Other equip & furniture	3105645602CFD33ZZHO	Yes	Machinery and Equipment	100	50	50	-
Council	MAYORS OFFICE: Other equip & furniture	3205645602CFD73ZZHO	Yes	Machinery and Equipment	100	50	50	-
Council	SPEAKER & COUNCIL Other equip & furnitur	3305645602CFF24ZZHO	Yes	Machinery and Equipment	100	50	50	-
Finance	FINANCIAL ADMIN: Other equip & furniture	3405645602CFF29ZZHO	Yes	Machinery and Equipment	100	50	50	-
Community Serv	Com ServS ADMIN.: Other equip & furnitu	3605645602CFF99ZZHO	Yes	Machinery and Equipment	100	50	50	-
LED	LED ADMIN: Other equip & furniture	3705645602CFG50ZZHO	Yes	Machinery and Equipment	100	50	50	-
Parent Capital expenditure						76	80	85
						179	159	511

19. Legislation compliance

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

- Budget and Treasury Office - A Budget Office and Treasury Office has been established in accordance with the MFMA.
- Budgeting - The annual budget is prepared in accordance with the requirements prescribed by National Treasury and the MFMA.
- Financial reporting - 100% compliance with regards to monthly, quarterly and annual reporting to the Executive Mayor, Mayoral Committee, Council, Provincial and National Treasury.
- Annual Report - The annual report is prepared in accordance with the MFMA and National Treasury requirements.

20. Other supporting documents

None

21. Quality certificate

The Quality Certificate is attached on Appendix 5.